

Titan Energy, LLC
Form S-8
December 27, 2016
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As filed with the Securities and Exchange Commission on December 27, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Titan Energy, LLC
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0812516
(I.R.S. Employer
Identification No.)

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Park Place Corporate Center One

1000 Commerce Drive, Suite 400

Pittsburgh, PA 15275

(800) 251-0171

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Edward E. Cohen

Park Place Corporate Center One

1000 Commerce Drive, Suite 400

Pittsburgh, PA 15275

(800) 251-0171

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

R. William Burns III

Paul Hastings LLP

600 Travis Street, Suite 5800

Houston, TX 77002

(713) 860-7300

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered⁽¹⁾	Proposed Maximum Offering Price per Share⁽²⁾	Proposed Maximum Aggregate Offering Price⁽²⁾	Amount of Registration Fee
Common shares representing limited liability company interests	700,000	\$23.88	\$16,716,000	\$1,937.38

- (1) This registration statement covers 700,000 shares of common shares representing limited liability company interests of Titan Energy, LLC issued and issuable pursuant to the Titan Energy, LLC Management Incentive Plan.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c), based on the average of the high and low price of the common shares representing limited liability company interests of Titan Energy, LLC on the OTCQX Market on December 23, 2016.

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EXPLANATORY NOTE

On August 26, 2016, an order confirming the pre-packaged plan of reorganization (the Plan) of our Predecessor and certain of its subsidiaries (collectively with our Predecessor, the Predecessor Companies) was entered by the United States Bankruptcy Court for the Southern District of New York.

On September 1, 2016, the Predecessor Companies substantially consummated the Plan and emerged from their Chapter 11 cases. As part of the transactions undertaken pursuant to the Plan, (i) our Predecessor's equity was cancelled, (ii) our Predecessor transferred all of its assets and operations to us as a new holding company and (iii) our Predecessor dissolved. As a result, we became the successor issuer to our Predecessor for purposes of and pursuant to Rule 12g-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Prior to the consummation of the transactions undertaken pursuant to the Plan, we (as Atlas Resource Finance Corporation) were the co-issuer of our Predecessor's senior notes, which were cancelled pursuant to the Plan. Other than the notes, however, we did not have any independent assets or operations. Accordingly, we are a new holding company for our Predecessor's business, assets and operations going forward.

Additional information, including our Predecessor's financial statements and the notes thereto, is incorporated in this prospectus by reference to our Predecessor's and our reports filed with the Securities and Exchange Commission (the SEC). Please read Where You Can Find More Information. You are urged to read this prospectus carefully, including Risk Factors, Cautionary Statements Regarding Forward-Looking Statements, and the documents incorporated by reference in their entirety before investing in our securities.

Unless the context requires otherwise or unless otherwise noted, all references in this prospectus to:

the Company refer to Titan Energy, LLC (formerly known as Atlas Resource Finance Corporation) and its subsidiaries;

our Predecessor refer to Atlas Resource Partners, L.P.;

we, our, us or like terms refer, after the consummation of the Plan, to the Company and, prior to the consummation of the Plan, to our Predecessor and the entirety of its business, assets and operations that were contributed to us in connection with the consummation of the Plan;

Titan Operating refer to Titan Energy Operating, LLC, our wholly owned subsidiary, through which we hold the assets of our Predecessor;

Titan Management refer to Titan Energy Management, LLC, a wholly owned subsidiary of ATLS; and

ATLS refer to Atlas Energy Group, LLC.

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The common shares representing limited liability company interests (the Common Shares) of the Company being registered pursuant to this Form S-8 are composed of a maximum of 700,000 Common Shares issued and issuable pursuant to the Company s Amended and Restated Management Incentive Plan (the MIP) (including shares re-issuable following withholding or forfeiture). On September 1, 2016, the Company issued an aggregate of 416,667 common shares representing limited liability company interests to Edward E. Cohen, Jonathan Z. Cohen, Daniel C. Herz, Jeffrey M. Slotterback and Mark D. Schumacher under the MIP. Subsequently, on September 26, 2016, the Company made additional grants of phantom shares representing up to 123,500 Common Shares to certain non-executive officers, 12,500 of which were forfeited in connection with an officer s resignation.

