

AKIN GUMP 2009

ENERGY

YEAR IN REVIEW



AKIN GUMP WINS M&A AWARDS

FIRM NAMED "LAW FIRM OF THE YEAR"

AND

RECOGNIZED FOR ROLE IN "ENERGY DEAL OF THE YEAR"

The M&A Advisor has announced the recipients of its 2009 M&A Awards, recognizing Akin Gump Strauss Hauer & Feld LLP in two categories.

Akin Gump was named "Law Firm of the Year" and recognized for its advisory role in the "Energy Deal of the Year," **Regency Energy Partners LP's \$1.053 billion joint venture with Alinda Capital Partners and an affiliate of GE Energy Financial Services.**

The Eighth Annual M&A Awards Gala—held on December 14 at the New York Athletic Club in New York City—honored deal teams, dealmakers and firms. This year, 170 finalists in 34 categories were chosen. An independent body of experts spanning the M&A industry determined the ultimate recipients of the awards.

Akin Gump has received 12 *M&A Advisor* Awards since 2006.

Dear Clients and Friends,

In 2006 we were looking at humorous headlines such as “A Gusher of Energy Deals.” What a difference a few years have made, as we have grappled with tumbling oil and gas prices and a global economic downturn of historic proportions.

As we look forward into 2010, many in the energy industry, are cautiously optimistic...

“In our energy outlook, we see many hopeful things—economic recovery and growth, improved living standards and a reduction in poverty, and **promising new energy technologies,**” said **Rex W. Tillerson**, chairman and chief executive officer of **ExxonMobil**, recently. “But we also see a tremendous challenge, and that is how to meet the world’s growing energy needs while also reducing the impact of energy use on the environment.”

And some are downright bullish...

Keith Kohl, Energy & Capital recently declared, “I feel that the oil markets are in for a wild ride. For the first time in 40 years, the U.S. has managed to increase its oil production, yet there are only a few areas this growth is actually happening. **And as we move closer to an economic recovery in 2010, not only have oil prices found a new floor above \$60 per barrel, but I think we could easily see oil break into triple-digits.** That’s why I believe the next wave of investments will come from the trillions of dollars that will be spent developing these new oil plays.”

It is very clear that the importance of natural gas in national and international policy discussion, in energy investor strategies and in exploration and production company product portfolios will figure very prominently in 2010.

Writing in *The Washington Post*, Tony Hayward, BP’s chief executive officer, observed, “**Gas is far and away the cleanest-burning fossil fuel, generating at least 50 percent less carbon per kilowatt hour than coal,** and almost zero sulfur oxides, mercury and particulate ash. And because gas-fired power stations can be easily switched on and off (unlike those fired by coal), it is the ideal complement to intermittent power sources such as wind and solar.”

As you browse through the highlights of 2009 featured in the following pages, you will note that Akin Gump is well positioned to continue to help you across the energy value chain with a strong domestic and international energy team, leading investment fund and private equity experience and enhanced energy project and renewable energy experience. We look forward to working with you in 2010.

— *The Energy Team*

EXPLORATION AND PRODUCTION

FIRST RUSSIAN-CHINESE JOINT VENTURE IN THE RUSSIAN OIL AND GAS INDUSTRY

Advised **Nobel Oil** on the completion of a series of groundbreaking transactions, resulting in the establishment of what is understood to be the first Russian-Chinese joint venture in the Russian oil and gas industry.

- Over a nine-month period, the company negotiated with Oriental Patron Financial Group, a Hong Kong investment group representing its partner in the project, China Investment Corporation.
- The transactions, with an aggregate investment on the part of China Investment Corporation amounting to \$300 million, involved a reorganization of the Nobel group of companies, a buyout of Nobel's minority shareholders, the sale of a 50 percent stake in Nobel Oil to the China Investment Corporation/Oriental Patron Financial Group and the establishment of an offshore joint venture vehicle.

"This deal is significant not just for Nobel Oil as it partners with China Investment Corp., but because it may herald the start of a new era for the Russian oil and gas industry in terms of potential for working with China.

We were extremely pleased to use our cross-border joint venture and energy-sector expertise to help Nobel in this groundbreaking transaction."

— Andrei Danilov, Moscow office partner

Represented **Apollo Global Management** in its \$438 million acquisition of Midland, Texas-based Parallel Petroleum Corp.

Served as Special Indenture Counsel to **Berry Petroleum** in its \$125 million registered underwritten public offering of senior notes and its \$325 million registered underwritten public offering of senior notes.

EDGE PETROLEUM REORGANIZES...

