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2016 EUGENE KUNTZ AWARD FOR LEADERSHIP IN NATURAL RESOURCES LAW AND POLICY: LARRY NICHOLS

Introductory Remarks by R. Clark Musser

Winston Churchill tells us:

"We make a living by what we get; we make a life by what we give."

Churchill is telling us, of course, the value of our lives is measured by what we give to others and by what we give back to our communities, not our portfolios. By this standard, this year's recipient of the Kuntz Award has lived, and continues to live, a life of immeasurable value and importance.

Our honoree is Larry Nichols, co-founder of Devon Energy Corporation and the company's current Chairman Emeritus.

It may be said: Larry Nichols has contributed more to our nation's quest for energy independence than any other Oklahoman, perhaps more than any other American, at least in modern times

The seed that grew and blossomed into Devon Energy was planted in Oklahoma City in 1971, and as a result of countless visionary business decisions, including 30 mergers and acquisitions, Devon has become the second largest on-shore independent oil and gas exploration company in the United States. Devon has a market capitalization of \$20 billion, making it the first or second most valuable company, depending on stock prices, in Oklahoma. (Devon and Williams Companies, Inc. are the two most valuable companies in Oklahoma.)

To give us a sense of just how immense and how important Devon is to our state and nation, consider this: Devon is now larger than Texaco when it merged into Conoco; Devon is larger than Phillips Petroleum when it merged into Conoco, creating ConocoPhillips.

Not long ago Larry was interviewed by a reporter who was complimenting him upon the meteoric rise of his company to the summit of independent oil and gas producers and how large Devon had become in such a short period of time. Larry---in his inimitable, even self-effacing manner---responded by saying, "In comparison to ExxonMobil, Devon is just a peanut." The reporter was taken aback by Larry's humility, prompting the reporter to ask, "Mr. Nichols, just how big might Devon become, how big do you want it to be?" Larry replied, "Maybe as large as a cashew."

Devon employs 5,000 men and women, more than 2,000 of whom are right across the street in the Devon Tower, an architectural jewel that

towers over Oklahoma City's skyline as an iconic symbol of our capital city and its newfound transformative vibrancy.

This year Devon Energy was named by Fortune Magazine as one of the world's most admired companies, ranking number 2 in the world as among other oil and gas companies. (Devon's actual ranking among all companies in the world is 126.)

For eight consecutive years, Devon Energy was named by Fortune Magazine as one of the 100 Best U.S. Corporations for Which to Work.

Except for the past few years, Larry has been the overseer of Devon's remarkable growth, prosperity and accomplishments, although he would be the first to say that his dad, John W. Nichols, and others, have been integral.

But as financial analysts and high level personnel in the company tell us, without Larry's towering intellect, financial prowess, tireless work ethic, dedication to stockholders, devotion to employees, the only Devon we might know would be a shire in England: Devonshire, after which the company was named.

Let's take a glimpse of young Larry, in the days prior to the establishment of Devon. Larry grew up in Oklahoma City and graduated from Princeton with a major in geology. He loved, and still loves, the history of our earth as revealed by subsurface strata. Larry earned his law degree from the University of Michigan, where he was initiated into Order of the Coif.

After law school, Larry clerked for two justices of the U.S. Supreme Court: Associate Justice Tom Clark and Chief Justice Earl Warren. Chief Justice Warren is regarded by many historians as the most influential Chief Justice of the 20th Century. (John Marshall is generally regarded by historians as the most influential chief justice in our nation's history.) On Saturdays Larry would frequently have lunch with Chief Justice Warren; they would discuss everything from Major League Baseball to the cases on which they were working. Following his service to our nation's highest court, Larry worked in the U.S. Department of Justice under William Rehnquist, who, as we all know, would later become Chief Justice of the U.S. Supreme Court.

Larry loved the law and the intellectual stimulation associated with being a lawyer. In 1970 Larry was ready to enter the private practice of law. He was interviewing with law firms in Washington, DC, where he could make considerably more money than in his hometown. Larry then received what can aptly be described as the more important phone call of his life: a call from his dad that would change his life and, in due time, transform Oklahoma and America's energy industry. "Son," Mr. Nichols said, "I need you to come home so we can start our own oil and gas company." Larry queried, "What's the salary, Dad?" Mr. Nichols answered with a dollar

figure, prompting Larry to reply, “But Dad I can get two or three times that much here in Washington, DC.” “That may be so, son,” said Mr. Nichols, “but you’re not worth that much.”

Mr. Nichols, who was a CPA, delighted in in telling his friends, “My son had exactly the skills I wanted. He had a geology degree and a law degree; and he couldn’t read a financial statement.” In other words, Larry could find hydrocarbons, and he could negotiate and write contracts, but he couldn’t read the financial statements that revealed Devon had no assets except for a \$5 million tax loss carry-forward.

Larry’s dedication to Devon is equaled by his devotion to our community. Larry has chaired nearly every significant organization in our state. Just a few of the myriad positions he has held in our city, state and nation include:

Chairmanships of the American Petroleum Institute; National Cowboy & Western Heritage Museum; Oklahoma Nature Conservancy; the Oklahoma City Chamber of Commerce; and the State Chamber of Commerce.

Directorships include the National Petroleum Council; National Association of Manufacturers; Dean McGee Eye Institute; Arts Council of Oklahoma City; Oklahoma Medical Research Foundation; Sonic Corporation; and Baker-Hughes Company.

