



PRODUCER PROFIT SHARE \$12,872,519

About Broadbill Energy

From our strong foundations, we create unsurpassed value to boldly redefine the midstream industry as the partner of choice. We are a driven infrastructure company offering producers transparent and diversified access to market, while relentlessly improving the ultimate netback for our producer partners. We fearlessly pursue innovation. We work with the right people. We are producer centric and we pursue strategic opportunities.

The Broadcast is a monthly marketing newsletter from Broadbill Energy Inc. to provide market insight and company updates.

[VISIT US](#)

What's New in the Zoo

We are excited to announce that we are live with our 11th site and look forward to adding more sites in the upcoming year. As we grow, we continue to look for opportunities to optimize existing facilities and deliver our customers value.

We appreciate the opportunity to work with our producers and thank you so much for your continued support. We hope you had a great summer. Fall is upon us, with a colder than expected winter to look forward to in the coming months.



We are happy to finally launch our new and improved website. Hope you have a chance to check it out - www.broadbillenergy.com.

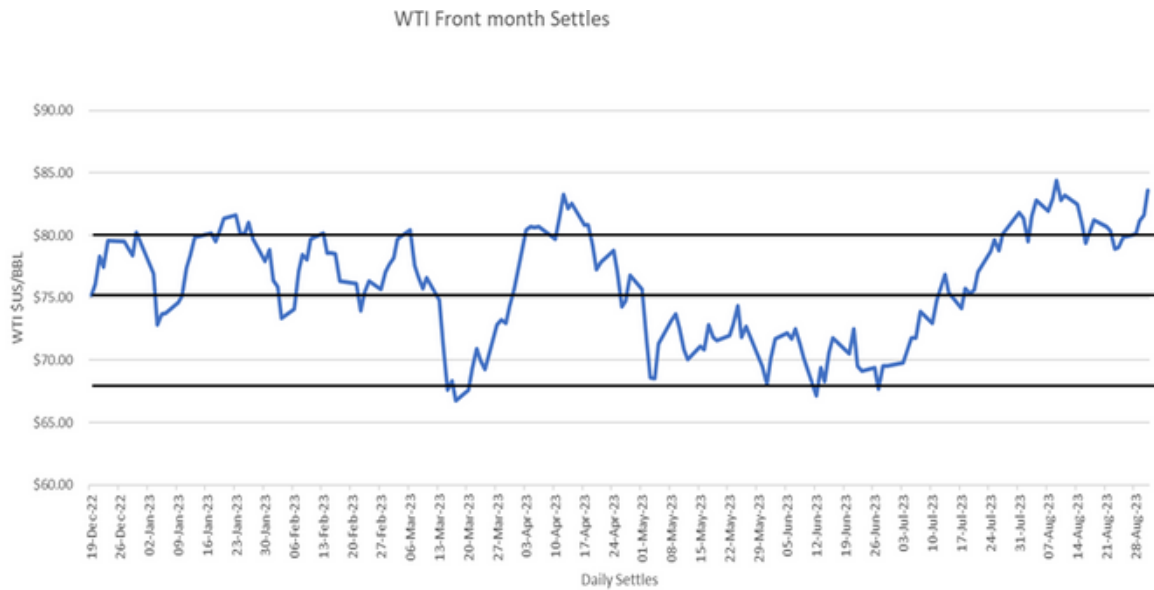
Pricing View - August 30, 2023

	July - 2023 Index Diff	August - 2023 Index Diff	September - 2023 Index Diff
WCS	-\$11.93	-\$11.19	-\$15.59
LIGHT SWEET (MSW)	-\$2.44	-\$0.82	-\$2.28
CONDENSATE (C5)	-\$4.73	-\$5.01	-\$3.17
LIGHT SOUR BLEND (LSB)	-\$3.29	-\$3.29	-\$2.91
MIDALE (MSM)	-\$5.12	-\$5.12	-\$4.93

MARKET SUMMARY

A lot happened in August both nationally and internationally. Enbridge announced September 2023 apportionment of 3% at the Superior terminal and we are hearing that physical pushbacks are taking place despite the relatively low apportionment levels signaling that systems may in fact be at capacity. It is also interesting timing as we start to see the seasonal rollover coinciding with potentially real apportionment. More on that below.