In a joint effort by our financial restructuring and energy and global transactions practices, Akin Gump represents **Edge Petroleum**, a publicly traded oil and gas exploration company that filed for Chapter 11 protection in Corpus Christi, Texas, in October 2009. The company's pre-negotiated plan anticipated the sale of all or substantially all of the assets of the company to either an identified stalking horse purchaser or a purchaser making a higher and better offer. In addition, according to the plan, the sale would involve the sale of "cleansed" stock of the subsidiaries, rather than a straight asset purchase, which is much more typical. In December 2009, Edge sold its assets to highest bidder Mariner Energy Inc. for \$215 million and received approval for its Chapter 11 reorganization plan.

Advised **LUKOIL** in its purchase, for \$1.6 billion, of BP PLC's 46 percent stake in the LUKARCO BV joint venture, thereby giving our client full ownership of that venture's stake in Kazakhstan's Tengiz oil field.

MIDSTREAM

M&A Advisor: "Mid-Year Energy Finance Transaction of 2009"

- Advised the Special Committee of **El Paso Pipeline Partners, L.P.** (EPB) in the \$736 million acquisition of significant assets from its sponsor, El Paso Corporation, and in the recently completed acquisition of an additional 18 percent interest from El Paso Corporation for approximately \$215 million
- Represented the Conflicts Committee of **Holly Energy Partners** in a \$34.3 million acquisition of a pipeline from Holly Corporation and in the \$17.5 million acquisition of certain truck and rail facilities from Holly Corporation
- Represented the conflicts committee of **Magellan Midstream Holdings, LP** in the \$1.014 billion combination with Magellan Midstream Partners LP

M&A Advisor: "Energy Deal of the Year for 2009"

- Advised the Special Committee of **Regency Energy Partners LP** in a \$1.053 billion joint venture with an affiliate of GE Energy Financial Services and Alinda Capital Partners
- Advised the Special Committee of **Regency Energy Partners LP** in a \$63 million acquisition of an additional interest in RIGS Haynesville Partnership Company from an affiliate of GE.

OILFIELD SERVICE AND SUPPLY

- Currently representing **Baker Hughes Incorporated**, the world's third-largest oilfield-services provider, in the pending \$5.5 billion purchase of BJ Services Co. to expand its unconventional natural-gas, deepwater and pressure-pumping businesses
- Advised R/C Europe Offshore Investment Partnership, L.P., a company controlled by **Riverstone Holdings**, in a conditional amalgamation agreement with **Seajacks International Ltd.**, an owner/operator of liftboats servicing wind farms and the offshore oil and gas industries in the southern North Sea. The cash deal, valued at NOK1.2 billion (\$205 million), involved Riverstone paying 90 Norwegian kroner per Seajacks share.
- Assisted **Trico Marine Services, Inc.** in the refinancing of the company's current debt with senior secured notes by developing a legal strategy for incurring the new senior secured debt (notes and a working capital bank facility) and related liens, repaying the outstanding debt, performing due diligence on the Trico entities and their assets, preparing SEC registration compliant note offering materials, preparing the indenture, inter-creditor arrangements and related security documents and organizing a multi-currency closing that took place in a single day.

DOWNSTREAM

- Represented **LUKOIL** in the acquisition of a 45 percent stake in the Dutch refining company Total Raffinaderij Nederland N.V. for around \$800 million to become a joint venture partner with France's Total S.A., which holds the remaining 55 percent
- Advised **LUKOIL** in the sale of assets totaling just over \$220 million from its **Getty Petroleum Marketing** subsidiary to two other LUKOIL subsidiaries in deals that substantially restructures LUKOIL's North American presence.



MINING

Actively advising the **Tenke Fungurume** mining project, a partnership led by **Freeport-McMoRan Copper and Gold**, the largest publicly traded copper mining company, destined to become the largest copper project in the world producing over 450,000 tons of copper per year.

- An Akin Gump team will provide full legal counsel services to the project, spending the next 12-18 months at the project site in the Democratic Republic of the Congo during this critical development phase.
- The team's primary objective will be to develop an in-house legal department and organize the processes by which the legal department can serve the operating units throughout Freeport.

GREENER POWER...

In an engagement that involved complex structuring and tax issues, both in the United States and internationally, the firm represented **Riverstone Holdings LLC** and **The Carlyle Group** in connection with the formation, structuring and negotiation of Riverstone/Carlyle Renewable and Alternative Energy Fund II, L.P., a \$3.4 billion global private equity fund focused on investments in renewable and alternative energy companies. This fund represents the largest private equity fund focused exclusively on renewable and alternative energy in the world.

Riverstone is one of the most active and successful private equity sponsors in both the conventional and renewable energy industries and is well-positioned to benefit from the increasing need for, and attractiveness of, renewable energy investment.

