

# Supply and Demand Forecast: Permian

Report Published: 7/11/2022

Questions?  
Contact Zack Van Everen  
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## PERMIAN PRODUCTION

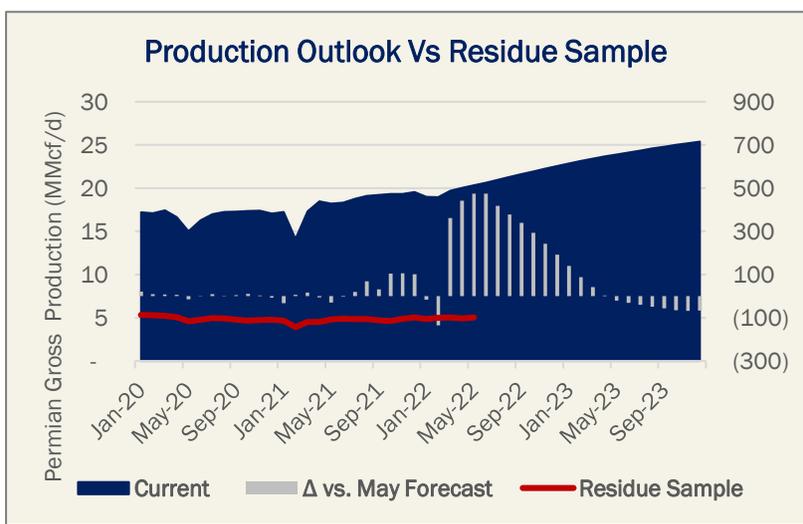
### Gas Production (Bcf/d)

- East Daley's new Permian production forecast increased by an average of 289 MMcf/d in 2022. This is due to a faster than expected recover from February weather pulling up our forecast.
- Kinder Morgan's Permian Highway Pipeline reached FID, leaving Gulf Coast Express to FID. After this, East Daley does not model a need for a new pipeline in the future based on current prices. Although there is not a need for a new pipeline, East Daley models Northbound pipelines filling in 2025, which goes to a less favorable market.

Permian Summary (Bcf/d)	Mar-22	Apr-22	May-22	Jun-22	Y-o-Y Δ	Jul-22	Aug-22	Sep-22	2021	2022	Y-o-Y Δ
EIA Gross Gas Production	19.8	19.9	20.1	20.2	1.9	20.4					
EDC Gross Gas	19.7	20.0	20.3	20.6	2.3	21.0	21.3	21.6	18.3	20.8	2.5
EDC Dry Gas	13.6	13.9	14.1	14.3	1.6	14.5	14.7	15.0	12.6	14.4	1.7
Total Rigs	327	333	336	328	76	329	334	334	254	327	73

Rich Gas (Bcf/d)	Mar-22	Apr-22	May-22	Jun-22	Y-o-Y Δ	Jul-22	Aug-22	Sep-22	2021	2022	Y-o-Y Δ
TRGP - West Texas	2.5	2.5	2.5	2.5	0.3	2.5	2.5	2.6	2.2	2.5	0.4
EPD - Delaware	1.5	1.5	1.5	1.6	0.1	1.6	1.6	1.6	1.4	1.6	0.1
Private - Lucid S Carlsbad	1.3	1.3	1.3	1.3	0.3	1.4	1.4	1.4	1.1	1.3	0.3
ET - Delaware	1.2	1.2	1.2	1.3	0.1	1.3	1.3	1.4	1.1	1.3	0.2
WES - DBM	1.2	1.2	1.3	1.3	0.2	1.3	1.4	1.4	1.1	1.3	0.2
Private - Eagle Claw	0.9	0.9	0.9	0.9	0.2	0.9	1.0	1.0	0.7	1.0	0.2
EPD - Navitas	0.9	0.9	0.9	0.9	0.2	0.9	0.9	0.9	0.7	0.9	0.2
ET - Midland	0.8	0.8	0.9	0.9	0.1	0.9	0.9	0.9	0.8	0.9	0.1
TRGP - Delaware	0.7	0.7	0.7	0.7	0.1	0.7	0.8	0.8	0.6	0.7	0.1
MPLX - Delaware	0.7	0.7	0.7	0.7	0.1	0.7	0.7	0.8	0.5	0.7	0.2
ENLC - Midland	0.6	0.6	0.6	0.6	0.2	0.7	0.7	0.7	0.5	0.7	0.2
DCP - Delaware	0.6	0.7	0.7	0.7	0.1	0.7	0.7	0.8	0.6	0.7	0.1
Private - WTG North Midland	0.6	0.6	0.7	0.7	0.2	0.7	0.7	0.7	0.5	0.7	0.2
Private - Cogent Midland	0.4	0.4	0.4	0.4	(0.0)	0.4	0.4	0.4	0.4	0.4	(0.0)
TRGP - Midland	0.4	0.4	0.4	0.4	(0.0)	0.4	0.4	0.3	0.4	0.4	0.0
Other	5.4	5.6	5.6	5.8	0.1	5.9	6.0	6.1	5.7	5.8	0.1
<b>Total Gross Gas</b>	<b>19.7</b>	<b>20.0</b>	<b>20.3</b>	<b>20.6</b>	<b>2.3</b>	<b>21.0</b>	<b>21.3</b>	<b>21.6</b>	<b>18.3</b>	<b>20.8</b>	<b>2.5</b>



