

Haynes and Boone in The Economist: Peering Inside the Permian

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Data compiled by Haynes Boone was featured in an article in *The Economist*, examining the shale boom in the Permian basin and its impact on global energy markets.

Haynes Boone's Energy and Restructuring Practice Group lawyers have been helping clients navigate the ups and downs in the oil and gas sector for more than four decades. With the slump in commodity prices persisting, our lawyers are closely following recent industry developments and have prepared [many useful reports](#) for industry participants, including borrowers, lenders, private equity firms and investment funds, and others.

Here is an excerpt:

Firms continue to invest in shale basins around America—in Oklahoma, for instance, and North Dakota. But as the world becomes more dependent on American oil, American oil is becoming more dependent on the Permian Basin, which spans about 75,000 square miles across west Texas and southeastern New Mexico. On the surface, the natural landscape is all but barren. Clouds drift over a plain adorned by tumbleweed. But underground lies layer upon layer of shale rich with oil and gas, a geological millefeuille. The region accounted for 30% of America's oil production in July, up from 23% two years earlier.

Because about 80% of a shale well's production occurs within two years of fracking, firms kept buying oil rights and drilling. In 2014 the Organisation of Petroleum Exporting Countries (OPEC), fed up with giddy American production, declined to curb its own output. Having soared to \$115 in June 2014, the price of Brent crude oil plunged to \$29 a barrel in January 2016.

Since 2015, Texas alone has seen 71 bankruptcies of exploration-and-production firms, says Haynes Boone, a law firm.

As a result, investors' appetite for growth for growth's sake has waned. Shale companies now claim to have changed how they operate.

The article was featured in both print and online editions of *The Economist*. To read the full article, click [here](#).