

**MARCH 2024**

Broadbill exists to create value differently. From our strong foundations we create unsurpassed value to boldly redefine the midstream industry as the partner of choice. We fearlessly pursue innovation and strategic opportunities. We are producer centric and we work with the right people.

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

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## What's New in the Zoo

Just when you thought you could get the Broadbill lawn chairs and camping gear out of hibernation, it appears that winter isn't quite ready to pack it in.

Some welcomed snowfall has arrived, which is great news for farming and industry alike as drought conditions were almost a certainty given the lack of winter to date. Despite this, we are back in wildfire season already as evidenced by the Smokehouse Creek fire in Texas, which is already consuming over millions of acres (a new state record). It has not impacted the industry yet, but certainly brings awareness to the threat.

Broadbill Energy Inc. is excited to announce it has taken ownership and operations of the Plato Pipeline System from Gibson Energy Services Inc., effective March 1, 2024. The Plato Pipeline System consists of approximately 90 km of pipe stretching from Plato to Dodsland, Saskatchewan. Broadbill is excited to have the opportunity to build upon our existing assets, strong operational experience, and a customer focused approach toward our goal to become the partner of choice for our stakeholders.

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## Market Summary

### TMX Update

TMX challenges last month included a new Canada Energy Regulator (CER) order. The order was issued on January 31st to address environmental deficiencies and noncompliance found after flooding near Abbotsford, BC. Trans Mountain was not properly maintaining watercourse isolation, wildlife fencing, soil coverings, and dewatering pump and sump locations. The order involved Trans Mountain to investigate the root cause and implement a water management plan for that section of the pipeline. This speaks to what will likely be on-going challenges, even when the line comes into service.

TMX then announced it successfully removed the pipeline irregularity from the area near Chilliwack and Hope, BC. Thankfully the pipeline received swift feedback regarding its contingency plan, seemingly avoiding what some media outlets reported could be 12-24 months of delays if re-routing was required from the area. The on-off pipeline linefill call appears to be back on with a recently announced call for linefill. More on this below as we discuss how differentials are shaking down given these uncertainties.

## Pricing View - March 6, 2024

	Jan. - 2024 Index Diff	Feb. - 2024 Index Diff	March - 2024 Index Diff	April Index - March 6 Settle
WCS	-\$20.05	-\$18.75	-\$19.13	-\$16.10
LIGHT SWEET (MSW)	-\$8.38	-\$9.32	-\$8.26	-\$3.23
CONDENSATE (C5)	-\$2.75	-\$4.69	-\$5.09	-\$1.74
LIGHT SOUR BLEND (LSB)	-\$10.89	-\$10.49	-\$10.27	-\$5.66
MIDALE (MSM)	-\$13.41	-\$13.15	-\$11.41	-\$6.40

### Macro Update

February started with a lot of talk about ceasefire and ended up just being talk as Israel rejected the ceasefire offer from Hamas, giving WTI new vigor to climb back up. By the end of the month, the Palestinian Prime Minister resigned, and his government tendered their resignations to Palestinian Authority (PA) President Abbas, which many speculate to be the first step in transitioning towards a new technocratic Palestinian administration to govern after conflict with Israel has ended. PA and President Abbas are highly unpopular along Palestinians according to a poll conducted by Palestinian Center for Policy and Survey Research. As a result, February WTI priced in at \$76.61, nearly a \$3/bbl increase over January.

WTI continues to struggle to break \$80 but is firming above the 200/day moving average, which sits around \$77.50. Expect the rangebound trade to continue, unless a catalyst emerges allowing the bulls to run or the bears to come out from winter hibernation.

Calls from U.S. and others for restructuring the Palestinian Authority likely triggered the resignations. The government will probably include Mohammad Mustafa, a former World Bank official and chairman of the Palestine Investment Fund. Mustafa was previously the Economy Minister and Deputy Prime Minister during the reconstruction of Gaza after the 2014 conflict brought about by Hamas kidnappings (seems to be a couple of patterns here). Turns out history does repeat itself.