Rich Gas (Bcf/d)	YE 22' Utilization
TRGP - West Texas	95%
EPD - Delaware	104%
Private - Lucid S Carlsbad	70%
ET - Delaware	105%
WES - DBM	106%
Private - Eagle Claw	81%
EPD - Navitas	95%
ET - Midland	137%
TRGP - Delaware	112%
MPLX - Delaware	81%
ENLC - Midland	79%

Source: East Daley, EIA, PointLogic, Enverus



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## PERMIAN RIGS

### Rigs by system

Rigs	Mar-22	Apr-22	May-22	Jun-22	Y-o-Y Δ	Jul-22	Aug-22	Sep-22	2021	2022	Y-o-Y Δ
TRGP - West Texas	42	38	36	44	12	44	44	45	28	43	15
EPD - Delaware	12	14	14	16	8	16	17	17	12	16	4
Private - Lucid S Carlsbad	23	18	20	24	7	24	25	25	19	24	5
ET - Delaware	18	22	19	18	4	18	18	18	11	18	7
WES - DBM	14	14	15	15	1	15	15	15	12	14	2
Private - Eagle Claw	11	15	16	15	5	15	15	15	9	14	5
EPD - Navitas	19	17	18	20	10	20	20	21	12	19	7
ET - Midland	13	10	9	11	(1)	11	12	12	13	12	(1)
TRGP - Delaware	14	16	18	18	8	18	19	19	12	17	5
MPLX - Delaware	7	6	5	6	1	6	6	6	5	6	1
ENLC - Midland	12	11	15	12	(4)	12	13	13	12	12	0
DCP - Delaware	11	12	18	13	6	12	11	11	7	12	5
Private - WTG North Midland	39	39	35	32	7	32	33	33	27	34	7
Private - Cogent Midland	5	5	4	4	3	4	4	4	2	4	2
TRGP - Midland	4	4	3	4	(0)	4	4	4	5	4	(1)
Other	82	91	90	75	10	76	79	78	67	78	11
<b>Total Rigs</b>	<b>327</b>	<b>333</b>	<b>336</b>	<b>328</b>	<b>76</b>	<b>329</b>	<b>334</b>	<b>334</b>	<b>254</b>	<b>327</b>	<b>73</b>

- **Targa West Texas:** We forecast system rigs to average 43 in 2022. With this forecast, Targa (TRGP) gas volumes remain just at the system's current processing capacity. There are currently 36 rigs allocated to the TRGP-West Texas system.
- **DCP Delaware:** We forecast system rigs to average 12 in 2022. We currently allocate 18 rigs to the system. DCP has been tight on processing capacity (shown on page three) but can shift volumes between there Delaware and Midland systems.

