

JANUARY 2026

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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\$36,906,833

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What's New in the Zoo

Happy New Year to all our readers. We are excited to enter 2026 with optimism and look forward to another year working with our customers, suppliers and service providers. If we missed you at the annual holiday get together at the Bear and Kilt, we look forward to catching up soon.

As we step into the new year, energy markets are wasting no time reminding us how quickly dominoes (and regimes) can start toppling. Crude markets thus far have been slow to react to the news of Nicholas Maduro's capture and extradition to the United States (U.S.) where he will face charges of narco-terrorism (drug trafficking), illegal weapons possession, and generally being an all around "bad guy" if President Trump has his way. Natural gas prices have been on a rollercoaster ride where we saw best prices since 2022 thru December but are fledgeling quickly as winter forecasts moderate into the new year.

Below is our perspective on the themes shaping the early part of the year and what we're watching as 2026 begins to unfold.

Pricing View - January 8, 2026

	November 2025 Index Diff	December 2025 Index Diff	January 2026 Index Diff	February 2026 Index Diff View
WCS	-\$10.71	-\$11.44	-13.08	-\$13.75
LIGHT SWEET (MSW)	-\$4.27	-\$4.32	-\$3.83	-\$4.10
CONDENSATE (C5)	-\$2.28	-\$1.89	-\$0.02	-\$0.60
LIGHT SOUR BLEND (LSB)	-\$4.43	-\$5.46	-\$4.96	-\$5.50
MIDALE (MSM)	-\$4.84	-\$6.29	-\$6.28	-\$6.50

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MARKET SUMMARY & CANADIAN ENERGY

Natural gas carried strong momentum into the new year. Prices recently reached their highest levels since 2022, as cold weather swept across the U.S. Northeast, pushing NYMEX above \$5 earlier in December with polar vortex's coming down faster than Santa's sleigh. While AECO basis remained wide, the forward curve offered Western Canadian producers an attractive opportunity to hedge 2026 volumes comfortably above \$3. As weather forecasts have moderated across North America, gas prices have pulled back—almost like shedding a bad Christmas sweater. As of writing, Nymex was seen trading below \$3.50 U.S., while AECO prompt has maintained \$3.00 CAD, but forwards are now dipping (unlike the weather) into the mid \$2s.

With price increases through Q4, response has already translated into supply. With AECO gas trading above \$3, Western Canada posted a record 20 Bcf/d of production in November, as previously shut-in wells were reactivated. LNG demand has been an important contributor as well, with LNG Canada's gas intake reaching a new record of 882 MMcf/d in October. These record loadings would be short lived as we will read below and are reminded that operating in Canada has its challenges.

TMX / LNG

Export infrastructure continues to anchor longer-term fundamentals for both gas and crude. U.S. LNG exports are running near 18 Bcf/d, and industry leaders suggest capacity could reach 30–35 Bcf/d by 2030 across North America (U.S. led of course), as projects currently under construction are completed. On the crude side, TMX waterborne exports averaged 490 Mb/d in November, just shy of the all-time record set earlier in the year. Volumes continue to rise as Canadian barrels capture favorable pricing opportunities amid shifting global trade flows and expanding sanctions on Russian crude.

Operationally, one near-term headwind remains: LNG Canada has been unable to load vessels since December 12 following a BC Hydro power outage. Market sources indicate this could persist into January, with flaring continuing during Train 1 startup.

NORTH AMERICA - MACRO & GEOPOLITICS

From a macro standpoint, growth remained limited through 2025, but early-year expectations for 2026 are improving as markets begin to look past tariff risk and economic stagnation.

Geopolitically, however, risks have escalated meaningfully—most notably in Venezuela. U.S. actions in the Caribbean intensified meaningfully through December, first starting crude tanker seizures and broader sanctions enforcement. These developments pushed PDVSA toward floating storage and reportedly driven Venezuelan crude discounts to as much as \$21/bbl versus Brent, with China emerging as the buyer of last resort. These actions were carried out with military support in the region and culminated to an attack in Venezuela:

- Friday Jan 2, 2026: the U.S. executes land assault and captures and extradites Nicholas Maduro and the First Lady Celia Flores, where they have been indicted in New York on charges of narco-terrorism and in possession of illegal weapons.
- Venezuela's government said that, in addition to Caracas, the coastal states of Miranda, Aragua and La Guaira were hit.
- The operation to capture Maduro was carried out by the Army's elite Delta Force and the 160th Special Operations Aviation Regiment, which was also used in the raid that killed Osama Bin Laden.
- Venezuela ordered a general mobilization of all the country's social and political forces to counter what it said was an imperialist attack.
- The explosions hit the city after Trump repeatedly threatened land strikes in Venezuela, following months of an unprecedented campaign of U.S. airstrikes on alleged drug-trafficking vessels in the Caribbean.