Mustafa also led the Palestinian delegation at the World Economic Forum in Davos advocating for statehood for Palestinians. He commented that the international community made it clear that it will not engage in diplomacy with Hamas and having Hamas in government is not a “workable proposition right now.” Israeli Prime Minister is not agreeable to the prospect of the Palestinian Authority after the conflict ends.

Geopolitical concerns ramped up after reports came out of a Hezbollah commander killed in a U.S. strike in Bagdad. Hezbollah is an Iran backed army group in Iraq that the U.S. blames for attacking its troops in January in a drone attack near the Jordan-Syria border.

## OPEC

Speaking of the Middle East, Iraq is the second largest OPEC producer, and its crude production has been declining. The country confirmed that it would compensate over the next four months for its January increase in crude production. OPEC's monthly report came out and demand projections remained unchanged (trending towards growth) with non-OPEC supply forecast reduced with slower than expected production growth out of U.S. and Russia.

According to OPEC's secretary general who spoke at India Energy Week, the global oil market will need \$14 trillion in investments over the next 20 years to meet global energy demands through 2045. India's Prime Minister Modi pledged to an investment of \$67 billion in its energy sector over the next five years, seeking to double refining capacity by 2030.

## OPEC+

More on OPEC, Russian Deputy Prime Minister announced that the country would comply with its OPEC+ quota in February. This might have something to do with its refinery outages due to Ukrainian attacks or dropping sells to India. Although, Russia found a new customer in Venezuela. Russia fired back with missiles and drones as Ukraine struggles to gather funds for the war. This might be a continuing struggle for Ukraine as financial support for Ukraine grows less popular among voters of Western nations amidst affordability issues in the West.

Most of you probably remember that Swedish authorities were to investigate Nord Stream pipelines explosion. The Swedish authorities bowed out of the investigation and handed collected evidence to Germany. Sweden stated that they lacked jurisdiction on the case.

Russia's new customer Venezuela has been on the news this month sparking speculations of U.S. sanctions coming back after Venezuelan President Maduro made comments reflecting lack of open and free elections. That's not the only news out of Venezuela. The government of Venezuela moved troops to its border with Guyana as it seeks to claim some of that country's oil wealth. While a queue of 19 supertankers has piled up in Venezuela's territorial waters as its national oil firm struggles to deliver cargoes on time, citing lack of transportable stocks.

## North America

The U.S. House of Representatives passed a bill seeking to stop Biden from freezing approvals of LNG exports. Though this is unlikely to pass the Democrat-controlled Senate. Speaking of challenging the Biden administration, API filed a legal challenge to Biden administration's plan to limit Gulf of Mexico leasing from 2024 to 2029, citing that the plans limit access to energy. These measures reek of inflation management as keeping gas inland will promote lower domestic pricing, which would have a trickle-down effect on industrial and energy costs that would flow back to the consumer in the form of lower input pricing. This will be a trend to watch especially if Biden wins the Whitehouse again this November. Given the low pricing for natural gas across the continent, it could also promote flat production south of the 49 especially in gas weighted plays, which could stifle investment and supply growth in future. Great for Canadian LNG as projects near completion likely next year. So much for no business case.

