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Diverse Groups Advance Permian Basin Prosperity

By Danny Boyd

At the annual meeting of the Permian Basin Petroleum Association, which was held Sept. 16-17 in Midland, members discussed some of the technologies, operational best practices and subsurface insights that have made the region the nation's leading oil and gas province. But they also recognized that their success depends not only on technical and operational prowess, but also on a regulatory climate that protects the public without needlessly constraining development.

For PBPA and the many other associations that promote industry interests to legislators, regulators and the public, ensuring that new policies strike the right balance requires vigilance, an eye for detail, and a broad perspective.

Outgoing PBPA Chairman Jeff Sparks, president of Discovery Operating in Midland, said a diverse association board that includes operators, service providers, midstream companies and others is a major contributor to the group's effectiveness. But he urged members to continue to stand up for the industry and Permian communities.

"I'm very passionate about our industry and proud to be part of the oil and gas industry, and I think everybody here is proud to be a part of it," he said. "When you're talking with someone about oil and gas, let them know how it helps people's lives. We enrich the lives of people around the world."

PBPA President Ben Shepperd told members that the association will continue to influence policy decisions in Austin and Santa Fe and serve on Texas' State Taskforce on Petroleum Theft. The association already is looking ahead to the upcoming session of the Texas legislature and anticipates deliberations on orphaned wells, electrification, produced water and property taxes.

With the public's eye increasingly on energy, Shepperd said he is frequently asked about PBPA's thoughts on higher oil prices.

"What we prefer is stability, whatever the price is," he said. "If it is $100 and will create a lot of pain for the economy, we

would rather it be lower."

Shepperd and Sparks recognized dignitaries and announced that Kirk Edwards, CEO and president of Latigo Petroleum in Odessa, Tx., will receive PBPA's Top Hand Award at a Jan. 21 banquet.

The Power of Unity

During a segment on issues in New Mexico and Washington, Edith Naegele, president and CEO of the Independent Petroleum Association of America, said she continues to urge independents with different operational focuses across 33 states and the U.S. Gulf to speak with one voice.

"When we stand together as independent producers, we are much more effective, louder, and clearer, and we can really deliver a message together," she said.

In public testimony and comments, onshore independents are now expressing support for offshore operators, and larger players unaffected by marginal well issues have supported the work of smaller operators who are, Naegele said.

IPAA is also encouraging people across the industry to seize the moment and promote the industry to a public that is rediscovering the importance of energy following market disruptions, such as Russia's invasion of Ukraine and the Iran war. The widespread fascination with the show Landman also helps make industry advocacy more compelling today.

IPAA's merger with the Domestic Energy Producers Alliance gives independent producers a more effective, united voice during a critical time in Washington, with work left to be done on permitting reform, national defense authorization, pipeline safety, surface transportation and data centers, she said.

Both Naegele and Missi Currier, president and CEO of the New Mexico Oil and Gas Association, urged PBPA members to encourage employees to vote in November.

The election presents a pivotal time for the state and industry, Currier said. Every seat in the state House of Representatives will be on the ballot, as will a governor's race that pits the pro-business Republican Gregg Hull against Democrat Deb Haaland, who served as Secretary of the Interior during the Biden administration.

"The way that New Mexico is operating right now, and I know that this is not a news flash to anybody, but it is difficult to do business, not just in oil and gas but business as a whole," Currier said.

NMOGA is working on 13 rulemaking and legal issues, including a proposal from the New Mexico Environment Department for a new statewide methane abatement rule.

Understanding Data Centers

Recognizing growing public concern in Texas about the potential impact of data centers on local communities, Ning Lin, chief economist at the Bureau of Economic Geology in The University of Texas at Austin's Jackson School of Geosciences, is working to help fill knowledge gaps with data.

"We work across Texas, and hear a lot of different concerns about noise, water, the grid, transparency and local control since many of these centers are being built in unincorporated areas," Lin told PBPA members.

Based on those concerns, she said the bureau has expanded the scope of its research on data centers' impacts, which was already evaluating geospatial matters, permitting, power requirements and water usage. Lin said this research aims to inform discussions with data rather than to support a specific position.

The number of proposed data centers is leading to a growing large load queue



of new power demand requests for grid operator ERCOT, she observed. ERCOT's large load interconnection queue has doubled in size, from close to 240 GW of requests in December 2025 to about 474 GW as of June 2026. Data centers account for about 90% of those requests as of June, according to ERCOT.

The bureau's inventory counted about 660 data center sites in Texas as of August 2026 that are operating, under construction or proposed. Not all the proposed facilities will be built, which complicates the bureau's research, Lin said. More than half, about 370, are already operating and include smaller cloud computing facilities and edge data centers that process and store data close to end users.

