

Haynes and Boone Releases Spring 2019 Borrowing Base Redeterminations Survey

March 12, 2019 Kraig Grahmann

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Haynes Boone today released its [Spring 2019 Energy Roundup](#), a comprehensive report that includes data and analysis on the state of the industry.

The Energy Roundup features the firm's latest "[Borrowing Base Redeterminations Survey](#)," which summarizes results from its recent polling of oil and gas producers, energy lenders, private equity firms, and other industry participants to get their predictions about producers' future borrowing capacity or "borrowing bases." The survey, the ninth by Haynes Boone since April 2015, offers a clear, forward-looking view about the projected financial state of the U.S. upstream oil and gas market.

The latest borrowing base survey reflects a sense of relative calm in the reserve-based lending world despite the 2018 oil price declines. The largest share of respondents, 40 percent, expect borrowing bases to remain the same. More than 30 percent of those surveyed predict slight declines to borrowing while more than 20 percent of respondents expect slight increases.

"The consensus view appears to be that banks will not take a knee-jerk reaction to last year's price declines," said [Kraig Grahmann](#), head of Haynes Boone's Energy Finance Practice Group. "Producers have hedged a significant amount of their 2019 production — 40 to 60 percent, according to the survey — which may explain why respondents expect borrowing bases to remain relatively stable."

The spring 2019 survey offers other key findings:

- Capital markets — both equity and debt — have fallen significantly out of favor as sources of capital
- There is increased interest this year in sourcing capital through joint ventures, such as farmouts, DrillCos, etc.
- Respondents do not expect recent commodity price volatility to cause oil and gas companies to head into bankruptcy, but they do anticipate that it will be a difficult year to monetize oil and gas investments.

The latest Energy Roundup includes articles covering a range of key topics of current interest to the industry, including oil and gas DIP financing trends; the leading indicators shaping midstream and upstream oil and gas in 2019; and recent trends in E&P shareholder activism. The report also covers topics outside of the U.S., such as developments in the U.K. North Sea and Brazil.

Haynes Boone separately tracks bankruptcy filings by energy companies in three databases that it updates periodically: the [Oil Patch Bankruptcy Monitor](#), which tracks filings by oil and gas producers; the [Oilfield Services Bankruptcy Tracker](#), which covers filings by oilfield services

companies; and the [Midstream Report](#), covering midstream companies. The latest data, which tracks filings from the beginning of 2015 through the end of 2018, 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 more than 575 lawyers, Haynes Boone is ranked among the largest U.S.-based firms by *The National Law Journal*, *The American Lawyer* and *The Lawyer*.

The following publications reported the release of the Spring 2019 Energy Roundup.

[General Counsel News](#)

[Natural Gas Intelligence](#)

[Oil & Gas 360](#) (Subscription required)

[Reuters](#)

[The Texas Lawbook](#) (Subscription required)