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ENERGY
Third-Quarter Update
08

RECENT ACCOLADES...

CORPORATE BOARD MEMBER – AMERICA'S BEST CORPORATE LAWYERS

For eight consecutive years (2001-08), Akin Gump has been named in a survey of corporate board members as one of the 20 top law firms in the country.

(Corporate Board Member, July/August 2008)

CORPFIN'S Q3 2008 INTERNATIONAL LEAGUE TABLES: EASTERN EUROPEAN M&A INVOLVEMENT

Q2 2008	Q3 2008	Legal Advisor	Deal Volume
-	1	White & Case	7
2	2	Clifford Chance	4
-	3	Allen & Overy	4
-	4	Akin Gump Strauss Hauer & Feld LLP	3
3	5	Skadden ARPS Slate Meagher & Flom LLP	2
1	6	Freshfields Bruckhouse Deringer	2
-	7	CMS	2
8	8	Jones Day	2
-	9*	Debevoise & Plimpton	1
-	9*	Latham & Watkins LLP	1
-		Stikeman Elliot	1

Dear Clients and Friends,

In the Third Quarter, the number of transactions completed in the energy sector, as in many other industries, steeply declined as a result of the ongoing financial crises. Commodity prices declined steeply during this Quarter as well. For many clients the sudden decline in commodity prices may present acquisition and other investment opportunities.

On a national basis at the end of the third quarter, M&A activity across all sectors was down.

Deal Size	Number of Deals			Agg. Base Equity (\$Bil)		
	12 Months Ended			12 Months Ended		
	09/30/08	09/30/07	Change	09/30/08	09/30/07	Change
\$1 Billion +	146	264	-45%	\$586.5	\$1,029.4	-43%
\$500M to \$999.9M	109	198	-45%	77.1	138.9	-44%
\$250M to \$499.9M	197	264	-25%	68.7	92.5	-26%
\$100M to \$249.9M	334	466	-28%	53.8	74.8	-28%
\$50M to \$99.9M	372	448	-17%	26.5	31.4	-15%
\$25M to \$49.9M	366	509	-28%	13.1	18.1	-27%
\$10M to \$24.9M	436	636	-31%	7.1	10.4	-32%
Under \$10M	710	973	-27%	3.1	4.1	-25%
Undisclosed	6,033	7,737	-22%	N/A	N/A	N/A
Total	8,703	11,495	-24%	\$836.0	\$1,399.6	-40%

Source: Factset Flashwire's Monthly US M&A Activity Report, October, 2008

In the energy sector activity was also down considerably.

Energy Sector	Deal Count		Aggregate Base Equity	
	12 Months Ended	12 Months Ended	12 Months Ended	12 Months Ended
	9/30/08	9/30/07	9/30/08	9/30/07
Energy Services	113	139	\$13,954.3	\$57,037.1
Oil and Gas	77	92	\$12,508.2	\$28,372.5
Electric Gas Water & Sanitary Services	164	221	\$35,934.9	\$60,597.4

We have been gratified to see our clients able to make at least some of the deals, offerings and credit arrangements that they planned this year. We hope you will continue to talk with us about your plans and let us know how we can help.

— The Energy and Global Transactions Team

MERGERS AND ACQUISITIONS

UPSTREAM

Akin Gump advised the following companies in the exploration and production arena—

- Diamondback Holdings LLC in the sale of assets to Superior Well Services, Inc. for \$270 million
- Lukoil Overseas in the sale of a 15% share in an offshore project to Gaz de France for an undisclosed amount
- Pacific Energy Resources, Ltd in the sale of Los Angeles Basin assets and San Joaquin Basin assets in two separate transactions for a total of \$135 million
- Private sellers in the \$604 million sale of East Texas properties to Cabot Oil & Gas Corporation
- Talisman Energy Inc in the acquisition/farmout transaction by its wholly owned limited partnership, Fei Shale, LP. with Hallwood Energy, L.P. involving all of Hallwood Energy's oil and gas assets, concentrated in the Fayetteville Shale play in Arkansas and the Woodford Shale play in West Texas for \$125 million
- Talisman Energy in a \$80 million joint venture acquisition of an interest in Iraq
- Transmeridian Exploration in its proposed acquisition by United Energy Group for \$215 million
- Urals Energy, a Cyprus-based oil and gas company, in its acquisition of stakes in OOO Taas-Yuriakh Neftegazodobycha, the Russian oil and gas exploration company, from Finland Limited for a cash and equity consideration of \$765 million.
- Urals Energy in the sale of certain assets in the Komi Republic of Russia to a private third party buyer for more than \$93 million

OILFIELD SERVICE AND SUPPLY

- Akin Gump represented Bronco Drilling in its sale to Allis-Chalmers for \$437.8 million.
- We advised Valtimet, a subsidiary of Vallourec, in its purchase of U.S.-based International Tubing Products (ITB) for an undisclosed amount.