At the same time, sanctions pressure continues to build on Russian exports. The EU is now targeting specific traders, while Ukraine has reportedly disrupted limited Lukoil production in the Caspian. Despite ongoing diplomatic efforts, prospects for a durable peace remain fragile. The net effect is a crude market that should feel tighter, but continues to struggle under the weight of supply.

OPEC & OPEC+

OPEC and OPEC+ met over this past weekend and re-affirmed its commitment to keep production levels flat through Q1-2026. The meeting was brief and the group stayed clear of commenting on Venezuela's current situation only indicating it was very early to comment.

OPEC-related developments through December added further complexity:

- Iraq has invited U.S. majors to take over the West Qurna 2 field following Lukoil's exit, a notable geopolitical shift away from Russia and China.
- Venezuela and Kazakhstan are both experiencing production declines, while Saudi Arabia has reportedly urged the UAE to exit Yemen amid rising regional tensions. It was reported that the UAE was providing arms shipments to rebels in Yemen to directly aid in conflicts against Saudi Arabia. UAE has argued this was not the objective but has nonetheless agreed to back off the area to de-escalate tensions between the two OPEC members.

TRADE, TARIFFS & MARKET SENTIMENT

Perhaps it was the Christmas season, or perhaps Trump was busy playing real life Risk (family favorite this time of year), but tariff talk seemed to be more muted over the past month. More market sentiment seemed to be around the overall market and the AI tech rally and its sustainability into 2026. Christmas stockings must have had better than coal this year, as the market had a broad sell off prior to Christmas break. However, we are once again posting all time highs to open 2026 as the market continues to embrace the AI spending story and shrug off high multiples across the space.

Bitcoin has reversed its down trend to open the new year, surging once again towards \$100,000US/coin.

The precious metals trade was also one to watch thru most of 2025, which normally would have been the tell-tale sign of an over hyped, overinflated market. That said, the metals trade is a little more complicated than the normal as market players now must assess the world's need for precious metals in everything from the AI trade, renewable energy (yes battery storage is still a thing), as well as its historical hedge against inflation and economic downturns.

As Gold continued its onslaught towards \$5,000US/oz, Silver was the talk of the town and not thanks to Yukon Cornelius for a change. Silver rallied some 40% during the month of December to close out at ~\$76US/oz, while posting an incredible 157% 1-year return.

Beyond geopolitics as already discussed, structural challenges persist. We did catch Ford's \$19.5 billion write-down during the month on its EV business (Ford Lightning F-150) serves as a reminder that energy transition ambitions continue to collide with economic and consumer realities.



