

## Mike Freeman, Brent Shultz in Business Insider: Private-Equity Firms Who Fueled the US Shale Revolution Face Reckoning as Oil Market Melts Down

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**PRACTICES** Finance, Energy Finance, Private Equity

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Haynes Boone Partners [Mike Freeman](#) and [Brent Shultz](#) talked with *Business Insider* about the effects of plunging oil and gas prices and the COVID-19 pandemic on private equity firms, which helped propel the U.S. to energy dominance.

Here is an excerpt:

Over the last decade, private equity has helped propel the US to energy dominance. Firms dedicated to oil and gas have pumped \$125 billion into North American ventures since 2008, according to data from Private Equity International (PEI), helping the US become a net exporter of petroleum.

But now PE funding is at risk of drying up, according to nearly a dozen experts Business Insider reached for this story.

As oil prices plunge to 20-year lows, some oil-and-gas-dedicated PE firms may have no choice but to shutter their doors as their portfolio companies go bankrupt or struggle to yield returns, the experts said.

"There could be some question whether limited partners ultimately produce capital when it's called upon," said Michael Freeman, a partner at Haynes Boone. "It certainly makes it much harder on the road to raise capital."

And timing is key, several of the experts said. Investors will be better off if they can afford to hold onto their assets for a few more years before selling them off, Freeman said.

"To an extent, private-equity firms have the ability to be patient," Freeman said. "You might just see them sit and try to wait things out a little bit."

But, he added: "A lot of these companies that PE firms hold are already marginally distressed. They're looking at a difficult scenario."

### **Larger private-equity firms can weather the storm**

Larger private-equity firms, on the other hand, are more sheltered from the meltdown of oil prices, according to Brent Shultz, another partner at Haynes Boone.

"Maybe they have one fund that's struggling that maybe like an energy opportunities fund, but they may have 15 or 20 other funds that do other types of investing," Shultz said.

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