

FEBRUARY 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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What's New in the Zoo

As winter trade dynamics reassert themselves and geopolitical risk premiums are back in the market, energy pricing continues to respond to a complex mix of weather, policy, and geopolitical tension.

Below is our latest market update covering natural gas, crude, macro developments and differentials.



Pricing View - February 6, 2026

	December 2025 Index Diff	January 2025 Index Diff	February 2026 Index Diff	March 2026 Index Diff View
WCS	-\$11.44	-\$13.08	-\$14.22	-\$14.25
LIGHT SWEET (MSW)	-\$4.32	-\$3.83	-\$4.11	-\$3.85
CONDENSATE (C5)	-\$1.89	-\$0.02	-\$0.76	-\$1.65
LIGHT SOUR BLEND (LSB)	-\$5.46	-\$4.96	-\$5.32	-\$4.85
MIDALE (MSM)	-\$6.29	-\$6.28	-\$6.22	-\$5.85

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MARKET SUMMARY & CANADIAN ENERGY NATURAL GAS & LNG

The gas market continues to trade the classic winter range, which so far this year has been as volatile as the actual winter weather forecast. We have seen recent lows near \$3US/GJ before rebounding back above \$6US/GJ on the NYMEX trade. AECO basis continues to price solidly lower despite LNG Canada continuing to ramp up towards nameplate capacity. Cold conditions across critical regions of the U.S. are driving this volatility. In Texas, freeze-offs remain a key risk with the potential to materially curtail production. In the eastern U.S., repeated cold snaps are expected to drive significant storage withdrawals as January draws to a close. Globally, European storage levels continue to deplete, supporting LNG pricing above \$10US/GJ on the water.

TMX

December 2025 TMX shipments continue to push over 530,000 barrels per day with over three quarters of this volume destined for Asian markets. With Canadian production set to eclipse over 5 million barrels per day, this demand will continue, especially as Enbridge mainline starts to see an early return of the dreaded apportionment we are all too familiar with. More on this below.

NORTH AMERICA

On the international trade front, Prime Minister Carney's visit to China initially resulted in an energy agreement, though tariff clarity was absent at the time. Shortly thereafter, a landmark tariff deal was announced covering electric vehicles (EVs) and canola. Canada will allow a prescribed number of Chinese-made EVs into the country under a defined tariff structure, while canola tariffs will be reduced, reopening an important export market for Canadian farmers. Trump immediately commented on the deal and stressed that if Canada and China enter into any firm free trade agreement the U.S. would immediately levy 100% tariffs across Canadian trade. Carney was quick to diminish these threats indicating the deal was far from "free trade," as it essentially normalized the trade conditions on the named goods to pre-tariff levels.

In the U.S., Reuters reported that the Department of Energy (DOE) was exploring a plan to exchange heavy Venezuelan crude for U.S. medium sour barrels to refill the Strategic Petroleum Reserve (SPR). The DOE quickly clarified that Venezuelan crude is not currently under consideration, noting that SPR barrels are typically medium sour and that Venezuelan production is largely heavy and diluted. That said, Venezuelan barrels could still displace medium sour crude in refinery slates, indirectly freeing up supply for SPR replenishment should additional barrels come to market. One has to believe Trump would love to get involved and replenish the strategic reserves, especially if pricing is favorable. It would be a major miss if the U.S. missed out on the “super glut” to replenish the reserves released from the Biden administration to keep a lid on pricing, when Russia initially invaded the Ukraine spiking crude to over \$125US per barrel back in 2022.

MACRO & GEOPOLITICS

Iran has once again become a focal point for markets as national unrest resurfaces amid currency collapse, persistently high inflation, and broad government mismanagement. This marks the most significant unrest since 2009, with bazaar merchants—historically central to the 1979 revolution—mobilizing alongside broader protest movements. The regime’s stability now hinges on whether Supreme Leader Khamenei can maintain support from the Islamic Revolutionary Guard Corps (IRGC) and Basij militias.

Violent protests from anti-government factions continues. While Iranian officials insist production remains unaffected and “everything is under control,” markets are taking note. Historically, similar unrest has not disrupted Iranian energy output, but risk have clearly increased. Despite sanctions narratives, Iranian production has continued and the potential for disruption has caused markets to pause recent sell-offs across crude and natural gas.

