Waltz Across Texas – The Ongoing Development of Permian-to-Gulf Infrastructure

Midstreamers Continue Buildout of Processing Plants, Pipelines, Fracs and Export Terminals

- **Eight publicly held companies offer a wide range of ‘well-to-water’ services across Texas**
- **Privately held WhiteWater Midstream — and a company-led JV — come close to doing the same**
- **Growth projects are driven largely by rising production of associated gas**
- **Gas processing plants and takeaway capacity for gas and NGLs are in the works**
- **Long list of existing and future projects are valued in the tens of billions of dollars**

1. Introduction

During the Shale Era, several midstream companies have seen the benefits of owning and operating the full gamut of infrastructure that brings Permian crude oil, natural gas and NGLs from wells in West Texas and southeastern New Mexico to the Gulf Coast. This increasingly popular “wellhead-to-water” strategy has allowed its practitioners to operate with extraordinary efficiency, collect fees from shippers each step of the way, and feed pipelines, fractionators, storage and export terminals along the value chain.

The pace of these midstreamers’ Permian-to-Gulf infrastructure development has continued unabated through the first half of the 2020s, driven by steady growth in crude-oil-focused drilling — and crude oil production — in the Permian’s Midland and Delaware basins. An increasing share of the crude emerging from Permian wells is exported via marine terminals in Corpus Christi, Houston and Beaumont. Importantly, these same wells also generate massive volumes of associated gas that must be run through gas processing plants, and the resulting residue gas and mixed NGLs (aka Y-grade) must be piped long distances to the Gulf Coast. There, an increasing share of Permian-sourced gas is sent to LNG export terminals and most of the NGLs are sent to the Mont Belvieu storage and fractionation center. Much of the resulting ethane and LPG is also shipped overseas.

In this report, we discuss the Permian-to-Gulf networks owned by nine large midstream companies, eight of which are publicly owned — the ninth, WhiteWater Midstream, is privately held. Enterprise Products Partners, a pioneer in the well-to-water approach, is a case in point. The company is currently building three 300-MMcf/d gas processing plants in West Texas, as well as the 550-mile, 600-Mb/d Bahia Pipeline, which by the end of this year will start transporting Y-grade from both the Midland and Delaware basins to Enterprise's NGL storage and fractionation assets in Mont Belvieu. There, the company is building Fractionator 14, a 150-Mb/d facility Enterprise expects will be able to process up to 195 Mb/d. Enterprise is also building the new Neches River Terminal in Beaumont, which will start exporting ethane in Q3 2025 and LPG in H1 2026.

Other full-gamut, Permian-to-Gulf midstreamers have been building out their networks too, either organically, through acquisitions or a combination of the two. These include Energy Transfer, Targa Resources, Phillips 66, ONEOK, MPLX, Enbridge and Plains All American. And then there's WhiteWater Midstream, which is different not only for its private ownership but its focus on natural gas. Next up is a company-by-company look at what's already operating and what's being planned.

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