

# DAILY OIL BULLETIN

January 18, 2012

[Contents](#) | [Previous Page](#) | [Next Page](#)

## Frigid Weather Could Help Drillers Make Up For Lost Time In Previously Inaccessible Areas

**By Richard Macedo**

The unseasonably warm weather in Western Canada prior to this week was making it difficult to access some areas of the basin, but the onset of frigid temperatures could help make up for lost time.

According to *June Warren-Nickle's* statistics, Western Canada had a rig utilization rate of 84 per cent as of Jan. 17. In 2011, average utilization for the year rose to just over 56 per cent compared to 46 per cent in 2010.

Before the blast of Arctic air this week plunged Western Canada into a deep freeze, the warm weather was preventing access to some areas. This was the case in northern Alberta and British Columbia, said **Mark Salkeld**, president of the **Petroleum Services Association of Canada**.

"[It was] not freezing up enough during the day and especially at night for ice road and bridge construction to take effect," he said. "This has caused drilling programs to be set back. I haven't heard anything out of Saskatchewan of late."

However, the late freeze and lack of moisture lends itself toward a shorter breakup so any lost time and activity will be made up over the longer-term, in spring and summer, where possible.

"I suspect the PSAC drilling activity forecast for the first quarter could be a tad shy for numbers but am very optimistic that [the] balance of quarter numbers [remaining three quarters] will make up any possible shortfall," Salkeld said. "Having said that, the general sense is that the PSAC membership is busy right now so I would not be the least bit surprised if the numbers come in positive as well. We are getting far more efficient and productive out there."

**Mark Scholz**, president of the **Canadian Association of Oilwell Drilling Contractors**, said there were access delays because of the weather. Approximately eight to 10 per cent of the rigs had been affected.

"Road bans have been in place and areas such as Strathmore have been affected. In addition, the area around Fort McMurray has also been affected by these bans," he said. "If we have a long winter and late spring, industry may recover some of the lost days due to the weather."

"The only area that we were seeing some access issues due to the warm weather earlier was in the Fort McMurray area -- the cold weather is definitely helping with these areas now," added **Lisa Ciulka**, vice-president of investor relations with **Trinidad Drilling Ltd.**

As for the seismic community, very little snow and temperatures around freezing in many northern areas have allowed early stages of programs to occur earlier and more efficiently, said **Mike Doyle**, president of the **Canadian Association of Geophysical Contractors**.

"The muskeg areas are generally pushed into late December/early January at best so some slight delays there," he said. "In particular, caribou timing areas ... may have been delayed in terms of getting into these areas."

Companies may need an extension in order to finish the work this winter, he said.

"Generally, we are able to receive such extensions given such ground/weather conditions," Doyle noted.

Delays with equipment availability and/or human resources availability will play as big a factor as anything in setting things back, he added.

Seismic acquisition activity was expected to be robust this winter in Western Canada, partly buoyed by the focus on oil and liquids-rich gas opportunities but finding enough qualified workers to complete some of the planned programs during the demanding winter season was expected to be challenging ([DOB, Oct. 12, 2011](#)).

"Winter access is not usually a problem in Saskatchewan and southern Alberta," added **Gary Leach**, executive director of the **Small Explorers and Producers Association of Canada**. "The high number of rigs currently drilling would suggest the warmer winter thus far is of limited impact by this measure.

"The cold snap may have arrived in time to avoid seriously impacting the winter drilling season but we'll need a few weeks of cold weather to provide a better assessment."

[Contents](#) | [Previous Page](#) | [Next Page](#)

---

© 2012 [Copyright Nickle's Energy Group](#). All rights reserved.  
[Disclaimer](#) | [Privacy Policy](#) | [Comments](#)