



TARGA

# *Midstream - 101*

## *(Permania Continues)!!*

*Denny Latham - January 21, 2026*

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## Disclaimer:

**Completely up to you if you want to believe anything you hear or see from this guy!**



# A Picture is Worth Billions of Dollars !!!

250 X 100 Miles....25,000 sections!

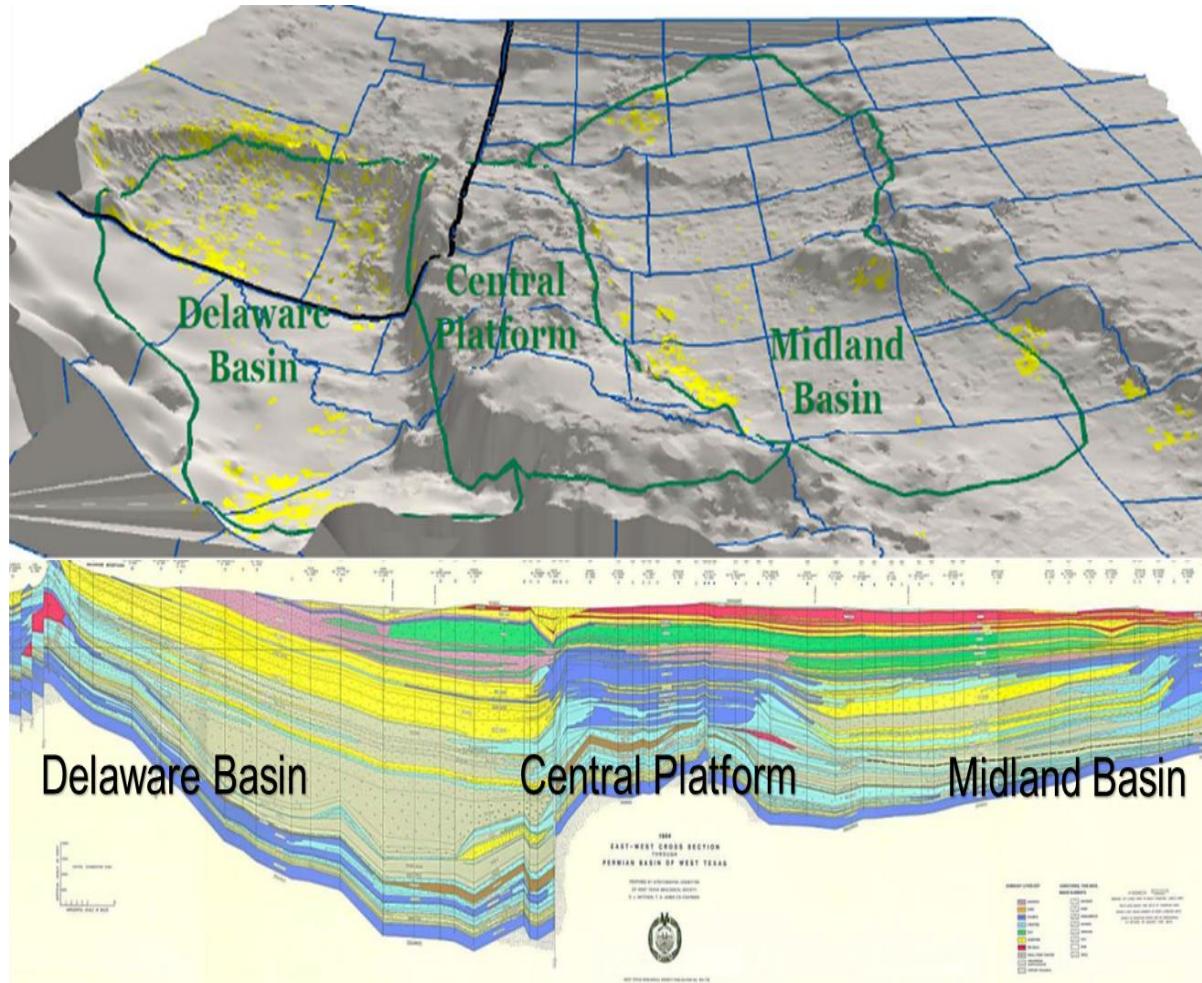
60% of US Rigs in Permian

PSP - \$ 119 Billion Dollars & 862K Jobs last year.

Petroleum Museum – 50 years

10+ Benches....and counting!

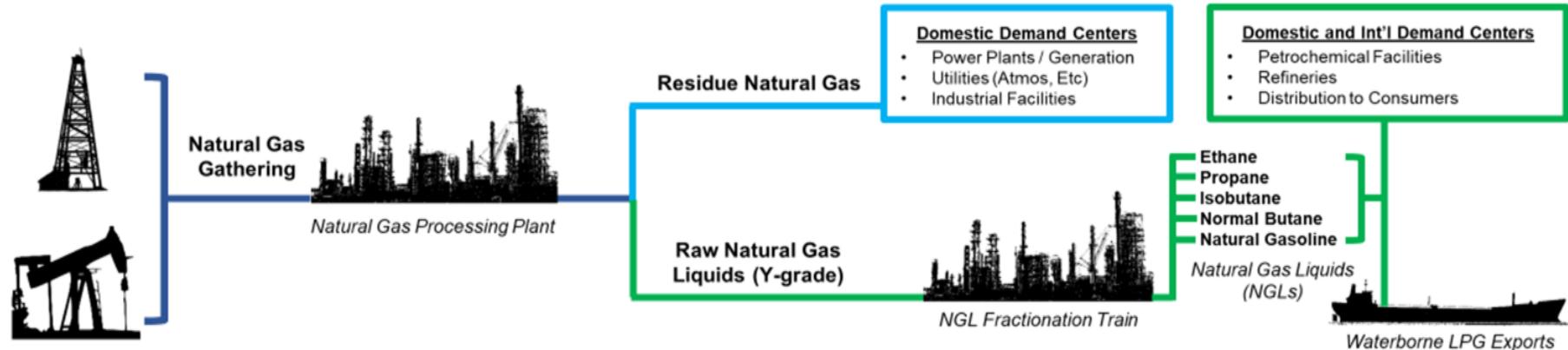
Midstream and/or Gas Processing will continue to Grow!



