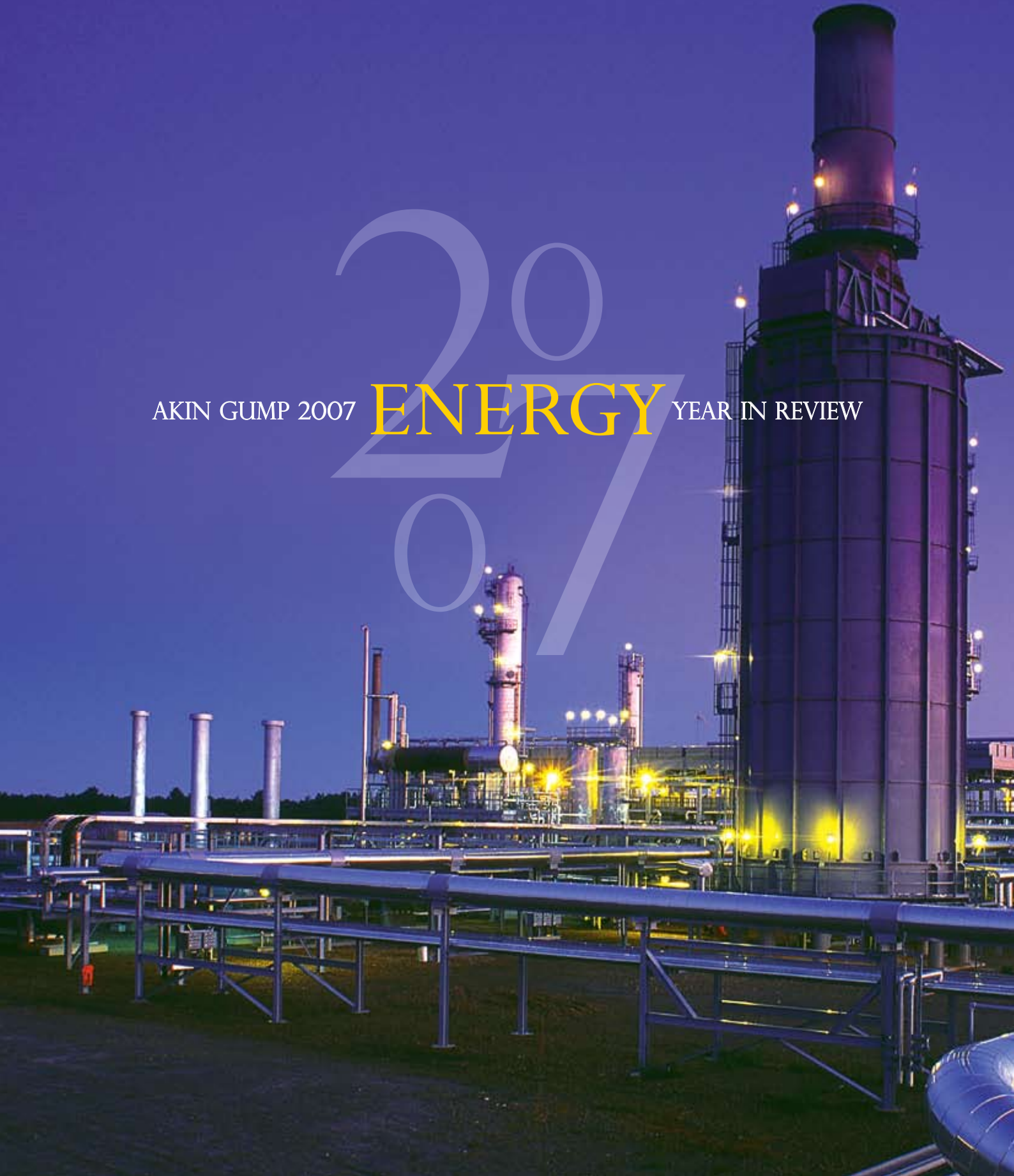




AKIN GUMP 2007 ENERGY YEAR IN REVIEW



## 2007 ACCOLADES...

### WON TWO M&A ADVISOR AWARDS

*The M&A Advisor* recognized Akin Gump Strauss Hauer & Feld LLP as "Law Firm of the Year" for the second consecutive year, and also named MarkWest Energy Partners, L.P.'s acquisition of MarkWest Hydrocarbon, Inc., in which the firm played an advisory role, as "Energy Deal of the Year." Winners were selected by a panel of independent experts drawn from the ranks of private equity firms, law firms, consultants, turnaround managers and business school deans.

