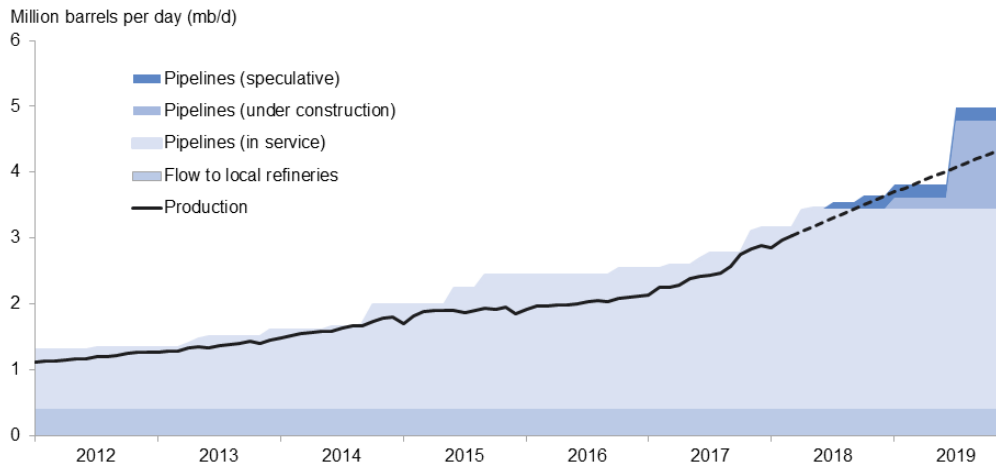


Permian Takeaway Capacity

Permian oil production growth is straining existing pipeline capacity. While this is not currently restricting production growth, data suggest that Permian production could exceed transport capacity sometime between mid-2018 and mid-2019 if new pipelines are not brought online (*Chart 6*). Information from the Energy Information Administration, company reports, the Dallas Fed Beige Book and the Dallas Fed Energy Survey suggest that pipeline congestion could become a significant challenge to production in early 2019. This is particularly true for smaller producers because larger exploration and production firms are more likely to have long-term contracts in place for takeaway capacity.

Chart 6
Permian Pipeline Capacity



NOTE: The dashed line represents the Permian Basin production forecast, assuming production growth of 0.75 mb/d in 2018 and 2019.
SOURCES: Energy Information Administration; company reports; calculations by the Dallas Fed.

About Energy Indicators

Questions can be addressed to Jesse Thompson at jesse.thompson@dal.frb.org. *Energy Indicators* is released monthly and can be received by signing up for an email alert. For additional energy-related research, please visit the Dallas Fed's energy home page.