

# EFFECTS OF COVID-19 ON THE OIL and GAS INDUSTRY

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## Bankruptcies were fewer than had been predicted

- Houston has become the pre-packaged Chapter 11 bankruptcy mill of the United States
- Many involved sales to lenders or asset auctions but were administered as Chapter 11s
- Must watch for claims which got washed out
  - Underpayment claims
  - Non-operator claims

## Consolidation of industry speeded up

- Especially in the Permian

## Operators allocated capital to the most profitable areas

- Gas areas and the Bakken suffered

## Allowed pipeline infrastructure to catch up

- More stable and better gas prices

## Speculative leasing and development disappeared

- Leasing only areas they want to drill, not ones they might drill
- More willing to move on to next deal if price too high

## Are we in a commodity super-cycle including oil and gas?

- Marginal prices since 2014
- Only best areas being developed (leaving marginal areas to be drilled)
- Flood of government stimulus
- Development restrictions from environmental concerns
- Electric cars will hurt oil but may help natural gas
- Market showing early signs of super-cycle - most commodities up sharply with economic recovery still to come

## Accelerated shift away from “local” Oil & Gas practice to statewide or nationwide

- Remote work
- Deed records online
- More market data available