

AKIN GUMP STRAUSS HAUER & FELD LLP

AKIN GUMP 2012 ENERGY YEAR IN REVIEW

# 2012





*Dear Clients and Friends,*

2012 was a busy and exciting year for Akin Gump Strauss Hauer & Feld LLP, bringing us new deals, faces and offices; providing an even stronger energy practice for our trusted clients. Thanks to partnering with our clients, we did more than 45 deals or \$15 billion of transactions in 2012.

In response to the evolving needs of our clients and the global business environment, Akin Gump expanded our Asia presence by opening new offices with very experienced partners in Hong Kong and Singapore. These offices allow us to further bolster our commitment to our clients to not only be there when they need us, but also where they need us!

In 2012, we welcomed several new lawyers to our ever increasing energy practice further solidifying Akin Gump's position as a true leader in global energy. Starting in March 2012, noted global energy and projects leader, Stephen D. Davis joined Akin Gump's Houston office. The second quarter of the year brought three more leading industry partners to the group, including Steven O'tillar in Houston and John LaMaster and Marc Hammerson in London. The additions of these four lawyers significantly bolstered Akin Gump's international energy capabilities, particularly in the areas of international mergers and acquisitions, divestitures, joint ventures, project development and upstream projects in emerging markets.

We also continued the expansion of our energy regulatory practice in November, with the addition of Suedeen Kelly, a former commissioner of the Federal Energy Regulatory Commission (FERC) as co-chair of the practice. Along with Ms. Kelly, George "Chip" Cannon and Cynthia Marlette, a former general counsel to FERC, also joined Akin Gump. A profile of this team is located on page 11.

As we move into 2013, we are looking forward to our client's continued success and are excited to be able to play a role in the incredible growth and change in the industry.

*— The Energy Team*

## MERGERS AND ACQUISITIONS

### Memorial Production Partners LP

- \$271 million acquisition of interests in various oil and gas producing properties offshore southern California from Rise Energy Partners, LP
- \$93 million acquisition of oil and gas properties in East Texas from Goodrich Petroleum Corporation
- \$38 million acquisition of certain oil and natural gas properties in East Texas and North Louisiana from an undisclosed seller
- \$27 million acquisition of oil and gas producing properties in East Texas from Memorial Resource Development LLC

### Quanta Services Inc.

- \$600 million investment in Petroplex International, LLC for the development of a multimodal bulk liquid terminal
- several investments into an energy consortium for capital funding into Howard Energy Partners, to fund the acquisition of Meritage Midstream Services' Eagle Ford assets by Howard Energy

### Natural Gas Partners

- \$432.5 million sale by its portfolio company of oil and gas properties to Halcon Resources Corporation

### Conflicts Committee of Crestwood Gas Services GP, LLC

- \$375 million formation of a joint venture (Crestwood Marcellus Midstream) to acquire gathering system assets from Antero Resources Appalachian Corporation

### Conflicts Committee of Holly Energy Partners, LP

- \$315 million acquisition of HollyFrontier's 75 percent interest in UNEV Pipeline, LLC

### Conflicts Committee of Exterran Partners, LP

- \$184 million acquisition of compression and processing assets from Exterran Holdings, Inc.

### Inergy Midstream LP

- acquisition of 100 percent of the membership interests in US Salt, LLC from Inergy LP

#### El Paso Pipeline Partners LP

- acquisition of Cheyenne Plains Pipeline and interest in Colorado Interstate Gas Company from El Paso Corporation

#### Gulfport Energy Corporation

- equity contribution agreement relating to a joint venture for a Canadian oil sands development project
- acquisition of acreage in the Utica Shale in Eastern Ohio

#### Portfolio company of Wexford Capital LP

- sale of directional drilling businesses

#### EP Energy LLC (f/k/a El Paso Corporation)

- divestiture of all of its operations and assets in the Gulf of Mexico to a publicly traded oil and gas exploration and production company that is a well-known player in the Gulf of Mexico region

