

Haynes and Boone Releases Spring 2021 Energy Survey Data

April 8, 2021 Kraig Grahmann

PRACTICES Energy, Power and Natural Resources, Energy Roundup

Haynes Boone today released its spring roundup of data offering detailed insights into the state of the energy industry.

The data includes the firm's latest "[Borrowing Base Redeterminations Survey](#)," which captures polling through early April of executives at oil and gas producers, oilfield services companies, financial institutions, private equity firms, and professional service providers to get their predictions about producers' future borrowing capacity. The Borrowing Base Redeterminations Survey, which the firm has conducted twice a year since April 2015, offers a clear, forward-looking view about the projected financial state of the U.S. energy market.

The latest roundup also includes the spring 2021 "[Energy Bank Price Deck Survey](#)," which is a survey of reserve-based lenders' oil and natural gas price decks and provides more context on Haynes Boone's survey of the banks' upcoming borrowing base redeterminations.

Borrowing Base Predictions and Price Deck Survey Results

The spring 2021 borrowing base survey reflects slight optimism, with most industry respondents predicting that borrowing bases will remain the same or increase by 10 percent. In Haynes Boone's fall 2020 Borrowing Base survey, in contrast, a majority of respondents expected borrowing bases to decrease by 10 to 20 percent.

"Following two difficult borrowing base redetermination seasons in 2020, producers should see very modest improvements in their access to credit," said [Kraig Grahmann](#), head of Haynes Boone's Energy Finance Practice Group.

Other key findings in the survey include:

- Continuing last year's trend of increased hedge volumes, a large majority of respondents reported that borrowers have hedged at least 50 percent of their anticipated future production.
- The upstream oil and gas industry has settled into a new normal with respect to capital raising. Expectations regarding capital sources have stayed extremely consistent in the last three redeterminations surveys. The most significant change is an increased use of debt from capital markets.
- Three oil and gas plays – the Permian, Eagle Ford/Austin Chalk and Haynesville – will attract the most capital during the next two years. Though basin economics are the biggest driver, the political landscape is likely also a factor: plays that involve significant federal leasing have minimal interest.

"Hedging levels, which were already historically high, have gone even higher," Grahmann said.

In regard to pricing information provided by leading energy banks, the average Base Case for oil in spring 2021 starts out \$10 higher than last fall's 2020 COVID-19 induced Base Case. The average

spring 2021 Base Case for natural gas is 7 cents higher than the banks' price decks from last fall.

“World oil prices have improved in light of expectations that the worldwide rollout of vaccinations will help us continue to slowly emerge from the COVID-19 pandemic,” said Buddy Clark, co-chair of the firm’s Energy Practice Group.

Haynes Boone's oil and gas lawyers have been helping clients make the right connections and navigate the ever-changing legal maze to successfully close deals. The firm releases a variety of reports tracking trends and developments in the energy sector, which 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*. It also 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.