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## Argus WCS Houston: An emerging heavy Gulf coast marker



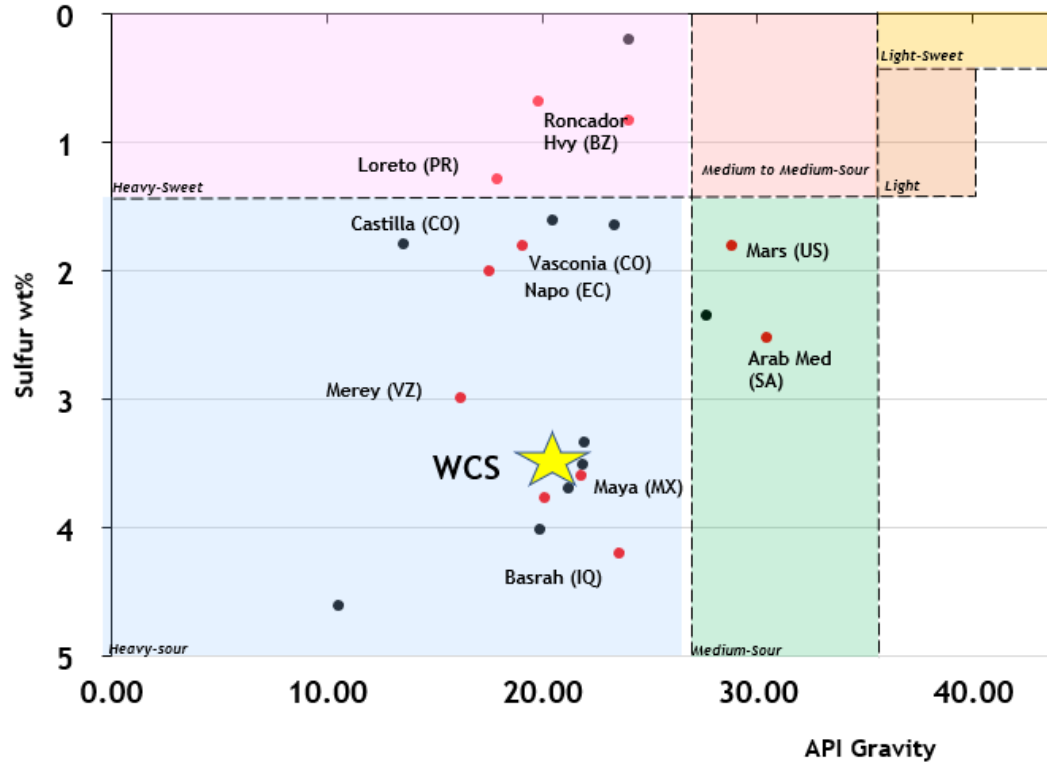
illuminating the markets

Market Reporting

Consulting

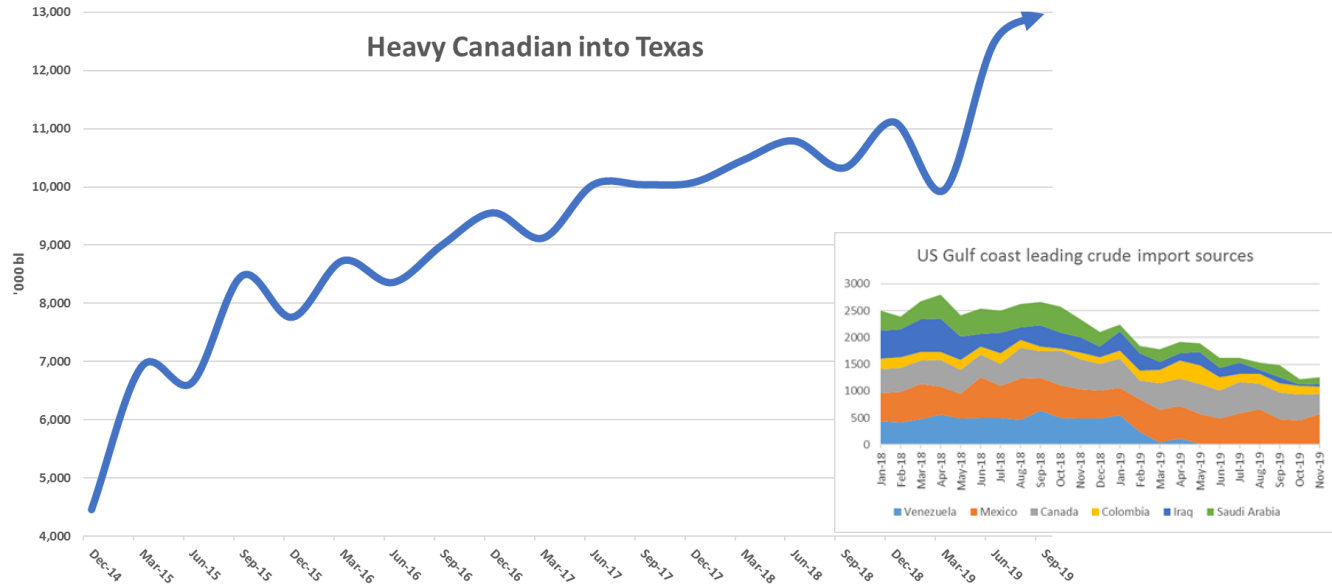
Events

