

## Buddy Clark on Bloomberg TV: Can Oil and Gas Survive the Credit Drought'

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May 11, 2016

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Buddy Clark, head of Haynes Boone's energy practice, recently discussed the outlook for energy default rates with Bloomberg's Alix Steel on "What'd You Miss?"

"We're seeing some pretty high default rates for the larger, highly levered oil and gas companies, those that have issued public debt," he said. "You see some prediction of 50 percent default rates. The bond prices would indicate that that's what the market is expecting."

He added: "Once a borrowing base is reduced, it doesn't necessarily mean the company is in default. The company has six months to repay their deficiency and if they have available cash they certainly will do that. But it's indicative of a real cash crunch for these companies... The more proactive borrowers know what their new borrowing base level is going to be, they know their debt level and what their interest payments are. We've already seen companies not make their interest payments on their bond debt anticipating a reduction in the borrowing base and preparing for bankruptcy filing."

Excerpted from *Bloomberg Television*. To view the full segment, please [click here](#).