

APRIL 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.

PRODUCER PROFIT SHARE

\$17,426,973

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What's New in the Zoo

Spring is finally just around the corner.

We have had a busy month with the acquisition of the Plato Pipeline System and full integration into our day-to-day operations. Two more customer projects have recently been sanctioned, which is exciting for our customer focus and growth. Broadbill is excited to utilize current and future mix of assets to bring value to our producers. Thank you for your continued support and hope you have a great spring!

Pricing View - April 11, 2024

	Feb. - 2024 Index Diff	March - 2024 Index Diff	April - 2024 Index Diff	May Index - April 3 Settle
WCS	-\$18.75	-\$19.13	-\$15.76	-\$13.04
LIGHT SWEET (MSW)	-\$9.32	-\$8.26	-\$4.17	-\$3.78
CONDENSATE (C5)	-\$4.69	-\$5.09	-\$2.39	-\$4.23
LIGHT SOUR BLEND (LSB)	-\$10.49	-\$10.27	-\$6.06	-\$3.68
MIDALE (MSM)	-\$13.15	-\$11.41	-\$6.54	-\$4.43

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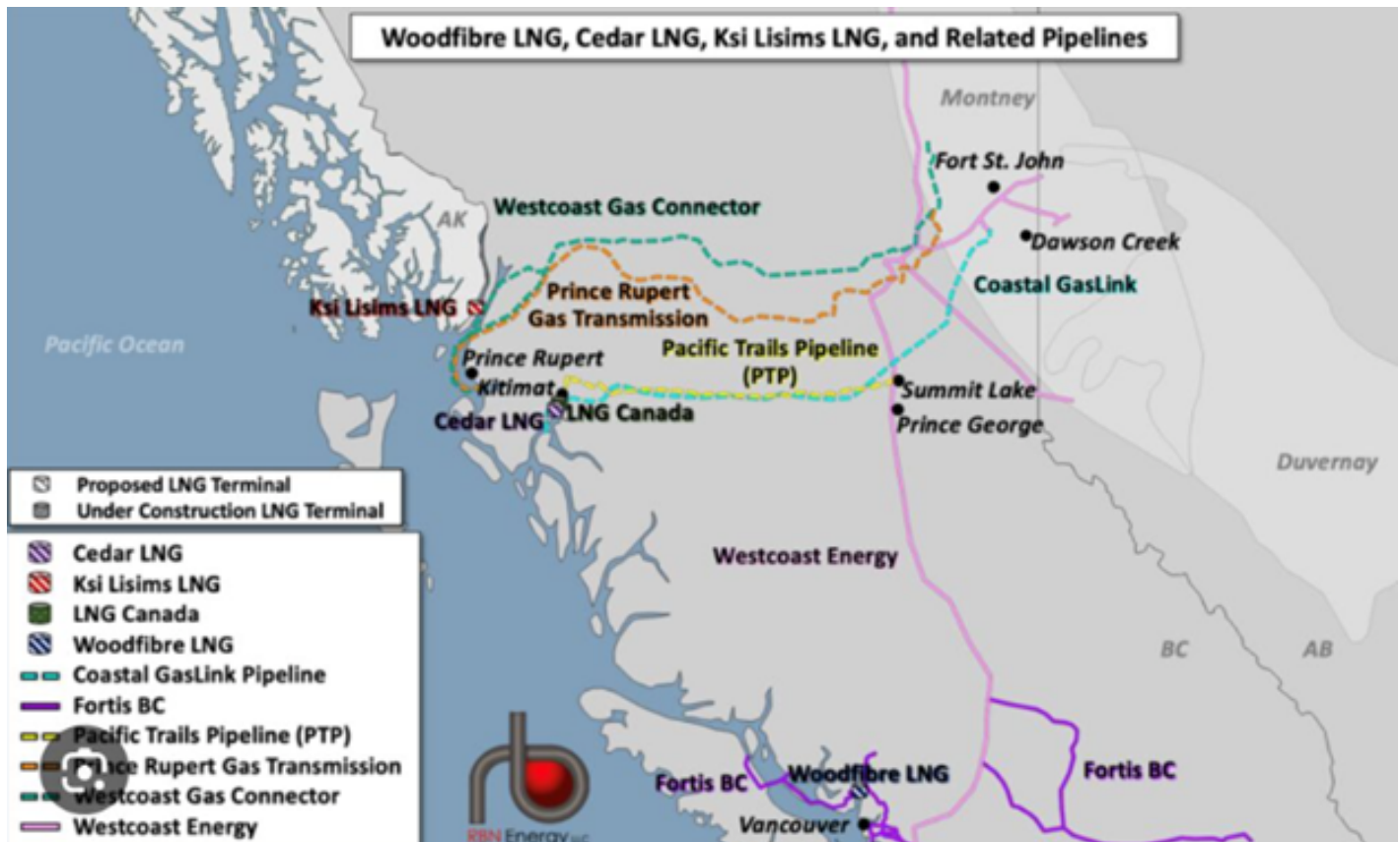
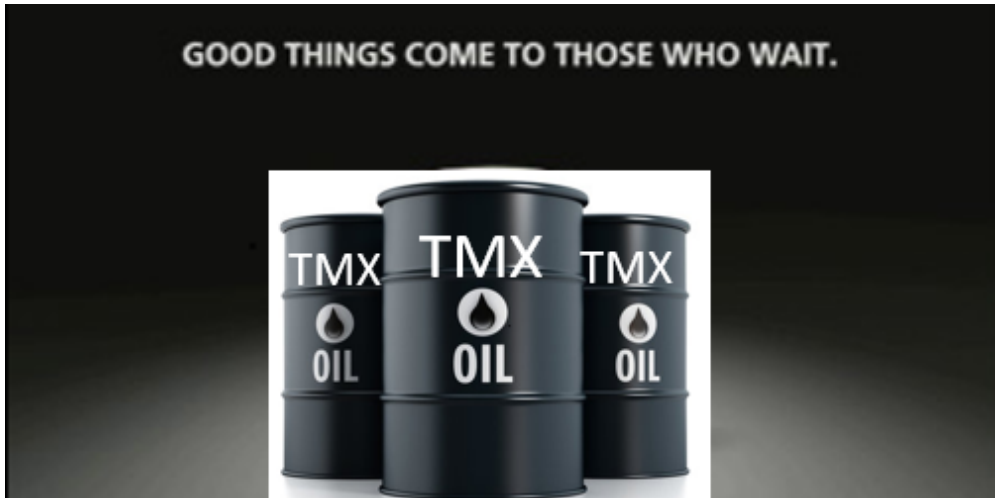
Market Summary

