COURT OF CHANCERY OF THE STATE OF DELAWARE

Mudrick Capital Management L.P. v. QuarterNorth Energy Inc.

Mudrick Capital · No. C.A. No. 2024-0106-LWW · Decided January 12, 2026

SUMMARY

The Delaware Court of Chancery denied QuarterNorth Energy Inc.'s request for leave to move for partial summary judgment. The court concluded that the standing issue could be resolved by stipulation, while the plaintiffs' bad-faith and valuation disputes involved fact-intensive questions better addressed after trial.

CASE DETAILS

COURT	Court of Chancery of the State of Delaware
WRITING FOR THE COURT	Lori W. Will
JURISDICTION	Delaware Court of Chancery
DECIDED	January 12, 2026
DOCKET	C.A. No. 2024-0106-LWW
DISPOSITION	other
PROCEDURAL POSTURE	Defendant QuarterNorth Energy Inc. requested leave to move for partial summary judgment on standing, a bad-faith claim, and interpretation of warrant-agreement valuation provisions. The Court of Chancery denied the request.
STANDARD OF REVIEW	Summary judgment is appropriate when there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law. The court has discretion to deny summary judgment when further factual development at trial would clarify the law or its application.
PRECEDENTIAL VALUE	Published Court of Chancery opinion

TOPICS

summary judgment · standing · contracts · commercial litigation · civil procedure

PRACTICE AREAS

civil procedure · contracts · commercial litigation · corporate law

QUESTIONS PRESENTED

1. Whether QuarterNorth should be granted leave to move for partial summary judgment on the issue of whether Mudrick Capital Management L.P. and Ellington Management Group lacked standing because they were not warrant holders.
2. Whether partial summary judgment was appropriate on the plaintiffs' bad-faith claim based on an alleged lack of evidence that QuarterNorth's board was controlled.
3. Whether partial summary judgment was appropriate to determine whether the warrant agreements mandated use of a trading price to calculate the fair market value of a QuarterNorth share.

HOLDINGS

1. Leave to move for partial summary judgment was unnecessary on the standing issue because the plaintiffs conceded that Mudrick Capital Management L.P. and Ellington Management Group were not holders under the warrant agreements and agreed to dismiss them as parties.
2. The bad-faith dispute was not suited for summary judgment because whether the board's valuation determination was commercially reasonable and made in good faith under the warrant agreements was a fact-intensive question best resolved after trial.
3. The valuation issue was not suitable for summary judgment because deciding whether particular valuation inputs were mandated would be advisory while the ultimate question of commercial reasonableness remained disputed.
4. The court may deny summary judgment when it is desirable to develop the facts more thoroughly at trial to clarify the law or its application.

KEY QUOTATIONS

> *"There is no 'right' to a summary judgment."* (2)

> *"The court may, in its discretion, deny summary judgment if it decides that "it is desirable to inquire into and develop the facts more thoroughly at trial in order to clarify the law or its application.""* (2)

FACTUAL BACKGROUND

The dispute concerns warrant agreements issued by QuarterNorth and the valuation of a QuarterNorth share for purposes of those agreements. Mudrick Capital Management L.P. and Ellington Management Group conceded that they were not warrant holders under the agreements. The remaining dispute involved whether a bad-faith claim sounded in contract, whether the board's valuation was commercially reasonable and made in good faith, and whether market trading data was an appropriate valuation input.

PROCEDURAL HISTORY

QuarterNorth sought leave to file a partial summary-judgment motion, and the plaintiffs opposed the request. The court concluded that none of the three proposed issues was suited for summary-judgment resolution. The court also directed the parties to file a stipulation dismissing Mudrick Capital Management L.P. and Ellington Management Group as parties because they conceded they were not warrant holders.

DISPOSITION

other

REMAND INSTRUCTIONS

The request for leave to move for partial summary judgment was denied. The parties were directed to file a stipulation dismissing Mudrick Capital Management L.P. and Ellington Management Group as parties.

CASES CITED

- Telxon Corp. v. Meyerson, 802 A.2d 257, 262 (Del. 2002)
- In re El Paso Pipeline P'rs, L.P. Deriv. Litig., 2014 WL 2768782, at *9 (Del. Ch. June 12, 2014)

OPINION

PER CURIAM.

