



2010

ENERGY

Third-Quarter Update

AKIN GUMP IN THE PRESS...

Look for Shar Ahmed's article "New World of Disclosure for Energy Companies?" featured in both the print and online October 2010 editions of the *Oil & Gas Financial Journal*.

"Time will confirm the accuracy of current forecasts of radical and lasting change in the oil and gas industry. However, it is clear that the industry is undergoing an important transition period in which environmental, health, safety and economic considerations, among others, will shape the energy industry of the future."

Shar Ahmed

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Shar Ahmed's legal practice focuses on securities law, with an emphasis on capital markets transactions. Mr. Ahmed also represents public and private companies with respect to various corporate law and governance matters, with a particular focus on representing public energy companies. He is a member of the energy and global transactions practice of Akin Gump Strauss Hauer & Feld LLP in the firm's Houston office.

In this edition of *Energy Update*, we are introducing, for the benefit of our hard-copy readers, the use of two-dimensional (2D) barcodes to access the material referenced in the text. 2D barcodes are read in the same manner as the linear barcodes one sees, for example, at supermarkets. The scanner, however, is the reader's cell/smartphone.

To read these barcodes, please download a 2D barcode reader app, open it on your cell/smartphone and use it to scan the barcode. The app will open a browser page with the linked content in the same way that a hyperlink would on your computer. Two compatible apps are i-nigma Reader, available at www.i-nigma.mobi, and ScanLife Reader, available at www.getscanlife.com. Our hope is that this innovation will make your experience of the *Update* a richer and more informative one.

OGFJ



SHALE (p.3)



Dear Clients and Friends,

SHALES CONTINUE TO CHANGE THE GAME

In our review of the first quarter of this year, we commented that shale gas was the “game changer” that allowed the United States to overtake Russia in terms of overall gas production in 2009. In 2010, shale gas continues to be a major driver of deal flow in terms of both domestic and cross-border transactions.

Support for shale has come from some surprising corners, including the U.S. State Department. David Goldwyn, the coordinator for international energy affairs at the State Department, has been very bullish about global shale gas potential in public remarks with reporters:

“The U.S. shale-gas phenomenon has transformed global energy markets.

Because we have discovered and we have the technology to develop efficiently large quantities of gas from shale, global prices of liquefied natural gas have decreased.

Gas has become cheaper. Gas is now competitive with coal on a BTU basis, which means that countries that might use coal can now not make an economic choice, but on a competitive basis choose gas for their next level of power generation.”

With that potential global dynamic in mind, the London office of Akin Gump hosted an event last month to explore those opportunities. Don’t miss the event summary on page 9 of this report.

According to recent analysis by Tudor, Pickering, Holt & Co., nearly 60 percent of energy deal volumes by dollar value have a shale orientation, with half the number of deals done being shale-related. The rise of the shale joint venture is another notable development. Some \$15 billion worth of shale joint ventures have been consummated during the past few years, and this trend is increasing every day.

We have had significant experience with shale deals and joint ventures. We hope you will let us know how we can help you during the balance of 2010 with conventional and unconventional resources, including renewable energy.

— The Energy Team

MERGERS & ACQUISITIONS

Our energy team advised on the following transactions in the third quarter of 2010:

OAQ LUKOIL

- \$3.4 billion repurchase by OAQ LUKOIL subsidiary (LUKOIL Finance Limited) of 7.6 percent of OAQ LUKOIL's shares owned by ConocoPhillips
- \$2.4 billion purchase of company's shares from ConocoPhillips

Aspect Energy, Inc.

- Represented Aspect Energy in the \$45 million acquisition by ShaMaran Petroleum Corp., a Canadian oil and gas company, of a one-third interest in General Exploration Partners, a wholly owned subsidiary of Aspect, to form a joint venture for drilling in the Kurdish region of Iraq

"We are very excited about our partnership with Aspect and the opportunity to participate in one of the most exciting exploration blocks in the Kurdistan Region of Iraq."

— Pradeep Kabra, President and CEO of ShaMaran

Tudor, Pickering, Holt & Co.

- Represented financial advisor in the \$498 million sale of midstream assets by Anadarko Petroleum Corporation to Western Gas Partners, LP

EXMAR NV

- \$400 million sale of semi-submersible production platform OPTI-EX to LLOG Deepwater Development Company LLC

Avista Capital Partners

- \$326.6 million sale of approximately 52,200 net acres of its Marcellus Shale lease hold rights in Pennsylvania to a subsidiary of Reliance Industries Limited

Conflicts Committee of Penn Virginia GP Holdings, L.P.