This registration statement contains two parts. The first part contains a reoffer prospectus prepared in accordance with Part I of Form S-3 (in accordance with Instruction C of the General Instructions to Form S-8). The reoffer prospectus covers reoffers and resales of restricted securities and/or control securities (as such terms are defined in Instruction C of the General Instructions to Form S-8) of the Company. This reoffer prospectus may be used by the selling shareholders named therein for reoffers and resales on a continuous or delayed basis in the future of Common Shares issued pursuant to the MIP. The second part of this registration statement contains information required to be set forth in the registration statement pursuant to Part II of Form S-8. Pursuant to the Note to Part I of Form S-8, the plan information specified by Part I of Form S-8 is not required to be filed with the SEC. The Company will provide without charge to any person, upon written or oral request of such person, a copy of each document incorporated by reference in Item 3 of Part II of this registration statement (which documents are also incorporated by reference in the reoffer prospectus as set forth in Form S-8), other than exhibits to such documents that are not specifically incorporated by reference, the other documents required to be delivered to eligible employees pursuant to Rule 428(b) under the Securities Act of 1933, as amended (the Securities Act), and additional information about the MIP.

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Prospectus

**527,667 COMMON SHARES
REPRESENTING LIMITED LIABILITY COMPANY INTERESTS
TITAN ENERGY, LLC**

We are not selling any Common Shares in this prospectus and will not receive any proceeds if and when the selling shareholders sell the Common Shares in the future. We cannot predict when or in what amounts the selling shareholders may sell any of the Common Shares offered by this prospectus.

This prospectus relates to the offer and sale from time to time of up to 527,667 Common Shares by the selling shareholders named in this prospectus. The selling shareholders may offer the Common Shares from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at other negotiated prices. The selling shareholders may sell none, some or all of the Common Shares offered by this prospectus.

Our Common Shares are quoted on OTCQX Market under the symbol TTEN. The last reported sales price of our Common Shares on the OTCQX Market on December 23, 2016 was \$23.75 per share.

Investing in our Common Shares involves risks. Please read carefully the section entitled Risk Factors beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

December 27, 2016

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on behalf of us or to which we have referred you. We have not authorized anyone to provide you with information different from that contained in this prospectus and any free writing prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the selling shareholders are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the Common Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

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THE COMPANY

We are a publicly traded (OTCQX: TTEN) Delaware limited liability company and an independent developer and producer of natural gas, crude oil and NGLs with operations in basins across the United States. We sponsor and manage tax-advantaged investment partnerships (Drilling Partnerships), in which we coinvest, to finance a portion of our natural gas, crude oil and NGL production activities. We believe we have established a strong track record of growing our reserves, production and cash flows through a balanced mix of natural gas, oil and NGLs exploitation and development, sponsorship of our Drilling Partnerships, and the acquisition of oil and gas properties.

Our principal executive offices are located at Park Place Corporate Center One, 1000 Commerce Drive, Suite 400, Pittsburgh, PA 15275, and our telephone number is (800) 251-0171. Our website is located at www.titanenergyllc.com. The information on our website is not part of this prospectus.

Recent Developments

Consummation of the Plan

On August 26, 2016, an order confirming the Plan of the Predecessor Companies was entered by the United States Bankruptcy Court for the Southern District of New York.

On September 1, 2016, the Predecessor Companies substantially consummated the Plan and emerged from their Chapter 11 cases. As part of the transactions undertaken pursuant to the Plan, (i) our Predecessor's equity was cancelled, (ii) our Predecessor transferred all of its assets and operations to us and (iii) our Predecessor dissolved. As a result, we became the successor issuer to our Predecessor for purposes of and pursuant to Rule 12g-3 of the Exchange Act.

