



# Supply and Demand Forecast: Permian

Report Published: 2/25/2022

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insight@eastdaley.com

## PERMIAN PRODUCTION

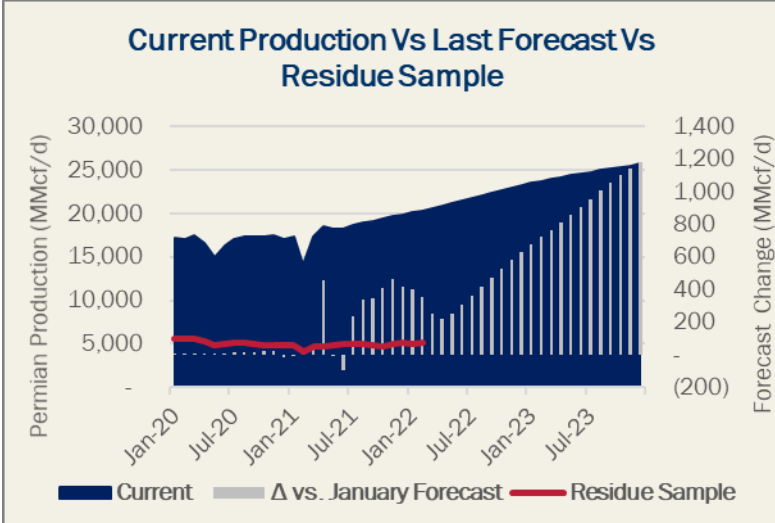
### Gas Production (Bcf/d)

- Based on our new forecast, Permian could see gas egress constraints by early to mid-2023. After adding a new 2 bcf/d solution, egress fills once again by early 2025.
- Waha to SoCal Spreads could widen based on historical spreads when the Permian was last constrained.
- Energy Transfer announced 300 MMcf/d of much needed Permian processing capacity.
- Almost all major G&P systems, except ET, hit processing capacity by 2023.
- A jump in actual rigs and higher IP rates into the future drive the increase from our last forecast.

Permian Summary (Bcf/d)	Nov-21	Dec-21	Jan-22	Feb-22	Y-o-Y Δ	Mar-22	Apr-22	May-22	2021	2022	Y-o-Y Δ
EIA Gross Gas Production	19.9	20.0	20.1	20.2	3.0	20.4					
EDC Gross Gas	19.7	19.9	20.1	20.3	6.2	20.6	20.9	21.2	18.1	21.6	3.6
EDC Dry Gas	13.6	13.8	13.9	14.0	1.9	14.2	14.4	14.6	12.6	15.0	2.3
Total Rigs	283	293	291	296	82	300	306	308	250	304	55

Rich Gas (Bcf/d)	Nov-21	Dec-21	Jan-22	Feb-22	Y-o-Y Δ	Mar-22	Apr-22	May-22	2021	2022	Y-o-Y Δ
TRGP - West Texas	2.5	2.5	2.5	2.5	1.0	2.5	2.5	2.5	2.2	2.5	0.3
EPD - Delaware	1.5	1.5	1.5	1.5	0.3	1.5	1.5	1.5	1.5	1.6	0.1
ET - Delaware	1.3	1.3	1.3	1.3	0.4	1.3	1.3	1.3	1.2	1.4	0.2
Private - Lucid S Carlsbad	1.2	1.2	1.2	1.3	0.4	1.3	1.3	1.3	1.1	1.3	0.2
WES - DBM	1.0	1.1	1.1	1.1	0.4	1.1	1.1	1.2	0.9	1.2	0.3
ET - Midland	0.7	0.8	0.8	0.8	0.3	0.8	0.8	0.8	0.7	0.8	0.1
DCP - Delaware	0.7	0.7	0.8	0.8	0.2	0.8	0.8	0.8	0.7	0.8	0.2
EPD - Navitas	0.7	0.7	0.7	0.8	0.3	0.8	0.8	0.8	0.7	0.8	0.1
Private - Eagle Claw	0.7	0.7	0.7	0.7	0.1	0.7	0.7	0.7	0.7	0.7	0.1
TRGP - Delaware	0.7	0.7	0.7	0.7	0.2	0.7	0.7	0.7	0.6	0.7	0.1
ENLC - Midland	0.6	0.6	0.6	0.6	0.3	0.6	0.6	0.6	0.5	0.6	0.1
MPLX - Delaware	0.6	0.6	0.6	0.7	0.2	0.7	0.7	0.7	0.5	0.7	0.2
Private - WTG North Midland	0.6	0.6	0.6	0.6	0.2	0.6	0.7	0.7	0.5	0.7	0.3
ALTM - Alpine High	0.4	0.4	0.4	0.4	(0.0)	0.4	0.4	0.4	0.4	0.4	(0.1)
Private - Cogent Midland	0.4	0.4	0.4	0.4	0.1	0.4	0.4	0.4	0.4	0.4	0.0
Other	6.1	6.1	6.2	6.2	1.7	6.4	6.7	6.8	5.5	6.9	1.4
<b>Total</b>	<b>19.7</b>	<b>19.9</b>	<b>20.1</b>	<b>20.3</b>	<b>6.2</b>	<b>20.6</b>	<b>20.9</b>	<b>21.2</b>	<b>18.1</b>	<b>21.6</b>	<b>3.6</b>



