

2010 ENERGY

Second-Quarter Update

As featured in *The Deal*

The Deal

VOICE OF THE DEAL ECONOMY
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FACES OF DEAL LAWYERS

The Deal scouts out eight of the best up-and-coming talent in transactional lawyering, including Akin Gump's John Goodgame

THE STEADY HAND

Meet Houston-based energy partner John Goodgame, who was recently featured as one of eight up-and-coming deal lawyers in *The Deal*. John handles strategic transactions for clients in many industries, with a significant concentration in the energy industry (upstream, midstream, downstream and power) and, specifically, master limited partnerships. He also teaches corporate finance as an adjunct professor at the University of Houston Law Center and serves as the chairman of the board of directors of the Corporate Counsel Section of the Houston Bar Association. He received his B.A. in accounting from the University of Florida in 1994 and his J.D. with honors in 1997 from the University of Houston Law Center, where he served as publishing editor of the *Houston Law Review* and received the Order of the Barons. He is a member of the State Bar of Texas, the American Bar Association and the Houston Young Lawyers Association.



Goodgame
cool under pressure

John's speaking and writing work has included—

- the chairmanship of the Platts 2010 Midstream Development & Management Conference
- "Proxy Season Review," presented in 2009 at SEC Hot Topics Institute
- "Master Limited Partnership Governance," 60 *The Business Lawyer* 471 (2005)
- "The MLP Boom," *Hart's Energy Markets* (May 2005)
- "When Getting Out Is Hard To Do: Lessons in Splitting Up LLCs," *Business Law Today* (May/June 2005).

Dear Clients and Friends:

We are seeing tentative signs of recovery in the first half of 2010, with over \$880 billion worth of deals announced across the globe, representing close to a 14 percent increase in deal volume compared to the previous 12-month period, along with a more modest 8 percent increase in deal values. The lower deal values are a reflection of wider macro-economic issues related to global deal financing and may continue for some time.

THE BIG CHILL

For example, a recent *New York Times* headline cautioned: “M&A Market Not Expected to Shake Its Chill Soon.” The article explained that, while there are potential deals in the pipeline, and advisors are doing due diligence, buyers remain hesitant on fears that the economy could stall again.

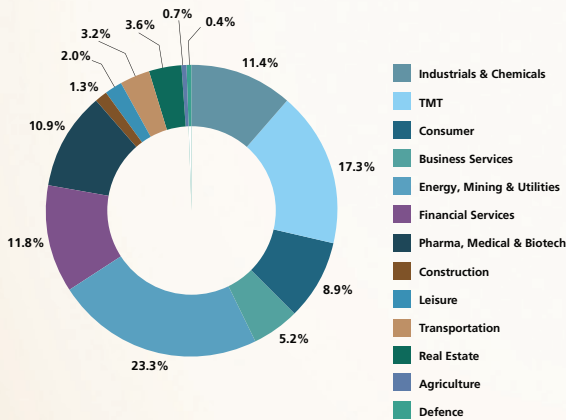
ENERGY AND MINING HEATS UP

The interesting story is taking place in energy, utility and mining deals—they constitute over 10 percent of all global deal volume and more than 23 percent of all deal value.

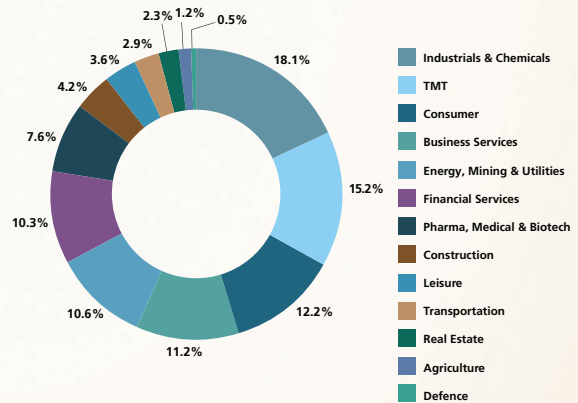
The size of energy deals is much larger than the current norm and the volume is strong as well. We are hopeful that this trend will continue.

