

February 3, 2022

TEXAS HAS ABUNDANCE OF NATURAL GAS

NATURAL GAS PRODUCTION, TRANSPORTATION AND STORAGE

According to S&P Global Platts, 30-day average for Texas Onshore production continues strong during February 2022 with daily production averaging 1.5 Bcf/d more or almost 7% more than 2021.

TOP DAILY CHANGES TO US SUPPLY/DEMAND (Bcf/d)

	02-Feb	03-Feb	Change	30-Day Average	30-Day Av Last Year	Change
Production by Region						
Texas_Onshore	23.44	22.21	-1.23	24.15	22.62	1.53
Midcon Producing	5.79	5.29	-0.50	6.36	6.24	0.12
Regional Demand						
Midcon Market - ResComm	13.19	15.58	2.39	13.81	11.11	2.70
Texas - ResComm	2.36	3.91	1.55	2.33	2.16	0.17
Pipeline Corridor Flows						
TX to SE	6.37	3.84	-2.53	7.16	5.40	1.76
MCP to MCM	2.55	1.74	-0.81	2.69	2.44	0.25

Source: Gas Daily Market Fundamentals, Feb 3, 2022, S&P Platts Global

S&P Global Platts is estimating Texas Onshore production of 23.44 Bcf on Feb. 2 and predicting 22.21 on Feb. 3, an anticipated dip of about 5% and within normal operational expectancy.

For the South, which includes Texas, overall demand for both power generation and residential/commercial from Feb. 2 to Feb. 3 is expected to increase about 13%.

Texas anticipated onshore daily production of over 22 Bcf combined with over 17 Bcf/d of storage capacity withdrawal far exceeds total Texas demand. There is no gas shortage. Typically, Texas consumption (residential, commercial, industrial, power generation, etc.) is approximately only 42% of the total Texas production.

With proper planning and production along with natural gas storage, ample opportunity to purchase product exists in the market. Any issues are likely a reflection of direct infrastructure or localized challenges.

TEXAS FIELD CONDITIONS

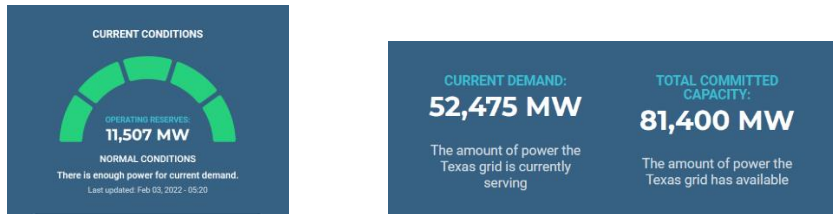
Early indicators for today's nominations suggest production declines will increase throughout the day. Factors include icy roads, some power loss, high winds, mechanical issues and freezing equipment that is being addressed by personnel in the field. Pipelines are reporting good pressure and plenty of storage even with some production declines which are anticipated and unavoidable in inclement weather. Updates will be provided in tomorrow's summary but production and storage yields more natural gas in Texas than is demanded.

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Some early reports of transportation problems and getting service trucks to sites due to icy road conditions could have impact if prolonged.

TEXAS POWER STATUS

ERCOT reports operations normal as of 2/3/22 5:20am. It is anticipated that peak demand will occur on Friday at 8:00am.



Source: ERCOT 2/3/22 5:20 am

Power Outages: Texas Division of Emergency Management anticipate weather events “will likely cause localized power outages across Texas, as ice accumulates and causes trees to fall/hang on power lines.”

The PUC encourages Texans who experience a localized outage to contact their utility provider.

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:

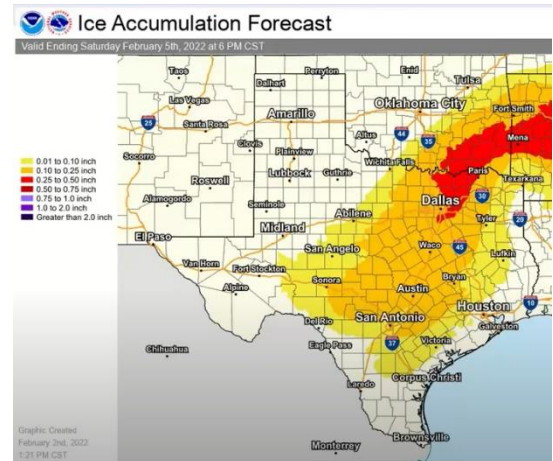
- Secure shelter/housing and pre-positioning personnel to be closer to assets for access
- Adjust employee schedules to ensure planning and preparations in place
- Have extra methanol and other supplies on trucks
- Preparing and draining tanks to increase on-site storage and provide a temporary buffer for necessary third party movement of product
- Pre-inspection of assets prior to weather event
- “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

