Jeff Nichols in Practical Law: ‘What’s Market: U.S. Oil & Gas Sector 2021’

By Jeff Nichols | March 14, 2022

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Partner Jeff Nichols co-authored an article with Practical Law Finance for Thomson Reuter’s Practicing Law Institute. Read an excerpt below:

Following a challenging 2020, the U.S. oil and gas sector had a strong recovery in 2021. Crude oil and natural gas prices reached their highest levels in years amid increased economic activity and higher demand. Although the recovery was better and faster than expected after the COVID-19 pandemic decimated the sector in 2020, oil and gas production have not kept pace with the increase in demand, putting upward pressure on prices. The sector is also grappling with several challenges that are causing some oil and gas companies and their lenders to rethink their operations and lending practices. These challenges include:

- Geopolitical and trade tensions that are causing supply disruptions, most notably the Ukraine crisis. …
- The transition to clean energy. Public oil and gas companies are under pressure from lenders, investors, and other stakeholders to invest in cleaner energy sources and technologies, reduce the carbon intensity of their operations, and demonstrate their commitment to protecting the environment and slowing the pace of climate change. Private oil and gas companies, by contrast, feel less pressure. The terms “carbon” and greenhouse gas (GHG) emissions are used interchangeably because the global warming potential of particular GHGs, regardless of whether they actually contain carbon, is expressed in terms of their carbon dioxide equivalents.
- A change in the regulatory environment. In a departure from the prior administration’s staunch support for energy development that had marginalized environmental issues, President Biden has made climate change and the environmental consequences of energy development a priority. His administration has placed greater emphasis on reducing GHG emissions from the oil and gas sector and limiting the effects of climate-related risks on the US economy. …

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What's Market: U.S. Oil and Gas Sector 2021

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