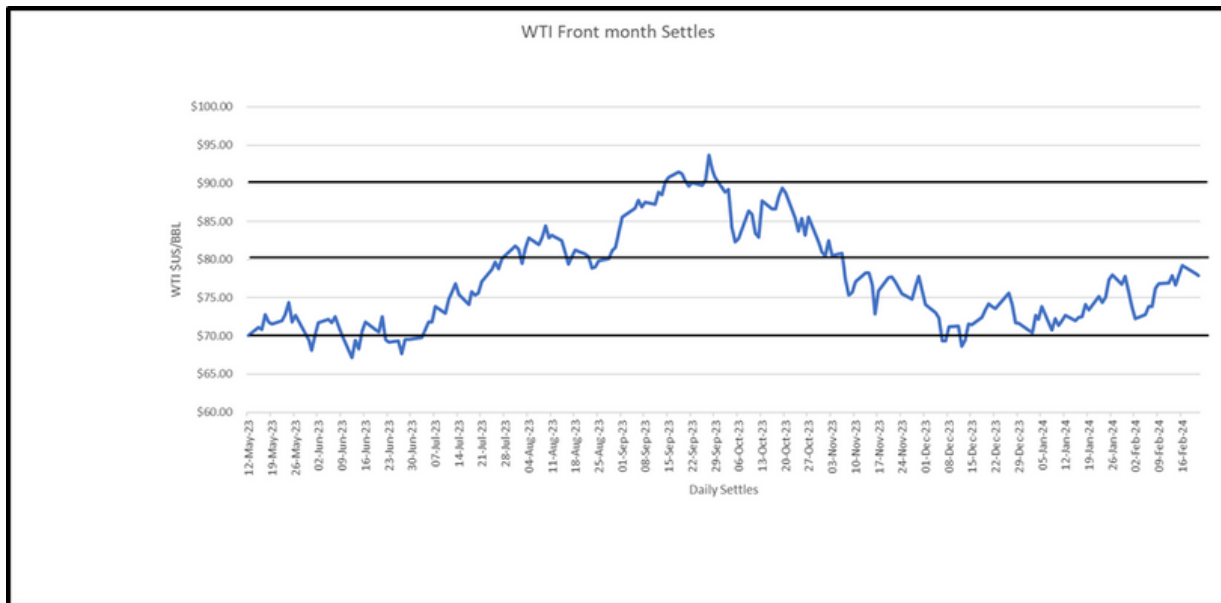
U.S. crude inventories increased 4.2 million barrels to 447.2 million barrels as of February 23rd. U.S. crude inventory has been building over the last couple of weeks, partly due to the BP Whiting outage.

### Inflation

Singapore will require all flights departing from the country to use at least 1% of sustainable aviation fuel and targeting 5% by 2030. Sustainable aviation fuel currently costs five times more than traditional jet fuel. If this trend continues, more inflation is on the way to a flight near you.

Weak economic data came out of Japan and the United Kingdom, suggesting the economies have contracted in Q4 of 2023. China is cutting its prime mortgage rate at record levels. U.S. CPI revisions came out showing inflation growth at a slower rate. About a week after this, CPI for January came out and core CPI grew faster than expected, leading to speculations that the first rate cut may be delayed till after the July meeting. The U.S. Fed’s meeting minutes suggested the same. Recent economic data is drumming up the stagflation narrative - low growth and high inflation.

USD and CAD continue to maintain a narrative of a weak Canadian dollar relative to its U.S. dollar counterpart. This will continue to be favorable to Canadian crude price netbacks. Additionally, a higher for longer bank rate in the U.S. with the likely decreases from the Bank of Canada, which appear to be on tap soon, we could see this relationship continue to weaken the Canadian dollar, which is again favorable for Canadian energy pricing. Don’t book the parade route just yet however, as it will make everything else we import as a country more expensive. As the saying goes, “the sweet isn’t as good without the sour.”



Source: Broadbill Energy Inc.

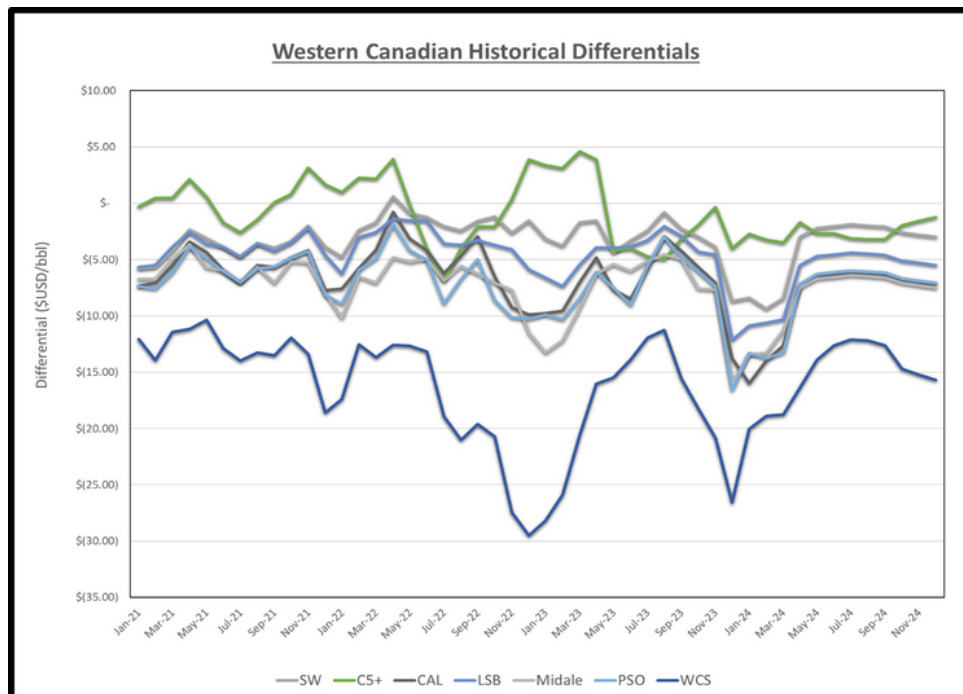
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## WCSB Pricing Summary

