



Leading Energy Services,
Supply, Manufacturing
and Innovation

Presentation to Council

Parkland County & Acheson Business Association

By Mark Salkeld, President & CEO



January 10, 2017



Presentation Overview

- Canadian Petroleum Services Sector
- 2016 Canadian Drilling Activity Forecast Update
- 2017 Canadian Drilling Activity Forecast
- Industry Trends

Upstream Petroleum Industry

Exploration
& Production



Petroleum Services Sector

Seismic



Service, Supply
& Manufacturing



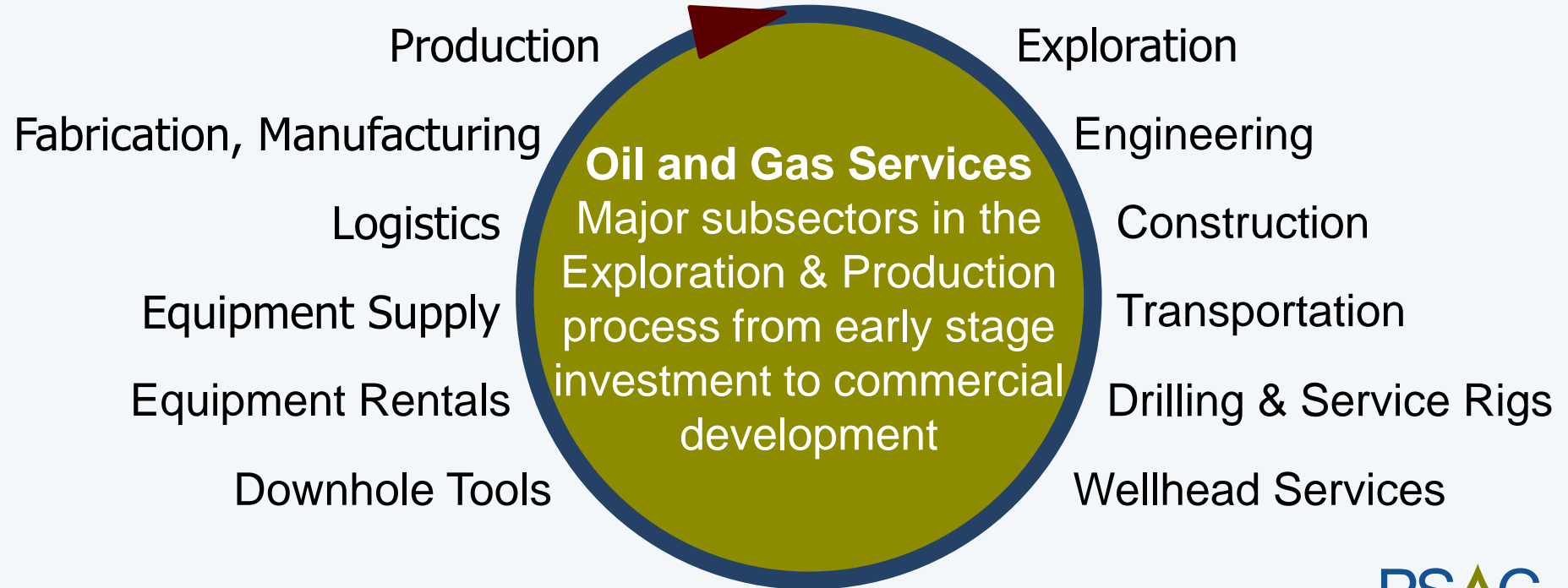
Drilling



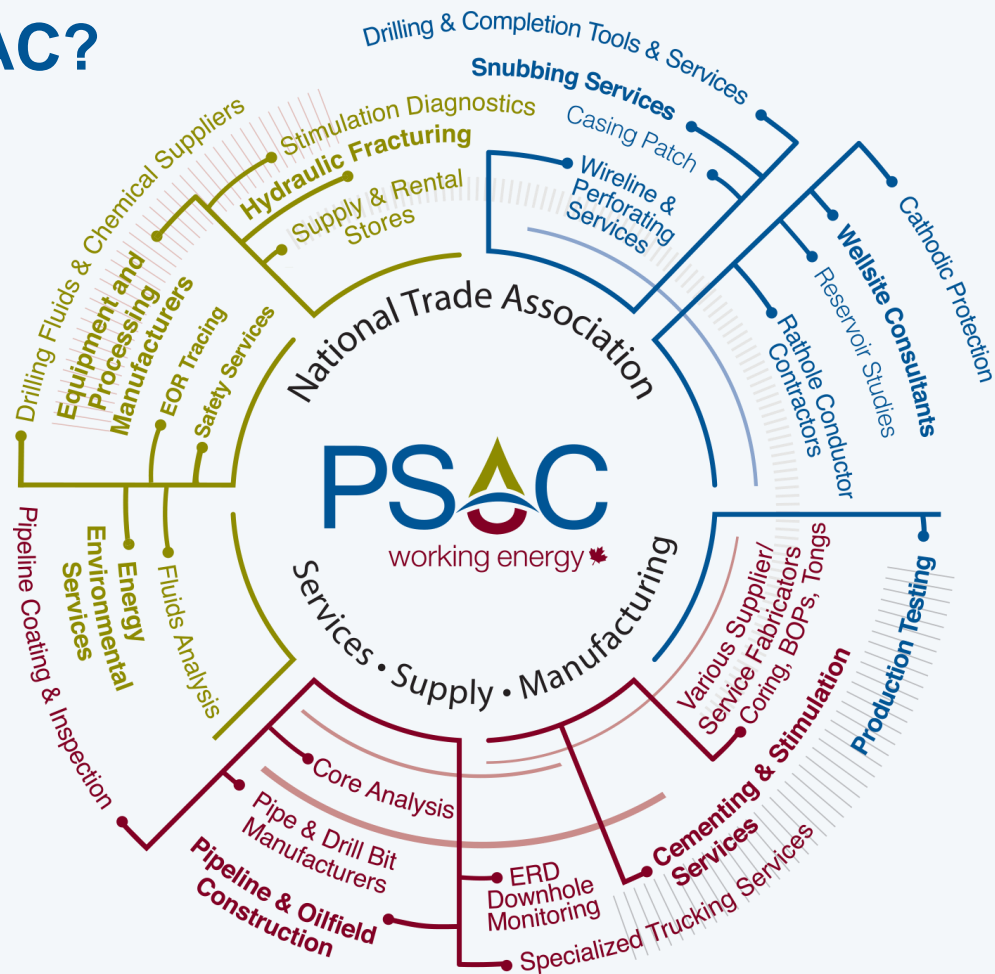
Pipelines



OGS Subsectors Through Oil and Gas Development Investment Cycle



Who is PSAC?



