

Haynes Boone Energy Surveys Receive Widespread Industry Media Coverage

May 24, 2024 Kraig Grahmann, Kim Mai

PRACTICES Commodities, Downstream, Energy Investment Funds and MLPs, Energy Finance, Energy Transition, Energy, Power and Natural Resources, Midstream, Offshore Oil and Gas, Oil and Gas, Oilfield Services, Renewable Energy

The Haynes Boone [Borrowing Base Redeterminations Survey and Energy Bank Price Deck Survey](#) have become must-read publications for those in the energy industry.

This May, the firm's [Energy Practice Group](#) shared the latest editions of the surveys, which found lenders are increasingly bullish on oil prices contrasted by a severe near-term slump in natural gas markets, and market players expect asset divestments driven by a recent wave of energy M&A activity to likely increase in 2025.

Several leading business and legal publications covered the release and key takeaways.

Read more below:

Bloomberg - [Natural Gas to Hit \\$3 by 2025 on AI Boom, Haynes Boone Says](#)

“We’re seeing producers hedge a little less aggressively, which could be a nod to those rock-bottom natural gas prices,” said [Kim Mai](#), a partner in Haynes Boone’s energy practice. “It shows they’re nimble and can adjust their strategies as the market changes.”

As for oil, the survey found respondents largely bullish, with one-fourth expecting a significant increase in bankers’ willingness to lend to crude-focused drillers.

“The oil market has newfound positivity, with borrowing base increases possible for some producers,” said partner [Kraig Grahmann](#). But natural gas market distress is “countering the oil boom.”

The Texas Lawbook – [Corporate Deal Track Roundup](#)

While that statistic is significantly less than in the early 1980s, when it was nearly one-third, it still is much higher than the rest of the country. And if Texas were a nation, it would rank third globally in crude oil and natural gas production.

So when Haynes Boone issues the results of its borrowing base and price deck surveys for the oil and gas sector every spring and fall, the Corporate Deal Tracker is always interested in what they found.

This spring the surveys revealed diverging expectations for oil and gas producers. Lenders are increasingly bullish on oil prices, which contrasts with a severe near-term slump in natural gas markets. And market players expect asset divestments to likely increase in 2025 driven by a recent wave of energy M&A activity.

Natural Gas Intelligence – [Energy Lenders Predicting Natural Gas Price Recovery in 2025](#)

The U.S. Energy Information Administration, for its part, is expecting U.S. natural gas spot prices to average \$3.10 in 2025, up from \$2.20 expected in 2024.

The expected price rebound next year “may be at least partially attributable to industry prognostications on the near-term ascent of artificial intelligence and its massive electricity and data center demands,” the Haynes Boone team said. “The spring 2024 gas base case pricing data also shows a slight, but generalized, decrease in gas price expectations from 2026 to 2033” of 13 cents to 19 cents compared to the fall survey.

S&P Global Platts - [Oil Prices Seen Gradually Declining To 2027, With ‘Slight’ Rise In Early 2030s: Survey](#)

In its April 2024 Energy Bank Price Deck Survey, energy law consultants Haynes Boone said the potentially small increase, which did not appear in its polling six months ago, is expected to occur in 2029-2033 and may stem from oil and gas producers' recent optimism in the outlook for oil and gas demand even amid industry's growing support of the energy transition.

"A slight increase in expected oil prices during the 2029-2033 time period ... may be attributable to the recent confidence in the upstream business exemplified by the historical spree of consolidations among E&P companies over the last year," Haynes Boone said.

ABL Advisor - [Haynes Boone Surveys Reveal Diverging Expectations for Oil and Gas Producers](#)

"There's a lot of divergence in how banks are projecting these prices going forward; it shows just how varied opinions are about where the market's headed," Kim Mai, a partner in the firm's Energy Practice Group added. "But with the largest players continuing to double down on oil and gas investments, there's reason for hope."

The natural gas market presents a more challenging picture. Historically low gas prices, which plunged below \$1.75 per million Btu in March due to oversupply and a warm winter, are leading to concerns about borrowing base reductions. However, the spring price deck survey also anticipates a natural gas price rebound to \$3.00/MMBtu by 2025, potentially driven by rising electricity demand fueled by AI expansion.