Rich Gas (Bcf/d)	YE 22' Plant Utilization
TRGP - West Texas	95%
EPD - Delaware	104%
ET - Delaware	74%
Private - Lucid S Carlsbad	101%
WES - DBM	99%
ET - Midland	100%
DCP - Delaware	143%
EPD - Navitas	91%
Private - Eagle Claw	59%
TRGP - Delaware	67%
ENLC - Midland	77%
MPLX - Delaware	86%
Private - WTG North Midland	150%
ALTM - Alpine High	61%

Source: East Daley, EIA, PointLogic, Enverus



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## PERMIAN RIGS

### Rigs by system

Rigs	Nov-21	Dec-21	Jan-22	Feb-22	Y-o-Y Δ	Mar-22	Apr-22	May-22	2021	2022	Y-o-Y Δ
TRGP - West Texas	34	36	41	41	20	36	37	37	29	37	8
EPD - Delaware	15	15	14	13	3	14	14	14	12	14	1
ET - Delaware	14	13	15	16	9	17	17	17	13	17	3
Private - Lucid S Carlsbad	21	26	28	20	1	21	21	21	20	21	2
WES - DBM	14	13	13	14	7	14	14	14	12	14	3
ET - Midland	19	17	10	12	5	12	12	12	14	12	(2)
DCP - Delaware	11	11	9	10	5	10	10	10	8	10	2
EPD - Navitas	16	18	18	18	8	18	18	18	12	18	6
Private - Eagle Claw	8	8	7	8	2	8	8	8	7	8	1
TRGP - Delaware	15	12	10	12	3	13	13	13	11	12	1
ENLC - Midland	10	12	12	12	3	12	12	12	9	12	3
MPLX - Delaware	4	4	5	6	(0)	6	6	6	5	6	0
Private - WTG North Midland	25	25	33	32	2	33	33	33	29	33	4
ALTM - Alpine High	-	-	-	-	-	-	-	1	-	0	0
Private - Cogent Midland	5	5	4	4	0	4	4	4	3	4	1
Other	72	79	71	78	14	83	88	89	66	87	22
<b>Total Permian</b>	<b>283</b>	<b>293</b>	<b>291</b>	<b>296</b>	<b>82</b>	<b>300</b>	<b>306</b>	<b>308</b>	<b>250</b>	<b>304</b>	<b>55</b>

- Targa West Texas:** We forecast an average of 37 rigs on the system in 2022. With this forecast, Targa reaches capacity by mid 2022. There are currently 44 rigs allocated to this system, with this rig count Targa will have to offload volumes until their new processing plant comes online in late 2022.
- Energy Transfer:** We forecast 17 rigs on ET's Delaware system, while there are currently 19 rigs allocate to the system. Discussed on page 3, ET will have room for this growth after announcing a new plant commencing service by YE22.

