



September 8, 2025





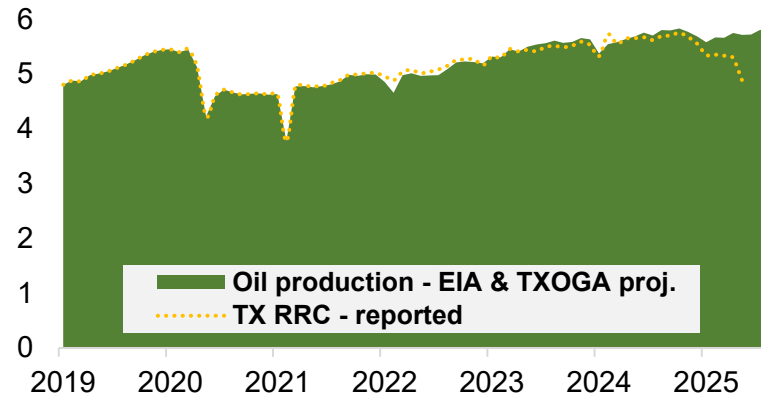
The TXOGA Chartbook is an essential resource for our members and those interested in understanding the data reflecting ongoing developments within the economy and the oil and gas sectors, both internationally and domestically, including specific trends in Texas.

Key points – Week of September 8, 2025

- **Economic conditions remained soft as investment and job growth stalled.** Bond markets tightened, with high-yield borrowing costs rising to 11.6% and the low-credit premium widening to 7.5%, while Fed Funds futures held at 4.1%. The ADS Index signaled little or no Q3 growth, consistent with weakening momentum. Consumer sentiment fell 5% in August, and nonfarm payrolls rose just 22,000, with unemployment ticking up to 4.3%. Q2 economywide investment was revised lower to -0.4% q/q, diverging from industrial production. The U.S. trade deficit narrowed to an annualized \$1.0 trillion (SAAR), supported by stronger petroleum net exports.
- **Oil prices fell as inventories rose and net exports slipped.** WTI crude oil declined 3.7% w/w to \$61.64/bbl, driven by weak economic data, rising inventories, and market expectations of higher OPEC+ output. Net exports fell to 2.3 mb/d, down 0.4 mb/d from the prior week. Crude stocks rose by 2.4 million barrels but remained near the bottom of the 5-year range. Petroleum demand edged down to 20.7 mb/d, and price momentum weakened.
- **Natural gas prices rose despite strong storage builds.** Henry Hub prices increased 1.4% w/w to \$3.04 per million Btu as momentum turned positive. Net exports rose 28.8% y/y to 16.1 bcf/d in August, per EIA estimates. Consumption declined 2.6% y/y to 85.5 bcf/d, though seasonal patterns held. Working gas in storage rose 1.7% w/w to 3.27 tcf as of August 29, within the 5-year range.
- **Chart of the Week – Texas oil output likely set a new record.** TXOGA estimates crude oil output topped 5.8 mb/d in July–August, likely a new record, with Texas supplying 42.7% of U.S. crude year-to-date. Marketed natural gas production reached 34.3 bcf/d in June, easing slightly to 34.2 bcf/d in August. Shale basin growth continued in July: Permian +3.7% y/y, Eagle Ford +1.4%, and Haynesville +11.1%. As of September 5, Texas counted 206 oil-directed rigs (+1 w/w) and 37 gas-directed rigs (+1 w/w).
- **ERCOT – Dispatchable generation dominated during early morning hours.** On the morning of September 1, thermal and other dispatchable resources generated more than 96% of ERCOT's electricity for six straight hours, including up to 70.2% from natural gas.

Texas crude oil production, Jan. 2019 – August 2025

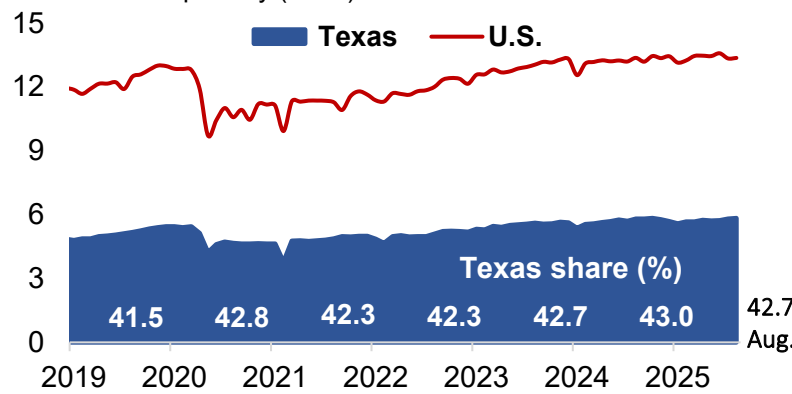
Million barrels per day (mb/d)



Record-high estimated oil production. Texas' oil production averaged 5.72 mb/d in June, according to the EIA. TXOGA estimates that production eclipsed 5.8 mb/d in July and August -- and likely reached a new record high.

U.S. and Texas crude oil production, Jan. 2019 – August 2025

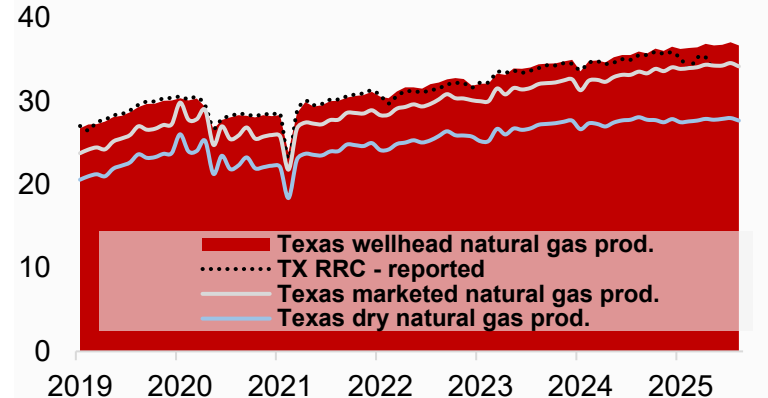
Million barrels per day (mb/d)



In the first eight months of 2025, Texas accounted for 42.7% of total U.S. crude oil production.

