

# 2020 ENERGY

Second-Quarter Update



## RENEWABLE NEWS YOU CAN USE...



AKIN GUMP  
STRAUSS HAUER & FELD LLP

Following on the success of Energy Coffee, our daily e-mail summary of relevant energy sector and transactional news items, Akin Gump has launched *Winds of Change*, a knowledge-sharing tool for those energy practitioners interested in renewable energy. Below is a sampling of the *Winds of Change* content. It is quite global in nature and has been well received.

### CORPORATE

"Two big financing deals raise wind industry's hopes," *Greenwire*, 23 July 2009.  
<http://www.eenews.net/Greenwire/2009/07/22/15/>

A week after Texas tycoon T. Boone Pickens announced he was pulling back from plans to build a massive turbine farm, two new financing deals for wind energy have surfaced, raising hopes that banks are renewing their support for renewable power.

### RENEWABLE INDUSTRY TREND STORIES

"Industry lines up behind bold solar project in hopes politicians will follow,"  
*Greenwire*, 23 July 2009. <http://www.eenews.net/Greenwire/2009/07/22/3/>

For centuries, Mediterranean countries have found countless ways to disagree—over religion, ethnicity, colonialism and trade. But there are signs the region might yet unite in pursuit of a common goal: renewable energy.

European government and industry have been eyeing tracts of sun-drenched, vacant land in North Africa and the Middle East for some time. And now, officials and business executives are beginning to sweat out the details that could see renewable power sprouting in the desert.

If you are not receiving *Winds of Change* and would like to be added to our distribution list, please contact [acostantino@akingump.com](mailto:acostantino@akingump.com) or any of our energy partners, and we will immediately add you to the service.

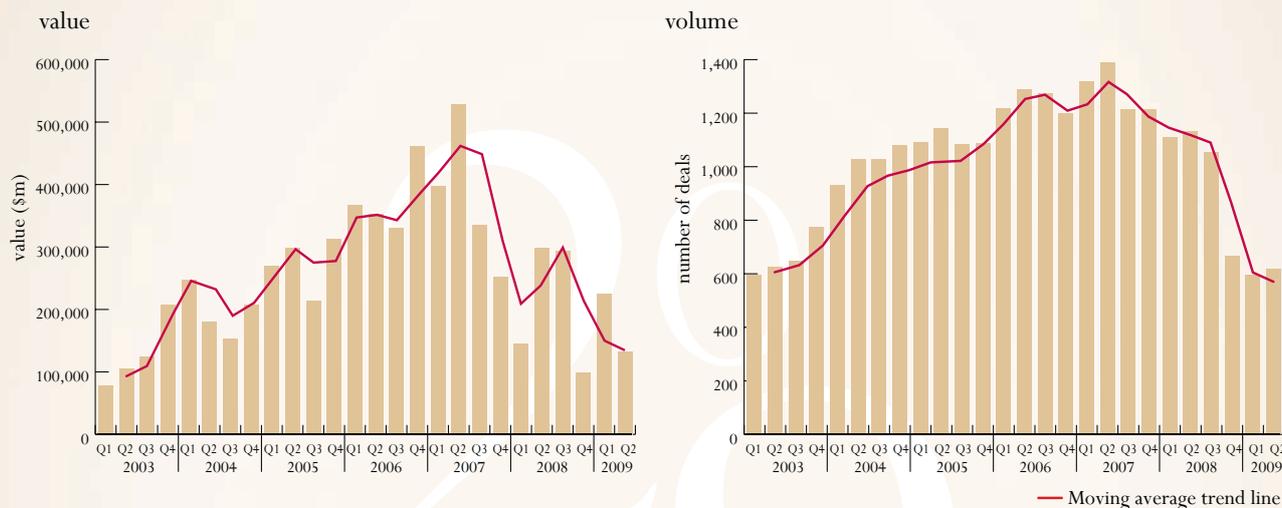
*Dear Clients and Friends,*

As everyone knows, there is less liquidity available and the cost of capital is high. For the private equity sector, fund raising is challenging.

***Deal Making Down***

Deal making in 2009 has fallen significantly in value and volume from the high of the second quarter of 2007, as the graph below from MergerMarket clearly demonstrates.

