



Petroleum Services Association of Canada

1150, 800 - 6 Ave SW main 403.264.4195

Calgary, AB, T2P 3G3 fax 403.263.7174

psac.ca tf 800.818.7722

MEDIA RELEASE October 30, 2013

PSAC Releases Hydraulic Fracturing Code of Conduct Along with 2014 Drilling Forecast

Calgary, AB – After completing an intense program of community engagement over the past six months, the Petroleum Services Association of Canada (PSAC) today released a hydraulic fracturing code of conduct for the Canadian oil and gas service sector.

The hydraulic fracturing code of conduct outlines standard practices for sound technical and environmental performance when fracturing a well and defines mutual expectations for working with stakeholders.

“Working closely with stakeholders is critical to building trust in oil and gas operations,” stated Mark Salkeld, president and CEO of PSAC. “We’ve seen public concern surrounding hydraulic fracturing operations increase over the past years. It was definitely time to address that in a proactive and positive way, but we knew talking to community members wasn’t going to be enough. We had to act. That’s why we created the hydraulic fracturing code of conduct.”

To gather community input into the purpose and content of the code of conduct, PSAC met with over 100 community members in seven regions in four provinces. Participants represented dozens of different community, synergy and environmental groups, as well as local governments and individual landowners. Community engagement sessions were held in: Dawson Creek, British Columbia; Drayton Valley, Lethbridge, Grande Prairie and Red Deer, Alberta; Carlyle, Saskatchewan; and Brandon, Manitoba. In addition, PSAC returned to some of the communities to ask for additional feedback on the code of conduct in its draft form.

Stakeholder feedback, combined with industry expertise, led to a hydraulic fracturing code of conduct that covers five key areas: Water and the Environment; Fracturing Fluid Disclosure; Technology Development; Health, Safety and Training; and Community Engagement. Eleven leading PSAC member companies, all of which perform hydraulic fracturing, helped create the code of conduct and have voluntarily agreed to follow it, wherever they work in Canada. They are:

Baker Hughes Canada	Iron Horse Energy Services
Calfrac Well Services	Millennium Stimulation Services
Canyon Technical Services	Sanjel Corporation
Element Technical Services	Schlumberger Canada
Gasfrac Energy Services	Trican Well Service
Halliburton Group Canada	

The hydraulic fracturing code of conduct exemplifies these companies’ collective goal of ensuring operational excellence, reducing environmental impacts and maximizing the development of Canada’s vast resources, while delivering long-term social benefits in a manner that supports the

MEDIA RELEASE October 30, 2013

interests of all stakeholders. The hydraulic fracturing code of conduct is attached with this release and posted online at: <http://www.oilandgasinfo.ca/working-energy-commitment/hydraulic-fracturing-code-of-conduct/>.

The companies listed above are also the founding members of PSAC's Working Energy Commitment, dedicated to opening up the lines of communication between the oil and gas service sector and the public about how PSAC members operate and the steps they take every day to improve their performance. Given the increase in the number of wells being hydraulically fractured and the public's concern about that, the Working Energy Commitment began with discussions about fracturing, but will expand to cover more oil and gas issues and operations in the near future. More on PSAC's Working Energy Commitment can be found at www.workingenergy.ca.

PSAC released the hydraulic fracturing code of conduct in conjunction with its 2014 Canadian Drilling Activity Forecast session, held today in Calgary. PSAC is forecasting a total of 10,800 wells drilled (rig releases) across Canada for the coming year. This is a 1.5 per cent decrease compared to the expected final tally of 10,960 wells drilled for 2013.

On a provincial basis for 2014, PSAC estimates 6,555 wells to be drilled in Alberta, representing a decrease of less than one per cent in the province compared to last year. Manitoba is expected to see a 7.7 per cent decrease in activity with 480 wells, while in Saskatchewan, drilling activity is expected to decrease by 3.5 per cent, with an estimated 3,196 wells to be drilled in the year ahead. British Columbia is forecasted to drill 550 wells, a 2.2 per cent increase over 2013.

PSAC is basing its 2014 forecast on average natural gas price of CDN \$3.50/mcf (AECO) and crude oil price of US \$95.00 barrel (WTI). "We are slightly optimistic about gas prices toward the end of 2014, however we expect little change in next year's drilling levels for gas," says Mr. Salkeld.

Mr. Salkeld continued: "But an even more significant factor affecting drilling activity across Canada is the widespread and growing use of technologies such as hydraulic fracturing and horizontal drilling – technologies that were once considered advanced innovations. Quite simply, large-scale use of these kinds of technologies is creating a trend to fewer wells overall. By maximizing our use of technology, industry can increase production from existing wells, access more and deeper zones, and restart production from wells that have been shut in. This means we can maintain or even increase production, while drilling fewer new wells. In fact, one well today can be the equivalent of two, three or more wells drilled just 10 years ago. That's a game changer for our industry."

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 260 member companies,



Petroleum Services Association of Canada

1150, 800 - 6 Ave SW main **403.264.4195**

Calgary, AB, T2P 3G3 fax **403.263.7174**

psac.ca tf **800.818.7722**

MEDIA RELEASE October 30, 2013

employing more than 80,000 people and contracting almost exclusively to oil and gas exploration and production companies.

– 30 –

PSAC Media Contact:
Kelly Morrison
Vice President, Communications
403.671.3916
kmorrison@psac.ca