Texas natural gas production, Jan. 2019 – August 2025

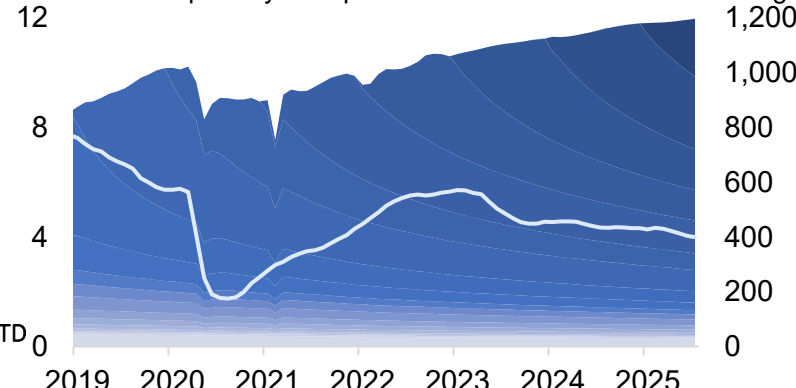
Billion cubic feet per day (bcf/d)



Natural gas production increased. Texas produced 36.8 bcf/d of natural gas gross withdrawals and 34.3 bcf/d of marketed production in June, per EIA. TXOGA estimates that Texas' marketed production slipped to 34.2 bcf/d in August.

Texas shale basin wellhead oil & natural gas production

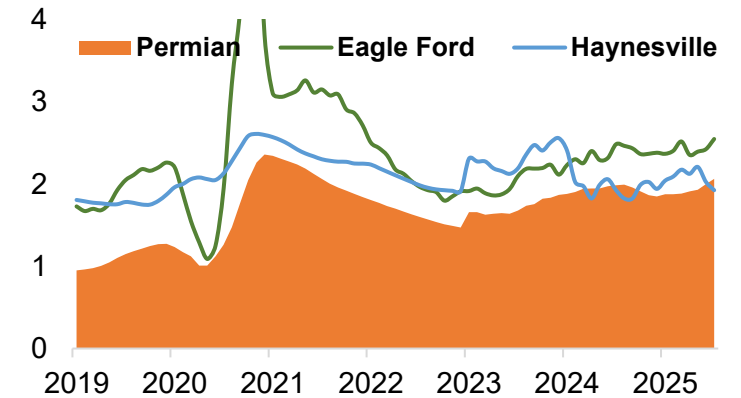
Million barrels per day oil-equivalent



EIA estimates show oil and natural gas production growth across Texas shale basins in July 2025, including the Permian (+3.7% y/y), Eagle Ford (+1.4% y/y), and Haynesville (+11.1% y/y).

Texas rig productivity by basin – new monthly prod. per rig

Thousand barrels per day oil-equivalent, kb/doe

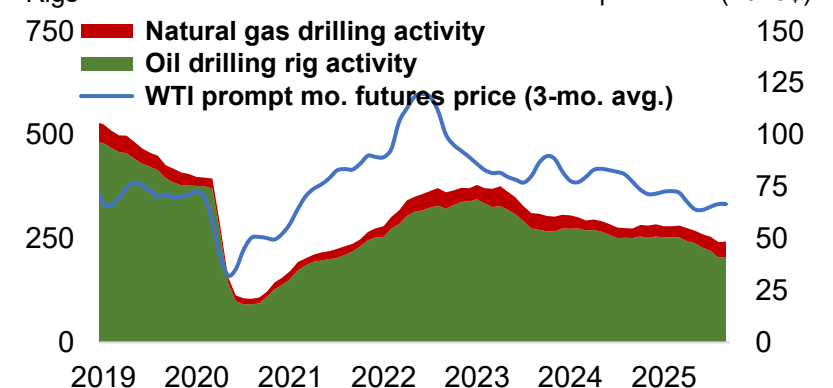


Rig productivity gains were mixed in July. EIA estimates of rig productivity for July 2025 rose by 3.9% y/y in the Permian Basin and 2.5% y/y in the Eagle Ford, but remained flat in the Haynesville.

Texas drilling activity and WTI crude oil futures prices

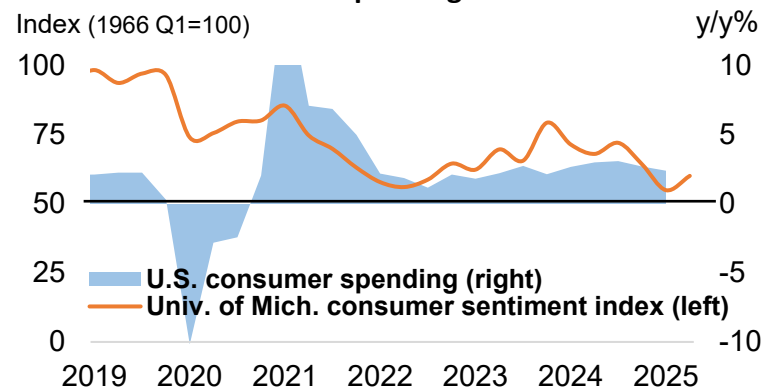
Rigs

Dollars per barrel (2025\$)



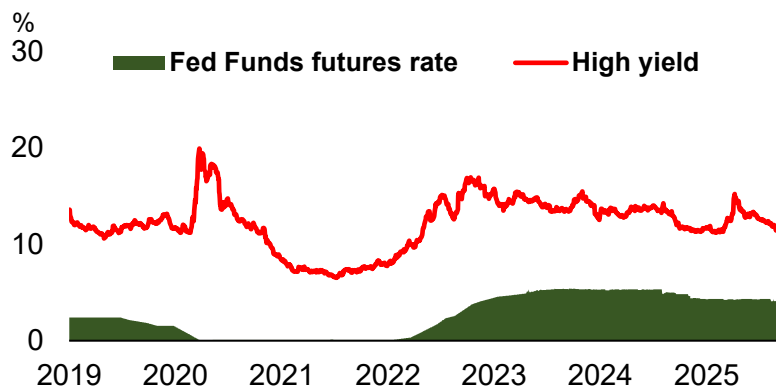
As of September 5, Texas' total rigs increased, according to Baker Hughes, with 206 oil-directed rigs (up 1 rig w/w) and 37 natural gas-directed rigs (up 1 rig w/w).