MIDSTREAM AND TRANSPORTATION

- We represented a Special Committee of El Paso Pipeline GP Company LLC in the acquisition of certain assets valued at \$736 million.
- We advised Genesis Energy in the \$250 million acquisition of two CO² pipeline systems from Denbury Resources.
- We also advised Genesis Energy and TD Marine in a \$125 million joint venture to acquire and operate the inland marine transportation business of Grifco Transportation.
- We advised Lukoil in the acquisition of Akpet for \$500 million.
- We represented Lukoil in the sale and simultaneous leaseback of its railcar park to an independent railcar operator.

REFINING AND MARKETING

- We advised Lukoil in the acquisition of a stake in a joint venture with ERG which will operate the ISAB refinery in Priolo, Sicily valued in excess of \$2 billion.

POWER

- We provided advice to Dynegy in connection with the sale of the Rolling Hills power plant to Tenaska Capital Management for \$368 million.
- We represented FirstEnergy Corp in a joint venture stake valued at \$125 million.

PRIVATE EQUITY INVESTMENT

We advised various private equity funds in their respective investments in the following oil and gas exploration and production companies—

- Royal Offshore, LLC
- Hansa Hydrocarbons, LP
- Sagebrush Resources
- Castex Energy 2005, LP
- Ceritas Energy II, LLC

U.S. Private Equity Deals, All Sectors

Deal Size	Number of Deals			Agg. Base Equity (\$Bil)		
	12 Months Ended			12 Months Ended		
	09/30/08	09/30/07	Change	09/30/08	09/30/07	Change
\$1 Billion +	32	82	-61.0%	\$61.1	\$392.4	-84.4%
\$500M to \$999.9M	28	51	-45.1%	19.5	36.0	-45.8%
\$250M to \$499.9M	36	54	-33.3%	12.7	19.9	-36.1%
\$100M to \$249.9M	44	86	-48.8%	7.2	13.8	-47.5%
\$50M to \$99.9M	52	52	-0.0%	3.8	3.6	-6.8%
\$25M to \$49.9M	34	48	-29.2%	1.3	1.8	-27.6%
\$10M to \$24.9M	24	34	-29.4%	0.3	0.6	-41.8%
Under \$10M	29	29	-0.0%	0.1	0.1	-11.4%
Undisclosed	826	1,007	-18.0%	N/A	N/A	N/A
Total	1,105	1,443	-23.4%	\$106.1	\$468.1	-77.3%

Source: Factset Flashwire's Monthly US M&A Report, October, 2008

CAPITAL MARKETS

BAKER HUGHES PRICES \$1.25 BILLION OF SENIOR NOTES

We advised oilfield-services provider Baker Hughes Inc. in its \$1.25 billion senior notes offering announced on Thursday October 23, 2008. The company sold \$500 million of 6.50% Senior Notes that will mature November 15, 2013, and \$750 million of 7.50% Senior Notes that will mature November 15, 2018.

ADDITIONAL TRANSACTIONS WHERE WE HAVE PLAYED A ROLE:

- Bill Barrett Corp in a \$172.5 million senior notes offering
- Genesis Energy, LP in the \$25 million private placement of common units to finance the acquisition of two CO² pipeline systems and a subsequent \$16.7 million private placement of common units
- The Special Committee of El Paso Pipeline Company GP, LLC in a \$494 million private placement of common units to fund acquisition of additional interests in assets purchased from El Paso Corporation
- Greenpark Energy Limited in a \$16 million senior subordinated notes offering
- Linn Energy in a \$400 million senior notes offering
- Ocean Rig ASA in its \$150 million senior secured notes offering
- Plains Exploration and Production Company in a \$400 million senior notes offering
- FirstEnergy Generation Corp., FirstEnergy Nuclear Generation Corp and FirstEnergy Corp in more than \$260 million in various pollution control revenue refunding bonds.