# Targa Business Overview



## Integrated Midstream Service From Wellhead to Water !



### Gathering & Processing

- Permian
- Bakken
- Eagle Ford
- SCOOP/STACK
- Arkoma
- Barnett

- Mix of fee-based and percent-of-proceeds (POP) contracts by area

### Pipeline Transportation<sup>(2)</sup>

- Grand Prix NGL Pipeline

- Fee-based with significant take-or-pay

### Downstream

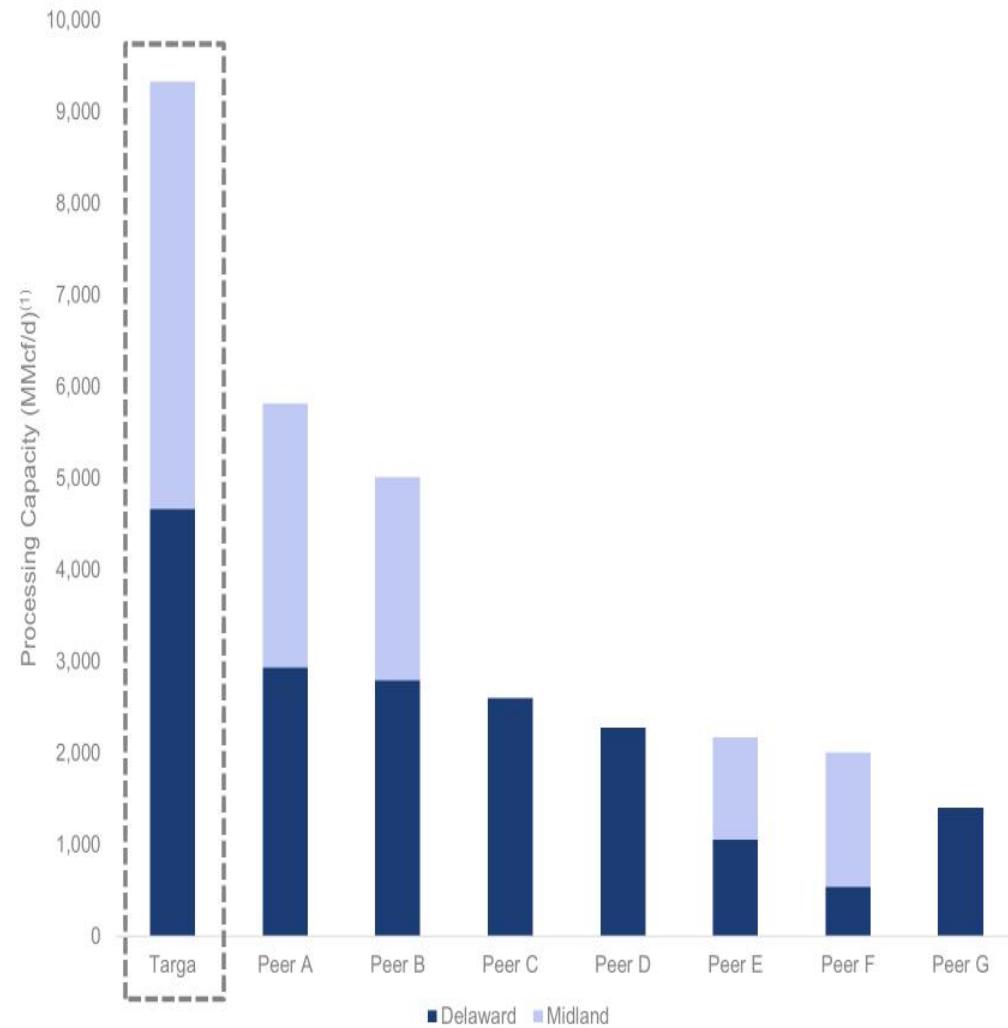
- NGL Fractionation Services
- LPG Exports
- NGL Logistics and Transportation

- Fee-based with significant take-or-pay

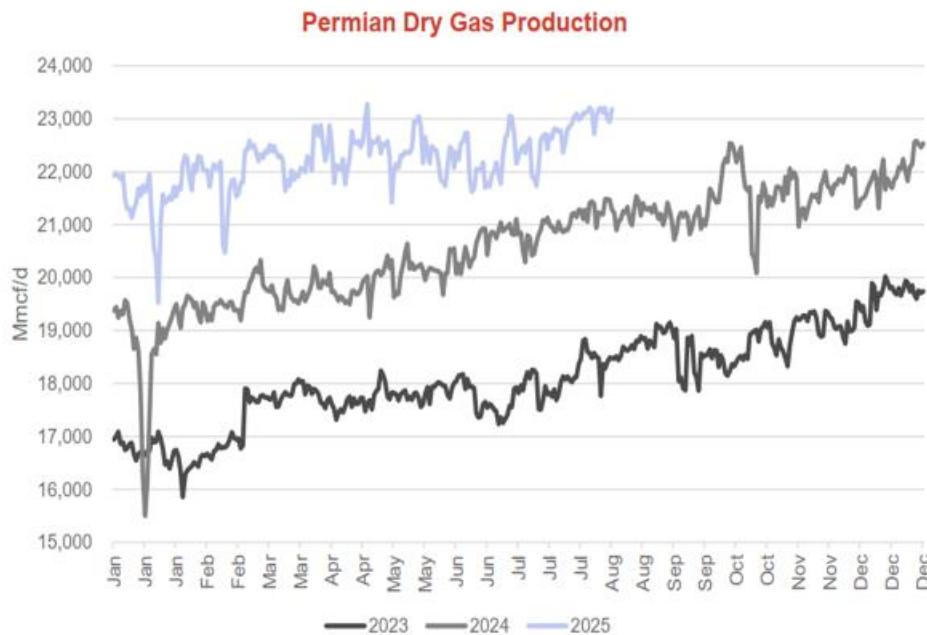
Operating margin is approximately two-thirds fee-based

# Largest G&P Footprint in the Permian Basin

- 9.4 Bcf/d of gross Permian processing capacity with 44 plants<sup>(1)</sup>
  - Midland Capacity: ~4.7 Bcf/d
  - Delaware Capacity: ~4.7 Bcf/d
- Top tier Permian customers
- Significant anticipated supply growth



