

AKIN GUMP STRAUSS HAUER & FELD LLP



AKIN GUMP 2010 ENERGY YEAR IN REVIEW

2010





## ***BUSINESS LAWS OF THE UNITED ARAB EMIRATES***

In 2010, Akin Gump attorneys authored the inaugural edition of the *Business Laws of the United Arab Emirates*, published by Thomson Reuters. In the upcoming 2011 edition of the publication, Akin Gump further showcases its breadth of expertise with respect to the U.A.E. by authoring a chapter on oil and gas law.

The chapter, authored by Shawn Davis and Kamil G. Ahmed, provides an overview of U.A.E. oil and gas reserves, with a specific focus on the Emirate of Abu Dhabi, given that it possesses most of the U.A.E.'s oil and gas reserves. The chapter, inter alia, analyzes the economics relating to the U.A.E. oil and gas industry and describes consents required for oil and gas pipeline constructions in the U.A.E., federal and emirate-level regulatory oversight, taxation, and oil and gas operating companies in Dubai, Sharjah and the northern Emirates and the related government ownership in these companies. The chapter also provides insight into U.A.E. oil and gas laws, Abu Dhabi concession agreements and the Abu Dhabi Supreme Petroleum Council, which is the highest authority responsible for petroleum affairs in Abu Dhabi.

### **Shawn Davis**

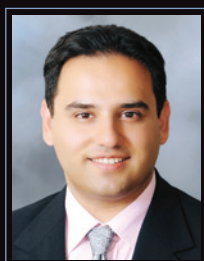
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Shawn Davis is counsel at Akin Gump's Abu Dhabi office and is a member of the firm's energy and global transactions practice. His practice focuses on energy and corporate law, with particular concentration on oil, gas, petrochemicals, nuclear energy, power, water, infrastructure and industrial matters. He has worked on some of the largest energy, industrial and infrastructure projects in the Middle East and North Africa region. Mr. Davis has been based in Abu Dhabi since mid-2006.

### **Kamil G. Ahmed**

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Kamil G. Ahmed is an associate at Akin Gump's New York office and a member of the firm's corporate practice. He focuses on all aspects of corporate law, with a particular focus on mergers and acquisitions, cross-border transactions, financings, securities transactions and restructurings. He has represented North American, European and Middle Eastern companies, underwriters, issuers and government entities in a number of industries, including oil and gas, mining, nuclear energy, financial services, media and entertainment and manufacturing. Mr. Ahmed was previously resident at Akin Gump's Abu Dhabi office.

*Dear Clients and Friends,*

As we head into 2011, we are seeing a promising uptick in both confidence and deal activity. Private equity clients have had to bring some creativity to the funding of many of their deals; meanwhile, corporate buyers are enjoying reasonably attractive credit conditions. The focus on shale that generated a significant volume of North American deals in 2010 is emerging as a global deal driver in 2011.

A number of our energy lawyers received some great recognition in 2010—

**Christine LaFollette**, partner in the corporate energy practice in Houston, was named “Woman Dealmaker of the Year” at the 9th Annual M&A Advisor Awards Gala. The event was held at the New York Athletic Club on December 14. *The M&A Advisor* cited Chris’ track record of tremendous leadership and ingenuity, as well as her ability to motivate internal and external teams and negotiate through the many challenges wrought by the current economic climate.

“I am honored to be named as the ‘Woman Dealmaker of the Year.’

It has been a privilege to work with so many terrific clients.

**This award is a testament to the fact that successful deals are the result of partnering relationships with the client based on mutual respect and trust.”**

— Christine B. LaFollette

**Dino Barajas**, partner in our corporate practice and a specialist in renewable energy project finance and development in our Los Angeles office, was named by the *Financial Times* as one of the top 10 “US Innovative Lawyers” in its December 2010 special supplement for his work on a geothermal power plant that would supply a fifth of Nicaragua’s electricity. See page 9 for more details.

**Rick Burdick**, partner in our corporate practice and head of the international corporate transactions group, was named “Dealmaker of the Week” by *The Am Law Daily* for his leadership role in the FirstEnergy acquisition of Allegheny Energy. Despite the friendly nature of the transaction, closing such a deal has been a regulatory challenge requiring approval in four states, as well as by the Federal Energy Regulatory Commission.