#### Special Committee of Gushan Environmental Energy Limited

- going private transaction

#### Laclede Group

- In the acquisition of assets of Southern Union's Missouri Gas Energy and New England Gas Company divisions

#### ExxonMobil

- joint venture with Rosneft to develop tight oil projects in Western Siberia

#### LUKOIL Finance Limited

- sale of SLB Commercial Bank to Sberbank
- acquisition of 25 percent stake in the geological exploration, development and production project off the Sierra Leone shore in the Gulf of Guinea from Talisman Energy
- acquisition of 20 percent stake in ISAB from ERG

#### Hillwood International Energy

- sale to an affiliate of Maersk Oil of 10 percent of the Hillwood subsidiary that holds its Kurdistan Production Sharing Contract, terms and consideration undisclosed



## CAPITAL MARKETS

### INITIAL PUBLIC OFFERINGS

Diamondback Energy, Inc.

- \$235.3 million initial public offering of common stock

### NOTES/BONDS/COMMON OFFERINGS

Gulfport Energy Corporation

- public offering of common stock

EOG Resources, Inc.

- \$1.25 billion registered senior note offering

Pareto Securities AS

- \$750 million sale of debt and equity securities by Northland Resources SA
- \$500 million senior secured note offering of OSX 3 Leasing B.V.  
The proceeds from the offering will fund an FPSO conversion project

Berry Petroleum Company

- \$600 million registered high-yield senior note offering

Gulfport Energy Corporation

- \$250 million Rule 144A/Reg S high-yield senior note offering
- \$50 million Rule 144A/Reg S “tack-on” high-yield senior note offering

Sanchez Energy Corporation

- \$150 million (including full exercise of the initial purchaser’s over-allotment option) Rule 144A offering of perpetual convertible preferred stock

Genesis Energy LP

- \$100 million private placement of senior unsecured notes
- \$193 million registered secondary equity offering by selling unitholders
- \$177 million registered equity offering of common units

Atlantic Power (US) GP

- restructuring of privately placed unsecured senior notes

Bill Barrett Corporation

- tender offer for 5 percent convertible senior notes

## CAPITAL MARKETS

Laredo Petroleum Holdings, Inc.

- \$290 million secondary offering by selling stockholders
- \$500 million Rule 144A/Reg S high-yield offering of senior notes

West Penn Power Company

- private placement of 3.34 percent First Mortgage Bonds due 2022

FirstEnergy Corp.

- Represented generation subsidiaries of FirstEnergy Corp. in the analysis of existing financing arrangements and in the execution of the strategy to remarket their pollution control revenue bonds portfolio to permit generation subsidiaries to convert into limited liability companies. Involved consent solicitations, amendments to existing and replacement of reimbursement agreements and variable, fixed rate and to maturity remarketings of more than 30 series of pollution control revenue bonds totaling more than \$2 billion aggregate principal amount.



## LENDING

### Genesis Energy LP

- \$1 billion revolving credit facility with a syndicate of banks

### ОАО LUKOIL

- \$500 million project financing of the Khauzak-Shady and Kandym gas fields in Uzbekistan by BNP Paribas (Suisse) SA, Crédit Agricole CIB, The Korea Development Bank, Asian Development Bank and Islamic Development Bank

### Global Mining Holding Company

- \$350 million credit facility to fund a mining joint venture

### Windsor Permian LLC

- \$250 million revolving credit facility

### ABN AMRO

- \$100 million revolving credit facility for LUKOIL Finance Limited

### Max Petroleum PLC

- \$90 million credit facility from Sberbank Kazakhstan and conversion of certain liabilities into equity to refinance/restructure its \$53 million credit facility with Macquarie and \$89.4 million convertible bonds (principal and interest)

### Volga Gas PLC

- \$10 million term loan from ZAO Raiffeisenbank (Moscow)





## TRANSACTIONS

### **LIFE AFTER THE IPO: A LOOK AT CLIENT ACTIVITIES POST-GOING PUBLIC**

2011 had generated a flurry of initial public offering (IPO) activity for some of Akin Gump's top energy clients. We represented Laredo Petroleum, Inc. in a \$386.7 million IPO of common shares; Memorial Production Partners LP in a \$184.2 million IPO of common units; Sanchez Energy Corporation in a \$220 million IPO of common shares; and NGL Energy Partners LP in a \$73.5 million IPO of common units.

