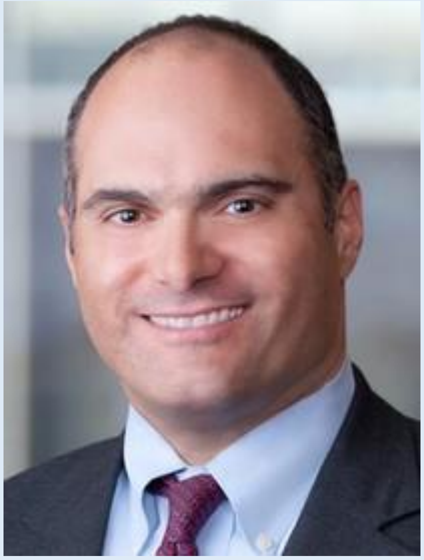
Portfolio Media. Inc. | 111 West 19th Street, 5th Floor | New York, NY 10011 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

MVP: Skadden's Frank Bayouth

Law360, New York (December 14, 2017, 2:00 PM EST) -- Skadden Arps Slate Meagher & Flom LLP's Frank Bayouth helped several clients close major transactions in the energy sector this year, including two multibillion-dollar deals within a month of each other, securing him a place as one of Law360's 2017 Energy MVPs**.**

MVP



Frank Bayouth
Skadden

HIS BIGGEST ACCOMPLISHMENT THIS YEAR:

Bayouth helped a major midstream service provider, ONEOK, buy out the remainder of the common stock of its master limited partnership, ONEOK Partners. The total value of the transaction came in at more than $17 billion and allowed the company to become more streamlined, according to Bayouth.

"The ONEOK deal was significant for a couple of reasons, the first is just the size of it," he said. "It was one of the largest deals of the year — in any industry — but certainly in the oil and gas space. It was a transformational deal for the company."

The transaction allowed the company to lower its cost of capital, simplify its structure and be in a better position to take advantage of growth opportunities down the road, Bayouth said.

"Because of the way MLPs work — the older, more established, more successful MLPs — there is a waterfall that governs how the cash is divided up. As you grow bigger and pay out more, a higher percentage of the cash goes to the general partner. So, it just increases the cost of capital for the company," Bayouth said, explaining the deal's impact on the company. "So, by eliminating the MLP structure and basically putting everybody in the ownership and capital structure on par as common equity holders, you reduce the cost of capital and give the company the ability to fund additional growth projects."

He said the deal continued a trend for the industry where MLPs have moved to reduce their capital costs.

“This transaction was viewed as the best way to achieve that for ONEOK,” he said.

ANOTHER NOTABLE DEAL HE WORKED ON THIS YEAR:

In January, Bayouth helped Noble Energy acquire Clayton Williams Energy for $3.2 billion in total value. The circumstances for that deal were set up, in part, because of a previous transaction in 2015 where Noble Energy bought Rosetta Resources in a $2.1 billion stock deal. That move brought over a producer with assets in the Permian Basin and Eagle Ford. Prior to that deal, Noble wasn’t really in those areas.

“After they got in there, I think they saw the attractiveness of the Permian acreage,” he said.

The company started developing it, and the Clayton Williams deal gave it a larger position in the Southern Delaware basin, which was near a lot of the assets from the previous deal. The recent acquisition helped the company take advantage of those assets, Bayouth said.

“As they are drilling these wells, they drill down vertically, and then they turn the well bore and they go horizontal. When you acquire the adjacent land, it allows you to run longer laterals,” he said, referring to one benefit of the deal. “And a lot of the improved well economics people are getting are from running longer laterals.”

One complicating factor was getting the largest shareholders of Clayton Williams Energy on board. For example, the founder and CEO of the company, Clayton Williams, who together with his family still owned a large stake in the company, declined to commit to vote for the deal but agreed not to vote for any other deal. When the vote was eventually called, he voted in favor.

“It was important to take those views and personalities into account in structuring the transaction,” he said.

HIS BIGGEST CHALLENGE THIS YEAR:

Both of these multibillion-dollar deals occurred within about three weeks of each other. Bayouth was busy. He said this process was complicated even further by a third deal that occurred around the same time, in which he advised Five Point Capital Partners LLC on setting up a joint venture.

“There really were three kinds of very different transactions all going on. It was very difficult, as I’m sure you can imagine, but this isn’t the first time we’ve done this sort of thing,” he said. “I didn’t do it alone, I had a great team on each of these deals. … I was able to bring the resources to bear that were necessary to get the job done.”

The help he received was essential, he said. The teams set up for each deal were made up largely of different people, although he was an overlapping point person, he said. The clients knew him well enough to know each transaction would get the proper attention, he said.

“Let’s just say December, January and February were very difficult months, there were very long days and a lot of competition for my time," Bayouth said.

HIS ADVICE FOR YOUNG ATTORNEYS:

Bayouth said young attorneys need to jump in with both feet and be as involved in the deal as much as they can.

"It is a steep learning curve. Law school does not teach you to do what we do," he said. "You learn by doing it."

He said young associates should try and tag along to everything they can. He said that in the Houston office, which he heads, the younger attorneys have a habit of looking out for each other.

"Often times I'll get a call from a young associate saying 'hey can so-and-so help me with this; there is a bunch to do,' and it's great that they want to jump in and see what other people are doing and learn from it," he said.

— As told to Michael Phillis

Law360's MVPs are attorneys who have distinguished themselves from their peers over the past year through high-stakes litigation, record-breaking deals and complex global matters. A team of Law360 editors selected the 2017 MVP winners after reviewing more than 1,000 submissions.