# Many USGC heavies can price on WCS Houston



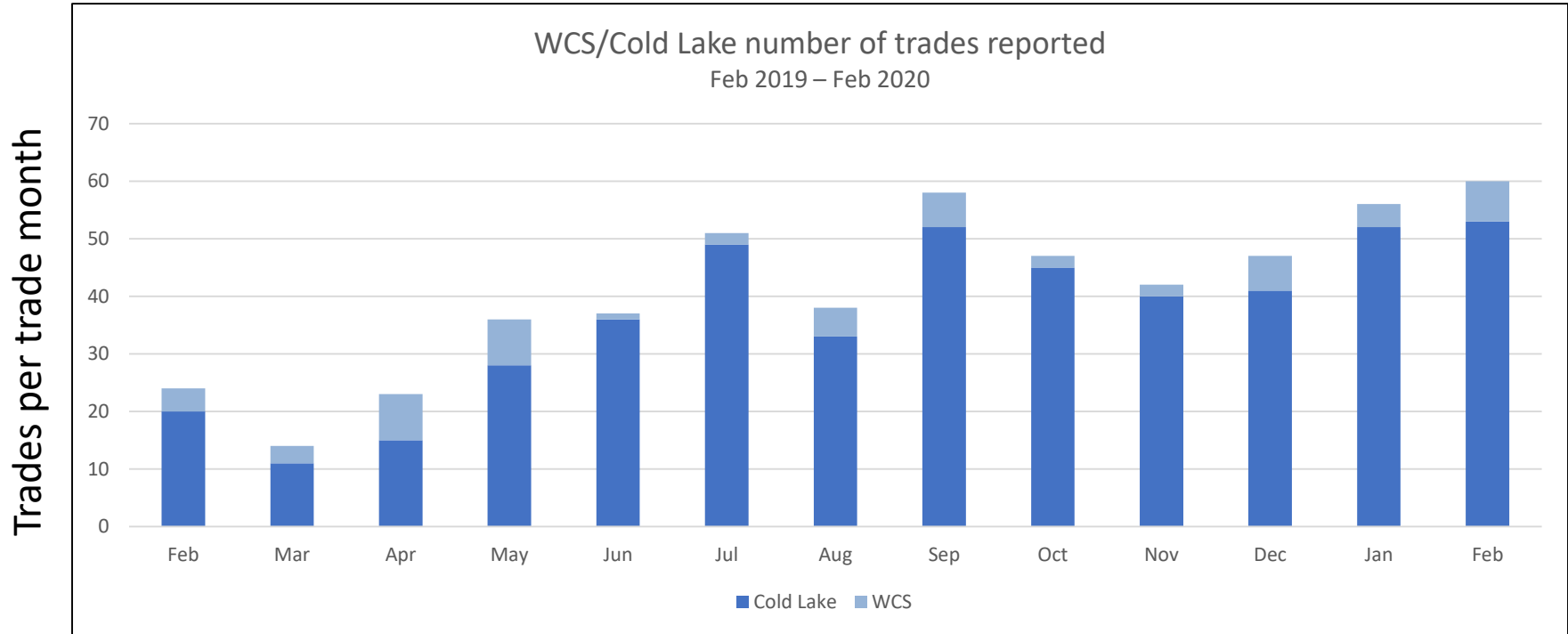
- Castilla, Vasconia, Maya, Basrah and many other grades are similar in quality to WCS/Cold Lake at Houston
- No other market-traded heavy benchmark exists at the Gulf coast
- Maya is not traded on a spot basis and is not hedge-able because of the K Factor

