THE M&A ADVISOR

THE M&A ADVISOR SYMPOSIUM REPORT

Featuring

The Honorable Kevin J. Carey
Judge
United States Bankruptcy Court for The District of Delaware

Douglas Fordyce
Managing Director
Lazard

Monty Kehl
Managing Director
Huron Consulting Group

Brian Lennon
Partner
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STALWARTS ROUNDTABLE

RUNNING OUT OF STEAM: ENERGY SECTOR IN DISTRESS

At The M&A Advisor's recent Annual Distressed Investing Summit in Palm Beach, Florida, Patty Tomasco, partner at law firm Jackson Walker, chaired a Stalwarts Roundtable discussion titled "Running Out of Steam: Energy Sector in Distress." She was joined by the Honorable Kevin J. Carey, judge, Bankruptcy Court for the District of Delaware; Brian Lennon, partner at law firm Kirkland & Ellis; Douglas Fordyce, managing director of investment bank Lazard; and Monty Kehl, managing director at Huron Consulting Group.

Perhaps no sector has been as volatile in the past couple of years as the energy sector. The precipitous decline in oil and gas prices between mid-2014 and 2016 resulted in hundreds of distressed situations in the United States. As you will see in this report, the fluctuating prices—first plunging from around $100 a barrel to less than $30, then recovering to now around $60—have deeply impacted negotiations over the fulcrum security of the companies that went into bankruptcy court during this period. And, you will read that many of them used creative tactics—including warrants and options—to reach settlements, whereas some chose to wait for prices to recover.

The principal topics addressed in a symposium report include the following:

- Price Collapse and Distress in the Energy Sector
- Valuing Reserves—PDPs and PUPs
- Trying to Avoid Courtroom Showdowns
- The Mechanics of Oil and Gas Valuations
- Management Roles in Subjective Valuation
- Defining "Diminution"
- Creative Products for Bankruptcy Resolutions

We hope that the insight is informative and proves valuable for you. We look forward to learning about your experience with distress in the energy sector.

David Fergusson
President and Co-Chief Executive Officer
The M&A Advisor

Presented by

Jackson Walker

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Executive Summary

The US energy sector, which enjoyed a period of rapid growth with the advent of new technologies like fracking during the first part of this decade, hit a major bump in mid-2014 when the global price of oil plunged from around $100 a barrel to less than $30 in just eighteen months. By early 2016, hundreds of companies in the oil and gas and service industries were in financial distress, and scores of them ended up in bankruptcy courts. The decline was not in a straight line, though, and by mid-2016 prices had gained back nearly 30 percent of their previous losses. Distressed companies in bankruptcy courts wrestled with equity holders and unsecured creditors who argued over the value of assets based on the volatile price of the underlying commodity. Complicating the process were (and are) the arcane SEC rules governing the value of oil and gas reserves, which may be still in the ground or already produced. Creative products were developed to help settle or dismiss many of these cases—including warrants and options—often using the ubiquitous Black-Scholes option pricing model. In other cases, some of the parties chose to wait out a possible return to higher prices, with varying results. The panelists discussed many of the intricacies involved in these cases and the resulting outcomes.

“The more than 50 percent decline in oil and gas prices between mid-2014 and early 2016 caused much distress in the energy sector, also known as the Texas Oil Patch.”
- Patty Tomasco

Introduction

At The M&A Advisor's recent annual Distressed Investing Summit in Palm Beach, Florida, **Patty Tomasco, partner at law firm Jackson Walker**, chaired a Stalwarts Roundtable discussion titled "Running Out of Steam: Energy Sector in Distress. "The panelists included the following:

- **The Honorable Kevin J. Carey, judge, Bankruptcy Court for the District of Delaware**
- **Brian Lennon, partner, Kirkland Ellis**
- **Douglas Fordyce, managing director, Lazard**
- **Monty Kehl, managing director, Huron Consulting Group**

Price Collapse and Distress in the Energy Sector

Patty Tomasco introduced the panel noting that she practices bankruptcy law in the Southern District of Texas—"which y'all never heard of until about a year ago," she joked. Of course, the more than 50 percent decline in oil and gas prices between mid-2014 and early 2016 caused much distress in the energy sector, also known as the Texas Oil Patch. The Honorable Tony Davis, US Bankruptcy Court judge for the District of Western Texas, was scheduled to be on this Stalwarts Roundtable but had an illness in his family and was replaced by the Honorable Kevin J. Carey, judge, Bankruptcy Court for the District of Delaware. Tomasco introduced Judge Carey along with investment banker Douglas Fordyce of Lazard and attorney Brian Lennon of Kirkland Ellis, who worked on the Linn Energy bankruptcy case in 2016. Rounding out the panel was Monty Kehl of Huron Consulting Group, a former petroleum engineer who was a financial advisor in the Midstates Petroleum bankruptcy, also in 2016.

