



NACON: PADD III — October 2024

Module Descriptions

Welcome

Presenter: TJ Braziel, Director of Client Services, RBN Energy

A welcome to the conference replay, a review of the complete agenda and the videos now available online, and an introduction to the speaker lineup.

Module 1.1: Permian Production of Crude and NGLs

Presenter: David Braziel, President & CEO, RBN Energy

PADD III accounts for the lion's share of domestic crude oil and NGL production, along with nearly half of natural gas output. It is home not only to a titanic energy complex of refineries, fractionators and petrochemical facilities that transform crude oil and NGLs into more valuable products, it is also the destination market for the majority of those commodities from around the country and features a vast network of pipelines, storage and export terminals built to serve those markets. That's why we say that PADD III is the engine that's powering the U.S. energy industry.

Module 1.2: Fireside Chat

Participants: Jim Teague, CEO, Enterprise Products Partners with Rusty Braziel, Founder & Executive Chairman, RBN Energy

RBN Chairman Rusty Braziel sits down with Enterprise CEO Jim Teague to discuss the latest market trends and to learn more about what's happening with one of the country's leading midstream companies. Topics include the expanding global appetite for U.S. NGLs, continued production growth out of the prolific Permian Basin, the odds of adding crude oil pipeline capacity from the Permian to the U.S. Gulf Coast, the increasing use of flex capacity at NGL export terminals, and the prospects for Enterprise's proposed Sea Port Oil Terminal (SPOT).

Module 1.3: NGL Supply/Demand and Pricing

Presenter: Rusty Braziel, Founder & Executive Chairman, RBN Energy

The NGL market finds itself under pressure — from both sides of the supply/demand equation — with propane a prime example of what’s happening today. Propane production continues to rise as natural gas supplies increase and new processing plants come online, mostly in the Permian. The catch is that most of the demand growth for propane is in Asia, and to get there the volumes need to get from the Permian to the Gulf Coast — mostly Mont Belvieu — then to oceangoing vessels, and from there to Asia. That supply chain has had some hiccups, and unfortunately for the U.S. propane market, those hiccups can translate directly into market volatility right here at home.

Module 2.1: Permian Crude Terminals, Pipelines and Egress

Presenter: Taylor Noland, Senior Crude Markets Consultant, RBN Energy

The Permian Basin makes up nearly 50% of U.S. oil production which is the main reason the Permian gets so much attention. The majority of that oil flows to the Texas Gulf Coast — Corpus Christi, Houston and Nederland — with a small amount making its way north to Cushing, OK. We’ll look at how the Permian pipeline network has expanded over the last decade, pipeline utilization rates, the impact on crude differentials, and where takeaway capacity may be headed in the future.

Module 2.2: Fireside Chat

Participants: Willie Chiang, CEO & Chairman of the Board, Plains All American with Rusty Braziel, Founder & Executive Chairman, RBN Energy

RBN Chairman Rusty Braziel sits down with Willie Chiang, Chairman of the Board and CEO of Plains All American, to discuss what’s happening in the Permian Basin and the crude oil pipelines that provide egress. Topics include the prospects for increased crude oil production, the importance of optimizing existing infrastructure, the impact of capital discipline by producers, the difficulty in building new pipeline projects due to concerns about permitting and supply chains, and how much Permian crude oil output could jump in the coming years.

Module 3.1: Crude Oil Pipeline Flows and Exports

Presenter: Robert Auers, Manager of Refined Fuels, Refined Fuels Analytics

PADD III's crude oil supply has not only grown significantly over the past decade-plus, the makeup of those barrels has also changed dramatically. While domestic production and imports from Canada made up about one-third of the volume back in 2011, they now account for nearly 90% of those barrels, thanks mostly to surging domestic output and reduced imports from OPEC. We look at the four major destinations for Permian crude along the Gulf Coast, how each compares in terms of refining and export demand, and how the market might react if a deepwater port capable of fully loading a Very Large Crude Carrier (VLCC) were to begin operations.

Module 3.2: Panel – Gulf Coast Crude Market Trends

Moderator: Robert Auers, Manager of Refined Fuels, Refined Fuels Analytics

Panelists:

Kent Britton, CEO, Port of Corpus Christi

Scott Mullervy, Director, US Crude & Options Market Development, ICE

Matt Smith, Lead Oil Analyst, Americas, KPLER

Gus Vasquez, Senior Crude Editor, Argus Americas

The U.S. Gulf Coast is the epicenter of domestic crude markets and an integral supply hub to the rest of the world. With continued production growth, primarily from the Permian Basin, the region's importance to refining and export markets is only increasing. In our first panel, we'll turn to experts who have their finger on the pulse of the market, including: Kent Britton, CEO of the Port of Corpus Christi, the nation's most prominent export hub, and Matt Smith, Lead Oil Analyst – Americas at Kpler, one of the most trusted sources of shipping news and information. Additionally, we'll get into the pricing impacts of recent developments with Gus Vasquez, Senior Crude Editor at Argus, and Scott Mullervy, Director of U.S. Crude and Options Market Development at Intercontinental Exchange (ICE).

Module 4.1: NGL Export Outlook

Presenter: Kristen Holmquist, Managing Director, Analytics, RBN Energy

Exports have become key to the NGL market, already accounting for 42% of U.S. production and heading for 50% in the coming years. Production is growing at an even faster rate than crude, but there are pipeline projects in the hopper that will allow those volumes to reach PADD III's most dominant market — Mont Belvieu. PADD III plays a critical role, as it is responsible for 87% of U.S. exports, a percentage that looks certain to rise in the future. But despite plans to increase flexible dock space, the NGL market figures to be constantly pushing the limits of export capacity.

Module 4.2: Panel – Gulf Coast NGL Market Trends

Moderator: Rusty Braziel, Founder & Executive Chairman, RBN Energy

Panelists:

Brian Freed – CEO, EPIC Midstream

Deacon Shorr – President, Snapper Creek Energy

Sean Maher – Chief Economist, Phillips 66

Todd Root – NGLs and Petrochemicals Consultant, RBN Energy

Continuing growth in NGL production has driven the need for more processing plants, pipelines, fractionators, and especially export docks. But with many facilities approaching full capacity, the market faces significant challenges in the year ahead, and beyond. Our second panel of experts helping make sense of these issues features: Brian Freed, CEO of EPIC Midstream, on the midstream landscape from the Permian to the coast; Sean Maher, Chief Economist at P66, whose development at Sweeny, TX, along with other related projects like BANGL could shake up the Gulf Coast Market; Deacon Shorr, President of Snapper Creek Energy, with a deep background in NGL shipping dynamics; and RBN's Kristen Holmquist, who will discuss NGL market fundamentals.

Module 4.3: Wrap-up

Presenter: David Braziel, President & CEO, RBN Energy

PADD III is becoming more closely intertwined with international markets by way of exports. On the crude oil side of things, pipelines from the Permian Basin to Corpus Christi are nearly full while the pipes to Beaumont, and especially Houston, are filling up. And while more barrels can still get to Cushing, OK, there's strong motivation to get to the premium-priced markets on the Gulf Coast. On the NGL side, there are pipeline projects in the hopper that will allow rising U.S. production to reach PADD III's most dominant market, Mont Belvieu. All of that makes PADD III critically important to the domestic and global energy picture.