



Panel: Constraints facing Permian oil output go beyond pipelines

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Constraints that could limit growth in Permian Basin crude and natural gas output go beyond the current pipeline bottlenecks, according to panelists at the recent Executive Oil Conference presented by Hart Energy.

Panelists said other potential constraints include water-handling issues, export capacity and regulatory constraints.

Asked if the pipeline constraints had impacted activity, Steve Pruett, president and chief executive officer of Elevation Resources, cited a blowout in price differentials between West Texas Intermediate sold at Midland and at Cushing.

"While rig efficiencies created production increases, there's been a buildup in DUCs – drilled, uncompleted wells," he said. "Public companies spent or overspent their guidance and were punished by investors."

A focus on capital discipline was their message combined with that wide price differential impacted activity, he said.

But, he said, "it's a pause" and his company is already seeing a tightening in availability for frac crews.

Carrie Endorf, vice president, reservoir engineering and planning for Parsley Energy, agreed that any slowdown in activity will be until budgets are refreshed in 2019.

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