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Tomasco said that in preparing for the roundtable, Judge Davis, over the course of several telephone conversations, "set the tone around the idea of a commodity fluctuation in determining the fulcrum security." In this case the price of crude oil determined the value of scores of distressed companies in the energy sector. Tomasco added, "He had lived through the ASARCO (bankruptcy) case (2005–2009) as primary debtor counsel, and that was a very interesting case to follow, not just because of the fee dispute that ended up at the Supreme Court. It was because the commodity prices fluctuated during the case, and it changed the structure of the case dramatically." She asked the panelists to address how commodity price changes have affected negotiations in bankruptcy cases they have been involved with.

Fordyce said the commodity price is "obviously one of the critical items" in negotiations. "There's generally more than a linear relationship between the commodity price and value." In the Linn Energy case, he noted, the price of oil was around $40 per barrel when the case was filed and dropped as low as $27 during the proceedings. "All of the sudden our fulcrum security didn't look like much, and the company was running around trying to figure out how to shut off wells in California as fast as it could because they were losing money. Fast forward four months—they're turning those wells back on, and the (primary lender) looks covered, and the unsecured (lenders) rise from 5 or 6 cents up to 50 cents (on the dollar) by the end of the case," Fordyce said. "The commodity price affects who you're talking to. It affects operating strategy. It affects negotiations. It affects your ability to raise capital. And the volatility through this cycle has made all of those things very difficult."

> "The commodity price affects who you're talking to. It affects operating strategy. It affects negotiations. It affects your ability to raise capital. And the volatility through this cycle has made all of those things very difficult."
>
> **- Douglas Fordyce**

Tomasco asked if there were valuation disputes in the case that didn't "make the public eye." Fordyce said there were, although Lennon, who also worked on the case, jokingly characterized them as "differing opinions, not disputes." Fordyce added, "Not surprisingly we had a view on behalf of the company, and certain creditors thought the view was too high, and certain creditors thought the view was too low, and I'll let you guess who each of those were. There are credible arguments to be made on either side, and that's where having someone like Monty, at the end of the day, who can really dig into the net asset value of the company and really talk intelligently about what the decline curves are for each well and what the present value of those assets are, makes a lot of difference."

Tomasco said that Judge Davis had recommended a discussion of a distressed energy case from 2012 in the Texas Northern District in which one party was trying to formulate a damages model for the failure to fund a debtor-in-possession (DIP) loan. "They were moving two wells from the Proved Undeveloped (PUD) into the Proved Developing Producing (PDP) categories without any valuation of the reserve report, and how you can't just move an asset from a PUD to a PDP." She asked Kehl, he being both a former petroleum engineer and a financial advisor, to speak to those types of situations.

Valuing Reserves—PDPs and PUPs

Kehl explained that for an oil and gas company, "part of their required reporting is a summary, as well as a standardized valuation, small 'v,' of those reserves, and within that is a categorization of the reserves." He said reserves may be in wells that are fully drilled as well as in surface facilities after being pumped. "Those are called PDP. They have a lot of value because all the investing is behind." Other reserves (PUPs) generally are riskier because they still need capital investment. "Riskier reserves have, obviously, less value," Kehl said.

In the case recommended by Judge Davis, Kehl said it appeared that damages were calculated by saying funding was not made available to allow two PUDs to drill the wells to get them to produce. "Had that capital been available, those wells would have moved to PDP, or less risky, fully developed wells, and therefore would have been worth more," he said. "The point that was made is there was no basis for suggesting that just the access to capital would have allowed for that drilling to occur and the reserves to become more valuable. There was no technical support for that presumption. Just the presence of capital would have made it happen, and I believe that was why the plaintiffs failed in their argument."