TMX delays combined with BP Whiting refinery outage continued to weigh on Canadian differentials. The outage resulted from a transformer failure, which created a plant wide power outage and forced evacuation. The refinery still struggles to come back online and is said to be coming back up in stages. This has been contributing to the U.S. crude builds seen over the last weeks. As a data point to the positive implications of TMX, historically speaking an outage of this magnitude in PADD2 would have normally been a serious blow to WCSB Differentials. The market seems more focused on TMX linefill timing, and near-term upstream turnarounds, which has inventories finally finding a ceiling.

As we lean into the April trade cycle, we are seeing some significant divergence on all crude differentials, but most noticeable in the light grades. After a harsh winter trade, synthetics are pricing towards positives, which is having a great pull effect on light grades across the board (see pricing indication below). We are also seeing the light sweet and sour grades moving up off 12-month lows we saw from November through March cycles.

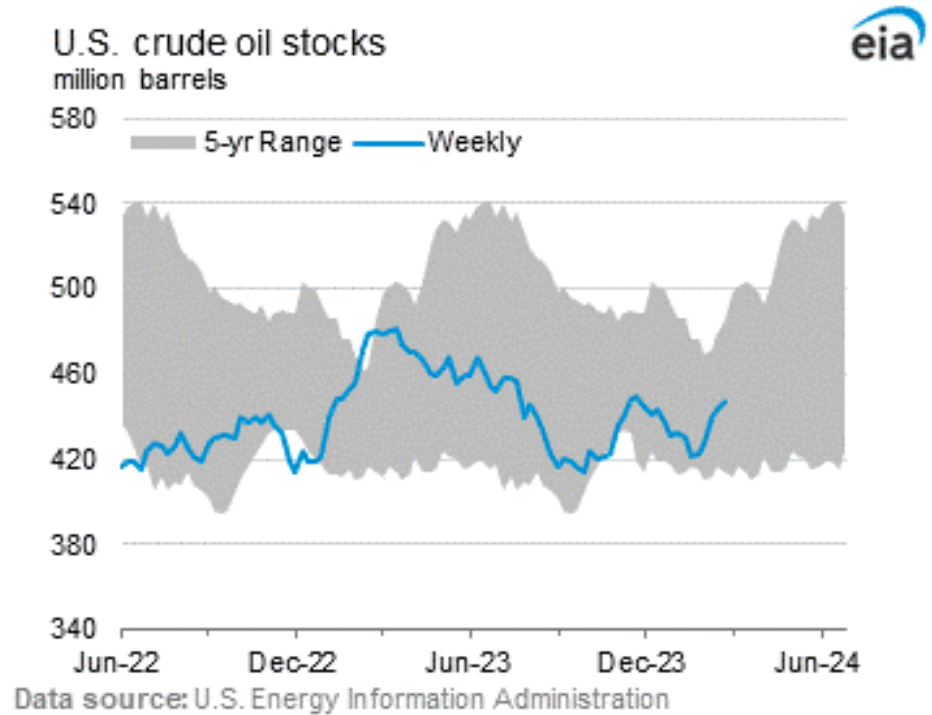
Crack spreads saw a quick improvement on news of the extended Whiting outage, with gasoline really catching up with diesel over the month. Inventory on gasoline and diesel on trend and making a push back to the bottom of the 5-year trend line again primarily on refinery outages not only in PADD2 but also the January cold snap, which also had impacts on PADD3 runs.