- Represented the Conflicts Committee of Penn Virginia GP Holdings, L.P. (PVG) in its \$955 million acquisition by Penn Virginia Resource Partners, L.P. (PVR)

“We are pleased with the agreement of the boards of directors of PVR and PVG to merge the partnerships..We think that the lower cost of capital that is expected to result from the merger, and the simplified partnership structure, will position PVR to take advantage of accretive market opportunities and grow our quarterly distribution.”

— William Shea, Chief Executive Officer, PVR and PVG

Conflicts Committee of Capital Products Partners L.P.

- Represented the Conflicts Committee of Capital Products Partners L.P. in the \$43.5 million acquisition of the M/T Assos, a 47,872 dwt, Ice Class 1A, chemical/product tanker from Capital Maritime & Trading Corp.

Conflicts Committee of Exterran Partners, L.P.

- Represented the Conflicts Committee of Exterran Partners, L.P. in the acquisition of \$214 million of assets from Exterran Holdings, Inc.

Genesis Energy, L.P.

- \$25.5 million acquisition of 51 percent interest in DG Marine Transportation, LLC.



CAPITAL MARKETS

SECURITIES

Baker Hughes Incorporated

- \$1.5 billion registered senior notes offering

FirstEnergy Generation Corp.

- \$234.5 million issuance of Ohio Air Quality Development Authority State of Ohio Pollution Control Revenue Refunding Bonds Series 2006-A (Non-AMT)
- \$15 million issuance of Pennsylvania Economic Development Financing Authority Exempt Facilities Revenue Bonds Series 2002 A (AMT) (Shippingport Project)

OA O LUKOIL

- \$2.38 billion exercise of an option to purchase back 5 percent of its own shares from ConocoPhillips

LENDING

Gulfport Energy Corporation

- \$100 million credit agreement

Laredo Petroleum

- \$500 million revolving credit facility
- \$100 million second lien term loan

LUKOIL Finance Limited

- \$1.5 billion credit facility

AKIN GUMP IN CENTRAL ASIA



KIOGE 2010

18th Kazakhstan International Oil & Gas Technology Conference

6th – 8th October 2010

InterContinental Hotel Almaty – The Ankara in Kazakhstan

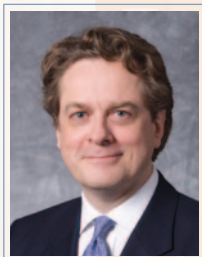
The Kazakhstan International Oil & Gas Exhibition (KIOGE) is Central Asia's largest and most influential trade event for the oil and gas industry. It is the focal point for the sector in Kazakhstan and the highest-profile event on the calendar for the region.

KIOGE comprises an exhibition and conference and has helped to introduce more than 5,000 companies into the market, a great many of which now have well-established businesses in Kazakhstan and Central Asia. Akin Gump has a long history of representing clients in the region on many of the leading upstream, midstream and downstream projects.

In 2010, Akin Gump served as a sponsor of this important industry event, which took place in Almaty on October 6-9. Greg Hammond, an energy partner in our London office, addressed delegates on the extensive recent changes to the corporate governance requirements for issuers listed on the Main Market of the London Stock Exchange through a presentation entitled "UK Corporate Governance Requirements for Quoted Companies and Disclosure of Price Sensitive Information."

Greg Hammond

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Greg Hammond 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, energy and renewables sectors and has represented governments, public and private corporations, banks and multilateral agencies.

AKIN GUMP LEADS ON EUROPEAN SHALE

AIPN EUROPEAN CHAPTER EVENT

On September 22, the London office of Akin Gump hosted a highly successful seminar titled “Shale Oil and Shale Gas in Europe” as the first event in the Association of International Petroleum Negotiators (AIPN) European Chapter’s 2010 Autumn/Fall calendar. The



event attracted a capacity audience and was attended by oil and gas companies, oil services companies, investors and advisers.

While much has already been written about the revolution taking place in the United States as a result of the new advances in technology and about the improvements in investment returns for extracting natural gas and oil from North American shale deposits, very little has been written or said about the potential for shale oil and shale gas in Europe.

The seminar was split into three separate sections to address the three main aspects: technical, legal and commercial. Dee Patterson, managing director of Moyes & Co., opened the seminar by discussing and examining the opportunities and challenges that are now arising from the application of the technologies developed in the United States in other parts of the world.