Tomasco agreed, adding, "Just simply taking the reserve report without looking behind the actual structure of the wells and how it (oil price) was going to decline . . . that wasn't taken into account." Kehl responded, "Absolutely right. There's a real intoxication to SEC reserve values[1] because it's a present value, so everyone enjoys seeing that and says, 'I've got the value of this asset right in front of me.' Really, that reporting requirement was put in place not to truly value the reserves that are in the ground, but to provide a standard set of measures for those reserves, which is a start. When you look at the parameters that drive those valuations, they can be very skewed. They're based on historical numbers that may no longer exist, so there needs to be some work done behind the numbers."

"There's a real intoxication to SEC reserve values because it's a present value, so everyone enjoys seeing that and says, 'I've got the value of this asset right in front of me..."
- Monty Kehl

Asked if he had seen any situations such as Kehl described in his casework, Judge Carey said, "I haven't had a fight like that, and it really surprises me in some ways." He said most dramatic price fluctuations he had seen in a Chapter 14 bankruptcy case involved a company with energy assets in the United States and the North Sea. "The price of oil just plummeted, and the pre-pack(age) fell apart. Ultimately, I approved the structured dismissal. But I find that at least in the cases we see as the prices fluctuate so much, I think the parties would prefer to stay away from valuation fights. Because even their own experts can't agree on what values should be, and so they say to themselves, 'Well how the heck is the judge going to figure this out?' Right? I am the least expert person in the room. I mean the only thing I have going for me in a valuation fight is I'm not biased about anything. So, I think, at least in the cases I see, that's the reason why parties try to stay away from valuation fights if they can."

Trying to Avoid Courtroom Showdowns

Tomasco asked Lennon how he kept valuation fights from "spilling onto the courtroom floor" in the Linn case. "Well, we were lucky that we had creditors in the capital structure that were willing to step up and write checks at significant values," Lennon said. "We never really had an issue as to who the fulcrum security owner was going to be." At one point, he said, lenders were negotiating for the use of cash collateral while unsecured bond holders wanted to force a "cram up" against the lenders. "We held firm that we weren't going to secure a cram-up fight until we had exhausted all of the other options.

Ultimately, the price of oil came back up and people got reasonable in terms of writing new money checks, and the bond holders put $300 million dollars into the company, which was immediately used to pay down the bank debt. The lenders were willing to roll into a new take-

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1. The pricing mechanism for oil reserves set by the Securities and Exchange Commission. See also https://www.srr.com/assets/pdf/understanding-sec-oil-and-gas-reserve-reporting.pdf.

back facility. I think we got a little bit lucky on that front, in that we were able to avoid any massive litigation. But, on the Linn side, there never really was a question that the unsecured note holders were in the money constituent, and it actually came down to a fight between them and a third-party investor that was not in the capital structure. When you're choosing between a third-party investor and your stakeholders, it's kind of easy to take the home field advantage and let them win even though another deal may look a little better. Yeah, we were able to avoid it for the most part, but I think that's just probably unique to the case."

"When you're choosing between a third-party investor and your stakeholders, it's kind of easy to take the home field advantage and let them win even though another deal may look a little better..."
- Brian Lennon

Responding to a question about how commodity price volatility affected the outcome, Lennon said the price of oil was around $40 per barrel when the Linn negotiations began, dropped as low as $27, and recovered to $50 by the time the negotiations ended. "We started in the pre-petition period. It was actually quite hard because the bonds weren't owned. We could negotiate with the banks, we could negotiate with the second lien, but we couldn't find any bondholders to negotiate with. And it actually took the fall of oil prices to get those bonds out of hands that didn't really want to talk to us into the hands of distressed folks who wanted to talk to us, and they had swooped them up at 5 to 10 cents on the dollar," he explained.

Tomasco asked Kehl about price volatility in the Midstates case. Kehl said the most meaningful negotiations occurred in early 2016, "which was honestly kind of the nadir as the price of oil. It was well below $30 for a number of weeks. I was in another case where we were actually trying to sell assets during that period, and it was very tough. So, I think that brought some urgency to the (Midstates) negotiations, in a sense that something needed to get done quickly. Not to oversimplify the process, but I think that actually was helpful in that case."