In more pipeline related news, the CER (Canada Energy Regulator) will initiate a process to consider issues that arise from Trans Mountain Expansion (TMX) toll application. They have additionally rejected requests to fast track the tolling application. Trans Mountain Corporation (TMC) requested CER approve proposed tolls back and requested a decision by September 14th. Proposed tolls range from \$11/bbl to \$12/bbl with discounts for shippers committing to longer term and larger volumes. Various shippers challenged the tolls filed due to increased costs (initial estimate of \$4/bbl have now ballooned to proposed tolls of \$11 - \$12/bbl on account capital pushing well into \$30B on the project). The costs are expected to increase by \$0.7/bbl for every extra \$100MM spent on uncapped costs. Shippers also argued that the toll application review requires more time and CER agreed. This is not the last of TMX troubles, as the CER is also considering allowing TMX to deviate from its route on a 0.8mile section near Kamloops. The route change is proposed due to technical challenges and the route change is opposed by Stk'emlúpsenc te Secwépemc Nation. It would appear the delay is not necessarily long term, but it does show the challenges in getting to the first barrel shipped on the expansion system.



Source: Broadbill Energy Inc.

News coming out of the U.S., CPI and PPI numbers came out better than expected. This boosted up prices earlier in the month, only for some of these numbers to be revised to less than ideal numbers with concerns about non-farm payroll numbers, resuming student loan payments this September, and financial health of U.S. consumers further stoked recessionary fears. Fitch also downgraded U.S. credit ratings due to mounting debt and political divisions.

China's markets were challenged by news flow coming out of China. Chinese real estate developer Country Garden seeks to extend maturing bonds, reigniting concern about China's property sector. China and other Asian countries are facing rice price inflation; prices are at 15-year highs. While China has been adding stimulus measures to maintain growth targets, the market has been looking for something bigger as the data points continue to lag. Later in the month, Chinese banks cut rates lower than expected after Chinese Securities Regulatory Commission urged banks, pension funds, and insurers to use funds to help stabilize the stock market.

For Opec/Opec+, Iran's NOC pledged to increase production by 250,000 b/d by the end of September in a bit of a counter to Opec+ cuts on recent production. India and China continue to buy Russian oil even with higher prices. Niger is the latest customer of Russian imports. No not Russian oil, Russian mercenaries. On July 26th Niger military officers threw out French troops and invited deposed President Mohamed Bazoum and Russian mercenaries to help with the coup. United Nations, West African bloc (ECOWAS), and western countries are calling for Bazoum to be reinstated.

ECOWAS is ready to militarily intervene to restore “constitutional order.” Niger is a hub for foreign troops fighting Islamist insurgents and uranium and oil reserves. France, Niger’s former colonial ruler and a big consumer of uranium, supports ECOWAS.

Despite the above concerns, crude has found support recently at \$80 USD on the back of continuing dwindling inventories all over the globe as a result of continued disciplined cut action brought by the Saudi’s. They have since announced their 1MM/day cut will be extended three additional months beyond existing targets to ensure the market remains tight and to ensure prices remain robust. They are clearly defending price given the persistent push by western nations to neutralize inflation even at the expense of potential recession, as interest rates begin to bite the consumer. Crude was up to as high as \$88/bbl on the news after the long weekend.

OPEC’s monthly report forecasted an increase in world economy growth and growth in world oil demand for 2023 and 2024. Saudi Arabia extended production cuts into September. Russia elected to reduce its exports by 300,000 bbl/d. Crude exports dropped the first half of July with the biggest declines coming from Russia. Kuwait also cut exports and Chinese refiners are to replace most of this supply cut. In other OPEC news, Saudi Arabia, United Arab of Emirates (UAE) and some other OPEC members have joined BRICS as its latest members. The BRICS summit was held in July to discuss adding new members and reducing reliance on the USD. Putin called for creating a common currency and new settlement mechanisms.

