

Gibson Dunn Climbs Energy Deal Leader Board on Texas Bet

In the Media | November 20, 2023

Bloomberg Law

A new powerhouse has surfaced in the energy deals market. Gibson, Dunn & Crutcher has worked on more than \$90 billion worth of energy deals so far this year, the highest of any law firm. The century-old, Los Angeles-founded firm, best known for its litigation practice, has steadily climbed the energy deals leader board since opening a Houston office more than six years ago. Several Big Law firms have tried to plant a flag in Texas in the past decade to capture a share of the lucrative energy M&A market. Few have succeeded at the same rate as Gibson Dunn, which sits ahead of longtime local competitors and massive newer entrants in total number of energy deals so far this year. "They entered with some really good, solid lateral groups from other firms, whereas other firms are not as patient," said Tim Regan, a Texas legal recruiter. "Gibson's success is based on who they started with, their foundation partners." Its position in the rankings is a product of the firm's strategic move in 2017 to expand its oil and gas practice by investing in Houston, said Michael Darden, co-chair of Gibson Dunn's oil and gas practice. Darden joined the office the same year from Latham & Watkins, another major firm whose success in the state is seen as a blueprint for outsiders. "We have focused on very high-caliber and well-known attorneys who can develop business, have reputations and have relationships," said Darden. "We started with baby steps but little by little we got on deals, then higher profile deals and more of them." "The Texas market is much more heavily relationship-based versus the work I've seen in New York, where they're shopping law firms," said Regan. Gibson Dunn also hired Justin Stolte from Apache Corporation and Gerry Spedale, Hillary Holmes, Tull Florey, Shalla Prichard, James Chenoweth and Doug Rayburn from Baker Botts to build out its Houston team of founding partners. Last year, it picked up Simpson Thacher & Bartlett investment funds partner James Hays, who launched the firm's fund formation practice and advises on other components of alternative investment management in Houston. The firm in May added Kirkland partner Rahul Vashi, who counts Northern Oil & Gas Inc. and Devon Energy Corp. among his clients, to co-chair the oil and gas practice group with Darden. **The Deals** Gibson Dunn's lawyers advised Pioneer Natural Resources in its \$59.5 billion sale to ExxonMobil, a deal announced last month. The firm in June advised Patterson-UTI Energy, Inc. on its \$5.4 billion merger with NexTier Oilfield Solutions Inc. The next month, it represented Berkshire Hathaway Energy on its purchase of a stake in Cove Point LNG in a transaction valued at \$3.3 billion. It has also made a mark in the overseas energy market. In March, Gibson Dunn's Dubai partners advised Abu Dhabi National Oil Company and ADNOC Gas on the IPO of ADNOC Gas, the largest-ever listing on the Abu Dhabi Securities Exchange (ADX). It was also the largest global IPO this year. The firm's rise comes in a down year for M&A, which drives revenue for many major corporate law firms. Energy deals have been one of the year's few bright spots. That's thanks in part to a pair of blockbuster energy deals in October: The ExxonMobil-Pioneer acquisition and Chevron's \$53 billion purchase of Hess Corporation. The deals helped boost energy transactions volume in the fourth quarter of the year to more than \$158 billion. That's already the highest quarterly total in more than two years for transactions involving coal, oil, gas, pipelines, and alternate sources, according to Bloomberg data. Commodity prices and stability are driving the surge, said Lande Spottswood, an M&A and capital markets partner at Vinson & Elkins. "We had this period of pretty high commodity prices last year with Russia's invasion, which really helped companies get their balance sheets in order and generate a lot of cash," she said. "And then we've had this period of relative stability in prices, in equity, in valuations." **The Competition** Vinson & Elkins has remained at the top of local firms that have long dominated the state's energy market, according to Bloomberg data. It's among the "Big Three," along with Baker Botts, and Norton Rose Fulbright (previously called Fulbright Jaworski). Several national firms have descended on the state in the past decade, seeking a share of the pie. Large corporate firms, including Latham & Watkins, which opened its Houston office in 2010 and Kirkland & Ellis, which followed in 2014, led the charge. Their sizable private equity practices and deep pockets dwarfed those of most local players. Wall Street's Davis Polk, despite not having a Texas office, secured the second spot on the energy league tables, tailing Gibson Dunn. Latham has also been among the most successful newcomers, according to Bloomberg data. The firm's move into Texas—with lateral hires from across V&E, Baker Botts, and Akin Gump—was at the front end of a wave of Big Law moves into the Lone Star State. "Latham was definitely the first to come into the market and they made some really big flashy hires, significant partners, and built a big office pretty quick," said Regan. Others have had a harder time making a mark. Willkie Farr & Gallagher entered Houston in 2014, looking to flex its private equity power. The three partners who founded the office all left last year for different firms, among wider exits. Cadwalader, Wickersham & Taft closed its six-year-old Houston office in 2017 to focus on financial institutions instead of energy and commodities. **Looking Ahead** Gibson Dunn is among several major law firms that have tinkered with partner pay in recent years to try to attract and retain rainmakers, especially on the deals side. The firm's top partners reportedly can earn as much \$13 million per year. The firm is still looking to grow its energy practice, which also has a presence in London and Singapore and recently expanded

GIBSON DUNN

into the UAE, Darden said. It's also likely to see new competition in Texas. Clifford Chance, a UK "Magic Circle" firm, in June opened an office in Houston. The outpost launched with a 10-partner team focused on energy infrastructure transactions, including hires from Jones Day, Kirkland, and Latham. "Especially with Shearman & Sterling's merger with Allen & Overy and Clifford Chance opening in Houston, I think there could be a couple more firms opening offices in the future," said Wendy Boone, a recruiter at Lateral Link.

Reproduced with permission. Copyright November 20, 2023, Bloomberg Industry Group 800-372-1033

<https://www.bloombergingustry.com>