

EQT Corporation - Production Plans Before a Pipeline Opens

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Case convention: The planning assignment below is hypothetical. Historical facts, company forecasts, and counterparty statements are sourced and identified; the case does not represent an undisclosed EQT decision.

The planning question

Imagine you are supporting an EQT planning review on March 1, 2024. The company has published its 2024 production and capital guidance. Your task is to recommend how the team should handle any request for activity beyond that plan while Appalachian natural-gas prices, pipeline access, and Mountain Valley Pipeline (MVP) timing remain uncertain.

Should the team hold to the published plan and wait for more evidence, stage any incremental activity behind price and pipeline milestones, or move more quickly when commercial conditions support it? The public record does not disclose a fixed pool of unallocated capital or the economics of specific additional wells or projects. Treat all incremental activity as hypothetical; do not assume a funding constraint, a set budget, or a project return. [P1] [P2]

EQT's position in Appalachia

EQT is a natural-gas producer whose proved reserves are concentrated in the Marcellus Shale. At year-end 2023, the Marcellus represented 93% of EQT's proved reserves. The company says Appalachian gas prices typically trade below NYMEX Henry Hub when regional supply exceeds the pipelines available to move gas to other markets. EQT hedges forecast production primarily against NYMEX and also uses basis hedges. [P1, Item 1, lines 496-499; P2, lines 317-320]

EQT reported that 42% of its 2023 sales volume reached markets outside Appalachia. It had access to approximately 3.6 Bcf per day of firm pipeline takeaway capacity and 0.9 Bcf per day of firm processing capacity. It also had committed to 1.29 Bcf per day of additional firm MVP capacity once the pipeline entered service. Capacity access and a future commitment do not reveal actual utilization or the amount of immediately available capacity for incremental volumes. [P1, Item 1, lines 526-530]

Exhibit 1. Published operating plan

Measure	2023 actual	2024 company guidance
Total sales volume	2,016 Bcfe	2,200-2,300 Bcfe
Maintenance capital expenditures	-	\$1.95-\$2.05 billion
Strategic growth capital expenditures	-	\$200-\$300 million
Completed net productive development wells	140	-
Net wells turned in line	-	110-140
Q1 total sales volume	-	525-575 Bcfe

Source: EQT's February 13, 2024 results release, P2 lines 202-220, 376-379, 381-387, 461-474; 2023 well count from P1, Item 1 "Drilling Activity," lines 483-488. "Completed net productive development wells" and "net wells turned in line" are distinct measures and should not be read as a like-for-like comparison. EQT described strategic growth spending as opportunistic and directed toward water, midstream and other infrastructure, and land opportunities. The annual plan is company guidance, not a proposed case budget. Q1 volume guidance included 10-15 Bcfe of lower volume due to non-operated midstream constraints. EQT's February 13 guidance footnote assumed MVP in service during April 2024 (P2, line 474); on February 20, Equitrans later moved its target for construction completion and commissioning to Q2 2024 (P3, lines 23-27). Both were forward-looking statements as of their publication dates. [P2]

EQT estimated a 2024 NYMEX Henry Hub free-cash-flow breakeven of about \$2.20 per MMBtu, inclusive of its 2024 hedges. This is a company-defined, hedged benchmark-price estimate-not an unhedged Appalachian price threshold or a well-level return. The same guidance table listed an average differential of negative \$0.70 to negative \$0.50 per Mcf. EQT describes this measure as including the fixed-price/NYMEX hedge differential and also reports basis hedging; the 2024 table does not separately quantify those components or establish an unhedged basin basis. [P2, lines 377-379, 401-410, 478-479, 565, and 1190-1205]

Capacity, commitments, and timing

At year-end, EQT's 10-K showed gross firm natural-gas sales commitments of 1,348 Bcf for 2024, followed by lower annual amounts in 2025-2028 and 1,840 Bcf thereafter. These are contractual sales commitments, not a production forecast or a measure of spare pipeline capacity. [P1, Item 1, lines 530-541]