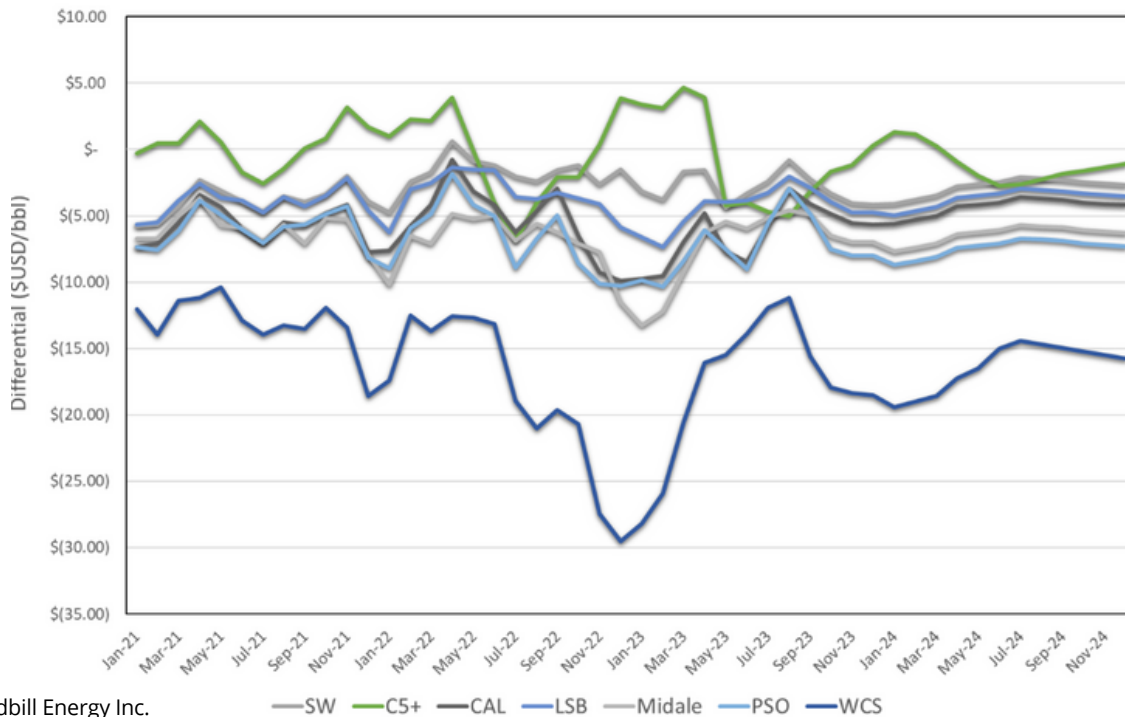
According to the latest U.S. Energy Information Administration (EIA) weekly report, crude oil inventories decreased 10.6 million barrels, while input to refineries went up 21 thousand barrels/day. Gasoline went up 44 thousand barrels/day. See appendix for EIA weekly data points. These persistent draws are certainly painting a picture of tight supplies in the forthcoming months. Given the battle against inflation continues, will crude and associated demand flutter under higher prices? Or perhaps it’s timed perfectly as other goods and services costs begin to fall as a result of the higher interest rate environment, allowing for energy demand to be supported at higher levels.

In more favorable news for our Canadian producers is the CAD is struggling against USD, even with higher oil prices ending the month. Perhaps attributing to implications made by Jerome Powell at Jackson Hole that higher rates are here to stay. Higher rates imply a stronger dollar and central banks worship the Phillips Curve, which implies high inflation equals lower unemployment, and low inflation equals high unemployment. This is not always how it plays out (i.e., stagflation). If there are not enough people producing goods and services, then costs of the existing goods/services will continue to rise. Perhaps a central banker will read this and reconsider.

WCSB PRICING SUMMARY

Canadian crude heavy differentials are weakening as we enter the winter months on the heels of seasonal downstream refinery maintenance. Light differentials have also seen some sluggishness but remain at historically strong levels. October trade has begun, and we are seeing heavies trade around minus \$18, while light sweet is slightly inside of minus \$3. Condensate has started making its winter move higher after being relatively discounted for most of the summer months.

Western Canadian Historical Differentials



Source: Broadbill Energy Inc.

As mentioned above, apportionment is producing some push back for the first time in months. It remains to be seen if this means pipelines really are at capacity (air barrels to ensure downstream supply) and if the volume push back is necessary. We have seen persistent calls for crude on mainline, despite low levels of apportionment and one can't help but think some of the push back may be price driven. We will keep monitoring these developments. Let us know if you need space for prompt volumes, we can likely find market outlets.

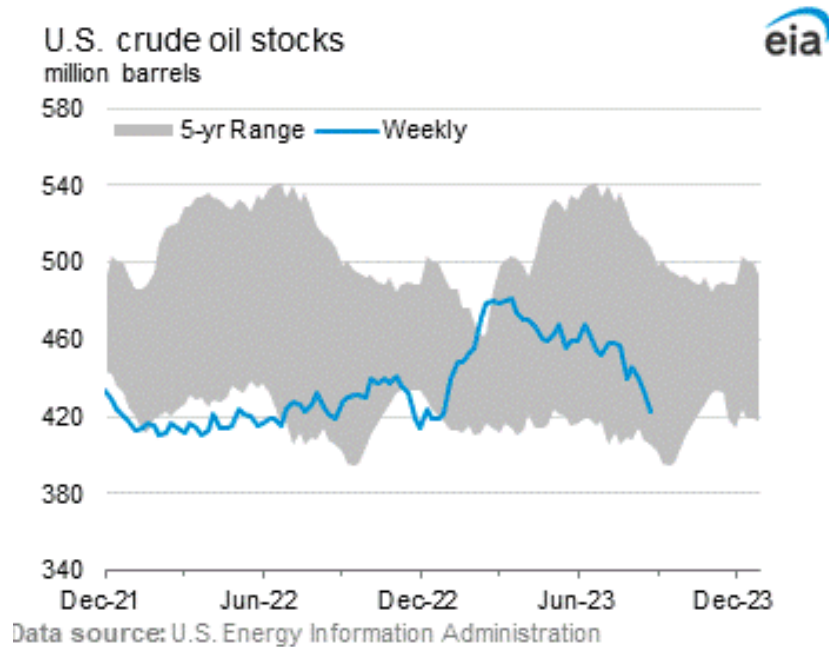
In crude quality news, Pembina Pipeline put out a notice to abide by certain rules and regulations across their feeder pipeline system, with newly announced penalty and shut-in protocols regarding high vapor pressure infractions. We'll be watching how this develops over the weeks and months to come.