Tomasco observed that the Midstates case involved a lien fight rather than a valuation fight. Kehl concurred. In Midstates, there wasn't really a valuation fight per se but a lien fight. Tomasco asked, "Would you say that's true?" Kehl answered, "Yeah. That's exactly right. There was an argument that was made about liens properly filed on Oklahoma assets. There was a claim asserted by our secured lenders about the degradation of their values, so there was a little bit of a valuation fight around that but not a fulcrum security kind of valuation."

The Mechanics of Oil and Gas Valuations

Tomasco asked Kehl and Lennon to talk about the mechanics of doing valuations. Kehl responded, "There's two pieces of it that are actually very similar to what most folks would do in a discounted cash flow or cash flow analysis to come up with value. The underlying asset, the asset that gets sold at some margin, is production of hydrocarbons out of the ground. There can be an estimate of the quantity of those hydrocarbons as well as the rate that they are produced, which impacts value based on engineering principles—fluid flow mechanics, for example."

"The other part is similar to what you would do for a market valuation: it is discounted 8–10 percent. I'm not going to tell you that's an industry standard, (but) that's not an unreasonable discount rate in this industry. The requirement is that you use an average price based on the prices received in the last twelve months. So you can tell right off the bat if you've got prices falling off a cliff or going the other way."

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Kehl went on to say that the historical high volatility of commodity prices inevitably results in "highly skewed valuations. So that's a real problem. The other is that there is no escalation in costs. If you're in an environment where costs are coming down because you had a downturn, and the service providers in the industry are taking massive discounts just to keep some business, historical costs are not a good marker for what you're going to see going forward. I mentioned or I described it as intoxicating—there's part of it that's kind of right, and there's part of it that's really not. I think that is where two winds collide and you get a mess."

When asked what role management projections play in the valuation exercises, Kehl said, "Management can report on the amount and rate of hydrocarbons coming out of the ground, but there certainly are some subjective assumptions by a technical person for coming up with those. I would say that that's not something that management can tweak very easily. What they can tweak is how reserves are developed, how much they think it's going to cost to develop, the order that they are developed, (and) the cost to producing them after they are developed. Those sorts of things are really management decisions that can push numbers one way or another."

"Isn't the diminution supposed to take into account the diminution in the value of collateral? Isn't that the whole concept of adequate protection?"

- The Honorable Kevin J. Carey

Management Roles in Subjective Valuation

Fordyce agreed with Kehl about management roles, adding that another area of subjective valuation is in the calculation of PV10, which is the current value of approximated oil and gas revenues in the future. "The PV10 is a before-tax number, before-interest number, (and) before corporate expense number, so it's really the present value of those (oil and gas) fields on a before-tax basis, whereas our valuations are on a restructuring our corporate valuations. So you need to add in the corporate costs, interest costs, and taxes to the extent anyone in oil and gas will pay taxes any time in the next decade—we'll see. But those things need to go through there as well."

"What about the SEC's rule that you devalue, you impair assets if you don't have sufficient capital to develop a well?" Tomasco asked Fordyce.

"That has been a very big issue, and you see a lot of headlines from Exxon on down with reserve write-offs." Fordyce said. "Those reserves didn't go away. They're still in the ground. They'll still get produced should prices increase. In Linn, we had seven trillion cubic feet of gas in 2015 when the reserve report came out. In 2016, we magically had four trillion cubic feet of gas. So, the price rule will cut off things that are not economic." He added that a company lacking the capital to develop its oil and gas assets within five years may not include them in the valuation. "So, it's a backward-looking mechanism for a forward-looking projection. And of course, part of the objective in restructuring is to fix the balance sheet, fix the capital structure so they will have capital to invest in those things. You can get real mismatches between what a backwards looking view of reserves are versus a forward view of reserves."

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Tomasco noted that an issue in the Linn case involving 507B claims,[3] which are expenses and claims paid under a priority system, was whether a claim could use the "diminution in the value of your collateral as a result of a commodity fluctuation." She directed the question to Judge Carey, who responded, "Well, isn't the diminution supposed to take into account the diminution in the value of

2. PV10 defined http://www.investopedia.com/terms/p/pv10.asp

3. 507b defined https://www.law.cornell.edu/uscode/text/11/507

collateral? Isn't that the whole concept of adequate protection?" Tomasco said an argument was made that "diminution should only include the use of collateral—cash collateral because we had no control over the price of the commodity. Ultimately, we never had to answer the question because the price of the commodity went up, and there was no more diminution. We also had that fight in Midstates. There was a big huge diminution fight in Midstates as well."

