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Energy Group Of The Year: Latham & Watkins

By **Keith Goldberg**

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From shepherding one of 2014's biggest energy mergers to guiding multibillion-dollar power sector financings, the dealmaking chops of Latham & Watkins LLP's energy attorneys have earned the firm a spot among Law360's Energy Groups of the Year.

Nearly 500 of Latham's 2,000-plus lawyers are in its energy industry practice, which is divided into oil and gas and power teams. Historically, the firm's strengths had been on the power side, but David Schwartz, who serves as global chair of the firm's energy regulatory and markets practice said the oil and gas practice really took off once the firm opened its Houston office in 2010.

Michael Darden, who helped found the Houston office after coming aboard from Baker Botts LLP and serves as the global head of Latham's oil and gas transactions practice, said the firm's industry team setup allows him to identify where the oil and gas expertise is throughout the firm, regardless of an attorney's specific practice specialty.

"One thing that I find very neat about our industry team concept is that it doesn't make any difference what your project is, it's who you're providing the services for," Darden said. "We're able to pick the guys from those various practice groups to put together the client teams and project teams."

That level of collaboration isn't just encouraged, it's also built into the firm's compensation system, according to Schwartz.

"It encourages people to tap into the best expertise and our firm rewards us for jumping on other people's matters at the drop of the hat and penalizes us for not being a team player," Schwartz said.

The all-hands-on-deck approach served Latham well over the past year. The firm worked on one of the biggest energy deals of 2014, representing Access Midstream Partners LP in a merger with controlling company The Williams Cos. Inc. valued at $50 billion that creates a U.S. midstream giant and one of the largest master limited partnerships in the country.

That deal was presaged by Williams paying $6 billion to buy out Latham client Global Infrastructure Partners' stake in Access Midstream.

The Williams-Access deal wasn't the only MLP merger Latham had a hand in last year. The firm represented Breitburn Energy Partners LP in its $3 billion acquisition of QR Energy LP, a deal that makes Breitburn the largest oil producer organized as a MLP.

The firm also represented Texas-based independent Athlon Energy Inc. in its $7.1 billion cash-and-debt merger with Encana Corp., giving the Canadian oil and gas producers a firm foothold in the oil-rich Permian Basin of western Texas.

On the project finance front, the firm represented a coalition of banks and export credit agencies that provided financing to the $10 billion Cameron liquefied natural gas export project in Louisiana.

"2014 was just an unbelievable year for oil and gas M&A work, but it was also a good year for oil and gas capital markets work," Darden said. "The energy M&A market just blew up and we were able to capture a lot of that activity."

Latham's power attorneys were just as busy in 2014, representing private equity firm Energy Capital Partners in the $3.45 billion sale of 10 fossil fuel-fired power plants to merchant power giant Dynegy Corp. in August. The firm also represented ECP in its $1.94 billion purchase of Waste Management Inc.'s renewable energy generation subsidiary in July.

On the power finance front, Latham helped secure $1.1 billion in financing for a geothermal project in Indonesia in May, as well as guide NRG Yield Inc., the yieldco unit of merchant power giant NRG Energy Inc. through a July stock offering worth $652 million.

"One of the biggest trends we're seeing is these yieldco transactions and it seems like we're in virtually all of them, which is a nice market share to have," Schwartz said.

Schwartz expects 2015 to be just as busy in the power sector, between more yieldco activity as well as M&A within the utility sector.

Meanwhile, the historic slide in oil prices has injected uncertainty into the dealmaking forecast for 2015, and Darden said the pace of deals might slow until the financial pressures become too great for would-be sellers.

"There are companies that are very highly leveraged," Darden said. "At some point, that's going to create distress, and the sooner they do something about it, the better off they'll be. That'll be an area where you see a lot of activity in 2015."

--Editing by Andrew Park.
