

## Haynes and Boone's Energy Bankruptcy Reports Receive Nationwide Media Coverage

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February 10, 2020 Charles Beckham

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**PRACTICES** Restructuring, Energy, Power and Natural Resources, Oil and Gas, Oilfield Services

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Media outlets across the country have covered Haynes Boone's Jan. 17 release of the [Oil Patch Bankruptcy Monitor](#), [Oilfield Services Bankruptcy Tracker](#) and [Midstream Report](#), which tracked filings in the energy sector from 2015 through 2019.

Haynes Boone lawyers have been entrenched in a number of high-profile E&P, midstream, and oilfield service matters, including asset sales, refinancings, debt restructurings and Chapter 11 cases, representing debtors, creditors, energy lenders, and private equity investors.

Partners Buddy Clark and [Charlie Beckham](#) were quoted in multiple articles about the firm's latest bankruptcy reports.

Here is an excerpt from *The Wall Street Journal*:

**Q:** Why did we see an increase in shale-related bankruptcy filings last year?

**A:** Mr. Clark: The industry as a whole is going through a transition with respect to its investor base, and it's no longer growth for growth's sake, but return of cash flow on investment. [For] a lot of these smaller producers, their business thesis was to acquire, prove up acreage and flip it to a larger buyer.

And those larger buyers are not there anymore because they're not rewarded in the market for acquiring more acreage. So if there's no exit for these smaller producers who have a lot of debt on their books, their creditors are saying, 'We want to get out of this deal one way or another.' So bankruptcy may be the only option for them. Or, if not through the bankruptcy courts, through restructuring of the debt and exchanging some of that debt for equity.

**Q:** To what extent do the recent bankruptcies or restructurings involve companies that either already faced bankruptcy in the oil-price downturn of 2014 through 2016, or narrowly avoided it?

**A:** Mr. Beckham: You do have a handful of repeat customers.

Mr. Clark: The other problem was there were a lot of companies that could keep the lights on, but they weren't going to be able to repay their debt. They're called zombie companies. The creditors would keep them on life support by not calling the notes and just restructuring them and extending the maturity, kicking the can down the road. Now there's no incentive for the creditors to continue to keep those companies on life support.

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

Here is an excerpt from *Bloomberg*:

As many as 40 U.S. oil and natural gas companies could file for bankruptcy this year as the industry continues to grapple with depressed prices for the commodities, according to law firm Haynes Boone.

After plowing money into shale exploration in the past decade, drillers are facing a “wall of debt” beginning next year as surging crude and gas output keeps prices subdued, Buddy Clark, a partner at Haynes Boone, said in a phone interview. Last year, 42 companies in the sector filed for protection from creditors, a 50% increase from the previous year.

The shale patch “kind of became a bubble,” Haynes Boone Partner Charlie Beckham said in the same interview. “If you invest money thinking oil is going to sell for \$100 and instead it sells for \$50, it’s hard to make up the difference.”

Shale drillers have struggled to attract capital after years of slumping share prices. The industry is trying to lure investors back, however, with producers promising lower spending and sustained free cash flow.

“There is a distinct lack of confidence in the investor community in returning to energy investment,” Clark said. “But this is a normal cycle in the oil industry.”

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

The following publications also covered the energy bankruptcy report updates:

[Forbes](#)

[Houston Business Journal](#) (Subscription required)

[Natural Gas Intelligence](#)

[The New York Times](#)

[Oilprice.com](#)

[Reuters](#)