## Permian Residue Production



### Permian Supply

- While Permian residue production held in a flattish range through most of the spring coming out of winter weather, production levels have trended upward in July and through the first half of August
- Residue production is averaging around ~23.1 Bcf/d month-to-date in August. Across July & August production is higher by ~1.7 Bcf/d year-on-year

### Permian Flows

- Permian to Mexico exports averaging around 2 Bcf/d in August
- Permian Egress in August (MTD)
  - North ~1.08 Bcf/d (-0.01 y/y)
  - South ~1.82 Bcf/d (+0.06 y/y)
  - East ~14.63 Bcf/d (**+3.10 y/y**)
  - West ~3.42 Bcf/d (+0.04 y/y)

Source: S&P Platts

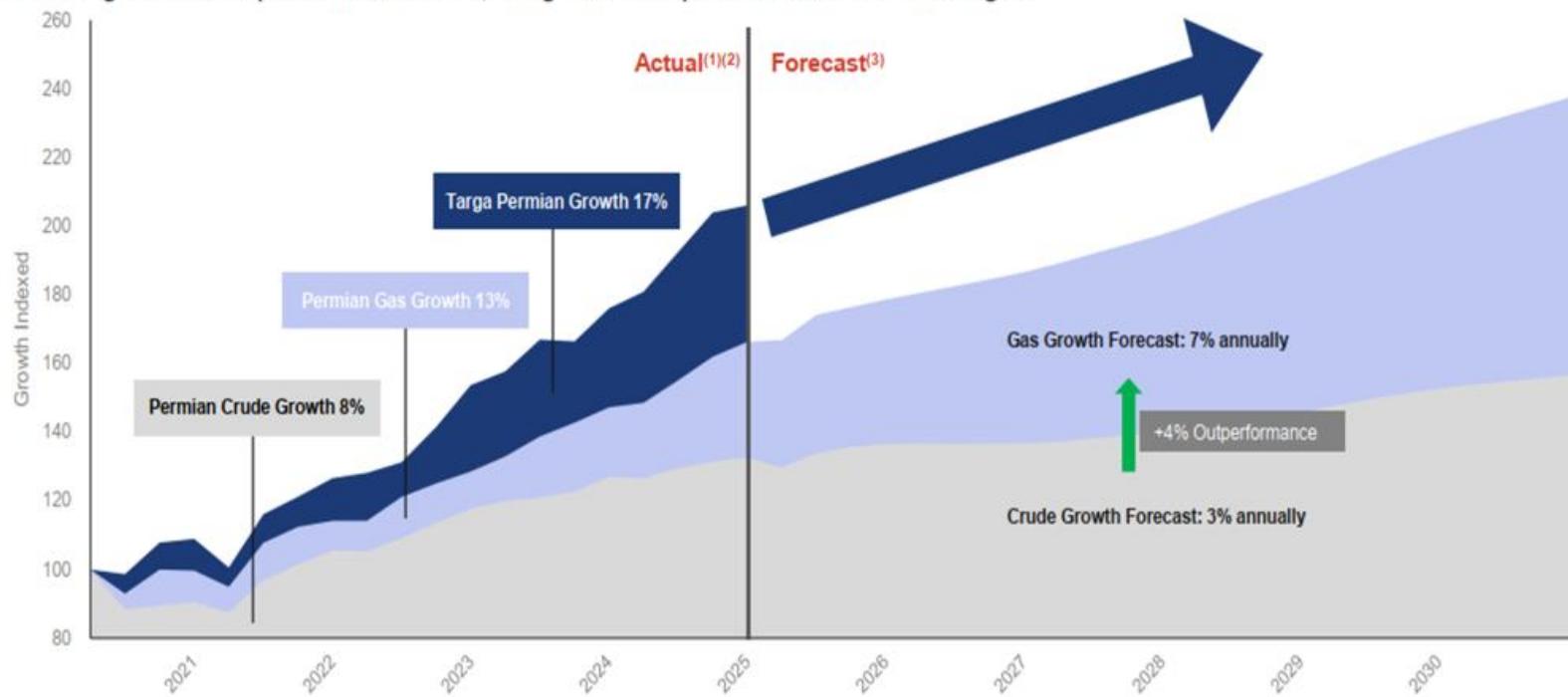


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## Permian Basin Growth Points to Strong Outlook for Targa

Associated gas has outperformed crude, Targa has outperformed associated gas



**Targa Permian Growth** has outpaced growth in basin-wide associated gas by +4% and crude by +9% on average over the last 5 years

Is the Gas Price I see on TV, the price producers get paid for their gas?

**No.** The gas price you see on TV is the price paid for Residue Gas (pure Methane left after processing) at the Nymex gas exchange. Permian residue is typically sold at a Waha or El Paso Perm index which typically is about \$0.55 - \$0.90 cents less than the Nymex posted price. With GCX, PHP, Whistler, Matterhorn, etc. all getting full and gas production continuing to rise, this spread has increased each month while we await more pipeline capacity to be built out of the Permian Basin. These new lines will carry gas to Gulfcoast, west coast, etc where much of it is converted to LNG and exported across the pond to folks who desperately need it!

Nymex price is currently about \$3.00 per Mmbtu while pricing for Waha is closer to \$0.25/Mmbtu. This first of the month (FOM) posting is based somewhat on the average price paid the three trading days prior to the First Of the Month. Many folks sell most gas on FOM pricing and the rest into the daily cash market (Gas Daily Average) This residue is about 70% of the volume of our wellhead gas, but currently only a small part of the wellhead stream's value.

Deliveries to California out west and Mexico (out of Waha) help Permian Prices as well, but we desperately need more Mexico consumption and more pipelines out of the basin! Blackcomb and Hugh Brinson will provide lots of relief, but not until 2<sup>nd</sup> half of 2026!

With low Permian gas prices, what creates the up the rest of the wellhead gas value we hear about?