The U.S. continues to escalate pressure on Iran, deploying a larger naval presence to the Persian Gulf than was previously amassed near Venezuela. Trump stated: “Hopefully Iran will quickly ‘come to the table’ and negotiate a fair and equitable deal, NO NUCLEAR WEAPONS, one that is good for all parties. Time is running out.” He later added that failure to do so could result in far more severe consequences than prior operations. WTI responded by spiking to a five-month high on the news, with additional reports of special operations forces moving toward the Azerbaijan border adding to market unease.

Lastly, ahead of the World Economic Forum in Davos last month, Trump returned to rhetoric surrounding Greenland. A long-term agreement has reportedly been reached with NATO regarding military support for Greenland, with details still scarce. For now, it appears that military action is off the table, though tariff pressure on European nations remains a possibility.

OPEC & OPEC+

OPEC has remained notably quiet in recent months, aside from confirming it intends to maintain Q1 production levels with no further increases. This silence persists despite heightened geopolitical activity and significant developments involving member countries, including Venezuela and Iran. Kazakhstan also made headlines after suspending production at the Tengiz oil field due to fires at local power stations.

The field produces approximately 360,000 barrels per day of high-sulphur CPC blend. Chevron, the major backer, has stated the outage will last at least 7–10 days, resulting in a minimum of five cancelled cargoes and lending support to Brent pricing.

TRADE, TARIFFS & MARKET SENTIMENT

One month into the Venezuelan situation, large U.S. firms remained cautious on re-entry given investment risk and political uncertainty. While Exxon has indicated it will send a team to assess conditions in the coming weeks, this has not aligned with President Trump’s expectations, particularly given prior “drill, baby, drill” rhetoric. Strathcona President and CEO Adam Waterous recently commented that Canada could play a meaningful role in Venezuelan production, citing Canada’s extensive experience in heavy oil development as a natural fit and while no Canadian company’s were invited to the White House in January to discuss going back into the nation, Waterous indicated he could assemble a team within weeks to make the trip if there was interest.

While Exxon expressed risk concerns of heading back to Venezuela, trading firms Vitol and Trafigura were quick to get involved securing the ability to trade Venezuelan Merey blend. Chevron, who was already granted the ability to load some 180,000 barrels per day given past investments and exposure in the country are also reported to be increasing volumes given the lifting of sanctions. Reports indicate cargoes are being offered to Chinese buyers at approximately Brent minus \$5 landed (roughly WTI minus \$1). This implies Houston heavy blends near WTI minus \$6 to \$7 once loading, transportation and vessel costs are considered. Coincidentally, Houston ARV pricing has recently traded closer to WTI minus \$8 to \$9.

At the World Economic Forum, tensions between Trump and Carney were on full display. Carney sharply criticized recent U.S. policy, including rhetoric around Greenland. Trump responded by stating Canada should be more grateful for U.S. support, suggesting Canada’s economy benefits significantly from the U.S. He reiterated that Greenland would not be taken by force, but warned tariffs could follow if agreements are not reached, closing by stating the U.S. economic engine is keeping the global economy afloat.



In the increasingly volatile metals trade, commodities fell off Friday January 30 in what appears to be a market profit taking sweep. All major metals took a dive from gold to silver, and copper falling 11%, 31% and 5%, respectively to close the month.