### Rigs Allocated by System

As of 6/19/22

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

TRGP - West Texas	Rigs
PIONEER NATURAL RESOURCES	20
TRP OPERATING LLC	3
HIBERNIA RESOURCES III	3
<b>Total</b>	<b>36</b>

Private - Lucid S Carlsbad	Rigs
EOG RESOURCES, INC.	8
TAP ROCK RESOURCES	4
FRANKLIN MOUNTAIN ENERGY LLC	4
<b>Total</b>	<b>24</b>

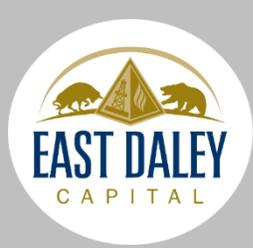
DCP - Delaware	Rigs
Devon Energy Corporation	5
Occidental Petroleum	4
MEWBOURNE OIL	2
<b>Total</b>	<b>18</b>

Private - WTG North Midland	Rigs
HIGHPEAK ENERGY	4
Occidental Petroleum	3
SURGE OPERATING	3
<b>Total</b>	<b>35</b>

EPD - Navitas	Rigs
ENDEAVOR ENERGY	10
VENCER ENERGY, LLC	2
Ovintiv Inc.	2
<b>Total</b>	<b>20</b>

TRGP - Delaware	Rigs
PERCUSSION PETROLEUM II LLC	3
PIONEER NATURAL RESOURCES	3
BLACKBEARD OPERATING, LLC	2
<b>Total</b>	<b>18</b>

Source: East Daley, Enverus



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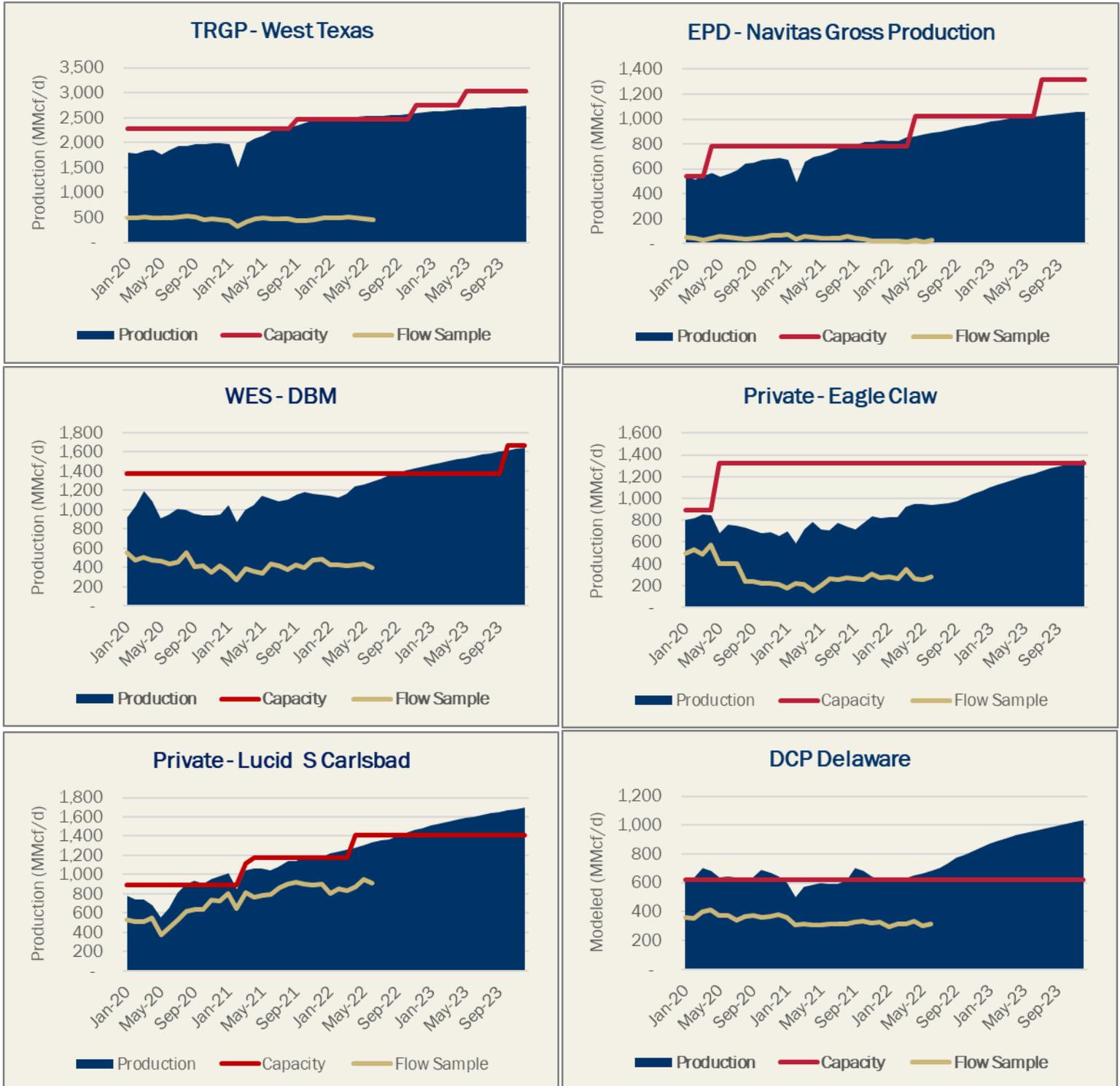
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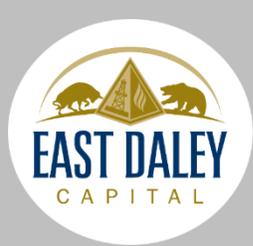
## SHORT-TERM PRODUCTION; NEW RUNWAYS