Wellhead Gas from the Permian is very desirable, because of its high GPM (gallons per thousand cubic feet). Typically, gas is about 8.0 GPM but gas in Howard and northeast Martin is over 10 GPM. This means that if you take 1 Mcfd of Spraberry formation gas and freeze or squeeze all the liquids from it, you would end up with 7 Gallons of Natural Gas Liquids (NGL's) and about .7 Mcfd of Natural Gas or residue to sale. Our average NGL price per gallon is about 40% of Crude oil prices or about \$0. 55 per gallon. This means an average wellhead Mcf in the Permian is worth about \$ 4.25/Mcf vs the \$3.00 posted price for Natural Gas at Houston Ship Channel (HSC) and 17 times higher than our current Waha price for Natural Gas. This is based off of us recovering and selling about 90% of the wellhead available NGL's as y-grade while the other 10% (mostly Ethane) is sold as residue or natural gas.

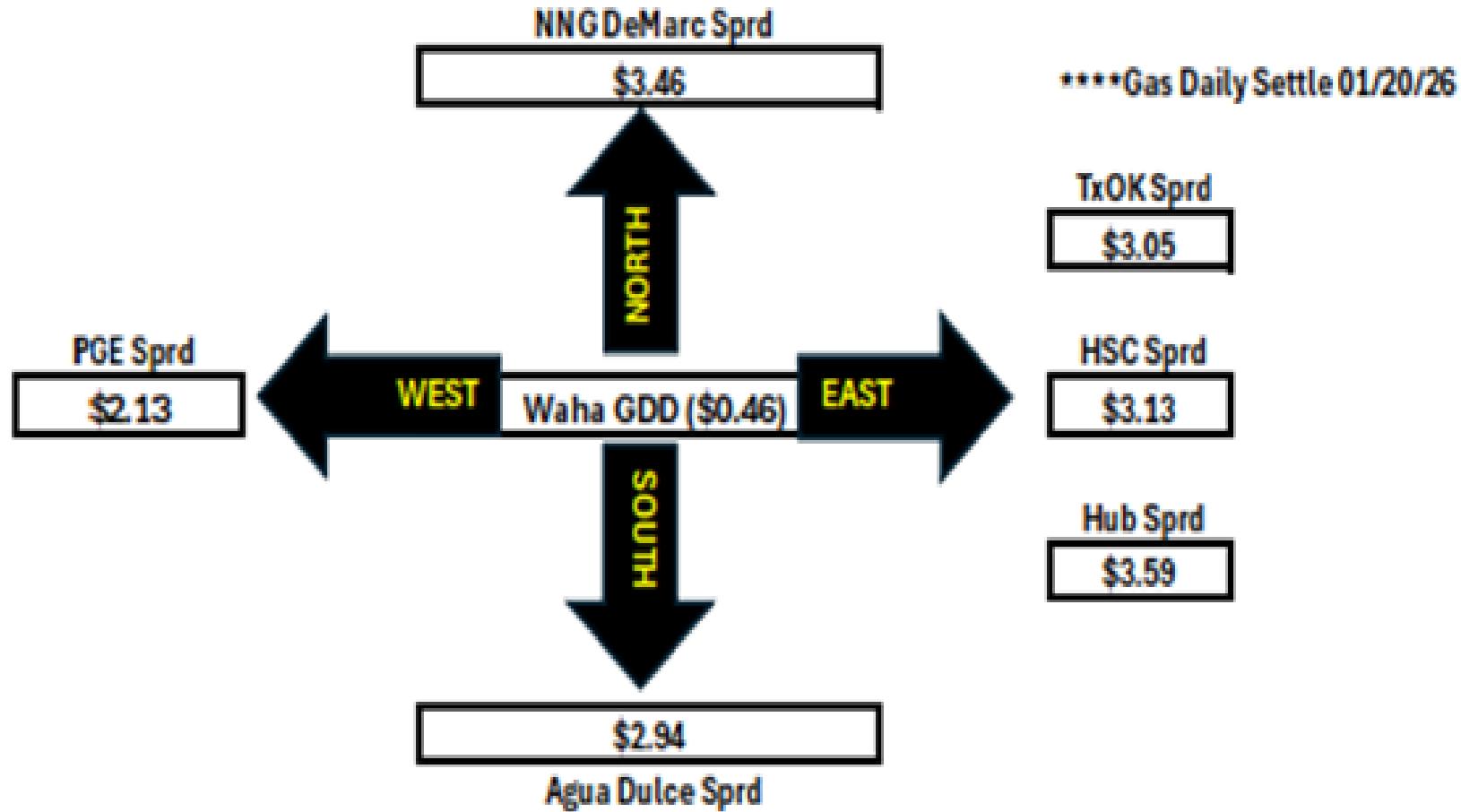
# Denny Found Waha Gas Prices !!!!

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PIONEER  
NATURAL RESOURCES



## Spreads out of Permian



		Index Futures			
		Feb-26	Apr-26	Feb-26	Jan-27
		Feb-26	Mar-26	Oct-26	Dec-26
Waha		\$0.03	(\$0.19)	\$0.30	\$0.61
Permian (EP)		\$0.05	(\$0.14)	\$0.37	\$0.67
NGPL-Tx0k		\$2.69	\$2.51	\$2.76	\$2.85
HSC		\$2.59	\$2.41	\$2.73	\$2.81
					\$3.37

## Pipelines Under Construction

Operator	Name	MMcfd	Delivery	Service	Backers
White Water	Blackfin	2500	Jasper	Q4 '25	ENL DVN, MPLX
White Water	Black Comb	2000	Corpus	Q4 '26	Targa, MPLX, ENB, DVN, FANG
KM	GCX Exp	570	Corpus	H2 '26	ArcLight
ETC	Brinson	2200	Dallas+	Q4 '26	
Kinder Morgan	Trident	1500	Pt Arthur	Q1 '27	
White Water	Traverse	2500	AD to Katy	Q1 '27	ENB
White Water	Eiger	3700	Katy	Mid '28	ENB, OKE, MPLX
ETC	Desert SW	2300	AZ	Q4 '29	

Super sized

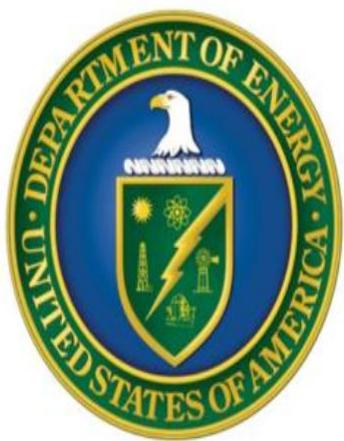


## Climate & The Role of Fossil Fuels



# DOE Report Looks at Climate Science and Policy

*A New Report was issued by U.S. DOE with information on Greenhouse Gas Emissions*