Consumer sentiment vs. spending



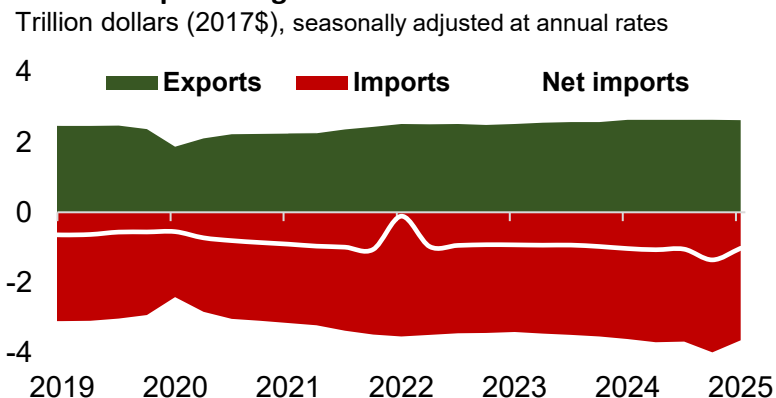
Consumer sentiment—a leading indicator of household spending—fell 5% month-over-month (m/m) in the University of Michigan's preliminary August reading, signaling a potential moderation in Q3 2025 spending growth. According to the BEA's estimate of Q2 2025 GDP, consumer spending rose 2.4% year-over-year (y/y), down 0.3 percentage points from Q1.

Fed Funds rate and CCC and lower corporate bond yields



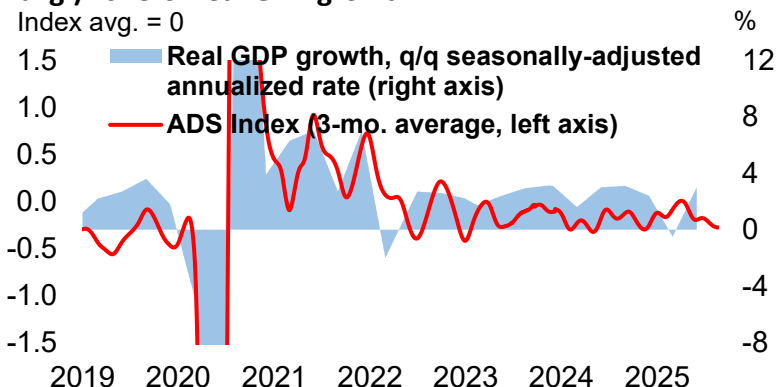
The bond premium for low credit quality increased. High-yield (HY) borrowing costs rose 20 basis points w/w to 11.6% for the week ended Sep. 5, while the 30-day Fed Funds futures slipped by 5 bps to 4.05%. The low-credit-quality premium rose to 7.55%.

Real net exports of goods and services



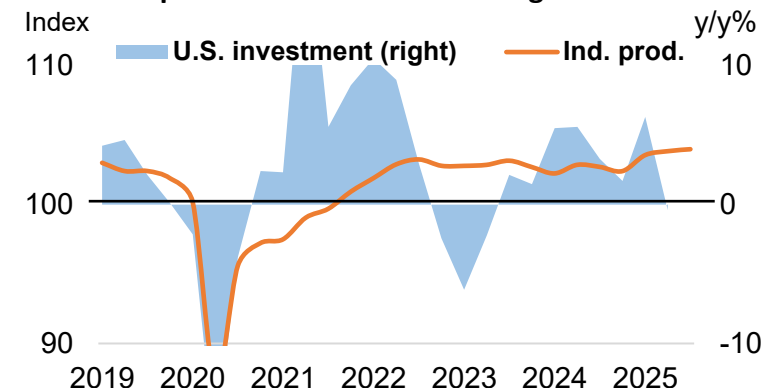
The BEA's initial Q2 2025 GDP report showed the U.S. trade deficit narrowed to an annualized \$1.0 trillion (SAAR), down from a record \$1.4 trillion in Q1, as imports declined more than exports. On a nominal basis, the petroleum trade surplus rose by an upward-revised \$9.9 billion to \$72.2 billion—more than double its level from a year ago.

Aruoba-Diebold-Scotti Business Conditions Index (qtr. avg.) vs. U.S. real GDP growth



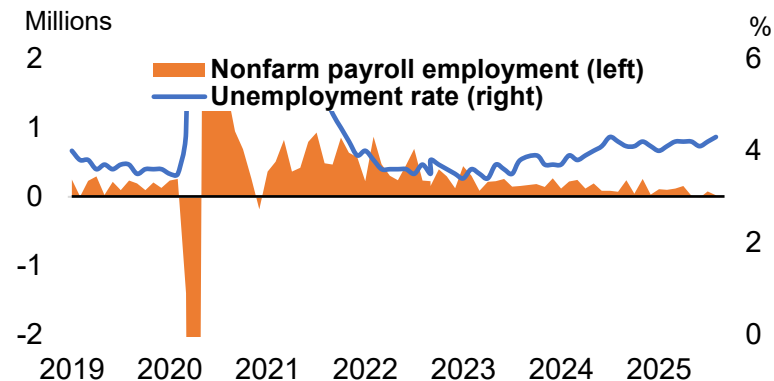
ADS Index revised downward retrospectively. While real GDP growth posted a mixed rebound in Q2 2025, the ADS Business Conditions Index from the Philadelphia Fed—an early signal of economic momentum—currently points to little or no growth in Q3 2025.

Industrial production and investment growth



Macro uncertainties stalled investment in Q2 2025. According to the GDP report, economy-wide investment declined 0.4% y/y in BEA's August revision, diverging from industrial production, which typically leads investment trends. Industrial production fell 0.1% m/m in July, while capacity utilization fell 0.2 percentage points to 77.5%, per the Federal Reserve Board.

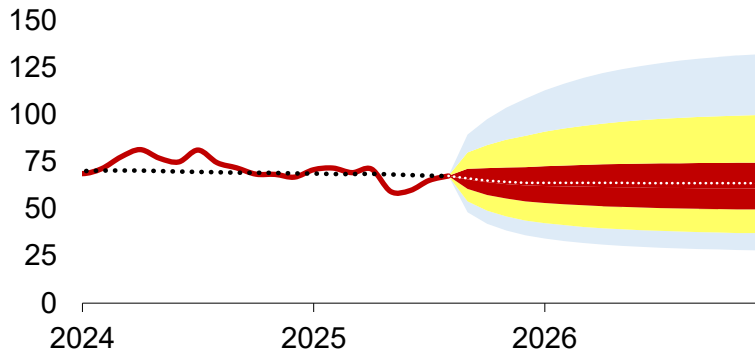
Nonfarm payroll employment & unemployment rate



Labor market conditions weakened further. Employment is a lagging indicator of GDP growth. Nonfarm payrolls rose by 22,000 in August. The U.S. unemployment rate rose by 0.1 percentage points to 4.3% according to the BLS.