TMX Update

May 1, 2024. Will this be the date of the first oil shipped? The old saying goes good things come (usually) to those who wait. This can apply to wine (depending on vintage), as well as commodity export (depending on market demand conditions). It has had a rough go right through until the end, but there seems to be a light at the end of the tunnel. An announcement came out that TMX has commenced filling and the first ever cargo from TMX was bought by Sinochem (a Chinese state-owned refinery).

TMX expects the cost to rise 10% from the C\$30.9 billion estimate provided by May, which shouldn't be too surprising with the number of delays and interruptions. According to the construction schedule that Trans Mountain has filed, building of the final segment of TMX will finish in April.

Differentials have responded and appear poised to be strong into summer demand slates. Onward and upwards to West Coast LNG and let the betting begin on first in service dates!



Macro Update

WTI has finally broken out above the \$80/bbl mark and is being driven primarily by global catalysts including upward revisions in International Energy Agency (IEA) demand. Conflict in the middle east continues. Hezbollah and Israel exchanged attacks on the Israel-Lebanon border. Houthis attacked in the Gulf of Aden and Red Sea. There has been news of potential Israel/Hamas ceasefire. Israel and Egypt provided Hamas with an updated proposal for the release of the remaining 134 hostages. Egypt is acting as the mediator.

Russia has been in the news a lot this month for several things. First, Russia put a six month ban on gasoline exports from March 1st to protect domestic supplies and “assist price stability.” That is a watered down way of saying price controls and regardless of intentions behind price controls, history would show that it comes with unintended consequences. The ban may have been brought on by unplanned maintenance at Russia’s Lukoil Norski refinery, impacting gasoline volumes.

Ukraine drone strikes on Russian energy infrastructure continued with an estimated 10-15% Russian refinery capacity down by the end of the month, which created some positive momentum for prices. At least until the U.S. made efforts to halt Ukrainian attacks. North American gasoline prices have surged in response due to Red Sea disruptions, refinery force majeure events and increased demand.

