

## Haynes and Boone Represents Trans Energy in Award-Winning Deal

---

April 21, 2017 Jesse Gelsomini, Kraig Grahmann, Sam Lichtman, Mary Mendoza, Jeff Nichols

---

**PRACTICES** Energy, Power and Natural Resources, Oil and Gas, Restructuring

---

Haynes Boone and the investment bank, Gordian Group, represented Trans Energy, Inc. on a unique transaction that was awarded the 2016 “Out-of-Court Restructuring Deal of the Year” award by *The M&A Advisor*.

Trans Energy was a publicly-traded, pure-play Marcellus Shale producer engaged in the acquisition, exploration, development, and production of oil and natural gas in West Virginia and Pennsylvania. Trans Energy and its joint venture partner, Republic Energy, owned interests in and operated approximately 62,000 gross acres across Marion, Wetzel, and Marshall Counties in West Virginia.

Haynes Boone helped Trans Energy navigate complex oil and gas, corporate and finance issues, working closely with management as it faced several challenges over a two-year period due to volatility in the oil and gas markets. The volatility affected profitability and resulted in a lack of liquidity that impacted both the development of its reserves and servicing of its debt obligations. Trans Energy’s joint venture partner had deep financial reserves, unlike Trans Energy, which had serious implications for future AFEs.

Early in 2016, finding itself insolvent, Trans Energy retained Gordian Group, an investment bank which focuses on protecting boards of directors and enhancing equity value. Haynes Boone had previously worked with Gordian and retained the investment bank to provide Trans Energy and its Board of Directors with services aimed at preserving and maximizing shareholder value. While Haynes Boone negotiated legal issues with creditors, joint venture partners, and potential acquisition and divestiture counterparties, Gordian pursued a business solution with Trans Energy’s primary lender.

Gordian and Haynes Boone worked with management to negotiate a solution for shareholders to leapfrog higher in the valuation waterfall by making its recoveries pari-passu with more than 40 percent of the senior secured debt and obtaining a discount on the debt if a sale could be affected near-term. This strategy bought Trans Energy time to implement a solution.

In the summer of 2016, energy prices started to change and Trans Energy’s properties began to look more appealing to the marketplace. This afforded Trans Energy, with the guidance of Gordian and Haynes Boone, to run a competitive auction among multiple energy companies. Successfully negotiating the structural challenges posed by its capital structure and issues with its joint venture partner, Trans Energy was able to close a sale in 2016 for \$3.58 a share (at a time when the stock was thinly traded at \$1 – a 251 percent premium), netting in excess of \$200 million for Trans Energy. This resulted in a “win-win” solution for the owners and creditors of Trans Energy, and despite the cost that was driven up by the robust auction process, the buyer obtained quality assets that will be strategic to its growth.

# HAYNES BOONE

The Haynes Boone team working for Trans Energy included Buddy Clark, Marc Folladori, [Jesse Gelsomini](#), [Kraig Grahmann](#), [Sam Lichtman](#), [Mary Mendoza](#), John Menke, Bill Nelson, and [Jeff Nichols](#).