WTI crude oil price mean reversion analysis

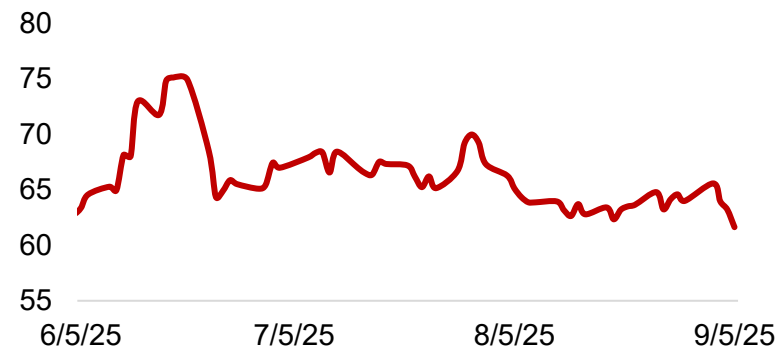
Dollars per barrel (2025\$)



Near-term futures prices have aligned with their historical mean reversion threshold. The futures strip remains in backwardation (i.e., futures prices are below spot prices).

WTI crude prompt month futures prices

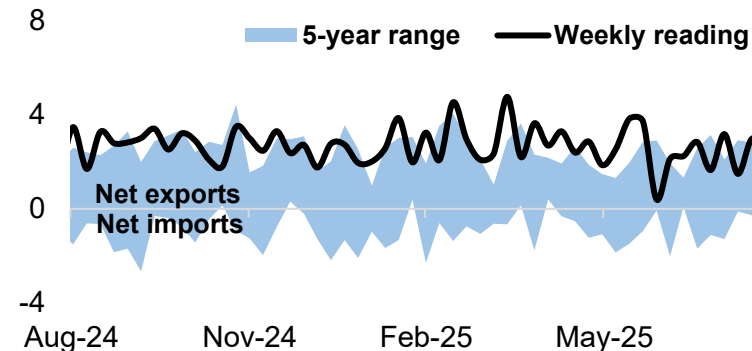
Dollars per barrel



WTI crude oil prices fell 3.7% w/w to \$61.64 per barrel as of September 5, driven by weak economic data, rising inventories, and market expectations that OPEC+ may increase output.

U.S. petroleum net exports (imports)

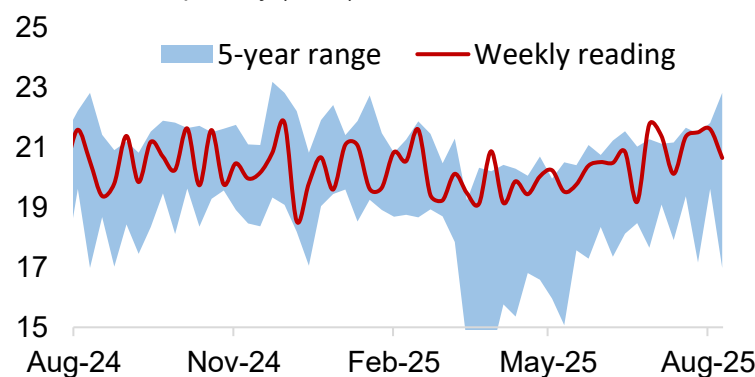
Million barrels per day, mb/d



Petroleum net exports fell to 2.3 mb/d for the week ended August 29, a decrease of 0.4 mb/d from the prior week.

U.S. petroleum demand

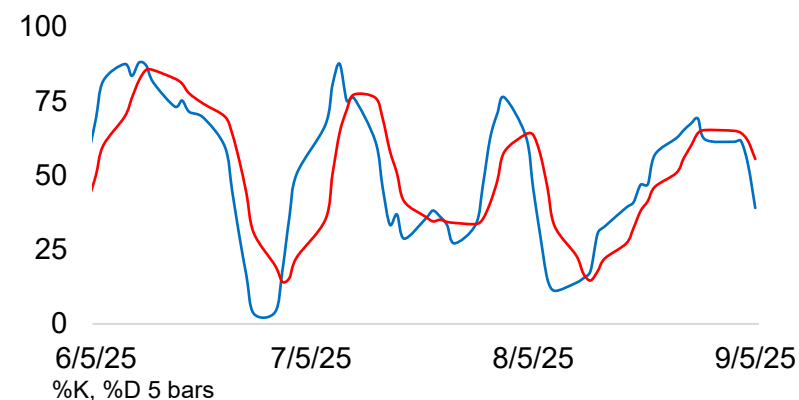
Million barrels per day (mb/d)



Petroleum demand edged up. U.S. petroleum demand as of August 29, as measured by deliveries, decreased by 1.0 mb/d from the prior week to 20.7 mb/d.

WTI crude prompt month futures slow stochastic

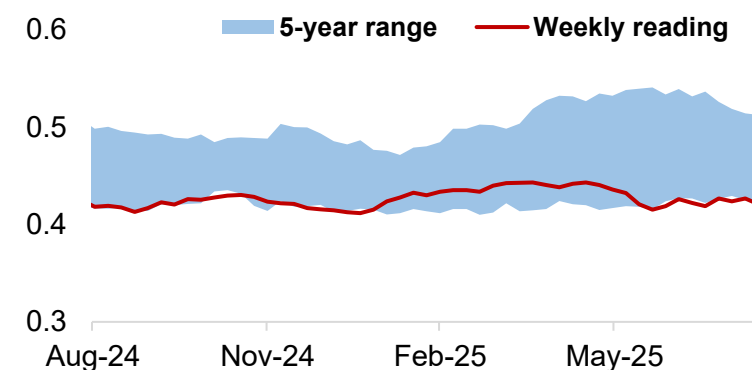
Index level



Price momentum weakened during the week ended September 5.

U.S. ending stocks of crude oil (excluding the SPR)

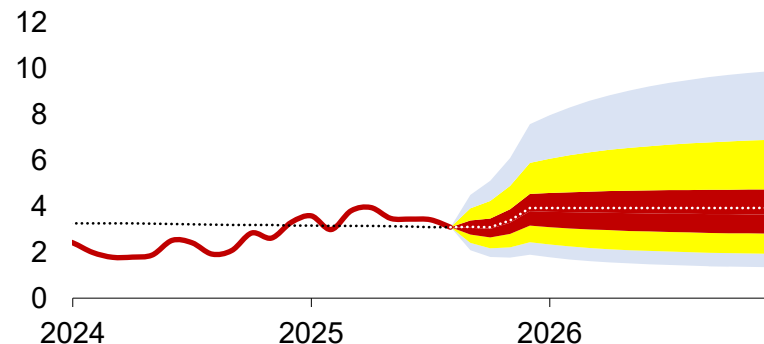
Billion barrels



Inventories increased. U.S. ending stocks of crude oil excluding the Strategic Petroleum Reserve (SPR) increased by 2.4 million barrels (mb) for the week ended August 29 – but remained at the bottom of the 5-year range.

