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Power with a Purpose

In the midst of major growth, **Noble Energy**'s focus is on more than simply increasing its business

By Matt Alderton

Teenagers will attest: Growth spurts can be extremely advantageous, but also excruciatingly awkward. On the one hand, they make it easier to reach things previously unattainable, and give you new perspective from a higher plane. On the other hand, they're often uncomfortable, accompanied by sore bones and clothes that no longer fit.

Like kids gaining inches, companies gaining market share must reconcile opportunities with costs—especially when they're faced with rapid growth. Case in point: Houston-based **Noble Energy**, which looks for, finds, and produces oil and natural gas in major basins around the world.

"When I started with the company in 2001, it was a \$2 billion company," says **Arnold "Arne" Johnson**, Noble's senior vice president, general counsel, and secretary. "Today, its market capitalization exceeds \$20 billion. So, we've experienced some incredible growth over the last 10–12 years."

More than ill-fitting shoes, so much expansion so quickly could easily saddle an enterprise with problems that stunt long-term growth instead of spur it. Noble, however, has sustained its momentum by asking not just, "Where do we want to go?" but also, "Why do we want to go there?"

"A few years ago we recognized that we were growing rapidly, and that we had to design an organization that could handle the size and scale we were going to be instead of looking back at the size and scale we had been," Johnson says of Noble, which celebrated its 80th anniversary in 2012. "So, we set out to create a very concise statement answering the question: why are we here?"

The resulting statement—"Energizing the World, Bettering People's Lives"—isn't a mission statement, the company insists. Rather, it's a purpose. "We chose our words very, very carefully," says Johnson, who spent 10 years as a landman in the oil and gas industry before entering the legal side of the business in 1989, when he joined the legal department at ARCO, subsequently acquired by BP. "We think it's important to be an energy company that doesn't just provide energy, but—through everything we do—better people's lives in the places we do business. It's not just a tagline, either; I've seen this purpose come up front and center in many decisions we've made as a company."

It's likewise influenced many decisions that Johnson has made as a general counsel. "Lawyers are notorious for seeing the glass as half empty," he says. "[Our purpose] has really made me be more forthcoming with solutions, whereas in the past I might have been more focused on identifying issues and risks. In other words, I find myself looking through the lens of a leader, not just a lawyer. I'm a lot more thoughtful about how decisions we make as a company can impact—hopefully in a positive way—the communities we're in."

To that end, Johnson isn't just a signatory on company contracts. He's a critical piece of Noble's executive leadership team, overseeing not only its legal and compliance functions, but also its government relations and communications teams, which were formed in 2011 to help fuel and focus the company's mushrooming growth.

"As we grow, we're placing a greater emphasis on corporate social responsibility and business ethics, and transparency is a big part of that," Johnson explains. "We need to be well positioned to tell our story, and that requires clarity in our communications."

Although Noble is focused more than ever on telling its story, its work ultimately speaks for itself. In the Eastern Mediterranean, it has spent over a decade drilling for natural gas in offshore Israel, where it has made some of the most significant offshore natural gas discoveries in the region. The Tamar field, which began producing in 2013, was the largest single discovery in Noble's history at the time of its discovery in 2009.

In addition to overseeing legal aspects of contractual arrangements and issue analyses, Johnson's role in the project is working with company leadership in ensuring its positive impact on Israel, where Tamar has catalyzed both economic and environmental benefits. "The natural gas that's being produced in Israel is replacing coal and oil as a source of generating electricity, so you've got incredible carbon-emissions reductions going on," Johnson explains. "Plus, Israel historically has not had any oil or natural gas production; now it is not only energy-independent, but is also talking about exporting some of its natural gas. It's really transforming the entire country."

Noble is generating similar benefits closer to home thanks to a recent joint venture with **CONSOL Energy**, with which it's developing oil and gas assets in the Marcellus Shale of Pennsylvania and West Virginia.

"It's a good example of operations that are not only providing natural gas, which is becoming a recognized clean-burning resource within the United States, but also jobs," says Johnson, whose team has been intimately involved in setting up the partnership with CONSOL and building relationships with the Marcellus Shale community. "Eighty percent of jobs we added to our workforce in that area last year were local hires."

Along with a slew of other projects—including major developments in the Denver Julesburg Basin in Colorado, deepwater Gulf of Mexico, and West Africa; an annual compliance and ethics summit for its employees; a revised, easier-to-understand proxy statement for its shareholders; and an annual sustainability report, which it began publishing in 2012—Noble's activities in the Eastern Mediterranean and the Marcellus Shale suggest that the key to sustainable growth is responsible growth.

"[Growth] is most effective when it's in the best interest of both the company and the community," Johnson concludes. "Our goal is to respect the integrity of the communities we're in, and to really be a part of them. If a project ends and we leave a community, we want to be welcomed back."

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