Greg Hammond, partner at Akin Gump in London, conducted an analysis of the key legal issues that uniquely apply to shale gas and oil development and production in Europe, where the legal landscape is more varied and generally less accustomed to the prospect of onshore drilling. He focused on various issues, including those relating to real estate rights, pan-European legislation and the environmental impact.

To close, Chris Moyes, principal of Moyes & Co., discussed the very significant commercial opportunities and challenges that are not only expected to reshape the European energy industry, but, if European shale gas and oil can realize its full potential, will also create the possibility for huge shifts in the balance of energy security and power within Europe.

Considerable additional value was provided by members of the audience who had direct experience in the field of developing shale deposits in Europe and who were able to give valuable insight into many of the practical and often surprising issues that they have encountered in the course of developing European shale.

RENEWABLE ENERGY NEWS

Akin Gump was a sponsor of the IV Annual Native American Economic Development Conference, which, this year, was held in conjunction with the III Annual Renewable Energy Projects in Indian Country Conference on October 6-8 in Las Vegas, Nevada, and attended by more than 500 tribal representatives. Bob Nelson, an energy partner in our San Francisco and Abu Dhabi offices (whose transactions included over 350 MW of completed utility scale solar projects and 400 MW of completed distributed solar projects), chaired the panel on solar energy. The conference focused on the key role that Native American tribes and land can play in the development of U.S. renewable energy, including solar, wind, geothermal and biomass.

Our renewable energy lawyers have been busy this quarter in the United States; much of our work has involved biofuels. We have represented—

- Aventine Renewable Energy Holdings, Inc. in its \$16.5 million acquisition of an ethanol production facility in Illinois from Riverland Biofuels
- Greenlight Capital's portfolio company, Biofuel Energy Corp., in the placing of a \$20 million bridge facility to be followed by a \$40 million rights offering.

On the international front, Dino Barajas, a partner in our Los Angeles office, has been involved in a unique renewable energy project in Nicaragua. Polaris Energy Nicaragua, S.A. (PENSA) is a wholly owned subsidiary of Ram Power, Corp., a renewable energy company focused on the acquisition, exploration, development and operation of geothermal power projects to address the growing demand for green energy in the United States and around the world. In 2009, PENSA successfully closed the largest true project financing to date in the Nicaraguan energy sector and showcased Nicaragua as one of the few places in the world where project financings were completed during the global financial crisis. The company is currently in financing discussions with at least seven financing institutions interested in providing not less than \$160 million for additional development costs.

AKIN GUMP
STRAUSS HAUER & FELD LLP

GREEN TEA

A Weekly Wrap-up of
Renewable Energy News



Please be aware that we have changed the format of our Green Tea publication, a newsfeed for renewable energy news similar to Energy Coffee. We have moved to a weekly format and now include a great deal more emphasis on public law and policy, as well as on larger transactions.

AKIN GUMP IN THE PRESS...



Partner and energy lawyer Lucas Torres of our New York office was quoted extensively in an online examination of trends in U.S. energy projects by online publisher Energy Central. Torres joined a panel hosted by Energy Central on October 21 called "Thriving Financially amid Turmoil."

"The country's energy infrastructure is becoming a bit archaic. Bringing it up to speed, however, is problematic as the nation is struggling to overcome partisan politics and a fledgling economy. The cyclical nature of economies means that at some point a sustained recovery will occur. And when it does, policymakers must bargain in good faith and create a durable energy policy in which utility planners can bank. The capital markets will then loosen, allowing bankers, bondholders and investors to finance projects and bring the generation and transmission systems up to date.

'The uncertainties have been and will continue to be there for a while,' says Lucas Torres, a partner with Akin Gump in New York who specializes in utility finance. 'We need clarity. Each of the actors — developers, owners, investors and consumers — is trying to deal with the unknowns on their own level. **Until we have some definitive legislation on carbon, for example, you can't reliably price the cost of building out new generation and how, in particular, a new gas plant would compare with a new nuclear plant.'**"

Lucas Torres

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Lucas Torres has extensive experience in all aspects of domestic and international capital markets transactions, with a particular familiarity with financings by utility and other energy companies. Mr. Torres represents one of the largest investor-owned utility systems in the United States in a wide range of corporate finance and securities matters and has experience acting as issuer's or designated underwriters' counsel for a number of other large domestic utility and telecommunications systems.

ENERGYBIZ



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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