# Futures contracts based on growing physical trade



- About 500k bbl of Canadian getting to Gulf coast
- Market share of Canadian heavy increasing steadily

# About 3 physical trades per day reported at Houston



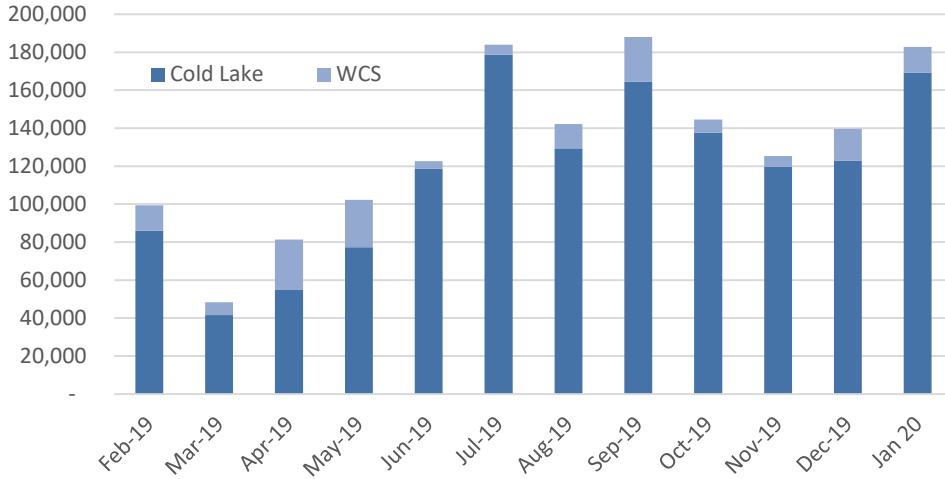
**WCS/Cold Lake Houston is now among the most liquid and transparent physical crude grades in the world.**

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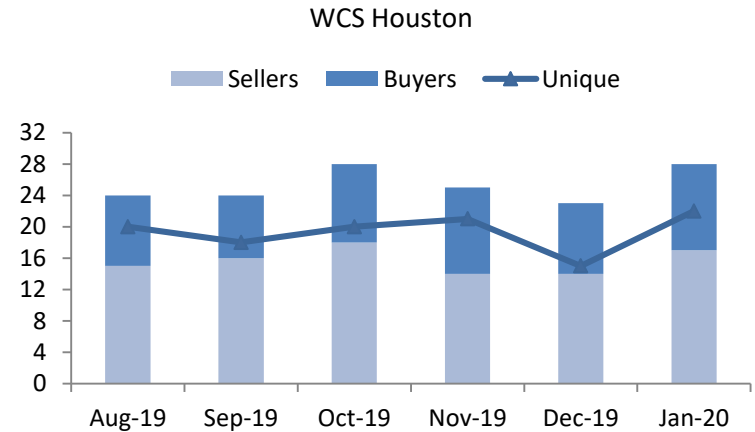
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# Houston WCS/Cold Lake trade is highly transparent

