

ENERGY AND ENVIRONMENT

Navigating COVID-19: Top Issues Impacting the Energy and Environment Industry

Below are some of the immediate and key considerations for companies in the energy and environment industry that are facing new challenges resulting from the global COVID-19 pandemic. We are here to help you navigate the critical decisions that need to be made, as well as the strategic problem solving to ensure long-term success.

Key Issues to Consider

Flexibility in Environmental Regulatory Requirements and Compliance

The Issue: COVID-19 has made environmental compliance and other regulatory requirements more challenging than ever. Regulatory requirements are prescriptive and usually detailed, and were not written with a pandemic in mind. While most agencies have been clear that these activities are essential under the various shelter-in-place orders, intergovernmental disputes are inevitable.

How Manatt Can Help: Manatt professionals have the experience and knowledge to navigate the broad range of issues facing our clients in the energy and environmental industry. We have successfully received both informal and formal guidance from agencies to address both minor and significant constraints on operations. We can work with companies to help navigate the evolving compliance and regulatory issues.

Transactional and Contractual Issues in the Energy Industry

The Issue: Governmental shelter-in-place orders, general social distancing measures and the resulting economic disruption often make it extremely difficult, if not impossible, for energy companies and their contracting parties to perform their obligations. While many contracts contain force majeure provisions, these provisions may be unsuited to protect the defaulting party, or to sufficiently protect the non-defaulting one. Companies unable to perform their own obligations to third parties will be in need of relief.

How Manatt Can Help: Manatt is actively addressing these issues now for multiple clients across numerous jurisdictions. Likewise, our team includes lawyers who have frequently litigated force majeure claims and have experience in the area. In combination, Manatt has extensive experience analyzing and litigating contract terms and doctrines implicated by the inability to perform, including defenses of force majeure, commercial impracticability, impossibility and frustration of purpose. We stand ready to assist others in need.

Government Agendas Affected by the Pandemic

The Issue: The COVID-19 crisis is affecting legislative and executive branch agendas. Energy companies with pressing needs before federal and state legislatures are facing obstacles to meeting their policy goals. With the economic downturn affecting energy prices, supply chains and production have been disrupted.

How Manatt Can Help: Manatt's team is closely monitoring this fluid situation and can identify and influence state and municipal officials as well as members on both sides of the aisle to help move clients' interests forward.

Oversupply and Shocking Oil Price Drop

The Issue: In this never-before-seen decline caused by COVID-19, it is unlikely that the demand for oil and gas will return anytime in the next several months, or even possibly years. As a result, refineries have discontinued taking crude oil and producers no longer have places to store it. Where will this lead?

How Manatt Can Help: Manatt can actively help you navigate current situations in order to develop solutions that preserve your value and address your problems, leaving you stronger than before. Our team of highly skilled restructuring and insolvency lawyers, who have decades of experience with complex financial restructuring, problem-solving deals and financial crisis management within the oil and gas industry, are advising clients in matters ranging from workouts of individual commercial credits to portfolio-wide modification and forbearance programs.

CARES Act and Potential Government Relief

The Issue: The governors' shelter-in-place orders have drastically shifted the supply and demand cycle. Many energy companies, particularly in the oil and gas sector, will have a challenging time rebounding from the COVID-19 crisis until this cycle is stimulated once again or until these companies receive some form of financial relief.

How Manatt Can Help: Manatt is closely following the federal and state economic relief programs, including the SBA Paycheck Protection Program, the Main Street Lending Program and others. We are advising on eligibility requirements and rules and regulatory approvals, and helping to deploy the new loan products.

We're Here to Help:



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