The Broadbill Energy Team

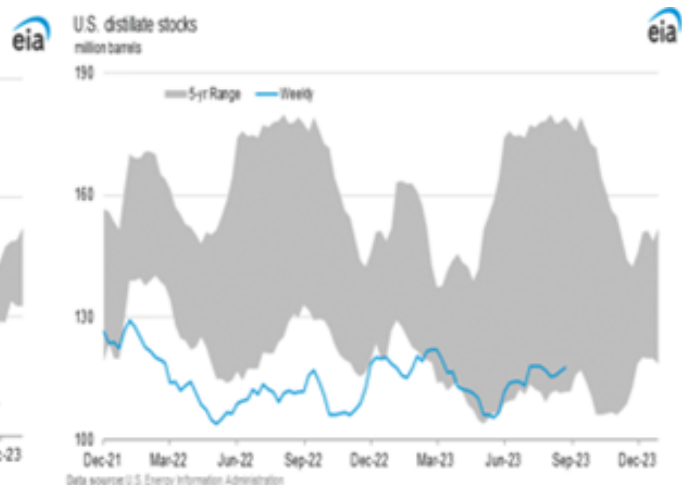
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APPENDIX



	Stocks	Change from last	
		08/25/23	Week
Crude oil	422.9	-10.6 ↓	4.6 ↑
Gasoline	217.4	-0.2 ↓	2.9 ↑
Distillate	117.9	1.2 ↑	6.2 ↑
Propane	95.465	3.179 ↑	23.235 ↑

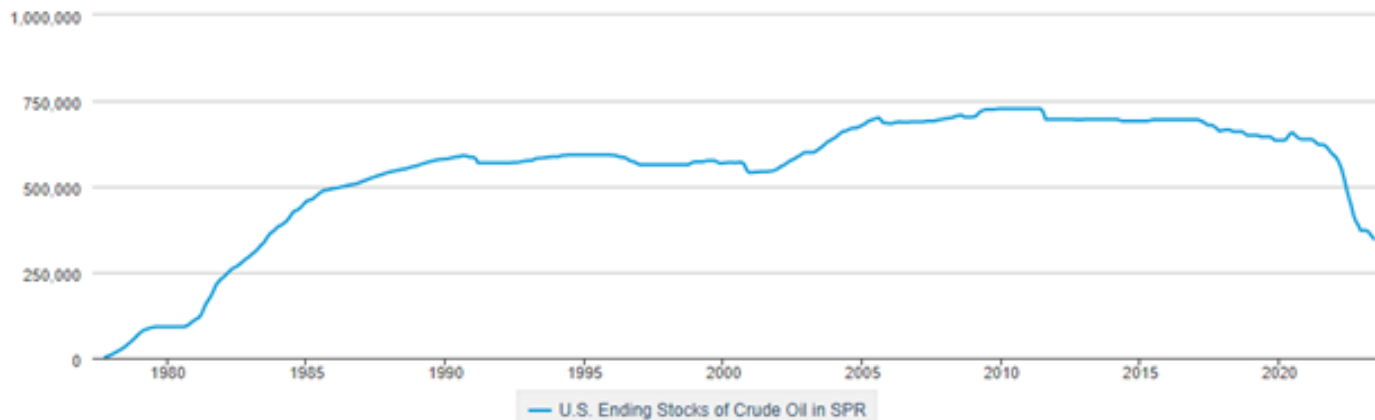


APPENDIX

U.S. Ending Stocks of Crude Oil in SPR

DOWNLOAD

Thousand Barrels



eia Data source: U.S. Energy Information Administration

DXY chart >