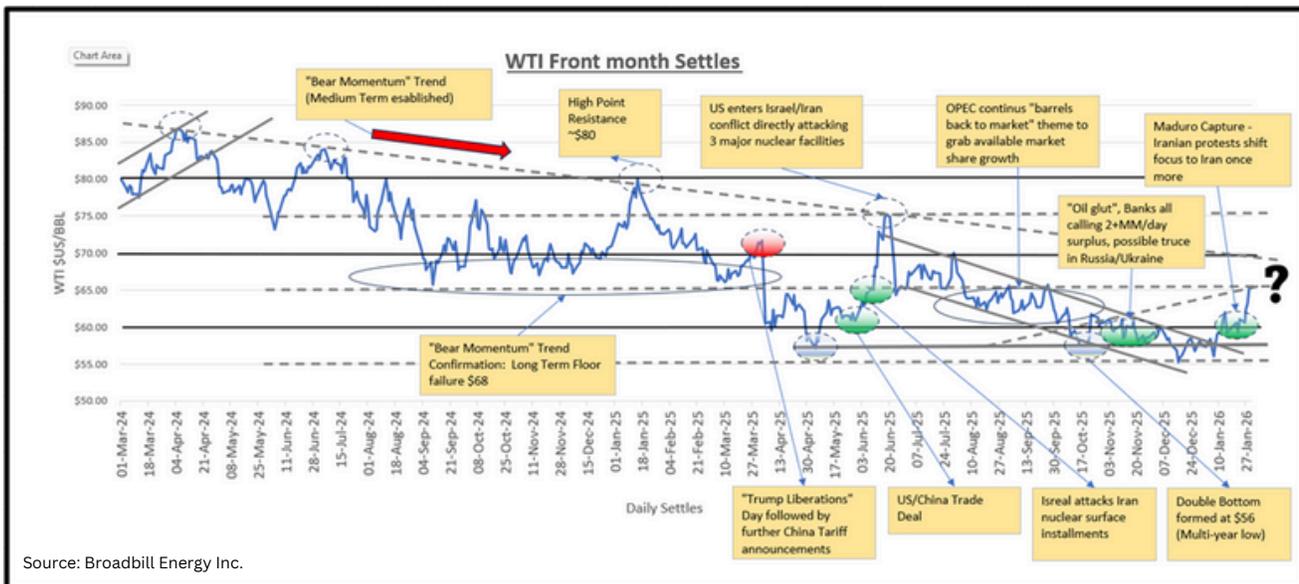


In other Trump/market news, Trump floated the idea of capping credit card interest rates at 10% for a 12 month period, which markets largely viewed as rhetorical, but the concept has certainly gained some attention (Visa won't likely be sending Trump any credit card promotions anytime soon) as a means to help induce potential consumer confidence and spending.

WTI & MARKET FUNDAMENTALS

WTI pricing remains highly sensitive to developments in Iran, with additional tailwinds coming from recent U.S. dollar weakness. While the strikes earlier in the month in Venezuela were largely bearish to flat prices, the events in Iran have been viewed as incredibly bullish, pushing WTI last week in three days above \$66US for the first time in five months. The market remains extremely observant on next events as the U.S. naval fleet enters the Gulf of Iran and readies for possible assault on the country.

While near term pricing has definitely been on the upswing, it wasn't two weeks prior when industry legend Harold Hamm (founder of Continental Resources) indicated the company would be pulling all rigs from North Dakota, citing poor economics with oil prices fluctuating in the mid to high \$50s. Refinery product balances have also swung into seasonal length, especially with gasoline building well above its five year average. Distillate still remains in balance and crude balances overall remain near the low end of storage levels despite the "super glut," which remains high. As we enter spring maintenance and several refinery closures in California, it will be interesting to see how cracks respond.



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WCSB DIFFERENTIALS & WESTERN CANADIAN TRADE DESK OVERVIEW

Key highlights:

