



VALUE NAVIGATOR PRICE FILE - RELEASE NOTES

Enclosed within this .zip are folders for Value Navigator versions 6.5 and greater. 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 (2018-03-31):

Changes for this month's release include those made to incorporate updates to pricing, exchange rate assumptions and inflation as of March 31, 2018. 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.

Price Forecast Adjustment Notice – March 31, 2018

Sproule has adjusted its March 31, 2018 price forecast as outlined below:



Brent and WTI

	UK Brent (USD/BBL)		WTI (USD/BBL)	
	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast
2018	58.00	62.00	55.00	58.00

Sproule has adjusted our Brent and WTI 2018 forecasts this month to 62USD/bbl and 58USD/bbl respectively. The industry has enjoyed strong crude pricing in Q1 relative to 2017, bolstered by decreasing inventory numbers and strong demand. However, we still expect significant supply growth from US LTO will level off WTI and Brent pricing gains through the remainder of 2018.

Canadian Heavy Oil Differentials

	Canadian Heavy Oil Differentials to WTI (USD/bbl)							
	Koch Heavy		WCS		Bow River Hardisty		Cold Lake Blend	
	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast
2018	-18.81	-22.56	-14.67	-18.20	-14.16	-18.75	-16.74	-20.38

We are widening our Canadian Heavy Oil to WTI differentials for the remainder of 2018 due to increased Canadian heavy oil production combined with Keystone operating below maximum capacity and producers relying on the more expensive rail to move their barrels.





Henry Hub, AECO to Henry Hub Differential

	Henry Hub (USD/MMBtu)		AECO – Henry Hub Differential (USD/MMBtu)		AECO (CAD/MMBtu)	
	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast	Feb 28, 2018 Forecast	March 31, 2018 Forecast
2018	3.25	3.00	-1.00	-1.30	2.85	2.15
2019	3.50	3.25	-0.95	-1.20	3.11	2.50
2020	4.00	3.75	-0.90	-1.10	3.65	3.12
2021	4.08	3.83	-0.85	-1.00	3.80	3.32
2022	4.16	3.90	-0.80	-0.80	3.95	3.65

Sproule has reduced our Henry Hub outlook slightly, forecasting 3.75USD/MMBTU by 2020. Despite material increases in demand driven by increasing US LNG export capacity, we expect strong supply will dampen upward pressure on prices. At AECO, we are forecasting wider differentials than previously anticipated. Increased Canadian gas supply and lack of market access continues to weaken natural gas pricing in Western Canada.





National Balancing Point

	NBP (£/Mmbtu)	
	Feb 28, 2018 Forecast	March 31, 2018 Forecast
2018	4.50	4.75
2019	4.50	5.00
2020	5.00	5.15

Overseas, we are expecting gas pricing at NBP to strengthen over the forecast period, driven by increasing Asian LNG demand and rising Brent pricing.