

AKIN GUMP 2008 **ENERGY** YEAR IN REVIEW  
AND FIRST-QUARTER UPDATE 2009



## FIRST QUARTER 2009 LEAGUETABLE RANKINGS

### MERGER MARKET

Legal Advisors to U.S. (South) M&A  
– ranked 6th by value

### BLOOMBERG

U.S. High Yield Issuer Advisors  
– ranked 10th by volume and deal count

M&A Eastern Europe Announced Deals  
– ranked 4th by deal count

### THOMSON REUTERS

M&A Eastern European Involvement Announced  
– ranked 8th by value

### MERGERSTAT

M&A Top Advisors Any U.S. Participant Based on US Announced Deals  
– ranked 15th by deal count

M&A Top Advisors U.S. Targets Only Based on US Announced Deals  
– ranked 15th by deal count

M&A Top Advisors Any U.S. Middle-Markets Participant Based on U.S. Announced Deals  
– ranked 8th by deal count

M&A Top Europe Announced Deals  
– ranked 10th by deal count and 13th by value

M&A Top Europe Targets (includes Eastern and Western Europe) Announced Deals  
– ranked 8th by deal count and 9th by value

### CORPFIN

M&A Any Central European Involvement  
– ranked 8th by deal count and ranked 5th by value

M&A Any Eastern European Involvement  
– ranked 1st by deal count

*Dear Clients and Friends,*

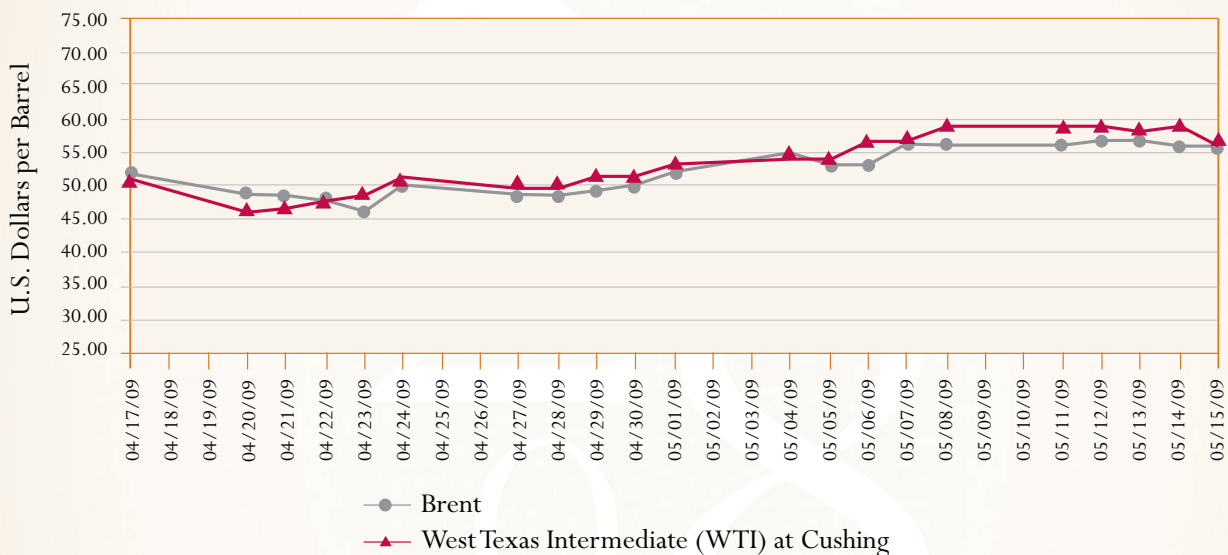
**2008: A Tale of Two Years in One**

In the early months of 2008, many energy companies continued to realign their investment portfolios, and credit was readily available. But late in 2008, credit and general economic concerns on the front burner led to a sharp falloff in commodity prices; energy transactions became much slower-moving and much more complex. Many planned equity and debt offerings stalled in the later months of 2008 as well.

**Living in the Present**

The monthly average price of West Texas Intermediate crude was over \$133 per barrel in July of 2008. Today the picture is very different -

**Daily Spot Prices of Brent and WTI Crude Oils**



**“The most reliable way to forecast the future is to try to understand the present.”**

– John Naisbitt, American author and public speaker in the area of futures studies

We have all had to make rapid, profound adjustments to change. As we struggle to understand the present, we have to think about our business opportunities in a whole new light. We look forward to hearing from you about the tough choices you face. As always, we are committed to doing everything we can as legal counsel to help you choose the best course of action and contribute tangibly to your success.

– *Energy and Global Transactions Team*

## MERGERS AND ACQUISITIONS

### UPSTREAM

#### Enduring Resources Sells Properties

\$600 million sale of East Texas properties

#### LUKOIL Overseas Sells Caspian Assets

LUKOIL Overseas, an affiliate of LUKOIL, sold its 15 percent interest in the Block D-222 Yalama Oil Project in the Caspian Sea, Azerbaijan to Gaz de France.