Source: Broadbill Energy Inc.

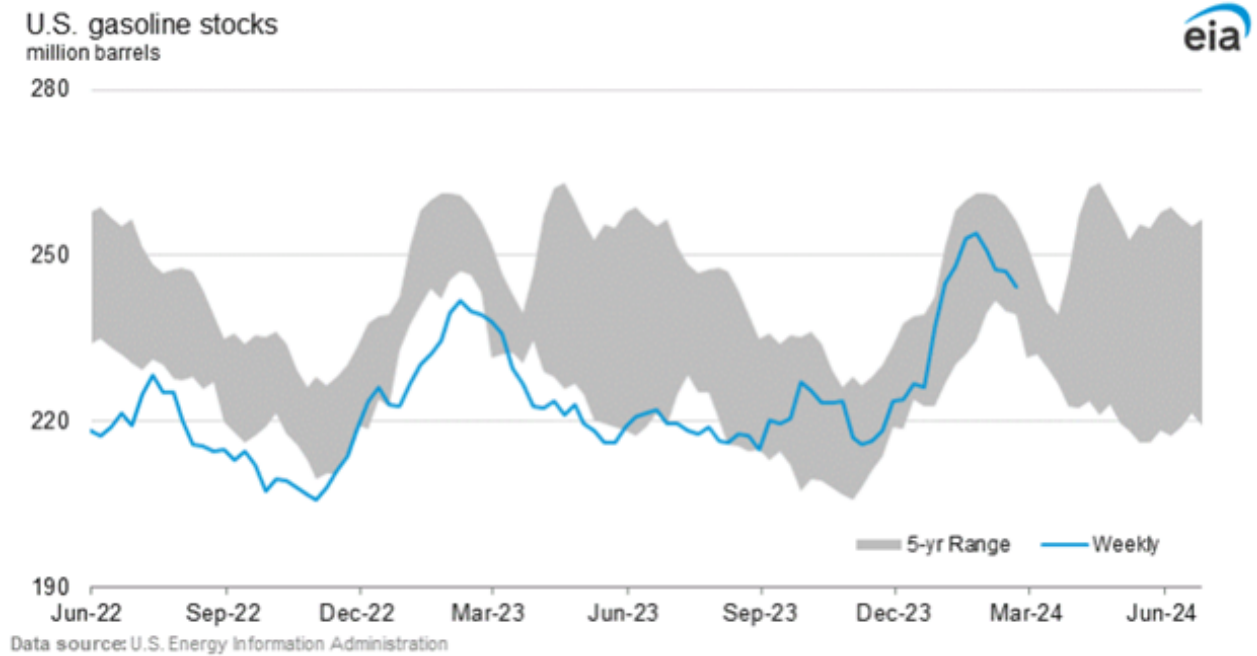
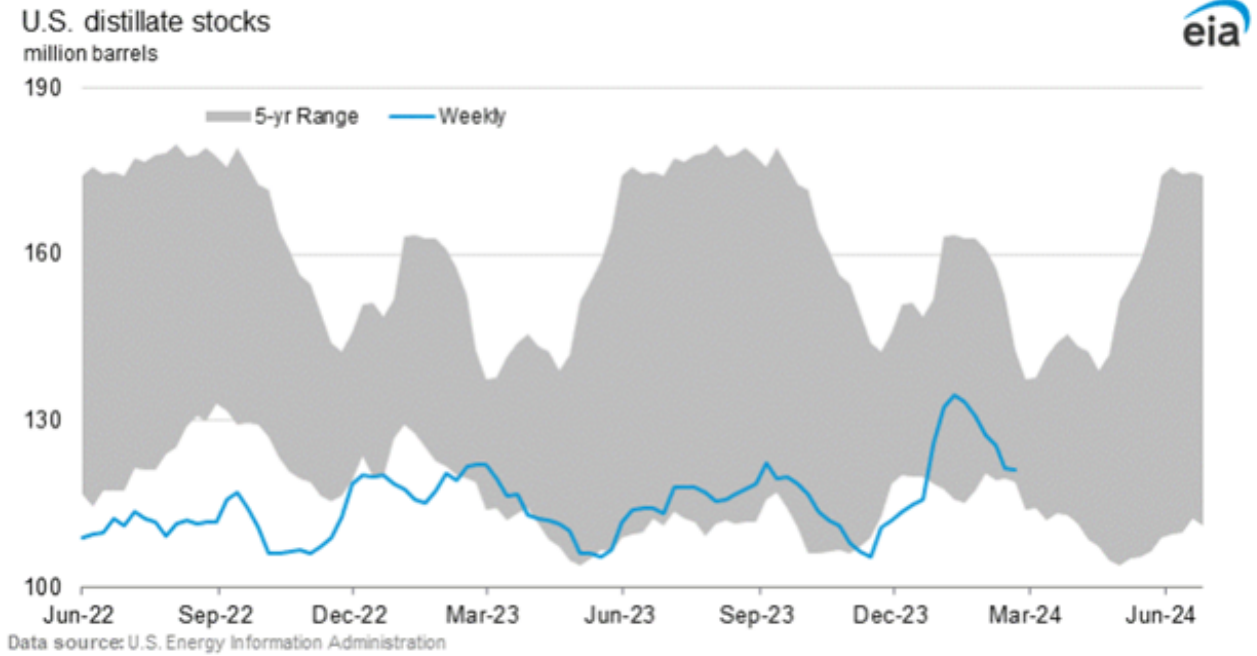
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## Appendix