COURT OF CHANCERY OF THE STATE OF DELAWARE LORI W. WILL LEONARD L. WILLIAMS JUSTICE CENTER VICE CHANCELLOR 500 N. KING STREET, SUITE 11400 WILMINGTON, DELAWARE 19801-3734 January 12, 2026 Bradley R. Aronstam, Esquire Blake Rohrbacher, Esquire Roger S. Stronach, Esquire Kevin M. Gallagher, Esquire Benjamin M. Whitney, Esquire Matthew W. Murphy, Esquire Ross Aronstam & Moritz LLP John M. O'Toole, Esquire 1313 North Market Street, Suite 1001 Christine J. Chen, Esquire Wilmington, Delaware 19801 Elizabeth J. Freud, Esquire Kevin M. Kidwell, Esquire Benjamim O. Allen, Esquire Richards, Layton & Finger, P.A.

920 North King Street Wilmington, Delaware 19801 RE: Mudrick Capital Management L.P. et al. v. QuarterNorth Energy Inc., C.A. No. 2024-0106-LWW Dear Counsel, I write regarding defendant QuarterNorth Energy Inc.'s request for leave to move for partial summary judgment.1 The plaintiffs oppose the request.2 After considering the parties' correspondence, the request is denied.

Summary judgment may be appropriate where "there is no genuine issue as to any material fact and... the moving party is entitled to a judgment as a matter of 1 Letter Requesting Leave to Move for Partial Summ. J. (Dkt. 147) ("Def.'s Letter Req."). 2 Letter Opposing Leave to Move for Partial Summ. J. (Dkt. 149) ("Pls.' Opp'n Letter"). C.A. No. 2024-0106-LWW January 12, 2026 Page 2 of 4 law."3 "There is no 'right' to a summary judgment."4 The court may, in its discretion, deny summary judgment if it decides that "it is desirable to inquire into and develop the facts more thoroughly at trial in order to clarify the law or its application."5 QuarterNorth seeks partial summary judgment on three issues: (1) that plaintiffs Mudrick Capital Management L.P. and Ellington Management Group lack standing because they are not warrant holders; (2) that the plaintiffs' "bad faith" claim fails because they lack evidence showing QuarterNorth's board was controlled; and (3) that the warrant agreements did not mandate the use of a trading price to determine fair market value of one QuarterNorth share.

None of these issues are suited for resolution on summary judgment. First, motion practice is unnecessary to resolve the standing issue. The plaintiffs concede that Mudrick and Ellington are not "Holders" under the warrant 3 Ct. Ch. R. 56(c). 4 Telxon Corp. v. Meyerson, 802 A.2d 257, 262 (Del. 2002). 5 In re El Paso Pipeline P'rs, L.P. Deriv. Litig., 2014 WL 2768782, at *9 (Del.

Ch. June 12, 2014). C.A. No. 2024-0106-LWW January 12, 2026 Page 3 of 4 agreements and have agreed to dismiss them as parties.6 The parties should file a stipulation to that effect.7 Second, the bad faith dispute is best resolved after a trial.

Although QuarterNorth focuses on a purported lack of board control, the plaintiffs respond that their claim sounds in contract rather than fiduciary duty.8 According to the plaintiffs, the claim hinges on whether the board's valuation determination was "commercially reasonable" and "made in good faith" under the warrant agreements.9 Whether the board's determination met these standards is a fact-intensive question.

Finally, it would be inefficient to explore summary judgment on the valuation issue. QuarterNorth asserts that the warrant agreements do not "mandate" the use of trading prices, but the plaintiffs clarify that they are arguing market data was "commercially unreasonable" under the circumstances of this case.10 A summary judgment ruling on whether specific inputs were mandated would be advisory because the ultimate question of reasonableness would remain in dispute.

6 See Pls.' Opp'n Letter 5. 7 See Def.'s Letter Regarding Req. for Leave to Move for Partial Summ. J. (Dkt. 151); Pls.' Letter Regarding January 8 Letter (Dkt. 152). 8 Compare Def.'s Letter Req. 2-3, with Pls.' Opp'n Letter 5. 9 Pls.' Opp'n Letter 2-3. 10 Compare Def.'s Letter Req. 4-6, with Pls.' Opp'n Letter 5-6. C.A. No. 2024-0106-LWW January 12, 2026 Page 4 of 4 Accordingly, the request for leave to move for partial summary judgment is denied.

IT IS SO ORDERED. Sincerely yours, /s/ Lori W. Will Lori W. Will Vice Chancellor