Carey responded, "So you know when we were at counsel, our argument was that diminution should only include the use of collateral—cash collateral because we had no control over the price of the commodity. Ultimately, we never had to answer the question because the price of the commodity went up, and there was no more diminution. We also had that fight in Midstates. There was a big huge diminution fight in Midstates as well."

"Well, any decision the judge doesn't have to make is a happy decision for the judge," Carey said, drawing chuckles from the panel and audience.

"The longer the case, the more the commodity fluctuation is going to affect the outcomes."
- Patty Tomasco

"We can help out on that because cash collateral in Linn was hard fought," Kehl said. "It took us three months in order to get it through the courts. It was almost a two-week trial in which Doug had the privilege of taking the stand. One of the last issues was whether or not you should take into account the price fluctuation. I kept asking people why we need to decide what the collateral diminution claim is today. Why can't we wait until we need to know what it is? We may never need to know what it is. After many late hours trying to pound that into people's heads, finally it was Thursday morning, and everybody realized they wanted to be home by Friday, so they caved."

"That is the type of fight that holds up the administration of a case," Judge Carey asserted. "And those are the types of fights, as a judge, I try to avoid myself, and I try to help the parties avoid."

Defining "Diminution"

Tomasco observed that in the Midstates case, "It was interesting because the parties in the case agreed to the code definition of diminution and said, 'we don't need to put more ornaments on that tree.' And in the Linn case, the opposite thing happened. They were trying to put on a lot of ornaments on the diminution definition tree, and we ended up fighting about it."

"Should I look for that now in all the cash-collateral motions that I see?" Carey asked.

"The definition of diminution is a thing now, apparently," said Tomasco. She then asked Carey if the court should appoint an equity committee "when you have structural evidence of planned fairness, in other words, when the unsecured creditors are taking 15 cents on the dollar."

"I've seen more organized equity groups or equity committees in the last year than I think I've seen all the time I've been on the bench," Carey said. "I think I had one case in which equity said, 'we're the fulcrum security. We don't care what the unsecured creditors say.' They're willing to take whatever devilish deal the debtor made with other stakeholders to formulate a plan. We need a committee. Because the prices have changed so much, their price value comes and goes like wind in the night."

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Tomasco said that Judge Davis would have been able to recount for the panel the five-year ASARCO case and how the copper mining and smelting company was concerned about being insolvent because the price of the commodity had dropped precipitously. "They had other issues—asbestos liability and environmental liability—but ultimately the price of copper went up sufficiently, and the parent was able to just pay everybody in full and walk away. And so the longer the case, the more the commodity fluctuation is going to affect the outcomes. That one was a particularly roller-coaster ride of a case."

"I think warrants or options are a creative way to recognize the inherent optionality in exposure to commodity price, so if one of those things, God forbid, happens and oil or gas skyrockets, then equity would have been in the money had the board decided to wait."

- Douglas Fordyce

"In a way that's counterintuitive," Carey said, "because the general rule is companies do not do well in Chapter 11 for an extended period of time. Sometimes, for reasons like that or other problems companies end up staying in longer, but sometimes it ends up well."

Creative Products for Bankruptcy Resolutions

Changing the subject, Tomasco asked the panel to discuss "the idea of products that address future value. What kind of products are out there to offer people where the valuation would result in equity holders or unsecured creditors being in the money? And you don't just want to cut them off at the knees just because of the happenstance of a low commodity price."

Fordyce said that when prices are fluctuating, "a lot of boards do ask 'why don't we just hang out in bankruptcy for as long as we possibly can? We're not paying unsecured interest. Let's see if the Iranians invade the Saudis and oil goes to $120. Then we're all back in the money.'" He said in many of these cases, oil and energy-service companies have been granting small equity stakes to the existing equity holders "and then granting a fairly substantial package of warrants or options that come into the money when creditors are made whole. I think warrants or options are a creative way to recognize the inherent optionality in exposure to commodity price, so if one of those things, God forbid, happens and oil or gas skyrockets, then equity would have been in the money had the board decided to wait."