	Stocks	Change from last	
		02/23/24	Week
 Crude oil	447.2	4.2 	-33.0 
 Gasoline	244.2	-2.8 	5.0 
 Distillate	121.1	-0.5 	-1.0 
 Propane	51.181	-3.433 	-9.409 

## Appendix



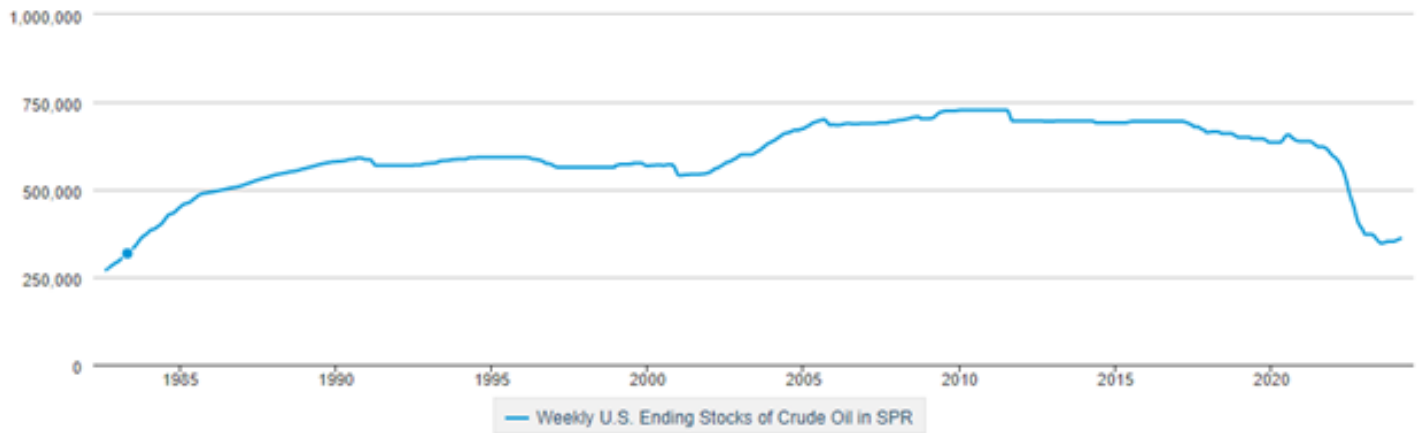


## Appendix

Weekly U.S. Ending Stocks of Crude Oil in SPR

DOWNLOAD

Thousand Barrels



eia Data source: U.S. Energy Information Administration

### DXY chart >

