



WE'VE BEEN WITH TEXAS OIL AND GAS COMPANIES THROUGH EVERY UP, DOWN AND IN BETWEEN.



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PBPA Stepped Up in the Face of February's Winter Storm

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Ben Shepperd,
PBPA President

Leaving nearly three million households without power, Winter Storm Uri swept across Texas in February, and was one of the most devastating winter events in decades. Almost immediately, experts began pointing fingers, looking for a culprit that let the state's energy grid go dark. But as the events were unraveling in real-time, our Permian Basin Petroleum Association members and so many across the state were working around the clock, in harsh conditions, to produce solutions and get natural gas to electric generation.

Texas natural gas producers led us out of the worst weather related disaster in modern Texas history and much of that challenge was caused by power outages we saw in the field.

Many have asked, and some in the media have noted, that oil and gas operators failed to designate field operations, like production facilities, compressor stations, and more, as a way to have prevented electricity loss.

However, prior to March 2021, oil and gas field facilities were expressly prohibited from being designated as critical load facilities, and because of that, natural gas production and processing facilities experienced power disruptions throughout the storm that created a chain reaction. The loss of power at compressor stations and processing facilities forced gas wells still in operation to be shut in—in other words, gas was readily available, but there was no way to get it where it needed to go.

As Railroad Commission Chairman Christi Craddick noted in her testimony to House and Senate panels, electrification is the best winterization for natural gas producers.

To prepare for the storm natural gas operators brought equipment from across the country ahead of the storm and located personnel in the field to minimize drives on roadways. Despite those efforts, dangerous travel conditions existed in the Permian Basin and across the state, and many field workers risked their lives and left their homes and families to keep millions of Texans warm. In some cases, their work kept their fellow Texans alive.

While weather conditions continued to deteriorate and power loss was sustained, surface equipment and processing plants began to seize up, further complicating any efforts to get these facilities back up and running. In the meantime, Texas' power grid was relying on record-breaking withdrawals from natural gas storage facilities across the state.

In addition to the increasing natural gas production to account for the decline of other fuel sources, natural gas continued to flow to "human needs customers" across the state, which allowed Texans to heat homes and use their cooking appliances to feed their families. Yet, against this backdrop, some are still calling on Texas to ban natural gas hookups to new homes and buildings.

PBPA worked closely with the Railroad Commission of Texas, Office of the Governor, Lieutenant Governor, Texas Electric Reliability Council (TERC), Public Utility Commission, members of the Texas Legislature, and more to address the issues and challenges we faced.

For example, PBPA staff worked directly through the TERC to gather specific metered connections for natural gas operators and provide that information directly to transmission companies to individually return power to operations and produce the natural gas that was fueling the state's electric grid.

We recognize that the Texas Legislature focused on encouraging reliability and ensuring this does not happen again, and we support those efforts.

Just this week ERCOT announced that the vast majority of issues faced by Texans were not caused by the lack of natural gas fuel, as had been initially claimed. Issues related to fuel limitations only accounted for 12 percent of the loss of power supply stemming from fuel. The largest percentages, accounting for 83 percent of all issues include: 54 percent losses caused by "weather related issues at power plants," 15 percent losses in "existing outages," and 14 percent losses for "equipment issues."

In addition to being a small part of that 12 percent of fuel limitations that caused outages, natural gas production actually increased as a portion of the fuel mix that was responsible for generating electricity during the storm.

While ERCOT notes the natural gas industry was not a large part of the problem, we firmly believe that our industry is part of the solution, and are working with lawmakers to develop a process that maps out where critical facilities are located and ensuring they are registered under the newly adopted form that ERCOT has now established.

We also know that greater communication is vital to prepare and prevent future energy challenges and there are several efforts to more formally establish the Texas Energy Reliability Council, which will include state agencies and regulated entities to promote reliability for Texans across the state by ensuring all parties are able to effectively communicate the challenges that may exist before, during, and after any other energy emergencies that may occur.

PBPA will continue to work to ensure that Texans are cool in the summer and warm in the winter, and we are proud to represent all those who left their homes so that many others across the state could be safe

and warm in theirs. They are to be commended for their valiant efforts in this storm, but also for their consistency in providing safe, reliable, abundant, and affordable energy for Texans across the state.

Ben Shepperd is president of the Permian Basin Petroleum Association.

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