A Critical Review of Impacts of Greenhouse Gas Emissions on the U.S. Climate

**Report Issued July 2025**

“Hydrocarbon-based fuels, the argument goes, must be rapidly abandoned or else we risk planetary ruin. **That view demands scrutiny.**”  
– Chris Wright, U.S. Secretary of Energy

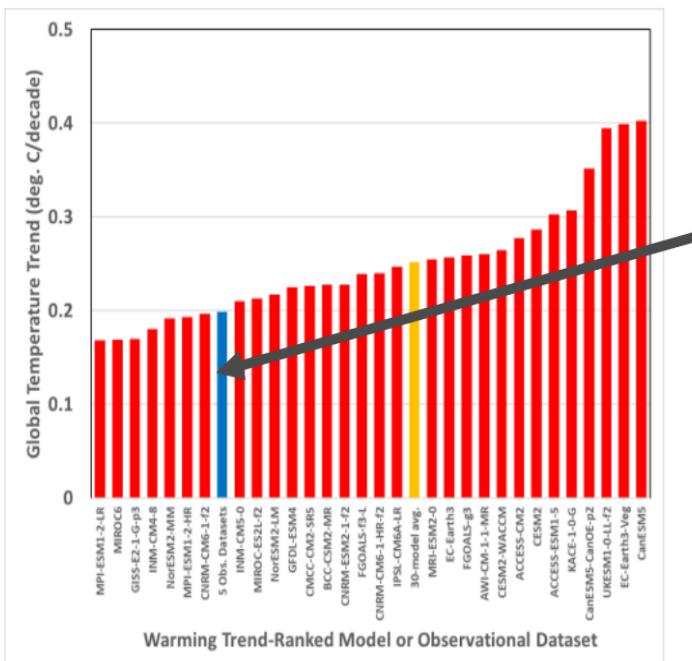
## Main Takeaways

- Climate forecasts struggle to replicate actual, real-world data
- Despite significant media attention, most extreme weather events lack notable long-term trends
- Benefits gained from extreme climate policy are more than offset by the high costs of instituting those policies
- Human adaptation and access to abundant, affordable energy drives down weather-related death and costs

# Climate Forecasts Do Not Reflect Actual Data

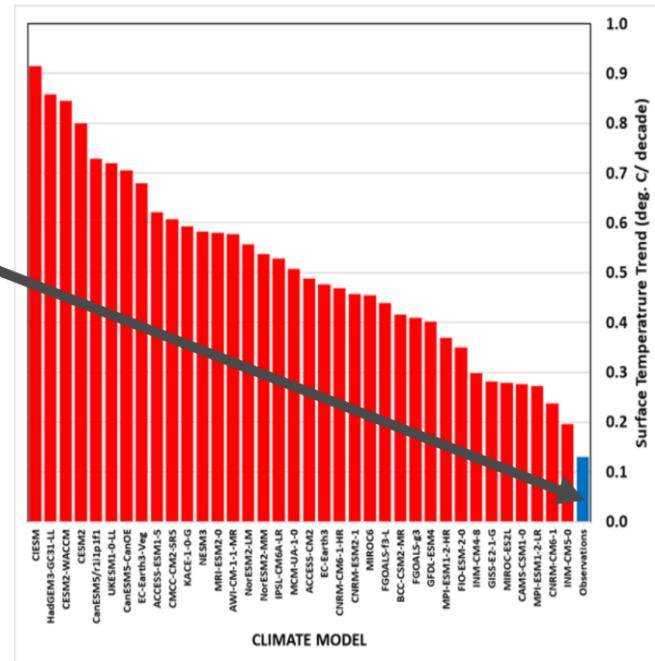
Climate forecasts tend to overstate warming

Forecast vs. Observed Global Surface Temperature Trends<sup>(1)</sup>



Actual data (blue bars) shows surface temperature and warming trends well below climate forecast averages

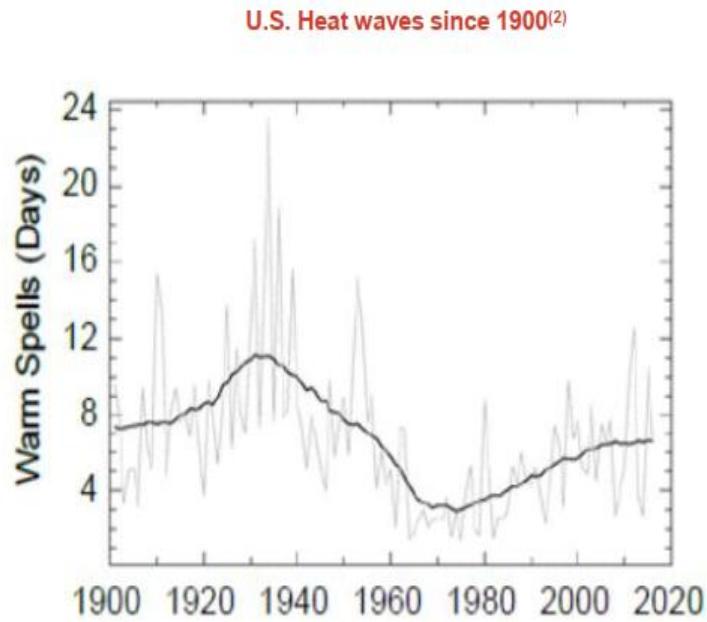
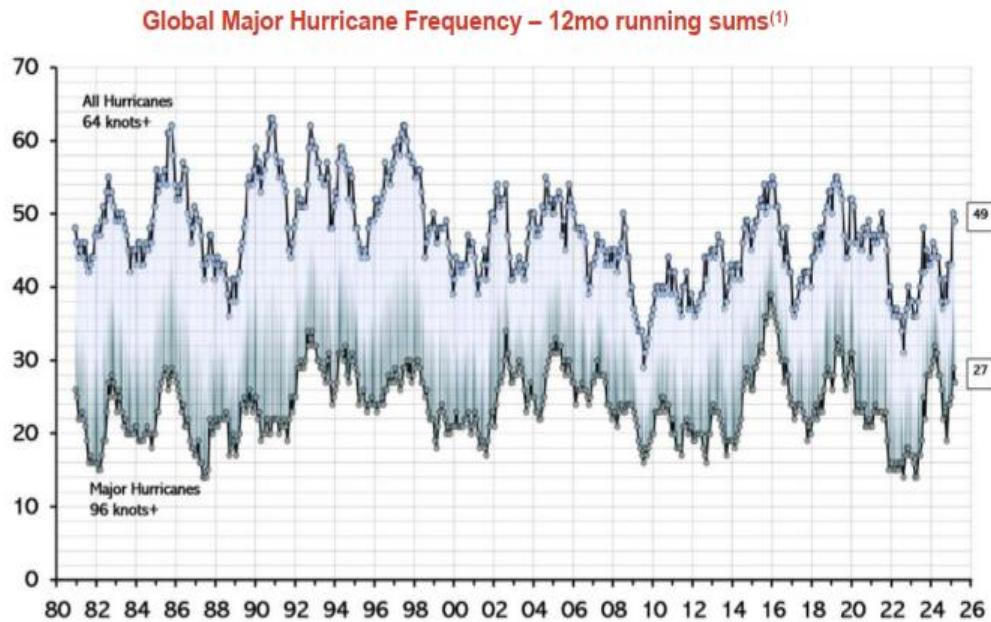
Forecast vs. Observed Warming Trends in Midwestern US<sup>(1)</sup>



