

Our mission is to serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

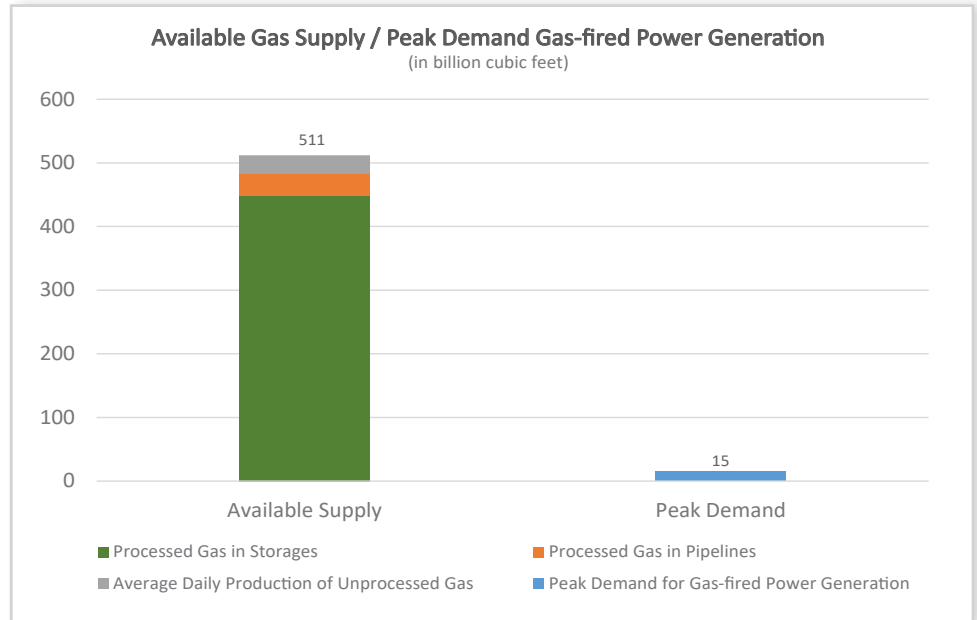
Natural Gas Protected Texans During January Freezes

Processed Gas is Vital

On New Year's weekend and last week, many parts of the state were affected by below freezing temperatures overnight, including key oil and gas production regions such as the Permian Basin.

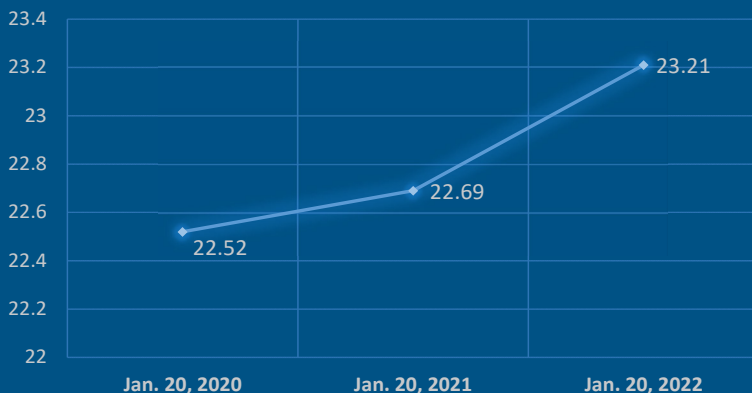
On each occasion the RRC closely monitored the natural gas supply to ensure that residents were safe and warm. No major disruptions were reported and the supply from storage, pipes and production worked to provide plenty of the essential resource to electric power generators and local gas utilities.

Production is just one piece of the puzzle in terms of available gas supplies. It's also important to remember that processed dry gas is what's used for power generation. As the chart shows, the amount of processed gas in underground storage and in pipelines far exceeds the peak demand for gas-fired power generators.



Texas Onshore Gas Production*

(in billion cubic feet)



*Does not include offshore production
Data source: S&P Global

Production Fluctuations are Common

News reports in January attempted to sound alarms about presumed precipitous drops in production due to cold weather.

The sources used in some reports utilized pipeline nominations – which are basically contract requests for space in the pipeline system to transport gas – to estimate real-time gas production. That approach is speculative and certainly does not equal to freeze-offs.

We were in contact with major operators during the freezing weather and they did not report any drastic disruptions to production.

Daily gas production in Texas can fluctuate from hour to hour due to a variety of reasons, such as

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scheduled maintenance and downtime for safety reasons. Average daily production can vary as much as more than 2 billion cubic feet per day, even during late spring. It is not atypical to see daily gas production fluctuations. Daily production fluctuations during this month's cold snap were well within the non-critical range.

After overnight temperatures dropped below freezing last week, we analyzed on-shore Texas production data for January 20. As the chart indicates, last week's production was not only within range for the date it was also higher than same day production in the last couple of years.

RRC Inspectors Observed Significant Progress Winterizing Equipment during Site Visits

RRC inspectors have been conducting site visits to natural gas facilities around the state to directly observe measures that operators are undertaking to provide gas supplies under normal and emergency conditions. Inspectors have physically observed what devices natural gas facilities have put in place and processes to harden their assets against cold weather.

These visits began at the end of last summer and will continue through the winter. Significant progress has been made by Texas facilities to supply the fuel in emergency weather conditions. About 98% of the facilities visited thus far had been winterized. The remaining 2% or so were in the process of winterizing at the time when RRC inspectors visited the location.

RRC inspectors have conducted site visits at close to 4,000 natural gas facilities representing oil and gas leases with

nearly 22,000 active wells, gas storage facilities that account for about 76% the state's gas storage, and more than 350 pipelines transporting natural gas including all pipelines that directly serve gas-fired power generators in the ERCOT power region.

Another valuable aspect of site visits is that information RRC inspectors have been collecting has helped the agency to develop industry best practices and guidelines. The RRC has been working with the PUC and other agencies in developing the state's electricity supply chain map. That committee issued its first report to the Legislature, which includes RRC updates and weatherization best practice guidelines. That report can be found at this link: [Texas Electricity Supply Chain Security and Mapping Committee Report](#).



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