



PETROLEUM SERVICES
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Dramatic Declines Forecasted

Well counts significantly down over last year in PSAC's 2008 Drilling Activity Forecast

(Calgary, AB) --- The 2008 Canadian Drilling Activity Forecast, released today by the Petroleum Services Association of Canada (PSAC), predicts a continued and dramatic slowdown in petroleum industry field activity. In 2008, PSAC expects a total of 14,500 wells drilled (rig released) across Canada. This represents a 17 per cent decrease in total wells drilled, compared to the expected final tally for 2007 of 17,550 wells. The reduction in wells will be particularly evident in the shallow gas regions.

"While producers and the industry as a whole are still calculating the impacts of the new Royalty Regime, all indicators are for some negative impacts, which we had to take into account in further reducing 2008 well counts which were already low due to low natural gas prices. These numbers indicate a rather dramatic downturn, which in due course will likely lead to more layoffs," says Roger Soucy, President of PSAC.

On a provincial basis for 2008, PSAC estimates 9,575 wells drilled in Alberta and 900 in British Columbia, representing a decrease of 25 per cent in Alberta and an increase of 10 per cent in BC over expected 2007 drilling levels. Saskatchewan's drilling rate in 2008 will see a three per cent increase to 3,600 wells, because of increased oil-related activity in that province. For the same reason, drilling in Manitoba will also increase three per cent in 2008 to 350 wells.

PSAC is basing its 2008 Forecast on crude oil prices of US\$75.00 barrel (WTI) and natural gas prices of CDN\$6.50/mcf (AECO). "Low natural gas prices continue to be an issue within the industry. On the flip side, high oil prices are driving significant growth in some oil-related areas. As well, the high price of the Canadian dollar is having a significant impact within the sector."

In its Forecast, PSAC also released an updated count for 2007 of 17,550 wells rig released, 18 per cent under PSAC's original estimate released in October 2007. "This is due to the fluctuating price of commodities and the impact of a high Canadian dollar."

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 260 member companies, employing more than 58,000 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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Note: These details were announced at a media conference, Oct. 30th, 2007. A video stream of this conference will be available for viewing by noon (GMT) Wednesday, Oct. 31st at www.pfac.ca

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