**North American M&A quarterly trend**



***Save the Date***

We believe that depressed valuations and opportunistic buying strategies will characterize buying activity in the coming business quarters across all industries, and we expect transactions driven by distressed scenarios to drive energy M&A in particular. We are hosting a breakfast at River Oaks Country Club in Houston, Texas for key stakeholders of energy companies to highlight the opportunities and challenges ahead for upstream and oil field service and supply companies on **September 10, 2009** from 7:30 a.m. to 9:00 a.m., so please save that date.

We hope you will call on us when you need legal assistance. The past quarter has been a gratifying one for us; we have seen modest signs of recovery, as our clients and friends seek opportunities in this unique business climate. As always, we are committed to doing everything we can as legal counsel to contribute tangibly to your success.

— *Energy and Global Transactions Team*

## MERGERS AND ACQUISITIONS

### ENERGY STAYS RELATIVELY QUIET

Deals involving North American energy, mining and utilities represent 15.6 percent of the value of the region's M&A year-to-date activity and 11.5 percent of the volume of M&A year-to-date activity, so energy has been quiet relative to sectors such as pharmaceuticals.

#### Some Deals Stall

Some buyers and sellers of energy assets today are finding themselves far apart at the bargaining table, and this gap in expectations is causing some deals to stall. As we go to publication, the proposed merger of Exelon and NRG, announced on October 19, 2008, to create the largest U.S. power company has been terminated.

Akin Gump advised *Apollo Management LP* in its \$435 million proposed acquisition of *Legacy Reserves LP*, a Midland, Texas-based oil and natural gas property developer. In the final days of the second quarter of 2009, after extensive discussions, Apollo and Legacy ended their negotiations.

“Since the proposal was announced, there has been a significant improvement in oil prices, the banking environment and the public capital markets have reopened,” Legacy said.

#### Lukoil Continues Significant Downstream Expansion

Akin Gump advised OAO Lukoil in its \$725 million acquisition of a 45 percent stake in a Dutch refinery owned by Total SA.

## MIDSTREAM SECTOR STAYS MORE ACTIVE THAN MOST

The midstream sector continues to be the most active. At the end of last quarter, we represented special committees of *Magellan Midstream Partners, LP* and *Regency Energy Partners LP* in transactions.

This quarter, we were involved in *Western Gas Partners LP's* acquisition of the midstream assets in the Uintah Basin in northeastern Utah from *Anadarko Petroleum Corp.* for \$107 million. Western Gas, which was formed by Anadarko to acquire and develop midstream assets, now holds a 51 percent interest in Chipeta Processing LLC, the owner and operator of a natural gas processing plant. Chipeta provides processing services to producers in the Greater Natural Buttes Field, including Anadarko.

We also served as legal advisor to *Stifel Nicolaus & Company, Inc.*, financial advisor to Atlas Pipeline Partners in its \$90 million Laurel Mountain Midstream joint venture with a Williams unit.

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## CORPORATE FINANCE

We advised the following clients in corporate finance transactions during the second quarter of 2009—

### ISSUERS AND BORROWERS

#### Anadarko Petroleum Corporation

- \$1.365 billion common stock offering
- \$900 million senior notes offering
- \$204.7 million common stock offering

#### Berry Petroleum

- \$325 million senior notes offering

#### Bill Barrett Corporation

- \$250 million senior notes offering

#### CHX Belize

- \$25 million of revolving commitments and €14.3 million of term loans

“Small and medium-sized energy companies’ ability to raise capital is shrinking as banks consolidate their lending on established customers with large asset bases...  
SMEs can turn to mezzanine financiers, but even here the number of lenders has contracted, and the cost of borrowing has risen...

This is placing a large constraint on a traditionally dynamic sector that plays a key role in the energy sector’s fortunes.”

— platts.com, July 21, 2009

## ISSUERS AND BORROWERS, CONTINUED

### Plains Exploration & Production

- \$200 million senior notes offering
- \$224.4 million registered underwritten public offering of common stock

## UNDERWRITERS

- \$250 million senior notes offering by Linn Energy LLC
- \$167 million equity offering by Mariner Energy, Inc.
- \$300 million senior notes offering by Mariner Energy, Inc.
- \$89 million equity offering of Linn Energy LLC



## AKIN GUMP IN PRINT

We have some new publications by energy partners this quarter that we would like to call to your attention:

- In the June 2009 issue of *North American Windpower*, renewable energy practice leader Rick Gittleman published an analysis of the ‘green bank’ concept entitled, “Could REPIC Become a Financing Alternative?”