POWER

Advised the company in a transformative transaction in which Houston-based **Dynegy** will receive more than \$1 billion in cash and 245 million of its Class B shares from its 40 percent shareholder, LS Power. LS Power will receive \$235 million principal amount of 7.5 percent senior unsecured notes due 2015.

- In addition, Dynegy will sell to LS Power 4,788 megawatts (MW) of peaking and combined-cycle generation assets, as well as Dynegy's remaining interest in the Sandy Creek project under construction in Texas.
- Akin Gump represented Dynegy in 2007 in connection with the transaction that combined many of the assets of LS Power with Dynegy and resulted in LS Power becoming a 40 percent shareholder of Dynegy.

"This 2009 transaction positions Dynegy to seek other opportunities unconstrained by the veto rights of LS Power."

RENEWABLE ENERGY



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ROBERT L. NELSON JR., CO-LEADER, RENEWABLE ENERGY INITIATIVE

For nearly 30 years, Bob Nelson has been active in the energy arena, including, in particular, the renewable energy space. He has represented project developers, investors, lenders, EPC contractors and major equipment suppliers in renewable energy projects for 25 years (including key roles in the development and financing of about 75 percent of the world's total installed utility-scale solar energy), as well as in numerous other domestic and international energy and infrastructure project development financings, M&A transactions and workouts. He has significant energy experience in Asia, particularly in India and China.

Bob is an appointed member of the Council on Foreign Relations and the Pacific Council-FICCI Joint Task Force on trade and investment relations between India and the United States. He was recently named to the board of directors of the U.S.-India Business Council and led the USIBC's Green India renewable energy mission to India. He has been named as one of the leading lawyers in the world in energy, project finance and construction.

RENEWABLE ENERGY PROJECTS UNDERWAY

USREG

- Representing a private equity group that includes Chinese financial interests in connection with the development of West Texas wind projects for which much of the equipment and financing would come from China.

Bechtel

- Advising Bechtel Enterprises in connection with energy project investments in Asia (particularly India).

Mahindra & Mahindra/SunPower

- Acting as project counsel to this joint venture in India between one of India's largest companies and a Silicon Valley-based technology leader in solar PV.

Sener/Mahindra & Mahindra/Thyssen Krupp Uhde

- Advising international consortium in connection with development of utility-scale solar thermal power projects in India.

Additional Matters

- International consortium (including NY-based private equity/hedge fund investors, Thyssen Krupp Uhde, Mahindra & Mahindra and others)
- Advising another joint venture involving distributed biomass/biofuel and the placement of distributed generation capacity serving numerous villages in India.

CFIUS UPDATE

Our international trade lawyers have broad experience advising and representing energy and other clients on all aspects of the national security reviews of foreign acquisitions of U.S. companies conducted by the interagency Committee on Foreign Investment in the United States (CFIUS).

CFIUS is responsible for administering the Exon-Florio Amendment to the Defense Production Act of 1950, which grants the president authority to review any acquisition, merger or takeover by or with any foreign person that could result in control over a person engaged in interstate business in the United States and to suspend or prohibit any such transaction that would threaten to impair the national security of the United States.

Although CFIUS review of foreign acquisitions is not mandated, covered transactions in which U.S. national security concerns are implicated are usually voluntarily submitted to CFIUS to avoid the possibility of a post-closing CFIUS review and divestiture order. In 2007, the Foreign Investment and National Security Act (FINSA) was enacted, which amended the Exon-Florio law by expanding the scope of CFIUS investigations and increasing congressional oversight of the process.

ENERGY ASSETS DEEMED CRITICAL INFRASTRUCTURE

Foreign direct investments in certain U.S. industries deemed to constitute “critical infrastructure,” such as major energy assets, face closer scrutiny and more extensive substantive review. In such cases, CFIUS may demand concessions from the foreign party that restrict its control over, and/or access to, the target U.S. entity.

FOREIGN INVESTMENTS RECEIVING GREATER ATTENTION

Transactions in which foreign persons make minority investments in U.S. companies are also receiving greater attention, with the need to evaluate whether and when such investments might be deemed to result in foreign “control” for CFIUS purposes, and whether such transactions may nonetheless trigger concern among U.S. policymakers in Congress or elsewhere.

For example, in December of 2009, a company controlled by the Chinese government withdrew its bid to buy majority control of a small Nevada gold mining operation after Obama administration officials raised national security concerns about the deal, purportedly because of its proximity to a nearby Navy air station. The decision by the company, Northwest Nonferrous International Investment Company, averted a showdown with CFIUS over its proposed \$26 million purchase of a 51 percent stake in the Firstgold Corporation, as CFIUS reportedly was prepared to recommend to the president that he block the proposed transaction.