Natural gas price mean reversion analysis

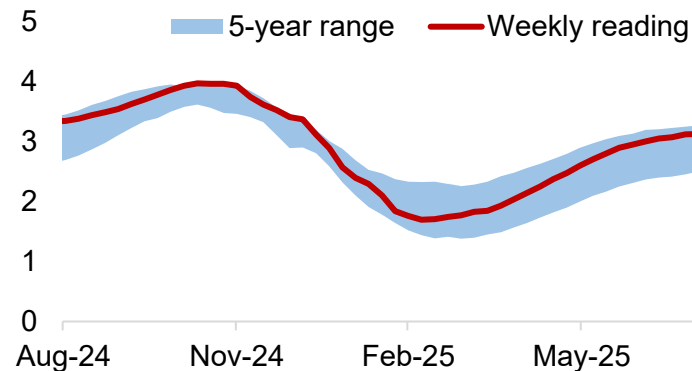
Dollars per mmBtu (2025\$)



Near-term futures prices rose to align with their historical mean reversion threshold. The futures curve is in contango, with spot prices below forward prices. Historical confidence intervals suggest greater potential for upside price movement than downside risk.

U.S. weekly working gas storage

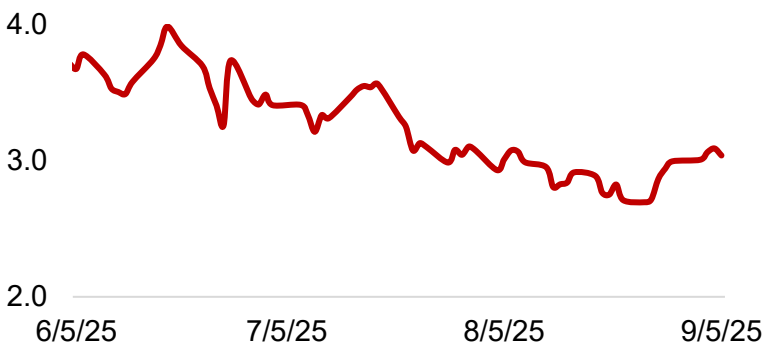
Trillion cubic feet (tcf)



Working natural gas storage increased. Underground storage rose by 1.7% w/w to 3.27 trillion cubic feet (tcf) as of August 29.

Natural gas prompt month futures prices

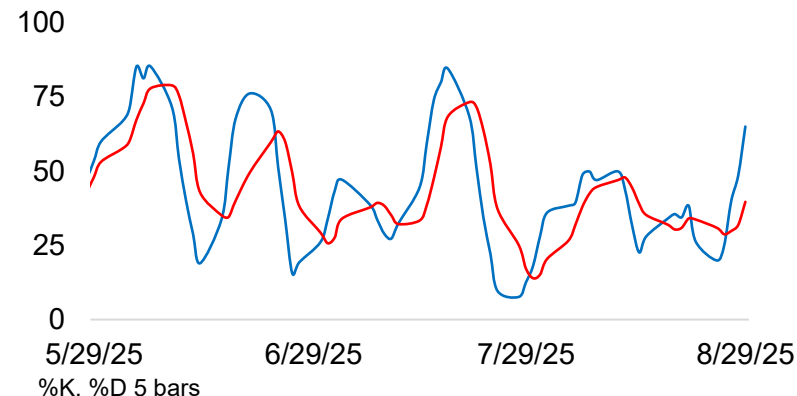
Dollars per million Btu



Henry Hub natural gas prices rose 1.4% w/w to \$3.04 per million Btu for the week ended September 5, despite relatively strong weekly injections into working gas storage.

Natural gas futures slow stochastic

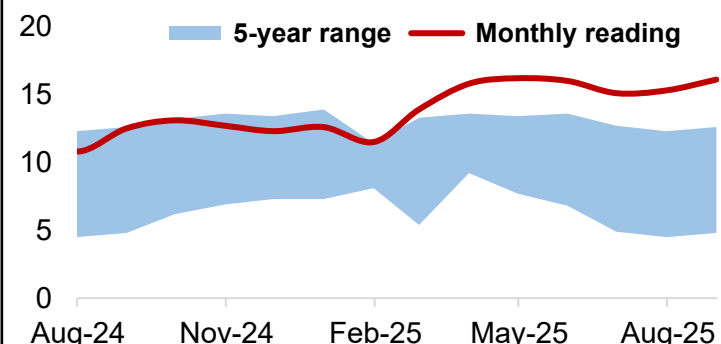
Index level



Natural gas price momentum turned positive during the week ended August 29.

U.S. natural gas net exports

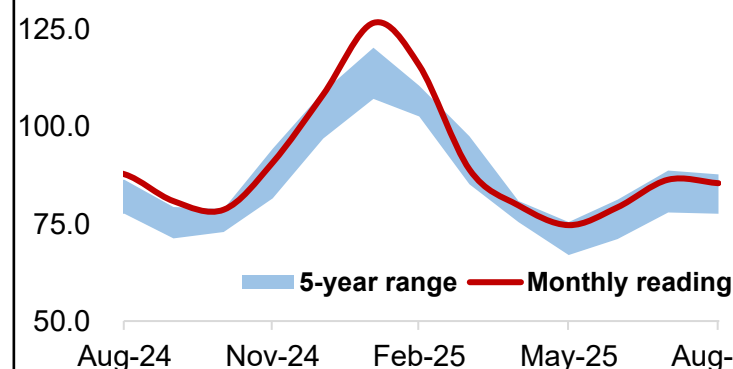
Billion cubic feet per day, bcf/d



According to the EIA estimates, U.S. natural gas net exports increased 28.8% y/y to 16.1 bcf/d in August.