Large AI training centers are being proposed in West Texas to take advantage of lower-cost land and available energy. Meanwhile, AI inference centers where the trained models provide analysis, real-time predictions or output tend to be proposed closer to populated areas, Lin mentioned.

Data centers' water use comes primarily from their cooling systems and varies based on their size and the system they use. Lin said the bureau is trying to quantify the impacts of different cooling strategies and examine whether data centers can rely on alternate options, such as treated produced water or brackish water, to preserve more scarce and valuable supplies.



Ning Lin, chief economist at the Bureau of Economic Geology in The University of Texas at Austin's Jackson School of Geosciences, reported that about 660 data center sites have been built or proposed in Texas. She said the bureau is conducting research on these data centers' impacts to provide reliable data on community concerns, such as noise, water consumption, and electricity use.

Advancing Water Reuse

In a panel discussion on the future of treated produced water moderated by Michael Lozano, PBPA vice president of government affairs, experts discussed regulatory, technical and commercial considerations that will determine whether the industry can convert produced water from a waste into an asset.

As Texas lawmakers gear up to examine water issues in the next session, policy and regulatory solutions coupled with ongoing treatment advancements could provide enormous benefits, Lozano argued.

"This is first time since water wells were drilled 10,000 years ago that humans have the opportunity to fully exploit new water sources," he said.

In a move to supply more freshwater to West Texas, Western Midstream in June started up the largest of two treatment facilities in Reeves County to transform produced water to freshwater, said Jordan Lake, the company's vice president of commercial water development. He said the plant is a pilot conducted in partnership with Chevron, ConocoPhillips, Devon Energy and ExxonMobil.

The project is the latest in an ongoing shift from managing produced water entirely through disposal, to handling and reuse upstream to now treating it for agriculture, manufacturing and surface discharge.

Since launching beneficial reuse efforts about five years ago, Texas Pacific Water Resources has invested $50 million in water treatment research and construction and is looking ahead to commercialization, said Executive Vice President Robert Crain.

An affiliate of Texas Pacific Land Corp., the company anticipates regulatory approval from the Texas Commission on Environmental Quality that would allow discharges from a new Reeves County facility that uses advanced fractional freeze technology to treat water for discharge into the Salt Creek tributary in the Pecos River watershed.

“Different people have different technologies. We’re confident in ours, and other folks are confident in theirs as well,” Crain said.

While technology continues to evolve, it’s likely water treatment plants will need to be built to scale at a potential cost of hundreds of millions of dollars in order to allow widespread production of high-quality treated water, said Jim Newman, executive vice president of the oil and gas division at Aquafortus. He said both technology and regulatory frameworks must support that effort.

The desalination technology company already is operating a pilot project near Colorado City in Mitchell County east of Midland using proprietary technology that turns salty brines into more usable water while enabling extraction of valuable elements, such as lithium, copper and magnesium.

Accelerating BLM Permits

In Washington, the Trump administration remains committed to supporting energy development on public lands, including oil and gas activity, said Bill Groffy, principal deputy director at the U.S. Bureau of Land Management.

BLM is gearing up for a New Mexico lease sale in November after seeing strong interest in earlier sales, one of which generated $4 billion from 74 parcels. Groffy said bidders appreciate the lower onshore royalty rate of 12.5% authorized by the One Big Beautiful Bill Act.

“These successful sales underscore both industry demand and the importance of a predictable federal process that will allow operators to confidently invest in domestic development,” Groffy commented.

The bureau continues to cut red tape, eliminate barriers and accelerate reviews, he said. Over the past year, it issued more than 31 direct final rules that removed or revised 64 sections of the Code of Federal Regulations.

For example, a rule proposed earlier this year calls for expanding the ability to co-mingle production on federal lands, a change that would reduce surface impacts and improve operational flexibility, Groffy said. He also highlighted a proposed update to the oil and gas leasing rule that reduces bonding requirements and simplifies processes. A concurrent proposal seeks to reduce the paperwork and ambiguity associated with the Waste Prevention Rule by establishing firm definitions for avoidable and unavoidable losses, authorized venting and flaring, emergencies, and measurement standards, among other changes.

After reductions in timeframes to get Applications for Permits to Drill and changes in how to comply with the National Environmental Policy Act, the BLM has approved 9,896 new permits since the beginning of Trump’s second term and cut pending permits by 74%. The long-term goal is to reduce approval times to fewer than 100 days, Groffy said.



Bill Groffy, principal deputy director at the U.S. Bureau of Land Management, highlighted the strong interest the agency is seeing in lease sales that include Permian acreage, one of which raised $4 billion. He added that the BLM is streamlining regulatory processes, an effort that has led it to remove or revise 64 sections of the Code of Federal Regulations in the past year.

