

A LOOK FORWARD TO 2017 PERMIAN BASIN OILFIELD WATER MARKET TRENDS

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The Permian Basin has been one of the most resilient oil and gas producing basins in the world in the face of recent oil and gas price drops due to its relatively low break-even price. This can be seen clearly in the data which shows that the number of active rigs has decline much slower in the Permian Basin than in the rest of the US, while completion activity has declined much faster, thus resulting in a significant buildup of drilled but uncompleted wells.

Water intensity, however, has had a very different profile over the last few years. The required volume of water for a typical completion has grown almost three-fold since 2013. Similarly, a growing intensity in water production per well has been observed over the same time period, driven by increased horizontal length for Permian wells and significantly higher volumes of water used per horizontal foot of completion wellbore length. These factors will impact the demand for source water as well as the volume of produce water as completion activity continues to rebounds. Our presentation will present a forward looking view for the supply and demand for water and the resulting impact on disposal capacity in the Permian Basin in 2017 based on several WTI price scenarios.

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