

Publications Cite Haynes and Boone Energy Bankruptcy Updates

June 15, 2020 Jeff Nichols

PRACTICES Bankruptcy Litigation, Energy Litigation

A number of news outlets have cited Haynes Boone's latest energy bankruptcy reports – the Oil Patch Bankruptcy Monitor, Oilfield Services Bankruptcy Tracker and Midstream Report – this month.

Below are excerpts of media coverage:

Bloomberg Law: 'Oil Bankruptcies to Rise Even With Rebound, Haynes Boone Says'

The debt-laden North American oil patch will still see a coming wave of bankruptcies even after a recent rebound in crude prices, according to law firm Haynes Boone.

Prices aren't high enough for many heavily leveraged shale producers, the Dallas-based law firm said Wednesday in a report.

"It is reasonable to expect that a substantial number of producers will continue to seek protection from creditors in bankruptcy even if oil prices recover over the next few months," the firm said.

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

S&P Global Market Intelligence: 'Consolidation coming: Oil companies set to party like it's 1999'

The latest oil price plunge has prompted banks to reduce some producers' borrowing base, credit often determined and secured by the value of oil and gas reserves. Production shut-ins and low prices have made it difficult for lenders to cut borrowing bases without triggering deficiencies and sending companies into a "death spiral" ending in bankruptcy, according to Buddy Clark, a partner at law firm Haynes Boone and author of *Oil Capital: The History of American Oil, Wildcatters, Independents and Their Bankers*.

"We're just in a new world, frankly," Clark said. "A lot of questions that no one has ever had to answer before are being asked." . . .

This time around, experts expect fewer reorganizations through the Chapter 11 process and more Chapter 7 liquidations and asset sales through the 363 sale process in bankruptcy, ultimately leading to fewer operators.

"What we're already seeing is unsecured bondholders are as deep underwater as equity is, and the second liens are under water," Clark said. "First-lien secured banks are going to be impaired on a number of these filings. Those banks are not at all interested in becoming oil and gas companies or amassing a bunch of oil and gas assets."

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

Houston Business Journal: ‘Lawyer: Wave of Oil and Gas Bankruptcies Hasn't Peaked Yet’

Houston has seen a surge in oil and gas bankruptcy filings since March — when the dual impacts of the COVID-19 pandemic and a price war between Russia and OPEC member states began brewing — but the ongoing wave likely hasn't even peaked yet.

The companies that have already filed are likely those that were already contending with balance sheet issues before March — and were thus probably already negotiating with creditors when the market took a turn for the worst, said [Jeff Nichols](#), a Houston-based partner at Haynes Boone and co-chair of the company's energy practice group.

That means the companies that saw their problems start in this latest downturn probably won't reach the bankruptcy courts until late summer or early fall, Nichols said.

“We've not seen the peak at all,” Nichols said. “It takes a few months just to work through the system.”

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

The New York Times: ‘Chesapeake Energy, a Fracking Pioneer, Is Reeling’

Shares of Chesapeake Energy, a pioneer in extracting natural gas from shale rock that came to be known for its excesses, including a scheme to suppress the price of oil and gas leases, went on a wild ride on Tuesday amid reports that it was preparing a bankruptcy filing.

Nineteen American oil and gas producers have already filed for bankruptcy this year, including Ultra Petroleum and Whiting Petroleum. That compares with 42 for all of North America in 2019, according to the Haynes Boone Oil Patch Bankruptcy Monitor. A total of 227 companies have filed for bankruptcy in the five years that ended May 31, involving more than \$134 billion in aggregate debt.

“It is reasonable to expect that a substantial number of producers will continue to seek protection from creditors in bankruptcy even if oil prices recover over the next few months,” Haynes Boone said in a report published this month.

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

Natural Gas Intelligence: ‘Even at Higher Oil Prices, More North American E&Ps Predicted to Seek Bankruptcy Protection’

Nineteen North American exploration and production (E&P) operators have filed for bankruptcy protection since the start of the year, and it is “reasonable to expect” more companies will seek protection from creditors in the months to come, according to Haynes Boone.

The law firm has monitored North American oil and gas producer bankruptcies since 2015. It issued its latest report on Wednesday, noting that five filed for Chapter 11 in 1Q2020 and 14 more have sought protection to date in the second quarter.

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

NOTE: The following publications also covered the latest updates to the energy reports:

[Financial Times](#) (Subscription required)

[Financial Times](#) (Subscription required)

[Forbes](#)

[Energy Intelligence](#) (Subscription required)

[Energy Intelligence Finance](#) (Subscription required)

[The Texas Lawbook](#)

[Oil Daily](#)

[Oil & Gas Investor](#)

[Business Insider](#)

[AXIOS](#)