In connection with the consummation of the Plan, we and Titan Operating, as borrower, entered into a \$440 million third amended and restated first lien credit agreement (the First Lien Exit Facility) dated September 1, 2016, with the lenders under our Predecessor's senior secured revolving credit facility (the First Lien Lenders). The initial borrowing base consists of a \$410 million conforming reserve based tranche plus a \$30 million non-conforming tranche, and initial commitments of the lenders is \$600 million. The First Lien Exit Facility also provides for the issuance of letters of credit, which reduce our borrowing capacity. The non-conforming tranche will mature on May 1, 2017 and the conforming reserve-based tranche will mature on August 23, 2019, an extension of maturity of more than a year from the maturity date of our Predecessor's prior senior secured revolving facility.

In addition, we and Titan Operating, as borrower, entered into an amended and restated second lien credit agreement (the Second Lien Exit Facility) dated September 1, 2016, with the lenders under our Predecessor's second lien credit agreement (the Second Lien Lenders) and Wilmington Trust, National Association, as administrative agent and collateral agent. The Second Lien Exit Facility had an initial aggregate principal amount of \$252.5 million and matures on February 23, 2020.

On September 1, 2016, we also issued 5,000,000 new Common Shares in accordance with the Plan. The Second Lien Lenders received 500,000 Common Shares (representing 10% of the initially outstanding Common Shares). Holders of our Predecessor's senior notes, in exchange for 100% of the \$668 million aggregate principal amount of notes outstanding plus accrued but unpaid interest as of the commencement of the Chapter 11 cases, received 4,500,000 Common Shares (representing 90% of the initially outstanding Common Shares). We also issued the Series A Preferred Share to Titan Management.

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For more information regarding the Plan and the associated transactions, please read our Current Report on Form 8-K filed on September 7, 2016, which is incorporated by reference herein.

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The following table summarizes our contractual obligations at September 30, 2016 following the consummation of the Plan, including the cancellation of our Predecessor's senior notes (in thousands):

	Total	Payments Due By Period			
		Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Contractual cash obligations:					
Total debt	\$ 748,559	\$ 30,000	\$ 405,809	\$ 312,750	\$
Interest on total debt	118,855	26,499	79,933	12,423	
Operating leases	13,282	3,738	5,587	3,044	913
Total contractual cash obligations	\$ 880,696	\$ 60,237	\$ 491,329	\$ 328,217	\$ 913

	Total	Amount of Commitment Expiration Per Period			
		Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Other commercial commitments:					
Standby letters of credit	\$ 4,191	\$ 4,191	\$	\$	\$
Other commercial commitments ⁽¹⁾	9,207	5,585	1,673	767	1,182
Total commercial commitments	\$ 13,398	\$ 9,776	\$ 1,673	\$ 767	\$ 1,182

- (1) Our other commercial commitments include our share of drilling and completion commitments and our throughput contracts, including firm transportation obligations for natural gas and gathering commitments as a result of our acquisition of certain assets from EP Energy E&P Company, L.P. in July 2013 and of the acquisition of certain assets from GeoMet, Inc. in May 2014.

Fresh-Start Accounting

Upon the consummation of the Plan, we adopted fresh-start accounting in accordance with Accounting Standards Codification 852, which resulted in the Company becoming a new entity for financial reporting purposes. Upon adoption of fresh-start accounting, our assets and liabilities were recorded at their fair values as of our emergence from the Chapter 11 cases on September 1, 2016. The fair values of our assets and liabilities differed materially from the recorded values of our assets and liabilities as reflected in our historical consolidated balance sheets. The effects of the Plan and the application of fresh-start accounting will be reflected in our annual, quarterly and current reports and other information that we file with the SEC. In addition, please see the pro forma financial statements included elsewhere in this prospectus for more information about the effects of the consummation of the Plan and the adoption of fresh-start accounting.

