

## Beckham in Bloomberg News on Energy Firms' Post-Bankruptcy Woes

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By Charles A. Beckham, Jr. | March 28, 2018

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*Bloomberg News* quoted Haynes Boone Partner [Charles Beckham Jr.](#) in a report examining reasons why some energy companies haven't rebounded despite wiping out large debts through bankruptcy.

*Bloomberg News* [reported](#) that even with global crude prices climbing, bankruptcy survivors have endured stock crashes, executive purges and shareholder revolts as investors learn the U.S. shale boom can't save every player.

Citing Haynes Boone's Energy Bankruptcy Reports, which showed that since 2014 at least 134 North American oil and gas companies have declared bankruptcy, *Bloomberg News* reported that for those that eventually resumed trading, returns have been less than stellar.

Beckham explained some of the reasons. Here's an excerpt:

Bankruptcies typically wipe out original stockholders and leave businesses with a different shareholder base — creditors who've seen their debt transformed into new equity. Many of the new owners have neither the experience in energy nor the commitment to development, said Haynes Boone Partner Charles Beckham Jr.

"A lot of them are hedge funds and distressed debt guys who bought at a discount" from prior debt-holders, Beckham said. "You end up with a group of strangers who now own an oil company. They don't have the same dream of developing this property" or the desire to commit capital to development, he said. ...

The explosion in U.S. shale drilling also sparked an explosion of new credit lines, bonds and equity to fund the industry, making negotiations that much more complex, said Beckham.

"It's harder to figure out how to avoid bankruptcy or how to move on after one because the capital structures are so much more layered and complicated," he said. "For a long time, the only equity in an oil company was the wildcatter and now you have all these other people" with layers of debt and equity at the table.

To read the full article, click [here](#).