More on Russian woes, Islamist gunmen burst into a crowded concert in Moscow and opened fire, killing at least 139 people. ISIS claimed responsibility, although Putin is convinced that Ukraine was behind the attack.

South Sudan oil pipeline has had stoppages since last month due to war between Sudan army and the Rapid Support Forces (RSF). Sudan’s minister of petroleum declared force majeure on deliveries of oil through the pipeline to a terminal near Port Sudan on the Red Sea coast.

OPEC

Saudi Arabia is increasing official selling price to Asia. Saudi Arabia will supply less as it bumps up domestic refining. It also plans on cutting heavy supply to Asia in April, as Saudi heavies went up in price.

Speaking of Saudi, its NOC Saudi Aramco increased its dividends by 30%, despite net profit declines (giving revenue to the state) and reported that it anticipates 1.5 mb/d demand growth for this year, lower than OPEC’s monthly report (2.2mb/d). The monthly report revised down growth in OECD Asia Pacific, resulting from weak performing manufacturing and petrochemical sectors of Japan and South Korea. Non-OPEC liquids production was revised up for 2024. OPEC-12 crude production in February increased by 203 tb/d month over month.

Aramco CEO commented that global oil demand will not peak for some time and expects demand to reach a new high of 104 million b/d in 2024. Iraq is producing above its target and is rumored to have pledged to cut its exports rather than production.

OPEC+

OPEC+ announced an extension to 2.2 million bdp voluntary oil output cut through the end of Q2. Though the price bump for this was mostly short lived, as geopolitical headlines continue to drive volatility. Venezuela has 19 supertankers piled up in its territorial waters, as its national oil company is struggling to deliver cargoes on time.

North America

Alberta government's royalties from bitumen, crude oil, and natural gas are expected to remain stable over the next three fiscal years according to Alberta's 2024 budget. Carbon capture and storage is expected to see a funding boost. A new electric vehicle (EV) tax will be effective on Jan 1, 2025. The tax is to be paid when EV owners register their vehicles as "EVs tend to be heavier than similar internal combustion vehicles and cause more wear and tear on provincial roadways, while their owners pay no fuel tax." This tax is also to address "fairness concerns" and "longer-term challenges associated with declining fuel tax revenue." Though some excellent reasoning has been provided, sounds to me like a classic case of don't bite the hand that fills your coffers.

The Government of Alberta started water sharing negotiations (after drought for the fourth straight year) among license holders that might impact oil production.

South of the border, a U.S. Federal lawsuit was filed to stop the construction of Dominion Energy Inc.'s Coastal Virginia Offshore Wind project by three groups (Heartland Institute, Committee for a Constructive Tomorrow, and National Legal and Policy Center). The groups are claiming that the Biden administration failed to consider the facility's impacts on endangered whales. Oh, the irony. The project is pending federal analysis of risks to the North Atlantic right whale by the North Marine Fisheries Service. More on U.S. environmental fights, the 5 U.S. Circuit Court of Appeals has approved a request from an oilfield services firm to halt enforcement of the climate disclosure mandate encompassing GHG emissions and risks.

The U.S. Energy Secretary vowed that U.S. Strategic Petroleum Reserve (SPR) will be at or exceeding the level prior to the 2022 release, though current pace of buying is at 3 million bbl per month. By the end of the month, U.S. announced two additional purchases of SPR crude stocks, aiming for 4.75 million in August and 4.45 million in September.

U.S. crude inventories increased 3.2 million barrels to 451.4 million barrels as of March 29th. U.S. crude inventory continues to build as refinery utilization has struggled. BP's Whiting refinery is back to full operation, and we may see the impact of this in next week's EIA report.

