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San Antonio-based oil company wins \$9.3 million in federal jury trial

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A federal jury ended a four-year old legal dispute over a bad business deal in the Bakken Shale region of Montana and awarded a San Antonio-based oil company nearly \$9.3 million in damages.

Following a two-week trial before U.S. District Court Judge Royce C. Lamberth in San Antonio, federal jurors sided with U.S. Enercorp LTD in their breach of contract lawsuit against California businessman Ringo Shapiro and two of his companies.

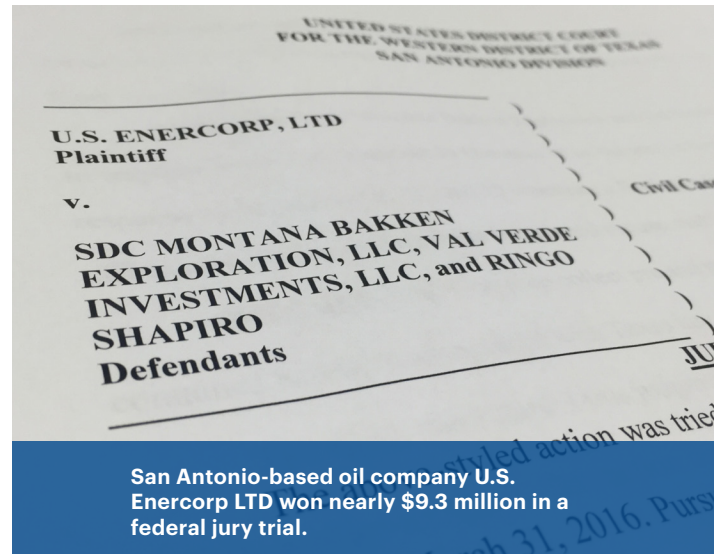
A final judgment entered on March 31 shows that federal jurors awarded Enercorp a total of \$9,291,570.06 in damages, of which \$3 million is listed as punitive damages.

Case History

Originally filed with San Antonio's 166th State District Court, Enercorp sued Shapiro, his San Antonio-based company SDC Montana Bakken Exploration LLC and his Santa Monica, California-based company Val Verde Investments LLC in November 2012.

The case landed before Judge Lamberth in federal court on New Year's Eve 2012 where Shapiro and his companies later filed a counterclaim of \$6.7 million.

After years of legal wrangling, the case finally went to trial on March 18. Jurors heard at least eight days of testimony spread out over two weeks where they learned that the companies all started the Bakken Shale business deal together but concluded that Shapiro, SDC Montana and Val



Verde Investments illegally interfered with Enercorp's oil leases in Montana creating a breach of contract.

Reaction

U.S. Enercorp President Bruce C. Gates said he was extremely happy with the verdict but noted that he was "forced" to file the lawsuit in order to rid his company and landowners of a "scourge."

"We are not a litigious organization, but a menace infiltrated our business dealings in Montana, illegally as proven by the court verdict, and threatened to compromise the productive efforts of many people only for the greed of one egregious man," Gates said in a statement.

Gates was represented by attorneys with the San Antonio-based boutique energy law firm Santoyo Moore Wehmeyer P.C.. Lead attorney Corey Wehmeyer told the Business Journal that jurors sent a "loud message" that the bad business practices demonstrated in the case will not be tolerated in Texas or in the oil and gas industry.

"The verdict is also a reaffirmation of our judicial process and that juries get it right," Wehmeyer said.

Shapiro and his companies were represented by attorneys with the Taillieu Law Firm of Los Angeles, who could not immediately be reached for comment. It's not clear if the California businessman or his companies will file an appeal.