

TEXAS LAWYER

West Texas Jury Awards up to \$2.5 Million to Driftwood Energy

By Laura Lorek
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A jury awarded Driftwood Energy Operating LLC, up to \$2.5 million in damages and fees on April 9 in a breach-of-contract lawsuit against KLX Energy Services LLC.

The 12-member jury delivered its unanimous verdict after deliberating for about an hour, following a three-day trial in the 112th District Court of Upton County in West Texas.

Judge Pedro Gomez Jr. presided over the trial, which began April 7.

The jury awarded Driftwood \$1,356,816 in actual damages and another \$800,000 in attorney fees, with an additional \$335,000 for potential appeals.

"Driftwood is pleased this jury of peers in Upton County sent a message that business ethics are important and companies must be held accountable to honor their promises," said Corey Wehmeyer, Driftwood's counsel with Santoyo Wehmeyer, which has offices in San Antonio, Houston and Midland.

Attorneys David Whittlesey and Michael Schneider of A&O Shearman in Austin represented KLX.



Texas oil field.

"While we respect the jury's verdict on damages and we appreciate their time, we most certainly intend to appeal," Whittlesey, partner of A&O Shearman, said in a statement. "This was a trial on damages. A summary judgment had previously been entered by the court in favor of the plaintiff, finding that the defendant's email price estimate for services on a well that had not even been permitted or drilled yet was a contract. And the court also found that the alleged contract had been breached. We disagree strongly

with that summary judgment ruling that led to this jury trial on damages. We intend to appeal the underlying summary judgment finding as well as the damages verdict from the jury.”

Driftwood, an exploration and production company, sued KLX, an oilfield services provider, in June 2022, alleging the company breached an agreement to provide pressure pumping services on oil and gas wells in Upton County.

The jury found a contract existed between Driftwood Energy and KLX Energy Services based on a March 3 email chain and a 2018 Master Service Agreement, known as the “Pressure Pumping Contract,” according to the verdict.

Under the contract, KLX agreed to perform pressure pumping services for Driftwood on

eight wells—four in August 2022 and four in October 2022, at the rate of \$8,000 per pump hour, according to the lawsuit.

The jury found KLX failed to comply with the terms of the contract.

Houston-based KLX, a publicly traded company with operations throughout the United States, denied that an enforceable contract existed, and contested all liability claims.

Driftwood’s Co-CEO Mickey Friedrich and KLX’s President and CEO Christopher Baker testified as corporate representatives.

The case is *Driftwood Energy Operating LLC v. KLX Energy Services LLC*, Cause No. 22-06-U4942-ANC.

The Driftwood trial team included Brock Skelley, Stephanie Dishman, Renee Yanta and Corey F. Wehmeyer of Santoyo Wehmeyer P.C.