



## **Declines in Drilling Activity Confirmed**

### **PSAC Drilling Activity Forecast Update Confirms Predicted Industry Slowdown**

(Calgary, AB) – The 2008 Canadian Drilling Activity Forecast first quarter update, released today by the Petroleum Services Association of Canada (PSAC), confirms an earlier forecast of a major slowdown in petroleum industry activity. The forecast for 2008 is a total of 14,500 wells drilled (rig released) across Canada. This represents a 22 per cent decrease in total wells drilled, compared to the final tally for 2007 of 18,606 wells.

“In 2006 things were booming with more than 23,000 wells. Now, things are in a definite downturn,” says PSAC President Roger Soucy. “The gas regions are being hit hardest, both because of soft natural gas prices as well as the uncertainty created by Alberta’s new Royalty Regime, details of which are still being worked out.”

As part of the update, PSAC is predicting a higher level of oil well activity, for the first time since 1997 as a result of better returns on oil than for natural gas.

On a provincial basis for 2008, PSAC estimates 9,575 wells drilled in Alberta which is a 31 per cent decrease over 2007 drilling levels. British Columbia will see a four per cent increase to 900 wells, and, due to increased oil activity, both Saskatchewan and Manitoba will see a slight increase in activity over 2007 levels, Saskatchewan up by six per cent to 3,600 wells and Manitoba up by five per cent to 350 wells.

Soucy also indicated that, “many do not understand why the industry is experiencing a downturn in the face of soaring oil prices. The fact is, the WTI price of oil simply isn’t reflective of the price of oil in Alberta. For the most part, Alberta oil is heavy and just doesn’t fetch the same price at market.” PSAC is basing its 2008 Forecast on crude oil prices of US\$78.00 barrel (WTI) and natural gas prices of Cdn\$6.50/mcf (AECO).

The complete January 2008 Canadian Drilling Activity Forecast is now available for subscribers only on PSAC’s website at [www.pfac.ca](http://www.pfac.ca) under “Publications”.

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 275 member companies, employing more than 67,000 people and contracting almost exclusively to oil and gas exploration and production companies. PSAC member companies represent over 80 per cent of the business volume generated in the petroleum services industry.

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