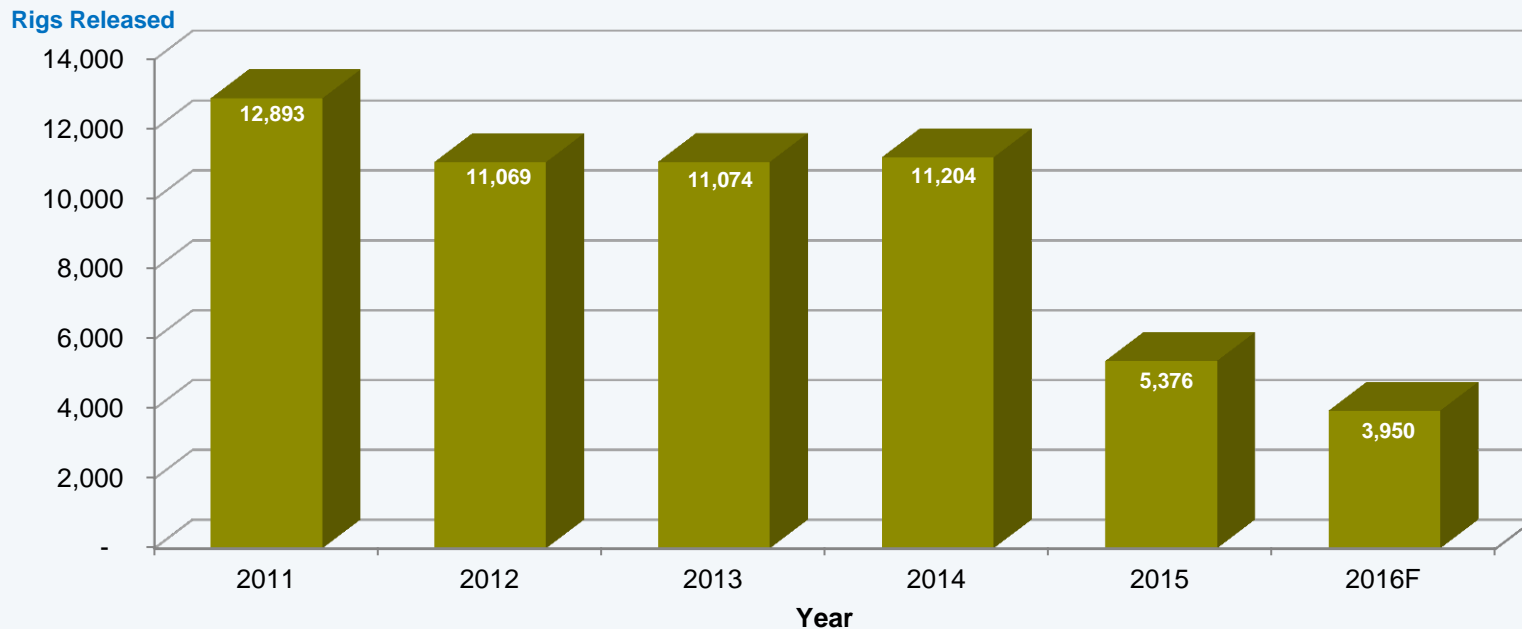


2016 Canadian Drilling Activity Forecast Update

2016 Canadian Drilling Activity Forecast

	Rigs Released
Original Forecast (Nov. 2015)	5,150
Revised Forecast (Nov. 2016)	3,950
Overall Change	 1,200

Wells Drilled By Year (2011 – 2016F)






2017 Canadian Drilling Activity Forecast Update







Major Variables

- Commodity Prices
- Decline in Capital Investment
- North American Production
- Policy and Regulatory Uncertainty
- Market Access
- Canada's Global Competitiveness

2016 Canadian Drilling Activity Forecast

	Rigs Released
Final 2016 Forecast	3,950
2017 Forecast	4,175
Overall Change	 225

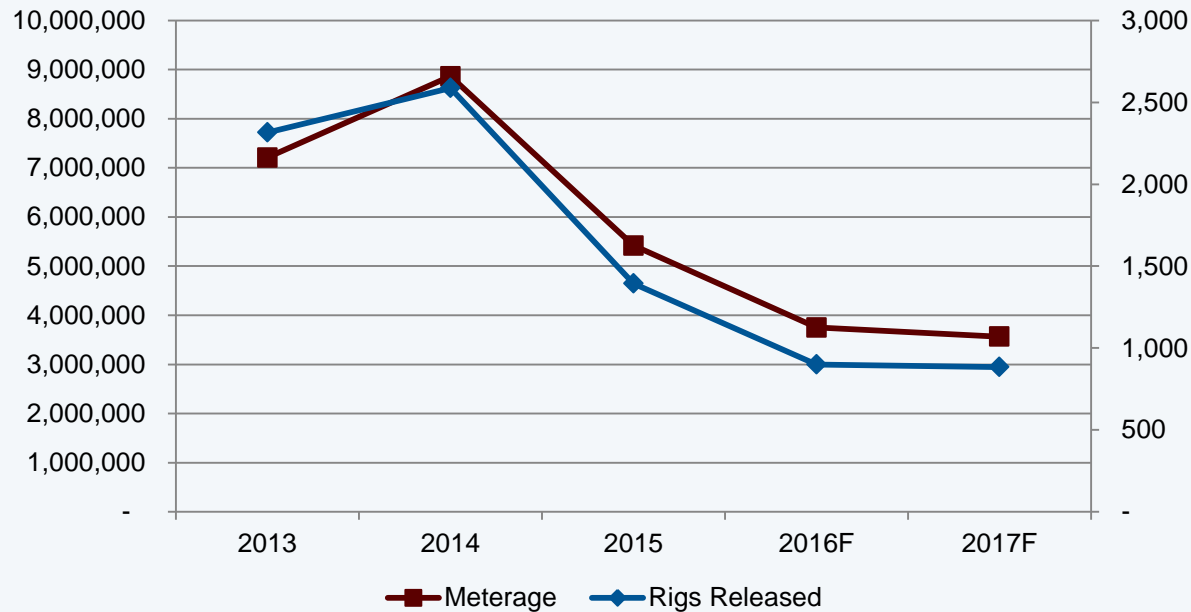
2017F vs 2016F Forecast by Province

	2016F	2017F		Change
AB	1,847	1,900		2.9%
SK	1,700	1,940		14.1%
BC	320	280		12.5%
MB	74	50		32.4%
Other	9	5		44.4%
Total	3,950	4,175		5.7%

