

UPSTREAM

## BKV Readies for Gas, CCS Growth in Texas' Barnett Shale

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It's no secret that the Barnett Shale of North Texas has seen better days. In June, the mature gas play produced just 1.55 billion cubic feet per day compared with 5 Bcf/d of output at its 2012 peak.

But the Barnett is far from dead, according to Chris Kalnin, CEO of BKV, the play's biggest producer. With new LNG feed gas demand looming nearby and additional growth expected in the power sector, the upcoming call on gas — and the uplift in prices anticipated to come with it — could lead to a renaissance of sorts.

“I think you could pull another Bcf/d out of the Barnett,” Kalnin told Energy Intelligence recently. “What's happened in other basins over the years in terms of getting more efficient, more bang for your buck — that's happening again in the Barnett.”

Many of the Barnett’s early operators, including supermajor Exxon Mobil and independent Devon Energy, abandoned the play after it began declining. That means it missed out on technology improvements and efficiency gains that were developed in other regions, such as long laterals and optimized fracture designs, Kalnin explained.

“All BKV is doing is taking a lot of those approaches, bringing it back to the Barnett and showing this huge amount of efficiency gain that you can deploy because the hydrocarbons are already there,” he said.

The company has long been bullish on the Barnett’s potential. It snapped up Devon’s and Exxon Mobil’s assets there in 2021 and 2022 and now holds more than 480,000 net acres. Its initial public offering last year raised \$270 million to help pay off debt and grow the core gas business.

In the first quarter, BKV’s production of 761.1 million cubic feet equivalent per day exceeded its midpoint guidance of 740 MMcfe to 770 MMcfe/d, largely due to “better than forecasted well performance on new development, effective base decline management, and accelerated pace of new development,” according to its earnings report. Its guidance for the second quarter, results of which will be released next week, is 775 MMcfe/d to 805 MMcfe/d.

Kalnin acknowledged the need for new drilling in addition to refractured wells to add 1 Bcf/d to the Barnett’s production. In particular, underexploited zones such as the thinner Upper Barnett will need to be better understood. The company has tested the Upper Barnett and is still evaluating the results.

“We are planning to do more testing in the next few years,” he said. “You need gas prices to be higher, which they are, to be doing aggressive testing on some of those places.”

CCS Build-Out

BKV has also made waves as an early developer of carbon capture projects. Its Barnett Zero sequestration well was brought on line in 2023, and there are plans to begin injecting at two other sites in Texas next year. The company’s model focuses on point source emissions, which will allow it to scale quickly over time as it scouts sequestration projects associated with ethanol and industrial production, as well as gas plants.

BKV CCS PROJECTS

Project Name	Location	Status	First Injection	YE 2026 Forecasted Gross Rate (million tons/yr)	YE 2027 Forecasted Growth Rate (million tons/yr)	Early 2030s Forecasted Gross Rate (million tons/yr)
Barnett Zero	Texas	Operating	Nov'23	0.14	0.15	0.21

Cotton Cove	Texas	FID	H1'26*	0.04	0.04	0.02
Eagle Ford	Texas	FID	H1'26*	0.09	0.09	0.08
Other Natural Gas Plant Projects	Various	Pre-FID	2026-29*	0.04	0.52	2.71
Industrial Projects	Various	Pre-FID	2027-28*	NA	0.14	11.25
Ethanol Projects	Various	Pre-FID	2027-29*	NA	0.11	1.36
<b>Total</b>	<b>Various</b>	<b>Various</b>	<b>2023-29*</b>	<b>0.31</b>	<b>1.05</b>	<b>15.63</b>

\*Expected. Source: Energy Intelligence, BKV

The projects qualify for federal "45Q" tax credits for sequestration, and BKV realized \$14 million in income related to the credits in 2024. While the future of the credits looked uncertain at the start of the second Trump administration, Kalnin noted the bipartisan support for the incentives in Washington, and BKV “doubled down” on its carbon capture and storage (CCS) business.

In recent months, the firm has announced partnerships to develop projects with the likes of Haynesville Shale producer Comstock and an unnamed midstream player. The company has also formed a joint venture with Copenhagen Infrastructure Partners (CIP) to develop CCS projects across the US, which includes a \$500 million investment from CIP.

“That has propelled us into this massive leadership position,” Kalnin said. “We’re starting to dominate the space, and you can see that in the amount of emitter agreements — Comstock, and a large midstream company — we’ve signed up deal after deal. And these are on emission sources now. And so what I’m showing is that we can replicate this.”

BKV believes it can sequester up to 1 million tons/yr by as early as 2027. “This is just the beginning, and we’ve got this huge partner that signed up with us,” he said. “All those things point to a business, which is going to, I think, really take off, and it’s agnostic of gas prices. So you combine that with our gas business, and all of a sudden the volatility of our income stream goes way down.”

Topics: [Electricity Demand](#), [Carbon Capture \(CCS\)](#), [CO2 Emissions](#), [Gas Demand](#)