U.S. natural gas consumption

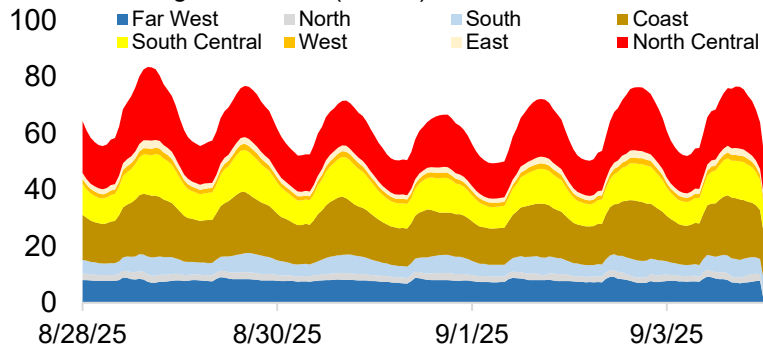
Billion cubic feet per day, bcf/d



Natural gas consumption rose seasonally declined 2.6% y/y to 85.5 bcf/d in August, according to EIA estimates.

ERCOT electricity load by region

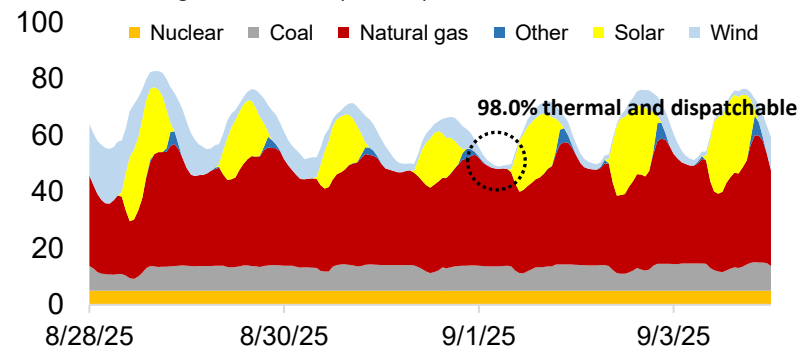
Thousand megawatt-hours (kMWh)



For Aug. 28-Sep. 3, ERCOT's average hourly electricity load was 63.7 kMWh, down 3.6% w/w, while the maximum hourly load of 83.6 kMWh rose by 0.7% w/w. Variability was the highest in the North Central and South Central regions.

ERCOT hourly electricity generation by source

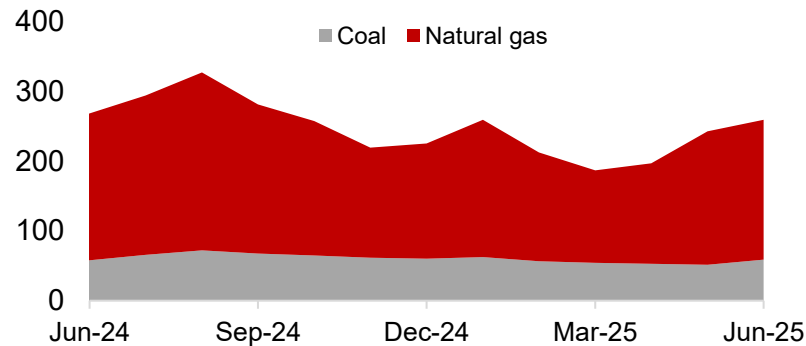
Thousand megawatt-hours (kMWh)



Thermal and other dispatchable resources supplied as much as 98.0% of ERCOT's electricity. From August 28-Sep. 3, hourly generation ranged between 49–83 kMWh, with a standard deviation of 9.0 kMWh. On the morning of Sep. 1, dispatchable sources met 98.0% of load—including 70.2% from natural gas—and sustained more than 96% of the grid's power for six straight hours.

Texas electricity plant receipts of natural gas and coal

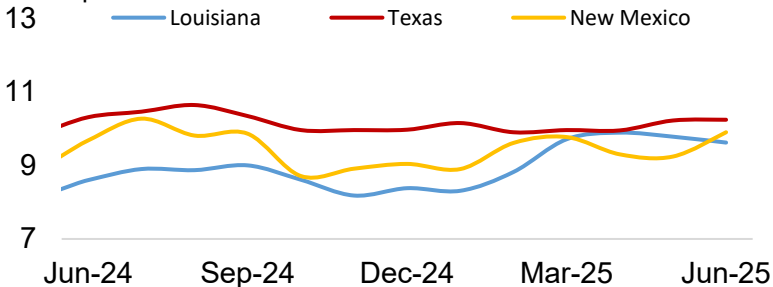
Trillion Btu



Natural gas receipts rose seasonally but remained below last year's level in June. Texas electricity plant receipts of natural gas increased 4.7% m/m but were 5.0% lower than in June 2024. Coal receipts climbed 14.1% m/m and 1.7% y/y.

Electricity prices – average across all end-use sectors

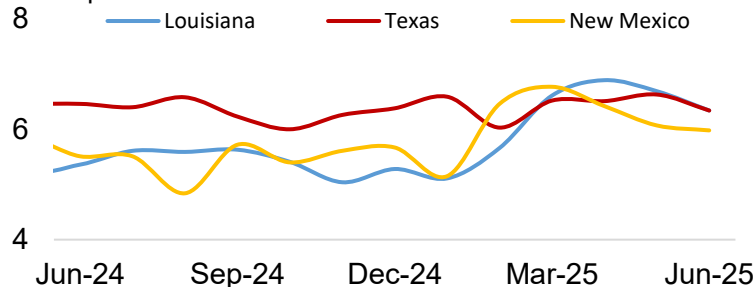
Cents per kilowatt-hour



Texas electricity prices were steady in June 2025. The state average edged up 0.2% m/m but was down 0.7% y/y to 10.24 cents per kWh, compared with 9.62 in Louisiana and 9.90 in New Mexico.

Industrial electricity prices

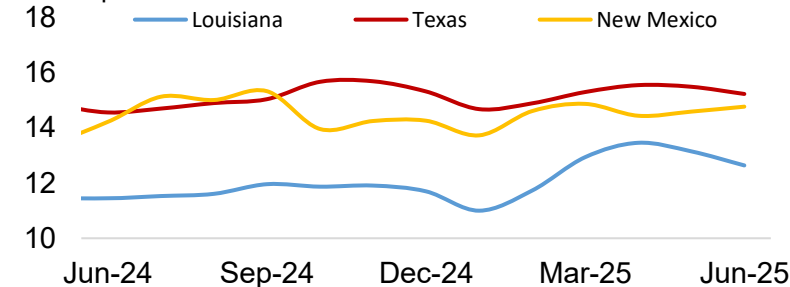
Cents per kilowatt-hour



Texas' industrial electricity prices fell by 4.4% m/m and 1.9% y/y to 5.98 cents per kWh in June, while those in neighboring Louisiana and New Mexico remained on par or lower than prices in Texas. Notably, Louisiana's average industrial electricity price escalated by 18.3% y/y in June and by 8.0% y/y over the first half of 2025.

