

Kraig Grahmann in Law360: Clean Energy Projects Dodge Pandemic's Wrath In 2020

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Haynes Boone Partner [Kraig Grahmann](#) talked with *Law360* about one of 2020's most significant energy project finance trends involving proved developed producing (PDP) oil and gas reserves.

Here is an excerpt:

Oil & Gas Finance Focused on Present, Not Future

While clean energy projects have been largely unscathed by COVID-19, the pandemic has only exacerbated the development woes facing the oil and gas industry by depressing global energy demand.

Capital markets are pretty much shut when it comes to any investment in new upstream oil and gas projects. Any development cash that's coming in is going to drilling operations that are already up and running, attorneys say.

Kraig Grahmann, who heads Haynes Boone's Energy Finance Practice Group, said transactions involving PDP oil and gas reserves have been one of the only ways drillers have been able to raise cash.

For example, Colorado-based Antero Resources Corp. raised over \$600 million this year through one deal that sold off royalty interests in all its existing, producing wells and wells to be brought online within three years, and another deal that sold a specific volume of production from its gas wells in West Virginia.

"You basically just sell someone a small sliver of your production ... and it basically allows you to get a chunk of money today for what would have been a stream of cash flow going into the future," Grahmann said. "For the parties investing in this, it's probably the one somewhat predictable thing in the market right now, because if the engineering is good, the production should be pretty reliable."

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