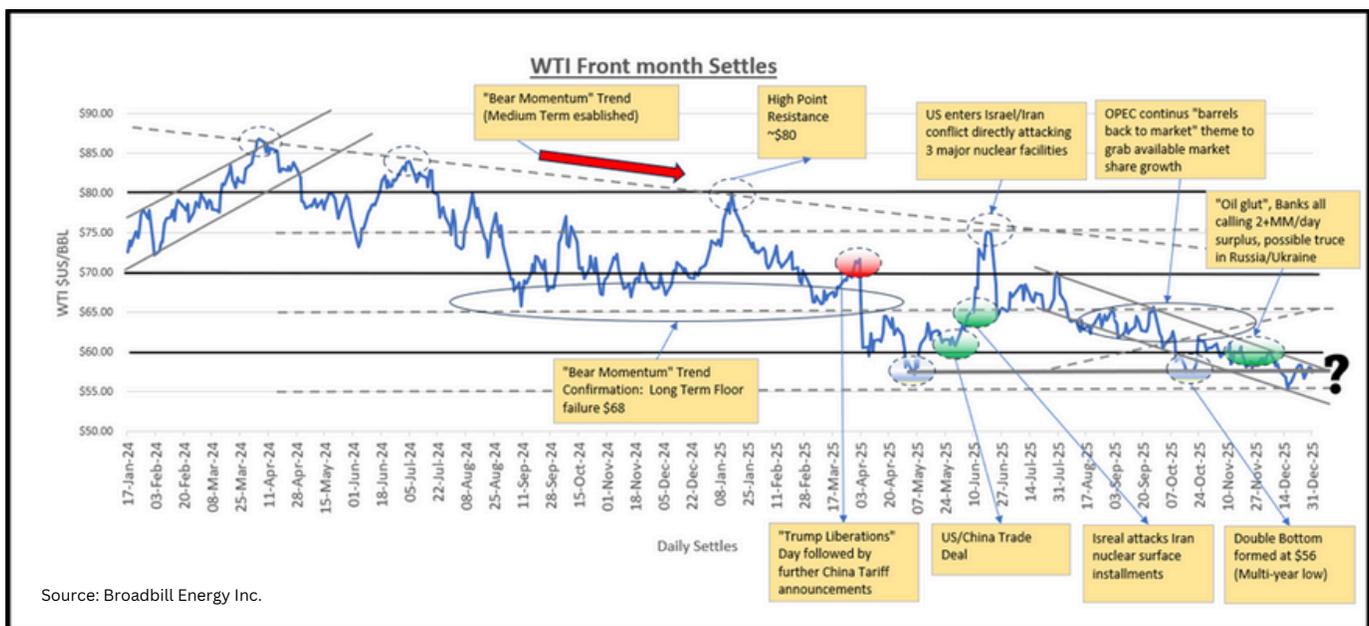
WTI & Market Fundamentals

Crude of course enters 2026 on uncertain footing:

- WTI fell roughly 20% over the course of 2025, weighed down by persistent oversupply.
- OPEC spare capacity being brought back to market, rising U.S. output (now above 13.8 MMb/d), and growth from Brazil, Guyana, and Canada continue to dominate the price deck.
- This has occurred despite ongoing geopolitical flashpoints in Russia/Ukraine, Venezuela, and renewed tensions in the Middle East.

Selling pressure has carried into the early part of the year and any hope for a seasonal rally has yet to materialize. So far, the Venezuela situation does not seem to be making much noise on the trade as we start the year trading basically flat to New Years eve at roughly \$58US/bbl.

The IEA made some headlines during the month with their latest market assessment. Its report points to a global supply glut now of 2.35 MMb/d, while simultaneously citing an unexplained 1.5 MMb/d supply gap. Given the agency’s past misreads, most notably its call for peak oil demand that proved decades premature, market confidence remains limited. In their defense, given the amount of ghost ship activities from Russia, Iran, and clearly Venezuela, one has to surmise that tracking these water born shipments is becoming increasingly more difficult and therefore makes the reported values more difficult to assess.



Source: Broadbill Energy Inc.

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WCSB DIFFERENTIALS & WESTERN CANADIAN TRADE DESK OVERVIEW

Key highlights:

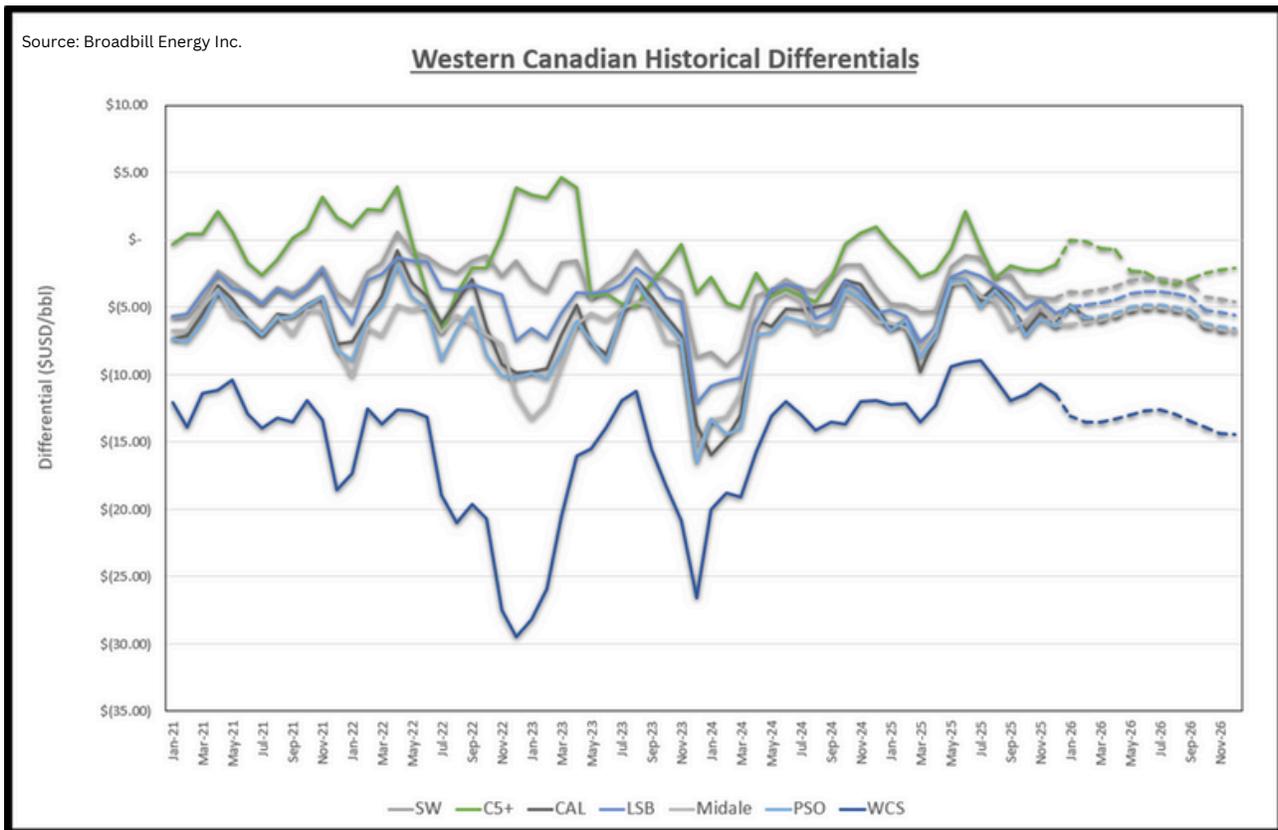
- Heavy differentials coming under some pressure once again with recent geopolitical events in Venezuela.
- Gasoline/diesel crack spreads slip on CAL26 ~\$2-3/bbl amid strong refinery utilization and growing inventories well within the 5-year average.
- January 2026 WCS falls back to \$(13.08)/bbl, while condensate strengthened on typical winter seasonal demand to settle \$(0.02)/bbl and posting several trades north of flat. Light grades continue to price well through winter and into summer seasonals.
- Lots of chatter on geopolitical events to start 2026. Early days, but the market responded with heavy oil favorites CNRL, Cenovus, and Athabasca all seeing steep equity decline while Exxon, Chevron and Phillips (US Majors) all saw healthy advances on the news.

The first cycle of 2026 did not lack storylines, as traders kept their eyes on numerous geopolitical factors such as the Ukraine-Russia war, as well as monitoring tensions between the U.S. and Venezuela. Pre January trading TMW (WCS Financial) was trading at \$(12.35), while opening the window at \$(12.70). WCS quickly saw the differential weaken and fall to a (13s) before dropping all the way to the cycle low of \$(13.75). The last few days of the trade window did see the heavy grade catch a bid and trade back up to the \$(12s) before finishing at \$(13.08) for the January index. What can be assumed to be a main factor behind the slide for the Canadian heavy product can be attributed to the weakening bid in the Gulf Coast, as well as at Westridge (TMX West Coast) as geopolitical events create volatility on water born markets.

On the sweet side we saw TMR (Edmonton sweet Financial) transacting at \$(4.30) before opening the January window at \$(4.25). Sweet trended in the opposite direction from the heavies, as it traded upward throughout the cycle as it reached a high of \$(3.40). Again, opposite the heavies the sweets hit a ceiling and traded back down to \$(4) before settling in at \$(3.83) for the January sweet product. Some reasoning behind the light grades gaining strength can be assumed to come from the cold weather and end users' concerns regarding Synthetic upgrades during the cold months and audibling to the sweet grades. The lights also got stronger from the C5 product being in high demand. With C5 getting stronger, this allowed traders to optimize their condensate blend and mix some sweets into the C5 stream. Pre January trading had TMF (C5 Financial) exchanging hands at \$(0.45). As the cycle transpired, we did not see a glimpse of weakness in the C5 market as it got stronger from start to finish and eventually transacted at a positive differential. C5+ settled at \$(0.02) for January trading. LSB settled at \$(4.96) while Midale settled at \$(6.28) for January index. UHC (Clearbrook Minnesota sweet) settled at \$(1.34) in January.