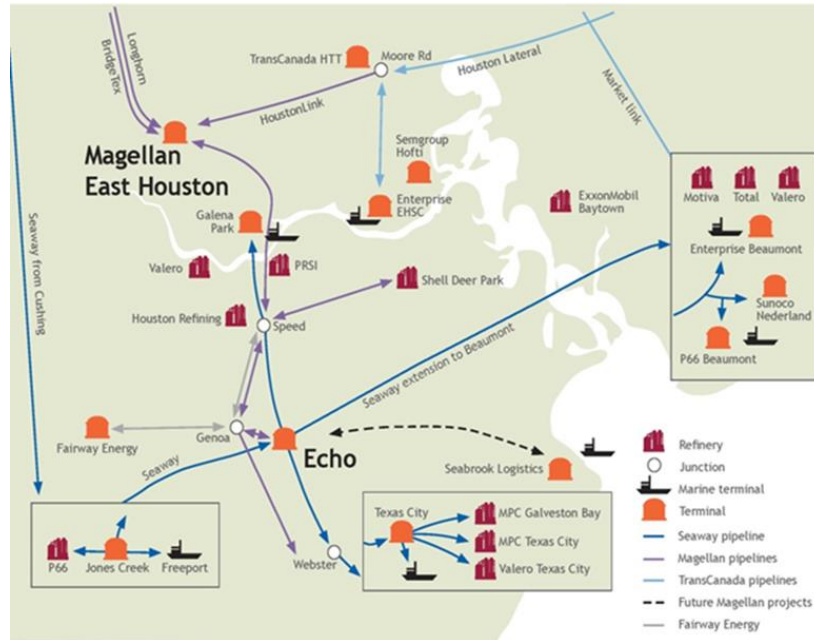
About 150,000 b/d of reported trade



About 20 market participants

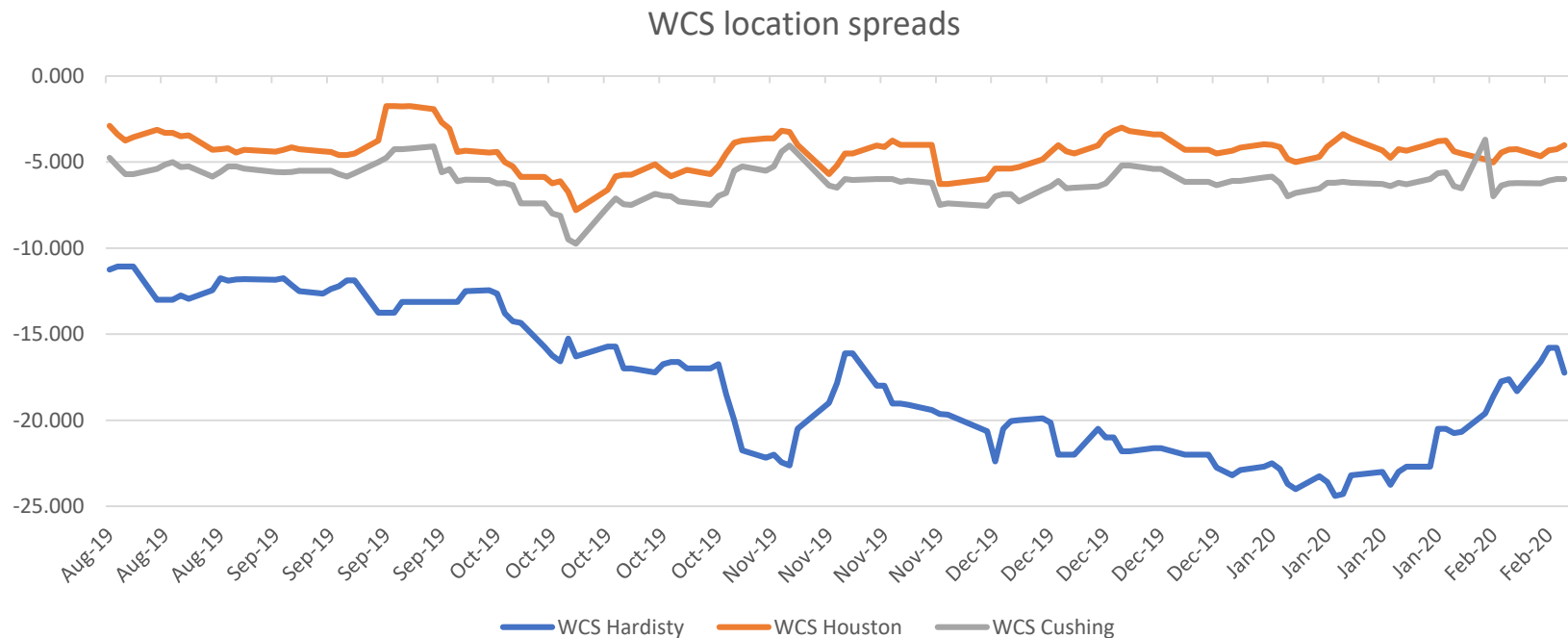


# WCS/Cold Lake become virtually one grade at Houston:



- **Quality:**
  - Cold Lake and WCS quality converge after 1,000 miles (+) in pipelines, storage tanks.
  - The grades typically trade within 5 cents of each other in Houston
- **Location:**
  - WCS and Cold Lake price at parity at ECHO, P66 Beaumont and Nederland terminals
- **Argus WCS/Cold Lake physical index pools trades of both grades at all three locations**

# WCS Hardisty the most volatile of the WCS indices



**Trading and hedging at the coast reduces exposure to risk.**



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