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Many oil producers turn to hedges

Rig counts stay flat amid price spike after Iran conflict disrupts production, shipping

By Mella McEwen
OIL EDITOR

Unlike 2022, when Russia's invasion of Ukraine sent oil prices climbing, the war on Iran launched last weekend could have a bigger impact.

"Supply volumes at risk this time are dimensionally bigger — and real. In our view, \$200 a barrel for global benchmark Brent is not outside the realms of possibility in 2026," analysts at Wood Mackenzie said.

Much will depend on how long the war lasts, how long the Strait of Hormuz remains

closed and if the U.S. Navy can ensure safe passage of vessels by escorting shipping, they added. "Global oil demand of 105 million barrels per day will still have to fall to balance the market and, in our view, that will require Brent to push up at least to \$150 a barrel in the coming weeks."

Rather than relying on oil prices to remain high and putting more drilling rigs to work, oil and gas operators appear to be turning to hedging mechanisms.

"They should be doing all they can right now. Considering

we entered this year in the \$58-\$60 range, this should be a no-brainer," Tom Seng, professor at the Ralph Lowe Energy Institute at Texas Christian University, told the Reporter-Telegram.

"However, some of the 'vertically integrated' companies like Exxon don't hedge. They believe risk and gain are spread across all sectors from production to refining and petrochemicals. I would argue that each business unit could be profitable on its own and lead to an overall better earnings situation. Others will be thinking 'Here comes \$150! Why hedge now?' Always a fatal mistake," he said.

As far as drilling activity, he **Hedges continues on A8**



Peshkov/Getty Images

With the war in Iran closing the Strait of Hormuz, analysts believe Brent could hit \$150 a barrel soon, with \$200 possible, as producers hedge and rig counts stay flat.



CampPhoto/Getty Images

A stretch of the Rio Grande by FM 170 follows the river to Big Bend National Park. Local residents and officials from surrounding counties have voiced opposition to a physical barrier through Big Bend.

CBP weighs smart wall through Big Bend park

Counties move to oppose physical barrier through remote area

By B. Kay Richter
STAFF WRITER

BIG BEND NATIONAL PARK — Federal officials say that Big Bend National Park and Big Bend Ranch State Park continue to be in the planning stages for Border Patrol's operational priorities.

According to a press statement from a public affairs specialist at the U.S. Customs and Border Protection, CBP will continue to work to implement President Trump's executive order 14165, "Securing our Borders," and proclamation 10142, "Declaring a National Emergency at the southern border of the United States."

These proclamations said federal officials will continue to develop and finalize their plan for border barrier construction funded by the One Big Beautiful Bill Act. "CBP is currently focusing on the top

operational priorities with historical rates of high illegal entry, where illegal aliens regularly attempt to enter the United States," said a federal spokesperson. "CBP will continue to coordinate with the National Park Service, Texas Parks and Wildlife Department and other federal and state agencies throughout the planning of border barrier and technology deployments, in order to achieve Border Patrol's operational priorities."

According to a "smart wall" map via the CBP website, the government agency had recently reversed course on plans for a physical border wall. In February, CBP announced Border Patrol had planned to construct a Smart Wall, which would include a steel bollard wall or waterborne barrier along with roads, detection technology, cameras and lighting.

Following the announcement of the

smart wall, local residents and officials from surrounding counties were quick to voice their opposition. Officials in Brewster County — home to Big Bend National Park — are scheduled to vote this week on a resolution opposing the construction of a physical wall in the Big Bend area. Also this week, Presidio County officials also have a similar item on their Commissioners' Court agenda, which shows a discussion with action to pass a resolution against a physical border wall in Presidio County.

Local law enforcement with the Big Bend region has also joined in the opposition to a physical barrier, citing the terrain of Hudspeth, Culberson, Presidio, Brewster and Terrell counties as geographically distinct from heavily trafficked urban corridors along the southern border.

Wall continues on A8

Midland GOP to host runoff candidates

By Trevor Hawes
EDITOR

The Midland County Republican Party is getting ready to host its precinct and county conventions, and runoff-election candidates will get a chance to speak and take questions.

While the event isn't open to the general public, party Chairman James Beauchamp says that anyone who voted in the March 3 Republican primary or is willing to sign an oath of affiliation with the Republican Party of Texas can attend. You can't attend if you voted in the Democratic primary.

Delegates for the state convention will be selected and any changes to the party platform from a county level will be submitted.

This year, there are runoff elections locally for races where a candidate failed to win an outright majority. When this happens, the top two candidates head to a runoff.

Jay Marquez and Karen Hood **GOP continues on A8**

City hiring lifeguards, pool staff for summer

By Trevor Hawes
EDITOR

The city of Midland is hiring lifeguards, pool attendants and splash pad attendants for the 2026 summer season.

Pool attendants can earn \$12 per hour and are responsible for the collection of pool fees from patrons, the cleanliness of work areas, tagging lost and found articles, preparation of simple cashier reports and assisting their supervisor in emergency procedures, according to the job listing.

The minimum requirements are the completion of ninth grade and being at least 15 years of age. Candidates must be able to possess valid CPR and first aid certificates prior to Memorial **Pool continues on A2**

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WALL

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“Steep mountain ranges, deep canyons, expansive desert landscapes and the Rio Grande itself create formidable natural barriers that significantly limit large-scale movement,” said the sheriffs of Hudspeth, Presidio, Culberson and Brewster counties in a signed statement. “These realities must be considered when evaluating appropriate enforcement strategies.”

Additionally, a signed statement from sheriffs Arvin West, Danny Dominguez, Oscar Carrillo and Ronny Dodson said they share a commitment to strong, effective border security while serving the Big Bend region of Texas.