Residential electricity prices

Cents per kilowatt-hour



Texas' residential electricity prices fell 1.7% m/m in June but were still up 4.6% y/y at 15.23 cents per kWh — above rates in Louisiana (12.64) and New Mexico (14.77).

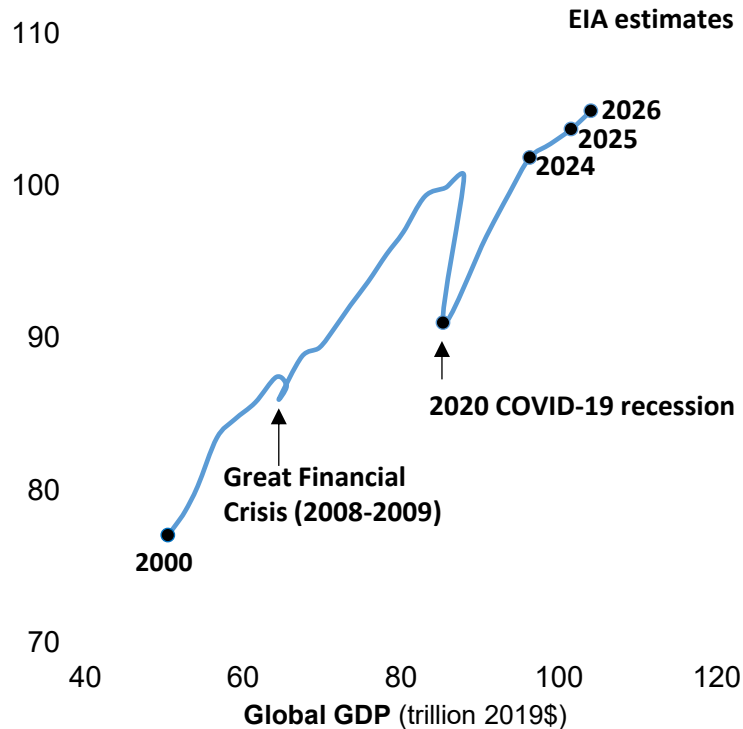
Global oil market outlook: EIA sees record oil demand and higher 2025 supply, lower 2026 prices



- In its August update, EIA raised its global oil demand forecast, now expecting a third consecutive record: 102.7 mb/d in 2024, 103.7 mb/d in 2025 (+0.2 mb/d vs. prior forecast), and 104.9 mb/d in 2026 (+0.3 mb/d)
- The EIA raised its 2025 global supply growth forecast by 0.5 mb/d to 2.3 mb/d, led by gains from the U.S. and OPEC producers, but trimmed its 2026 outlook by 0.1 mb/d to 1.0 mb/d.
- Brent crude oil prices are now projected to average \$67 per barrel in 2025 and \$51 in 2026—compared with about \$65 currently and a prior 2026 projection of \$58.

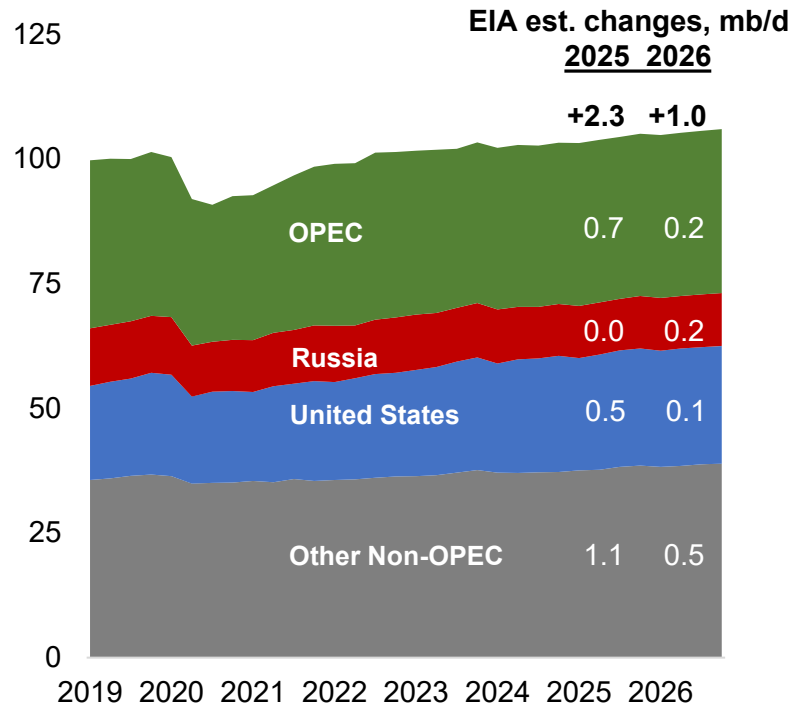
Global oil demand vs. GDP

Global oil demand (million barrels per day, mb/d)



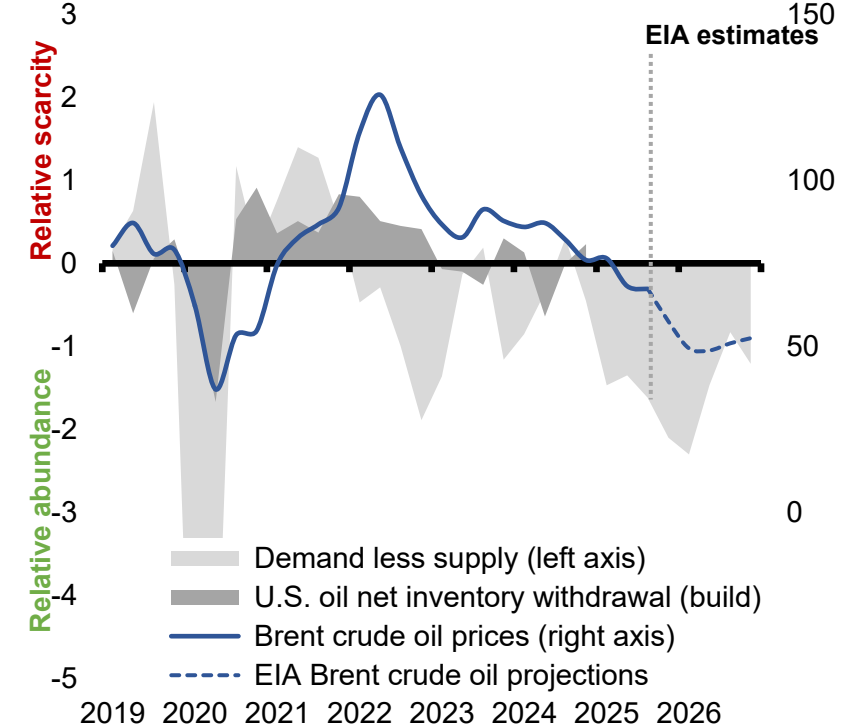
Oil production by country/region

Million barrels per day, mb/d



Global demand/supply & Brent prices

Million barrels per day (mb/d)