### Rigs Allocated by System

As of 2/13/22

Shading indicates if current rigs are trending above East Daley's forecast

<b>TRGP - West Texas</b>	<b>Rigs</b>	<b>WES - DBM</b>	<b>Rigs</b>
PIONEER NATURAL RESOURCES	19	Occidental Petroleum	4
DIAMONDBACK ENERGY	3	MEWBOURNE OIL	3
HIBERNIA RESOURCES III	3	TITUS OIL & GAS PRODUCTION, LLC	3
<b>Total</b>	<b>44</b>	<b>Total</b>	<b>14</b>
<b>ET - Delaware</b>	<b>Rigs</b>	<b>EPD - Navitas</b>	<b>Rigs</b>
Chevron Corporation	3	ENDEAVOR ENERGY	8
MEWBOURNE OIL	3	ENCANA OIL & GAS (USA)	2
COLGATE OPERATING, LLC	3	BIRCH OPERATIONS	2
<b>Total</b>	<b>19</b>	<b>Total</b>	<b>15</b>
<b>Private - Lucid S Carlsbad</b>	<b>Rigs</b>	<b>Private - WTG North Midland</b>	<b>Rigs</b>
EOG RESOURCES, INC.	10	DIAMONDBACK ENERGY	5
TAP ROCK OPERATING	5	ENDEAVOR ENERGY	3
Devon Energy Corporation	2	Occidental Petroleum	3
<b>Total</b>	<b>24</b>	<b>Total</b>	<b>39</b>

