



Press Release

The Threat of Bankruptcies in the Petroleum Producing Industry

ALLISON EDWARDS | MAY 20, 2020

As a result of the coronavirus pandemic, a significant number of bankruptcies are expected among oil and gas producers this coming year. In a new analysis, AAF's Director of Energy Policy Ewelina Czapla reviews the factors driving producer bankruptcies and provides an update on loan programming available from the Federal Reserve. A wave of bankruptcies will not only threaten the economic stability of the resource-rich regions that rely on oil and natural gas production, but also impact the economy at large, she notes.

Czapla concludes:

Many oil and natural gas producers are operating on thin margins and may even have accumulated unhealthy amounts of debt. While large producers may access traditional avenues of financing, small- and medium-sized producers, especially those that are not creditworthy and cannot pursue traditional financing, are left with few options in terms of aid. Limited access to funds in combination with low projected demand suggest that 2020 will see a surge in bankruptcies, but just how many is yet to be seen. These bankruptcies will exacerbate the levels of unemployment already growing in certain regions of the United States

[Read the analysis.](#)