– *M&A Advisor Awards, December 2007*

### NAMED BY CORPORATE DIRECTORS AS ONE OF AMERICA'S TOP LAW FIRMS

For the seventh consecutive year, corporate directors recognized Akin Gump as one of America's top 20 law firms, according to a survey compiled by *Corporate Board Member* magazine.

– *America's Best Corporate Law Firms, July/August 2007*

### RANKED AMONG TOP SERVICE PROVIDERS BY HEDGE FUND MANAGERS

Hedge fund managers named Akin Gump as one of the top three service providers in the world, according to a survey conducted by *Alpha* magazine. The 2007 Alpha Awards™ – *Alpha's* third annual look at the world's best hedge fund service providers – recognize those firms that "have risen above their competitors when it comes to helping hedge funds weather market turbulence and other challenges."

### NAMED ONE OF FIVE FINALISTS FOR LITIGATION DEPARTMENT OF THE YEAR

Akin Gump was one of only five finalist firms in *The American Lawyer's* biannual "Litigation Department of the Year" competition. Finalists were selected by the magazine's writers and editors following a four-month evaluation of submissions from virtually every firm in the Am Law 200.

### NAMED TO *THE NATIONAL LAW JOURNAL'S* "DEFENSE HOT LIST"

For the second year in a row, *The National Law Journal* named Akin Gump to its annual "Defense Hot List." In compiling its third annual list, the NLJ sought out firms that accomplished "exemplary, cutting-edge work in civil defense" during the past 12 months.

*Dear Clients and Friends,*

**Transactions**

Total global merger and acquisition (M&A) activity across all industries rose 10 percent in 2007, shattering previous deal volume records. Bloomberg tracked over 700 oil, gas, power and energy equipment deals in the United States alone in 2007. The subprime mortgage crisis and turbulence in the credit and debt markets slowed the M&A pace considerably in the second half of the year, and in the United States in particular.

TOTAL ANNOUNCED GLOBAL MERGERS AND ACQUISITIONS		
2007	2006	2005
\$4.04 trillion	\$3.55 trillion	\$2.63 trillion

TOTAL ANNOUNCED U.S. MERGERS AND ACQUISITIONS		
2007	2006	2005
\$1.43 trillion	\$1.425 trillion	\$1.098 trillion

*Source: Bloomberg, January 2, 2008 and previous year*

For all sectors, restoration of liquidity will determine overall deal volume in 2008. We will likely see more stock deals in contrast to the volume of all-cash deals prevalent in 2006 and 2007. Finally, with the weak dollar versus foreign currencies, we should continue to see an increase in inbound investment activity in North America in 2008.

**Business Disputes**

For global energy companies, 2008 will bring even more instances of host governments seeking a greater share of revenues from energy projects through taxes and royalties. U.S. upstream businesses will see an increase in disputes related to federal royalties and the environmental impact of recovery techniques. Natural gas pipeline and LNG projects will continue to be affected by the Federal Energy Regulatory Commission's enhanced enforcement authority under the Energy Policy Act of 2005.

**Climate Change**

Regardless of who wins the nomination, if a Democrat wins the White House in 2008 there will be increased attention on climate change and greenhouse gas emissions. Each candidate's formulation is generally the same, with some combination of support for a cap-and-trade system. Candidates for the Republican nomination have varied widely in their positions on climate change and regulation, some expressing support for a cap-and-trade regime, others expressing skepticism about such a plan and concern about its effect on the economy and jobs. Our climate change work group can help clients monitor these developments and design a strategy for managing these new business risks.

*— Energy and Global Transactions Team*

## BIG DEALS

### HUSKY ENERGY CREATES INTEGRATED NORTH AMERICAN OIL SANDS BUSINESS

Akin Gump advised Canada's **Husky Energy Inc.** in its **December 2007** agreement with BP to create an integrated, North American oil sands business consisting of upstream and downstream assets. The development will be comprised of two joint 50/50 partnerships, a Canadian oil sands partnership to be operated by Husky and a U.S. refining LLC to be operated by BP. Husky and BP will each contribute assets of equal value to the business.

At Husky's Lima, Ohio, refinery, the company plans to move forward with the repositioning of its 160,000 barrel per day refinery to process heavier feed stocks. Engineering work has commenced on a number of reconfiguration options. The transaction with BP creates additional flexibility that will allow Lima to be optimized for Husky's expanding heavy oil production. Akin Gump advised the company on its acquisition of the Lima refinery earlier in 2007 from Valero Energy for **\$1.9 billion**.