“Climate models show warming biases in many aspects of their reproduction of the past few decades”

# Extreme Weather Events Are Not Increasing

*Extreme weather gets major media coverage but shows few clear long-term trends*

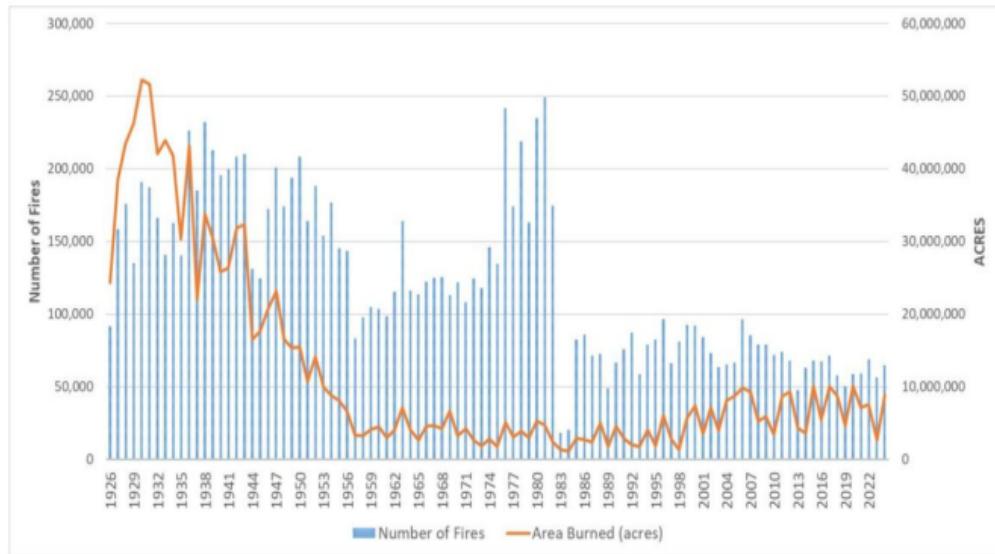


**"Most types of extreme weather exhibit no statistically significant long-term trends over the available historical record"**

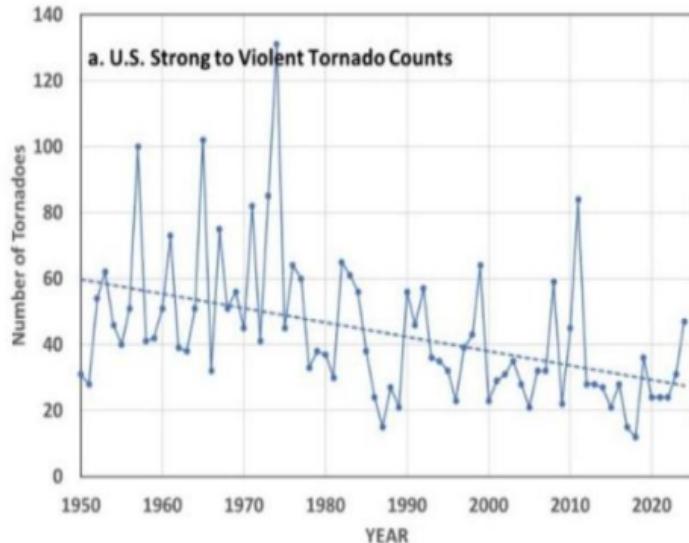
## Extreme Weather Events Are Not Increasing (Continued)

*Extreme weather gets major media coverage but shows few clear long-term trends*

**U.S. Wildfires, 1926 – 2023<sup>(1)</sup>**



**U.S. Tornado Counts<sup>(2)</sup>**



**“Global data show that wildfire coverage is constant or declining on every continent”<sup>(3)</sup>**

**“There is a noticeable downtrend in the number of severe tornadoes in the U.S. since 1950”**



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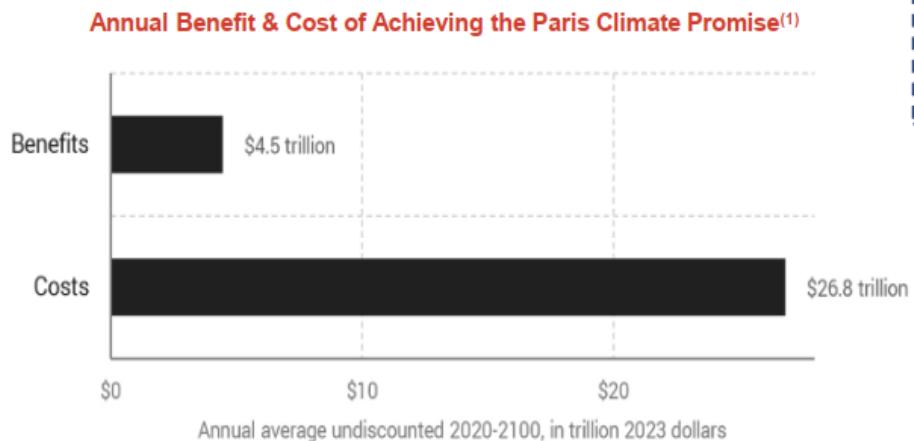
(1) Post-2018: National InterAgency Fire Center data <https://www.nifc.gov/fire-information/statistics/wildfires>. Pre-2017 webarchive.org (n.d.).