Under alternative NEPA compliance procedures, the BLM can reduce the time for environmental assessments from a year to about 14 days. These procedures allow environmental impact statements that once took two years to be completed in 28 days, he added.

Texas RRC Update

Texas Railroad Commission Chairman Christi Craddick gave PBPA members an overview of agency work to implement inactive well legislation, plug orphaned wells, and secure additional funds from the legislature for plugging, staff additions and RRC operational upgrades.

The commission has requested $100 million from lawmakers to plug orphaned wells inherited by the state. The agency spent $100 million appropriated last session plugging 2,000 wells at an average cost of $52,000 a well. However, the number of orphaned wells grew by the same amount, to around 12,000.

“Every well we plug protects groundwater, improves public safety, restores the land, and reduces future liabilities,” Craddick commented. “That’s what this is about, but this isn’t just an environmental issue. It’s an economic issue, and it’s a public confidence issue about this industry. It’s essential to maintain Texas’ reputation as the nation’s energy leader.”

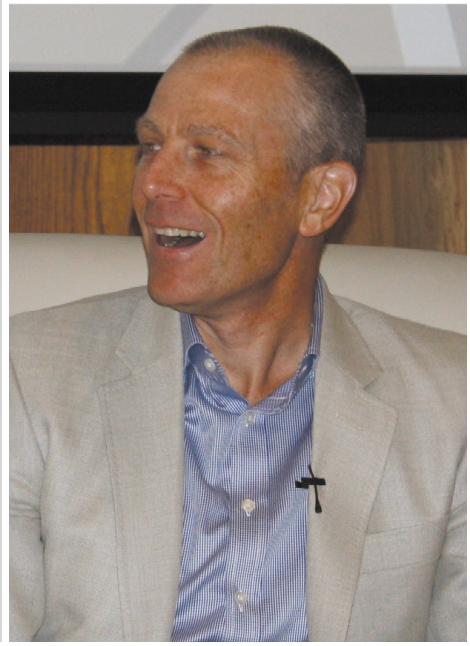
A draft rulemaking governing Texas’ 150,000 inactive oil and gas wells was expected to be released shortly after the PBPA meeting, she said. The final rule implementing requirements of SB 1150, which passed last session, is likely to come out by December. The goal is to modernize how Texas addresses inactive wells while preserving flexibility for operators who may be able to bring the wells back online, Craddick explained.

Within 18 months, the commission plans to complete a major IT modernization. Past upgrades already allow the commission to utilize artificial intelligence. The investments continue to improve permitting, inspections, data management, and customer service, Craddick reported.

By the end of the year, she continued, the State Taskforce on Petroleum Theft, which the commission chairs, will publish a report that discusses theft’s consequences and potential solutions, including ways to improve coordination between law enforcement agencies. To support theft prevention efforts, the commission’s budget request seeks funding for two additional staff members in each field office.

The Permian’s Future

During a discussion with incoming PBPA Chairman Marc Dingler, Ovintiv CEO Brendan McCracken described a culture of innovation as one of the major contributors to the success of the company, its Permian contemporaries and the basin as a whole.



Shared innovations will continue to extend the Permian longevity, he said. He said discovering the next steps forward often requires the right culture, technical expertise and extensive Permian data.

“One way I characterize it is if the maturity of this play is sitting somewhere in the seventh inning,” McCracken said. “The best operators keep replaying the seventh.”

Approval in summer of high voltage transmission lines from East Texas to West Texas is a major positive development for the region, he said. Noting that Ovintiv generates a third of its electricity, he said more large-scale generation is needed in the basin.

“We produce a lot of gas here,” McCracken observed. “That gas should be used to generate power here. But when we look at the timelines of what we need and when we need it, transmission is an important piece of that

infrastructure in the medium term."

Ovintiv is committed to helping improve Permian communities, he said. The company supports food banks, education and the work of the Permian Strategic Partnership, a coalition of energy companies, universities and other institutions that aims to ensure the basin is a great place to live and work.

He praised large community projects backed by energy companies. Those include the new Diamondback Energy Athletic Complex in Midland and the Beacon, a master-planned health, education, and innovation district under development between Midland and Odessa with support from the PSP, the state, local hospital districts and philanthropic foundations.

When asked what gives him the most optimism about the Permian's future, McCracken pointed to its culture of hard work and innovation coupled with unmatched resources.

"The basin is crucial for the country to maintain reliability, security and affordability for its energy production," he said. "Imagine what kind of shape we'd be in as a country without this."

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During a discussion with incoming PBPA Chairman Marc Dingler, Ovintiv CEO Brendan McCracken (shown) suggested that the Permian has a long and bright future. He applauded the industry's knack for using data to discover new pathways to better wells, as well as its commitment to investing in local communities.