Drilling Partnerships

We recently evaluated certain of our Drilling Partnerships that were no longer economic for us and their limited partners. In connection with that evaluation, we formed a special committee of the managing general partner of those Drilling Partnerships to, with the assistance of a financial advisor, explore options and make recommendations as to a course of action. Based on the special committee's recommendation, we have determined to proceed with the liquidation of those Drilling Partnerships. In connection with those liquidations, we acquired approximately \$31 million of gas and oil properties from those Drilling Partnerships in exchange for our assumption of their liabilities, effective as of October 1, 2016.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The matters discussed within this prospectus include forward-looking statements. These statements may be identified by the use of forward-looking terminology such as anticipate, believe, continue, could, estimate, expect, intend, might, plan, potential, predict, should, or will, or the negative thereof or other variations thereon or comparative terminology. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this prospectus are forward-looking statements. We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include:

our ability to achieve the anticipated benefits from the consummation of the Chapter 11 cases;

the demand for natural gas, oil, natural gas liquids (NGLs) and condensate;

the price volatility of natural gas, oil, NGLs and condensate;

changes in the differential between benchmark prices for oil and natural gas and wellhead prices that we receive;

changes in the market price of our Common Shares;

future financial and operating results;

our ability to meet our liquidity needs;

restrictive covenants in the debt documents governing our indebtedness that may adversely affect operational flexibility;

actions that we may take in connection with our liquidity needs, including the ability to service our debt, and ability to satisfy covenants in our debt documents;

economic conditions and instability in the financial markets;

resource potential;

the impact of our securities being quoted on the OTCQX Market rather than listed on a national exchange like the New York Stock Exchange (the NYSE);

effects of partial depletion or drainage by earlier offset drilling on our acreage;

success in efficiently developing and exploiting our reserves and economically finding or acquiring additional recoverable reserves;

the accuracy of estimated natural gas and oil reserves;

the financial and accounting impact of hedging transactions;

the ability to fulfill our substantial capital investment needs;

expectations with regard to acquisition activity, or difficulties encountered in connection with acquisitions, dispositions or similar transactions;

any issuance of additional Common Shares or other equity securities, and any resulting dilution or decline in the market price of any such securities;

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potential changes in tax laws and other regulations which may impair the ability to obtain capital funds through investment partnerships;

the ability to obtain adequate water to conduct drilling and production operations, and to dispose of the water used in and generated by these operations at a reasonable cost and within applicable environmental rules;

the effects of unexpected operational events and drilling conditions, and other risks associated with drilling operations;

impact fees and severance taxes;

changes and potential changes in the regulatory and enforcement environment in the areas in which we conduct business;

the effects of intense competition in the natural gas and oil industry;

general market, labor and economic conditions and uncertainties;

the ability to retain certain key customers;

dependence on the gathering and transportation facilities of third parties;

the availability of drilling rigs, equipment and crews;

potential incurrence of significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental regulations or an accidental release of hazardous substances into the environment;

access to sufficient amounts of carbon dioxide for tertiary recovery operations;

uncertainties with respect to the success of drilling wells at identified drilling locations;

acquisitions may potentially prove to be worth less than we paid, or provide less than anticipated proved reserves;

ability to identify all risks associated with the acquisition of oil and natural gas properties, or existing wells, and the sufficiency of indemnifications we receive from sellers to protect us from such risks;

expirations of undeveloped leasehold acreage;

uncertainty regarding leasing operating expenses, general and administrative expenses and funding and development costs;

exposure to financial and other liabilities of the managing general partners of the investment partnerships;

the ability to comply with, and the potential costs of compliance with, new and existing federal, state, local and other laws and regulations applicable to our business and operations;

restrictions on hydraulic fracturing;

exposure to new and existing litigation;

development of alternative energy resources; and

the effects of a cyber event or terrorist attack.

