

## Overview

The purchase of assets and businesses can expose the buyer to potentially significant liabilities under numerous environmental laws and regulations. Undertaking a comprehensive due diligence review of assets and business operations can minimize the risk of acquiring such liabilities.

This type of due diligence is often conducted in transactions, typically on behalf of a buyer, through the review of environmental documents and the tailoring of representations and warranties and indemnities, and it forms an important part of the vast majority of transactions.

Due diligence also refers to the concept of being “duly diligent” to prevent environmental noncompliance. The steps taken at the operational level or before a sale occurs may help to avoid noncompliance claims and may also provide a defense for alleged noncompliances. In this respect, an environmental compliance program can provide many benefits to the organization, not the least of which is the protection of its senior management from personal liability for the conduct of the most junior of employees. These programs can also be used by corporations to make sure that there are no outstanding environmental issues before they embark on a major new development or approach to their business.

We have significant experience across multiple jurisdictions and legal regimes in all aspects of transactional work, due diligence and risk assessment/management. It is particularly critical in multinational transactions, where contractual terms may implicate a number of domestic and international environmental standards. We work with technical and environmental advisers to provide you with comprehensive advice and practical solutions to transactional issues. We have experience:

- assisting in the preparation and implementation of environmental compliance programs
- performing regulatory compliance audits and advising clients with respect to noncompliance matters
- advising on particular environmental issues, such as contamination and site remediation, which may form an obstacle to future transactions.

## Key service areas

We have developed our significant expertise through work on all kinds of transactions, including share and asset deals, property sales, and transactions dealing with oil and gas assets, waste, manufacturing, logistics, and real estate, by conducting and advising on:

- vendor’s due diligence
- purchaser’s due diligence
- environmental matters relevant to lenders and other financial agents
- due diligence on project finance transactions, particularly asset and project finance in the energy and mining sectors

- project risks
- language to allocate environmental risks in all kinds of transactions
- the nature of certain environmental risks and issues for boards of directors and executives
- innovative risk allocation mechanisms on heavily contaminated sites
- the tax treatment of environmental costs and governmental incentives and grants for environmental projects
- government relations and media management.

Areas of focus include:

- Carbon Offsets
- Clean Up of Contaminated Land (North America)

## Representative Experience

- **BP Canada:** Advising on the sale of Natural Gas Liquids (NGL) business to Plains Midstream Canada ULC, a wholly owned subsidiary, for CA\$1.67 billion. This is the most recent of several billion-dollar-plus transactions where Dentons has partnered with BP. The NGL business owns, operates and has contractual rights to a wide range of assets from both production and distribution functions, from extraction through to wholesale distribution of NGL products across Canada and in the Midwest United States.
- **Pogo Producing Co.:** Advising with respect to conducting environmental due diligence on the CA\$2 billion sale of Calgary-based Northrock Resources Ltd. to Abu Dhabi National Energy Co. (TAQA). Previous representation of Pogo in its CA\$1.8 billion acquisition of Northrock from Unocal Corp meant that extensive environmental reviews of Northrock's oil and gas properties in western Canada were conducted as part of both transactions.
- **Sasol Petroleum International:** Advising on the CA\$1.05 billion acquisition of a 50 percent working interest in Talisman Energy Inc.'s (Talisman) Farrell Creek shale gas assets in the Montney Basin area of northeastern British Columbia, a subsequent transaction with Talisman for similar consideration of CA\$1.05 billion, which expanded Sasol's gas reserves in the area, with a view to the further development of a gas-to-liquids plant to be located in Canada and to serve the North American liquid fuels markets.
- **Teledyne Technologies Inc.:** Advising on its \$337 million acquisition of publicly traded DALSA Corporation (TSX: DSA) (DALSA) by plan of arrangement. Teledyne is a leading provider of sophisticated instrumentation, digital imaging products and software, aerospace and defense electronics, and engineered systems with operations primarily located in the United States, Canada, the United Kingdom and Mexico. DALSA, now Teledyne DALSA, Inc., is an international leader in high performance digital imaging and semiconductors. The company designs, develops, manufactures and markets digital imaging products and solutions, in addition to providing specialized semiconductor foundry services, with core competencies in advanced integrated circuit and electronics technology, software, and highly engineered semiconductor wafer processing.
- **Tembec Industries Inc.:** Advising on a variety of transactions, notably the \$98.5 million sale of its OSB business to Jolina Capital Inc., the acquisition of St-Anne-Nackawic Pulp Mill by AV Nackawic Inc. (controlled by Tembec Inc. and by Aditya Birla Group of Mumbai) and the joint reorganization with Domtar of key sawmills in Northeastern Ontario. This last transaction required innovative real estate structures in order to address environmental liability matters.