“A bill modeled after the Overseas Private Investment Corp. is working its way through Congress and could be a financing alternative for developers...

Until market perceptions change, some form of direct or indirect funding by the government is the solution to create favorable financing.”

— **Richard Gittleman**  
Partner (Washington, DC)  
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- In the May 2009 issue of *Oil and Gas Financial Journal*, partner Patrick Hurley published an article for members of boards of directors entitled, “Board Games: Recent Court Rulings Board Members Should Heed to Make Winning Moves.”

“While there is no roadmap or a specific set of steps for directors to follow to fulfill their fiduciary duties, an examination of these cases will hopefully equip directors with some strategic moves to come out ahead in the boardroom game.”

— **Patrick J. Hurley**  
Partner (Houston, TX)  
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To obtain a reprint of either or both of these articles, contact [acostantino@akingump.com](mailto:acostantino@akingump.com) or feel free to reach out to these partners directly using the contact information provided above.

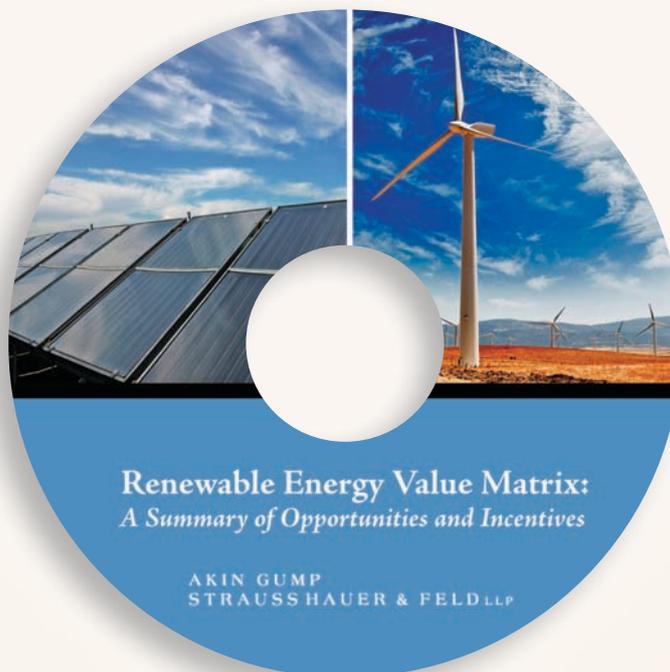
## AKIN GUMP LAUNCHES RENEWABLE ENERGY KNOWLEDGE SHARING SERVICE

It is not easy going green in the middle of a serious financial downturn, but significant opportunities—both strategic and fiscal—await those who move quickly to take advantage of current incentives and stimulus measures as detailed in Akin Gump’s CD-Rom service, “Renewable Energy Value Matrix: A Summary of Opportunities and Incentives.”

This quarterly knowledge-sharing tool is designed to empower our clients and friends of the firm to manage change and to gain competitive advantage in the renewable energy sector of their choosing.

We see this service as a starting point for what we hope will be a long and mutually beneficial dialog. While we have tried to be comprehensive, the vast amount of material means that certain benefits may have been overlooked. If you would like to preview this new renewable energy offering, please contact [acostantino@akingump.com](mailto:acostantino@akingump.com).

We are keenly interested in your feedback regarding additional information we can offer as we expand and enhance this new knowledge-sharing service, so please do not hesitate to e-mail us your ideas, comments or additions.



## **SECOND QUARTER 2009 LEAGUETABLE STANDINGS**

### **BLOOMBERG**

M&A Eastern Europe Announced Deals – ranked 10th by deal count

M&A Russia Announced Deals – ranked 1st by deal count

### **MERGER MARKET**

Legal Advisors to Central & Eastern Europe M&A – ranked 4th by value

Legal Advisors to Russian M&A – ranked 3rd by value and 2nd by volume

### **MERGERSTAT**

M&A Top Advisors Any US Middle-Market Participant Based on US Announced Deals  
– ranked 9th by deal count

M&A Top Europe Targets (includes Eastern and Western Europe) Announced Deals  
– ranked 9th by deal count

### **CORPFIN**

M&A Any Nordic Involvement – ranked 6th by value

M&A Any Eastern European Involvement – ranked 6th by deal count

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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