Kehl added, "I think you also have to look at how feasible it is to give out warrants because in Linn we were talking about a public shareholder base—many of whom were probably primarily retail investors by the time the case was filed. I don't even know how you would structure that for public shareholders or what they would do with it in their portfolios, and if they got it on the effective date it would have to trade for less than a penny, I think."

Tomasco asked the panelists whether the Black–Scholes Model[4] can be useful in bankruptcy cases involving wild commodity price fluctuations.

Fordyce said, "Once you agree to give a package of warrants, the question is what happens if there's a sale in the near term at a price that makes the new owners happy but cuts short that option value. So there's been a lot of wrangling over do the options ride through? Do the options extinguish? Or in cases like Sabine (oil and gas, bankruptcy), there was an independent pricing of that option (using the Black–Scholes Model). The option was paid out in cash on the transaction date, recognizing that the warrant holders were giving it value even though they didn't have a vote in the matter. There was a lot of arm wrestling around what's coming out of the new equity holder's pocket for the benefit of someone who's still out of the money."

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4. Black–Scholes model http://www.investopedia.com/terms/b/blackscholes.asp

Asked by Tomasco what parties argue over most in cases using the Black–Scholes Model, Fordyce said, "Everything." Once agreement is reached on terms of the warrants, arguments erupt on the length of the strike price, the calculation of a volatility percentage, and other issues. "We've done cases, including the Sabine case, where we just punted on the issues and said, 'Let someone else who's smart and independent decide it if it ever comes up.'"

Tomasco asked Judge Carey to wrap up the Stalwarts Roundtable with a report on 363 asset sales[5] and structured dismissals in Chapter 11 bankruptcy cases. Carey pointed out that structured dismissals are under review by the Supreme Court[6] and "may disappear." "One of the questions I have is I wonder now whether—and I'm not making suggestions, you understand—the issue that came up in Jevic (the New Jersey case that precipitated the structured dismissal review) is now going to be raised in some of the 363 sales. Sometimes the buyer pushes proceeds around, which you can arguably say disturbs the priority scheme just like structured dismissals sometimes do. So maybe this is something that's better than the structured dismissal if it's ever adopted. Of course, it can be used in practice without being part of the bankruptcy code, right? Maybe that's another way to exit Chapter 11 without raising the priority issues."

5. 363 Sales https://www.divestopedia.com/definition/6687/363-sale

6. Structured Dismissals http://www.thelegalintelligencer.com/id=1202784218169/High-Court-Addresses-Structured-Dismissal-of-Bankruptcy-Case?slreturn=20170424081919

Video Interviews

To watch exclusive M&A Advisor interviews with these industry experts on "Running Out of Steam: Energy Sector In Distress," click on the following images:

Monty Kehl
Managing Director
Huron Consulting Group

Patty Tomasco
Partner
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Symposium Session Video

To watch the Stalwarts Roundtable discussion titled "Running Out of Steam: Energy Sector In Distress" click on the image below:

Running Out of Steam: Energy Sector In Distress

Presented by

Jackson Walker

Contributors' Profiles

The Honorable Kevin J. Carey
Judge
United States Bankruptcy Court for The District of Delaware

Honorable Judge Kevin J. Carey is a Bankruptcy Judge at District of Delaware. Judge Carey has served on the Bankruptcy Court for the District of Delaware since December 9, 2005 (and was chief judge from 2008 to 2011), having first been appointed as a bankruptcy judge for the Eastern District of Pennsylvania on January 25, 2001. He is a member of the Judicial Conference Committee on Space and Facilities, is the bankruptcy judge representative on the Third Circuit Judicial Council and on the Council's Facilities and Security Committee. Judge Carey is President of the Turnaround Management Association. He is on the Board of Directors of the American Bankruptcy Institute and is a member of the National Conference of Bankruptcy Judges. He is a contributing author to Collier on Bankruptcy and Collier Forms Manual. Judge Carey is also a part-time adjunct professor in Temple University's Beasley School of Law and in the LL.M. in Bankruptcy program at St. John's University School of Law. He began his legal career in 1979 as law clerk to Bankruptcy Judge Thomas M. Twardowski, and then served as Clerk of Court of the Bankruptcy Court, Eastern District of Pennsylvania. Judge Carey received his J.D. in 1979 from the Villanova University School of Law and his B.A. in 1976 from The Pennsylvania State University. Judge Carey teaches Bankruptcy Sales with Judge Shannon.

