

Energy Advisory Council

Meeting Minutes



Federal Reserve
Bank of Dallas

2:30 PM, July 15, 2026

Committee Attendees:

Paul Foster, Franklin Mountain Investments, LLC (Council Chair)

Jim Allred, RBC Capital Markets

Jason Bordoff, Columbia University Center for Global Energy Policy

Willie Chiang, Plains All American Pipeline, L.P.

Vicki Hollub, Occidental Petroleum

Jim Hughes, EnCap Investments L.P.

Hunter Hunt, Hunt Consolidated, Inc.

Kay Bailey Hutchinson, Kay Bailey Hutchinson Energy Center

Thomas Long, Energy Transfer

Ben Marshall, Vitol Americas

Gary Petersen, EnCap Investments L.P.

L.E. Simmons, SCF Partners

Lakshmi Sreekumar, Capital One Securities

Kaes Van't Hof, Diamondback Energy

Gretchen Watkins, Greater Houston Partnership

Federal Reserve Bank of Dallas Directors in Attendance:

Gary Kelly, Southwest Airlines

Federal Reserve Attendees

Cameron Barrett, Maria Garcia-Osipenko, Jeff Garrett, Garrett Golding, Lutz Kilian, Adam Koudaih, Lorie Logan, Ahmed Majeed, Hanna Merrill, Karel Mertens, Heidi Mitchell, Hamsa Murthy, Kunal Patel, Daron Peschel, Jon Prior, Michael Schetzel, Chris Schreck, Sam Schulhofer-Wohl, Katherine Sedgwick, Reid Taylor, Jesse Thompson, Rebecca Zarutskie

Administrative

Daron Peschel, senior vice president, called the meeting of the Energy Advisory Council (the “Council”) of the Federal Reserve Bank of Dallas (“Dallas Fed” or “Bank”) to order at 2:30 pm CST and made introductory remarks. The Chair and President Lorie Logan also welcomed Council members and outlined the meeting agenda. Hamsa Murthy, senior counsel, delivered a review of the Bank’s antitrust policy.

Dallas Fed Energy Survey and U.S. Production Outlook

Kunal Patel, senior business economist, presented on the Dallas Fed Energy Survey results and the outlook for U.S. oil production. The presentation was a recap of the second quarter 2026 survey results (publicly released on June 24, 2026) and the 2025-26 forecast for U.S. crude oil production. Questions and discussion among council members focused on declining well productivity in shale basins and the concerns expressed by Survey participants on regulatory matters.

Discussion on energy market disruptions stemming from the Strait of Hormuz

Council members discussed how, despite the closure of the Strait of Hormuz constituting the largest oil market disruption in history, it has not led to the largest oil price shock in history. Council members noted one of the reasons for this was the large level of commercial and strategic oil inventories heading into the conflict. Another important and unexpected reason was how much China was able to reduce oil imports, which helped bring supply and demand closer to balance. Together these dynamics helped keep oil prices relatively contained versus initial expectations.

Council members also noted these “shock absorbers” for the oil market have been greatly diminished since the start of the conflict. The Memorandum of Understanding signed between Iran and the U.S. in June bought some time for the market as crude oil tanker flows in the Strait of Hormuz briefly increased to nearly pre-conflict levels. But with hostilities erupting again, tanker traffic has once again slowed, forcing oil and refined product markets to continue drawing down inventories.

Council members also discussed how the market for refined products appears to be in more difficult shape than crude oil. Council members noted the conflict has taken refineries in the Persian Gulf offline, China temporarily banned exports of refined products, and Ukraine has proven increasingly effective in striking refineries and export terminals in Russia, tightening product markets even further. Council members also discussed the situation suggests even if crude oil flows resume in the Strait of Hormuz, fuel prices might remain high relative to oil prices with reduced global refinery capacity.

Discussion on Permian Basin logistical challenges

Council members discussed how getting enough natural gas processing and transportation infrastructure built in the Permian Basin to keep up with production growth has been a major challenge in recent years. However, it was demonstrated that more pipeline capacity is close to coming online and more is being planned. Council members also noted while building pipelines through Texas is relatively straightforward from a regulatory perspective, there are many different challenges when a project crosses state lines due to federal oversight and other state government regulations.

As more natural gas infrastructure is constructed, customers for these rising gas volumes will be split between electric utilities, liquefied natural gas (LNG) export terminals, and power generation for data centers. Council members discussed the forecast uncertainty for data center natural gas demand, but the location of some planned facilities within the Permian Basin is an attractive option. Conversely, council members noted that LNG export terminals often carry 20-year supply contracts.

Council members also noted how water management in the Permian Basin could replace natural gas takeaway as the bigger logistical issue in the future. Estimates vary but for every barrel of oil produced in the Permian Basin, around 6 barrels of water is also brought to the surface with it. This water has to be reused for hydraulic fracturing operations or disposed via underground injection. Council members noted the industry is approaching a point where the normal end-uses are reaching their limits, so work is underway to find ways to clean up and reuse the water for other applications, such as agricultural irrigation.

Discussion of Other Risks in the Energy Sector

Council members discussed how the U.S. remains highly reliant on China for rare earth minerals and has outsourced most of its mining industry and smelting capabilities over the decades. Council members noted the many economic, political and environmental challenges that would come with accelerating mining and processing capacity in the U.S.

Council members also discussed the medium-term outlook for oil supply. Participants discussed where new supply will come from if U.S. shale production starts to plateau or wane. Council members noted that most domestic oil and gas companies no longer have the knowledge base and workforce to explore conventional oilfields again. A lot of time and effort is therefore likely to be spent on getting better recovery rates from existing shale basins.

Adjournment

The Chair adjourned the meeting at 5:30 pm CST.