



NATURAL GAS PRODUCTION, TRANSPORTATION AND STORAGE

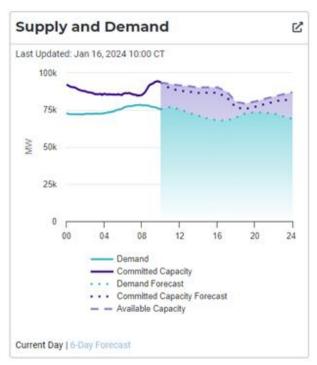
Texas' natural gas production, processing, transmission, and storage sectors continue to have needed production and storage. Production declined slightly overnight as expected with colder weather but much of it is expected to be recovered during the day. Localized issues, including compression outages, suspension of water hauling, and instrument performance were experienced overnight but personnel are in place to resolve these issues during the day. Even with these issues there has been minimal impact to the overall natural gas production and distribution system. Transmission and distribution systems are experiencing stable pressures and receiving needed products even with reduction in production overnight. Transmission from storage and line packing is performing well. Preparedness and response protocols have been able to be implemented to respond to and restore operations as needed.

TEXAS FIELD CONDITIONS

Overall conditions have been stable even with the cold temperatures. Personnel are responding to issues that arose overnight without significant impediments. Production and operations are all within the anticipated ranges. A few isolated impacts to operators across the natural gas supply chain such as power outages, third-party take away issues, and some road issues in East Texas have occurred, but these have been minor to overall systems and at this time conditions are expected to be resolved during the day. Transportation pressure is reported as stable, and storage and supply are readily available to meet requirements. Conditions are expected to continue to improve in the field and there has been no systemic loss of power to operations.

TEXAS POWER STATUS

ERCOT reports normal operations as of Tuesday, January 16 at 10:00 AM. ERCOT had sufficient reserves to serve peak demand this morning of 78,138 MW at 8:00 AM. Peak demand this evening is anticipated to occur at 8:00 PM. Available capacity at that hour is expected to be 80,930 MW, to serve a demand forecast of 73,407 MW. ERCOT is forecasting a peak demand of 81,387 MW tomorrow morning at 8:00 AM.



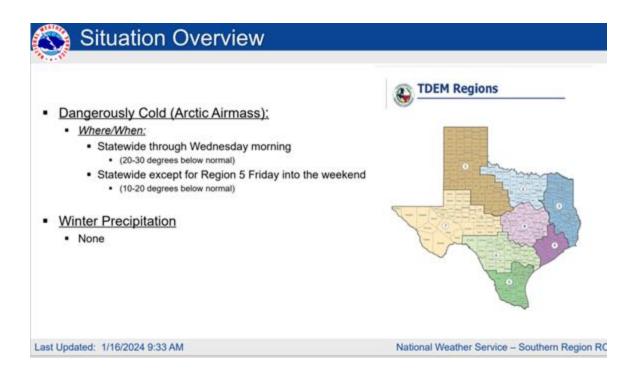


Source: ERCOT, 1/16/24, 10:00 AM

WEATHER STATUS

Update from National Weather Service (9:33 AM) indicates:

- Winter precipitation has ended, but localized hazardous travel potential continues into Wednesday morning mainly across East Texas.
- Temperatures 20-30 degrees below normal
 - Sub-freezing temps continue into Wednesday morning in the northern half of the state.
- Warming temps above freezing Wednesday afternoon-Thursday, then colder for much of Texas on Friday into the weekend (but not as cold as now). No wintery precipitation expected.



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:

- Securing shelter/housing and pre-positioning personnel to be closer to assets for access
- Adjusting employee schedules to ensure planning and preparations are in place
- Having extra methanol and other supplies on trucks
- Preparing and draining tanks to increase on-site storage and providing a temporary buffer for necessary third-party movement of product
- Pre-inspection of assets prior to weather events
- "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.

- 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 more about how the Texas oil and natural gas industry prepares for winter weather events

STATEWIDE RESOURCES

- TDEM maintains a webpage with information and resources here.
- TxDOT provides road closure information in real-time, which can be found here.
- RRC reports road issues to TXDOT. You can submit a road issue form <u>here</u>.
- RRC notice to operators ahead of winter weather can be found <u>here</u>.
- RRC provides a weatherization practices guidance document <u>here</u>.
- 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, which can be found <u>here</u>.
- TCEQ reports water and sewage outages <u>here</u>.
- ERCOT shares a grid condition dashboard, which can be found here.

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.