TXOGA CHARTBOOK™

February 16, 2026

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 – Entering the Week of February 16, 2026

- **U.S. economic momentum appears to be stabilizing, with firmer labor, industrial, and business indicators reducing the near-term case for rate cuts.** Interest rates edged lower, with high-yield borrowing costs declining and Fed funds futures easing modestly, but financial conditions remain restrictive overall. The Philadelphia Fed's ADS Index continued to stabilize after Q4 softness, signaling improving business conditions. Industrial production firmed in December (+2.0% y/y) with solid capacity utilization, while the January employment report showed resilience—payrolls rose and unemployment declined to 4.3%. With labor markets steady, output firming, and real-time activity indicators stabilizing, the fundamental case for a near-term Fed funds rate cut appears weaker.

- **Oil prices eased modestly w/w but remained supported by geopolitical risk.** WTI slipped to $62.71/bbl (-1.3% w/w), supported by Iran-related risk premium, while prices remain consistent with long-run mean reversion and inventories sit in the lower third of the five-year range. U.S. petroleum demand held near 21.1 mb/d, and net exports remained historically strong at 2.3 mb/d despite weekly volatility.

  Chart of the Week: EIA materially upgraded its global supply outlook, raising projected 2026 supply growth by a cumulative +0.4 mb/d and effectively stalling U.S. production growth. While EIA projects Brent averaging ~$58/bbl in 2026 and ~$53/bbl in 2027 under surplus conditions, futures markets remain above $60–65/bbl through 2027 — signaling skepticism about the durability of oversupply assumptions.

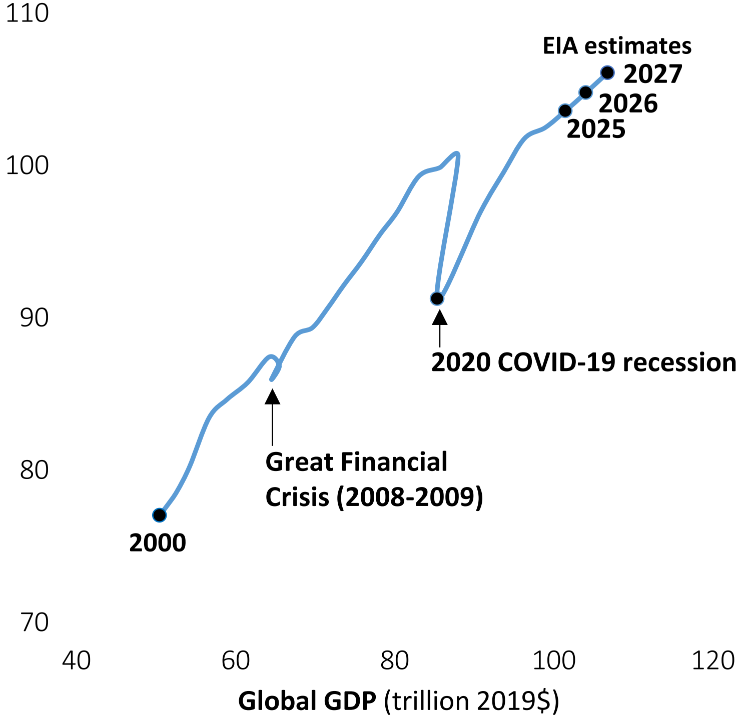
- **Natural gas prices consolidated after recent volatility, but structural demand growth continues to tighten the underlying balance.** Prompt-month futures declined 5.4% w/w to $3.24/MMBtu as the storm-driven risk premium unwound, while storage fell 10.1% to 2.2 tcf, returning to the five-year median. At the same time, U.S. net exports rose 39.1% y/y to 16.0 bcf/d and consumption reached 121.9 bcf/d in January, underscoring LNG and power-sector demand strength. With structural export growth continuing, near-term price softness appears cyclical rather than indicative of sustained oversupply, skewing medium-term risks toward episodic upside volatility.

Chart of the Week: EIA lifts global supply outlook, effectively stalls U.S. growth

- **Material upward revision to global supply.** Combined with last month's update, EIA has raised projected 2026 global supply growth by a cumulative +0.4 mb/d -- reinforcing a looser balance into 2027.
- **U.S. growth nearly zeroed out.** EIA now shows minimal U.S. production growth this year and next -- a sharp pivot from prior expansion assumptions and a key swing factor for balances.
- **Market pricing diverges from EIA's view.** The revised outlook implies continued inventory builds, with Brent projected to average ~$58/bbl in 2026 and ~$53/bbl in 2027. By contrast, Brent futures remain above $65/bbl through 2027, signaling skepticism around the durability of surplus conditions.
- **The fulcrum: productivity and discipline.** If realized well productivity and capital restraint hold firmer than EIA assumes, the projected surplus could narrow quickly.