Trends in Alberta

Rigs Released

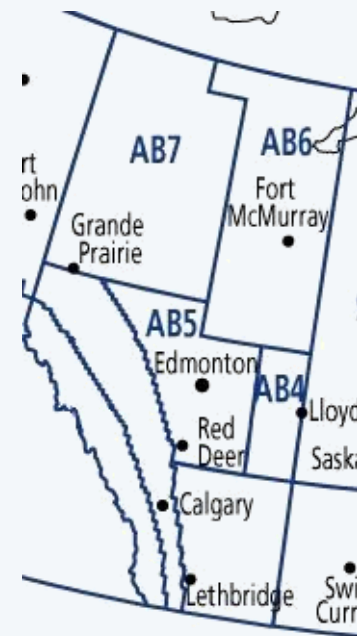
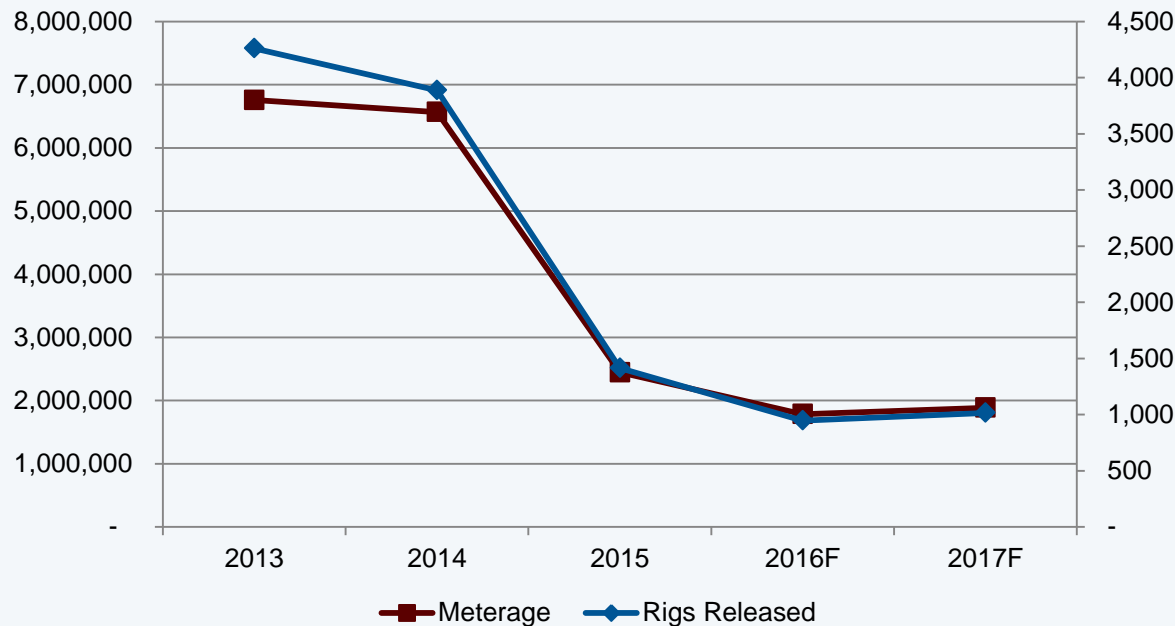
Meterage