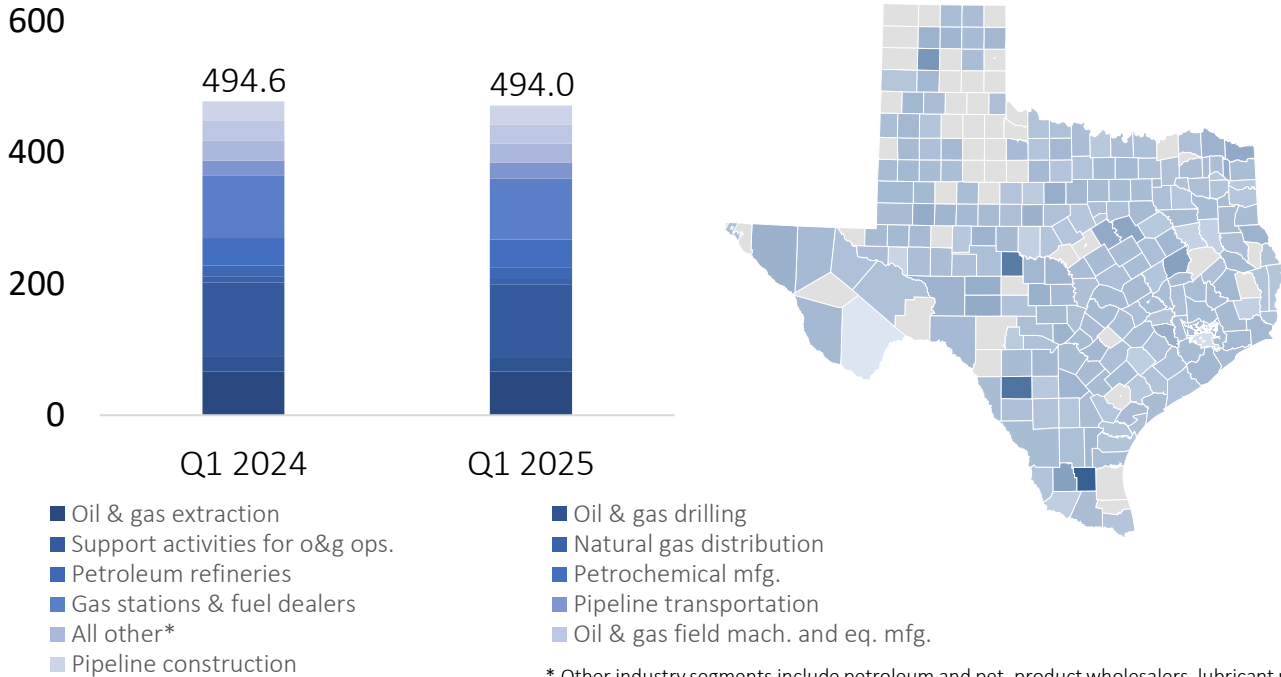
Texas Oil & Gas Jobs Dipped, Wages Reached Record High in Q1 2025



- Texas oil and natural gas industry employment slipped by 0.1% year-over-year (y/y) in Q1 2025 to 493,958 jobs, while industry wages edged up 0.2% y/y to \$20.9 billion—the highest on record.
- Although overall employment held steady, several industry segments posted notable changes. Petroleum refinery employment rose 10.8% y/y to 51,732 jobs; petrochemical manufacturing expanded 4.0% y/y to 18,279 jobs; nitrogenous fertilizer manufacturing jumped 15.6% y/y to 578 jobs; and industrial sand mining fell 26.4% y/y to 3,789 jobs, according to data from the U.S. Census Bureau and the Texas Workforce Commission.

Texas oil and natural gas industry direct employment fell by +0.1% y/y in Q1 2025

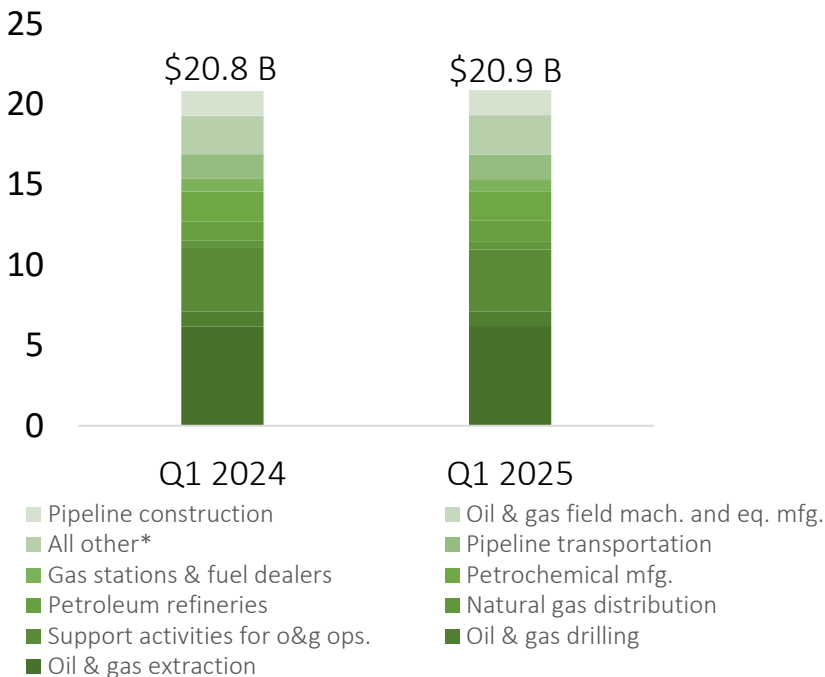
Thousand Jobs



* Other industry segments include petroleum and pet. product wholesalers, lubricant mfg., asphalt mfg., industrial sand mining, nitrogenous fertilizer mfg., basic organic chem. mfg., plastics and resin mfg.

Texas oil and natural gas industry direct wages rose by +0.2% y/y in Q1 2025

Billion dollars





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