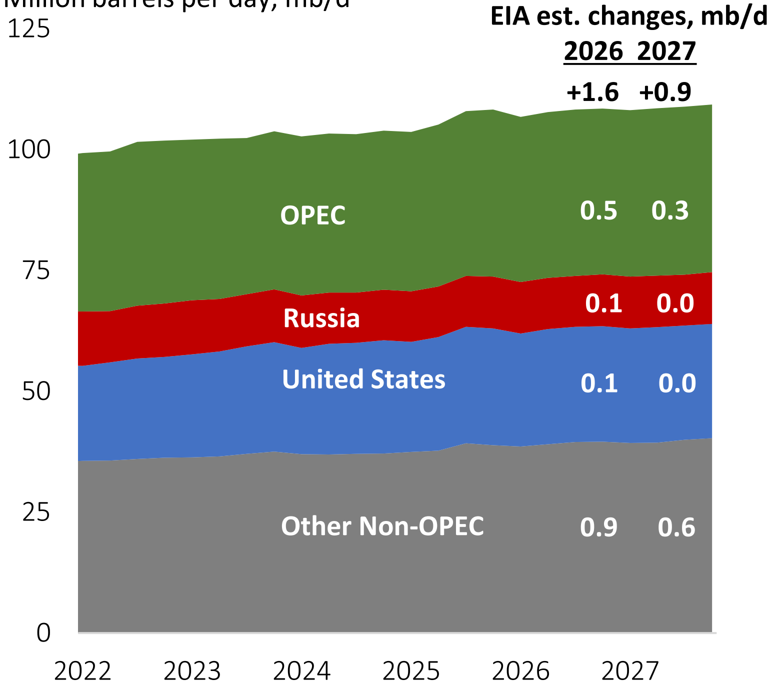
Global oil demand vs. GDP

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



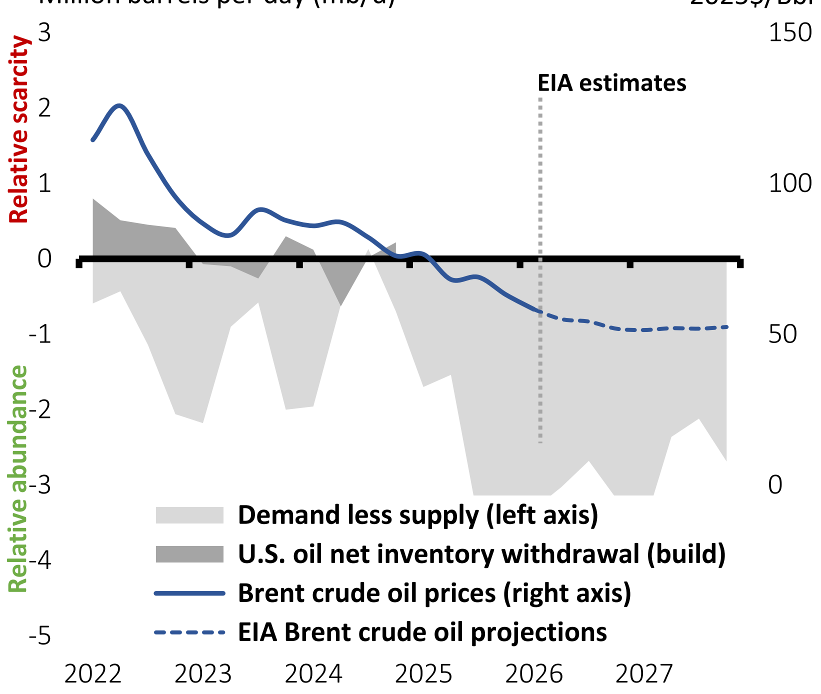
Oil production by country/region

Million barrels per day, mb/d



Global demand/supply & Brent prices

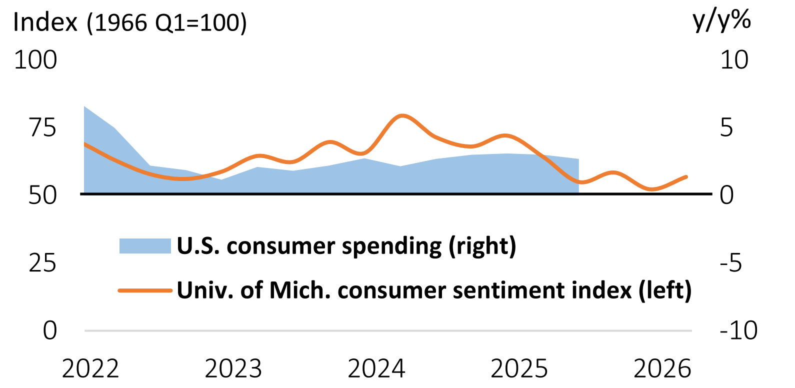
Million barrels per day (mb/d) 2025$/Bbl



sources: U.S. Energy Information Administration (Feb. 2026)

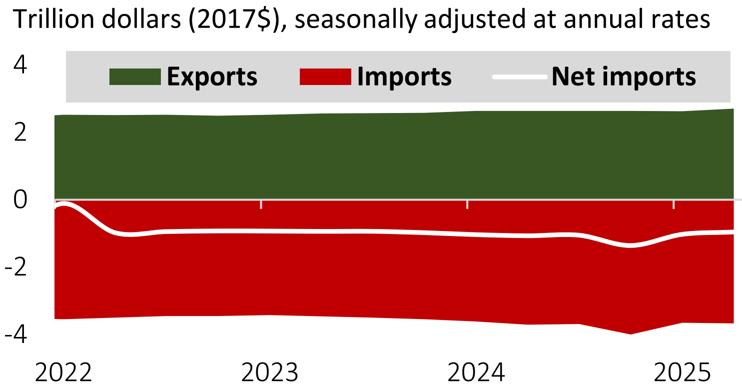
U.S. economic indicators: U.S. Momentum Stabilizing as Labor and Activity Indicators Firm

Consumer sentiment and spending trends



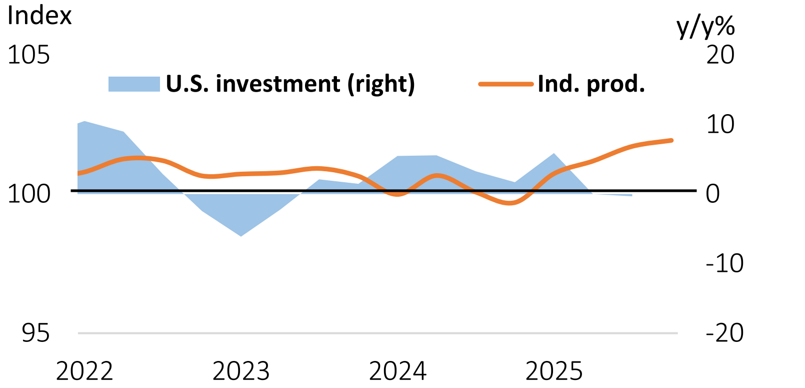
Consumer sentiment rose 1.6% m/m in early February but remains 19.4% below year-ago levels. Consumer spending continues to expand modestly, pointing to fragile but stabilizing support in Q1.