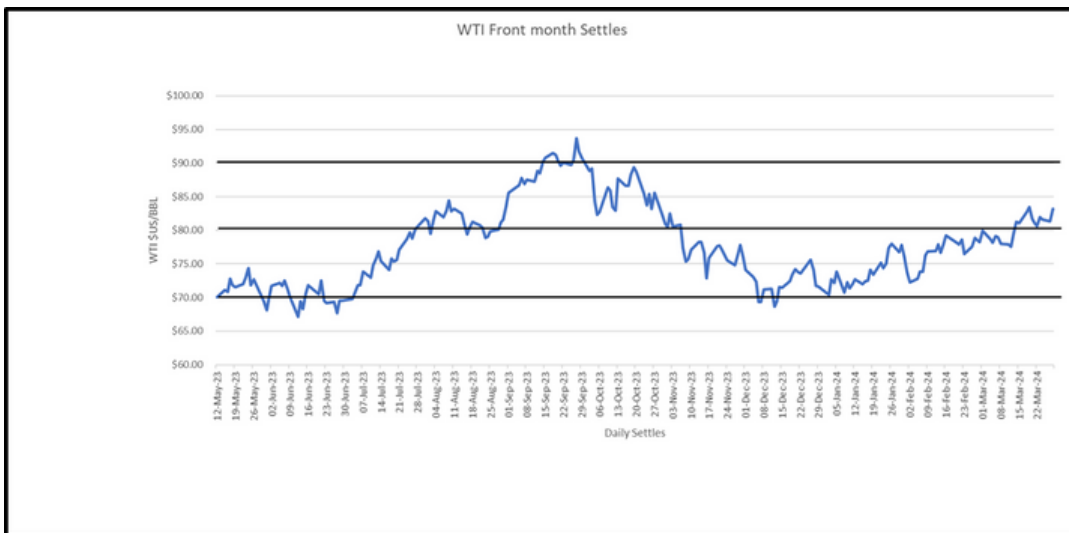
Inflation

You may remember from the last Broadcast that Singapore will require certain percentage of flights leaving the city state to use Sustainable Aviation Fuel (SAF), which is five times more expensive than kerosene. Other policy makers like Biden want to jump on the SAF bandwagon. Exxon Mobile's Senior VP stated the obvious during the SAF conference, saying that costs are the main obstacle to increasing adoption of SAF.

China’s National People’s Congress surprised the markets with vows of “prudent monetary policy” and suggested difficulties ahead. Around the same time, news came out of 2024 U.S. government funding a bill containing terms that would block Chinese companies from buying oil from the U.S. SPR. China’s February imports were up year-on-year, but lower from the end of last year.

The latest in the economic fantasy land of Europe, the European Union (EU) is looking into ways to compel the fossil fuel industry to help pay for climate change related initiatives in poorer countries. Even if the EU manages to force companies to pay for solar panels and windfarms in poor countries, what does that mean for the energy prices for the customers of those companies? Classic EU, the inflation machine is at it again.

The Bank of Japan made their first rate hike in 17 years. U.S. Consumer Price Index (CPI) came in above expectations. The U.S. Producer Price Index (PPI) came in higher than expected and February retail sales came in lower than expected. Waller’s recent hawkish comments gave the U.S. dollar a bit of a boost, though it remains likely that rate cuts are coming June/July of this year. Powell reiterated in the last meeting that he intends to cut rates three times this year.



Source: Broadbill Energy Inc.

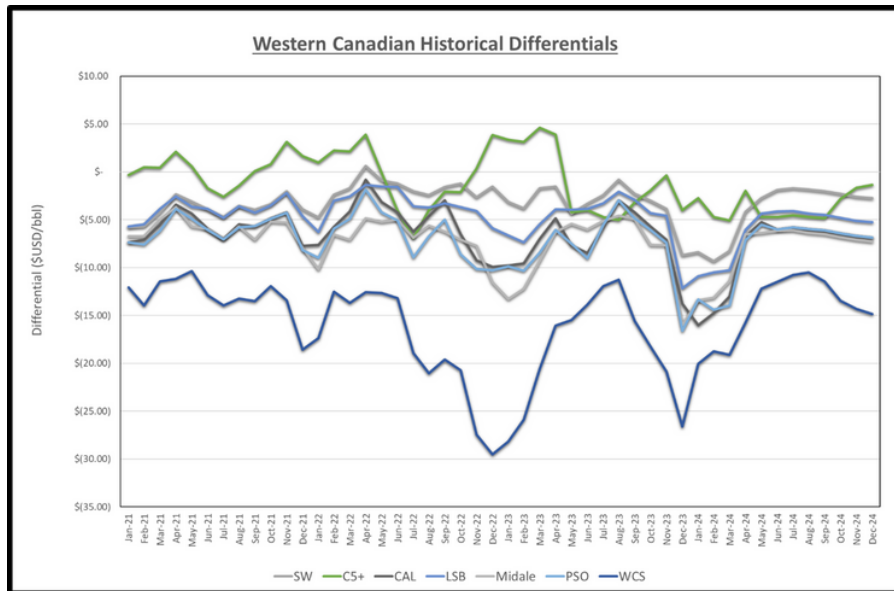
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WCSB Pricing Summary

Re-exports of Canadian heavies from U.S. Gulf Coast terminals reached a four-month high in January 2024. WCS narrowed the most this month since September. SW and C5+ are following the same trend at the time of writing this. Medium sour grades produced in the U.S. Gulf of Mexico have increased as U.S. energy officials repeated plans to keep replenishing SPR over the summer months. Also, it helps that BP Whiting refinery is back in full operation.

