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**PSAC Forecast Update
Oilpatch downturn - five years and still counting**

CALGARY, AB (January 30, 2020) – In its first update to the 2020 Canadian Oilfield Services Activity Forecast, released today, the Petroleum Services Association of Canada (PSAC) has revised the number of wells drilled (rig released) across Canada for 2020 to 4,800 wells. This represents an increase of 300 wells, or 7 percent, from PSAC’s original 2020 Forecast released in October 2019.

PSAC is basing its updated 2020 Forecast on average natural gas prices of \$1.85 CDN/mcf (AECO), crude oil prices of \$59.00 USD/barrel (WTI) and the Canada-US exchange rate averaging \$0.76.

PSAC President and CEO Gary Mar said, “On a positive note, with three major oil sands companies planning higher activity this year with some curtailment quotas relaxed, we have increased our forecast by 300 wells. Overall however, although many companies experienced a stronger start to 2020, we believe this is primarily due to work deferred from 2019 Q4 that will not translate into increased activity for the rest of the year.

“On the gas side, there is optimism with LNG Canada underway; however, activity for the oilfield services sector for development and production is still several years out. Currently, we are still over-supplied with gas with a dearth of storage capacity and pipeline egress that will provide little incentive for new drilling.

“Oilfield services companies are looking to repair and maintenance work, closure work – decommissioning, reclamation and remediation, and even new geothermal projects to help them survive what is now the start of the sixth year of this unprecedented downturn. Closure work alone is expected to provide \$559 million of work in 2020 and perhaps more pending new rules expected for Alberta this March.”

On a provincial basis for 2020, PSAC now estimates 2,460 wells to be drilled in Alberta, up 14% from 2,155 wells in the original forecast. The revised forecast for Saskatchewan now sits at 1,790 wells, down 5 wells from the original forecast, while British Columbia and Manitoba are unchanged at 345 and 190 wells, respectively. Compared to 2019, 2020 is expected to have 2% less activity.

Mar continued, “We absolutely must find a way to get our responsibly developed resources to global markets to help lower GHG emissions by replacing coal and through innovation and technology, while creating jobs and prosperity for all Canadians. There simply is no good reason to do otherwise.”

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.

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