

New SEC Reporting Plan May Not Sway Energy Cos.

By **Keith Goldberg**

Law360 (May 15, 2026, 8:15 PM EDT) -- The U.S. Securities and Exchange Commission wants to let publicly traded companies move from a quarterly to a semiannual earnings reporting schedule, but energy industry volatility and investor expectations may make oil and gas firms reluctant to embrace the option.

SEC leadership touted the agency's May 5 proposal as a way for companies to decrease compliance costs and shift focus to nonreporting obligations, with hopes of encouraging more initial public offerings.

For the energy industry, however, choosing to abandon longstanding quarterly reporting practices may not work to attract investors, or satisfy lenders, service providers and other contractual counterparties.

"The energy industry will be an interesting real-world test of whether semiannual reporting actually works in practice," said Hillary Holmes, who co-chairs Gibson Dunn & Crutcher LLP's capital markets practice group and focuses heavily on the energy industry. "Energy companies operate in highly cyclical, commodity-sensitive markets where investors are accustomed to quarterly operational datapoints — not only quarterly financial statements."

Attorneys say that's especially the case in the oil and gas industry. Investors track companies' operational metrics — such as oil and gas production volumes and reserves, well performance, drilling rig counts and commodity price hedges — as closely as they track companies' financial metrics.

"Because of that, many larger energy issuers may still feel pressure from investors, analysts, lenders, and ratings agencies to continue providing quarterly financial and operational updates even if formal 10-Q reporting becomes optional," said Mike Blankenship, who co-chairs Winston & Strawn LLP's capital markets practice and is the managing partner of the firm's Houston office.

Baker Botts LLP energy partner Doug Getten, who has an extensive capital markets practice, said that semiannual reporting could be an especially tough sell for oil and gas companies that are organized as master limited partnerships, which generally require quarterly cash distributions to unitholders.

"They're going to have to put out some disclosure about financials and metrics," Getten said. "So I think they would be the least likely group to opt in if this rule is approved."

For oil and gas companies contemplating a move to semiannual reporting, attorneys say a threshold

matter will be whether they have to renegotiate any existing contracts that require quarterly updates.

"You might have situations where you have contracts that require some credit-worthiness — if the contracts require a company to provide the quarterly filings, what happens when the quarterly filings aren't required, at least to the government?" said Scott Ellis, the vice chair of Foley & Lardner LLP's national energy litigation practice. "Will you basically be having to do it anyway because of the way the contract is written?"

Banks and other lenders may be especially wary of removing quarterly reporting from loan agreements, attorneys say.

"If you want to borrow money, they want to see these financial reports so they can track their loans, their investments," said Brian Breheny, a former SEC official who co-heads Skadden Arps Slate Meagher & Flom LLP's SEC reporting and compliance practice. "We've been telling companies, 'Look, to the extent that this gets adopted, and ... if you think this is something you want to do, we need to start thinking about your indentures.'"

Ellis, who frequently works on securities matters, said that oil and gas companies, especially ones that operate in multiple states, may also have to consider that semiannual reporting may not satisfy their other regulators.

"Some of those jurisdictions, the taxing authorities, permitting authorities, environmental authorities, require that you submit quarterly filings, and often are satisfied by just submitting your 10-Q," Ellis said. "Are you really going to do it one way for the federal government and do it another way for ... three states?"

Assuming companies can overcome any contractual or regulatory obstacles, reporting once every six months instead of every three months could potentially create larger information gaps, attorneys say. That may not be welcomed by investors, lenders or traders when oil and gas prices aren't stable.

"In commodity-driven sectors with volatility in the equity markets, world events and industry consolidation, longer gaps between formal reporting periods can create greater sensitivity to rumors, commodity swings and alternative data sources," Holmes of Gibson Dunn said. "Companies will have to manage how they communicate around these issues if not on a predictable quarterly basis."

Holmes said in-house counsel at companies that opt for semiannual reporting will also have to think carefully about selective disclosures, which includes ensuring compliance with the SEC's Regulation Fair Disclosure rule.

"If companies move away from structured quarterly reporting, management teams will need disciplined protocols around what operational information is shared publicly, when it is shared, and how consistently it is communicated," Holmes said. "For upstream and oilfield services companies in particular, quarterly rig count and production trends often serve as leading indicators for investors."

Attorneys say the biggest beneficiaries of a switch from quarterly to semiannual SEC reporting could be small energy companies who can free up more cash to grow their business.

"Smaller and emerging energy companies could benefit meaningfully from reduced compliance costs and reporting burdens, particularly in sectors like energy transition, infrastructure, and smaller [oil and

gas] exploration and production platforms," Blankenship of Winston & Strawn said.

But a trade-off may be fewer investors that are willing to take a chance on a less-established business, and companies will need to figure out if that trade-off is worth it.

"A startup company, or companies trying to grow — you want to attract analysts, you want to attract people who are going to report on the company," Breheny of Skadden said. "It's going to hopefully increase your investor base."

If the SEC finalizes the semiannual reporting option, expect energy companies to take a wait-and-see approach, attorneys say. That means waiting to see which companies elect to take the semiannual route, as well as whether those companies continue to voluntarily disclose additional financial or operational information on a quarterly basis, and what those disclosures look like.

"Overall, I suspect the market may ultimately drive behavior here as much as the SEC rules themselves," Blankenship said. "Especially in the energy space, where transparency and quarterly visibility are heavily valued by investors."

--Additional reporting by Jessica Corso. Editing by Emily Kokoll and Kelly Duncan.