In the fourth quarter of 2023, EQT signed two firm sales agreements for up to an aggregate 1.2 Bcf per day using MVP capacity for up to ten years beginning in 2027. EQT said the agreements were subject to unsatisfied conditions for MVP and Transco projects and excluded their impact from the current commitment schedule. They signal future commercial arrangements; they do not establish 2024 incremental takeaway or price realization. [P1, Item 1, lines 542-543]

On February 20, Equitrans Midstream, the MVP project's operator, reported that adverse construction conditions and January weather slowed work. It moved its target for completion and commissioning to the second quarter of 2024 and estimated total MVP joint-venture project cost at \$7.57-\$7.63 billion, excluding allowance for funds used during construction. That project-wide estimate is not EQT production capital or EQT's own share. Completion and timing

remained projections at the cutoff. [P3, lines 23-27, 125-130]

EQT said MVP's in-service timing was outside its control and could affect its 2024 operating expenses, per-unit metrics, average differential, and a potential contractual Henry Hub cash bonus. A pipeline opening could improve market access while also changing transport costs, gathering-fee relief, and other cash flows. [P1, Item 7, lines 1419-1421; P3]

Price and production signals

EQT's average 2023 natural-gas selling price was \$2.37 per Mcf before cash-settled derivatives and \$2.68 per Mcf including them. The two figures describe company-wide reported realization; neither isolates local basis or a specific sales route. [P1, Item 1, lines 501-519]

EQT attributed approximately 13 Bcfe of second-half 2023 curtailments, including non-operated interests, principally to lower Appalachian prices. It separately said third-party supply-chain constraints had shifted roughly 30 planned wells from 2022 into 2023, with those wells turned to sales by July 2023. The disclosures describe distinct explanations and time periods; they do not identify the economics of an incremental 2024 well. [P1, Item 7, lines 1404-1408]

Exhibit 2. What the public evidence establishes-and leaves open

Evidence	What it tells the planning team	What remains unknown
Appalachian prices generally below Henry Hub when supply outruns transport	Local basis is a distinct exposure from benchmark price.	Future basis, by EQT route and sales tranche.
3.6 Bcf/day existing firm takeaway; 1.29 Bcf/day additional MVP commitment when in service	EQT has a material transportation portfolio and a conditional future capacity position.	Actual firm-capacity utilization, constraints beyond MVP, and immediate spare capacity.
Q1 10-15 Bcfe volume impact from non-operated constraints	Some forecast volume depends on midstream providers outside EQT's control.	Which assets and counterparties, duration, and how much is recoverable later.
MVP Q2 2024 target after construction/weather delays	Timing risk remains relevant to planning.	Final completion date, service authorization, and actual price/cost impact.
Company annual production and capital guidance	EQT has published a 2024 operating plan.	Returns on any incremental wells or strategic-growth proposals.

Decision prompt

Recommend how the planning team should evaluate any request for activity beyond EQT's published 2024 plan. Specify which operational, commercial, price, basis, and pipeline milestones should cause a proposal to advance, pause, or be revisited. Address the strongest counterargument to your approach. Distinguish company guidance, historical results, and your own assumptions. Do not calculate a numerical project return from company-wide prices, guidance, or pipeline-study estimates.

Sources and conventions

All information is limited to materials available through February 29, 2024. Company and counterparty forecasts are labeled as such. Bcfe denotes billion cubic feet equivalent; Bcf/day denotes billion cubic feet per day; Mcf denotes thousand cubic feet; MMBtu denotes million British thermal units. Financial amounts are U.S. dollars.

[P1]: [EQT Corporation 2023 Form 10-K](#), filed February 14, 2024, accession 0000033213-24-000008; Item 1, lines 496-543; Item 7, lines 1404-1421. [P2]: [EQT Reports Fourth Quarter and Full Year 2023 Results and Provides 2024 Guidance](#), February 13, 2024; lines 202-220, 317-379, 381-410, 461-479, 565, and 1190-1205. [P3]: [Equitrans Midstream Announces Full-Year and Fourth Quarter 2023 Results](#), February 20, 2024; lines 23-27 and 125-130.