As these newly public companies transitioned into the public sector in 2012, Akin Gump was presented with opportunities to serve these clients in not only a variety of complex securities and M&A transactions throughout the course of the year, but also their new ongoing public reporting filings with the U.S. Securities and Exchange Commission. Among these, our lawyers represented Memorial Production Partners LP in five acquisitions of oil and natural gas properties across East Texas, North Louisiana and offshore California for an aggregate value of \$446 million. In January, we represented NGL Energy Partners LP in the \$61.3 million acquisition of substantially all of the propane assets from Pacer Propane. In April, our lawyers represented Laredo Petroleum, Inc. in a \$500 million Rule 144A/Reg S offering of senior notes. This offering, as well as a \$550 million senior notes offering, was followed with exchange offers in 2012 for registered notes with the same terms. In June, we represented Laredo Petroleum, Inc. in a secondary offering of 14,375,000 shares of its common stock that included the purchase of additional shares pursuant to the underwriter's over-allotment option. In September, we also represented Sanchez Energy Corporation in a \$150 million Rule 144A offering of convertible preferred stock including the over-allotment option fully exercised by the initial purchasers.

### **AKIN GUMP REPS DIAMONDBACK IN HIGH-ENERGY IPO**

An Akin Gump team represented Diamondback Energy, Inc., a Midland, Texas-based oil and gas exploration company, in its recent IPO. Diamondback issued 14,375,000 shares of common stock priced at \$17.50 per share, receiving net proceeds of approximately \$235.3 million that it used for repayment of outstanding indebtedness and for general corporate purposes. Against the backdrop of a choppy market for IPOs, the company seized upon improving market conditions and began trading on the NASDAQ Global Select Market on October 12, 2012. Diamondback was formed and controlled by Wexford Capital LP, its equity sponsor.



#### **AKIN GUMP ADVISES LUKOIL ON \$500 MILLION PROJECT FINANCING IN UZBEKISTAN**

Lawyers in Akin Gump's London, Moscow and Abu Dhabi offices advised OAO LUKOIL on a project financing of up to \$500 million for the Khauzak-Shady and Kandym gas fields in Uzbekistan.

The transaction signed with a consortium of lenders consisting of BNP Paribas (Suisse) S.A., Crédit Agricole Corporate and Investment Bank, The Korea Development Bank, Asian Development Bank (ADB) and Islamic Development Bank (IDB).

This project is the biggest financing ever to a private company operating in the fuel and energy sector in Uzbekistan.

The financing had three components—a commercial facilities tranche, an ADB tranche and an Islamic financing tranche from IDB—and is supported by political risk insurance provided by ADB and the Multilateral Investment Guarantee Agency of the World Bank Group.

Proceeds from the loan will be used to finance the development of the Kandym field and increase production at the Khauzak-Shady fields under a production sharing agreement signed by OAO LUKOIL, Uzbekneftegaz and the government of Uzbekistan in 2004.

## ENERGY REGULATORY ATTORNEYS



**Suedeem G. Kelly**

Partner  
Washington, D.C.  
[skelly@akingump.com](mailto:skelly@akingump.com)  
202.887.4526



**George D. "Chip" Cannon**

Partner  
Washington, D.C.  
[ccannon@akingump.com](mailto:ccannon@akingump.com)  
202.887.4527

Akin Gump Strauss Hauer & Feld LLP is pleased to announce that Suedeem G. Kelly, a former commissioner of the Federal Energy Regulatory Commission (FERC), and George D. "Chip" Cannon Jr. have joined the firm as partners in the energy regulatory practice in Washington, D.C. Ms. Kelly also serves as co-chair of the practice. The addition of Ms. Kelly and Mr. Cannon continues the growth of the practice, which includes the arrival of practice co-chair Julia E. Sullivan in 2011, and further strengthens the firm's global energy industry practice.

