

Energy Group Of The Year: Morgan Lewis

By **Samuel Howard**

Law360, New York (January 26, 2012, 4:58 PM ET) -- Morgan Lewis & Bockius LLP's energy team pioneered landmark transactions like BHP Billiton's \$15 billion buyout of Petrohawk Energy Corp. as well as new regulations for the nuclear industry, making it one of Law360's Energy Groups of 2011.

Morgan Lewis' energy group is unusually expansive, not only excelling on the transactional side as well as the regulatory side, but also doing so across every segment of the energy industry, from electric power to the oil and gas sector, nuclear and renewables. And the team takes a leadership position throughout.

"The energy group is remarkable for its leadership as well as the breadth of its practice," said David Asmus, leader of the firm's energy transactions practice. "Most firms in this sector tend to focus on either the electric power industry or the oil and gas industry, but we excel across the energy spectrum."

Composed of roughly 100 attorneys, the energy group stands as one of Morgan Lewis' larger and most illustrious practices. The team operates out of eight offices, including the regulatory hub of Washington and the transactional hotbed of Houston, while the energy finance group is centered in New York, and London is the firm's stronghold in the Europe.

Morgan Lewis is very deliberate about recruiting top talent in the energy field — it has completed no less than nine lateral hires in the past two years — as well as grooming younger attorneys to become future luminaries. The group's stellar attorneys are a cut above because they combine a granular knowledge of the law with consummate understanding of the energy industry, according to Kathryn Sutton, group leader of the energy practice.

"The energy practice group has a very deep bench of pre-eminent practitioners who are experts in both the law and the energy industry," Sutton said. "The team's legal knowledge, industry expertise and client focus sets it apart from other firms."

The amassed expertise gives the energy group a scope and presence rare in the market as its attorneys are able to tackle every issue in the energy industry, even those that open into uncharted territory.

"If it's a novel problem, it's a good fit for us," Asmus said.

Whether it is working on market-shaping transactions, evolving energy sectors or epochal rulemaking, Morgan Lewis' energy group routinely finds itself on the frontiers of the industry.

The group made headlines in July when it steered global resources giant BHP Billiton's \$15 billion acquisition of shale oil and gas developer Petrohawk, a deal that rated as the largest upstream mergers and acquisitions transaction of the year.

The deal stands out for its magnitude as well as its novelty. Rather than entering the U.S. market by purchasing a share of shale assets, BHP broke the mold for overseas investors in the sector by first buying out Chesapeake Energy Corp.'s shale field in Arkansas and then acquiring operator Petrohawk, lock, stock and barrel.

The transaction was complicated by the need to execute intensive due diligence on the publicly listed Petrohawk without alerting the markets, and the necessity of retaining the company's marquee management team, Asmus said.

"We also spent a lot of time addressing Petrohawk's debt structure," Asmus said. "As a smaller and less creditworthy company, it had numerous financing arrangements that had to be addressed to integrate the company into the BHP family."

Other transactional highlights for the Morgan Lewis team included representing shale gas developer Alta Resources LLC in the creation of a \$1 billion fund backed by the Blackstone Group LP. The deal crystallized a gaining trend in the industry, bringing major private equity investment into the upstream oil and gas sector.

The energy team has also staked a leadership position in the industry by working on BG Group PLC's planned development of a floating liquefied natural gas facility in Brazil, and acting as lead counsel in the stateside push to convert a LNG import terminal to an export terminal.

That effort could hold vast implications for the U.S. energy market glutted with shale gas by opening an unprecedented export channel.

"In assisting the effort to develop an American LNG export capability, we are again taking a pioneering position and helping to push the boundaries of the industry," Asmus said. "It's exactly the kind of novel, high-stakes problem our energy team is relied upon to solve."

And the team's activity on the regulatory front is equal to its transactional accomplishments. In addition to representing leading energy companies on an array of compliance issues, Morgan Lewis' attorneys helped formalize the new licensing process for the next generation of nuclear power plants.

The team represented SCANA Corp.'s South Carolina Electric & Gas in its bid to build two nuclear reactors in South Carolina, negotiating the Nuclear Regulatory Commission's recently overhauled rules and securing the first licenses under the new regime.

"The NRC regulations constitute a new regulatory paradigm, and these two licenses will be the first of their kind," Sutton said. "The process required a long-term effort and represents a milestone for the nuclear industry."

The energy group is also at the fore of the electric power industry's effort to adapt to stringent reliability standards for power system operation, which includes exhaustive security programs.

"Electric utilities have a host of new challenges in the reliability area, including cybersecurity issues," Sutton said. "We're very proud to be on the leading edge as the industry works to meet these requirements."

Methodology: In November, Law360 solicited submissions from over 500 law firms for its practice group of the year series. The more than 550 submissions received were reviewed by a committee of Law360 editors. Winners were selected based on the significance of the litigation wins or deals worked on; the size and complexity of the litigation wins or deals worked on; and the number of significant, large or complex deals the firms worked on or lawsuits the firm had wins in. Only accomplishments from Dec. 1, 2010, to Dec. 1, 2011, were considered.

--Editing by Lindsay Naylor.

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