

## MEDIA RELEASE

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FOR IMMEDIATE RELEASE

### **PSAC Releases Updated 2014 Canadian Drilling Activity Forecast and New Study Examining Employment Created by Horizontal Drilling and Multistage Hydraulic Fracturing**

Calgary, AB – April 30, 2014 –In its second update to the 2014 Canadian Drilling Activity Forecast, released today, the Petroleum Services Association of Canada (PSAC) forecasts a slight increase in Canadian drilling activity for the year. The revised forecast for 2014 is 11,170 wells (rig releases), which represents an increase of 370 wells from PSAC’s original 2014 forecast released in late October 2013. The revised forecast represents an approximate one per cent increase over 2013 drilling levels.

PSAC is basing its updated 2014 forecast on average natural gas prices of \$4.00 CDN/mcf (AECO) and crude oil prices of US\$95/barrel (WTI) and the CAD-USD exchange rate averaging \$0.90.

“With a longer winter than normal across Canada this year and a breakup with continued activity in Q2, drilling activity is keeping on par with our original forecast in October,” said Mark Salkeld, president and CEO of PSAC. “Activity remains steady for our member companies and many companies have been facing challenges with meeting demand as the shortage of skilled labour continues.”

On a provincial basis for 2014, PSAC now estimates 6,530 wells to be drilled in Alberta representing less than a one per cent decrease from the original forecast. British Columbia is expected to experience an increase in drilling levels from 550 to 623 wells, a 13 per cent increase. Saskatchewan’s projected 2014 well count has been increased by 11 per cent from 3,196 to 3,562 wells. Manitoba is now forecasted to drill 45 fewer wells at 435 for the year representing a 9 per cent decrease.

In addition to releasing the mid-year update to the *2014 Canadian Drilling Activity Forecast*, the results of the PSAC-commissioned study entitled *Horizontal Well Workforce Study* were presented. Conducted by MNP LLP, it is the first study of its type that captures direct and direct support field employment on the drilling and completion activity of new generation resource play wells that employ horizontal drilling and multistage hydraulic fracturing.

The study included four main supplier groups: location, drilling, completion, and logistics required by typical wells completed in northeast British Columbia, central Alberta, and southern Saskatchewan in 2013. The study revealed that of the 6,128 wells examined, those wells created the equivalent of 61,331 jobs based on a typical 40 hour work week, 52 weeks of the year. Based on the well types considered in this study, the number of individuals employed on these three types of wells range from 239 to 302 per well.

“The numbers are staggering when you consider how many jobs industry activity generates,” said Salkeld. “We know that the use of directional drilling with hydraulic fracturing has been critical to accessing Canada’s vast resources, and now we have a much clearer idea of the workforce generated by these new generation plays.”

The Petroleum Services Association of Canada is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. PSAC represents a diverse range of nearly 250 member companies, employing more than 70,000 people and contracting almost exclusively to oil and gas exploration and production companies.

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