GLOBAL M&A SECTOR BREAKDOWN YTD 2010

VALUE



VOLUME



U.S. PRIVATE EQUITY SIMMERS

Private equity continues to return to M&A activity. Globally, 775 buyouts have been announced, which represents a significant increase of 29 percent from the same period last year. Also, much of the buyout activity is centered in North America.

Let us know how we can help you as we all deal with significant uncertainty in the latter half of 2010.

—*The Energy Team*

MERGERS AND ACQUISITIONS

BAKER HUGHES INCORPORATED

- Represented the company in the acquisition of Siberia-based Oilpump Services (OPS) business for an undisclosed amount.
 - With the addition of OPS’ service bases, Baker Hughes doubles its share of the electrical submersible pumping (ESP) business in Russia, which has the largest concentration of ESP systems globally, with over 70,000 installations.

CONFLICTS COMMITTEE REPRESENTATIONS

El Paso Pipeline Partners

- Represented the special conflicts committee in a \$494 million acquisition of an additional 20 percent interest in Southern Natural Gas Company from El Paso Corporation

Holly Energy Partners, LP

- Advised the committee in the \$93 million acquisition of petroleum storage tanks, rail loading rack facilities and an asphalt truck loading rack from Holly Corporation

Regency Energy Partners LP

- Represented the committee in the \$300 million acquisition of a 49.9 percent ownership interest in the Midcontinent Express Pipeline from Energy Transfer Equity LP
- Represented the committee in the \$92 million acquisition of a 7 percent interest in the Haynesville Joint Venture from an affiliate of GE Energy Financial Services.

“Increasing our ownership of the Haynesville Joint Venture is in line with our long-term growth strategy of increasing fee-based assets, which generate stable cash flows,”

— Byron Kelley, chairman, president and chief executive officer of Regency

MERGERS AND ACQUISITIONS

RIVERSTONE HOLDINGS, LLC

- Represented Renewable Energy Fund II in its \$400 million investment in Pattern Energy Group LP
 - The purchase includes the wind development portfolio from Babcock & Brown LP to form Pattern Energy Group LP
 - Pattern Energy will be an independent, fully integrated energy company that develops, constructs, owns and operates renewable energy and transmission assets across North America and parts of Latin America.

TEXON LP

- Advised the company in the \$140 million sale of its butane blending business to Sunoco Logistics

CONFIDENTIAL AND PRIVATE TRANSACTION

- Represented a coal bed methane operator in the acquisition of assets from an affiliate of Marathon Oil Company.
- Represented a major international oil company in a multiparty farm-out agreement regarding assets in Sierra Leone, West Africa.

CAPITAL MARKETS

SECURITIES

Genesis Energy LP

- \$147 million public offering of common units offering for selling unitholders

Gulfport Energy Corporation

- Advised the company in a \$20 million public offering of common stock

Urals Energy Public Company Limited

- Represented the company in a debt for equity swap with Petraco Oil Company

Backstopping Purchasers of Aventine Renewable Energy Holdings Inc.

- Advised the purchasers in a Rule 144/Reg S offering on senior secured notes
- Advised the purchasers in a private placement of new common stock

LENDING

Genesis Energy LP

- Represented the company in a \$525 million amended revolving credit agreement

Dynegy Holdings, Inc.

- Represented the borrower in a \$150 million line of credit facility agreement

FirstEnergy Corporation and Its Affiliates

- Advised Cleveland Electric and Illuminating Company and The Toledo Edison Company in a \$125 million trade receivable facility
- Advised Ohio Edison Company in a \$125 trade receivable facility

RENEWABLE ENERGY NEWS



ROBERT L. NELSON, JR.

Partner | San Francisco | rnelson@akingump.com

We continue to grow our renewable energy capabilities through successful recruitment and new client matters. I am pleased to introduce you to Dino Barajas and Elliot Hinds, who have joined our Los Angeles office.



Dino E. Barajas focuses his practice on domestic and international project development and finance, including renewable energy, with particular emphasis on Latin American infrastructure projects, debt financings and mergers and acquisitions. Dino regularly represents lenders, investors and developers in the energy and power sector. He has worked on transactions in Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guam, Guatemala, Honduras, Mexico, Nicaragua, Peru, Trinidad and Tobago, the United States, Yemen and elsewhere.

