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Enercorp Wins \$9.2M Verdict in Dispute Over Oil and Gas Leases

A long contentious lawsuit involving Bakken shale oil and gas leases recently lead to a Texas federal jury awarding a total of \$9,291,570 to U.S. Enercorp Ltd., which contended that it allegedly had sustained tortious interference with a prospective contract and an existing contract by defendants SDC Montana Bakken Exploration, Val Verde Investments and Ringo Shapiro.

BY ANGELA NEVILLE

A long contentious lawsuit involving Bakken shale oil and gas leases recently lead to a Texas federal jury awarding a total of \$9,291,570 to U.S. Enercorp Ltd., which contended that it had sustained tortious interference with a prospective contract and an existing contract. The defendants in the case include SDC Montana Bakken Exploration, Val Verde Investments and Ringo Shapiro.

The case was originally filed in the 166th District Court of Bexar County in 2009, and then removed to the U.S. District Court for the Western District of Texas in 2012.

In its recent verdict, the jury determined that all three defendants intentionally interfered with the acquisition agreement related to the SEPCO contract that allegedly would have gone to Enercorp. As well, the jury concluded that Enercorp sustained \$1,547,861 in damages as a result of the tortious interference.

The jury determined that Enercorp and SDC Montana entered into a 50-50 agreement in which they agreed to split the proceeds from the SEPCO agreement after compensation to another party, JL Resources. The jury further concluded that the three defendants interfered



Corey Frank Wehmeyer, a partner with the San Antonio firm Santoyo Moore Wehmeyer

with the 50-50 agreement and, consequently, Enercorp sustained \$3,113,709 in damages.

The jury also awarded Enercorp \$3,030,000 in exemplary damages after determining that the harm that Enercorp suffered was due to “malice” on part of the three defendants.

As well, the jury determined that defendants SDC Montana

and Val Verde failed to comply with all the terms of the collaboration agreement that they entered into with Enercorp that required all parties to transfer all oil and gas interests in certain properties and also required Enercorp to distribute proceeds in accordance with the agreement. The jury concluded that as a result of the two defendants' failure to comply with the collaboration agreement, Enercorp sustained \$1.6 million in damages.

The jury determined that Enercorp had also failed to comply with the collaboration agreement and concluded Enercorp owed SDC Montana and Val Verde \$2,512,500 in damages for its breach. However, U.S. District Judge Royce C. Lamberth, who

presided over the case, held in his recent judgment that SDC Montana and Val Verde should take nothing since the jury had found the defendants had first breached the collaboration agreement and that constituted a finding in favor of Enercorp on its affirmative defenses of "material breach and excuse."

Corey Frank Wehmeyer, a partner with the San Antonio firm Santoyo Moore Wehmeyer, was the first chair litigator on behalf of Enercorp in the case. Benjamin Robertson, a Santoyo attorney, was second chair litigator.

"Santoyo Moore Wehmeyer P.C. is very proud to have had the opportunity to present to a federal jury this important case for U.S. Enercorp Ltd. and the Texas oil and gas

industry," Wehmeyer said. "The \$9.3 million judgment, including \$3 million in punitive damages, against these defendants and the take-nothing verdict and judgment disposing of the defendants' \$6.7 million counterclaim sends a loud message that their business practices will not be tolerated in Texas or the industry. The verdict is also a reaffirmation of our judicial process and that juries get it right."

Olivier A. Taillieu, the founding partner of the National Injury Law Firm based in Beverly Hills and formerly the founding partner of The Taillieu Law Firm, and Maura Gewirtz, an attorney with the National Injury Law Firm, represent the three defendants in the lawsuit. Taillieu declined to comment about the case.