

Texas Powerhouse: Bracewell

By Eric Heisig

Law360 (August 8, 2022, 2:02 PM EDT) --From overseeing energy giant Holly Energy Partners' multibillion-dollar purchases to working toward obtaining a \$1.6 billion judgment against IBM, Texas' Bracewell LLP had a banner 2021, which the firm's leaders said reaffirmed to existing and potential clients its strong track record of providing legal services in myriad practice groups.

Attorneys at the Houston-headquartered energy and technology-focused law firm also worked for much of the year to help a large energy infrastructure company close a \$1.23 billion purchase of a natural gas storage company and defended oil megacompany Hilcorp Energy Co. from a potential class action that accused the company of underpaying royalties.

Those and other work the firm performed for its major clients earned it a spot among Law360's 2022 Regional Powerhouses.

The firm was founded in 1966 by Searcy and Fentress Bracewell and five others as a successor to the firm the brothers started with their father 21 years prior. It now boasts 295 lawyers across the U.S., with about 200 working in Houston and others spread out throughout Texas in Austin, San Antonio and Dallas.

Dallas in particular was a point of pride in 2021, after Bracewell **hired** the former head of Thompson & Knight LLP's health care litigation practice and five others from that firm.

"I think it's fair to say our firm continues to evolve," said Stephen B. Crain, chair of the litigation section. "It's a competitive marketplace. Everywhere we compete, it's super competitive. But I think what is happening more and more is that the market as a whole is recognizing just how broad our expertise is, and our depth of expertise in specific areas."

Steering Multiprong Energy Deal

Few of the deals that Bracewell's mergers and acquisitions lawyers worked on in 2021 were larger than the one in which Dallas-based HollyFrontier and Holly Energy Partners bought refining and marketing subsidiaries of The Sinclair Cos. to create an integrated downstream oil and renewable fuels company.

The deals, announced in August 2021, closed in March. The purchases include Sinclair's 1,200 miles of



pipelines, eight terminals and two crude terminals with storage capacity for 4.5 million barrels of oil. The company also bought Sinclair's portion of three joint pipeline ventures. Finally, Holly established HF Sinclair Corp. as the new parent company.

The deal, worth \$2.6 billion, drew scrutiny from the Federal Trade Commission and the ire of at least one shareholder who filed suit.

G. Alan Rafte, the chair of Bracewell's business and regulatory section, said that consolidation in the midstream energy business is now the name of the game, though this transaction came at a time when he said the firm spent more time on bankruptcies for energy companies than mergers and acquisitions.

The market has picked up, though, and Rafte boasted that "we have a deal that will dwarf the Holly Energy Partners (one)."

Taking On IBM – And Winning

The firm also spent 2021 litigating and laying the groundwork for what turned out to be a sweeping trial victory for BMC Software Inc.

The Houston-based firm claimed that computer giant IBM Corp. breached a licensing agreement while providing IT outsourcing services to AT&T as it completely replaced BMC's software with its own.

U.S. District Judge Gray Miller held a bench trial in March for the lawsuit, filed in 2017. In May, he awarded BMC about \$1.6 billion in direct contract damages, punitive damages and prejudgment interest, writing that IBM had "exploited" BMC for its own gain, "cementing its abdication of good faith and fair dealing in the service of its own self-interest."

Finessing Financing, Diligently Defending

Other accomplishments include serving as co-bond and co-disclosure counsel to the North Texas Tollway Authority as it obtained \$848 million in bond financing, and representing energy infrastructure company Kinder Morgan Inc. as it bought Stagecoach Gas Services LLC for \$1.23 billion. Bracewell also successfully defended oilfield industry laser drilling company Foro Energy from a trade secrets lawsuit over a development system, with the ruling coming just after New Year's 2022.

Finally, largely based on work lawyers at the firm did last year, a judge in March granted a motion to dismiss in a potential class action that Hilcorp Energy Co. faced alleging unpaid natural gas production royalties.

All of this was handled as the world continued to grapple with the effects and fallout of the coronavirus pandemic. Curiously, Crain said that using Zoom and Webex to videoconference has made the work easier.

"It's just a little bit better than being on a conference call," he said. "There was generally sort of more availability for collaboration. At least that was my perception. People were anxious for connection, and I think we've benefited by that in terms of it increasing our collaboration."

And the accomplishments continue to roll in. In March, the Southern District of Texas' leadership chose

appeals-focused partner Yvonne Y. Ho to serve as a federal magistrate judge, a move Crain praised because of her "exceptional" skills.

"If you look at the laterals that we've been adding over the last several years, we're clearly being identified as a place where people want to bring their practices," Crain said. "So it's a good time to be a Bracewell lawyer."

--Additional reporting by Michelle Casady, Jessica Corso and Bryan Koenig. Editing by Patrick Reagan.

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