

December 23, 2022

NATURAL GAS PRODUCTION, TRANSPORTATION AND STORAGE

Texas natural gas production, processing, transmission, and storage sectors prepared with increased production and storage in 2022. S&P Global Platts estimates Texas production has increased 6% in 2022 over 2021 with an average daily production of 25.1 bcf/d of dry gas. Texas power demand is anticipated to increase December 22 to 25. The greatest demand is the power sector, which is estimated to increase from 4.4bcf/d on December 21 to 8.34 bcf/d by December 23 then steadily dropping to normal levels after Christmas Day. Residential and commercial customer demand is also anticipated to increase by approximately 2.5 bcf from December 21 to 23.

Typically, Texas consumption (residential, commercial, industrial, power generation, etc.) is approximately 45-50% of the total Texas production.

Across the U.S. there is a slight reduction of 0.9 bcf from December 22 to 23 in dry gas production from 94.0 to 93.1 bcf with the Marcellus and Texas being the largest producers.

Storage is the key to ensuring access to needed gas during high demand surges. S&P Global Platts reports that across the U.S. for the first time since early January 2022, total U.S. inventories moved from a 15 bcf deficit to the five-year average for the week ended December 9 to a 22 bcf surplus to the five-year average for the week ended December 16. This is good news as storage withdrawals are expected to increase across the country in anticipation of the increased demand.

Preplanning and contracting is imperative during extreme temperature shifts.

