Buddy Clark Quoted on Oil & Gas Industry 2018 Forecasts

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Multiple news outlets have quoted Haynes Boone Partner Buddy Clark in stories looking ahead to likely developments in the oil and gas industry for 2018.

The Houston Chronicle reported that U.S. shale drillers appear to have abandoned risky financial strategies that exacerbated the dot-com meltdown and made the recent oil bust far more painful for Houston companies and their employees. ...

Another thing that might happen [in 2018] is a wave of corporate acquisitions of companies that exited bankruptcy court led by new owners, their former bondholders, *The Chronicle* reported.

Haynes & Boone, which tracked the bankruptcy cases of more than 130 debt-laden North American oil companies, said most of the time, bondholders end up as shareholders after a company is reorganized in bankruptcy proceedings, *The Chronicle* reported.

"They're interested sellers because they never intended to own an oil company," said Buddy Clark, a Houston partner and co-chair of the energy practice group at Haynes & Boone. "Those bondholders are not oil men. They're bond traders."

Higher oil prices, Clark said, could mean more of these transactions. ...

Bloomberg News forecast more mergers and acquisitions among exploration and production companies. The outlet reported that West Texas Intermediate, the U.S. benchmark crude, has climbed almost 50 percent since June and now sits above $60. But producers have failed to keep up, growing their share prices by roughly half that amount in the same period. ...

The report said that in the Permian Basin, more than 40 companies with at least 20,000 acres each are ripe for consolidation and that corporate consolidation can help close the gap between oil’s rise and lagging driller shares, according to a Goldman Sachs Group Inc. research note at the end of November. ...

Human dynamics can’t be ignored in all this, said Buddy Clark, an oilfield transactions attorney at Haynes & Boone LLP in Houston. He expects companies will try to just keep their own assets, forgoing deals.

“Each management team thinks they have the secret sauce,” Clark said.

The *Dallas Morning News* reported that there were concerns that the nation's new role as a natural gas exporter (much of that to Mexico) would cause price spikes — but that analysts and experts expect natural gas prices to remain relatively stable despite the increasing exports and increasing domestic use. ...

Clark told the *Morning News*: "Gas is still pretty much a domestic market but will become more of an international market as the LNG [liquefied natural gas] export facilities are constructed and get online. But there's just an incredible supply of gas that's been identified, economically available that could be brought online in a short time."

To read the full *Houston Chronicle* article, click here.

To read the full *Bloomberg News* article, click here.

To read the full *Dallas Morning News* article, click here.