

## Haynes Boone Surveys Signal Borrowing Base Stability, Diverging Energy Prices

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December 4, 2024 Kim Mai, Kraig Grahmann

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**PRACTICES** Energy Finance, Energy, Power and Natural Resources, Midstream, Oil and Gas

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The Fall 2024 Haynes Boone borrowing base and price deck surveys reveal a steady borrowing base outlook despite geopolitical turbulence and evolving energy policies, with a divide in the expectations for oil and natural gas prices.

The [Borrowing Base Redeterminations Survey](#) included input from 57 energy lenders, borrowers and other energy industry stakeholders, 47 percent of whom expect no change in borrowing bases compared to spring 2024, with 42 percent predicting a 10 percent or more move in either direction.

"What we're seeing isn't so much caution as it is calculated decision-making. Producers and their bankers have learned from past cycles and are playing a more cautious game," [Energy Practice Group](#) Partner [Kraig Grahmann](#) said. "Producers are strategically positioning themselves for whatever comes next and not rushing into big moves from a borrowing base perspective."

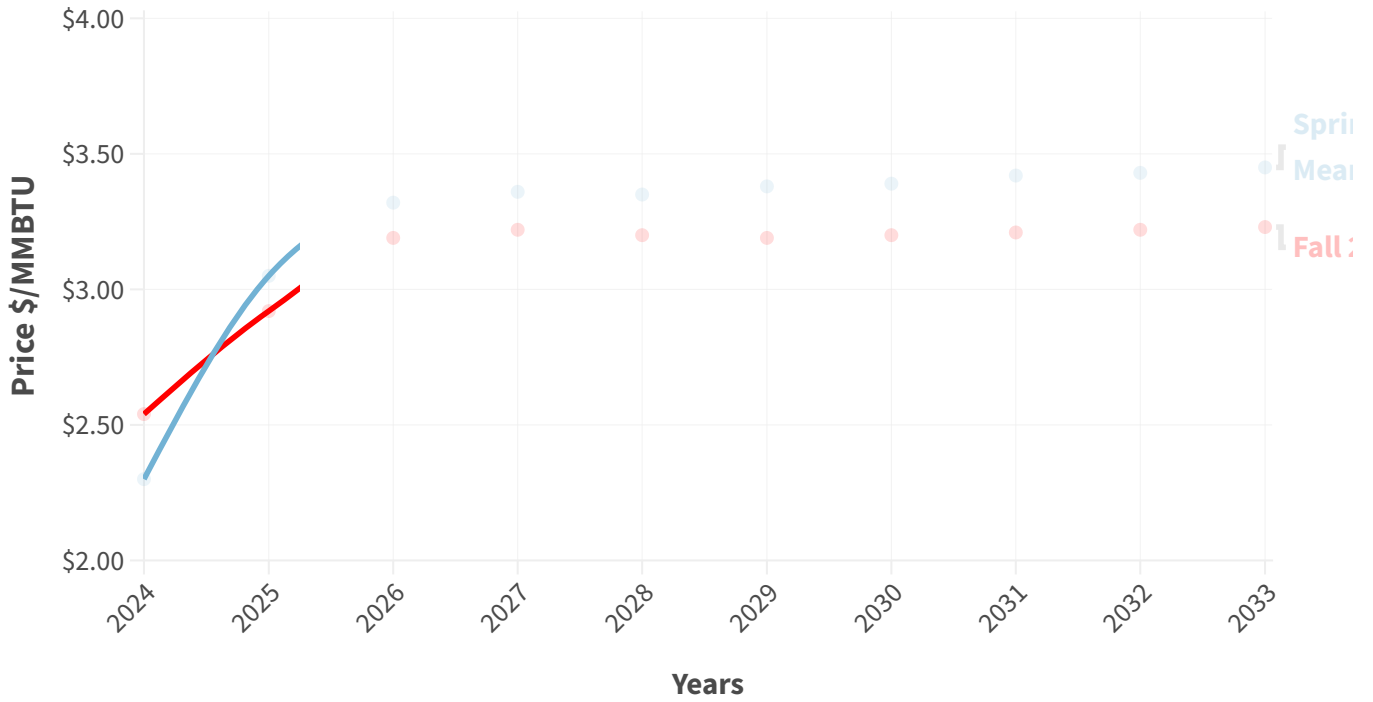
The 26 banks taking part in the [Energy Bank Price Deck Survey](#) revealed a tightening consensus on near-term commodity prices even as Middle East tensions and technological shifts reshape energy markets.

There's new optimism for oil, with the base case projecting oil prices falling to \$58.62 per barrel (WTI) by 2027 but an upward adjustment of \$1.50 per barrel by 2033 compared to spring 2024

forecasts.



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



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Natural gas tells a different story. While banks still expect strong demand, forecasts have slightly decreased. Projections for 2026 through 2033 now range between \$3.19 and \$3.23/MMBtu,

reflecting a belief of increased supply driven by deregulation and expanded U.S. production.



## Haynes Boone Energy Bank Price Deck Survey

### Oil Base Case – Fall 2024 vs. Spring 2024

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"While oil prices are looking a little brighter down the road, the dip in long-term natural gas projections reflects just how much supply-side factors like deregulation are reshaping the landscape," said Energy Practice Group Partner [Kim Mai](#). "When this many banks start converging on their price predictions, it's worth paying attention. We're seeing unusual alignment in their forecasts through 2027."

Notably, the borrowing base survey found a significant reduction in hedging percentages, with many producers likely utilizing minimum hedging covenant relief provisions in their credit agreements. These mechanics allow producers who satisfy certain requirements to opt out of locking in prices so that they can position themselves for potential market improvements. The market is in wait-and-see territory, with the borrowing base survey also finding that 2025 drilling budgets for oil-weighted

producers are expected to stay steady or marginally increase compared to 2024.



## Haynes Boone Borrowing Base Redeterminations Survey — Fall 2024

Expected percentage change in 2025 capital expenditure budgets for oil-weighted producers.

Overall Lenders Borrowers

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