Source: East Daley, Enverus



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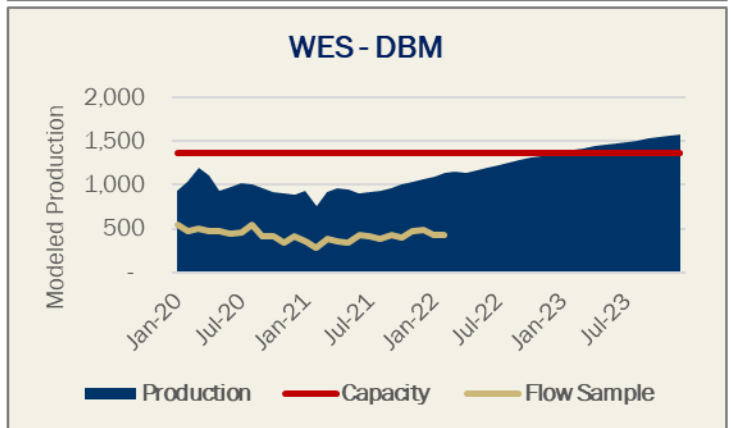
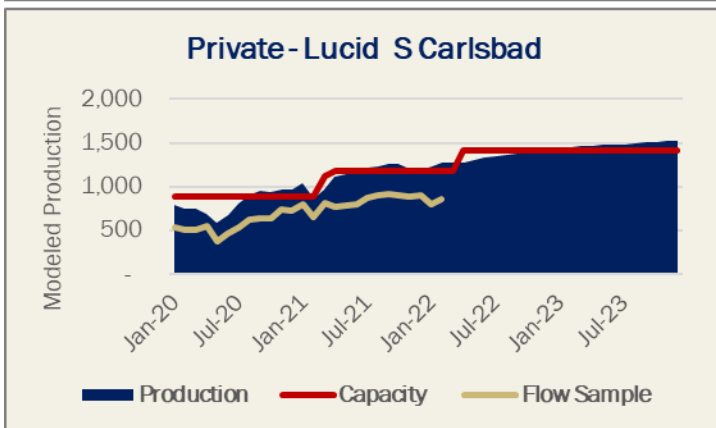
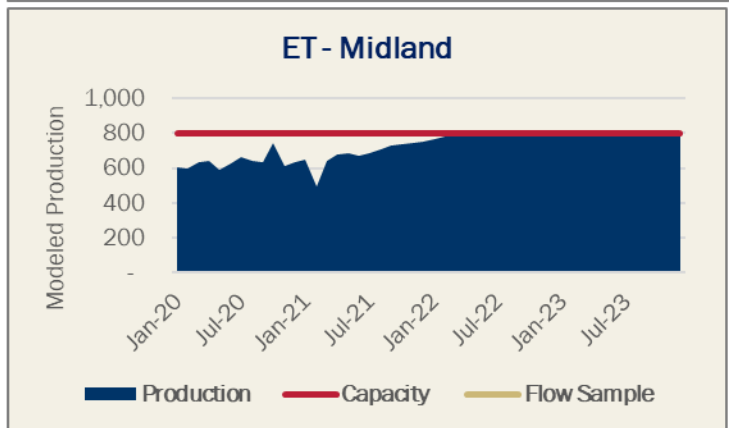
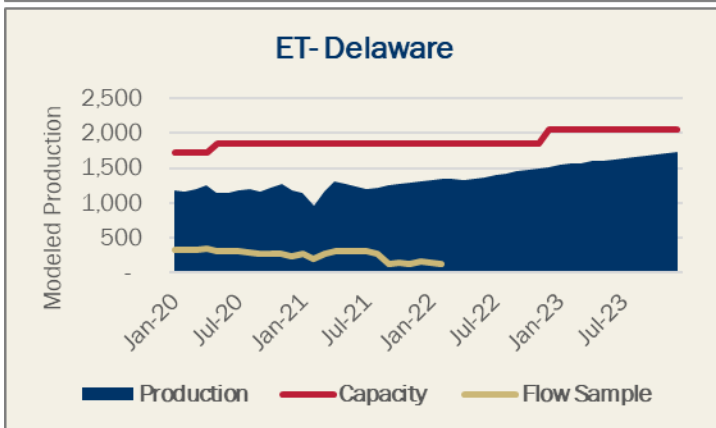
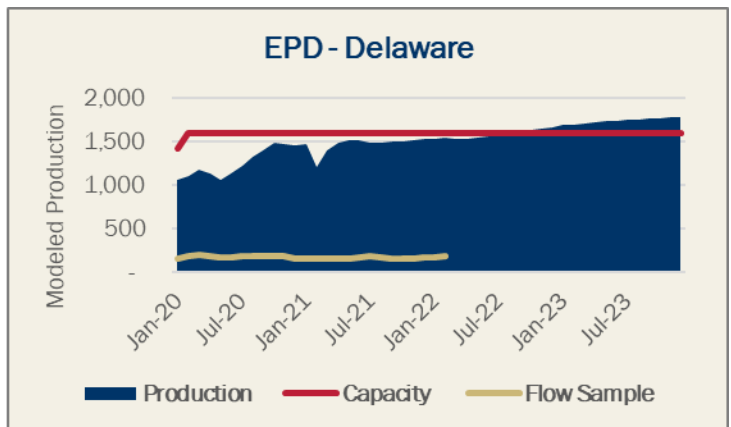
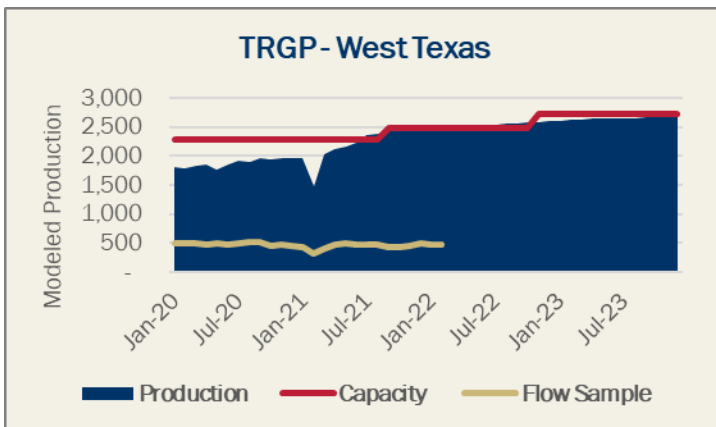
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## SHORT-TERM PRODUCTION OUTLOOK BY SYSTEM

### Raw Gas Production (MMcf/d)

- **Targa West Texas:** Hits capacity throughout 2022 until their new 250 MMcf/d plant comes online in November. They will fill this new capacity at current growth rates by late 2024.
- **Energy Transfer:** ET made two big announcements in their 4Q21 earnings call. They are expanding their Permian Bridge pipeline to bring 200 MMcf/d of raw gas from the Midland to the Delaware. ET also announced a new 200 MMcf/d plant on their Delaware system to be online by YE2022. Shown below, East Daley fills up ET's Midland system then starts sending volumes to their Delaware system.
- **Lucid S Carlsbad:** Runs mostly full in 2022, hitting capacity by YE22. We have seen residue samples on XTO, a nearby system, increase; this could be volumes shifting between systems.