U.S. trade balance and petroleum exports



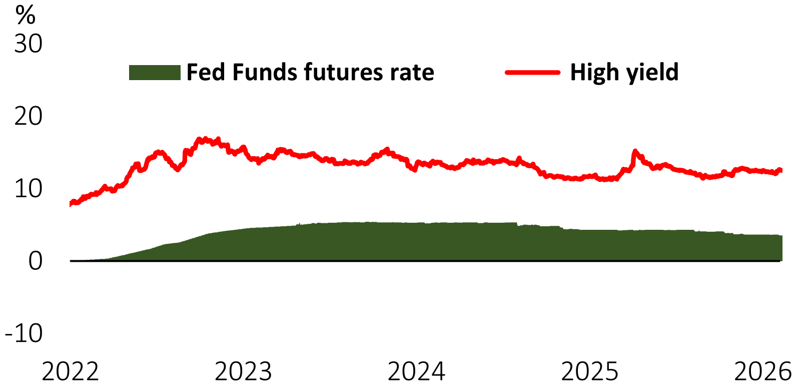
Trade supported growth in Q3, with the deficit narrowing to an annualized $0.96 trillion. A rising petroleum trade surplus partially offset softer domestic demand.

Industrial production and investment



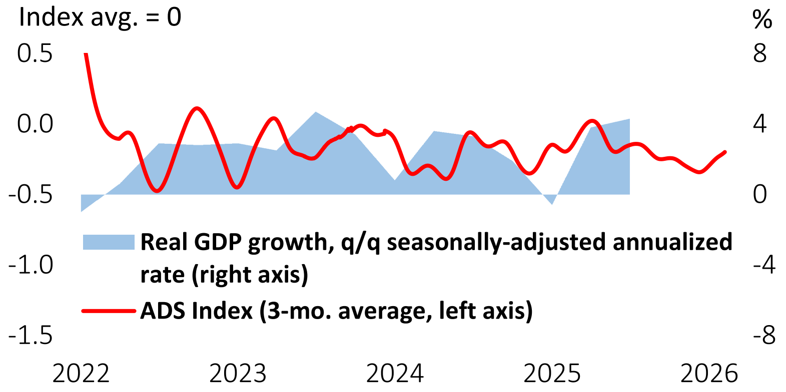
Industrial production rose 2.0% y/y in December, with capacity utilization at 76.3% (+0.2 pp m/m). However, economy-wide investment was flat q/q in Q3, reflecting caution amid elevated policy uncertainty.

Interest rates and high-yield borrowing costs



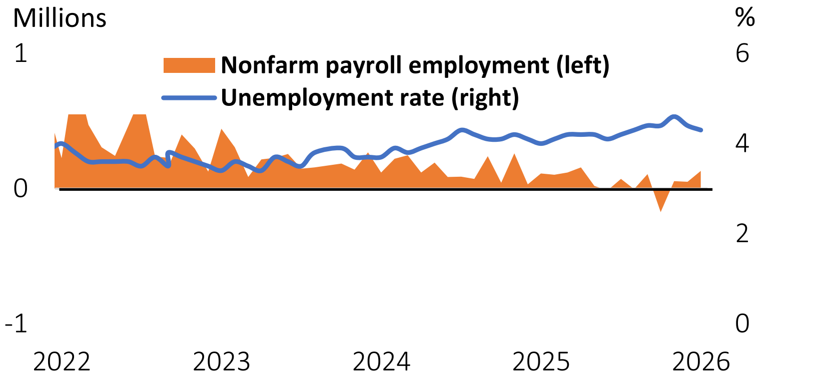
High-yield borrowing costs edged down to 12.5%, while Fed funds futures slipped below 3.6%. Financial conditions remain restrictive, but easing at the margin suggests slightly reduced pressure on credit-sensitive sectors.

ADS Index and real GDP growth



The Philadelphia Fed's ADS Index continued to stabilize after weakening in Q4. The recent firming suggests modest improvement in real-time business conditions and GDP growth entering Q1.

Employment and unemployment trends



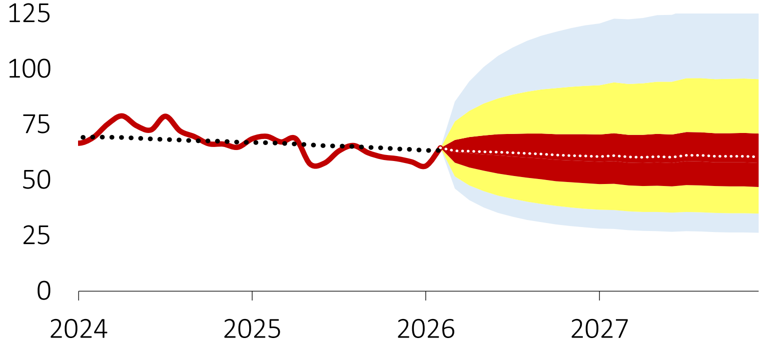
Payrolls rose 130,000 in January, while the unemployment rate declined 0.1 pp to 4.3%. Labor market resilience reinforces broader signs of stabilization.

sources: FRED; Univ. of Michigan; BEA; CME Group; Federal Res. Board; Philadelphia Fed. Res.; Bureau of Labor Statistics

Geopolitics continued to support oil prices, but market structure remains balanced