We congratulate our lawyers and our clients on these achievements and look forward to working together in the new year.

— *The Energy Team*

## UPSTREAM

“The upstream sector in 2010 has been dominated by unconventional gas plays.”

### CONSOL ENERGY INC. GRABS LEADING MARCELLUS STAKE

An Akin Gump team represented CONSOL Energy Inc. in its \$3.48 billion acquisition of the Appalachian exploration and production business of Dominion Resources Inc. The transaction increased CONSOL’s total proved gas reserves by nearly 50 percent, giving the company a leading position in the coveted Marcellus shale play.

“CONSOL Energy’s acquisition of Dominion’s Appalachian E&P business is a strategically compelling transaction that will transform CONSOL Energy into a leading diversified energy company with a strong position in natural gas as well as coal.”

— J. Brett Harvey, CONSOL Energy president and CEO

### ADDITIONAL DEALS

#### Anadarko Petroleum Corporation

- \$1.4 billion joint venture agreement with Mitsui E&P USA to allow Mitsui the opportunity to earn a 32.5 percent interest in Anadarko’s Marcellus shale assets in Pennsylvania

#### Avista Capital Partners

- \$326.6 million sale of approximately 52,200 net acres of its Marcellus Shale leasehold rights in Pennsylvania to a subsidiary of Reliance Industries Limited

#### Talisman Energy

- Purchase, through a joint venture with a strategic partner, of Eagle Ford shale properties from Enduring Resources for \$1.3 billion

#### Undisclosed Equity Investors

- Investment in an English onshore oil and gas exploration company with assets in seven countries

## **BRIDAS CORPORATION EXECUTES TWO HIGHLY STRATEGIC DEALS IN 2010**

Akin Gump advised Bidas Corporation in its acquisition of joint-venture partner BP's 60 percent stake in Pan American Energy for \$7.059 billion. Bidas Corporation is co-owned by Bidas Energy Holdings and CNOOC Ltd., the Chinese state-owned oil and gas group. The deal is expected to close by mid-2011. Pan American Energy is Argentina's second-largest oil producer.

Earlier in the year, Akin Gump advised Bidas in its sale of a 50 percent interest in Bidas to CNOOC for \$3.1 billion.

## **OAO LUKOIL COMPLETES HIGHLY STRATEGIC FINANCIAL TRANSACTIONS**

- \$3.4 billion repurchase by OAO LUKOIL subsidiary (LUKOIL Finance Limited) of 7.6 percent of OAO LUKOIL's shares owned by Conoco Phillips
- \$2.4 billion purchase of company's shares from Conoco Phillips
- \$1 billion Rule 144A/Reg S high-yield senior note offering

"This transaction helps us to steadily implement the program to enhance the Company's investment attractiveness. It also allows us to support our share prices, since the transaction is funded by the Group's internal resources, without increasing the Company's total debt."

— Leonid Fedun, OAO LUKOIL vice president

## MIDSTREAM

Penn Virginia GP Holdings, L.P.

An Akin Gump team represented Penn Virginia GP Holdings, L.P. (PVG) in its \$1.1 billion merger with Penn Virginia Resource Partners, L.P. (PVR), which eliminated PVR's incentive distribution rights (or IDRs) via an equity recapitalization.

“We think that the lower cost of capital that is expected to result from the merger, and the simplified partnership structure, will position PVR to take advantage of accretive market opportunities and grow our quarterly distribution. The current management team, which will remain in place, is excited about the prospects for PVR following the merger, and we believe this transaction will be beneficial to the unitholders of both PVG and PVR.”

— William Shea, CEO of PVR and PVG

Genesis Energy LP

- Elimination of IDRs (approximately \$635 million) via an equity recapitalization
- \$330 million acquisition of 50 percent equity interest in Cameron Highway Oil Pipeline Company from Valero Energy Corporation
- \$250 million Rule 144A/Reg S high-yield senior note offering
- \$122 million registered offering of common units
- \$525 million revolving credit agreement

“This transaction reflects a strategic move by us to lower our equity cost of capital through the permanent elimination of our incentive distributions. . . . Over the last four years, we have averaged approximately \$300 million in acquisitions and growth capital deployed annually. By lowering our cost of capital, we hope to strengthen our competitive position in the midstream energy space and believe this transaction can enhance our ability to hopefully continue to build long-term value for Genesis.”