Source: East Daley, PointLogic, Enverus



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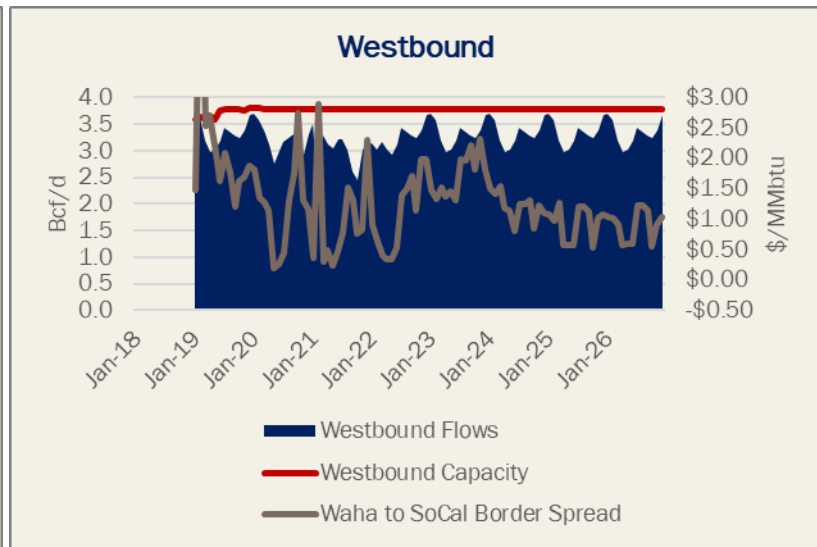
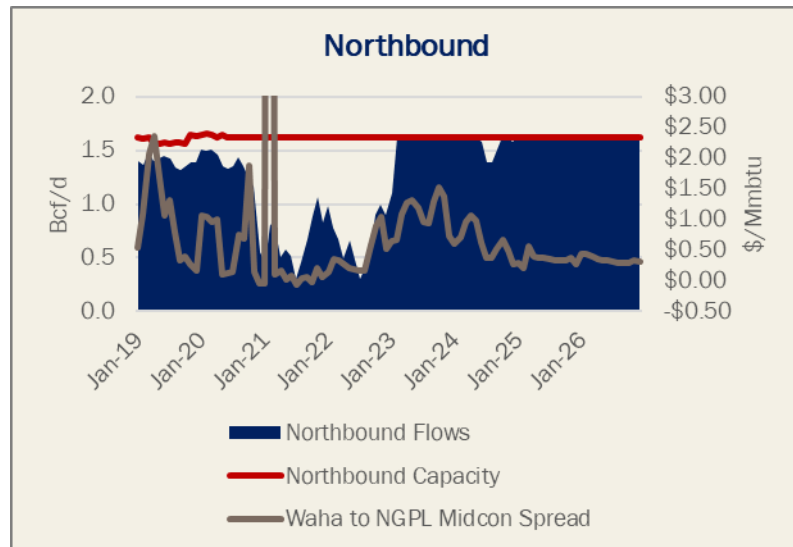
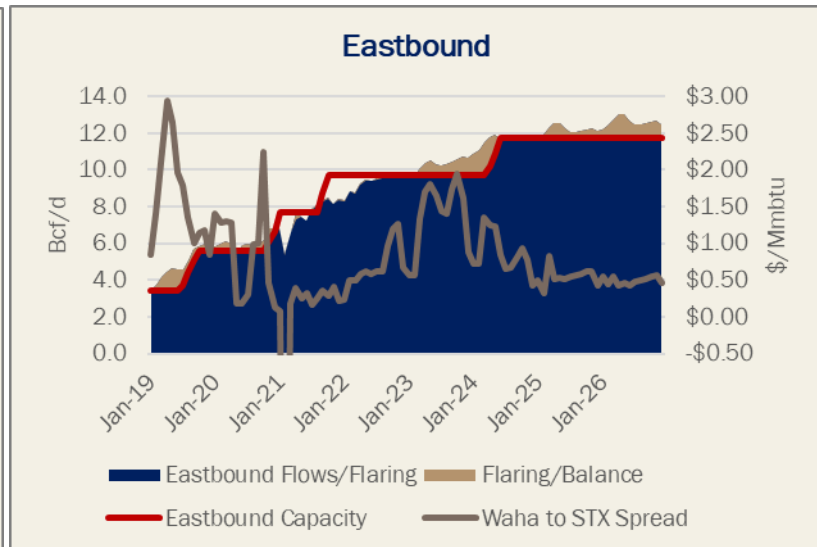
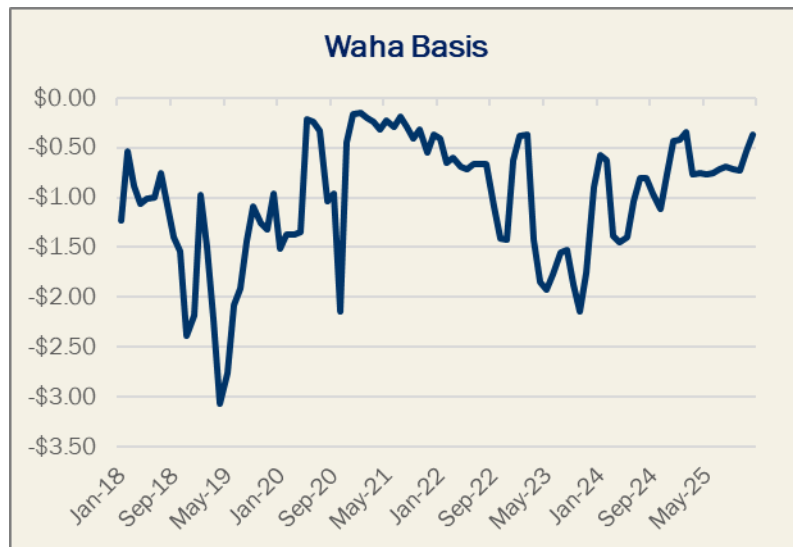
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## RESIDUE AND CONSTRAINTS