EDWARD L. RUBINOFF
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Edward L. Rubinoff focuses on international trade policy and regulation and heads the firm’s export control and economic sanctions practice. He has been listed in the top tier of leading export control and economic sanction lawyers and as an FCPA expert by *Chambers Global: World’s Leading Lawyers for Business* (2007-2009) and *Chambers USA:*

America’s Leading Lawyers for Business (2005-2008). In addition, he was hailed as one of Washington’s Top Lawyers practicing international trade by *Washingtonian* magazine (December 2007). Mr. Rubinoff was one of three export practitioners named by *The Ethisphere Institute* in its first annual list of Attorneys Who Matter (2009), which recognized more than 100 attorneys who excel in corporate compliance.

NEW FACES IN LONDON



GREG HAMMOND, PARTNER

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Greg Hammond, who joined Akin Gump in 2009, represents parties in major corporate finance transactions in the United Kingdom and internationally, including M&A, private equity, capital markets and joint ventures. He regularly advises on matters relating to the oil and gas sectors and has represented governments, public and private corporations, banks and multilateral agencies. His experience includes the following oil and gas-related representations —

- TNK-Bp in its multibillion dollar disposal of OAO Udmurtneft to Sinopec
- TNK-BP in various other transactions, including its disposals of (i) OAO Saratovneftgaz and (ii) LLC Buguruslameft
- One of the purchasers in the auction sale of the global downstream refinery business of BP plc
- Texas-based Burlington Resources in its acquisition of 13 oil and gas exploration and development blocks in the East Irish Sea from BG Exploration & Production Ltd., a wholly owned subsidiary of BG plc (formerly British Gas plc)
- One of the purchasers in the auction sale of the West African assets of Devon Energy
- The arranging banks in the \$570 million financing of the upstream phase of the Qatargas project to produce condensate from gas produced offshore Qatar.



JUSTIN WILLIAMS, PARTNER

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Mr. Williams also joined Akin Gump in 2009. He was previously head of energy disputes at a Magic Circle firm, where he had been since 1991. He is a leader in the field of energy dispute resolution and has been recognized by Chambers UK in 2010, 2009 and 2008. His energy experience spans environmental/tortious, LNG, mining and metals, nuclear, oil and gas, power and renewable disputes, including —

- Advising a major bank in relation to exposure under the Equator principles
- Acting for a European LNG JV in proceedings with the EPC contractor and advising in relation to EPC termination, disputes with off-takers and disputes as between shareholders
- Advising a South American buyer under a slab steel purchase contract with a European steel producer as to termination
- Acting for a UK contractor in an £80m dispute concerning the design, engineering and supply of equipment for use in nuclear fuel reprocessing
- Acting for Petrobras in \$500 million English litigation concerning cost claims and recovery of loans relating to the upgrade of a production platform, P36. This case has been described as “the World’s largest oil platform dispute” (*The Times*, 1 June 2004) and the results Mr. Williams has achieved for Petrobras as “astonishing” (*Leasing Life*, July 2004).
- Advising a project company in relation to £100m disputes with the turbine manufacturer and power island contractor
- Acting for the London Power Company (now EDF) in defending English litigation concerning the construction of a UK offshore wind farm.



JAMES L. RICE III
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MEET JAMES L. RICE III, LEADER, ENERGY AND GLOBAL TRANSACTIONS

James L. Rice III heads Akin Gump's firmwide energy and global transactions practice. His practice focuses principally on transactions for energy industry participants, including companies engaged in oil and gas exploration and production (E&P), offshore contract drilling, seismic and other oil field services, petroleum refining, petrochemicals processing and electric power generation.

Mr. Rice has significant experience in mergers, acquisitions and divestitures; capital markets transactions; private equity investments; bank financings; structured financings; and debt restructurings, with primary emphasis on the energy sector. He has represented public companies and special board committees in M&A transactions; major integrated oil companies in transactional matters; independent E&P companies, oilfield services providers, petroleum refiners and traders, petrochemical companies and independent power producers in M&A A&D, joint venture and financing activities; private equity funds and investees in energy investments; management in LBO transactions; banks and other financial institutions in E&P and other financings, including first lien/second lien and leveraged lease transactions; and issuers of debt and equity in capital markets transactions, including private placements, IPOs, Rule 144A offerings and shelf take-downs.

Mr. Rice received his B.A. in 1979 and his J.D. in 1983 from Tulane University, where he was managing editor of the *Tulane Law Review*. He is a member of the state bars of Louisiana and Texas.

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 13 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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