Dino was recognized by *California Lawyer* magazine as “Attorney of the Year (Energy)” in 2004 and was also recognized in *Hispanic Business* magazine’s “100 Most Influential Hispanics (2008).” Transactions for which Mr. Barajas was lead counsel have been recognized by: *Project Finance* magazine as “Latin American Renewable Energy Deal of the Year 2007,” “Latin American Deal of the Year (Power) 2004” and “Latin American Deal of the Year (Power) 2002”; *LatinFinance* magazine as “Latin American Energy/Power Deal of the Year 2007”; and *The Banker* magazine and the Financial Times Group as “Deal of the Year (Costa Rica) 2007.”

Dino was recognized by *Chambers USA: America’s Leading Lawyers for Business* as a “Leader in the Field of Project Finance” in 2006, 2007, 2008 and 2009, *Chambers Global: The World’s Leading Lawyers for Business* as a “Leader in the Fields of Banking and Finance and Mergers & Acquisitions” in 2009 and 2010 and *Chambers Latin America: Latin America’s Leading Lawyers for Business* as a “Leader in the Field of Mergers & Acquisitions” in 2009 and 2010 and as a “Leader in the Fields of Banking and Finance” and “Leader in the Field of Project Finance” in 2010. Dino received his J.D. in 1993 from Harvard Law School and is fluent in Spanish.



Elliot Hinds focuses his practice on corporate, energy and renewable energy matters, with extensive experience in the areas of debt financing, mergers and acquisitions, project development and finance, and corporate and commercial transactions. He has extensive energy experience, having structured transactions to develop, finance, purchase and sell renewable (including wind, geothermal, solar and biomass), natural gas, cogeneration and coal-fired electric power projects; LNG and bioethanol facilities; and transportation projects. He worked on some of the first merchant facilities

to be developed and/or owned in a fully deregulated environment and was an integral part of the team that designed and arranged the financings for a key electric energy forward market in California.

Elliot frequently speaks to industry groups and teaches in-house courses. He is a member of several professional organizations, including the Energy Bar Association, Association for Corporate Growth and Los Angeles Venture Association. He has served on the board of directors for the Los Angeles Center for Law & Justice and has taught a self-designed transactional negotiations course at Loyola Law School.

He received his Bachelor of Arts degree in rhetoric from the University of California at Berkeley and his law degree from the Georgetown University Law Center.



RUSSIA/CIS OIL AND GAS CAPITAL MARKETS DAY

The London office of Akin Gump, in partnership with the London Stock Exchange (LSE), CitiBank and Standard & Poor's, held a successful Russia/CIS Oil and Gas Capital Markets Day at the LSE that was well-attended by AIM- and LSE-listed oil and gas companies with assets across Russia and the CIS. Tracey Pierce, head of equity and primary markets at the LSE, opened the discussion by highlighting the strong current investor appetite for this particular sector and region.

To date, there are 56 companies from Russia and the CIS listed on the LSE's Main Market and a further 41 companies quoted on AIM. Those businesses have raised over 50 billion dollars to support their future growth. Liquidity in those stocks is also extremely buoyant and, on average over the last three years, there has been over 350 billion dollars' worth of turnover in those stocks. That said, conditions remain challenging for businesses raising capital. Ms. Pierce, however, believes there is a return of confidence to the global markets, and the pipeline of companies looking to come to London from Russia and the CIS is particularly strong.

The panel of experts—Mark Fletcher, managing director of global oil and gas at Citibank; Svetlana Borodina, director of governance services at Standard & Poor's; and Sebastian Rice, corporate partner at Akin Gump—discussed topics such as Russian companies' value relative to the rest of the oil sector, the impact of the BP oil spill on companies in terms of corporate governance, current and future transactional activity in the sector and the investor's perspective of investing in Kazakhstan as opposed to Russia.

One particular topic of interest was the issues surrounding today's volatile market environment and how companies have to focus their corporate strategy on key factors to increase their investment attractiveness. The importance of having strong corporate governance and a risk management strategy was emphasized.