Positive momentum in prices ended the month with anticipation of TMX, BP refinery coming back online and spring breakup. Western Canadian inventories posted a build after five weeks of gradual declines.

As mentioned above, with TMX linefill well underway and the assumed start date of May 1 less than a month away is providing near term and structural curve support for differentials. With WTI comfortably above \$80 and Canadian dollar weakness, we expect netbacks to rise into the spring and summer seasons accordingly across all WCSB commodities.



Source: Broadbill Energy Inc.

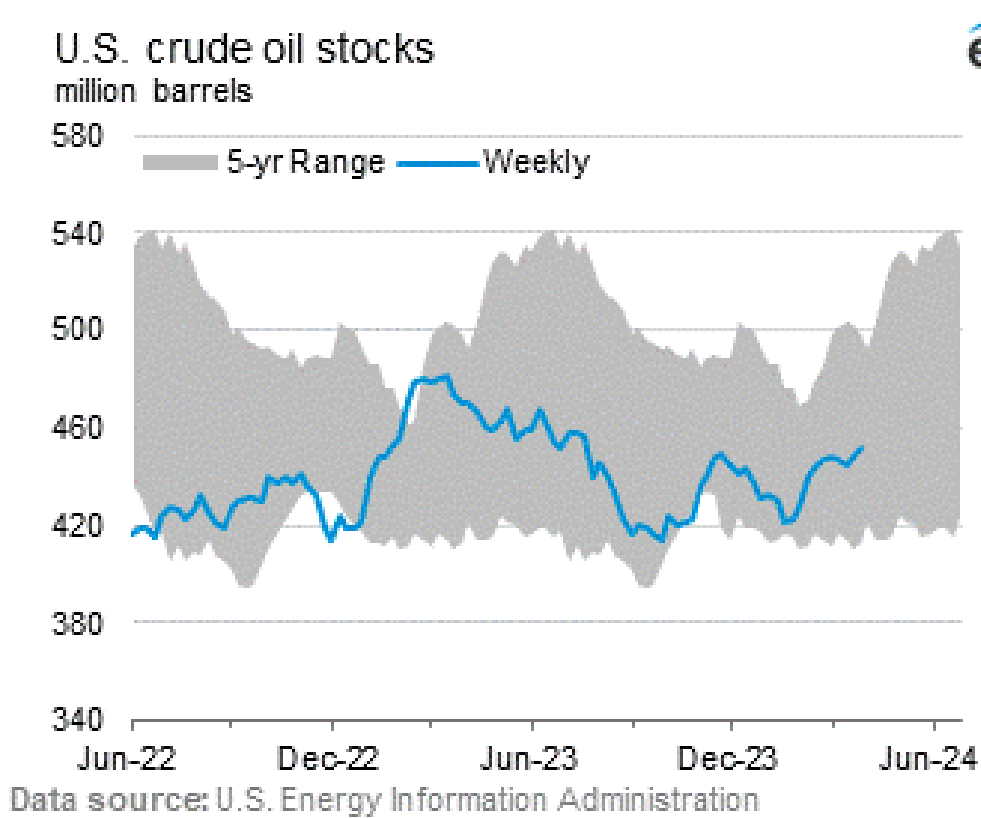
Where in the World is BBE?













Where in the world is BBE? All over the place! Thanks to our customers and staff for sending in photos of our Broadbill Energy hats making their way all across the world! If you have a great photo with one of our hats during your travels and want to be featured in *The Broadcast*, please send them to amanda.ryan@broadbillenergy.com.



