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PSAC's First Quarter Update Confirms Original Forecast of Steady Activity

In its first update to the 2014 Canadian Drilling Activity Forecast, released today, the Petroleum Services Association of Canada (PSAC) increased its forecasted number of wells drilled (rig releases) across Canada for 2014 to 10,930 wells. This is an increase of 130 wells from PSAC's original 2014 publication released in late October 2013, representing an increase of 1.2 per cent.

PSAC is basing its updated 2014 forecast on average natural gas prices of \$3.50 CDN/mcf (AECO), crude oil prices of US\$95/barrel (WTI) and the Canada-US Exchange rate averaging \$0.95.

On a provincial basis for 2014, PSAC estimates 6,642 wells to be drilled in Alberta, an increase of 87 wells, representing a 1.3 per cent increase from the original forecast. While in Saskatchewan, PSAC expects to see 33 more wells to be drilled in the province bringing the total number to 3,229, an increase of 1.0 per cent. British Columbia is also expected to drill more wells at 560, an increase from the original estimate by 10 wells or 1.8 per cent. Manitoba is still expected to see 480 wells to be released. In terms of well type, eighty-five per cent of producing wells are expected to produce oil, consistent with the past few years.

"We are adjusting our numbers slightly upward due to stronger than expected activity levels at the close of 2013, specifically in central Alberta and various regions in Saskatchewan," said Mark Salkeld, president & CEO of PSAC. "Still our forecast remains pretty constant year over year because we are seeing a continuing trend towards multi-well pads with multi-lateral and more complex completions, and we expect this trend to continue even beyond 2014 given that advances in technologies are making such wells more logistical and economical for the producers."

PSAC presents updates to their Canadian Drilling Activity Forecast quarterly with the mid-year update scheduled to be presented on April 30, 2014 in Calgary, Alberta in conjunction with its second annual Canada's Energy Blueprint Summit.

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 approximately 70,000 people and contracting almost exclusively to oil and gas exploration and production companies.

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