As we begin February trading, similar storylines from the heavy side will be a factor as we look to see what direction the bid in the Gulf Coast / Westridge (TMX West Coast) goes. WCS opened February trading at \$(13.15). For the lights, it is a similar storyline to the prior month as market watchers will keep eyes to the Synthetic grades as cold weather could affect upgraders and drive up the price for the sweet grade. Edmonton sweet began February trading at \$(3.95). C5 has the FSPL stream opening flat to WTI, while the CRW stream opened the cycle at \$(0.15). This could create a similar situation to January where traders look to optimize condensate streams with the lights once again. With apportionment also making its way back into the picture we look to see if that plays into the market. This could lead to X-App (Apportionment protected derivatives) becoming transacted products once again.

Source: Broadbill Energy Inc.



CLOSING THOUGHTS

We look forward to working with you all in 2026 and beyond. As always, we appreciate your feedback.

The Broadbill Energy Team

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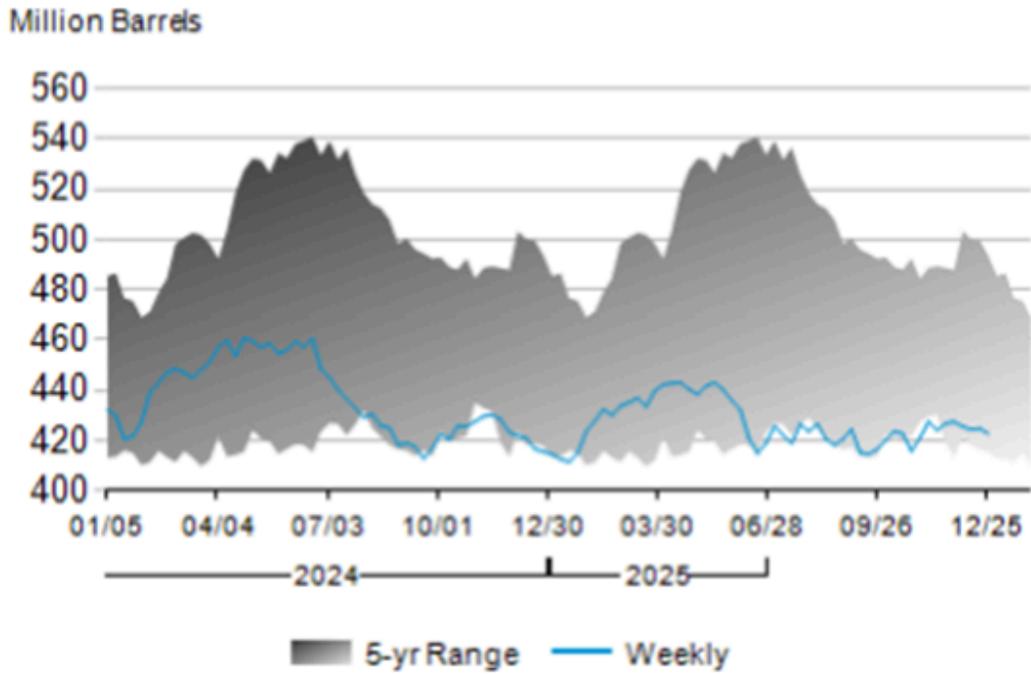


