

**FOR IMMEDIATE RELEASE:**

## **PSAC Forecast Update Lowest Activity Levels in Decades**

CALGARY, AB (April 30, 2020) – In its second 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 3,100 wells. This represents a decrease of 1,400 wells, or 31 percent, from PSAC's original 2020 Forecast released in October 2019.

PSAC is basing its updated 2020 Forecast on average natural gas prices of \$1.95 CDN/mcf (AECO), crude oil prices of \$24.00 USD/barrel (WTI) and the Canada-US exchange rate averaging \$0.71.

PSAC Interim President & CEO Elizabeth Aquin said, "Punishing blows continue to batter the health of this vital industry. While 2020 began on a positive note, eroding investor confidence from protests and blockades of the Coastal GasLink Pipeline, cancellation of Teck's Frontier Oil Sands project, and withdrawal of investment in the Énergie Saguenay LNG facility, began to cast a shadow on the promising start. What followed with the demand destruction from measures to combat COVID-19 compounded by a collapse in prices from a poorly-timed Russia-Saudi price war, quickly dashed any optimism for the rest of the year. The result is over \$7 billion of capital investment cancelled from budgets to date, foretelling activity levels not seen in decades.

"The majority of the impact will be felt on the oil side as supply overwhelms demand and storage levels surge to capacity. This has left producers little incentive to drill for more with the price of a barrel of oil now fetching less than a cup of coffee. We expect to see a 38 percent drop in activity for oil wells versus 2019 in the face of these unprecedented conditions. We expect gas well drilling to fare better, however, given its smaller role in recent years, this will not make up for the decline in the quest for oil."

Mark O'Byrne, PSAC Chair and President, Palliser Production Management Ltd. (a Schlumberger Canada Limited company), added, "Additional measures to support the sector through this crisis are crucial. The funding announced by the Government of Canada for orphan and inactive wells for which PSAC advocated, was very welcome and has provided some relief to help retain jobs and expertise. But much more is needed given the severity of headwinds to keep this vital industry alive and ready to support Canada's economic recovery."

On a provincial basis for 2020, PSAC now estimates 1,570 wells to be drilled in Alberta, down 27% from 2,155 wells in the original forecast. The revised forecast for Saskatchewan now sits at 1,140 wells, down 655 wells from the original forecast. British Columbia's revised forecast is for 260 wells to be rig released, 85 wells lower than the original forecast while Manitoba's activity was also lowered, from 190 to 115 wells. Compared to 2019, 2020 is expected to have 37% less activity.

Aquin continued, "Oilfield services companies are key to the future providing innovation and new technology that lowers emissions, reduces environmental footprint, and increases efficiencies. Our reputation is world renowned and so we must find a way to weather this storm. The world will continue to need oil and gas for decades to come. Canada, with its responsibly developed resources, should be the supplier of choice while providing jobs across the country-wide supply chain and economic benefits to all Canadians."

*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 –

**PSAC Media Contact:**  
Elizabeth Aquin  
Interim President & CEO  
Phone: 403.264.4195  
Email: [media@psac.ca](mailto:media@psac.ca)