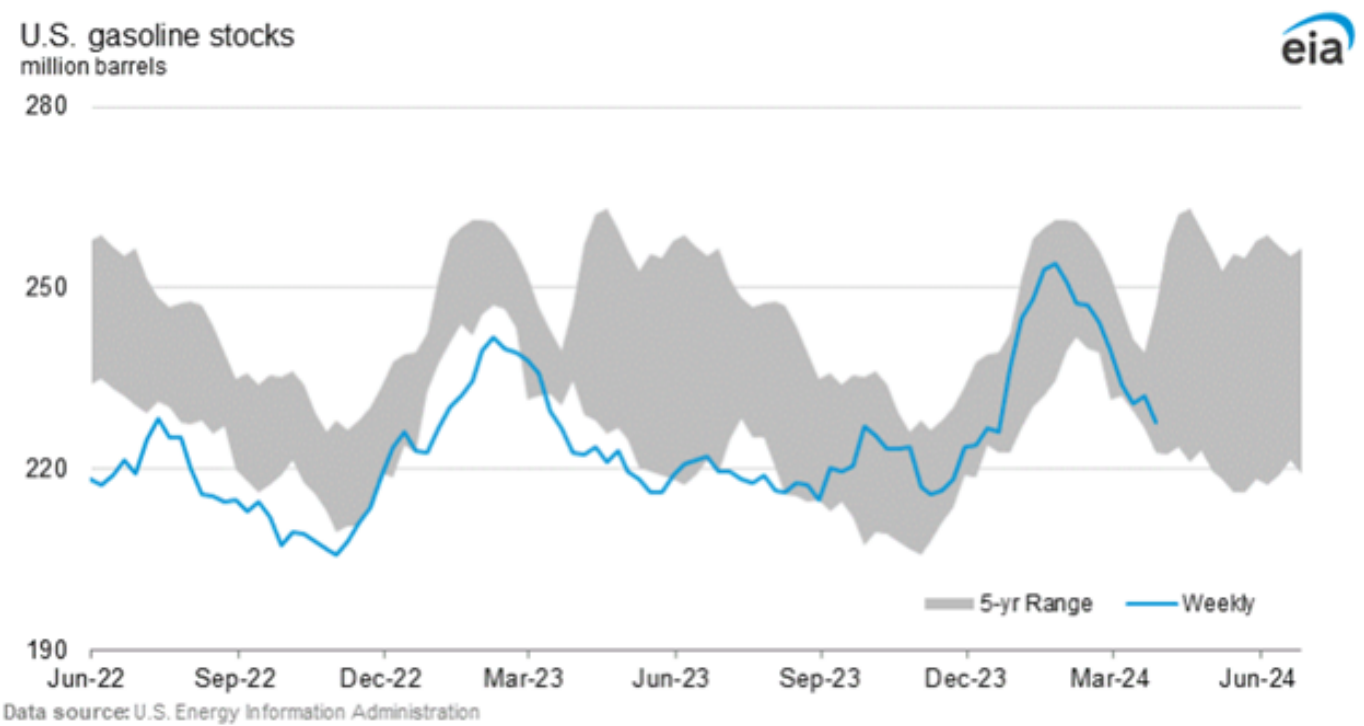
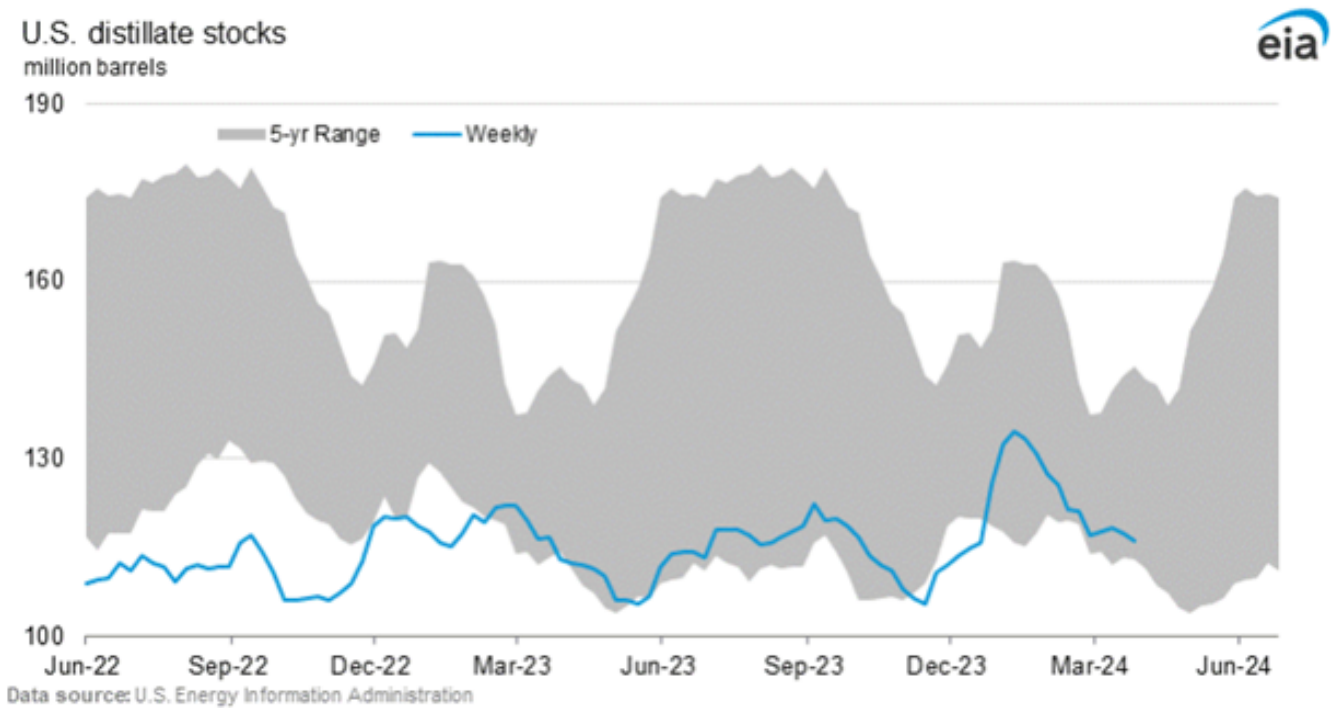
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Appendix