— Grant E. Sims, CEO of Genesis discussing its IDR restructuring

#### Enterprise Products Partners L.P.

Akin Gump represented Enterprise Products Partners L.P. in its acquisition of two natural gas gathering and treating systems, strategically located in the Haynesville and Bossier shale gas producing areas, from subsidiaries of M2 Midstream LLC in a transaction worth approximately \$1.2 billion.

#### Natural Gas Partners/Eagle Rock Energy Partners, L.P.

Akin Gump represented Natural Gas Partners in connection with the recapitalization of Eagle Rock Energy Partners, L.P., which eliminated Eagle Rock's IDRs, subordinated units and economic general partner interest.

#### El Paso Pipeline Partners, L.P.

Akin Gump worked with El Paso Pipeline Partners, L.P. in connection with three "drop down" transactions in 2010 with an aggregate value of \$2.4 billion:

- \$810 million acquisition of a 51 percent interest in each of Southern LNG Company, L.L.C. and El Paso Elba Express Company, LLC
- \$494 million acquisition of a 20 percent interest in Southern Natural Gas Company
- \$1,133 million acquisition of an additional 15 percent interest in Southern Natural Gas Company and the remaining 49 percent interest in each of Southern LNG Company, L.L.C. and El Paso Elba Express Company, LLC

#### Tudor, Pickering, Holt & Co.

Akin Gump represented the financial advisor in the \$498 million sale of midstream assets by Anadarko Petroleum Corporation to Western Gas Partners, LP

#### Regency Energy Partners LP

- \$300 million acquisition of a 49.9 percent ownership interest in the Midcontinent Express Pipeline from Energy Transfer Equity LP
- \$92 million acquisition of a 7 percent interest in the Haynesville Joint Venture from an affiliate of GE Energy Financial Services

In connection with other midstream transactions consummated in 2010, Akin Gump also represented numerous other clients, including—

- **Capital Product Partners, L.P.**
- **Exterran Partners, L.P.**
- **Holly Energy Partners, L.P.**
- **Western Gas Partners, LP**

## OIL FIELD SERVICES

### **BAKER HUGHES EXPANDS ITS GLOBAL BUSINESS PORTFOLIO**

An Akin Gump team represented Baker Hughes, Incorporated, the world's third-largest oilfield-services provider, in its \$6.9 billion purchase of BJ Services Company, a leading provider of pressure pumping services. This transaction represents the third-largest acquisition of an oilfield-services company in history.

“With the completion of the BJ Services merger today, we have filled an important gap in the products and services we offer our customers. The combined company is better positioned to compete and win around the world, particularly in the unconventional gas and deepwater markets.”

— Chad C. Deaton, Baker Hughes chairman, president and CEO

- Represented Baker Hughes in the successful offering of \$1.5 billion of 5.125 percent senior notes due 2040. A portion of the proceeds are expected to be used to repay notes announced in connection with the BJ Services transaction.
- Represented Baker Hughes in the acquisition of Siberia-based Oilpump Services (OPS) business for an undisclosed amount. With the addition of OPS' service bases, Baker Hughes doubled its share of the electrical submersible pumping (ESP) business in Russia, which has the largest concentrations of ESP system globally, with over 70,000 installations.

### **EXMAR NV SELLS \$400 MILLION SEMI-SUBMERSIBLE PRODUCTION PLATFORM**

Energy and global transactions practice leader Jim Rice led a team in the representation of Exmar NV, a diversified and independent shipping group serving the international gas and oil industry, in its \$400 million sale of its new build semi-submersible production platform OPTI-EX to LLOG Deepwater Development Company LLC. The payment of the transaction is anticipated to exceed its initial \$400 million, due to the payment structure, which will be paid out in milestones over the span of 62 months following installation. Akin Gump continues to advise Exmar on various aspects related to the sale.