(2) Based upon NOAA Storms Prediction Center data, available at [https://www.spc.noaa.gov/wcm/data/1950-2024\\_actual.tornadoes.csv](https://www.spc.noaa.gov/wcm/data/1950-2024_actual.tornadoes.csv).

(3) Samborska and Ritchie, 2024

# Climate Policy – High Costs and Limited Impacts

*Benefits gained from extreme climate policy are minimal, particularly against very high costs*



**The Paris Climate Agreement** - In 2015 several nations signed a treaty to pursue an aggressive set of climate policies in an effort to limit global climate change

- The estimated annual cost of achieving the “Paris promise” is nearly the size of the entire US economy
- Annual spend at these levels through 2030 is estimated to limit global temperature change by only ~0.09°F<sup>(1)</sup>
- Extending aggressive policies through 2100 would limit temperature change by an estimated ~0.04°F<sup>(1)</sup>

“U.S. policy actions are expected to have undetectably small direct impacts on the global climate and any effects will emerge only with long delays”



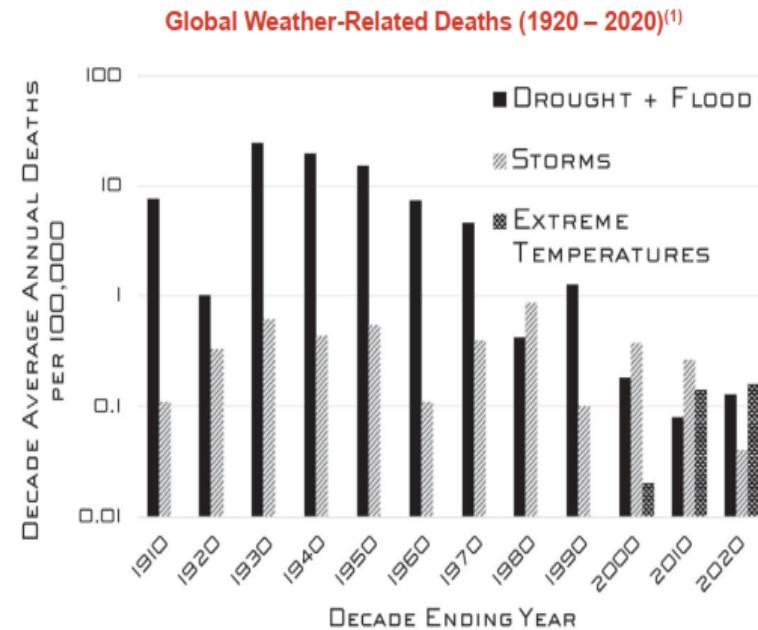
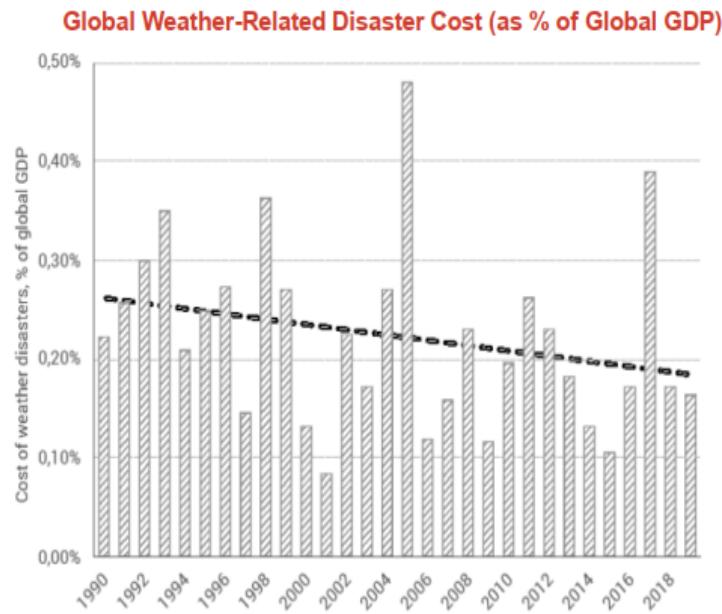
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<sup>(1)</sup> Lomborg, Bjorn. *False Alarm: How Climate Change Panic Costs Us Trillions, Hurts the Poor, and Fails to Fix the Planet*. New York: Basic Books, 2020

# Access to Reliable Energy Reduces Mortality Risk

Access to hydrocarbon-based energy and adaptation efforts continue to reduce climate-related deaths and disaster costs