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Other factors that could cause actual results to differ from those implied by the forward-looking statements in this prospectus are more fully described under **Risk Factors** and in our periodic reports filed with the SEC, each of which is incorporated by reference herein. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements included in this prospectus are made only as of the date hereof. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any of these statements to reflect future events or developments.

Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings are also available to the public at the SEC's web site at www.sec.gov. You may also access the information we file electronically with the SEC through our website at www.titanenergyllc.com. We have not incorporated by reference into this prospectus the information included on, or linked from, our website (other than to the extent specified elsewhere herein), and you should not consider it to be a part of this prospectus. You can find price quotes and market information about us at www.otcmarkets.com.

We incorporate by reference information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus. You should not assume that the information in this prospectus is current as of any date other than the date on the cover page of this prospectus.

We incorporate by reference the following documents:

our Predecessor's Annual Report on Form 10-K for the fiscal year ended December 31, 2015;

our Predecessor's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;

our Predecessor's Current Reports on Form 8-K filed on January 5, 2016, January 13, 2016, June 7, 2016, June 14, 2016, July 12, 2016, July 13, 2016, July 15, 2016, July 25, 2016, July 28, 2016 and August 29, 2016 (in each case, excluding any information furnished and not filed pursuant to Item 2.02 or 7.01 or corresponding information furnished under Item 9.01 or included as an exhibit);

our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016;

our Current Reports on Form 8-K filed on September 7, 2016, November 1, 2016 and November 29, 2016 (in each case, excluding any information furnished and not filed pursuant to Item 2.02 or 7.01 or corresponding information furnished under Item 9.01 or included as an exhibit); and

the description of our Common Shares included in our Form 8-A (File No. 000-55692), filed with the SEC on September 8, 2016, including any amendment or report filed for the purpose of updating, changing or otherwise modifying such description.

These reports contain important information about us, our financial condition and our results of operations.

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All future documents filed pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (excluding any information furnished pursuant to Item 2.02 or Item 7.01 or corresponding information furnished under Item 9.01 or included as an exhibit on any Current Report on Form 8-K) after the date on which the registration statement that includes this prospectus was initially filed with the SEC, and until all offerings under this registration statement are terminated, shall be deemed to be incorporated in this prospectus by reference and to be a part hereof from the date of filing of such documents. Any statement contained herein, or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You can obtain copies of any of these documents without charge upon written or oral request by requesting them in writing or by telephone at:

Titan Energy, LLC

Park Place Corporate Center One

1000 Commerce Drive, Suite 400

Pittsburgh, PA 15275

(800) 251-0171

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RISK FACTORS

Limited liability company interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. You should carefully consider those risk factors included in our Predecessor s and our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which are incorporated herein by reference, and those risk factors included herein, together with all of the other information included in this prospectus and the documents we incorporate by reference, including the matters addressed under Cautionary Statement Regarding Forward-Looking Statements, in evaluating an investment in our Common Shares.

If any of the following risks were to occur, our business, financial condition, results of operations and cash available for distribution could be materially adversely affected. In that case, the trading price of our Common Shares could decline and you could lose all or part of your investment.

Risks Related to the Chapter 11 Cases

The Chapter 11 cases may have a negative impact on our image, which may negatively impact our business going forward.

Negative events or publicity associated with our Chapter 11 cases could adversely affect our relationships with our suppliers, service providers, customers, employees, and other third parties. In addition, we may face greater difficulties in attracting, motivating and retaining management. These and other related issues could adversely affect our operations and financial condition.

Even following the consummation of the Plan, we may not be able to achieve our stated goals and continue as a going concern.

Even following the consummation of the Plan, we continue to face a number of risks, including further deterioration in commodity prices or other changes in economic conditions, changes in our industry, changes in demand for our oil and gas and increasing expenses. Accordingly, we cannot guarantee that the Plan will achieve our stated goals.

Furthermore, even following the reduction in our debts as a result of the consummation of the Plan, we may need to raise additional funds through public or private debt or equity financing or other various means to fund our business. Our access to additional financing is, and for the foreseeable future will likely continue to be, extremely limited, if it is available at all.