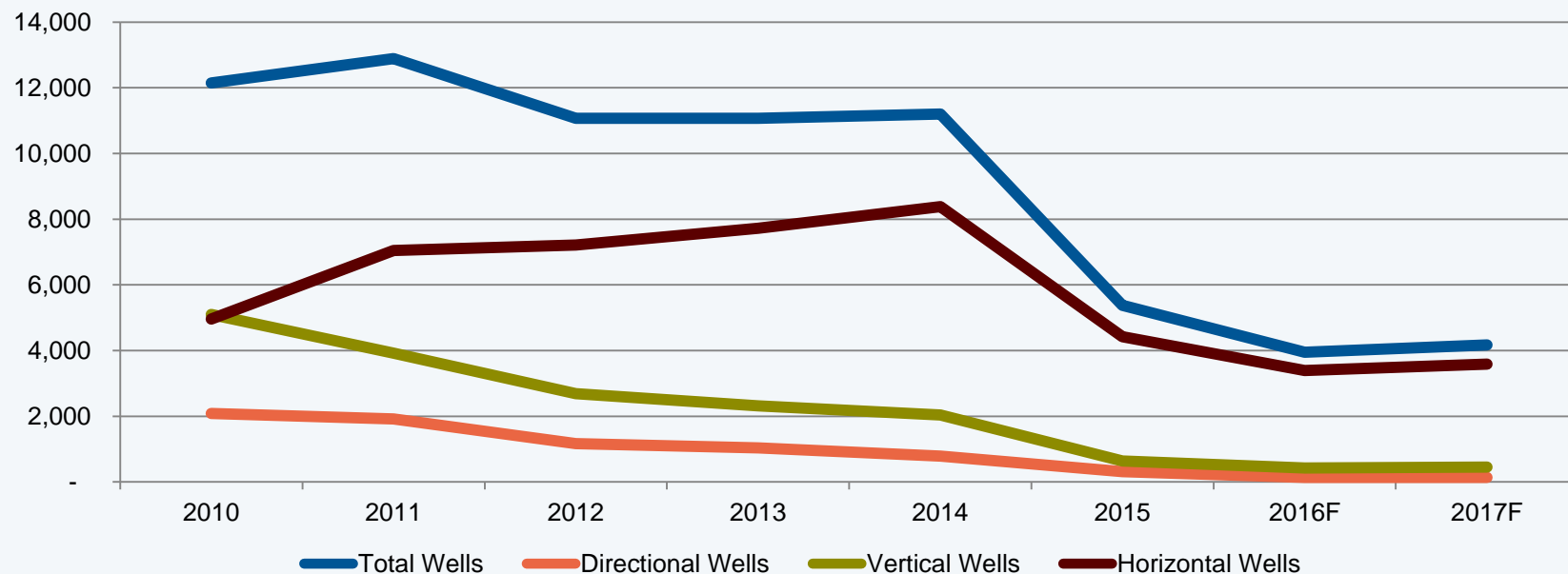
Trends in Alberta (continued)

Rigs Released

Meterage



Wells by Type



Meterage

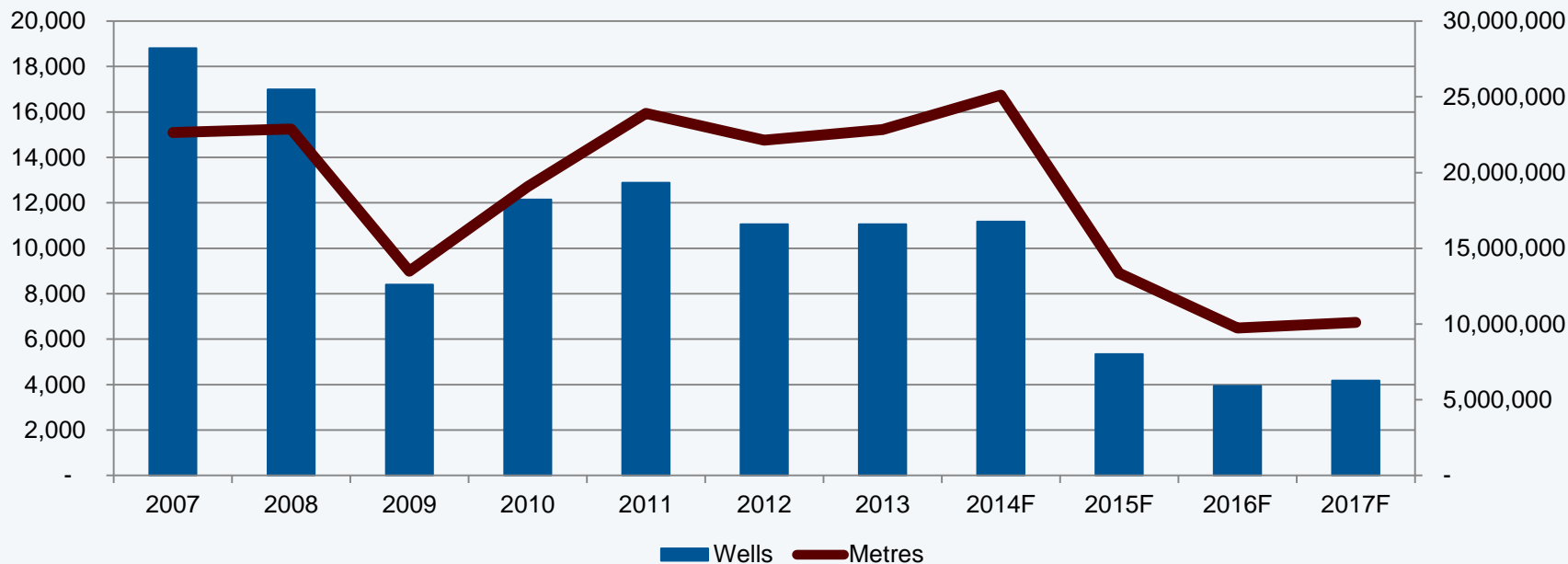
	Total Wells	Avg. m/Well	Total Meters
2013	11,074	2,068	22,899,000
2014	11,204	2,248	25,186,000
2015	5,376	2,536	13,632,000
2016F	3,950	2,466	9,741,000
2017F	4,175	2,420	10,104,000

