OBJECTIVE OF THE SURVEY

Haynes and Boone, LLP has conducted 13 borrowing base redetermination surveys since April 2015, including our most recent survey in March 2021.

The 124 survey respondents include executives at:

- Oil and gas producers
- Oilfield services companies
- Financial institutions
- Private equity firms
- Professional services firms

The primary objective of this survey is to provide a forward-looking and clear idea of what lenders, borrowers (oil and gas producers) and others are experiencing regarding borrowing base redeterminations in light of the price uncertainty in the commodity markets.

The following is a summary of our March 2021 borrowing base redetermination survey results and an analysis of the responses.
**Question 1:** Which of these best describes you?

- **O&G lender:** 35%
- **O&G producer - borrower:** 36%
- **Professional services firm:** 23%
- **Oilfield services company:** 2%
- **Other:** 4%

**124 respondents**
Question 2: What percentage do you expect borrowing bases to change in spring 2021 as compared to fall 2020?

Sentiment for borrowing bases has shifted from pessimism in 2020 to slight optimism in 2021, with most respondents expecting reaffirmations or increases.
**Question 3:**

On average, what percentage of anticipated future production have reserve-based credit facility borrowers hedged for the next 12 months?

The trend of increased hedge volumes has rolled forward into 2021 and reflects the continued push by RBL lenders to require that their borrowers protect against downside scenarios.
Question 4:
Where are producers planning to source capital from in the next 12 months?*

*Respondents could select more than one option. We collected 444 responses. The figures in the chart above indicate the percent of total responses for each option.
Question 5:
Which plays will attract the most capital (drilling capex, A&D activity, financing, etc.) in 2021 and 2022?*

*Respondents could select up to three options. We collected 276 responses. The figures in the chart above indicate the percent of total responses for each option.
KEY TAKEAWAYS – BORROWING BASE REDETERMINATIONS SURVEY: SPRING 2021

- After difficult borrowing base redetermination seasons in 2020, producers should expect the spring 2021 redetermination season to result in continued, or even very modestly improved, RBL credit availability.

- Hedging levels, which were already historically high, have gone even higher. Price improvements in recent months have motivated both producers and their lenders to protect against the downside.

- The upstream oil and gas industry has settled into a new normal with respect to capital raising. Expectations regarding capital sources have stayed extremely consistent in the last three redeterminations surveys. The most significant change is an increased used of debt from capital markets.

- Three oil and gas plays – the Permian, Eagle Ford/Austin Chalk and Haynesville – will attract the most capital during the next two years. Though basin economics are the biggest driver, the political landscape is likely also a factor: plays that involve significant federal leasing have minimal interest.
Haynes and Boone's oil and gas lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. Take advantage of our other reports, surveys and publications that help keep you one step ahead:

- **Haynes and Boone and EnerCom Oil & Gas ESG Tracker**: our report that monitors how oil and gas companies are responding to the growing demand that they advance and develop ESG policies and communicate them to investors, lenders, regulators and other stakeholders.

- **Energy Bank Price Deck Survey**: a compilation and analysis of oil and gas price decks from leading energy banks that serves as an indication of price expectations used to determine producers’ borrowing bases under reserve-based loans.

- **Midstream Report**: includes details on midstream companies that have filed for bankruptcy since 2015.

- **Oil Patch Bankruptcy Monitor**: includes details on oil and gas producers that have filed for bankruptcy since 2015.

- **Oilfield Services Bankruptcy Tracker**: includes details on oilfield services companies that have filed for bankruptcy since 2015.

Contact Hal Means at hal.means@haynesboone.com to receive our latest reports, alerts and surveys, and invitations to our energy-related events.
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