

TEXAS LAWYER

\$16M From a Laredo Jury? Yes. And \$900K in Attorney Fees

By Adolfo Pesquera

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What You Need to Know

- A ranch owner's interference with an oil and gas company's lease rights resulted in a \$16 million verdict for the defendant energy company.
- The ranch owner alleged breach of contract, trespass, fraudulent inducement and other claims.
- EOG Resources convinced a jury it did not violate the terms of the lease and a separate water purchase agreement.

A state court jury in Laredo awarded up to \$16 million to a Houston oil and gas exploration company and its legal counsel in a lawsuit over its rights to access and develop wells on a Webb County ranch.

Jurors also awarded up to \$905,000 for attorney fees.

Publicly traded EOG Resources Inc., a company that earned adjusted net income of \$6.8 billion in 2023, was the defendant in a trial that concluded Sept. 27 in Webb County's 111th District Court, with Judge Monica Notzon presiding.

Dean and Jana Davenport, owners of the JasperRuth Ranch, filed a lawsuit in 2023 for breach of contract, fraudulent inducement and



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other claims related to providing water for an oil terminal, as well as trespass and other requests intended to stop development of the oil terminal.

EOG Resources, represented by Corey F. Wehmeyer of Santoyo Wehmeyer P.C. in San Antonio, filed counterclaims alleging the Davenports wrongfully interfered with EOG's real property rights.

EOG, in its amended counterclaim noted the subject lease covers 24,870 acres and has been in place since 1967, but with a different land-owner-leaseholder parties. EOG came into possession of the lease rights, and in 2020 the Davenports purchased the land.

In early 2023, EOG notified the Davenports of the oil and gas operator's intention to construct an access gate at a point where it would also build a road on the ranch and power lines as part of its plans to build an oil terminal site and well pads, according to EOG's amended petition and counterclaim.

Davenport allegedly insisted EOG use a county road rather than build a road across ranch property, according to the filing. EOG, in its counterclaims, noted the county road was unpaved and impassible during times of measurable rain.

Prior to the trial, the judge, Notzon, had to decide on motions from both sides to stop the other.

Following an April 11, 2023, evidentiary hearing, Notzon granted a temporary injunction against the Davenports, which allowed EOG to construct the access gate, its road and the terminal facility.

The key issue at trial was a Jan. 31, 2022, water purchase agreement between EOG and the Davenports that provided EOG could buy water for its future operations at 45 cents a barrel.

"In a tantrum over this litigation that was unhinged from fact or law, Davenport told EOG in no uncertain terms that he was refusing to comply with the Water Purchase Agreement ... instead, he insisted on a much higher price," Wehmeyer stated in the counterclaims.

This allegedly forced EOG to secure agreements with neighboring ranch owners to purchase water, and for several months EOG also had to buy water from Davenport at \$1 per barrel. Davenport allegedly later refused to perform under the water purchase agreement altogether,

and allegedly barred EOG from use of the frac pond EOG paid to construct, according to EOG.

EOG sought damages for delay costs of paying standby crews while Davenport excluded EOG from the property; delay costs associated with the production facility not being put online; and attorney fees.

Trial commenced Sept. 23. On Sept. 27, the jury returned a verdict finding that EOG did not fail to comply with the water purchase agreement, and the Davenports did fail to comply with it.

Damages awarded to EOG total \$14,954,784.

In addition, the jury awarded EOG's legal team \$700,000 through the trial phase, and up to \$205,000 for appeals.

Lead counsel for the Davenports was Jason Davis of Davis & Santos, San Antonio. Plaintiffs' counsel did not respond for comment.

- Case: *Davenport v. EOG Resources Inc.*
- Case No.: 2023CVG000491D2
- Description: Mineral Rights Contract
- Filing Date: April 5, 2023
- Verdict Date: Sept. 27, 2024
- Judge: Webb County 111th District Court Judge Monica Notzon
- Plaintiff Attorneys: Jason Davis and Hayley Ellison of Davis & Santos, San Antonio; Leslie Hyman of Pulman, Cappuccio & Pullen, San Antonio; Alison White Haynes of Trevino Haynes, Laredo.
- Defense Attorneys: Corey Wehmeyer, John Ellis, Andrew Simank, Renee Yanta and Patrick LeMasters of Santoyo Wehmeyer; David Ortega of Naman Howell Smith & Lee, San Antonio.