

Haynes Boone Releases Fall 2022 Energy Bank Price Deck Survey

November 10, 2022 Kim Mai

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Haynes Boone today released its Fall 2022 Energy Bank Price Deck Survey, a poll of leading energy banks that points to the likelihood of sustained worldwide increases in oil and natural gas prices. Haynes Boone surveyed banks in October about their “price decks,” which capture their future expectations for oil and natural 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 oil and gas producers.

According to the [Energy Bank Price Deck Survey](#), the price decks for both oil and natural gas have increased significantly near term relative to the Spring 2022 Survey.

The mean gas base case for the calendar year 2022 increased from \$3.63/MMBtu (Henry Hub) in the Spring 2022 Survey to \$5.21/MMBtu in the Fall 2022 Survey. The mean base case for oil increased from \$67.34/bbl (West Texas Intermediate) in the Spring 2022 Survey to \$71.52/bbl in the Fall 2022 Survey.

“These increases are consistent with projections that oil and gas demand will continue to outpace supply,” said Haynes Boone Partner [Kim Mai](#), a member of the firm’s Energy Practice Group. She added: “A record number of banks participated in the Fall 2022 Energy Price Deck Survey, reflecting a heightened interest among banks to gather industry-wide details about price decks in light of the continued uncertainty surrounding commodity prices.”

Other key takeaways from the Fall 2022 Price Deck Survey include:

- Increases in price decks have not correlated to strong borrowing base increases. As noted in Haynes Boone’s Fall 2022 [Borrowing Base Redeterminations Survey](#), respondents are not expecting robust borrowing base increases, which have resulted in producers seeking alternative financing structures such as asset-backed securities transactions.
- In addition to credit facilities, several surveyed banks offer derivative products for hedging purposes. Higher energy prices and greater volatility may result in increased demand from energy companies for hedges; however, as banks reach their hedging capacity, companies may struggle to find options within the lending group and may have to enter into swaps with third parties on both an unsecured and secured basis.

“Despite their optimism about oil and gas prices, banks (like other capital providers) continue to remain conservative in lending to and investing in oil and gas producers for several reasons, including the greater emphasis on satisfying environmental, social and governance (ESG) requirements,” Mai said. Haynes Boone’s Energy Practice Group handles high-stakes transactions and litigation, as well as financings, restructurings 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 18 offices spanning 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 in the BTI Consulting Group's 2022 "A-Team" report, which identifies the law firms that in-house counsel commend for providing superior client service.