

Haynes Boone Releases Fall 2021 Price Deck Survey, Projecting Rising Commodity Prices

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PRACTICES Energy, Power and Natural Resources

Haynes Boone today released its latest [Energy Bank Price Deck Survey](#), a poll of leading energy banks that indicates a sunny outlook for the oil and gas industry.

Haynes Boone surveyed banks in October about their fall 2021 “price decks,” which capture their future expectations for oil and gas prices through 2031. Future price projections are a principal factor banks use to determine oil and gas producers’ borrowing bases, which is the amount of credit a lender is willing to extend to an oil and gas producer.

“According to our survey, borrowing bases should be increasing,” said Haynes Boone Partner Buddy Clark, co-chair of the firm’s Energy Practice Group. “This is positive news for producers and reinforces the findings from our [fall 2021 Borrowing Base Redeterminations Survey](#), in which most respondents predicted borrowing bases to increase by 10% to 20% in the upcoming redetermination season.”

According to the Energy Bank Price Deck Survey, on average, over the near term, banks have increased their oil price expectations by almost 20% over what they reported in the firm’s spring 2021 survey. Projecting further ahead, from 2025 to 2030, the average prices for oil tracks almost 10% higher in the fall 2021 survey compared to the price decks for the prior three surveys conducted by Haynes Boone for the periods from spring 2020 through spring 2021.

The banks’ natural gas base case mean in the fall 2021 survey increased by 28% from spring 2021. Similar to the banks’ oil price decks, out years for gas prices (2025-2030) in the fall 2021 survey trend closer to prior years’ natural gas price decks’ base price means.

“Like weather forecasts, price decks typically are more accurate in the near term, and our latest survey shows particular optimism about rising oil and gas prices through 2024,” Clark said. He added that the latest price deck survey shows a wide variation among the participating banks on future oil and natural gas prices. In light of the variability, he said, “producers should consider shopping around for debt capital, with the caveat that the price deck alone does not determine the borrowing base banks will be willing to lend.”

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. Lawyers in the group closely following industry developments and regularly prepare useful reports for industry participants, including borrowers, lenders, private equity firms, investment funds, and others. The reports can be [found here](#).

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.