WTI futures mean reversion analysis

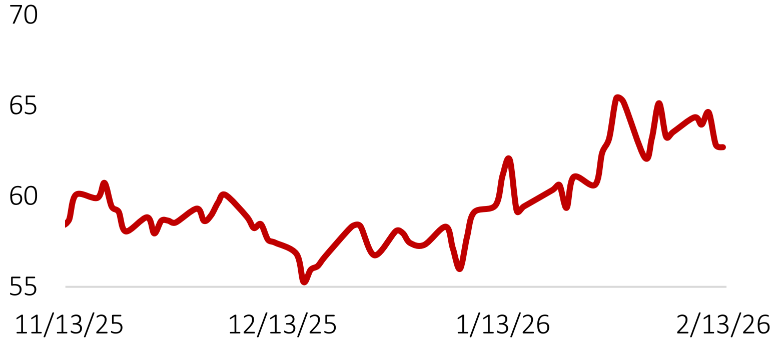
Dollars per barrel (2026$)



WTI remains aligned with long-run mean reversion, with prices near $64/bbl showing no clear structural mispricing despite the recent geopolitical-driven move higher.

WTI crude prompt month futures prices

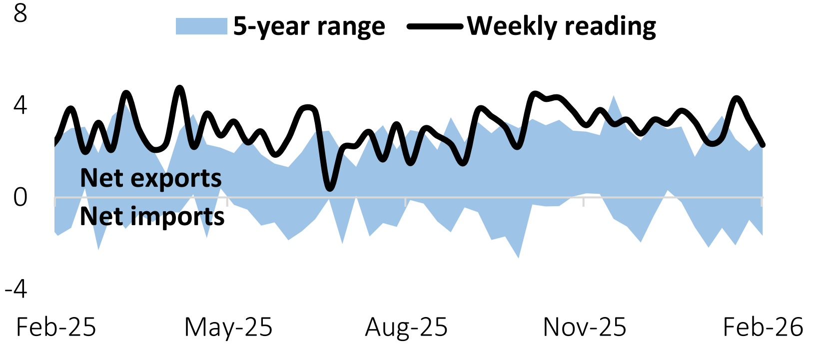
Dollars per barrel



WTI slipped to $62.71/bbl (-1.3% w/w) as of February 13, but remained supported by a continued geopolitical risk premium tied to Iran-related tensions.

U.S. petroleum net exports (imports)

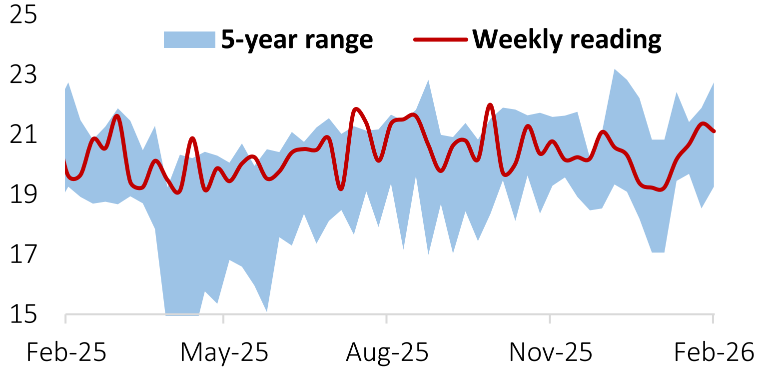
Million barrels per day, mb/d



U.S. petroleum net exports fell to 2.3 mb/d for the week ended February 6 (–1.1 mb/d w/w) but remain in the top decile of the five-year range.

U.S. petroleum demand

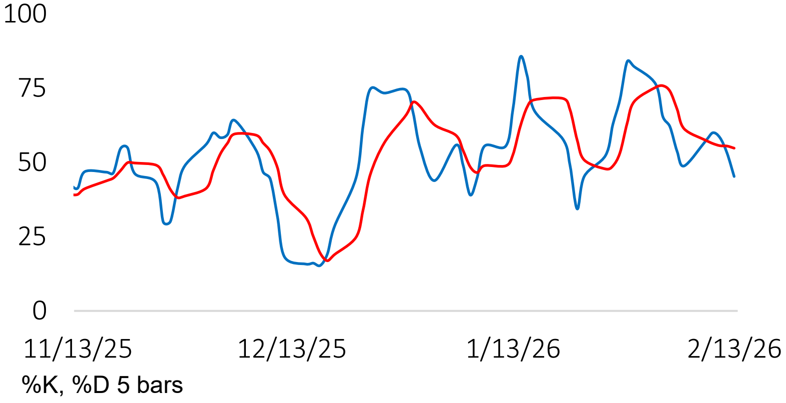
Million barrels per day (mb/d)



U.S. petroleum demand slipped to 21.1 mb/d (–0.2 mb/d w/w), placing deliveries near the middle of the five-year range.

WTI futures momentum indicator

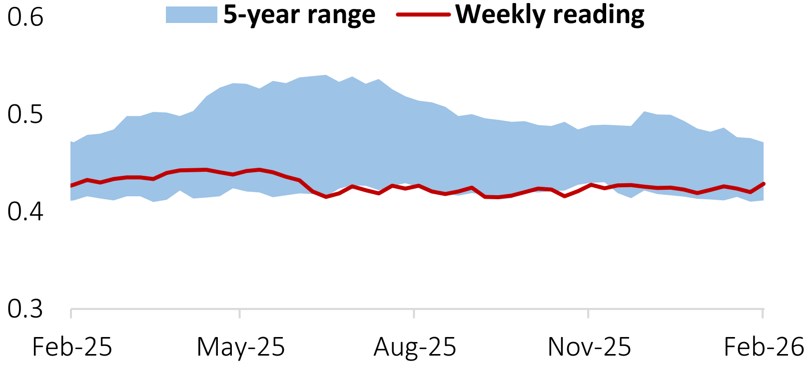
Index level



Momentum slowed but showed no decisive directional shift during the week ended February 13, suggesting market caution amid ongoing geopolitical developments.

