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Jury awards \$2.78 million against Anadarko in natural gas royalties case

BY SERGIO CHAPA
Reporter, San Antonio Business Journal

A jury in Zapata County has awarded \$2.78 million in damages and attorney fees in a natural gas royalties case filed against Anadarko Petroleum Corp. and one of its subsidiaries.

Los Corralitos Ranch owner Betsy Mecom and Wahatoya, Ltd. filed a breach of lease lawsuit against Kerr-McGee Oil & Gas Onshore LP its parent company Anadarko back in 2007.

Both Mecom and Wahatoya Ltd. alleged that between 2004 and 2011, Kerr-McGee and Anadarko failed to pay the appropriate royalties on natural gas leases for more than 100 wells located on land they owned along the Rio Grande River and the rolling hills of deep South Texas.

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The case remained pending in the court system until March 31, when the case went to trial before Judge Jose Antonio Lopez with the 49th State District Court in Zapata.

Closing arguments took place on April 7 followed by three hours of deliberations from a two-man, 10-woman jury, who sided with Mecom and Wahatoya Ltd.

The jury ordered Kerr-McGee and Anadarko to pay \$2.3 million in damages as well as \$478,000 in attorneys fees.

Corey Wehmeyer with the San Antonio-based energy law firm Santoyo Moore Wehmeyer P.C. represented Wahatoya Ltd. in the case and spoke to the San Antonio Business Journal.

Wehmeyer said the case took years to assemble complicated ac-



counting information on more than 100 natural gas wells.

With trial support from Lindsay Riley of Cox Smith and transactional assistance by David Roth of Elder Bray, Wehmeyer and Mecom's attorney Michael Jones with Jones Gill, LLP presented jurors with two price scenarios: one where Kerr-McGee and Anadarko owed more than \$11 million and another where they owed \$2.3 million.

Defense attorney D. Mitchell McFarland referred all questions from the San Antonio Business Journal to an Anadarko spokesman who could not immediately be reached for comment.

Wehmeyer said Kerr-McGee and Anadarko made \$230 million from the leases, but denied wrongdoing and presented a price scenario where they did not owe any money but jurors did not agree.

"Jurors tend to get it right," Wehmeyer said. "In this case, they listened to a lot of complicated, dense accounting information and in this case, returned a verdict that they believed was appropriate."

No money has been paid out in the case with Kerr-McGee and Anadarko expected to file an appeal with the 4th Court of Appeals in San Antonio.

Regardless, Wehmeyer said that the case represents the first court-room victory for his law new firm, which was launched in the Alamo City late last month.

"Right out of the gate, Santoyo Moore Wehmeyer got a significant jury verdict," Wehmeyer said.