

Haynes Boone Releases Fall 2021 Borrowing Base Redeterminations Survey

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After difficult borrowing base redetermination seasons in 2020, producers should expect increases in credit availability.

That is one of the conclusions of Haynes Boone's Fall 2021 Borrowing Base Redeterminations Survey, which was released today with forward-looking insights for the U.S. energy industry. The survey captures September polling of executives at oil and gas producers, financial institutions, private equity firms, and professional service providers to get their predictions about producers' future borrowing capacity. This is the 14th Borrowing Base survey since Haynes Boone began polling in 2015.

"According to our latest survey, producers should expect the fall 2021 redetermination season to result in materially improved reserved-based lending credit availability," said Partner [Kraig Grahmann](#), head of Haynes Boone's Energy Finance Practice Group.

Most respondents expect borrowing bases to increase by 10% to 20% in the upcoming redetermination season. Almost no respondents predicted decreases. That is an improvement from the firm's spring 2020 survey, when a sizable majority of respondents projected borrowing bases to decrease by at least 20%. Haynes Boone's most recent survey, in spring 2021, offered more modest optimism with most industry respondents predicting borrowing bases would remain the same or increase by 10%.

Other key findings in the survey include:

- The recent increases in hedging levels are a source of concern. Although many producers saw these locked-in hedges as a lifesaver in the down markets of 2020, they now see them as an impediment to cashing in on the price spike days seen in the second half of 2021.
- Last spring, the NYMEX Strip was around \$60/bbl. The strip has increased 25% as of October 15, 2021. Notably, lenders are more bullish on borrowing bases increasing than producers. While 38% of producers anticipate no change, 62% of lenders predict at least a 10% increase in Borrowing Bases.
- As with the spring 2021 survey, producers are expected to use cash flow from operations and accessing bank debt as their primary sources of capital in 2021. The most notable change in market sentiment is a slight increase in banks as a potential capital source and a slight decrease in alternative capital providers.
- Survey respondents expect 2022 to be a big year for upstream oil and gas companies when it comes to the public equity markets. Nearly two-thirds of respondents expect the public equity markets, which producers have largely been shut out of since 2018, to be available in 2022.

“This is an interesting finding given that public equity markets have shunned our industry for the last 18 months,” Grahmann said.

Haynes Boone’s Energy Practice Group handles high-stakes transactions and litigation, as well as financings and regulatory advice, for a diverse array of clients in the U.S. and overseas. Haynes Boone's oil and gas lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. The firm offers other reports, surveys and publications that help keep industry professionals informed of market trends.

Haynes Boone is an international corporate law firm with offices in Texas, New York, California, Charlotte, Chicago, Denver, Washington, D.C., London, Mexico City and Shanghai, providing a full spectrum of legal services in energy, technology, financial services and private equity. With 600 lawyers, Haynes Boone is ranked among the largest U.S.-based firms by *The National Law Journal*, *The American Lawyer* and *The Lawyer*. It was recognized for excellence in the BTI Consulting Group’s 2021 “A-Team” report, which identifies the law firms that in-house counsel commend for providing superior client service.

The following publications reported on this survey:

[Texas Lawbook](#)
[ABL Advisor](#)
[Natural Gas Intelligence](#)
[Bloomberg News](#)
[Newsbreak.com](#)