

MVP: Vinson & Elkins' Steve Gill

Law360, New York (December 18, 2017, 5:41 PM EST) -- Vinson & Elkins LLP's Steve Gill has helped clients execute major mergers and acquisitions over the past year, including one that established one of the largest natural gas producers in the country, securing him a place as one of Law360's 2017 Energy MVPs.

ON A MAJOR ACCOMPLISHMENT FROM THE YEAR:

Gill was lead counsel for Rice Energy on its \$6.7 billion cash-and-stock acquisition by EQT Corp. He said despite some obstacles, "the transaction made tremendous sense." According to a statement from when the deal was announced, the transaction called for Rice common stock shares to be handed over in exchange for \$5.30 in cash and 0.37 of a share of EQT common stock each.

The transaction would give Rice Energy's acreage in the Appalachian region to EQT, boosting the natural gas producer's footprint in the Marcellus and Utica shales, the companies said when announcing the deal.

According to Gill, it was essential to ensure the value of the deal was correct before pushing it over the finish line.

"You are not only trying to understand ... what is EQT, what is their valuation, but also what is the valuation of EQT when you layer in the Rice assets and you take away the fact that Rice won't be operating anymore, it will be EQT," he said of his approach. "A lot of work goes into that. ... Then it is really a function of doing a due diligence effort that will make sure you are protected against any [downside]."

He saw the deal as part of a trend of consolidation in various basins around the country.

"I do think you are going to see more of these consolidation plays within given basins," he said. "You have different basins throughout the country that really have probably too many players in them and

MVP



Steve Gill
Vinson & Elkins

companies can strategically combine together to generate scale and generate efficiencies and help learn about each others' technical expertise in drilling those basins."

CHALLENGING ASPECTS OF THE DEAL:

In the summer of 2016, Gill said, Rice got pretty far down the line on a deal with EQT, but the process took time. Gill referred to the saying, "time is no friend to any deal."

"In the meantime, Rice's stock took off and increased in value and EQT's stayed a little flat and actually went down a little bit," according to Gill.

So that caused some problems, he said.

"A deal that made sense at the exchange ratio that was agreed upon started to look bad optically with the lack of a premium and the like. So, it was put on hold," he said.

It got back on track in the spring of this year. But then Gill had to overcome some shareholder objections. Some wondered if EQT, which had midstream and upstream business segments, was valued properly — and there were questions about whether these assets should be separated. EQT's deal with Rice exacerbated the valuation concerns, Gill said, summarizing the thinking of some shareholders.

"Fortunately, both sides of our deal team, both the Rice and EQT side, were able to effectively counter the activists' argument and the deal passed overwhelmingly," he said.

ON BEING AN M&A ATTORNEY WHO DEALS IN THE ENERGY SPACE:

Gill's presence in Houston naturally means he often works on energy deals.

"It is the dominant industry down here and since I started at the firm in 2001, I've been doing energy deal after energy deal after energy deal," he said, adding his work can extend to other sectors, too.

"It is exciting because energy, it is a very capital-intensive industry, so that brings with it obviously the need for capital, the need to sell and trade securities and the need to be efficient. So the efficiencies are what drive people towards the M&A side of it," Gill said.

ADVICE FOR YOUNG ATTORNEYS:

He said that it is important to understand how the deals work and gain experience.

"What is important to developing as an attorney is getting the right level of deal flow early on in your career so you can see a variety of things," he said. "Even now, I'll draw upon the experiences I had 10 years ago when I was a midlevel associate."

Plus, hours on the job count, Gill said.

“If you do 2,000 hours' worth of work in a year, you are basically four-fifths the attorney of somebody who is doing 2,500 hours of work,” he said, adding that he wasn’t necessarily advising anybody to work 2,500 hours in a year. “If you have more of the work and do more of it, you can accelerate your development.”

The life isn’t for everybody, but his family has been understanding, he said.

“It is just being able to manage the ebbs and flows of deal work,” he said, adding that young attorneys need to know what they are getting into.

When things get busy, however, “You have to do what you have to do.”

— *As told to Michael Phillis*

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