Ms. Kelly and Mr. Cannon are joined at Akin Gump by Cynthia A. Marlette, a former general counsel to FERC, who will be a senior counsel in the firm's energy regulatory practice.

Internationally recognized for her work in the energy regulatory field, particularly for clients in the natural gas and electricity industries, Ms. Kelly was nominated for three terms as a FERC commissioner under President Obama and former President George W. Bush. During her tenure at FERC, she resolved thousands of disputes and is credited with strengthening FERC enforcement, as well as orchestrating change in several key regulatory policies, including integration of renewables into the transmission grid, deployment of smart grid technologies and natural gas quality standards.

Mr. Cannon maintains a broad practice handling regulatory and transaction matters before federal agencies, courts and state regulatory commissions on behalf of clients throughout the energy industry.

They can be reached at [skelly@akingump.com](mailto:skelly@akingump.com), [ccannon@akingump.com](mailto:ccannon@akingump.com) and [cmarlette@akingump.com](mailto:cmarlette@akingump.com).

## FOR MORE INFORMATION, CONTACT:

*Christine LaFollette*  
*Douglas Glass*  
*Stephen D. Davis*  
**HOUSTON**  
1111 Louisiana Street  
44th Floor  
Houston, TX 77002-5200  
713.220.5800  
fax: 713.236.0822

*Natasha Kohne*  
*Shawn Davis*  
ABU DHABI  
Sowwah Square  
21st Floor, Al Sila Tower  
Al Maryah Island  
P.O. Box 55069  
Abu Dhabi, United Arab Emirates  
971.2.406.8500  
fax: 971.2.406.8511

*William Rosoff*  
BEIJING  
Suite 06, EF Floor,  
Twin Towers (East)  
B12 Jianguomenwai Avenue  
Beijing 100022, China  
86.10.8567.2200  
fax: 86.10.8567.2201

*Seth R. Molay*  
DALLAS  
1700 Pacific Avenue  
Suite 4100  
Dallas, TX 75201-4624  
214.969.2800  
fax: 214.969.4343

*Charles Adams*  
GENEVA  
3, rue François Bellot  
Geneva 1206  
Switzerland  
41.22.787.4000  
fax: 41.22.787.4010

*Gregory D. Puff*  
*Andrew Abernethy*  
HONG KONG  
Unit 05-07, 36th Floor  
Edinburgh Tower  
The Landmark, 15 Queen's Road  
Central, Hong Kong  
852.3694.3000  
fax: 852.3694.3001

*John LaMaster*  
*Marc Hammerson*  
LONDON  
Eighth Floor  
Ten Bishops Square  
London, E1 6EG England  
44.20.7012.9600  
fax: 44.20.7012.9601

*Dino Barajas*  
*Elliot Hinds*  
LOS ANGELES-CENTURY CITY  
2029 Century Park East  
Suite 2400  
Los Angeles, CA 90067-3010  
310.229.1000  
fax: 310.229.1001

*Edward Zaelke*  
*Adam Umanoff*  
LOS ANGELES-DOWNTOWN  
633 West Fifth Street  
Suite 5000  
Los Angeles, CA 90071-2081  
213.254.1200  
fax: 213.254.1201

*Natalia Baratiants*  
MOSCOW  
Geneva House  
7 Petrovka Street  
Moscow 107031  
Russian Federation  
7.495.783.7700  
fax: 7.495.783.7701

