

New Permian Plant Positions EagleClaw For Takeoff

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An aerial photo by drone captures construction work in early spring of EagleClaw Midstream Ventures LLC's Toyah I Natural Gas Processing Plant in Reeves County, Texas. Source: EagleClaw Midstream Ventures LLC

The May 3 commissioning of its Toyah I Natural Gas Processing Plant in the heart of the Permian Basin positions EagleClaw Midstream Ventures LLC to take advantage of the booming core of the play as well as near-future exports to Mexico.

“We have executed an agreement with ONEOK to collect and deliver into their Roadrunner system that delivers to Mexico and we expect that residue tap to be complete by mid- to late summer of this year,” Bob Milam, CEO of EagleClaw, told Hart Energy. “It’s going to give us flexibility on our residue marketing capabilities. We also believe it’s going to give us some pricing advantage.”

EagleClaw also announced its purchase of a second cryogenic processing plant with capacity of 200 million cubic feet per day (MMcf/d). The company expects to install the Toyah II plant at the same location as customer demand increases. The state-of-the-art facility was manufactured by Honeywell UOP Russell and provides flexibility for various NGL recoveries, allowing EagleClaw to obtain an advantage depending on market price.

“The style of the GSP [gas subcooled process]-type plant gives it some additional flexibility and is more on the leading edge as far as technological capabilities,” Milam said. “Predominantly, the GSP was designed to extract ethane deeper but the added benefit in this price environment is the flexibility to reject ethane very hard and still control your propane efficiencies, making it more profitable for us and the producer.”

The Toyah I cryogenic plant has a capacity of 60 MMcf/d with initial volume of 44 MMcf/d. Milam said he expects to hit 50 MMcf/d in the next 30 days and full capacity by midsummer as additional wells become operational.

Toyah I serves producers working pay zones in the Upper and Middle Wolfcamp, Bone Spring and Avalon shale formations of the Delaware Basin. It is connected to about 120 miles of gathering pipeline and four field stations with a total of 11,000 horsepower of low-pressure compression.

“We have two 15 MMcf/d refrigerated JT [Joule-Thomson] plants that can supplement up to 90 MMcf of capacity at that facility today,” he said. “The growth in projects and continued well results—we’re seeing very favorable well results in the core of our system—has led us to go ahead and purchase that UOP 200 MMcf/d plant and basically has us ready to pull the trigger to install it as soon as we see the volume curves dictate that it’s necessary.”

In addition to the ONEOK Roadrunner agreement, the plant is also connected by an 18-mile pipeline to Lone Star NGL LLC’s West Texas Gateway Pipeline, which moves NGL to Mont Belvieu, Texas, and to Kinder Morgan Inc.’s El Paso 1600 pipeline.

In spite of the downturn—in fact, especially because of how this downturn has developed—Milam is happy to be operating in an area where he’s spent much of this career.

“What you’re seeing in the Permian Basin right now is producers turning vertical wells horizontal and you’re seeing some very, very prolific results,” he said. “The infrastructure that’s been built over so many years, and the resources and capabilities for services has the Permian able to withstand a downturn and the ability for the Permian Basin to be a first mover on a ramp back up out of a downturn.

“I think it is really significantly different from a lot of the newer basins that are playing.”

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