Our ability to continue as a going concern is dependent upon our ability to raise additional capital. As a result, we cannot give any assurance of our ability to continue as a going concern.

Our long-term liquidity requirements and the adequacy of our capital resources are difficult to predict at this time.

We face uncertainty regarding the adequacy of our liquidity and capital resources and have extremely limited, if any, access to additional financing. In addition to the cash requirements necessary to fund our ongoing operations, we incurred significant fees and other costs in connection with the Chapter 11 cases. We cannot assure you that our cash on hand and cash flow from operations will be sufficient to continue to fund our operations and allow us to satisfy our obligations following the consummation of the Plan.

Our financial results may be volatile and may not reflect historical trends.

Following the consummation of the Plan, we expect our financial results to continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, and claims assessments may significantly impact our consolidated financial performance. As a result, our historical financial performance is likely not indicative of our financial performance following the commencement of the Chapter 11 cases.

In addition, following the consummation of the Plan, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to our operating plans pursuant to a plan of reorganization. We adopted fresh-start accounting, in which case

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our assets and liabilities have been recorded at fair value as of the fresh-start reporting date, which differ materially from the recorded values of assets and liabilities on our Predecessor's consolidated balance sheets. Our financial results after the application of fresh-start accounting also may be different from historical trends.

The Plan was based in large part upon assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, we may be unsuccessful.

The Plan has affected both our capital structure and the ownership, structure and operation of our businesses and reflects assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to (i) our ability to obtain adequate liquidity and financing sources; (ii) our ability to maintain customers' confidence in our viability as a continuing entity and to attract and retain sufficient business from them; (iii) our ability to retain key employees, and (iv) the overall strength and stability of general economic conditions of the financial and oil and gas industries, both in the U.S. and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of our businesses.

In addition, the Plan relied upon financial projections, including with respect to revenues, EBITDA, capital expenditures, debt service and cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. Accordingly, we expect that our actual financial condition and results of operations will differ, perhaps materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by the Plan will occur or, even if they do occur, that they will have the anticipated effects on us and our subsidiaries or our businesses or operations.

We are subject to claims that were not discharged in the Chapter 11 cases, which could have a material adverse effect on our financial condition and results of operations.

The U.S. Bankruptcy Code (the "Bankruptcy Code") provides that the confirmation of a Chapter 11 plan of reorganization discharges a debtor from substantially all debts arising prior to the commencement of the Chapter 11 cases. However, certain claims were not "impaired" as part of our Chapter 11 cases and therefore were not discharged in accordance with the Bankruptcy Code and the terms of the Plan upon the emergence from bankruptcy. Any claims not ultimately discharged through the Plan could be asserted against us and may have an adverse effect on our financial condition and results of operations on a post-reorganization basis.

Risks Relating to Our Business

Natural gas and oil prices fluctuate widely, and low prices for an extended period would likely have a material adverse impact on our business.

Our revenues, operating results, financial condition and ability to borrow funds or obtain additional capital depend substantially on prevailing prices for natural gas and oil, which have declined substantially. Lower commodity prices may reduce the amount of natural gas and oil that we can produce economically. Historically, natural gas and oil prices and markets have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile. Continued depressed prices in the future would have a negative impact on our future financial results and could result in an impairment charge. Because our reserves are predominantly natural gas, changes in natural gas prices have a more significant impact on our financial results.

