

## MEDIA RELEASE

April 30, 2015

### **Prolonged Low Oil Prices Result in Further 30% Decline in Drilling Activity Says PSAC**

Calgary, Alberta – Four months of low oil prices have led to significant declines in drilling activity, according to the Petroleum Services Association of Canada (PSAC). In its mid-year update to the 2015 Canadian Drilling Activity Forecast, released today, PSAC is now forecasting a total of only 5,320 wells drilled (rig releases) across Canada for 2015. This dramatic decrease of 4,780 wells from PSAC's original 2015 drilling forecast, released in October 2014, represents an astounding 47 per cent drop.

PSAC is basing its updated 2015 forecast on average natural gas prices of Cdn\$2.50/mcf (AECO), crude oil prices of US\$53/barrel (WTI) and the Canadian dollar averaging Cdn\$0.77 per US dollar.

PSAC President & CEO Mark Salkeld explained: "Oil prices dropped from an average of US\$84.40 in October 2014 to an average of US\$47.83 in March 2015. It's no surprise that an almost 44 per cent drop in oil prices has led us to forecast a similar decline in drilling activity for the year, compared to our October 2014 forecast."

On a provincial basis for 2015, PSAC now estimates 2,976 wells to be drilled in Alberta, down from 5,740 wells in the original forecast. In Saskatchewan, the expected well count is now 1,507 wells, less than half of the 3,365 wells in the original forecast, while Manitoba is forecasted to drill 270 wells, down by 160 wells from the original forecast. The outlier is British Columbia, which is expected to have a marginally increased 2015 well count, from 555 wells to 560 wells.

"The interesting outcome from this downturn will be the innovative actions taken by companies to lower costs and create efficiencies that will better position Canada in the world of energy services, extraction and production," continued Salkeld. "When prices rebound, these companies will be more than ready – no doubt about it."

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 over 230 member companies, employing approximately 70,000 people and contracting almost exclusively to oil and gas exploration and production companies.

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