U.S. crude oil inventories (excluding the SPR)

Billion barrels

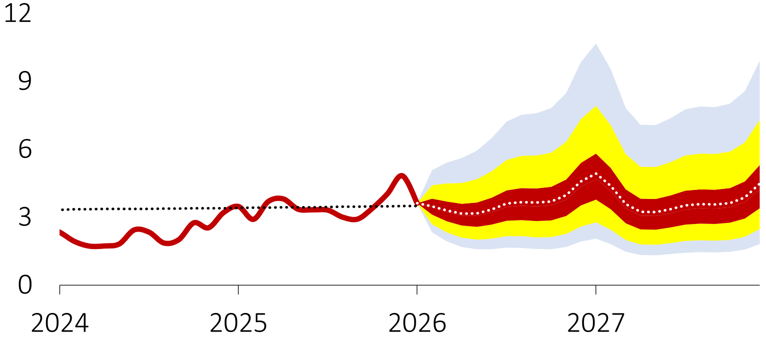


Commercial crude inventories rose 8.5 million barrels for the week ended February 6 but remain in the lowest 30% of the five-year range.

sources: U.S. Energy Information Administration; CME Group; Bureau of Labor Statistics; TXOGA analysis

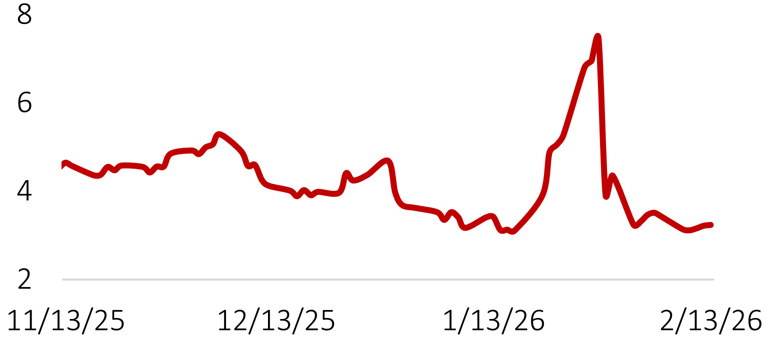
Natural gas pulled back, but structural demand and exports tightened the balance

Natural gas futures mean reversion analysis
Dollars per MMBtu (2026$)



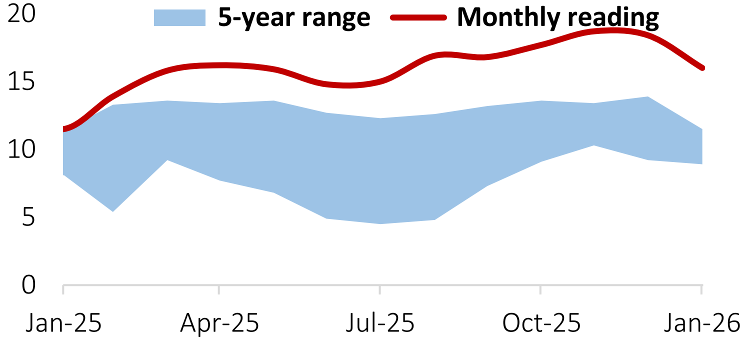
Near-term natural gas futures remain aligned with the historical mean-reversion threshold, indicating recent volatility reflects temporary shocks rather than a structural repricing of fundamentals.

Natural gas prompt month futures prices
Dollars per million Btu



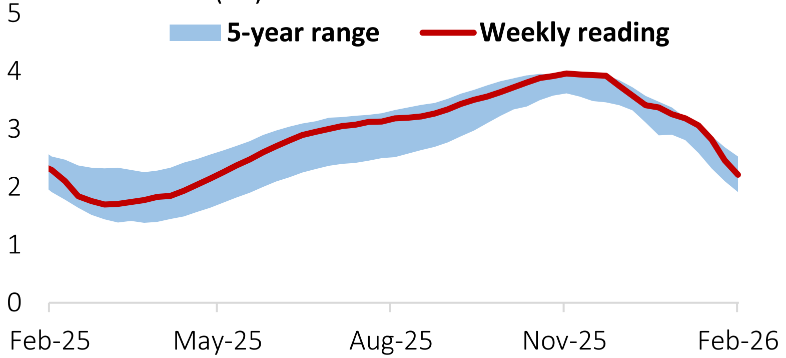
Natural gas prompt-month futures declined 5.4% w/w to $3.24/MMBtu as of February 13 and are down 56.6% since January 28's $7.48/MMBtu peak, reflecting the unwinding of storm-driven risk premium.

U.S. natural gas net exports
Billion cubic feet per day, bcf/d



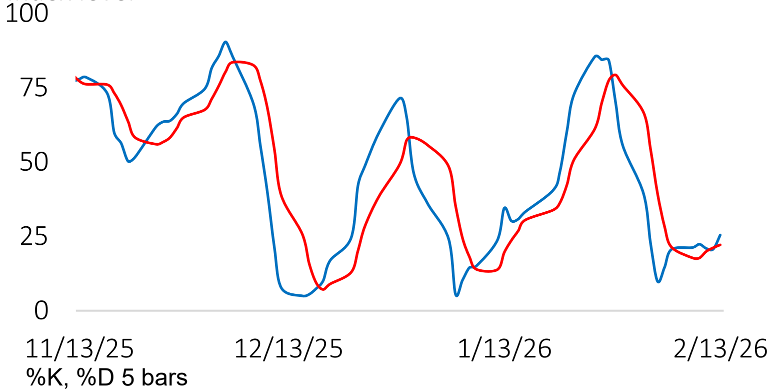
U.S. natural gas net exports rose 39.1% y/y to 16.0 bcf/d in January, underscoring LNG exports' expanding structural role in trade.