### Residue Sample by G&P System (MMcf/d)

Residue Sample (MMcf/d)	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	M-o-M Δ	R^2	Interstate Pipeline	% on Intrastate
TRGP - West Texas	425	462	492	482	483	1	58%	Norther Natural, El Paso	80%
EPD - Delaware	154	154	164	178	184	7	5%	El Paso, NNG, Transwestern	88%
ET - Delaware	142	121	157	142	135	(7)	1%	El Paso, NNG, Transwestern	90%
Private - Lucid S Carlsbad	903	891	902	801	855	54	72%	El Paso, Northern Natural	30%
WES - DBM	402	472	482	425	423	(3)	64%	El Paso	62%
ET - Midland						-			
DCP - Delaware	332	323	327	301	325	25	15%	El Paso, NNG	57%
EPD - Navitas	38	21	23	20	25	5	1%	El Paso	97%
Private - Eagle Claw	259	309	273	285	263	(22)	0%	El Paso, NGPL, NNG, Transwestern	62%
TRGP - Delaware	78	85	124	125	115	(10)	4%	El Paso	83%
ENLC - Midland	355	379	389	385	383	(2)	54%	El Paso, Transwestern	40%
MPLX - Delaware	78	87	93	100	96	(4)	93%	El Paso, NNG	85%
Private - WTG North Midland	96	96	104	102	98	(4)	38%	El Paso, NNG	84%
ALTM - Alpine High	1	28	36	26	32	6	11%	El Paso	92%
other	1,422	1,511	1,525	1,568	1,646	78			
<b>Grand Total</b>	<b>4,687</b>	<b>4,937</b>	<b>5,091</b>	<b>4,938</b>	<b>5,061</b>	<b>123</b>			



Source: East Daley, PointLogic, Bloomberg



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