Douglas Fordyce
Managing Director
Lazard

Douglas Fordyce joined Lazard in April 2004 and is a Managing Director in the Banking Group. He is based in Lazard's Houston office. Prior to joining Lazard, Doug spent eight years at Donaldson, Lufkin & Jenrette and its successor, Credit Suisse First Boston (CSFB) in Texas. Doug advises energy clients in mergers and acquisitions, corporate governance matters and in restructurings and liability management transactions. Recent advisory assignments include Williams in its sale to Energy Transfer, Siemens in its acquisition of Dresser Rand, Oil States in the spin-off of Civeo, Furmanite in its sale to Team, Hovensa (Hess and PDVSA) in its sale to Arclight and Hoover Group in its recapitalization with affiliates of First Reserve and merger with Ferguson Group. Duke University, A.B. in English and Political Science; University of Virginia, The Darden School, M.B.A., Faculty Award for Excellence.

Monty Kehl
Managing Director
Huron Consulting Group

Monty Kehl is a Managing Director at Huron and has more than 20 years of financial advisory consulting experience. As a former licensed engineer, his professional experience provides the background for his focus on industrial and manufacturing concerns with a specialty in natural resources and energy. He has extensive experience assisting troubled companies and their creditors to identify and implement optimizing solutions and results. He also has significant valuation and planning experience. After an industry career which progressed to the C-suite, Monty began providing advisory services. He has advised and served in interim management positions for companies in numerous engagements. Last year, he served as financial advisor to Midstates Petroleum Company during their restructuring. Monty holds an M.B.A. from the Wharton School at the University of Pennsylvania as well as a B.S. with Honors in Petroleum Engineering at the University of Wyoming. He is a Certified Insolvency and Restructuring Advisor, has received his Certification in Distressed Business Valuation and is a Licensed Engineer in the state of Louisiana (inactive).

Brian Lennon
Partner
Kirkland & Ellis

Brian Lennon is a Partner in the restructuring practice in the New York office of Kirkland & Ellis LLP where he represents both debtors and creditors in complex distressed situations. Brian recently rejoined Kirkland & Ellis after serving as Managing Director and Associate General Counsel at Third Avenue Management LLC. Brian's primary responsibility at Third Avenue was to represent the firm's interests on creditors' committees. Prior to joining Kirkland & Ellis, Brian worked at Third Avenue Management LLC (2013-2016) and Carter Ledyard & Milburn LLP (2004-2006). Brian received his B.A. In Economics and Sociology from Vassar College is 2000 and J.D., cum laude, from Brooklyn Law School is 2003.

Patty Tomasco
Partner
Jackson Walker

Patty Tomasco is a Partner in the bankruptcy section of Jackson Walker and has more than 25 years' experience resolving corporate insolvency problems. She focuses on workouts, distressed acquisitions and corporate restructuring, and debtor and creditor representation in Chapter 11 cases, as well as related litigation. Patty frequently represents clients in the energy and telecommunications industries and high-tech debtors in both reorganizations and litigation. Recently, Patty has been co-counsel in several oil and gas cases filed in the Southern District of Texas, in particular an oil field services company, Light Tower Rentals, assisting in the successful prosecution of a "straddle" pre-packaged reorganization, which was confirmed thirty days post-petition. Additionally, Patty has been co-counsel in two complex chapter 11 cases for E&P companies In re Midstates Petroleum and In re Linn Energy, each case successfully confirmed. Patty has had significant representation in major restructuring cases including, In re El Paso Children's Hospital (debtor), In re UPH Holdings (PointOne and Pac-West Telecomm) (Debtor), In re Introgen Therapeutics (Debtor) In re Dow Corning (Debtor), In re Cajun Electric (purchaser), In re Damson Oil (Debtor), and In re El Paso Electric (purchaser). Patty is admitted to the New York and Texas Bars. Patty has been named Super Lawyers for the years 2005-2016, and is Board Certified in Business Bankruptcy Law for the Texas Board of Legal Specialization.

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