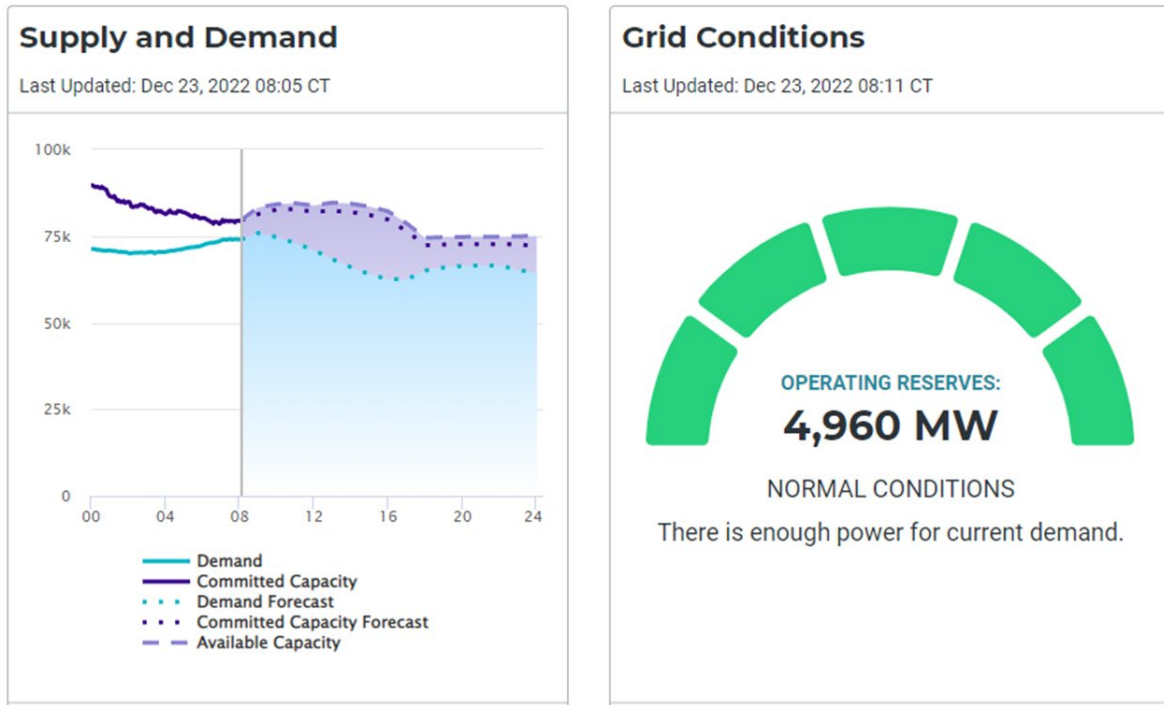
TEXAS FIELD CONDITIONS

Pipelines reporting good pressure and plenty of storage even with some production declines. Some production decreases reported as expected. No significant issues reported. Minor issues in the field are due to instrument error, compression issues, electricity loss, and some third-party takeaway issues. Isolated power issues are being quickly resolved with notification to PUC and ERCOT.

TEXAS POWER STATUS

ERCOT reports operations normal as of 12/23/22, 8:12 am. Peak demand is anticipated to occur at 11:00 am. Available capacity at peak demand is expected to be 84,467 MW, with the demand forecast at 72,991 MW. There is expected to be enough power to meet demand.

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Source: ERCOT, 12/23/22 8:12 am.

WINTERIZATION IN THE FIELD

Onsite, seasonal weatherization techniques include methanol injection, temperature activated pumps, steamer units, equipment shelters, and insulated critical lines and valves. Additional pre-storm and offsite measures include:

- Secure shelter/housing and pre-positioning personnel to be closer to assets for access
- Adjust employee schedules to ensure planning and preparations in place
- Have extra methanol and other supplies on trucks
- Preparing and draining tanks to increase on-site storage and provide a temporary buffer for necessary third-party movement of product
- Pre-inspection of assets prior to weather event
- “Line-packing” to maximize product and pressurization in pipelines
- Communication with third party vendors to prepare for inclement weather contingencies
- Identification of the most critical assets to help maintain power from electric utilities

IMPACT OF WEATHER ON FIELD OPERATIONS

Personnel safety and ensuring safe operations are the first priorities of operators. Many elements can impact continued field operations outside of the operator’s control.

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- Transportation - the accumulation of precipitation can impact operators' ability to access remote well sites to check on operations and make any needed adjustments
- Third party contractor disruptions
- Lightning strikes
- Loss of power
- Telecommunication loss

INDUSTRY ACTIONS

[Read here how the Texas oil and natural gas industry prepares for winter weather events](#)

WEATHER STATUS

- Extremely cold air mass shifted over Texas beginning early Thursday, impacting the entire state by late Thursday night.
- Much of Texas is expected to face temperatures remaining below freezing - in some cases well below freezing - for dozens of hours.
- Wind chills below zero across much of the northern half of the state are expected Friday morning.
- Most Texans should expect frigid conditions through at least Sunday morning, with morning lows around freezing Monday and Tuesday.

STATEWIDE RESOURCES

- TDEM maintains a webpage with information and resources [here](#).
- TXDOT provides road closure information in real-time at drivetexas.org.
- RRC reports road issues to TXDOT. You can submit a road issue form [here](#).
- RRC provides a weatherization practices guidance document [here](#).
- RRC maintains a 24-hour, toll-free emergency line, 844-773-0305, to report emergencies, including leaks or spills and damage to gas pipelines.
- PUC provides an electric outage map at puc.texas.gov/storm/index.html.
- TCEQ reports water and sewage outages at tceq.texas.gov/response/index.html.
- ERCOT shares a grid condition dashboard at ercot.com/gridmktinfo/dashboards.

For more information on how the Texas oil and natural gas industry prepares for winter weather, visit TXOGA.org/WinterReady.

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This TXOGA Situation Report is a service to TXOGA members and includes a summary of forecasts, estimates and updates of energy resources and current weather and conditions. Part of the service is to provide an estimated status of the natural gas sector using third party information. Users of the service should seek to verify the information included in this service prior to use. TXOGA does not warranty, expressly or impliedly, the information contained in the service. Information is subject to change based on third party information updates and revisions. Distribution after receipt by the intended recipient is strictly prohibited.