



Natural Gas Pipeline Development and Regulation in Texas

Presented to UTCLE Gas and Power Institute

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Presentation Overview

- Permian Basin production: pricing and flaring
- Major Permian Basin pipeline takeaway solutions
- LNG and Mexican Demand
- Texas regulatory issues for pipeline development
 - NGPA Section 311 approval at the Railroad Commission
 - Flaring permits and extensions
 - Route approval and challenges
 - Discrimination
 - Regulation of rural gathering lines

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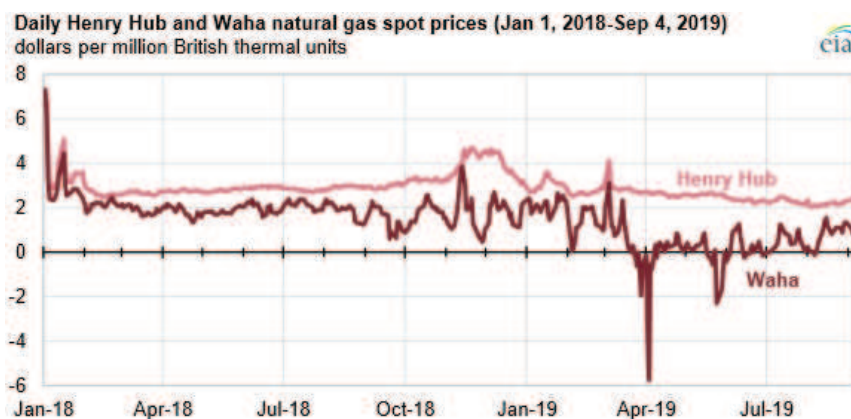
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Permian Basin Pricing

- Permian focus
 - Production of associated gas
 - 9.5 - 10 Bcf/d
 - Severe transportation constraints
- Pricing at Waha
 - From \$0/MMBtu to -\$5/MMBtu in 2019
 - \$8/MMBtu discount to Henry Hub
 - Some price stability from curtailed production
 - New stability from imminent takeaway capacity (GCX)
 - From \$8 delta to Henry Hub to \$0.59 in September (averaging \$2 - \$3)

Permian Basin Pricing



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"Texas Natural Gas Pipeline Development and Regulation"