"Husky is extremely pleased to be partnering with BP, a world class global E&P and Refining company... **The partnership solidifies Husky's position in the U.S. refining market** and allows both parties to have better project execution and control on the development of the Sunrise lease and the conversion of the Toledo refinery."

– John C.S. Lau, President & Chief Executive Officer of Husky Energy Inc.

### ANADARKO PETROLEUM CORPORATION FORMS SUBSIDIARY AND DIVESTS QATAR OPERATIONS

We advised **Anadarko** on a **\$2.2 billion** transaction to form a subsidiary that owns or has rights to substantially all of Anadarko's midstream assets. Earlier, we also advised the company in its **\$350 million divestiture** of Anadarko's Qatar operations.

### LEOR ENERGY SELLS STAKE

Akin Gump advised **Leor Energy LP** management in **November 2007**, in its agreement to sell all of the Deep Bossier natural gas and land interests of privately-owned Leor in Texas for **\$2.55 billion** to EnCana Corporation. The Amoruso Field is home to some of the largest producing onshore gas wells in the United States during the past five years; the successful sale of Leor's stake to EnCana represents a very timely and successful exit strategy for Leor's management. *Oil and Gas Investor* has named Guma Aguiar, Leor's co-founder, Executive of the Year for 2007 in light of this very successful transaction.

## MARKWEST ELIMINATES INCENTIVE DISTRIBUTION RIGHTS

As an experienced transaction adviser in the Master Limited Partnership (MLP) sector, we represented the deal committee of the board of directors of Denver-based **MarkWest Hydrocarbon** in a very unusual and strategic transaction. In **September 2007** MarkWest Energy Partners and MarkWest Hydrocarbon agreed to a definitive redemption and merger agreement valued at **\$734 million**.

The transaction eliminated Incentive Distribution Rights, which significantly reduced the partnership's future cost of equity capital, dramatically simplified the corporate structure of the company and will allow the MarkWest team to focus on driving volume for one set of public equity. This first-of-its-kind merger ultimately enhances MarkWest's ability to compete for new acquisitions.

*The M&A Advisor*, a leading industry publication geared to buyers and sellers of middle-market companies, named this deal the "Energy Deal of the Year" at its December 2007 awards dinner.

## FRANCE'S VALLOUREC STRENGTHENS ITS NORTH AMERICAN POSITION

In **October 2007** Akin Gump advised **Vallourec**, a world leader in the production of seamless steel tubes for use in the oil and gas industry, in its acquisition from Grant Prideco of Atlas Bradford<sup>®</sup> Premium Threading & Services, TCA<sup>®</sup> and Tube-Alloy for **\$800 million**.

"These three businesses significantly enhance our offer to customers in North American oil by **reinforcing Vallourec's leadership position in high value added products.**"

– Pierre Verluca, Chairman, Vallourec's Management Board



## DEALS

Akin Gump also advised on the following 2007 transactions:

### THE HOUSTON EXPLORATION COMPANY

\$1.5 billion merger with Forest Oil

### GENESIS ENERGY LP

\$560 million acquisition of business assets

### PLAINS EXPLORATION AND PRODUCTION

\$946 million acquisition of oil and gas assets in the Piceance Basin in Colorado

### QUANTA SERVICES, INC.

\$1.26 billion merger with InfraSource Services

### VITOL REFINING GROUP BV

\$1.4 billion sale of a petroleum refinery to Harvest Energy Trust

## PRIVATE EQUITY INVESTMENTS

- Avista Capital Partners in the initial equity funding of Laramie Energy II, LLC
- Irvine Energy in the acquisition of properties from Metro Energy Group, Inc.
- Kayne Anderson in its investment in Crestwood Midstream Partners
- Management of Delta Hydrocarbons, BV in connection with the company's initial equity financing
- Oaktree Capital Management in the sale of HydroChem Industrial Services
- Management of Peregrine Oil & Gas II, LP in connection with the company's initial equity funding
- Quantum Energy Partners IV, LP and Quantum Resources Management, LLC in their initial investment in Ute Energy, LLC
- Saracen Energy Advisors in the purchase of FuelQuest
- Management of Talon Oil & Gas in an investment by a syndicate led by EnCap Investments
- Warburg Pincus LLC in an investment in Antero Resources Corporation

## CAPITAL MARKETS

### UNDERWRITERS

#### Credit Suisse

- IPO and subsequent equity offering by Venoco, Inc.