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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



RRC COMMUNICATIONS

[Notice to operators](#) to delay any maintenance that may interrupt service, as safety permits, scheduled for this week.

INDUSTRY ACTIONS

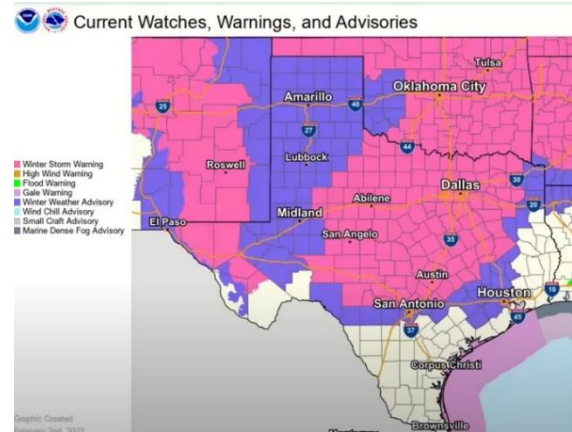
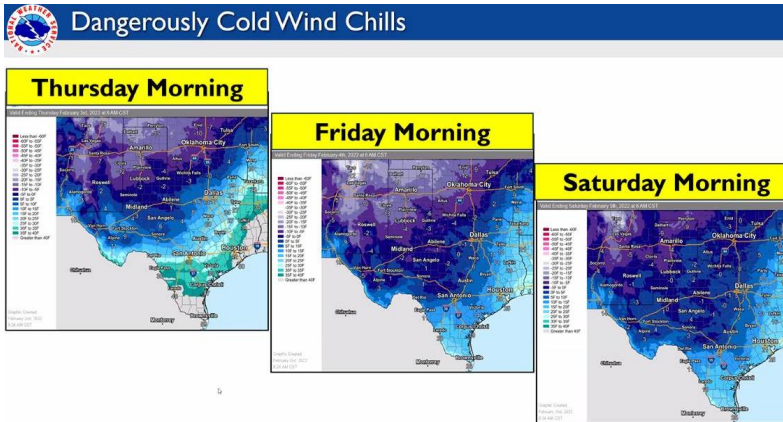
[Read here how the Texas oil and natural gas industry prepares for winter weather events](#)

WEATHER STATUS AND TRAVEL IMPACTS

- Winter storm to impact much of the State of Texas (north of I-10) Wednesday into Thursday and Friday with lingering impacts into the weekend.
- Difficult travel is expected for many areas and power outages are likely for some areas due to ice accumulations on electrical lines and gusty winds.
- Prolonged cold temperatures with many areas remaining below freezing until Saturday afternoon.
- Widespread life-threatening wind chills Thursday/Friday/Saturday mornings.
- Winter storm warning in effect for much of North, Central, and West Texas Wednesday into Thursday and Friday. Winter weather advisory in affect for the Panhandle and Southeast Texas.

Source: State of Texas, TDEM

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STATEWIDE RESOURCES

- TXDOT: Always remember that you can check road closure information in real-time at [DrivingTexas.org](https://www.txdot.gov/DrivingTexas.org)
- TCEQ reports no down water or sewage plants due to the storm. [Emergency Response - Texas Commission on Environmental Quality - www.tceq.texas.gov](https://www.tceq.texas.gov/EmergencyResponse)
- PUC Outage Reports. [Storm Safety Resource Page \(texas.gov\)](https://www.puc.texas.gov/StormSafetyResourcePage)
- The ERCOT Dashboard can be accessed at <https://www.ercot.com/gridmktinfo/dashboards>

For more information on how the Texas oil and natural gas industry prepares for winter weather, visit www.txoga.org/winterready.

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