NEWS RELEASE

<u>CAODC 2012 Forecast — November 8, 2011</u>

For Immediate Release

The Canadian Association of Oilwell Drilling Contractors (CAODC) has released its forecast for 2012, along with an update on 2011.

With strong oil commodity prices continuing to drive activity into 2012, the Association is expecting a repeat of 2011with marginal increases year over year of approximately 1%. More significant gains could be realized except for the following trends. First, the size of the drilling rig fleet is expected to grow significantly; and second, industry will continue to be challenged by the skilled manpower shortage.

CAODC expects the expansion of the rig fleet to begin early in the new year, with approximately 15 new rigs joining the fleet in the first quarter. Through the course of the year, various member companies will be adding to their equipment and by the end of the year, CAODC expects its registered fleet to meet 840 rigs. This kind of growth is reminiscent of 2007 when the Canadian fleet added 49 rigs. Unlike 2007, the equipment being built in 2012 is responding to the need for larger, heavier rigs with the capacity to drill long reach directional wells.

The greatest limiting factor when examining overall utilization rates will be the shortage of skilled rig workers. Industry suffered a great loss of skills and knowledge during the downturn of 2009 and it has struggled to attract these experienced workers back. While the numbers of new workers joining industry is encouraging, it will take time to develop their skills. In addition to outside labour competition, the drilling rigs lose many skilled people to positions within industry – particularly specialized positions like directional drilling. CAODC members are proud that their people are recognized as some of the best-trained in industry. However, it adds an element of difficulty when trying to reach its own operational goals.

The forecasted numbers for 2012 are essentially a mirror image of 2011. As per tradition, the first quarter will have rig utilization at its strongest, with an average utilization of 68%. The majority of industry's operating days – 50,090 – will be completed in the first quarter. Q1 of 2011 was quite cold which allowed rigs to work through to the end of March. Weather predictors are indicating that 2012 could be colder and snowier – all good news for drilling rig contractors.

With the second quarter housing at least part of spring break-up, it is typically difficult to give an accurate assessment. Activity in the second quarter of 2011 was very strong compared to historical averages. In 2011, industry averaged 24% utilization compared to 15% historically. For Q2 2012, CAODC is predicting 20% utilization with an average of 165 rigs working through the quarter for a total of 14,811 operating days.

The third quarter of 2011 was one of the best on record for many drilling contractors. While there is some optimism that this could be repeated, history shows that 57% utilization is unusually strong. For Q2 2012, the Association is looking for 53% utilization with an average of 441 rigs working for 39,587 operating days.

The fourth quarter of 2012 will reflect the usual ramp up for winter drilling. In 2012, industry will have a significantly larger fleet – an additional 35 rigs from today – but the utilization percentages should remain steady at 55% for the quarter. In terms of operating days, the fourth quarter of 2012 should see 41,472 days.

In terms of the well count for 2012, CAODC sees the number of wells remaining stable at 12,672. With the increasing complexity of the wells and the associated time to drill them, as well as shortage of experienced crews, the Association does not anticipate a significant increase in the well count for 2012.

2011 Revised

In addition to the 2012 Forecast, CAODC has revised its 2011 fourth quarter projections to have industry exiting 2011 at 55% rig utilization with an average of 443 rigs working approximately 39,767 days. The well count will end up near 12,555 wells in western Canada.

Natural gas drilling is focused on resource plays containing a high liquids content. The pricing assumptions are $88.00/bbl (US WTI) for oil and $4/mcf (CDN – AECO) for natural gas.

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FORECAST — 2012

November 8, 2011

WESTERN CANADA

2012 Total Number of Wells (Western Canada): 12,672				
QUARTER	**ACTIVE RIGS**	**FLEET**	**UTILIZATION**	**OPERATING DAYS ***
2012 – 1st	558	821	68%	50,090
2012 – 2nd	165	827	20%	14,811
2012 – 3rd	441	833	53%	39,587
2012 – 4th	462	840	55%	41,472
Average 2012	**407**	**830**	**49%**	**145,730**

2009			2010			2011		
Drilling	**Util.**	**Wells**	**Drilling**	**Util.**	**Wells**	**Drilling**	**Util.**	**Wells**
209	24%	8,278	346	43%	11,587	405	51%	12,555

Assumptions: **WTI: $88.00/bbl (USD)** **AECO: $4.00/Mcf (CDN)** **11.5 days/well**

* **Calculation based on spud to rig release data**

REVISED
FORECAST — 2011

November 8, 2011

WESTERN CANADA

2011 Total Number of Wells (Western Canada): 12,555				
QUARTER	**ACTIVE RIGS**	**FLEET**	**UTILIZATION**	**OPERATING DAYS** *
2011 – 1st ***	*534*	*788*	*68%*	*47,495*
2011 – 2nd ***	*190*	*791*	*24%*	*16,339*
2011 – 3rd ***	*454*	*798*	*57%*	*40,754*
2011 – 4th	443	805	55%	39,767
Average 2011	**405**	**796**	**51%**	**144,355**

2008			**2009**			**2010**		
Drilling	**Util.**	**Wells**	**Drilling**	**Util.**	**Wells**	**Drilling**	**Util.**	**Wells**
351	40%	16,844	209	24%	8,278	346	43%	11,587

Assumptions: **WTI: $90.00/bbl (USD)** **AECO: $4.00/Mcf (CDN)** **11.5 days/well**

***** **Calculation based on spud to rig release data**
******* **Actual**