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Prices for natural gas and oil are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for natural gas and oil, market uncertainty and a variety of additional factors that are beyond our control. These factors include but are not limited to the following:

the levels and location of natural gas and oil supply and demand and expectations regarding supply and demand, including the potential long- term impact of an abundance of natural gas and oil (such as that produced from our Marcellus Shale properties) on the domestic and global natural gas and oil supply;

the level of industrial and consumer product demand;

weather conditions;

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fluctuating seasonal demand;

political conditions or hostilities in natural gas and oil producing regions, including the Middle East, Africa and South America;

the ability of the members of the Organization of Petroleum Exporting Countries and other exporting nations to agree to and maintain oil price and production controls;

the price level of foreign imports;

actions of governmental authorities;

the availability, proximity and capacity of gathering, transportation, processing and/or refining facilities in regional or localized areas that may affect the realized price for natural gas and oil;

inventory storage levels;

the nature and extent of domestic and foreign governmental regulations and taxation, including environmental and climate change regulation;

the price, availability and acceptance of alternative fuels;

technological advances affecting energy consumption;

speculation by investors in oil and natural gas;

variations between product prices at sales points and applicable index prices; and

overall economic conditions, including the value of the U.S. dollar relative to other major currencies. These factors and the volatile nature of the energy markets make it impossible to predict with any certainty the future prices of natural gas and oil. In the past, the prices of natural gas, NGLs and oil have been extremely volatile, and we expect this volatility to continue. During the year ended December 31, 2015, the NYMEX Henry Hub natural gas index price ranged from a high of \$3.23 per MMBtu to a low of \$1.76 per MMBtu, and West Texas Intermediate (WTI) oil prices ranged from a high of \$61.43 per bbl to a low of \$34.73 per bbl. Between January 1, 2016 and September 30, 2016, the NYMEX Henry Hub natural gas index price ranged from a high of \$3.06 per MMBtu to a low of \$1.64 per MMBtu, and West Texas Intermediate oil prices ranged from a high of \$51.23 per bbl to a low of

\$26.21 per bbl.

A continuation of the prolonged substantial decline in the price of oil and natural gas will likely have a material adverse effect on our financial condition and results of operations. We may use various derivative instruments in connection with anticipated oil and natural gas sales to reduce the impact of commodity price fluctuations. Specifically, the First Lien Exit Facility requires us to enter into commodity hedges covering at least 80% of our expected 2019 production prior to December 31, 2017. However, the entire exposure of our operations from commodity price volatility is not currently hedged, and we may not be able to hedge such exposure going forward. To the extent we do not hedge against commodity price volatility, or our hedges are not effective, our results of operations and financial position may be further diminished.

In addition, low oil and natural gas prices have reduced, and may in the future further reduce, the amount of oil and natural gas that can be produced economically by our operators. This scenario may result in our having to make substantial downward adjustments to our estimated proved reserves, which could negatively impact our borrowing base and our ability to fund our operations. If this occurs or if production estimates change or exploration or development results deteriorate, successful efforts method of accounting principles may require us to write down, as a non-cash charge to earnings, the carrying value of our oil and natural gas properties. Our operators could also determine during periods of low commodity prices to shut in or curtail production from wells on our properties. In addition, they could determine during periods of low commodity prices to plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices.

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Oil prices and natural gas prices have declined substantially from historical highs and may remain depressed for the foreseeable future. Approximately 17% of our 2015 total revenues were derived from oil and condensate sales. Approximately 81% of our 2015 total production was natural gas, on a Mcf-equivalent basis. Any additional decreases in prices of oil and natural gas may adversely affect our cash generated from operations, results of operations and financial position, perhaps materially.

During the year ended December 2015, the spot WTI market price at Cushing, Oklahoma has declined from a high of \$61.43 per bbl to a low of \$34.73 per bbl. During the nine years prior to December 31, 2015, natural gas prices at Henry Hub have ranged from a high of \$13.31 per MMBtu in 2008 to a low of \$1.76 per MMBtu in 2015. Between January 1, 2016 and September 30, 2016, the NYMEX Henry Hub natural gas index price ranged from a high of \$3.06 per MMBtu to a low of \$1.64 per MMBtu, and West Texas Intermediate oil prices ranged from a high of \$51.23 per bbl to a low of \$26.21 per bbl. The reduction in prices has been caused by many factors, including substantial increases in U.S. oil and natural gas production and reserves from unconventional (shale) reservoirs, without an offsetting increase in demand. During 2015 and thus far in 2016, the global oil supply has continued to outpace demand, resulting in sustained distress in oil and gas commodity prices. The duration and magnitude of the future commodity price declines cannot be accurately predicted.