#### Friedman Billings Ramsey

- IPO of Pinnacle Gas Resources

#### JP Morgan Securities

- Senior notes offering by Mariner Energy

#### Lehman Brothers

- Senior convertible debentures offering by Trico Marine

### ISSUERS

#### Dynegy Holdings Inc.

- Senior notes and bond offerings

#### Plains Exploration & Production

- Senior notes offerings

#### Genesis Energy

- Common unit offerings

#### Gulfport Energy Corporation

- Common stock offerings

#### Monitor Oil PLC

- Bond offering

#### Sterling Chemicals, Inc.

- Senior secured notes offering

#### Transmeridian Exploration

- Preferred stock offering

#### Volga Gas

- Flotation on AIM





## BANK FINANCING

Numerous revolving, first and second lien credit facilities for:

### LENDERS

Bank of Montreal

Credit Suisse

LaSalle Business Credit

Lehman Brothers

### BORROWERS

Anadarko Petroleum Corporation

CRC-Evans International

Diamondback Energy Services

Dynegy Holdings, Inc.

Max Petroleum PLC

Monitor Oil PLC

## CLIMATE INTEL

“From the legislative process to administrative regulation to business transaction, **we will help clients manage risks and seize opportunities around climate change.**”

– Ken Mehlman, Co-leader, Akin Gump’s Climate Change Practice  
*Energy Law 360*, December 14, 2007

Our firm formed a climate change practice in 2007. The multidisciplinary practice draws upon Akin Gump’s project finance, emerging markets, private equity, investment funds groups, as well as its public policy, environmental and energy litigation groups.

The multidisciplinary practice is led in Washington by **Ken Mehlman**, former chairman of the Republican National Committee and a partner in the firm’s policy practice, and **Paul Gutermann**, head of Akin Gump’s environment practice. A notable recent addition to the group is senior counsel **Kenneth Markowitz**, who has worked with governments on a national and international basis to develop best practices on effective monitoring, reporting and verification to ensure environmental integrity and confidence in both regulatory and voluntary carbon markets.

### POINT AND CLICK!

Recognizing the need for timely and objective information about how rapidly evolving legal and regulatory processes related to climate change are developing, Akin Gump has developed ClimateIntel.com, a blog for financial institutions, regulated businesses and other stakeholders who need objective insight into legal and policy developments in a carbon-constrained economy.

[www.ClimateIntel.com](http://www.ClimateIntel.com)

**GUIDE TO LEADING GLOBAL LAWYERS RECOMMENDS  
AKIN GUMP ENERGY LAWYERS**

Sixteen partners at Akin Gump Strauss Hauer & Feld LLP are recommended in the 2008 edition of *Chambers Global: The World's Leading Lawyers for Business*, including the following energy lawyers:

Natalia R. Baratiants  
*Russia – Energy and Natural Resources*

John P. Cogan Jr.  
*USA – Energy*

Douglas B. Glass  
*Russia – Energy and Natural Resources*

Richard J. Wilkie  
*Russia – Energy and Natural Resources*

**GUIDE TO LEADING U.S. LAWYERS NAMES  
AKIN GUMP ENERGY LAWYERS**

Sixty-two partners at Akin Gump have been designated as leaders in their respective fields in the 2007 edition of *Chambers USA: America's Leading Lawyers for Business*, including the following lawyers who focus a significant portion of their practices on energy matters:

Scott J. Arrington – *Projects*  
Rick L. Burdick – *Corporate/M&A*  
Michael E. Dillard – *Corporate/M&A*  
Diana C. Dutton – *Environment*  
Richard M. Gittleman – *Projects*  
Orrin L. Harrison III – *Securities Litigation*  
Christine B. LaFollette – *Corporate/M&A*  
Jack J. Langlois – *Energy*  
James L. Rice III – *Energy & Natural Resources*  
Paul Seals – *Environment*  
Gail Watkins – *Projects*  
Holly H. Williamson – *Labor & Employment*

Akin Gump Strauss Hauer & Feld LLP is a leading adviser to energy companies and provides a full range of legal services, including corporate transactions, project finance and development, dispute and policy insight. Our lawyers have represented every segment of the energy industry on issues ranging from energy policy to tax questions to environmental and land use challenges.

Akin Gump, a leading international law firm, numbers more than 1,000 lawyers with offices in 14 cities. Energy clients include public and private companies, financial institutions, private equity firms and sovereign states working across the energy value chain from independent exploration and production activity to renewable energy investment.

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