

## Haynes and Boone Lawyers in Law360: Fairway Energy Cleared to Tap \$20 Million Delaware Ch. 11 DIP Loan

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December 7, 2018

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PRACTICES Restructuring

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Haynes Boone Partner [Patrick L. Hughes](#) and Associates [Martha Wyrick](#) and Kelsey Zotnick were featured in a *Law360* article about their client, Fairway Energy LP, receiving interim court approval to tap the first \$6 million of a \$20 million Delaware Chapter 11 loan.

Here is an excerpt:

The concession came during the underground oil storage company's first court appearance after seeking bankruptcy protection Monday, following the collapse of a last-ditch attempt to secure additional investment in its Houston storage complex and avoid default on more than \$95 million in prepetition loans.

Fairway, backed in part by \$390 million in equity investments, developed a 10 million barrel storage terminal in an underground cavern carved out of a massive salt deposit near the Houston Astrodome. The company — which counts the investment arm of Harvard University's \$37 billion endowment among its major investors — hoped to handle part of the rising flow of domestic crudes being coaxed out of the ground through hydraulic fracturing in the mid-continent's vast Permian Basin field.

The business has operated largely without customers in 2018, however, as it struggled to secure economical terms for pipeline access out of the site. A slow-down in the oil economy and crude oil movements through the region also created a drag.

"We have not had revenues for most of this year. There are some competitive issues that have been present with the access out of the facility," Patrick L. Hughes of Haynes Boone LLP, counsel to Fairway, said. "Candidly, in this environment, it's going to be hard. Those customers we're looking at have some hesitation to put crude oil into the facility at a time when they don't know what outcome is going to transpire."

Hughes said the company plans to "shop" the DIP loan for alternatives, but he also said "there's really no other option available to us. We have to have the financing to survive past this week, and to implement a process" for marketing the company.

"Essentially, we've got one goal in this case," he said. "That's to maximize the value of a facility that has close to \$400 million of equity put into it," along with about \$100 million owed to Riverstone Credit Partners. ...

To read the full article, click [here](#). (Subscription required)