What are Devon’s core values? Devon’s website, for all the world to see, tells us they are:

Always do the right thing.

Be a good neighbor.

Be a team player.

Deliver results.

And there’s a plaque on the floor in the rotunda of the Devon Tower that reads, “Integrity.”

Devon’s core values are the core values of this incomparable man, Larry Nichols.

Allow me, please, to share with you a few quotes from men and women who know our honoree well.

David Boren, President of OU, extends his congratulations to you, Larry. President Boren is quite pleased you’re receiving the Kuntz Award. President Boren says:

“Larry Nichols is an extremely important and influential figure in the energy industry. There would simply be no Devon Energy without the very significant contributions he has made. Larry has not only contributed his great intellectual ability to the company, he has also been a committed citizen to our state.”

Governor Mary Fallin writes:

“Larry Nichols is one of the modern pioneers who helped make Oklahoma the great state it is today. He and his father, John, steered Devon Energy through the 1980s oil bust, setting the stage for the Oklahoma City-based company to grow into one of the oil and natural gas industry’s leading independent producers, providing thousands of jobs. Oklahoma City, and this state, have benefitted immensely from Larry Nichols’ vision and wisdom.”

Burns Hargis, President of OSU, is an OU Law graduate, who knew Gene Kuntz well. President Hargis said that Gene Kuntz would be proud, humbled and honored that Larry Nichols is this year’s recipient. President Hargis tells us:

“It was a great day for Oklahoma when John Nichols lured his son home to join in the search for oil and gas. Larry built Devon Energy into one the most important independent energy companies in the country. Furthermore, Larry also became a key catalyst in the equally amazing development of Oklahoma City. Oklahoma City would not be where it is today without the leadership of Larry Nichols.”

Frank Keating, former Governor of Oklahoma, says,

“Larry Nichols exemplifies the character, substance, integrity and wisdom of all that was great and good about Eugene Kuntz. The Kuntz Award is a natural for an extraordinary energy leader, and Larry Nichols is truly extraordinary.”

Bob Blackburn, Executive Director of the Oklahoma Historical Society, shares this with us,

“To find comparisons to Larry Nichols in Oklahoma history, you have to go back to Frank Phillips and Dean McGee to find similar stories of entrepreneurial ability and community leadership. Larry, like Phillips and McGee before him, has built a legacy that will continue to serve Oklahoma for many generations into the future.”

The list of prestigious awards that have been bestowed upon our honoree is, quite simply, breathtaking. To name just a few:

Recipient of the Gold Medal of Distinguished Achievement Award by the American Petroleum Institute, given in recognition of Larry’s entrepreneurial spirit and vision (2015);

Named Oklahoman of the Year by *Oklahoma Today* magazine (2013);

Named Oklahoma’s Most Admired CEO by *The Journal Record* selected (2010);

Named Hero of the Industry by the National Stripper Well Association (2008);

Induction into the Rocky Mountain Oil & Gas Hall of Fame (2004);

Recipient of the Best Business Acumen Award, presented by World Oil Magazine (2002).

The list goes on and on.

The importance of the entire Nichols family to our community and state cannot be overstated. John Nichols, Larry Nichols and his wife, Polly, have all been accorded Oklahoma's highest honor: induction into the Oklahoma Hall of Fame. Larry's mother, Mary, has received the highest honor OU bestows, an honorary doctorate. Mrs. Nichols was OU's inaugural recipient of the Oklahoma Trailblazer Award.

Polly's significant accomplishments and skilled leadership in our community merit elaboration; Larry would have it no other way. Polly holds two degrees from OU, where she was "Miss Everything." Her undergraduate degree is in political science, and her Masters is in Library Science.

Polly has chaired nearly every major nonprofit in Oklahoma City. Perhaps her two signal organizations are: the Oklahoma Foundation for Excellence, which focuses on private support for public schools; and the Oklahoma City National Memorial Foundation & Museum for which she co-chaired the funding to establish the Memorial.

And what is most precious in Larry and Polly's lives? Their family. Larry and Polly have two children, Tyler and Sally. Tyler and his wife, Caroline, have two children. They live in Richmond, Virginia, where Tyler is a financial and equity investment analyst.

Sally and her husband, Jeff, live in Oklahoma City with their two daughters. Sally is following her mother's example as a selfless volunteer for various charities and organizations. Jeff is a lawyer in Devon's Law Department.

Let's conclude.

Larry Nichols, by his words and his deeds, has attained the summit in both business and civic responsibility. He has earned:

- the respect of the financial world and the oil and gas industry;
- the veneration of our political leaders at every level;
- the admiration of university presidents;
- the appreciation of those in fine arts; and
- the awe of the general public.

In crafting Devon Energy, Larry has sculpted a masterpiece that captures our imagination, elevates our spirits, challenges and inspires us, and perhaps most importantly, motivates each of us to serve our clients better, work harder for our employers and give back more to our community.

Larry is the rarest individuals: He is supremely practical, and he is a visionary.

Devon Energy, thanks to Larry's pragmatism and vision, will live for generations to come.

If we look to the future, let's say the year 2057, which will be the 150th birthday of Oklahoma's statehood. Historians writing about Oklahoma will surely include a chapter about the oil and gas industry and a chapter on Oklahoma philanthropists. In this future history book, Larry Nichols merits personification as the very best of the oil and gas industry and commerce, and the benchmark by which philanthropy and good citizenship are measured.

Joe Harroz, Dean of the OU College of Law, will present the Kuntz Award to Larry Nichols.