Working natural gas storage
Trillion cubic feet (tcf)



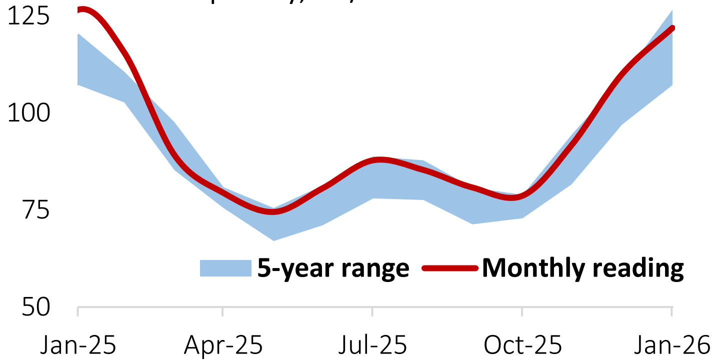
Working gas storage fell 10.1% w/w to 2.2 tcf as of February 6, returning to the median of the five-year range after exceeding it four weeks earlier.

Natural gas futures momentum indicator
Index level



Momentum stabilized as prices consolidated during the week ended February 13, suggesting near-term technical support around current levels.

U.S. natural gas consumption
Billion cubic feet per day, bcf/d



U.S. natural gas consumption rose to 121.9 bcf/d in January, reflecting seasonal normalization alongside continued strength in power and industrial demand.

sources: U.S. Energy Information Administration; CME Group; BLS; TXOGA analysis

Productivity gains sustained Texas oil and natural gas production through year-end 2025

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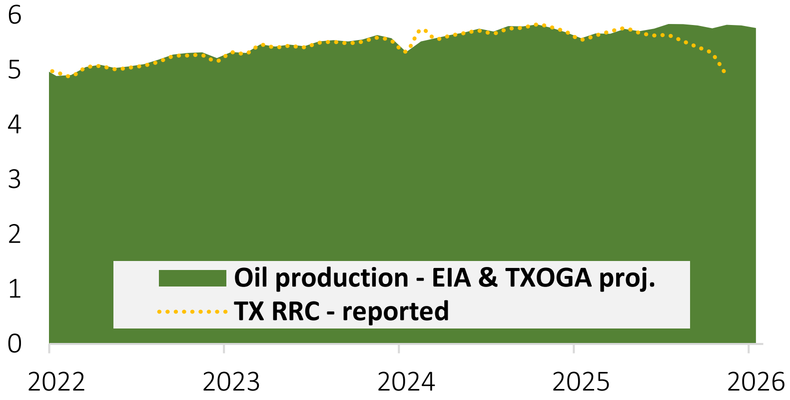
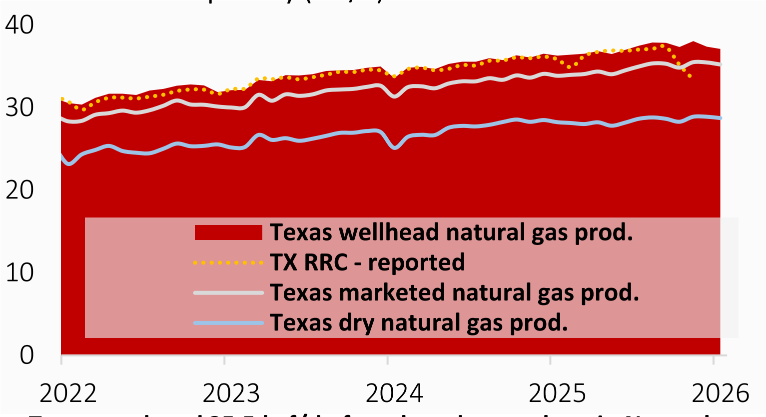
Texas crude oil production, Jan. 2022 – Jan. 2026



Texas oil output held near record highs through late 2025. EIA data show production at 5.8 mb/d in November, with TXOGA estimates indicating volumes held near 5.8 mb/d through January 2026, underscoring resilience despite easing drilling activity.

Texas natural gas production, Jan. 2022 – Jan. 2026

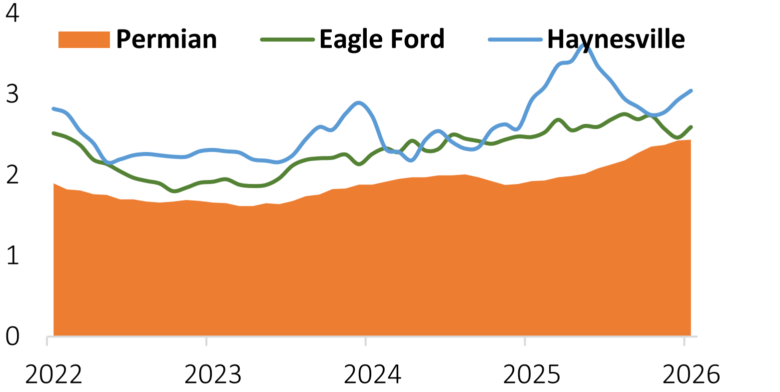
Billion cubic feet per day (bcf/d)



Texas produced 35.5 bcf/d of marketed natural gas in November (EIA). TXOGA estimates show marketed production holding near 35.2 bcf/d in January 2026, with dry gas production sustained above 28 bcf/d, reflecting continued strength across major shale basins.