Well Counts vs Meterage, by Year

Well Count

2007-2017F Wells Drilled & Meterage, by Year

Meterage



Rig Operating Days (Western Canada)

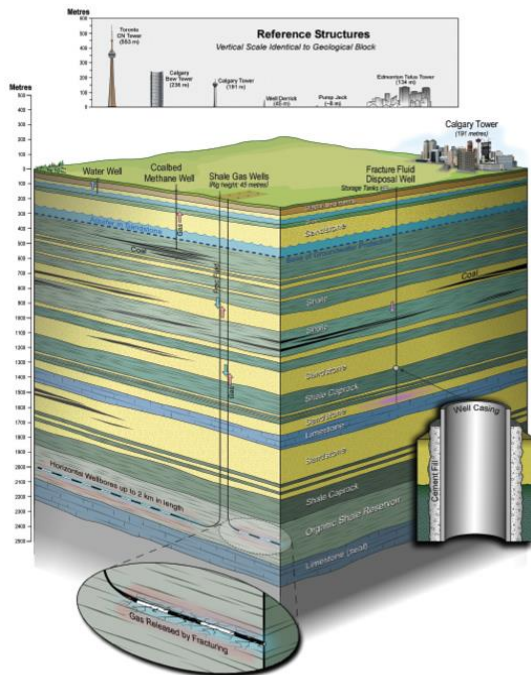
	2013	2014	2015	2016F	2017F
BC	14,062	15,907	10,951	5,757	5,038
AB	67,362	91,205	38,837	21,109	20,222
SK	19,847	22,808	10,299	7,881	8,864
MB	3,116	3,002	1,185	402	272
Total	104,387	112,922	61,272	35,149	34,396
Days/Well	9.5	10.1	11.4	8.9	8.2



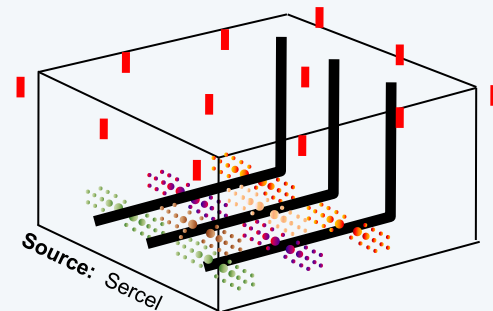
Industry Trends & Analysis

Innovation and Technology

Horizontal Drilling



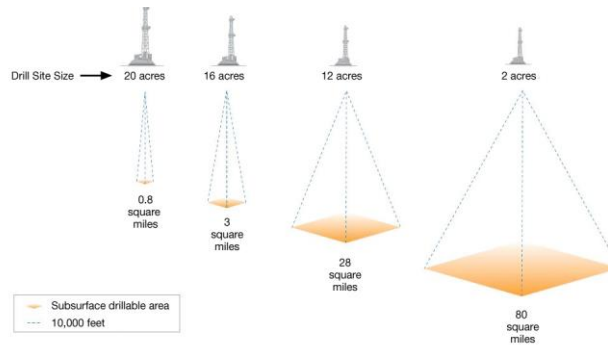
© Energy Resources Conservation Board, 2013



Microseismic

Reduced Environmental Footprint

Technology has made a dramatic difference in the footprint of the drilling and completion process



Source: American Petroleum Institute

Industry Trends

- Technology and Innovation
- Industry Collaboration
- Hydraulic Fracturing and Horizontal Drilling
- More Complex Completions/Re-completions/Workovers

PSAC “Core Group” Members

Categories and Qualifications

Core Member

To Qualify:

- Service, supply or manufacturing company providing or selling services, supplies or manufactured goods to the upstream petroleum industry in Canada
- At least 50% of Canadian revenues derived from Oil and Gas Services (OGS)
- Hold COR or SECOR certification

Associate Core Member

To Qualify:

- Service, supply or manufacturing company providing or selling services, supplies or manufactured goods to the upstream petroleum industry in Canada
- Less than 50% of Canadian revenues derived from Oil and Gas Services (OGS)
- Hold COR or SECOR certification

PSAC “Affiliate” Members

Categories and Qualifications

Introductory Member

To Qualify:

- Service, supply or manufacturing company providing or selling services, supplies or manufactured goods to the upstream petroleum industry in Canada
- Never held previous PSAC membership
- Limited 1-year membership term to “test drive” PSAC before becoming a “Core Group” member

Alternative Energy Member

To Qualify:

- Service, supply or manufacturing company providing or selling services, supplies or manufactured goods to non-petroleum segments of the energy sector in Canada

PSAC “Affiliate” Members

Categories and Qualifications

Business Partner Member

To Qualify:

- Canadian companies with a commercial interest in the oil and gas industry in Canada, but which do not qualify for Core Membership.

