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A Permian Buildout Boom

While smaller in scale than the big transport pipelines, G&P projects are boosting the region's ability to handle more natural gas.

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Permian Basin midstream operators are betting that the region's natural gas picture is about to get much brighter.

Negative natural gas prices have been common for years, driven by an emphasis on crude oil production and a lack of natural gas infrastructure. That's been the case in recent months at the Waha Hub, the basin's primary price gate. Fixed prices at the hub were -$2.16/MMBtu on March 10, according to Aegis Hedging Solutions.

However, after years of weak pricing and takeaway constraints, operators are preparing for a market in which more gas can be transported economically from West Texas. The change will make it more important to capture volumes at the wellhead, move them across the basin and process them before they reach long-haul pipes.

"Midstream firms in the Permian are building for much more than a simple debottlenecking," Jaxson Fryer, an energy analyst at East Daley Analytics, told *Oil and Gas Investor*.

"This buildout is a clear bet that the next wave of gas takeaway will not just ease the current pressure at Waha but support a larger and more durable expansion of Permian gas production."

Slew of Small Projects

Targa Resources and Brazos Midstream are among the companies moving early. Both are expanding the field-level systems needed to handle additional Permian gas volumes and add processing capacity and pipeline connections.

The projects reflect a broader Permian midstream strategy in which companies start building the gathering and processing systems now, before the larger egress routes begin pulling more supply out of the basin.

Targa recently announced construction on three gas pipeline projects within the Permian: the Bull Run Extension, Buffalo Run and the Forza Pipeline.

"Each is relatively modest in scope, but in aggregate will bring substantial volumes to Waha around the time when several major greenfield pipelines start to the Gulf Coast," East Daley noted in a March 12 analysis.

About 4.5 Bcf/d of new Permian gas takeaway is expected to come online in the second half of this year.

"We're very encouraged by the downstream takeaway capacity expected to come online over the next 12 months, which should materially improve pricing and market optionality for Permian producers," said Stephen Luskey, chief commercial officer for Brazos Midstream.

"Today's drilling and completion techniques are only accelerating the need for additional midstream infrastructure."

STEPHEN LUSKEY, chief commercial officer, Brazos Midstream

The new egress projects include the Blackcomb, Hugh Brinson and the Gulf Coast Express expansion.

Blackcomb, backed by WhiteWater Midstream, MPLX, Enbridge and Targa, is designed as a roughly 365-mile pipeline capable of moving 2.5 Bcf/d from the Permian to Agua Dulce in South Texas, with startup targeted for the second half of 2026.

Energy Transfer's Hugh Brinson Pipeline is planned as a bi-directional intrastate route from Waha into the company's broader Texas network, with Phase I expected in the fourth quarter and Phase II in first-quarter 2027. When complete, it is expected to move about 2.2 Bcf/d west to east and about 1 Bcf/d east to west.

Kinder Morgan's fully contracted Gulf Coast Express expansion is smaller but nearer term, adding 570 MMcf/d of capacity from the Permian to South Texas markets, with in-service targeted for mid-2026.

Targa has tied its Permian buildout directly to that coming relief. Bull Run will extend Targa's existing 42-inch Bull Run system in the Delaware Basin by 43 miles to the Waha Hub. Buffalo Run is a 35-mile conversion of an existing line intended to improve connections among Targa plants in the Midland Basin.

Forza is a planned 36-mile, 36-inch interstate pipeline capable of moving 750 MMcf/d from Lea County, New Mexico, to delivery points near Waha. The additions give Targa more options and more ways to move

SHUTTERSTOCK

Permian midstream companies have been bolstering their natural gas gathering networks and processing plants to sync with projects that will boost egress capacity by the end of the 2026.

gas to processing plants, hubs and future downstream outlets as takeaway expands.

Beyond Bottlenecks

"Companies are not spending this kind of capital just to temporarily relieve a bottleneck," Fryer said. "They are building for a basin that will keep producing more gas and will need a far more integrated system to move it."

Brazos Midstream is making a similar push in the Midland Basin. The company said in February that it had commissioned Sundance II, a 300 MMcf/d cryogenic processing plant in Martin County, adding to the 200 MMcf/d Sundance I facility that started up in 2024.

"At Brazos, our focus remains on in-basin gathering and processing infrastructure, where takeaway capacity after 100-plus years of development continues to be deficient," Luskey said. "Today's drilling and completion techniques are only accelerating the need for additional midstream infrastructure."

Brazos also began construction on Cassidy I, another 300 MMcf/d plant in Glasscock County, and is laying more than 70 miles of new 20-inch and 24-inch high-pressure gathering pipe across Reagan, Glasscock, Midland and Upton counties.

By mid-2026, Brazos expects its Midland system to include about 525 miles of gathering pipelines and 16 compressor stations, with total processing capacity in the sub-basin reaching 800 MMcf/d by the end of 2026.

Some other midstream companies are following the same process. Western Midstream recently expanded its Delaware Basin processing capacity through North Loving I and added dedicated capacity at Mi Vida, in preparation for a further expansion project called North Loving II in 2027.

'Why the G&P Side Matters'

MPLX has been enlarging its Permian gas position as well, including added gathering and processing exposure through its Northwind acquisition and continued plant development.

During Targa's February earnings call, President Jennifer Kneale noted how producers tied to the company's network continue to call for more capacity. The region has experienced a strengthening of its natural gas infrastructure as major export projects move closer to reality.

"That is exactly why the G&P side matters," Fryer said. "Gathering and processing companies expand when they are confident the residue gas has somewhere to go. New egress gives them that confidence. Once takeaway is there, it makes sense to add plants, expand gathering systems, add compression and connect separate assets into a broader network. That is what this looks like in the Permian now." OGI