

Buddy Clark on Oil and Gas Investor Webcast: Exploring the History of the Lender-Industry Relationship

July 12, 2016

PRACTICES Energy Finance, Energy, Power and Natural Resources

In a webcast interview with Hart Energy, Houston Partner [Buddy Clark](#) discusses his recent book, "Oil Capital: The History of American Oil, Wildcatters, Independents and Their Bankers," which explores the relationship between lenders and the independent producers in America's oil and gas industry.

Clark, who heads the firm's energy practice, said he decided to write the book because he found a gap in the historical record of the oil and gas exploration industry.

"There were a lot of stories about the wildcatters and the big, rich and famous oilmen, but there were not as many stories about the stalwart bankers who kept the producers afloat with capital.

"One of the interesting things I learned during my research was that [prior to the 1930's] the banking side of the industry couldn't get going until the producers got their act together, and that was only brought about through regulation.

"You think of the industry as being anti-regulation. But, in fact, [without market regulation] ... every time a new field was discovered, that caused the price of oil to collapse to 10 cents or sometimes less than 10 cents per barrel. The producers were driving themselves into bankruptcy with their own success.

"The East Texas Field [discovered in 1930] really gave the impetus for regulators, the producers, the courts to finally figure out some solution to control production both to prevent physical waste but also economic waste."

As told in Clark's book, once the rate of oil production was brought under control to meet market demand, bankers were able to lend to producers, thus beginning the long and interesting relationship among America's oilmen and their bankers.

Excerpted from Oil and Gas Investor. To view the full webcast, please [click here](#).