

# Haynes Boone Surveys Reveal Diverging Expectations for Oil and Gas Producers in Spring 2024

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**PRACTICES** Commodities, Downstream, Energy Finance, Energy Transition, Energy, Power and Natural Resources, Midstream, Oil and Gas, Renewable Energy

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The Spring 2024 Haynes Boone borrowing base and price deck surveys revealed lenders are increasingly bullish on oil prices contrasted by a severe near-term slump in natural gas markets, and market players expect asset divestments driven by a recent wave of energy M&A activity to likely increase in 2025.

The [Borrowing Base Redeterminations Survey](#), conducted with 92 energy lenders and borrowers, suggests a strong market for oil producers. Around 35 percent of respondents expect no change in borrowing bases in spring 2024 compared to fall 2023, but roughly 20 percent expect a 10 percent increase and 7 percent expect a 20 percent increase.

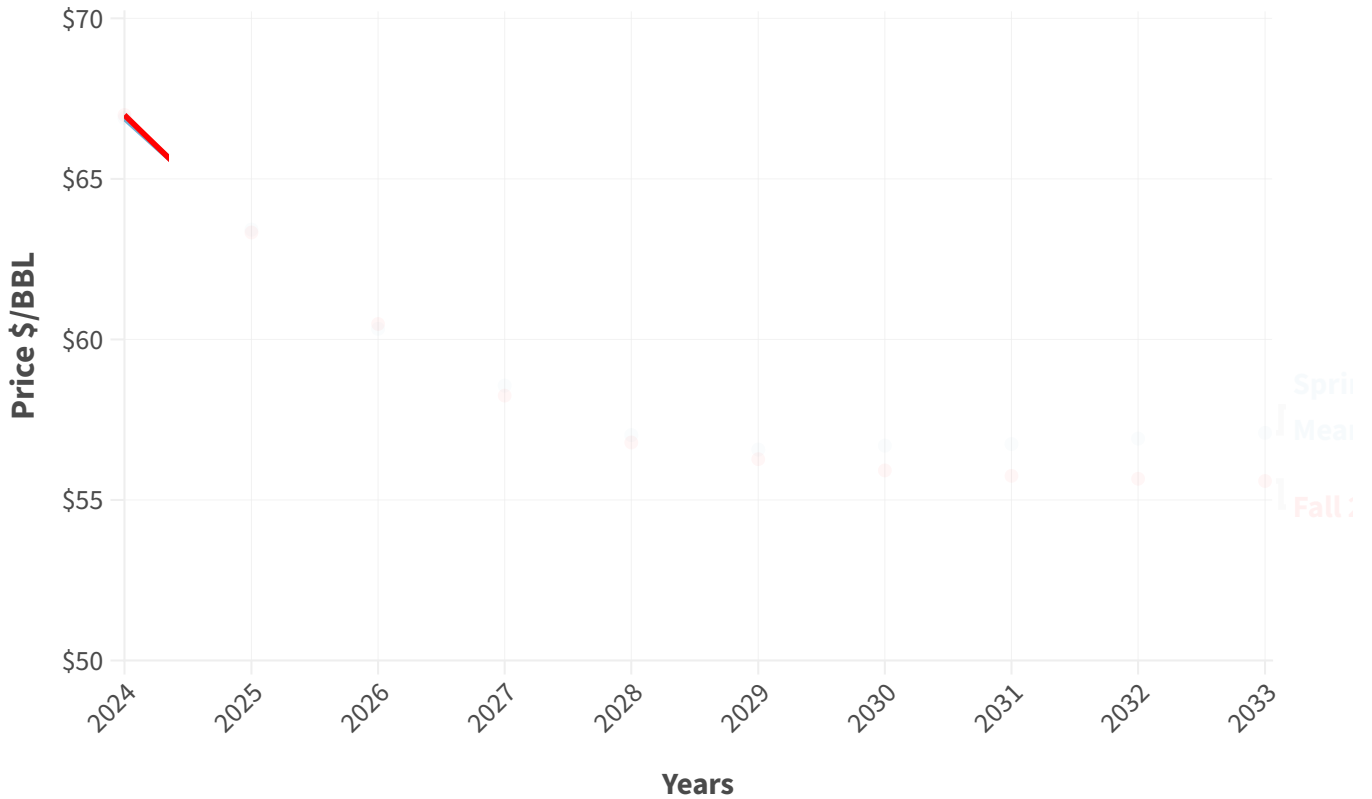
This modest optimism aligns with the [Energy Bank Price Deck Survey](#), which includes responses from 26 energy banks and showed stable to slightly higher long-term oil price projections. [Participants' base case](#) is now at \$57.09 per barrel (WTI) by 2033 compared to \$55.59 in the fall 2023 survey. The bump may be attributable to the recent confidence in the upstream business

exemplified by the historical spree of consolidations among E&P companies over the last year.



## Haynes Boone Energy Bank Price Deck Survey

Oil Base Case – Fall 2023 vs. Spring 2024



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"The oil market has newfound positivity, with borrowing base increases possible for some producers," said [Energy Practice Group](#) Partner [Kraig Grahmann](#). "But we have a 'best of times, worst of times' split, with distress in natural gas markets countering the oil boom."

"There's a lot of divergence in how banks are projecting these prices going forward; it shows just how varied opinions are about where the market's headed," [Kim Mai](#), a partner in the firm's Energy Practice Group added. "But with the largest players continuing to double down on oil and gas investments, there's reason for hope."

The natural gas market presents a more challenging picture. Historically low gas prices, which plunged below \$1.75 per million Btu in March due to oversupply and a warm winter, are leading to concerns about borrowing base reductions. However, the spring price deck survey also anticipates [a natural gas price rebound](#) to \$3.00/MMBtu by 2025, potentially driven by rising electricity demand

fueled by AI expansion.



## Haynes Boone Energy Bank Price Deck Survey Gas Base Case – Fall 2023 vs. Spring 2024

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"We're seeing producers hedge a little less aggressively, which could be a nod to those rock-bottom natural gas prices," Mai said. "It shows they're nimble and can adjust their strategies as the market changes."

The recent wave of mergers and acquisitions is expected to trigger asset sales in 2025, according to the survey. Fifty-eight percent of respondents predict last year's M&A frenzy will spur non-core oil and gas asset sales starting in 2025 as firms divest of the properties to trim debt incurred to create

M&A deals.



## Haynes Boone Borrowing Base Redeterminations Survey – Spring 2024

When do you expect acquiror companies to commence noncore oil  
and gas asset divestment?

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From capital sourcing to debt utilization, the survey reveals minor shifts in financing approaches. The borrowing base survey anticipates a meaningful drop in producers tapping public equity markets, offset by increased investments from private equity firms and family offices. Cash flow from operations remains the most popular source of funding for producers.

Haynes Boone's market-leading Energy Practice Group consistently ranks among the most active legal advisors for U.S. deals in the energy industry. The group represents domestic and foreign public and private companies that conduct operations both internally and across the United States in the domestic resource plays and shale plays (including the Midland and Delaware Basins, Eagle Ford, Barnett, Haynesville, Wolfberry, Marcellus, Utica, Niobrara, Woodford and Bakken/Three Forks).