#### Pacific Energy Resources Ltd Sheds California Assets

\$135 million sale of Los Angeles Basin assets and San Joaquin Basin assets to Occidental Petroleum.

#### Surgutneftegas Buys MOL Stake

\$1.86 billion acquisition of 21.2 percent of shares in MOL from OMV Group.

#### Talisman Energy Inc. Buys Kurdistan Interest

Acquisition of a 40 percent interest in Oil and Gas Block K44 in Kurdistan from the Kurdistan Regional Government.

#### Urals Energy Active

- Sale of shares in ZAO Dulisma and in Taas Yuriakh, assets in East Siberia, to Sberbank.
- Acquisition and related \$500 million Sberbank acquisition financing for 35.3 percent of Taas-Yuriakhneftegazodobycha. The acquisition involved a complicated three-way shareholders agreement, a new operating agreement for the field and certain other off-balance sheet financing arrangements to secure the deal.
- Sale of a package of oil and gas properties in the Komi Republic of Russia to BSG Holdings for an aggregate sales price of \$110 million.

## MIDSTREAM

### El Paso Pipeline Partners, L.P. (EPB) Completes \$736 Million Acquisition

By being innovative and deft, El Paso Pipeline Partners, LP was able to consummate this strategic transaction during some of the darkest days of the worst capital markets environment in the history of America.

This deal was the initial “drop-down” transaction for the MLP that consummated its initial public offering less than a year earlier. Unfortunately, the severe dislocation existing in the debt markets caused many analysts to conclude that very few, if any, drop-downs would occur in 2008, which adversely affected the trading price of all MLPs.

To ensure a successful drop-down transaction, the sponsor decided to accept a substantial portion of the acquisition consideration in common units of EPB. Shortly before the parties reached an agreement on the material terms of the proposed transaction, the U.S. capital markets experienced an unprecedented meltdown, including the failure of many bulge bracket investment banks, as well as a number of other substantial financial institutions. Nevertheless, the transaction was a success.

#### Genesis Energy LP

- \$250 million acquisition of two CO<sub>2</sub> pipelines
- Acquisition of business assets valued at approximately \$560 million
- \$125 million joint venture to acquire and operate the inland marine transportation business of Grifco Transportation

#### Magellan Midstream Partners, LP

Conflicts Committee representation in a \$1.014 billion acquisition of its holding company, Magellan Midstream Holdings, LP.

#### Regency Energy Partners LP Inks Joint Venture

Special Committee representation in a \$1.053 billion joint venture formed with GE Energy Financial Services and Alinda Capital Partners.



## FIRST QUARTER 2009 RANKINGS:

Legal Advisors to Central & Eastern Europe M&A – ranked 1st by value  
Legal Advisors to Russian M&A – ranked 1st by value and 1st by volume

Source: Merger Market

### DOWNSTREAM

#### LUKOIL Delivers on Its Downstream Strategy

- Purchase of Turkish fuel distributor Akpet for more than \$500 million. This acquisition secured 5 percent of Turkey's oil product market and gives the company control of five liquefied natural gas (LNG) storage tanks.
- Took its first major initiative in Europe by purchasing 49 percent of Italian refiner ERG SPA's ISAB di Priolo oil refinery on Sicily valued at \$2.1 billion.
- Sale and simultaneous leaseback of its railcar park to an independent railcar operator.
- Completed the acquisition of ZAO Association Grand (ZAO Association of Social, Economic, Scientific and Business Cooperation Grand) and of OOO Mega-Oil M, from Russneft. The acquired assets comprise 122 retail outlets enabling LUKOIL to increase its retail network in Moscow and the surrounding area.

## CAPITAL MARKETS

### **BAKER HUGHES EXECUTES A SMOOTH MOVE IN THE FINAL QUARTER OF 2008**

\$1.25 billion investment grade registered notes offering.

### **UPSTREAM PLAYERS MAKE MOVES IN THE FIRST QUARTER OF 2009**

#### **Anadarko Petroleum Corporation**

- \$1.1 billion senior notes offering.

#### **Plains Exploration and Production**

- \$365 million senior notes offering.

### **EUROPEAN COAL BED METHANE OPERATOR ON THE MOVE**

Greenpark Energy Limited, a private UK coal bed methane operator with assets in the UK, Spain and Poland, in the issue of \$12 million of 15 percent convertible notes to be used on Greenpark's Coal Bed Methane Joint Venture with an affiliate of Marathon Oil Company in England, a venture in which we also represented Greenpark.

### **FIRSTENERGY AFFILIATES MOVE FORWARD**

Cleveland Electric Illuminating, Ohio Edison and First Energy Nuclear Generation Corp, all affiliates of FirstEnergy, in various bond offerings.

### **LUKOIL AND AFFILIATES MOVE AHEAD IN EUROPE**

- LUKOIL - \$1.259 billion unsecured note borrowed from Gazprombank.
- LUKOIL Eurasia Petrol Anonim Sirketi and LUKOIL Finance Limited - \$530 million in amended and restated credit facility agreements.
- LUKOIL Finance Limited - \$552 million credit facility.