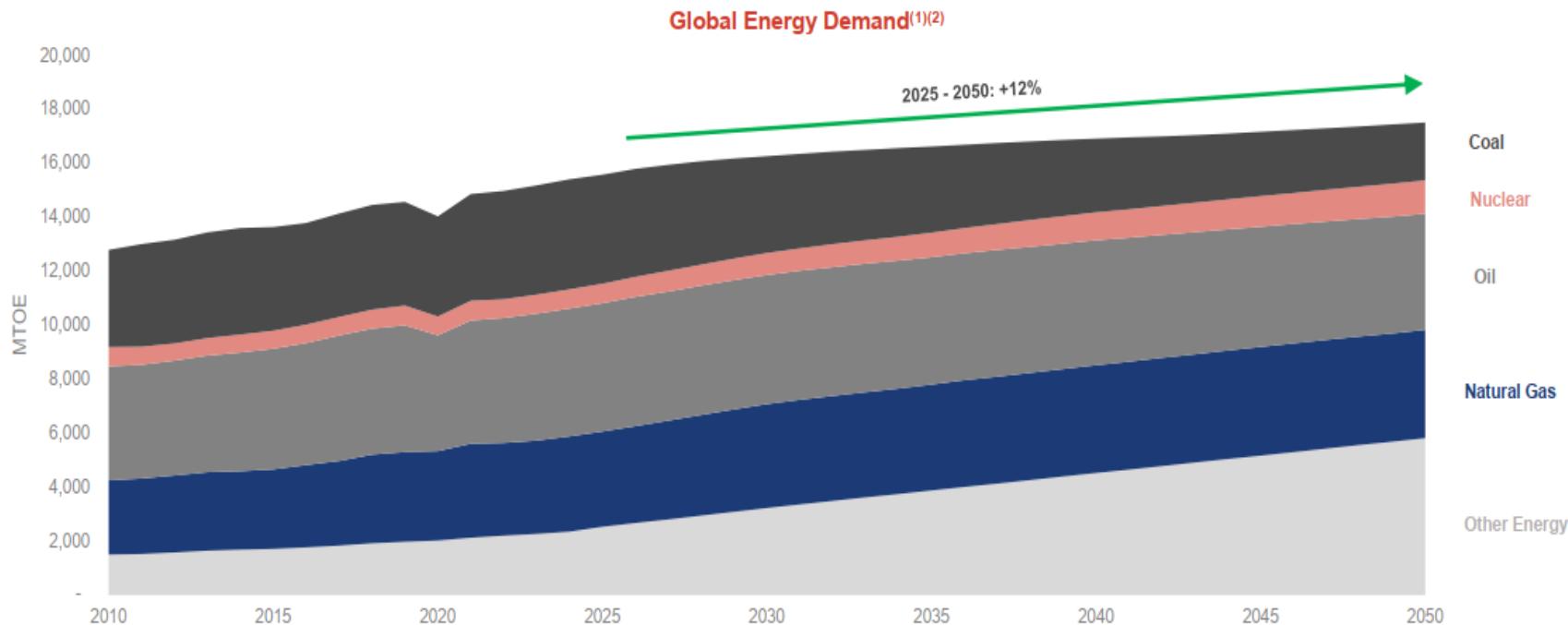


“Technological advances... have substantially reduced losses from extreme weather events...  
Heat related mortality risk has dropped substantially due to adaptive measures”

# The World Needs More Energy

As demand for energy continues to grow, oil and natural gas will continue to play a critical role

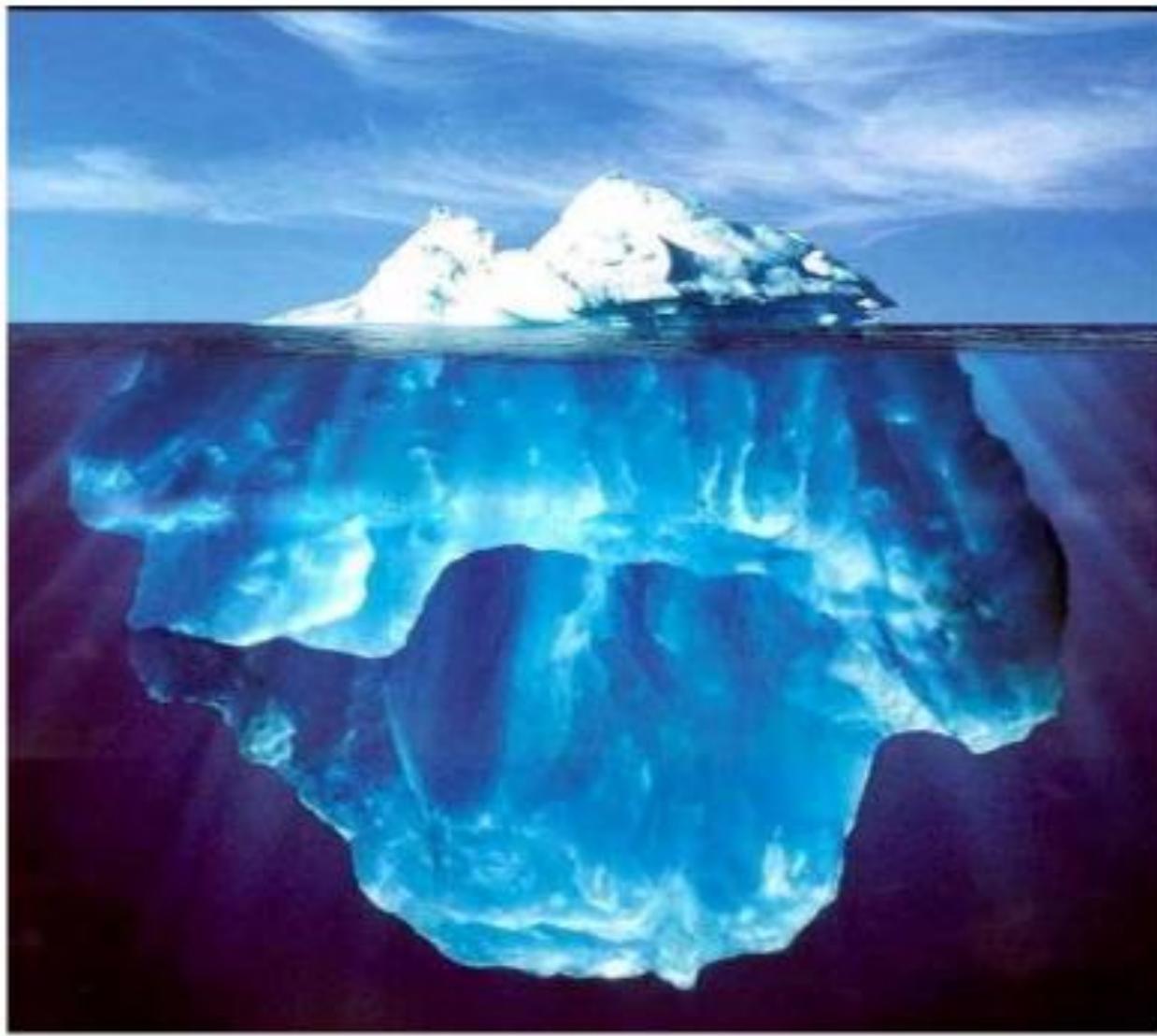
Global natural gas demand forecasted to grow by 14% from 2025 – 2050



# Permian Midstream.....It's Just Fun !



For The Permian.....It's Still The Tip of the Iceberg!!



# LET'S ROLL!!!!!!!