## RENEWABLE ENERGY

### Aventine Renewable Energy Holdings

- \$16.5 million acquisition of an ethanol production facility in Illinois from Riverland Biofuels

### Greenlight Capital

- Portfolio company, Biofuel Energy Corp., in the placing of a \$20 million bridge facility to be followed by a \$40 million rights offering

### Riverstone Holdings, LLC

- Renewable Energy Fund II in its \$400 million investment in Pattern Energy Group LP. The purchase includes the wind development portfolio from Babcock & Brown LP to form Pattern Energy Group LP.

### SunRay Power

- \$100 million private placement of LLC interests

### Dino Barajas

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#### **POLARIS ENERGY NICARAGUA, S.A.**

- Advised the company on a \$160 million common terms agreement for projects in the country
- Advised the company in securing the first phase of funding for a large geothermal project with a \$77 million loan facility.

As a result of his hands-on approach and the fact that his work for Polaris gave rise to new confidence in Nicaragua as a legitimate destination for finance, *Financial Times* named Dino Barajas of our Los Angeles office as a **2010 US Innovative Lawyer**.

## POWER

### FIRSTENERGY HAS AN ACTIVE YEAR IN 2010

A team led by Washington, D.C. partner Rick Burdick advised FirstEnergy Corp in its merger with Allegheny Energy, Inc. in a stock-for-stock transaction valued at \$8.5 billion that is pending final regulatory approvals.

Akin Gump has also been a go-to firm for FirstEnergy and its affiliates this year in other matters—

- \$350 million term loan agreement
- \$234.5 million issuance of Ohio Air Quality Development Authority State of Ohio Pollution Control Revenue Refunding Bonds Series 2006-A (Non-AMT)
- Cleveland Electric and Illuminating Company and The Toledo Edison Company in a \$125 million trade receivables facility
- Sale of the Sumpter power project to Wolverine Power Supply Cooperative for an undisclosed amount
- \$99 million issuance of Ohio Air Quality Development Authority State of Ohio Pollution Control Revenue Refunding Bonds, Series 2010-A
- \$82 million remarketing of Ohio Water Development Authority State of Ohio Pollution Control Revenue Refunding Bonds, Series 2005-B
- \$72 million remarketing of Beaver County Industrial Development Authority (Beaver County, Pennsylvania) Pollution Control Revenue Refunding Bonds, Series 2005-A
- \$43 million remarketing of Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds, Series 2005-A

### Diamond Generating Corporation

- Acquisition of 25 percent interest in a power plant development for an undisclosed amount

## AKIN GUMP IN THE PRESS...

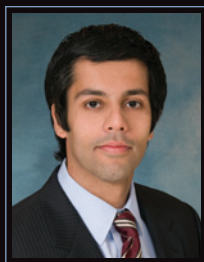
Look for Shubi Arora's most recent article "Shale Gas: An essential part of India's plan for energy independence," featured in the online publication *Bar & Bench*. Mr. Arora has published numerous articles on M&A and cross-border legal matters and frequently writes for *Bar & Bench*, a publication focusing on India's legal market.

"As demand for cleaner energy sources rises, demand for natural gas in India could rise to 120 billion cubic meters a year by 2015 from 62 billion currently. In addition, the Paris-based International Energy Agency estimates that India is expected to face a general energy shortfall of 55 percent by 2030 as demand more than doubles to 1.3 billion metric tons of oil.

In the midst of such dire predictions, India's interest in the exploration and development of its abundant shale resources is a timely step in the right direction."

### Shubi Arora

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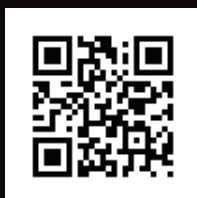
Shubi Arora's practice focuses on mergers, acquisitions and divestitures; joint ventures and similar strategic transactions; and private equity investment. He has worked on projects in the United States, as well as cross-border matters involving other jurisdictions, including Australia, Brazil, France and the United Kingdom. Mr. Arora is also a member of the firm's India practice and has experience in advising Indian companies on acquisitions in the United States. While Mr. Arora's practice focuses on transactions for energy industry participants, he is experienced in advising clients in other industries including chemicals, entertainment, manufacturing and telecommunications. Mr. Arora has lived in both Mumbai and New Delhi, India, and is fluent in Hindi.

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Financial Times  
Polaris Energy (p.9)



Shubi Arora



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 800 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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