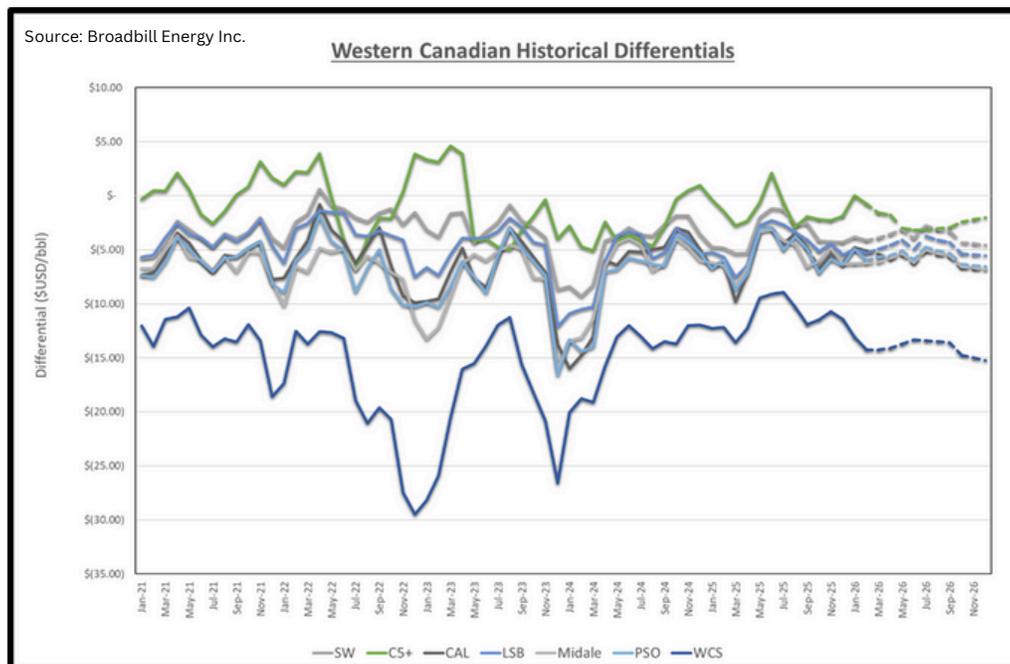
- Differentials widened and gained volatility through the February cycle, as traders adjusted positions on the capture of Maduro and potential Venezuelan supply impacts.
- February apportionment announced at 24% for light grades at Kerrobert injection point, while heavies came through at 12% at Kerrobert and 22% downstream at Superior. We are seeing increased volume returns as a result of the effective doubling of apportionment, but so far pricing has been muted on the pass backs.
- National Bank estimates Venezuelan heavy trade value around Brent minus \$6.50, broadly consistent with recent Trafigura-led offers to China at Brent minus \$5 landed. These levels are considerably stronger than recent reports of China being able to procure the volumes at significantly wider differentials, given their sanctioned status until the capture of Maduro and subsequent changes.

The February 2026 cycle was peppered with volatility and storylines as we saw weakness in the heavies, but resilience in the lights. As we continue in 2026, the headline of "supply glut" continues and high levels of crude on the water continues to put pressure on flat price, as well as differential's given the end users having a larger menu for their respective diets. Prior to the February trade window, we saw the TMW contract (WCS financial contract) for Feb printing at \$(13.45). The first print of the cycle came in a bit stronger as it opened at \$(13.15) before reaching a cycle high of \$(13.00). WCS later fell into the \$(14)s on route to a cycle low of \$(15.10). The WCS COMM index eventually settled at \$(14.22). This price movement came off the USGC bid for heavy crude weakening, which flowed through into Canada. Some of this Gulf Coast weakness can be attributed to the Venezuelan product now being more of an option for those facilities.

Previously, Chevron was able to bring crude to the U.S., as they had the proper permits from the U.S. government. However, with rules now changing, trading entities can now act as suppliers for this blend and could deliver more of it to Gulf coast refiners. Rumors of refiners also loading up on Arab Light (Saudi Arabia blend) also hit the streets, which could have also led to the bid in the Gulf falling.

The lights didn't have quite as much movement as heavy during the cycle. Light sweet had its first print come in at \$(3.80), stronger than it's precycle trading on the financial side of \$(4.15). Sweet fell to a low of \$(4.30), but exchanged hands throughout the duration of the trade window inside those levels. The minimal price movement could be in relation to the lack of issues from synthetic upgrader's, which didn't cause any end user to audible to the Edmonton light grades. Light sour LSB settled at \$(5.32), while the medium sour Midale grade settled at \$(6.22) for February index. Condensate showed a bit of weakness during the window and Fort Saskatchewan (FSPL) began at +\$0.05, weaker than it's precycle TMF (C5 financial contract) level of +0.15. FSPL later fell all the way to \$(1.10) and the C5+ index eventually settled at \$(0.76) for the month.