### Modeled Raw Gas Production (MMcf/d)

After 1Q22 and 2Q22 project announcements, most companies are addressing longer-term processing constraints. Many are also offloading volumes to nearby system to solve near-term constraints. Although overall Permian gas processing is in good shape, core areas of the Permian have only kicked the can down the road and will need to add more processing capacity in the future.



Source: East Daley, PointLogic, Enverus



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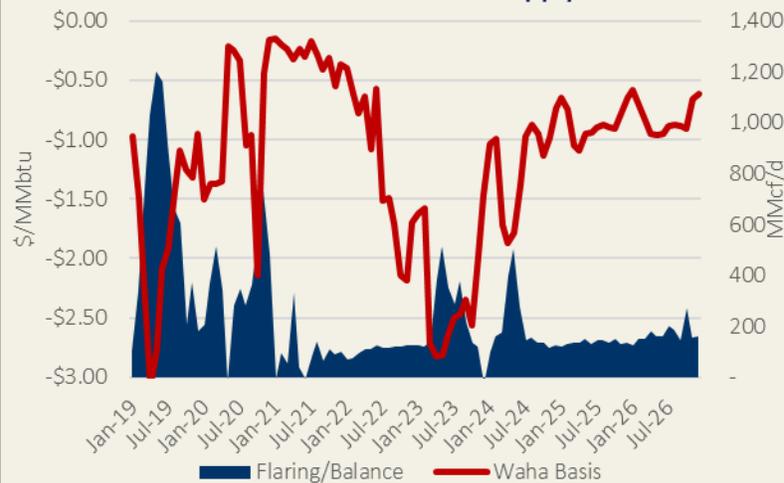
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## RESIDUE AND CONSTRAINTS

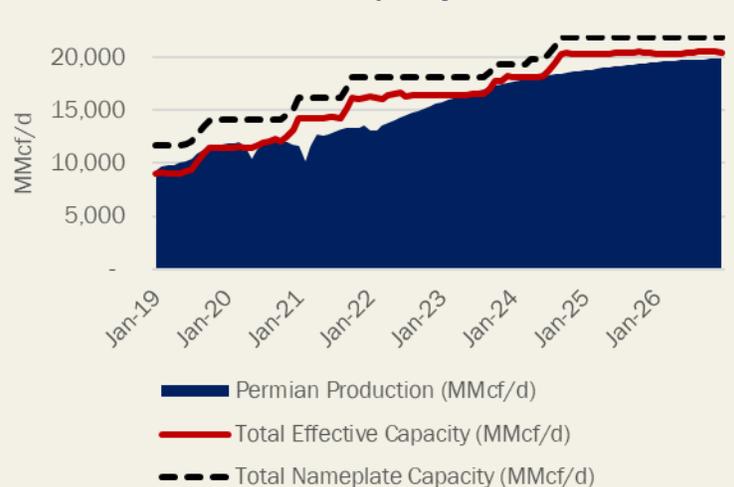
Residue Sample by G&P System (MMcf/d)