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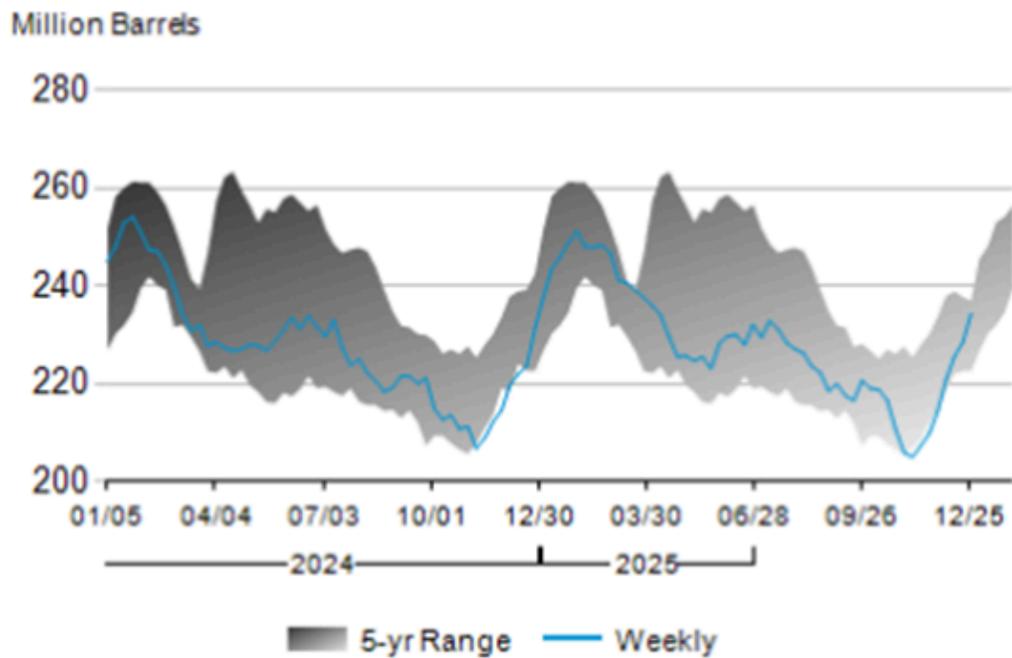
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Appendix

U.S. Crude Oil Stocks

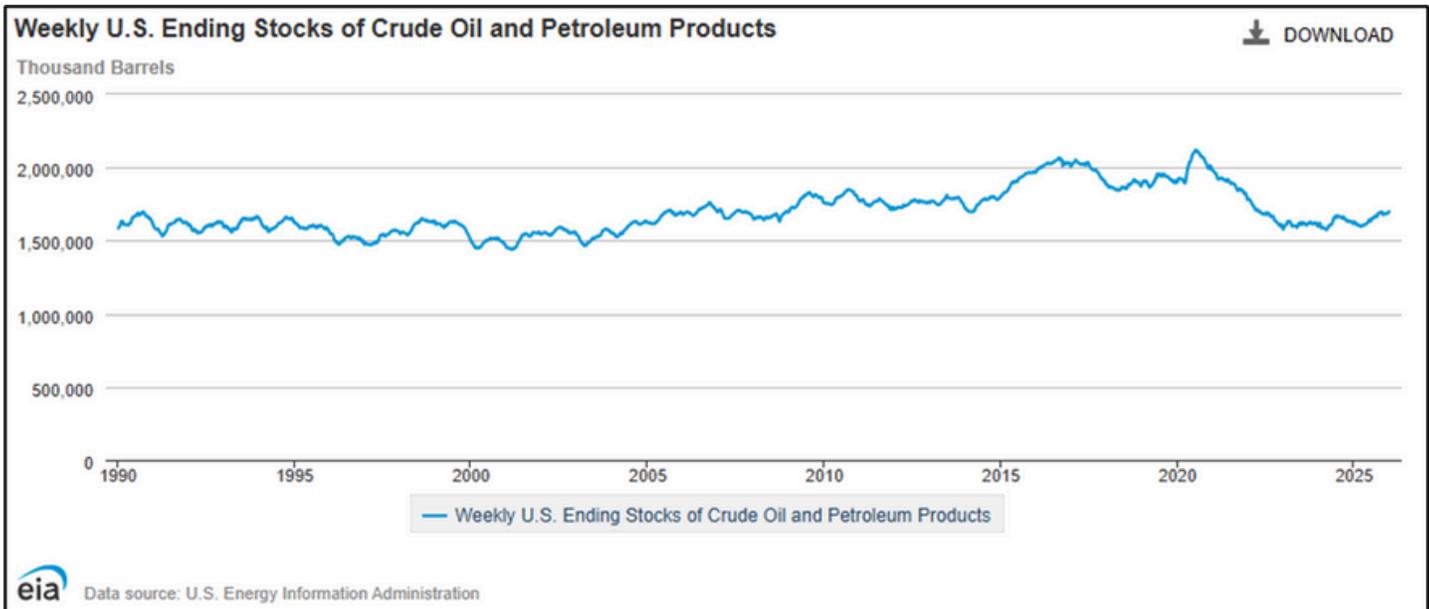
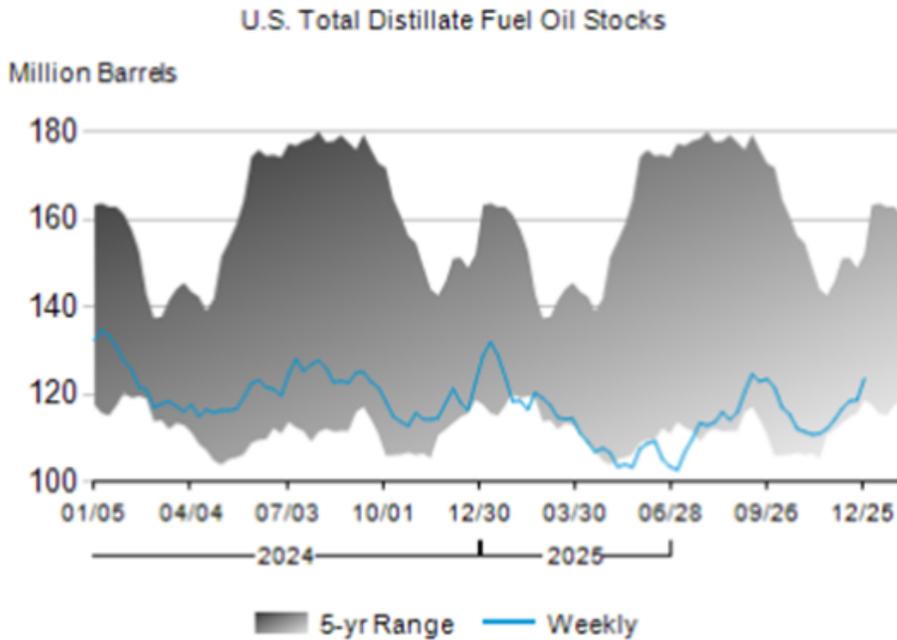