As we look ahead to the March trade cycle there are plenty of storylines to follow along with. This includes the Venezuelan developments and if more of their crude will hit the global market. Chevron looks to increase exports of Venezuelan crude to ~300,000 bpd in March. Valero has also made it public that they will purchase more of this grade if pricing is more attractive than alternatives. China is not allowing PetroChina to purchase the Venezuelan product, which could lead to Asian markets putting a premium on the Canadian bbl given they are storing ~300,000 bpd in their own reserves. Natural gas prices will also be of close watch for traders as the more natural gas goes up, the more operational expenses the refinery will incur to refine that heavy bbl, which could lead to potential shifts to lighter crude, easier to refine. On the lights side, we will continue to watch for any news on upgraders as cold weather could affect their processing ability. During January, USGC refiners were affected by winter weather that not only affected operating ability, but also production was slowed down due to the cold weather. We will see if the Gulf Coast and Midwest see cold winter weather again that could slow down production in PADD 3 and Bakken regions.



CLOSING THOUGHTS

Please don't hesitate to reach out if you'd like to discuss how these developments may impact your physical positions, differentials or risk management strategies. We will continue to monitor conditions closely and provide updates as events unfold.

The Broadbill Energy Team

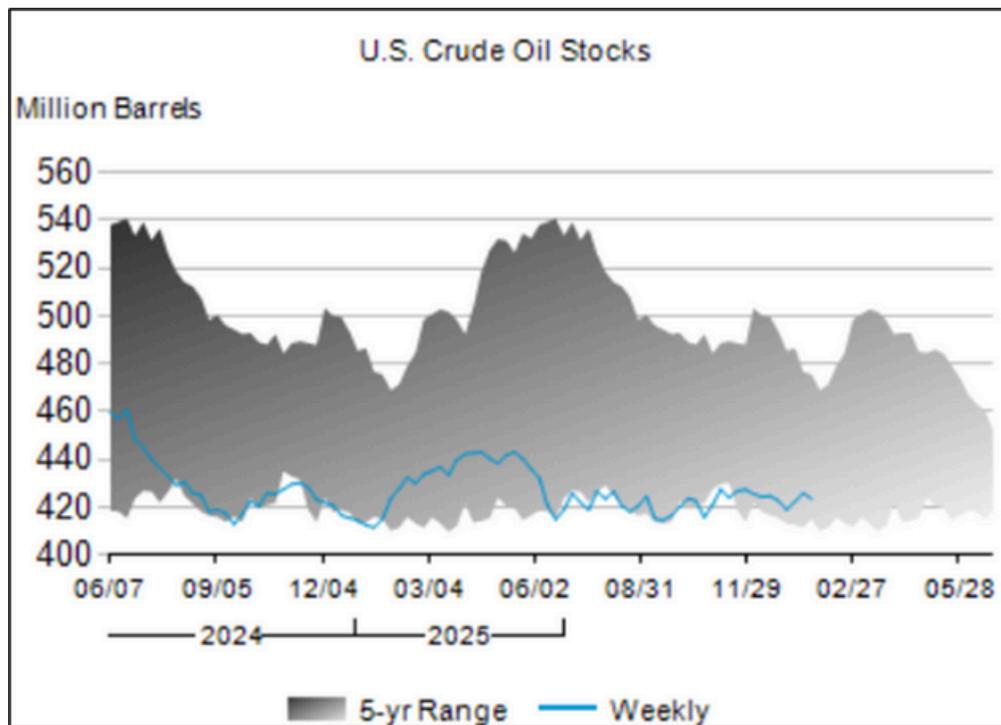
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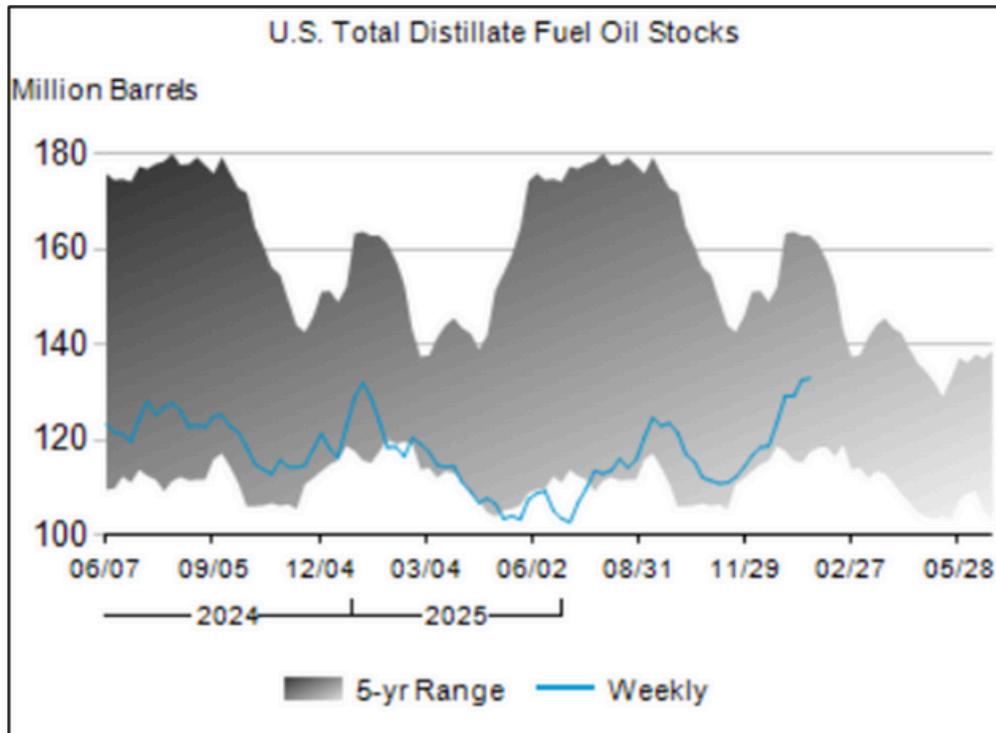
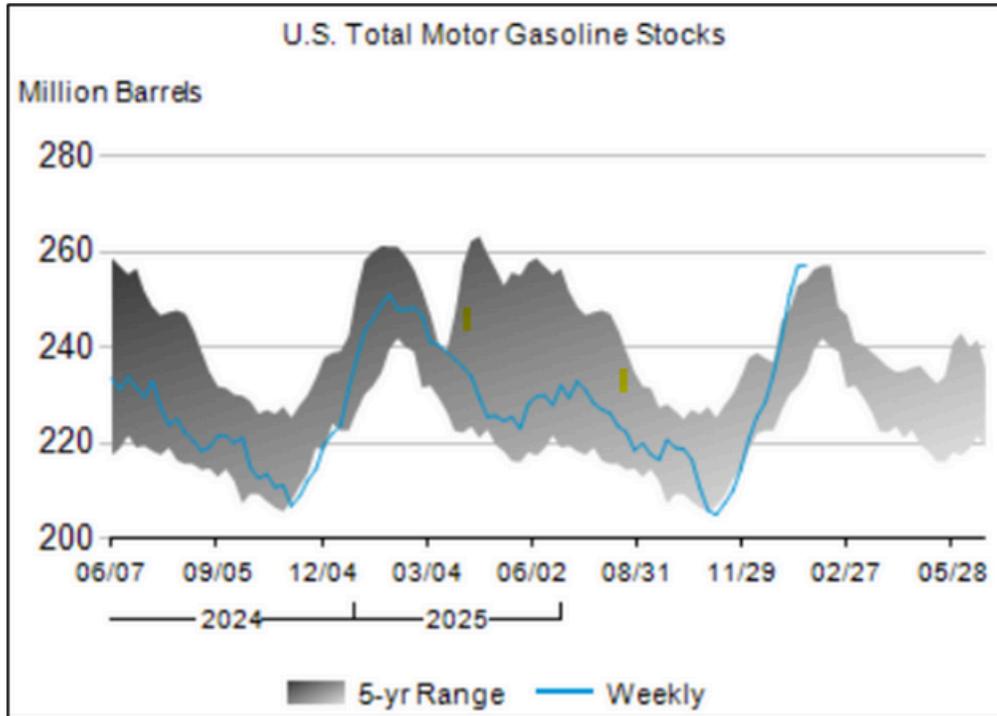


