

## E&P Companies and the OCC's Leverage Test ? October 2017 Update

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November 3, 2017 Jeff Nichols

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**PRACTICES** Energy Finance, Energy, Power and Natural Resources, Oil and Gas

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In August 2016, we reviewed publicly available data for a group of 58 E&P companies and predicted how they would fare under the leverage test that had, at the time, recently been introduced by the OCC. Based on that review, we predicted that, in 2016, over 91 percent of the companies reviewed would be non-passing credits under the OCC's leverage test. The average leverage ratio of the E&P companies reviewed in 2016 was 6.0x. If these companies were to recapitalize in order to comply with this test, they would need to shed over \$108 billion in debt. The full set of predictions from our 2016 review are set forth below.

**To read the full alert, click on the PDF linked below.**

[EP-Companies-and-the-OCC-Leverage-Test.pdf](#)

If you have any questions about this alert, please contact one of the lawyers listed below.