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

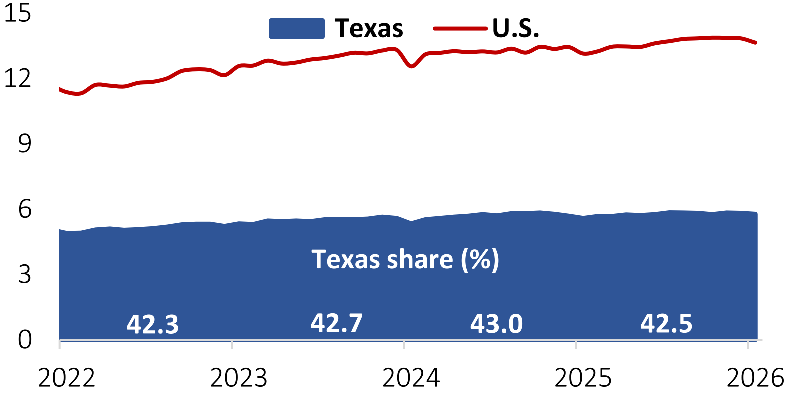
Thousand barrels per day oil-equivalent, kb/doe



Rig productivity continued to improve in January 2026, led by the Permian (+26.7% y/y), Eagle Ford (+5.0% y/y), and Haynesville (+4.0% y/y). Gains in output per rig continue to offset lower rig counts.

U.S. and Texas crude oil production, Jan. 2022 – Jan. 2026

Million barrels per day (mb/d)

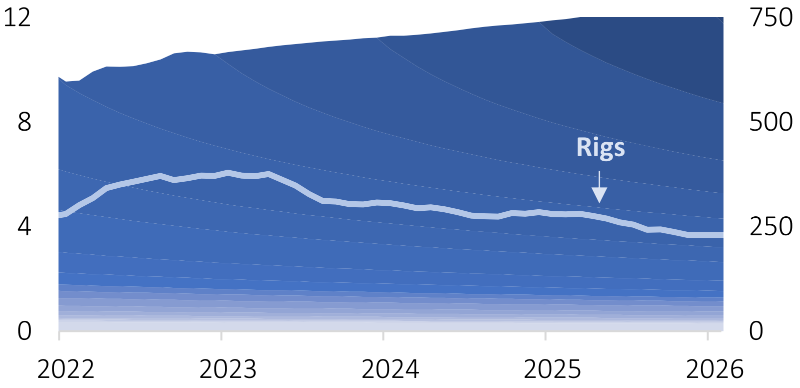


Texas accounted for nearly 43% of total U.S. crude oil production in 2025, reinforcing its central role in U.S. supply growth and global oil markets despite slower drilling momentum nationwide.

Texas shale basin wellhead oil & natural gas production

Million barrels per day oil-equivalent

Rigs

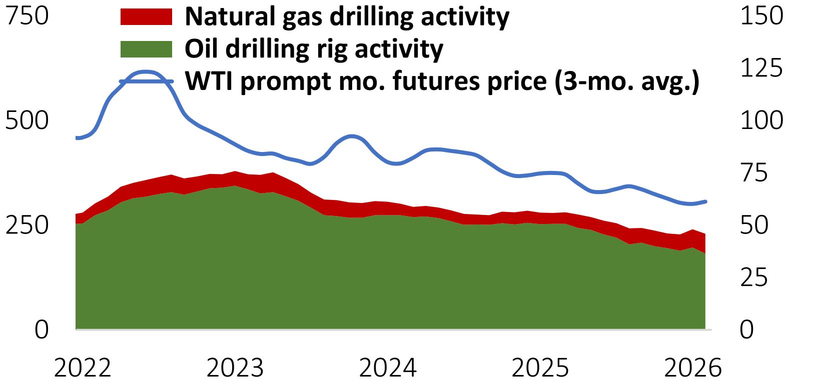


EIA estimates show continued production growth across major Texas shale basins in January 2026, including the Permian (+4.8% y/y), Eagle Ford (+3.6% y/y), and Haynesville (+3.3% y/y), even as active rig counts declined.

Texas drilling activity and WTI crude oil futures prices

Rigs

Dollars per barrel (2026$)

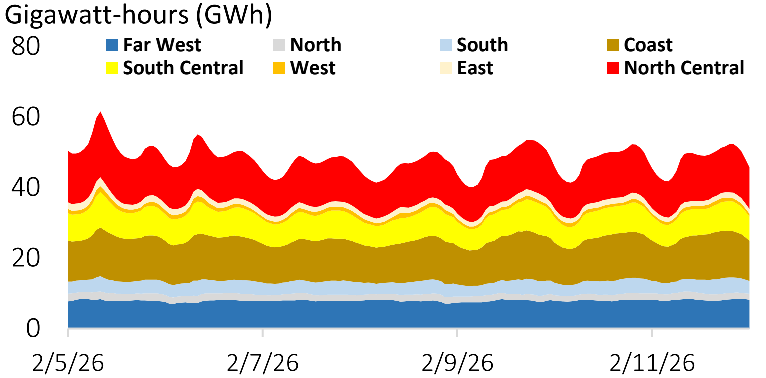


Drilling activity continued to ease alongside lower oil prices. As of February 13, Texas operated 180 oil-directed rigs (down 4 rigs w/w) and 48 gas-directed rigs (up 1 rig w/w).

sources: U.S. Energy Information Administration; Texas Railroad Commission; Baker Hughes; CME Group; TXOGA analysis

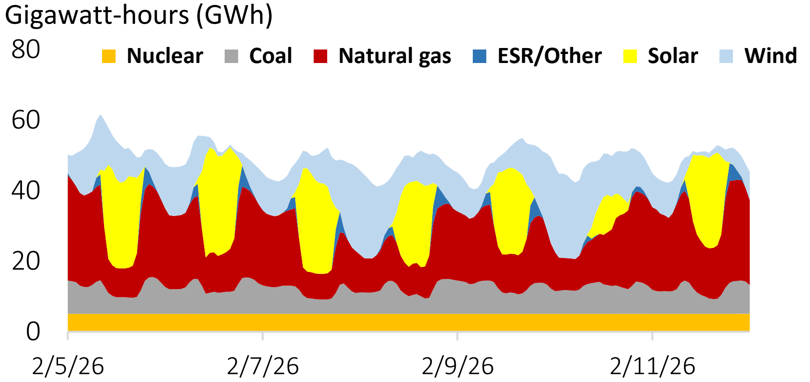
Texas electricity – dispatchable supply anchored reliability as prices eased

