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Distressed Energy: Midstream Agreements — Impact on E&P Creditor Recovery

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In exchange for gathering, processing and transporting oil and gas to market, and the capital commitment to build the required gathering system, exploration and production (“E&P”) companies’ contracts with midstream counterparties typically include a dedication of reserves or acreage commitment. Dedication provisions are often accompanied by minimum volume commitments, and their treatment under current bankruptcy case law, including whether they are susceptible to rejection, remains unclear. Ultimately, the legal analysis of whether a midstream contract can be rejected must be incorporated into an economic analysis of these contracts and the alternatives available to the E&P and midstream service provider. This *White Paper*, produced by Schulte Roth & Zabel and Tudor, Pickering, Holt & Co., discusses recent cases and examines key factors that are affecting E&P creditor recovery in distressed situations.

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