



VALUE NAVIGATOR PRICE FILE - RELEASE NOTES

Enclosed within this .zip are folders for Value Navigator versions 6.5, 6.6 and 2016. Within each folder is one price file that can be imported into the specified version of Value Navigator. This single price file contains all tax, royalty, par/reference pricing, benchmark pricing and exchange rate information relevant to the most recent month end.

These files also contain Alberta Modernized Royalty Framework (MRF) data. These files may be imported into either MRF or pre-MRF versions of the program.

If you encounter any difficulties, please do not hesitate to [contact Sproule](#).

New This Month (2017-05-31):

Changes for this month's release include those made to incorporate updates to pricing, exchange rate assumptions and inflation as of May 31, 2017. Please note that these files now include pricing forecasts needed for the MRF and there are certain assumptions that have been made regarding the MRF pricing forecasts. These assumptions include forecasts of hydrocarbon par pricing for oil, natural gas, natural gas liquids and the C* Capital Cost Index (C* CCI). These values may require updating once the AER releases more clarifying details regarding the MRF calculations.

All tax information remains the same as last month.

Price Forecast Adjustment Notice – May 31, 2017

Sproule has adjusted its May 31, 2017 price forecast to account for accelerated US crude oil production, which is expected to accelerate growth into 2018. Light tight oil from the Permian is continuing to drive this growth, with production at 0.4 mmbopd above rates this time last year. The



expectation of the growth momentum carrying into 2018, in part supported by unwinding of DUCs and greater hedging by LTO producers, may lead to a slower recovery in prices, which is reflected in our revised forecast below for WTI and Brent.

Sproule Adjusted Price Forecast

YEAR	WTI (USD/BBL.)		BRENT (USD/BBL)	
	April 30, 2017 Forecast	May 31, 2017 Forecast	April 30, 2017 Forecast	May 31, 2017 Forecast
2017 (remaining)	\$ 55.00	\$ 55.00	\$ 57.00	\$ 57.00
2018	\$ 65.00	\$ 55.00	\$ 67.00	\$ 57.00
2019	\$ 70.00	\$ 65.00	\$ 72.00	\$ 67.00
2020	\$ 71.40	\$ 70.00	\$ 73.44	\$ 72.00
2021	\$ 72.83	\$ 73.00	\$ 74.91	\$ 75.00

2% inflation thereafter

Longer term, Sproule anticipates large global reductions in capital budgets will limit production growth from other non-OPEC sources of supply in the 2018-2020 timeframe. Coupled with our expectation of 1.3 mmbopd per year global demand growth, and increased oil field service costs as activity levels build, our long-term view remains unchanged with prices recovering closer to the \$70.00 range by 2020.