Government, Municipal, Academic Member

To Qualify:

- Governments and organizations with no commercial interest in the oil and gas industry in Canada, but do have an interest in the sector and the information it provides.

PSAC “Affiliate” Members

Categories and Qualifications

Affiliated Association Member

To Qualify:

- Associations representing other segments of the Canadian oil and gas industry, wishing to collaborate with PSAC and share information on issues and initiatives of mutual benefit.

International Member

To Qualify:

- Companies with a commercial interest in the oil and gas industry in Canada, but which have no Canadian office or Canadian operations.

PSAC Member Benefits

Benefit	Core	Associate Core	Intro	Alternate Energy	Business Partner	Gov't, Municipal, Academic	Association	International
Updates / info on PSAC's <u>Members' Only</u> Website section	✓	✓	✓					
PSAC's periodic Newsletters	✓	✓	✓	✓	✓			
Members-Only Tools and Support, such as TDG Permits; access Canadian OFS Subject Matter Experts (SME's)	✓							
Quarterly call with a member of PSAC's Executive Team	✓	✓	✓					
Access PSAC Member Supply Chain Manager Directory (mid-2017)					✓			
Updates re: changes in industry technical standards, policy & news about the OFS Sector	✓	✓	✓					
Updates on regulatory & legislative changes	✓	✓	✓					

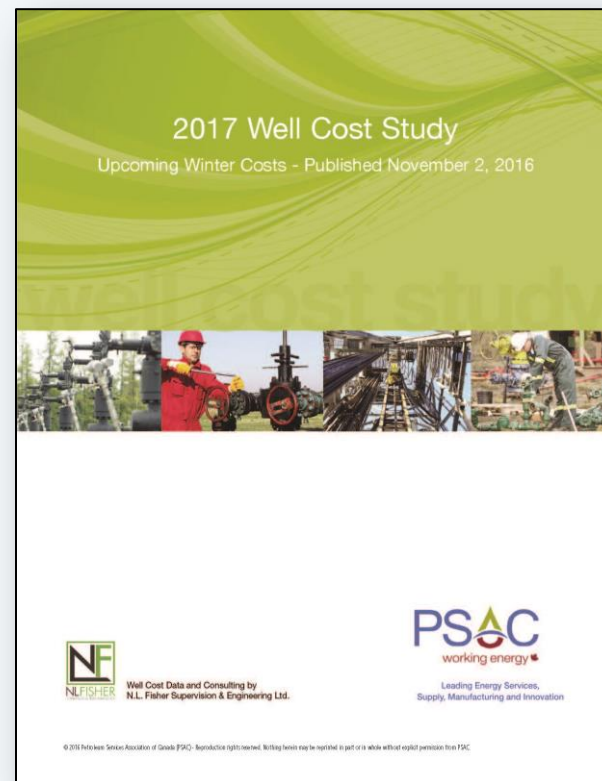
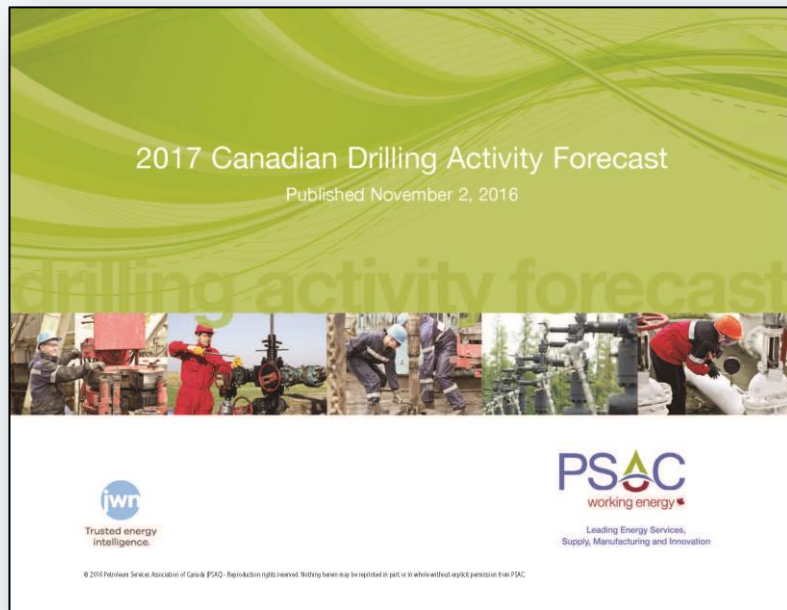
PSAC Member Benefits

