Large Company

Transaction of the Year

Sabine Oil & Gas

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Sabine Oil & Gas Corporation ("Sabine") is an independent energy company engaged in the acquisition, production, exploration, and development of onshore oil and natural gas properties in the United States. Sabine was the result of the combination between Forest Oil Corporation and Sabine Oil & Gas LLC first announced in May 2014 and consummated in December 2014 as the price of oil collapsed. Sabine's operations were significantly impacted by the dramatic decline in oil prices, the continued low prices of natural gas, and general uncertainty in the energy market. These macro- economic factors, coupled with Sabine's substantial debt obligations, constrained Sabine's ability to sustain the weight of its capital structure and devote capital needed to maintain and grow its business.

Despite substantial efforts to address these challenging market conditions, including the sale of certain assets, reductions in force, reduced capital expenditures, and active negotiations with its lenders in the face of a "going concern" qualification that constituted an event of default under certain of Sabine's debt documents, Sabine was unable to right-size its balance sheet absent a Chapter 11 filing. Notwithstanding the hard work of Sabine and its advisors, including Kirkland & Ellis LLP as legal advisor, Zolfo Cooper Management, LLC as financial advisor, and Lazard Frères Co. LLC as investment banker, a consensual out of court restructuring was not within reach.

After filing for bankruptcy protection in July 2015, Sabine and its advisors spent over a year negotiating with Sabine's stakeholders to reduce Sabine's outstanding indebtedness and address multiple creditor-brought disputes surrounding the merger between Sabine and Forest Oil Corporation in the months immediately prior to the filing. During the course of that year, Sabine and its advisors litigated various claims arising from the merger and otherwise, including a months-long derivative standing fight that concluded in a 15-day trial, precedent setting litigation to determine the treatment of gas gathering agreements as executory contracts under Section 365 of the Bankruptcy Code, and unique fraudulent transfer and director liability claims litigated in connection with confirmation. In addition, despite a contested confirmation hearing lasting twelve days, Sabine and its advisors eliminated over $2.5 billion of funded debt, achieved significant liquidity through an exit revolver with $200 million of initial commitments, and allowed the company to emerge from Chapter 11 as a financially healthier company better equipped to compete in the oil and gas industry. Indeed, on July 27, 2016, Judge Chapman confirmed Sabine's plan of reorganization stating, "It's not even close…it is eminently clear that the plan should be confirmed."

On August 11, 2016, Sabine emerged from bankruptcy a leaner enterprise, having shed unfavorable gas gathering agreements and more than $2.5 billion of debt, and having resolved a host of crucial legal issues. Sabine and its advisors were praised for their diligence and perseverance throughout the case; as Judge Chapman acknowledged, Sabine emerged from Chapter 11 "with a right sized capital structure, focus[ed] anew on maximizing the value of its assets and allowing its employees to feel a measure of security."