Residue Sample (MMcf/d)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	M-o-M Δ	R^2	Interstate Pipeline	% on Intrastate
TRGP - West Texas	482	487	513	493	471	462	(9)	61%	Norther Natural, El Paso	80%
EPD - Delaware	178	186	190	197	199	194	(5)	6%	El Paso, NNG, Transwestern	87%
Private - Lucid S Carlsbad	801	853	829	868	955	914	(41)	10%	El Paso, NNG, Transwestern	29%
ET - Delaware	141	134	163	180	179	142	(37)	90%	El Paso, Northern Natural	85%
WES - DBM	425	425	421	426	438	397	(41)	56%	El Paso	63%
Private - Eagle Claw	285	265	351	264	258	285	26			
EPD - Navitas	20	25	17	26	18	29	12	21%	El Paso, NNG	97%
ET - Midland								14%	El Paso	100%
TRGP - Delaware	108	104	102	76	78	98	20	15%	El Paso, NGPL, NNG, Transwestern	89%
MPLX - Delaware	100	98	85	48	104	91	(13)	15%	El Paso	93%
ENLC - Midland	385	384	387	386	352	393	40	47%	El Paso, Transwestern	39%
DCP - Delaware	292	316	316	333	301	314	13	89%	El Paso, NNG	46%
Private - WTG North Midland	102	99	104	108	107	94	(13)	57%	El Paso, NNG	82%
other	1,539	1,626	1,575	1,513	1,590	1,540	(50)			
<b>Grand Total</b>	<b>4,858</b>	<b>5,002</b>	<b>5,054</b>	<b>4,918</b>	<b>5,051</b>	<b>4,954</b>	<b>(97)</b>			

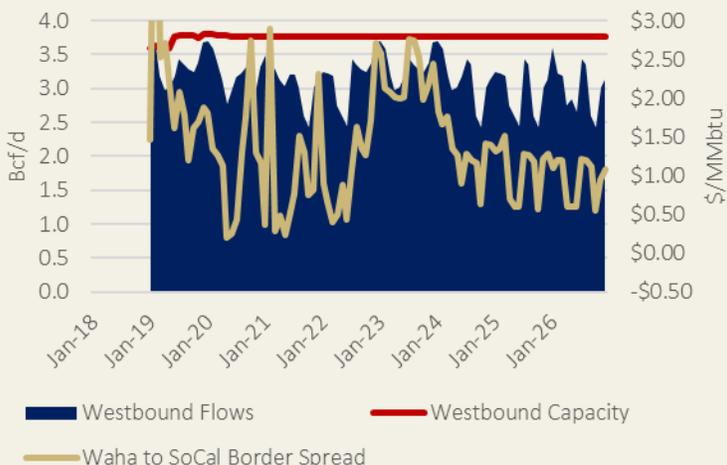
Waha Basis vs. Excess Supply



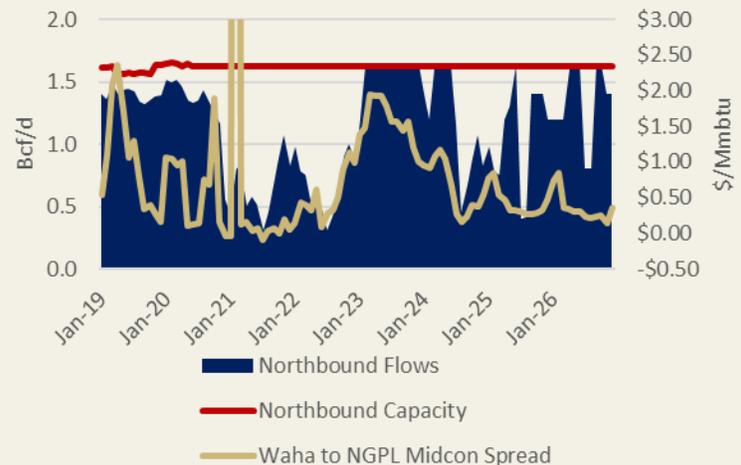
Permian Effective Capacity vs. Production



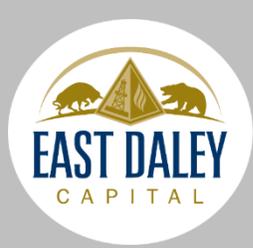
Westbound



Northbound



Source: East Daley, PointLogic, Bloomberg



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