## PRIVATE EQUITY

### AVISTA CAPITAL PARTNERS LP

- Joint venture with a public company to pursue growth opportunities in the Marcellus Shale
- Formation and equity funding of a UK-based oil and gas exploration company
- Equity investment in Royal Offshore LLC

### KAYNE ANDERSON

Equity investment in Sagebrush Resources LLC

### QUANTUM ENERGY PARTNERS

Equity investment in Ceritas Energy II, LLC

## RENEWABLE ENERGY

As energy markets move to embrace renewable energy, our longstanding energy knowledge and experience have enabled our clients to undertake renewable projects with the confidence and support an established energy practice provides.

Our renewable energy practice is headquartered in San Francisco, with practitioners located in California, Texas, New York and Washington, D.C., thereby giving our clients access to key centers of renewable activity, as well as project finance and legislative action. Our California and Texas team members have deep experience working with project developers and owners across the energy value chain and are familiar with the corporate and regulatory environment in these two critical renewable energy markets.

Our lawyers are experienced in structuring transactions, interpreting and managing regulatory requirements and anticipating—and helping our clients stay in front of—market and regulatory changes affecting the renewable energy industry at the state, regional, federal and international level. This is particularly important in 2009 as the new administration implements incentives for renewable projects.



Richard (Rick) M. Gittleman **heads the firm's Renewable Energy Initiative from San Francisco** and is a member of the Steering Committee of the firm's energy and global transactions practice. He has led a number of sophisticated infrastructure development and financing projects in the electric energy, oil and gas, and mining industries, both in the United States and abroad.

Rick represented the official creditors committee of a leading producer and marketer of ethanol, E85 and distillers grains operating in eight states. His experience has also included the development and financing of a 240 MW hydroelectric power project upgrade in central Africa, a U.S.-based utility in connection with the development of a 140 MW wind project and the development of agreements related to granting certain concessions (on behalf of the government of Liberia) to oil palm plantations contemplating the construction of bio-diesel plants.

Rick earned his B.A. from Brown University in 1977 and his J.D. cum laude in 1982 from American University, Washington College of Law, where he was awarded the T. Morton McDonald Scholarship for excellence in legal research and served as a dean's fellow.

**A VIRTUAL COFFEEHOUSE FOR  
THE ENERGY COMMUNITY...**

## ENERGY COFFEE



**AKIN GUMP  
STRAUSS HAUER & FELD LLP**

Akin Gump's Energy Coffee is a daily e-mail summary of relevant energy sector and transactional news items. A typical cup of Energy Coffee resembles a news clipping service, featuring a link to each article (for those publications where we have paid service provider contracts, we only provide the first few sentences of the article with a note to contact us for the full text). On a daily basis, the Energy Coffee encompasses an extensive range of sources including hard news and feature pieces, (with an eye toward our clients), as well as general industry news and trends, both domestic and international.

Energy Coffee has been percolating daily inside Akin Gump for a little less than a year. In 2009, we expanded to just 15 clients as a test; our daily readership has now grown to more than 400 clients and friends of the firm.

If we have not sent you an e-vite to our virtual coffeehouse and you are interested, contact [mdean@akingump.com](mailto:mdean@akingump.com) or any of our energy partners and we will immediately add you to the service.

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.

For more information, contact:

*Michael E. Dillard*  
HOUSTON  
1111 Louisiana Street  
44th Floor  
Houston, TX 77002-5200  
713.220.5800  
fax: 713.236.0822

*Natasha Kohne*  
ABU DHABI  
Al Wifaq Finance  
Company Building  
7th Floor, Al Odaid Offices Tower  
Airport Road, P.O. Box 55069  
Abu Dhabi, United Arab Emirates  
971.2.443.4808

*Eliot R. Cutler*  
BEIJING  
Suite 01-06, EF Floor,  
Twin Towers (East)  
B12 Jianguomenwai Avenue  
Beijing 100022, China  
86.10.8567.2200  
fax: 86.10.8567.2201

*Doug Glass,  
Fred Heller*  
LONDON  
Eighth Floor  
Ten Bishops Square  
London E1 6EG  
United Kingdom  
44.20.7012.9600  
fax: 44.20.7012.9601

*Richard J. Wilkie*  
MOSCOW  
Ducat Place II  
7 Gasheka Street  
Moscow 123056  
Russia  
7.495.783.7700  
fax: 7.495.783.7701

*Mark Zvonkovic*  
NEW YORK  
One Bryant Park  
New York, NY 10036-6715  
212.872.1000  
fax: 212.872.1002

*Rick Gittleman*  
SAN FRANCISCO  
580 California Street  
Suite 1500  
San Francisco, CA 94104-1036  
415.765.9500  
fax: 415.754.9501

*Rick Burdick,  
Anthony (Tony) J. Renzi, Jr.*  
WASHINGTON  
Robert S. Strauss Building  
1333 New Hampshire Avenue, N.W.  
Washington, DC 20036-1564  
202.887.4000  
fax: 202.887.4288

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STRAUSS HAUER & FELD LLP

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