

PSAC Increases 2010 Drilling Forecast by 1,000 Wells

Contributed by Newswire

Calgary, AB – In its first update to the 2010 Canadian Drilling Activity Forecast, released in late January, the Petroleum Services Association of Canada (PSAC) is forecasting a new total of 9,000 wells drilled (rig released) across Canada for 2010. This is an increase of 1,000 wells (12 per cent) from PSAC's original 2010 Forecast released in early November 2009.

On a provincial basis for 2010, PSAC estimates 6,095 wells to be drilled in Alberta, an increase of four per cent over final 2009 drilling levels. All of the 1,000 wells added to this year's Forecast are attributed to Alberta, where activity was originally expected to be flat compared to 2009. PSAC expects British Columbia to have 630 wells drilled in 2010, an increase of 10 per cent from last year. Saskatchewan's drilling rate in 2010 will see an 11 per cent increase over 2009 to 1,935 wells, while drilling in Manitoba will increase 29 per cent to 300 wells.

PSAC's Drilling Activity Forecast increase is primarily the result of strengthening prices for both crude oil and natural gas. PSAC is basing its updated 2010 Forecast on average natural gas prices of CDN\$5.50/mcf (AECO) and crude oil prices of US\$74.00/barrel (WTI).

“The industry is expecting commodity prices to strengthen further this year,” said Roger Soucy, President of PSAC. “Improved prices led to a spurt in drilling activity in December 2009 and we expect stronger pricing to continue to impact drilling levels as we move through 2010.”

The final tally for 2009 was 8,450 wells drilled across Canada.

“We are cautiously optimistic about 2010,” continued Mr. Soucy. “The commodity pricing signals have been positive so far but this may not be the quick and complete turnaround everyone is hoping for. The real test will come after spring break-up.”

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 250 member companies, employing more than 52,000 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.

For more information visit www.psac.ca.