Benefit	Core	Associate Core	Intro	Alternate Energy	Business Partner	Gov't, Municipal, Academic	Association	International
Member networking	✓	✓	✓	✓	✓	✓		✓
PSAC Member Directory Listing	✓	✓	✓	✓	✓		✓	
First priority to present at / sponsor PSAC-branded events (luncheons, seminars, webinars, etc) for Core Members				✓	✓	✓	✓	✓
Directly benefit from PSAC's pro-active and targeted advocacy and lobbying efforts	✓	✓	✓					
Be represented by a unified voice representing the SSM OFS sectors	✓	✓	✓					
Opportunity to participate in meetings with governments, regulatory bodies and elected officials (roundtables, etc)	✓	✓						
Contribute to the Association's many projects benefitting members and the Industry	✓	✓						

PSAC Member Benefits

Benefit	Core	Associate Core	Intro	Alternate Energy	Business Partner	Gov't, Municipal, Academic	Association	International
Voting eligibility at PSAC AGM	✓	✓						
Eligible for representation on PSAC's Board of Directors	✓							
Eligible to participate in PSAC Standing and Sectorial Committees	✓	✓						
Discounts / promotions from PSAC partners and other members, including affinity programs	✓	✓	✓					
Grow client base by partnering with PSAC to provide Affinity Programs to Core Members					✓			
Discounts on PSAC publications and events	✓	✓	✓	✓	✓	✓	✓	✓
Free annual subscription to PSAC's Drilling Activity Forecast <u>or</u> Well Cost Study						✓		

PSAC Publications

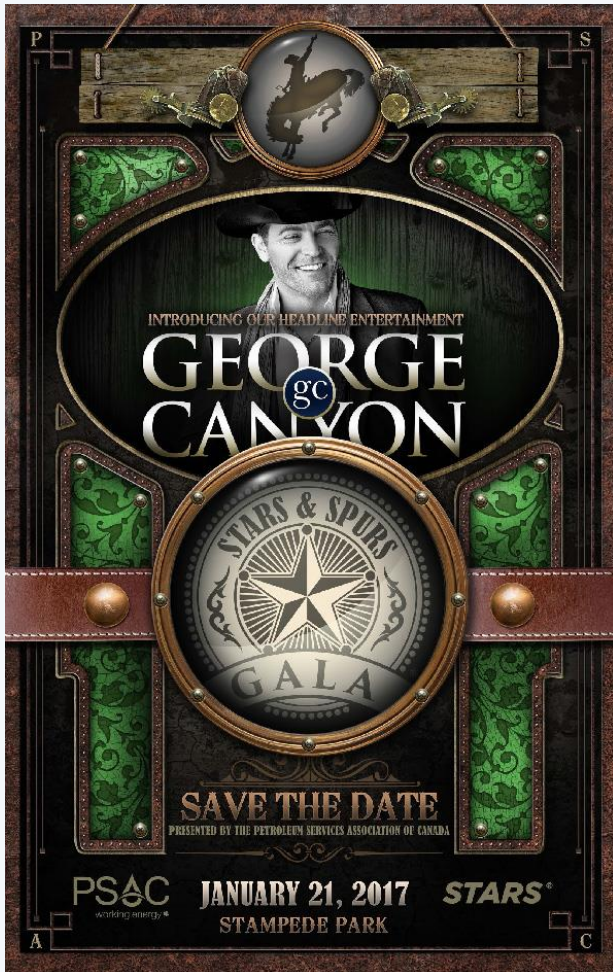


2017 STARS & Spurs Gala

Hall E, BMO Centre
Stampede Park

Saturday, January 21, 2017
beginning at 5:00 pm

www.STARSandSpursGala.ca





Leading Energy Services, Supply, Manufacturing and Innovation

Thank you

For more information, please visit

psac.ca

**Presented on behalf of the
Petroleum Services Association of Canada**