News : Enterprise sees US LNG feedgas demand threatening to outpace 'fragile' production

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- Says **LNG** demand likely nears 24 Bcf/d by 2026
- Expects **Permian Basin** to drive growth
- Says higher prices, contracts, permitting reform needed

US midstream operator **Enterprise** Products Partners said the crash in **US gas** prices this winter showed the “fragility of natural **gas** ” but that overall **US gas** production will need to increase from current levels to meet future demand that will be increasingly driven by rising **LNG** exports.

“I don’t think that that’s something that's easily fixed,” Tony Chovanec, executive vice president of fundamentals at **Enterprise** , said during the company’s March 29 analyst day. “There is a significant amount of **LNG** coming, but natural **gas** is counting on a lot of things, and it’s somewhat fragile.”

Enterprise described **LNG** as “the only option for **US gas** .” The company said it sees **US feedgas** demand for **LNG** exports likely climbing to 23.9 Bcf/d by 2026, with facilities representing about 6.6 Bcf/d of additional **feedgas** demand already under construction.

The forecast represents a stark increase from current total **US LNG feedgas** demand, which has averaged nearly 13.1 Bcf/d this month as of March 29, S&P Global Commodity Insights data showed.

Potential additions could see total **US feedgas** demand top 34 Bcf/d by the end of the decade, **Enterprise** said.

“**We** have enough natural **gas** to feed what’s under construction, but **we** are not drilling enough today for the likely and the potential,” Chovanec said. “And when you look at the magnitude of those two numbers together, **we** ’re going to need some help.”

As it stands, **Enterprise** expects **US** natural **gas** production growth this decade to be mostly driven by **gas** production associated with an increase in **crude** -targeted drilling activity in the **Permian Basin** , which the company said will account for about 93% of **US** oil production growth this decade. **Enterprise** said **Permian Basin crude** production was poised to increase by 1.8 million b/d by 2025 and 2.7 million b/d by 2030, although executives said the company anticipated “a lot of pushback on that number” from market observers who expect smaller growth.

The company expects **US** dry **gas** production to increase around 5 Bcf/d by 2025 and around 10.2 Bcf/d by 2030, with the Permian accounting for about 60% of that growth. It also anticipates the Permian will account for about 67% of wet **gas** production growth, expected to increase by about 6.8 Bcf/d by 2025 and about 13.2 Bcf/d by 2030.

But **Enterprise** said the increased natural **gas** production that it expects will be needed from the **Appalachia** , Haynesville and **Eagle Ford shale** provinces could depend on higher prices, long-term contracting, and permitting reform, which could facilitate building takeaway capacity to the **LNG** demand centers concentrated in the **US Gulf Coast** .

“**We** can build a pipeline in **Texas** ; **we** can build a pipeline in **Louisiana** ,” co-CEO Jim Teague said. "**We** can’t build a pipeline out of the Marcellus."