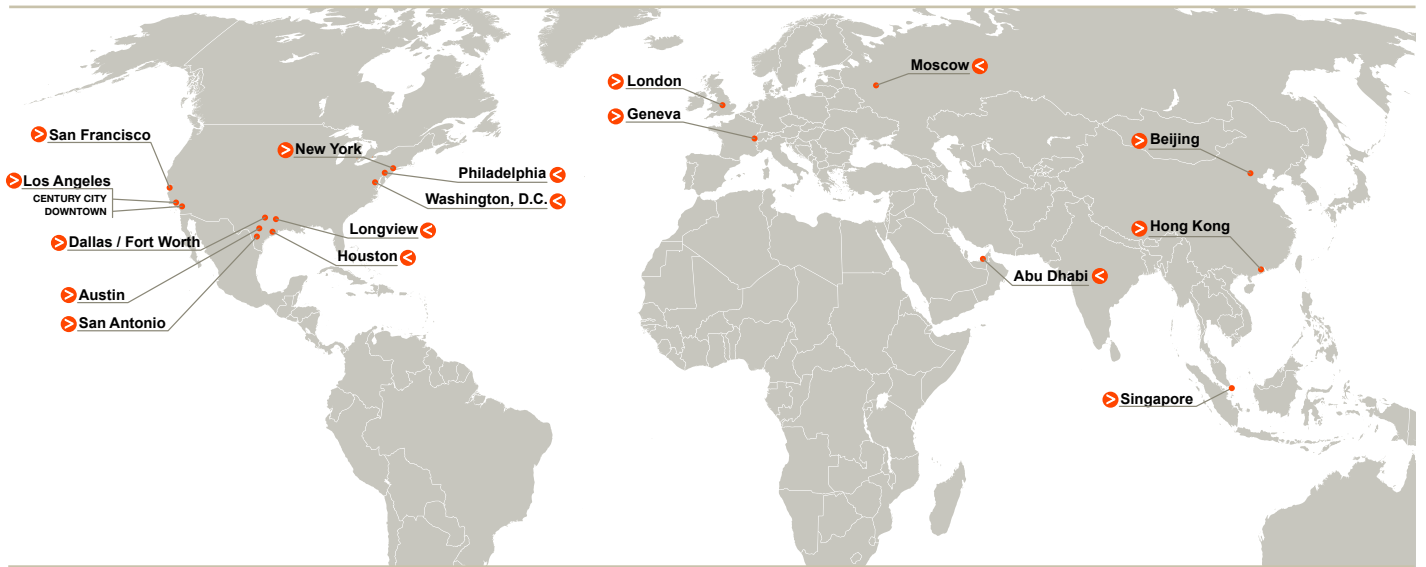
*Mark Zvonkovic*  
*Jacob J. Worenklein*  
NEW YORK  
One Bryant Park  
New York, NY 10036-6745  
212.872.1000  
fax: 212.872.1002

*Baird Fogel*  
SAN FRANCISCO  
580 California Street  
Suite 1500  
San Francisco, CA 94104-1036  
415.765.9500  
fax: 415.765.9501

*Robert M. Griffin Jr.*  
*Susan Dean*  
SINGAPORE  
Marina Bay Financial  
10 Marina Boulevard  
Center Tower 2 #39-01  
Singapore 018983  
65.6818.6056  
fax: 65.852.3694.3001

*Rick Burdick*  
*Thomas B. Trimble*  
WASHINGTON, D.C.  
Robert S. Strauss Building  
1333 New Hampshire Avenue, N.W.  
Washington, DC 20036-1564  
202.887.4000  
fax: 202.887.4288.





Akin Gump Strauss Hauer & Feld LLP is a global law firm and a leading adviser to energy companies. We provide a full range of legal services, including corporate and capital market transactions, project finance and development, and dispute and policy counsel. 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.

Founded in Texas, Akin Gump has decades of experience counseling energy clients, including 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.

# Akin Gump

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Akin Gump Strauss Hauer & Feld LLP is a leading global law firm providing innovative legal services and business solutions to individuals and institutions. Founded in 1945 by Richard Gump and Robert Strauss with the guiding vision that commitment, excellence and integrity would drive its success, the firm focuses on building lasting and mutually beneficial relationships with its clients. Our firm's clients range from individuals to corporations and nations. We offer clients a broad-spectrum approach, with over 85 practices that range from traditional strengths such as appellate, corporate and public policy to 21st century concentrations such as climate change, intellectual property litigation and national security.