	Stocks	Change from last	
	03/29/24	Week	Year
 Crude oil	451.4	3.2 	-18.5 
 Gasoline	227.8	-4.3 	5.2 
 Distillate	116.1	-1.3 	3.0 
 Propane	51.810	-0.354 	-3.899 

Appendix

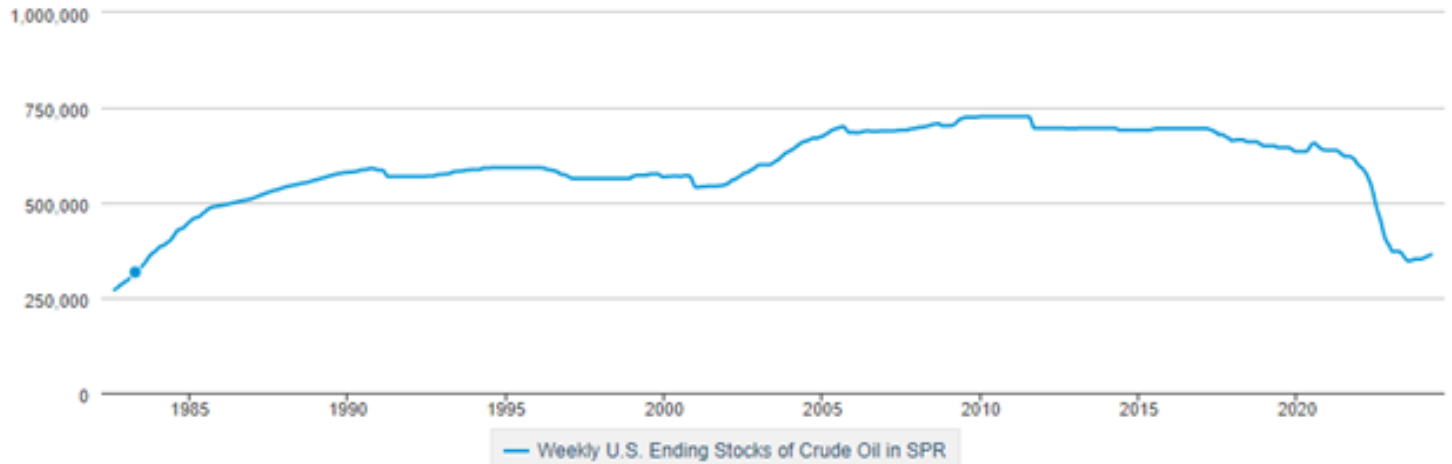



Appendix

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

[DOWNLOAD](#)

Thousand Barrels



 Data source: U.S. Energy Information Administration

DXY chart >

