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Midstream Outlook

Midstream outlook: Growth opportunities are tied to U.S. hydrocarbon exports ...

1

The U.S. midstream sector will continue to grow as oil and gas production and exports rise to meet growing demand. President-elect Trump's plans to expedite permits for pipeline projects and lift the pause on LNG export project approval could further boost the sector's outlook.

2

Permian oil production is expected to reach ~6.52 MMbpd by the end of 2025 with the play having sufficient takeaway capacity of over 7.5 MMbpd. However, at the current production growth rate, a capacity shortfall is expected by the end of the decade.

3

While surging production continues to strain Permian gas takeaway capacity, the Matterhorn express pipeline, with 2.5 bcf/d capacity, began operations in late 2024, which along with three new upcoming projects -- Blackcomb with 2.5 bcf/d capacity and the APEX and Hugh Brinson pipelines with 2 bcf/d capacity each -- anticipated to start in 2026, will help alleviate the bottleneck.

4

Appalachian gas production growth will remain limited by takeaway capacity through 2025, although the Mountain Valley Pipeline, with a capacity of 2 bcf/d, which began operations in 2024, has eased some of the constraints.

5

Permian NGL supply growth will be supported by new takeaway capacity, including the upcoming Bahia NGL pipeline with a capacity of ~0.6 MMbpd, EPIC's Y-grade pipeline expansion adding ~0.08 MMbpd, and West Texas LPG pipeline expansion increasing capacity by ~0.42 MMbpd. Meanwhile Appalachia is tapped out without permitting reform.

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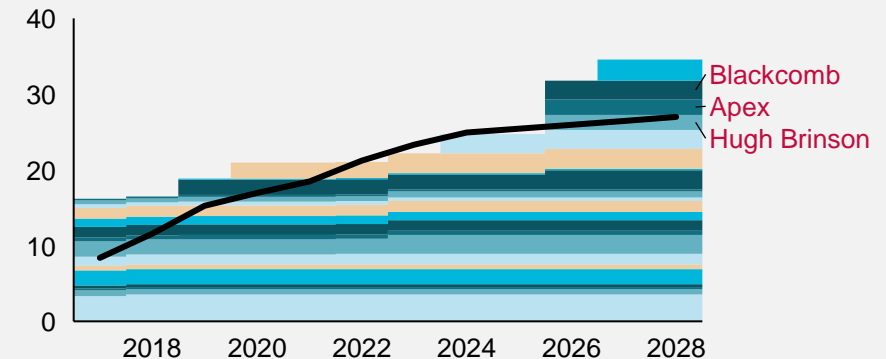
Several midstream players have plans to expand NGL fractionation capacity along the Gulf Coast. While ONEOK has announced the completion of MB-6, a 125,000 bpd NGL fractionator in Mont Belvieu, TX, Targa's CBF Train 10, with a capacity of 120,000 bpd, and Enterprise product's Frac 14, with a capacity of 195,000 bpd, are expected to come online next year.

Growth opportunities in U.S. midstream

Segment	Growth outlook
Crude oil in shale plays	🟡
Crude oil in export terminals	🟢
Natural gas pipelines	🟡
Natural gas storage	🟡
LNG export terminals	🟡
Gathering and processing	🟡
NGLs	🟡
Ethane export to terminal	🟡

Permian gas production and takeaway capacity

Billion cubic feet per day



Pipelines in red are new or expansions, coming online in 2025 or 2026

... But capitalizing on them needs both scale and complexity

7

With ~90% U.S. crude oil exports departing from the Gulf coast, total U.S. exports are forecasted to increase from ~4.1 MMbpd in 2024 to ~4.4 MMbpd in 2025. The Gray Oak pipeline expansion, adding 120,000 bpd of capacity in 2025, will help boost Corpus Christi's share of exports.

8

U.S. LPG exports are expected to reach ~2.3 MMbpd in 2025, with export capacity remaining tight for much of 2025. The expansion at Enterprise's Hydrocarbon Terminal, adding 120,000 bpd of LPG loading capacity, will help alleviate some constraints.

9

U.S. net ethane exports are anticipated to rise from ~476,000 bpd in 2024 to ~520,000 bpd in 2025, driven by production growth and new export capacity set to come online next year. Notable projects include Energy Transfer's expansion of its Nederland terminal, adding 250,000 bpd of flexible export capacity for ethane or other NGLs, and the first phase of Enterprise Products' Neches River Terminal, which will add 120,000 bpd of ethane export capacity.

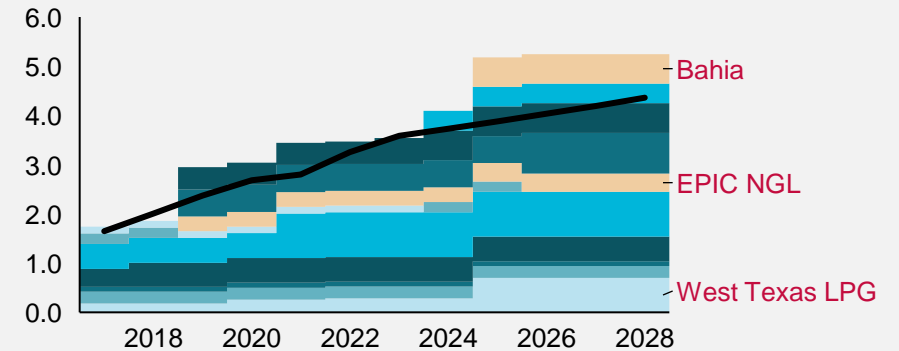
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Large midstream operators are expected to continue pursuing M&A opportunities to scale their operations, position themselves for expanding export markets, and optimize their assets as the sector matures. Notable midstream deals in 2024 included ONEOK's acquisition of EnLink Midstream and EQT's acquisition of Equitrans Midstream.

11

Midstream companies are focusing on reducing GHG emissions and achieving sustainability goals, driven by investor pressure and stricter regulations. For instance, Kinder Morgan has adopted vapor recovery units to capture methane emissions, while Williams and Enbridge have been exploring various technologies to minimize pipeline blowdowns and methane venting, and Enbridge is partnering with Microsoft to use AI for asset optimization and emissions reduction.

Permian NGL production and takeaway capacity Million barrels per day



Pipelines in red are new or expansions, coming online in 2025 or 2026

Select upcoming pipeline projects

Pipeline	Fluid	Capacity	Startup
Gray Oak Expansion	Oil	0.12 MMbpd	2026
Bahia NGL	NGL	0.60 MMbpd	2025
West Texas NGL expansion	NGL	0.08 MMbpd	2025
NG3	Natural gas	1.7 Bcfd	2025
Blackcomb	Natural gas	2.5 Bcfd	2026
Apex	Natural gas	2.0 Bcfd	2026
Huge Brinson (Warrior)	Natural gas	2.0 Bcfd	2026
Gulf Run expansion	Natural gas	1.1 Bcfd	2026

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