

MEDIA RELEASE

FOR IMMEDIATE RELEASE:

PSAC Lowers Its 2019 Oilfield Services Activity Forecast: Market Access Challenges Suppress Reinvestment

Calgary, Alberta (May 1, 2019) – Today, the Petroleum Services Association of Canada (PSAC) in its Midyear Update to the 2019 Canadian Oilfield Services Activity Forecast lowered, for a second time, its Forecast for the number of wells drilled (rig released) in 2019 across Canada to 5,300 wells - a drop of 1,300 or twenty per cent (20%) from the original Forecast of 6,600 in November 2018. PSAC has based its updated Forecast on an average natural gas price of C\$1.65/mcf (AECO), crude oil price of US\$57.00/barrel (WTI), and a U.S.-Canada exchange rate averaging \$0.75.

PSAC President and CEO Gary Mar said, “It is unconscionable that we continue to thwart our own prosperity, driving capital investment that creates good middle-class jobs and economic benefits for all Canadians to other countries while we make no dent whatsoever in global GHG emissions for our loss.”

Duncan Au, PSAC Chair and President & CEO of CWC Energy Services noted, “Clearly, cash flow for our E&P customers has improved with higher WTI prices and narrower WCS differentials, but that has not translated to re-investment in new crude oil production. Instead, E&P companies are reducing debt, paying dividends, buying back their own shares and investing elsewhere rather than re-investing in this country. As a result, we have seen oilfield service companies laying off employees this past winter season in what traditionally is the busiest time of year.”

On a provincial basis for 2019, PSAC now estimates 2,685 wells to be drilled in Alberta, down from 3,532 wells in the original forecast. British Columbia’s expected well count has been nominally lowered, from 382 wells to 375 wells. The revised Forecast for Saskatchewan now sits at 1,960 wells compared to 2,422 wells in the original Forecast, and Manitoba is forecasted to see 260 wells or a jump of 5 in well count for 2019. Eastern Canada’s well count has been raised from 9 to 20 between Forecast versions – one bright spot for increased activity in the country.

This year, PSAC is also forecasting activity beyond drilling to include maintenance and repair work and site closure activity to cover a broader spectrum of activity that is undertaken by the sector.

Mar reflects, “On a positive note, closure activity – decommissioning, remediation and reclamation activity, has intensified. With increased funding to the Orphan Well Association and the new Area Based Closure program introduced by the Alberta Energy Regulator, more well

sites are being decommissioned providing additional work for services companies when they sorely need it.

“Delays of critical pipeline infrastructure for oil – Line 3, Trans Mountain Expansion, and for natural gas – Coastal GasLink for LNG, and regulatory uncertainty with the impending passage of federal government Bills C-69 and C-48 however, continue to dampen hopes of increased capital investment and a robust oil and gas industry this year. Opportunity is at our door. We must find ways to communicate our responsible energy development to all Canadians to foster support for this vital industry that provides jobs and economic benefits to Canadians from coast to coast.”

*The **Petroleum Services Association of Canada (PSAC)** is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. PSAC is Working Energy and as the voice of this sector, advocates for its members to enable the continued innovation, technological advancement and in-the-field experience they supply to energy explorers and producers in Canada and internationally, helping to increase efficiency, ensure safety and protect the environment.*

– 30 –

Media contact:

Gary G. Mar, President and CEO
Petroleum Services Association of Canada (PSAC)
Email: media@psac.ca
Phone: 403.264.4195

