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NEWS RELEASE

PETROLEUM SERVICES
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ALBERTA TO REACH 20,000 WELLS IN 2006, SAYS PSAC

(Calgary, AB) --- The 2006 Canadian Drilling Activity Forecast, released today by the Petroleum Services Association of Canada (PSAC), predicts another record well count for Canada, as well as a milestone record for Alberta next year. In 2006, PSAC expects a total of 25,290 wells drilled (rig released) across Canada, 20,000 of which will be in Alberta. This represents a six per cent increase in Alberta wells drilled, compared to the expected final tally for 2005 in the province. Canada-wide, activity levels will also increase six per cent, the result of continued strong commodity prices and a growing emphasis on natural gas from coal (NGC).

"In 2006, we're expecting about 3,500 NGC wells, mostly in Alberta", stated Roger Soucy, PSAC President. "Activity levels in the NGC areas of southeast and central Alberta will rise six to seven per cent."

For 2006, PSAC estimates 3,430 wells drilled in Saskatchewan and 1,600 in British Columbia. While Saskatchewan's 2006 drilling rate is flat compared to expected final well counts for 2005, BC will see an activity increase of 20 per cent next year. "While the total number of wells drilled in BC is relatively low compared to Alberta, activity levels in that province have been climbing over the past few years," explained Soucy. "BC is becoming a very favourable location for oil and gas activity and with the move towards southern BC for NGC, we are expecting a significant elevation in activity levels there."

PSAC is basing its 2006 Forecast on crude oil prices of US\$60.00 barrel (WTI) and natural gas prices of Cdn\$9.50/mcf (AECO). "For most of 2005, the commodity price story was oil. More recently, natural gas prices have risen significantly. We expect the pricing of both commodities to stay strong next year," said Soucy.

In its Forecast, PSAC also released an updated count for 2005 of 23,890 wells rig released, more than 1,700 wells above PSAC's original estimate released in October 2004 and 65 wells higher than PSAC's most recent update released in July 2005. "Warm spring temperatures followed by wet weather in June slowed activity, but the industry rebounded in July and has worked very hard since then to catch up," stated Soucy. "So even with the time lost due to poor drilling weather this year, 2005 will still be a record year for the oilpatch."

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 37,000 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. PSAC is celebrating its 25th anniversary in 2006.

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