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BANK FINANCE

LUKOIL FINANCE LIMITED IN GIBRALTER INKS CREDIT AGREEMENT

We advised Lukoil in a \$1 billion credit agreement.

“We are pleased to have completed a very successful syndication in the current credit environment, and we are thankful to the lenders for their support.”

— Al Walker, Senior Vice President and CFO, Anadarko Petroleum Corporation.

ANADARKO COMPLETES SYNDICATION

We advised Anadarko Petroleum Corporation in its \$1.3 billion revolving credit facility.

LINN ENERGY AMENDS CREDIT AGREEMENT

We represented Linn Energy, LLC in its \$2 billion amended credit agreement and \$40 million term loan.

CAPITAL PRODUCT PARTNERS SAILS WITH NEW CREDIT FACILITY

Akin Gump represented the Capital Product Partners L.P. conflicts committee in its acquisition of the M/T Amore Mio II, a 159,982 dwt double-hull crude oil tanker, from Capital Maritime & Trading Corp., the owner of its general partner, for \$95 million. The acquisition was partly funded with \$46 million borrowed under the partnership’s new \$350 million credit facility.

We also advised clients in the following debt financings—

- DG Marine Transportation, LLC in a \$75 million credit agreement.
- Diamondback Holdings LLC and Diamondback Energy Services, Inc. in a \$145 million credit agreement.
- Lehman Brothers, Inc. in a \$150 million amended and restated credit agreement.
- UTE Energy Midstream Holdings, LLC in a \$35 million credit agreement.
- Wattle Energy Corporation and Pinon Energy LLC in a \$50 million revolving term credit agreement.

BLOG REVOLUTION

Bloggers are incredibly active, as evidenced by Technorati, an Internet blog search engine where over 175,000 new blogs are catalogued each day. Collectively, the blogosphere churns out an estimated 1.6 million posts per day, or over 18 updates a second. This burgeoning platform for expressing thought and opinion will undoubtedly continue to influence and inform policy matters. Akin Gump lawyers have joined the thought revolution by providing content in three key forums:

- Thomas C. Goldstein co-heads Akin Gump's Supreme Court practice. In addition to practicing law, Mr. Goldstein teaches Supreme Court litigation at both Stanford Law School and Harvard Law School. Since 2003 he has been principally responsible for SCOTUSblog (www.scotusblog.com), which is devoted to coverage of the Court and is widely recognized as one of the nation's leading legal blogs.
- Akin Gump's climate change practice, led by Paul E. Gutermann, produces the industry-leading blog ClimateIntel (www.climateintel.com), which provides daily analysis of domestic and international regulatory, policy and litigation developments that drive investment in climate change technologies, industrial sectors and markets.
- Akin Gump has launched a Financial Markets Crisis Resource Center at ag-marketcrisis.com. From the center, you can search for articles, forward to a friend or subscribe to our linked newsletter. The financial pages are filled with news and only a handful of law firms, Akin Gump included, have available such a sophisticated approach to keeping our clients and friends informed. Our firm's efforts have been praised by *American Lawyer*:

"It seems unlikely that anyone in the short term will outdo Akin Gump's
Financial Markets Crisis Resource Center.

We were surprised to find a living page with... useful information.
There is a regularly updated blog, with frequent postings by Akin lawyers,
as well as a scrolling news window."

RECENT AKIN GUMP LEAGUE TABLE STANDINGS

BLOOMBERG

Global Equity IPO Manager Advisers – ranked 14th by volume
US Equity Offerings Manager Advisers – ranked 19th by volume
EMEA Equity IPO Manager Advisers – ranked 11th by volume and deal count
Eastern Europe Announced Deals – ranked 17th by deal count
Russia Announced Deals – ranked 9th by deal count

THOMSON REUTERS

M&A US Target Completed – ranked 23rd by value
M&A Eastern European Involvement Announced – ranked 9th by value
M&A Eastern European Involvement Completed – ranked 13th by value
M&A Russian Involvement Announced – ranked 7th by value
M&A Russian Involvement Completed – ranked 9th by value

MERGERMARKET

Legal Advisors to Central and Eastern Europe M&A: Value – ranked 4th
Legal Advisors to Russian M&A – ranked 2nd by value and 3rd by volume

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 900 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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