“Protecting our communities, supporting our federal partners and upholding the rule of law are core responsibilities of our offices,” the sheriffs said. “Based on decades of combined experience working this terrain, we believe that the construction of a continuous physical border wall in the Big Bend region would not represent the most practical or strategic approach to border security in this area.”

Additionally, the sheriffs’ statement stressed that modern surveillance technology, including advanced aerial systems cur-



LeongKokWeng/iStockphoto

Customs and Border Protection plans a smart wall and border tech in Big Bend parks, as Big Bend counties weigh resolutions opposing a physical wall in the area.

rently deployed by U.S. Customs and Border Protection, has proven highly effective in detecting and interdicting activity in remote terrain.

“Targeted patrol development supported by aerial and sensor-based monitoring allows law enforcement to respond precisely and efficiently without the need for extensive permanent infrastructure,” the sheriffs said. “Border se-

curity is not a one-size-fits-all proposition. Strategies that may be appropriate in high-traffic urban sectors are not necessarily appropriate in geographically remote regions such as ours.”

Bob Krumenaker, the former superintendent of the national park and spokesperson for the group Keep Big Bend Wild, said that while CBP’s smart wall map did

show changes online, other key issues remained.

He said the Smart Wall map still showed a wall in much of Big Bend Ranch State Park, which he said is just as destructive as the proposal in the national park.

“We remain concerned and vigilant and would like to see a clear public announcement from CBP of their intent and a commitment that it won’t change

again, before we will assume this is over,” he said.

“We support a secure border, but a wall through the Big Bend would be unnecessary and highly destructive, as the number of people who cross has long been extremely low.”

According to the Texas Parks and Wildlife website, Big Bend Ranch State Park hosts 238 miles of multi-use trails used for hiking, biking and eques-

trian access. The park boasts 70 miles of dirt roads for four-wheel-drive vehicles, as well as promoting access to the Rio Grande, also known as the Rio Bravo, for day use. Park guests can also float, fish, hike or even drive the scenic Camino del Rio located at Farm-to-Market Road 170. Camino del Rio, or River Road, is nestled between Lajitas and Presidio.

HEDGES

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added, “Producers could lock in these \$70 and near \$70 prices 6 months or more out and then get rigs back out and drilling. When E&P companies borrow to drill, they have to show the revenue stream via future prices. Some banks will then require them to hedge the anticipated production.”

Hedging could be a reason oil futures fell to just below \$95 after spiking to

near \$120, said Al Salazar, director at Enverus Intelligence Research.

Some companies may have standing orders to hedge oil prices when they rise above a certain level, he added.

“There is a significant amount of oil offline,” he told the Reporter-Telegram, estimating 6 to 7 million barrels of Middle Eastern production have been disrupted in the last 10 days. The now-closed Strait of Hormuz has idled an estimated 200 tankers carrying another 15 mil-

lion barrels.

Global demand is just more than 100 million barrels a day, and traders have been known to agitate over the loss of 1 million barrels, he added.

Alex Stevens, manager of policy and communications at the Institute for Energy Research, told the Reporter-Telegram that a number of oil producers, particularly U.S. shale operators, are activity hedging aggressively to lock in current elevated prices for future production.

“I believe a few produc-

ers added rigs over the weekend, but Enverus’ daily rig count was essentially flat last week, and there was widespread reporting that producers were focused on hedging even through the weekend. The industry’s core concern has been capital discipline, and given the high uncertainty about whether WTI will be \$120 or \$90 next week, that makes sense right now, especially for U.S. shale players with high decline rates and exposure to volatile prices,” he said.

He pointed out aggressive rig additions entail high costs and delay production, and without a high degree of certainty that these high oil prices will last, hedging offers immediate protection, whereas rig additions carry some degree of risk.

“If there is a strong signal that WTI prices will remain elevated for months rather than days or weeks, only then will you see significant additions to the rig count,” Stevens said.

Andrew O’Connor, se-

nior vice president for Energy & Natural Resources Ratings at Morningstar DBRS, has also observed oil producers have been inclined to add to their hedge books at higher prices.

“However, to add rigs that U.S. producers had not budgeted on adding this year, we expect a time lag until it becomes much more evident to producers that higher crude oil prices — \$75 to \$85 a barrel WTI — will be sustained for many months,” he said.

GOP

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are vying to be Midland County judge. Marquez captured 34.07% of the vote, while Hook received 33.84%. Incumbent Terry Johnson finished third at 32.09%.

County Commissioner Precinct 4 is also heading to a runoff after neither challenger H. Lance Friday nor incumbent Diane Anderson captured an outright majority. Friday received 39.66% of the vote; Anderson took 37.44%. Don “Woody” Woodward received 22.90% of the vote.

Also of interest on the runoff ballot is the U.S. Senate race. Statewide, incumbent John Cornyn and challenger Ken Paxton will be on the ballot after receiving 42.89% and 40.68% of the vote, respectively.



SimpleImages/Getty Images

Precinct and county conventions will be held March 28. GOP primary voters or oath signers may attend.

The precinct conventions for all precincts will be held at 9 a.m. Saturday, March 28, at the Bush Convention Center meeting room, 105, N. Main St. The county convention will begin at 9:45 a.m. in the same space.

Key dates for the runoff election are:

- **Monday, April 27:** The last day to register to vote.
- **Friday, May 15:** The last day to apply by mail

(received, not postmarked).

- **Monday, May 18:** Early voting begins.

- **Friday, May 22:** Early voting ends.

- **Tuesday, May 26:** Election Day and the last day to receive a ballot by mail.

The Republican Party of Texas convention runs June 11-13 at the George R. Brown Convention Center, 1001 Avenue of the Americas, in Houston.

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