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Appendix

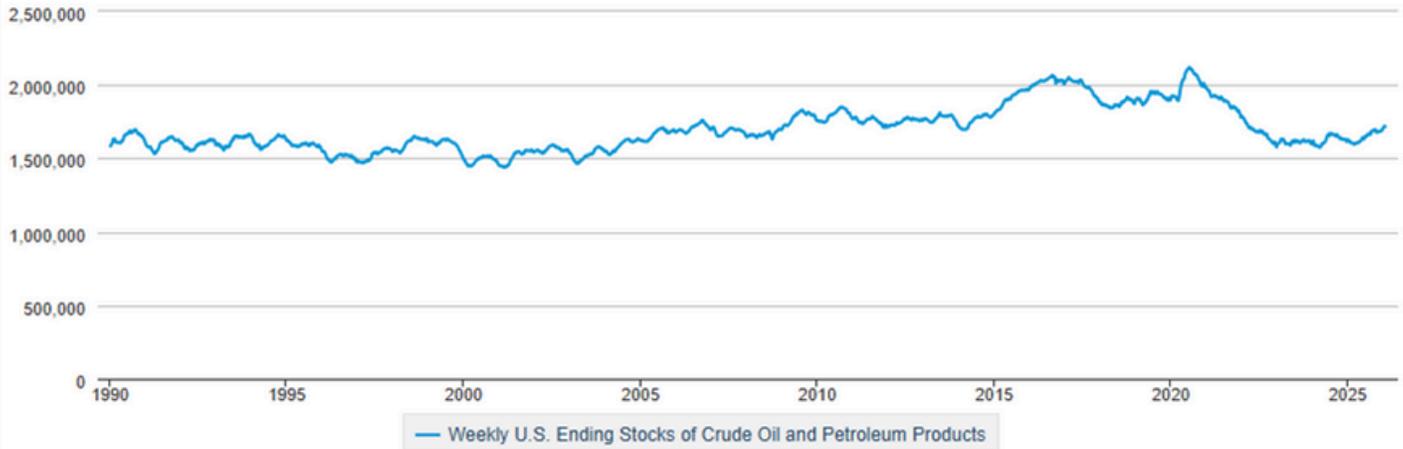




Weekly U.S. Ending Stocks of Crude Oil and Petroleum Products

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Thousand Barrels

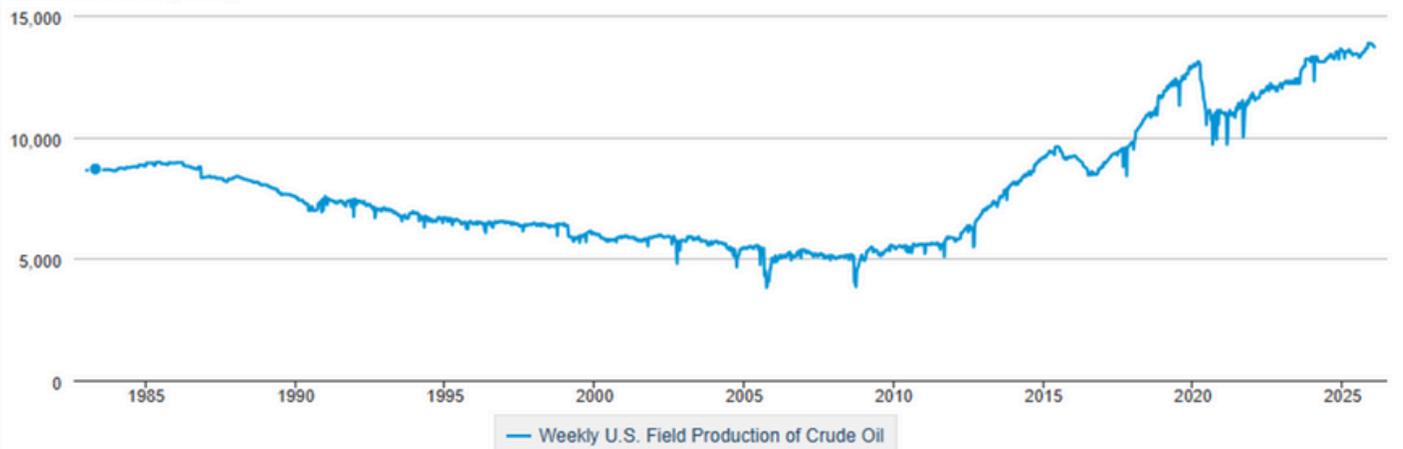


 Data source: U.S. Energy Information Administration

Weekly U.S. Field Production of Crude Oil

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Thousand Barrels per Day



 Data source: U.S. Energy Information Administration

Appendix

