

## Kelli Norfleet in Oil and Gas Investor: Energy Bankruptcies Slow, but Debt Remains High

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February 11, 2019 Kelli Norfleet

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**PRACTICES** Bankruptcy Litigation, Energy, Power and Natural Resources, Oil and Gas, Restructuring

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Haynes Boone Partner [Kelli Norfleet](#) was recently quoted extensively in an *Oil and Gas Investor* article about the firm's Energy Bankruptcy Report.

Here is an excerpt:

The number of bankruptcies filed by overleveraged energy companies declined in the past two years, but debt levels still remain high, according to a recent report by law firm Haynes Boone.

While some oil and gas producers have restructured their debt to avoid filing, others have not fared so well. In 2018, 29 exploration and production companies filed for bankruptcy, a slight uptick from the 24 E&P bankruptcy filings a year before, the Haynes Boone report said. The highest group of bankruptcies hit the oil and gas industry in 2015 and 2016 when more than 100 E&Ps filed for Chapter 11.

As for the New Year, the outlook remains murky after crude oil prices took a hit in the fourth quarter dropping by 30 percent during October.

"It remains to be seen what happens in 2019," said Kelli Norfleet, a Haynes Boone partner in the restructuring practice group. "It depends a lot on whether these companies and their production are hedged. Those who are hedged are insulated from the recent drop in prices, otherwise, companies will see their revenue impacted significantly." . . .

Norfleet said energy companies have learned to tighten their purse strings by restructuring their debt and lowering their leverage. Others have followed another strategy of selling off either core or noncore assets, raising equity financing or seeking debt financing from the markets to bolster their liquidity. Some companies were able to refinance their distressed unsecured debt to secured debt or second lien and extend the maturities, she said.

E&P companies will continue to face headwinds as long as crude oil prices remain in the \$50 range. If crude oil prices reach the \$60 level for an extended period, it would improve the balance sheets of many E&P companies, Norfleet said.

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