Sebastian Rice

Partner, London

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Sebastian Rice's practice focuses on providing advice on equity capital markets, U.K. and cross-border mergers and acquisitions and joint ventures. Mr. Rice is recommended in the UK Legal 500 (2009) within Equity Capital Markets. Mr. Rice has also spoken regularly at LSE conferences in the UK, Russia and other republics of the CIS.



New Risks, New Rules and Opportunities for Energy Company Leaders after the Gulf Oil Spill

A Special Breakfast Briefing

On July 22, 2010, Akin Gump's energy and global transactions practice co-hosted a breakfast briefing with the Tri-Cities Chapter of the National Association of Corporate Directors to have a candid discussion about the Gulf oil spill and what energy leaders are and will be facing in the aftermath of this crisis.

As a result of the Gulf oil spill, the energy industry, overall, and its offshore operations, specifically, have come under intense scrutiny from all quarters—Congress, the executive branch, the media and nongovernmental advocacy groups. Companies with operations in the Gulf of Mexico and elsewhere offshore are dealing, in the aftermath of the spill, with new rules and new risks that will change the industry rather dramatically. Although new opportunities come with change, corporate leadership will still need to be vigilant in order to navigate the waters ahead.

Chris LaFollette, partner-in-charge of the Houston office, moderated a panel of Akin Gump experts that included Charles Adams, head of the firm's international arbitration practice and Geneva partner-in-charge; Paul Gutermann and Hank Terhune, environmental and regulatory experts in the firm's public policy practice in Washington, D.C.; Jim Rice, head of the firm's energy and global transactions practice in Houston; and Mike Wilson, a Houston litigator with extensive energy litigation experience. The six covered an array of topics related to the Gulf oil spill, including congressional investigations and reaction to the spill; ongoing contractual disputes; the environmental impact of drilling, spills and cleanup; corporate governance; and changes we will likely see in the M&A and capital markets sectors in reaction to the spill.

Many of the questions on the minds of corporate leaders attending involved eliminating and minimizing their company's liability in the face of such a crisis. Leaders were also concerned with focusing on strategy going forward, as well as providing oversight of the risk management function of the company.

The event has received overwhelmingly positive feedback, and our panelists are receiving a steady stream of follow-up questions from attendees. If you would like to reach out to a panelist, please contact alyle@akingump.com.

MEET OUR GULF OIL SPILL PANEL...



Chris LaFollette, Moderator

Chris LaFollette is the partner-in-charge of the Houston office. She has nearly 30 years of experience representing issuers and underwriters in public offerings and private placements of equity and debt securities, restructurings and financings, including master limited partnerships, as well as federal and state securities laws matters. Ms. LaFollette also represents clients in public and private M&A and disposition transactions, particularly in the energy industry.



Hank Terhune, Congressional Reaction

Hank Terhune represents numerous clients on a variety of public policy matters, with an emphasis on energy and environmental issues. In addition, he provides strategic counseling on major corporate transactions and is a frequent contributor to legal publications on energy, environmental and public policy matters.



Paul Gutermann, Environmental Issues

Paul E. Gutermann has had a national practice of more than 25 years litigating cutting-edge issues arising under all the major statutes; negotiating environmental issues in corporate mergers, divestitures and restructurings and assisting clients before Congress and executive branch agencies on policy development. He is a frequent speaker and writer on the range of issues related to domestic and international environmental law.



Mike Wilson, Business Disputes

Mike Wilson has tried cases in the state and federal courts; arbitrations administered by the AAA, the NASD and the International Center for Dispute Resolution; and administrative proceedings before governmental agencies and self-regulatory organizations. He has extensive experience within the energy industry, most recently representing clients in the SEC mutual fund timing and energy trading investigations and in related civil litigation.



Charles Adams, International Arbitration

Charles C. Adams Jr. serves as the firmwide head of the international arbitration practice and is partner in charge of the Geneva office. He practices primarily in international litigation and arbitration, with a particular focus on complex, high-value disputes involving major infrastructure construction projects, consortium and joint venture agreements, intellectual property matters, insurance coverage and issues arising in the energy industry.



Jim Rice, Energy 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.

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 14 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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