

## Oil And Gas Industry Faces Many Challenges

The relentless attack on oil, natural gas, and coal by the Obama administration continues while regulators in Texas conducted a study that resulted in developing 12 ideas to reduce regulatory costs.

The White House announced recently that it has instructed all U.S. federal agencies to analyze their policies and directives as for their impact on climate change.

Already agencies such as the Environmental Protection Agency, Department of Interior, and others have implemented new regulations impacting fossil fuels.

Numerous lawsuits have been filed by industry and states regarding federal over regulation. Just last week, the state of Texas filed suit against EPA regarding the new methane emission regulations.

Meanwhile, Texas Railroad Commissioner Christi Craddick announced 12 initiatives that would reduce regulatory costs.

Some of the ideas include deferring agency reports and filings that will have no negative environmental impact and save operating costs. Other ideas would reduce requirements for reporting gas well deliverability, revise "active oil and gas well" definitions to keep more wells in active status, and review RRC forms in an effort to consolidate and prevent waste.

The oil and gas industry's pain continues. The law firm Haynes and Boone announced that it has tracked 90 North American oil and gas producers that have filed for bankruptcy since the beginning of 2015, involving approximately \$66.5 billion in cumulative secured and unsecured debt.

The firm stated that 48 producers have filed bankruptcy from January to August 1 this year with approximately \$49.3 billion in cumulative secured and unsecured debt.

Another example of the desperate times in the oil and gas industry is the recent announcement that one of the leaders in the development of oil and gas production from shale, Chesapeake Energy, has transferred some 2,800 wells on 215,000 acres in the Barnett Shale to Saddle Barnett Resources LLC, a Dallas company backed by a global private equity firm.

The Barnett Shale includes primarily 13 counties surrounding Fort Worth, which became Texas headquarters for Chesapeake. From 2004 until the price collapse in 2008, Chesapeake was a competitor for acreage in the Barnett Shale including acquiring drilling rights at DFW Airport and near downtown Fort Worth.

Former CEO Aubrey McClendon, who died in a traffic accident earlier this year, became a leading advocate for natural gas as a clean burning energy source. However, McClendon was forced out of the company when prices failed to recover and Chesapeake's bottom line grew thinner.

Chesapeake CEO Doug Lawler said he hoped the 170 employees working in the Barnett Shale will transition to Saddle Barnett Shale.