ERCOT electricity load by region



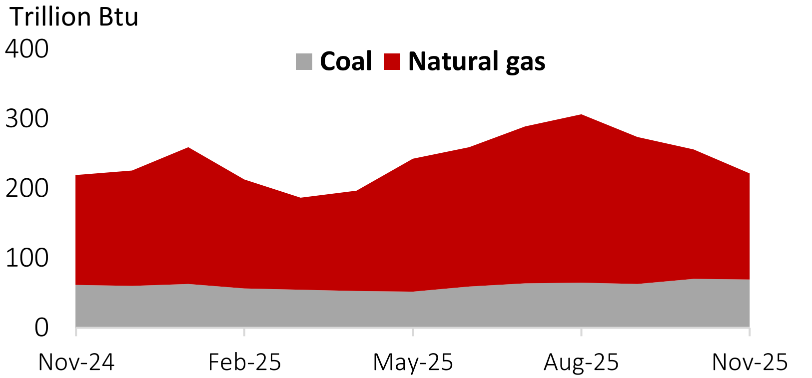
For Feb. 5-11, ERCOT's average hourly electricity load was 48.2 GWh, down 13.7% w/w, while the maximum hourly load of 61.6 GWh fell by 11.8% w/w. Variability was the highest in the West and East regions.

ERCOT hourly electricity generation by source



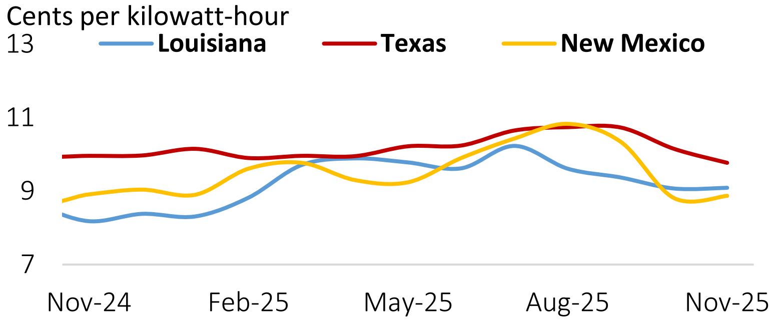
From Feb. 5-11, thermal and other dispatchable resources supplied as much as 86.5% of ERCOT's total generation, including 57.6% from natural gas. Hourly generation ranged between 40 and 62 GWh, with a standard deviation of 4.0 GWh, indicating lower and more stable seasonal load versus the prior week.

Texas electricity plant receipts of natural gas and coal



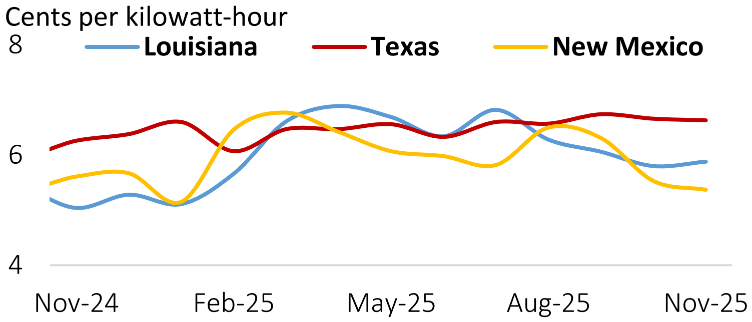
Natural gas-coal switching accelerated. Power plant receipts of natural gas in Texas decreased in November by 3.4% y/y, while coal receipts rose 12.6% y/y, reflecting switching towards coal at natural gas prices near $4.00 per million Btu.

Electricity prices – average across all end-use sectors



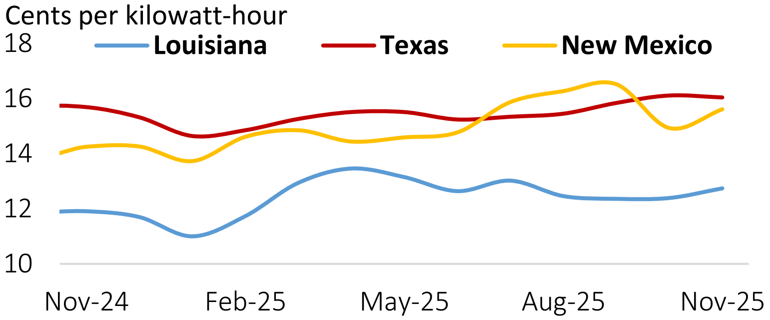
Texas electricity prices decreased in November. Average statewide electricity prices fell **3.7% m/m** and **1.9% y/y** to **9.77 ¢/kWh**, compared with **9.09** ¢ in Louisiana and **8.87** ¢ in New Mexico.

Industrial electricity prices



Industrial electricity prices edged down. Industrial rates in Texas fell **0.5% m/m** but remained up **5.9% y/y** to **6.63 ¢/kWh** in November. Prices in neighboring states were mixed—up **7.2% y/y in Louisiana** but down **4.3% y/y** in New Mexico.

Residential electricity prices



Residential electricity prices remain elevated across the region. Texas residential rates slipped in November **(-0.4% m/m)** but remained up **2.2% y/y** at 16.04¢/kWh. Prices continued to climb more rapidly in neighboring states, rising **7.0% y/y** in Louisiana and **9.5% y/y** in New Mexico. Despite recent increases elsewhere, Louisiana's residential rates remain materially lower—about 21% below Texas levels.

sources: ERCOT; EIA; TXOGA analysis

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