U.S. Total Motor Gasoline Stocks

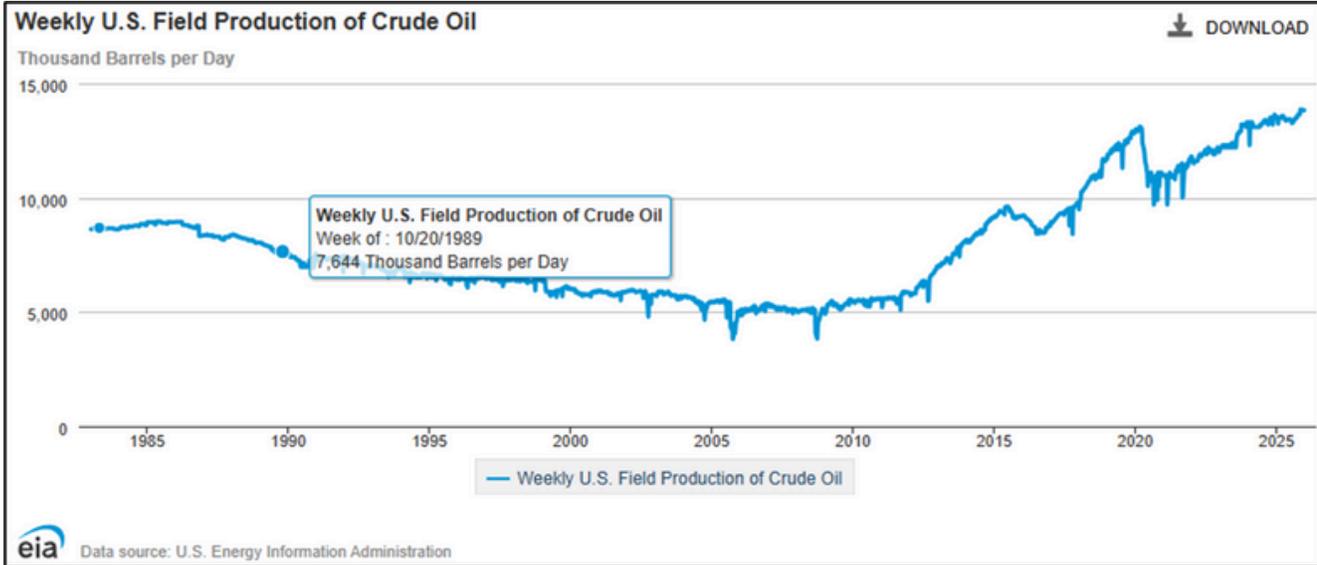


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Appendix



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