# Buddy Clark in S&P Global Market Intelligence: US Capital Markets Dry Up For Oil, Gas Producers Stung By Falling Prices

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Haynes Boone Partner Buddy Clark was quoted in a *S&P Global Market Intelligence* article about how the oil and gas sector tapped capital markets considerably less in 2018, with exploration and production companies, in particular, staying away in droves at the end of the year.

Here are excerpts:

The drop in prices took capital markets activity with it, and producers are likely to stay conservative as long as prices hover in the $50/bbl range, said Buddy Clark, co-chair of the energy practice at the law firm Haynes Boone. "The wounds [of the 2014-2016 price collapse] are still pretty fresh," Clark said in an interview. "It's just a cyclical industry, but there's more financial discipline right now, both internally and externally enforced."

Producers are being advised to wait on making big moves like issuing debt or making IPOs until oil prices rebound. Clark said one of his clients has been in a holding pattern for two months. "We have a client that's been ready to launch to finance some existing bonds, but their banker is saying that the market isn't right just yet. That's the message that they've been getting since Thanksgiving," he said. "It's kind of a day-to-day, wait-and-see pattern to see if the market will be more receptive."

Just how receptive the market will become is a big question for E&P companies, even if prices go up. Clark said the lack of return investors have seen from the producer sector has many ignoring their efforts to add capital through the equity markets. "A lot of the equity holders have lost their favor for energy equities right now. They've been burned three or four times since 2014," he said.

The avoidance of the capital markets could help producers in the eyes of some shareholders as they can point to it as evidence of capital discipline, but a lukewarm debt market could be deadly to "zombie companies" that are just trying to survive. "If [oil] prices have gone from $75 to $50, their creditors may lose patience," Clark said.

With companies looking for better opportunities and some potential buyers not interested in any opportunity at the moment, producers may be on the sidelines until opinions — or prices — improve.

"It's like Goldilocks without the conclusions," Clark said. "[The market]'s not too good, not too bad, but we don't know how this one ends."

To read the full article, click here.