This environment could cause the prices for oil and natural gas to remain at current levels or to fall to even lower levels. If prices for oil and natural gas continue to remain depressed for lengthy periods, we may be required to write down the value of our oil and natural gas properties, and some of our undeveloped locations may no longer be economically viable. In addition, sustained low prices for oil and natural gas will negatively impact the value of our estimated proved reserves and the amount that we are allowed to borrow under our bank credit facility (as a result of borrowing base redeterminations) and reduce the amounts of cash we would otherwise have available to pay expenses, fund capital expenditures and service our indebtedness.

We may not be able to continue to raise funds through our Drilling Partnerships at desired levels, which may in turn restrict our ability to maintain our drilling activity at recent levels.

We sponsor limited and general partnerships to finance certain of our development drilling activities. Accordingly, the amount of development activities that we will undertake depends in large part upon our ability to obtain investor subscriptions to invest in these Drilling Partnerships. We raised \$59.3 million, \$166.8 million and \$150.0 million in 2015, 2014, and 2013, respectively. In the future, we may not be successful in raising funds through these Drilling Partnerships at the same levels that we experienced, and we also may not be successful in increasing the amount of funds we raise. Our ability to raise funds through our Drilling Partnerships depends in large part upon the perception of investors of their potential return on their investment and their tax benefits from investing in them, which perception is influenced significantly by our historical track record of generating returns and tax benefits to the investors in our existing partnerships.

In the event that our Drilling Partnerships do not achieve satisfactory returns on investment or the anticipated tax benefits, we may have difficulty in maintaining or increasing the level of Drilling Partnership fundraising relative to the levels achieved by us. In this event, we may need to seek financing for our drilling activities through alternative methods, which may not be available, or which may be available only on a less attractive basis than the financing we realized through these Drilling Partnerships, or we may determine to reduce drilling activity.

Changes in tax laws may impair our ability to obtain capital funds through Drilling Partnerships.

Under current federal tax laws, there are tax benefits to investing in Drilling Partnerships, including deductions for intangible drilling costs and depletion deductions. However, both the Obama Administration's budget proposal for

fiscal year 2017 and other recently introduced legislation include proposals that would, among other things, eliminate or reduce certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs and certain environmental clean-up costs, (iii) the elimination of the deduction for certain domestic production activities, and (iv) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective. The passage of any legislation as a result of these proposals or any other similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development. The repeal of these oil and gas tax benefits, if it happens,

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would result in a substantial decrease in tax benefits associated with an investment in our Drilling Partnerships. These or other changes to federal tax law may make investment in the Drilling Partnerships less attractive and, thus, reduce our ability to obtain funding from this significant source of capital funds.

Fee-based revenues may decline if we are unsuccessful in sponsoring new Drilling Partnerships.

Our fee-based revenues will be based on the number of Drilling Partnerships we sponsor and the number of partnerships and wells we manage or operate. If we are unsuccessful in sponsoring future Drilling Partnerships, our fee-based revenues may decline.

Our revenues may decrease if investors in our Drilling Partnerships do not receive a minimum return.

We have agreed to subordinate a portion of our share of production revenues, net of corresponding production costs, to specified returns to the investor partners in the Drilling Partnerships, typically 10% to 12% per year for the first five to eight years of distributions. Thus, our revenues from a particular partnership will decrease if we do not achieve the specified minimum return. For the year ended December 31, 2015, \$1.7 million of our revenues, net of corresponding production costs, were subordinated, which reduced our cash distributions received from the Drilling Partnerships. For the year ended December 31, 2014, the subordinated amount, net of corresponding production costs, was \$5.3 million and for the year ended December 31, 2013, it was \$9.6 million.