

BUSINESS COURT OF TEXAS, ELEVENTH DIVISION

Westlake Longview Corp. and Westlake Chemical OpCo LP v.
Eastman Chemical Co.

Westlake Longview, 2026 Tex. Bus. 26 (Business Court of Texas Eleventh Division 2026) · No. 24-BC11B-0023
· Decided May 13, 2026

SUMMARY

The Business Court of Texas, Eleventh Division, rules on Westlake’s motion for traditional summary judgment and the parties’ objections to summary-judgment evidence in a dispute concerning a long-term ethylene sales and exchange agreement. Applying Delaware contract law, the court addresses annual and monthly nominations, third-party sales agreements, free exchange rights, and Westlake’s annual purchase obligations. The motion and evidentiary objections are granted and denied in part.

CASE DETAILS

COURT	Business Court of Texas, Eleventh Division
WRITING FOR THE COURT	Melissa Andrews
JURISDICTION	Business Court of Texas, Eleventh Division
DECIDED	May 13, 2026
DOCKET	24-BC11B-0023
DISPOSITION	other
PROCEDURAL POSTURE	Westlake moved for traditional summary judgment on declaratory claims concerning the parties' Ethylene Sales Agreement. Eastman objected to Westlake's summary-judgment evidence, and Westlake objected to and moved to strike Eastman's summary-judgment evidence. The court ruled on the summary-judgment motion and both sets of evidentiary objections.
STANDARD OF REVIEW	Traditional summary judgment is reviewed under the applicable no-genuine-issue-of-material-fact standard; the court construed the contract as a matter of law because it found the disputed provisions unambiguous.
PRECEDENTIAL VALUE	Published
PARTIES	Westlake Longview Corp., Westlake Chemical OpCo LP v. Eastman Chemical Co.

TOPICS

contract interpretation

implied covenant of good faith

contracts

summary judgment

evidence

PRACTICE AREAS

contracts

commercial litigation

civil procedure

evidence

QUESTIONS PRESENTED

1. Whether the ESA requires Eastman, in annual nominations, to offer in good faith all EEQ it intends to produce in the following year.
2. Whether the ESA requires Westlake to purchase its annual committed EEQ in equal monthly installments.
3. Whether Section 4(f) imposes a December 31 deadline for third-party sales and whether it authorizes spot sales or only one-year contracts for the nomination year.
4. Whether Eastman is entitled to free exchange of EEQ sold to third parties under Section 4(f).
5. Whether Eastman's monthly nominations must include EEQ not already committed to Westlake or a qualifying third party, and whether Westlake may purchase any such nominated EEQ.
6. Whether free exchange applies to inventory ethylene and converted or tolled ethylene.
7. Whether Delaware Uniform Commercial Code course-of-performance evidence may be used to construe the ESA's unambiguous exchange provisions.
8. Whether the parties' summary-judgment evidence should be excluded in whole or in part under the asserted evidentiary objections.

HOLDINGS

1. Under Section 4(f), Eastman must, in good faith, offer Westlake all EEQ that Eastman intends to produce in the following calendar year, subject to the ESA's contractual minimum requirement.
2. The ESA does not require Westlake to satisfy its annual purchase commitment in equal monthly installments.
3. Section 4(f) does not impose a strict December 31 deadline, but it authorizes only one-year third-party contracts for the calendar year covered by the annual nomination; spot sales do not satisfy Section 4(f).
4. Eastman is entitled to free exchange of EEQ sold to third parties in compliance with Section 4(f).
5. Eastman's monthly nominations must include EEQ not already committed to Westlake or a qualifying third party under Section 4(f), and Westlake may purchase any or all such nominated EEQ. Monthly nominations are not limited to EEQ physically produced during the corresponding month.
6. The ESA does not provide for free exchange of converted or tolled ethylene.
7. Because the ESA's exchange provisions are unambiguous and the services aspect of the hybrid transaction is not governed by the Delaware UCC course-of-performance provisions, the court may not use course-of-performance evidence to determine the parties' exchange rights and obligations.

8. The disputed ESA provisions are unambiguous, and the court construed them from the contract's language and structure without resort to extrinsic evidence.

KEY QUOTATIONS

“With respect to the disputes discussed above, when read as a whole, the ESA is unambiguous and the only reasonable interpretation is as follows:” (at 25)

“The Delaware UCC does not authorize the Court to consider course-of-performance evidence to determine the parties’ exchange rights and obligations under the ESA, which is unambiguous.” (at 27)

“Because the ESA’s clear and unambiguous meaning is evident from its plain language and structure as a whole, and from the intent of the parties’ as reflected within the four corners of the document, the Court does not resort to extrinsic evidence to ascertain its meaning.” (at 38)

FACTUAL BACKGROUND

In 2006, Eastman sold Westlake polyethylene facilities and a pipeline in Longview, Texas while retaining the Longview ethylene crackers. The parties executed a long-term Ethylene Sales Agreement (ESA) governing Eastman's offers of Excess Ethylene Quantities (EEQ), Westlake's purchase or exchange rights, annual and monthly nominations, and the parties' delivery and pricing obligations. The ESA contains a Delaware choice-of-law provision, and the parties disputed the meaning of several provisions concerning annual commitments, third-party sales, monthly nominations, free exchange, and converted or tolled ethylene.

PROCEDURAL HISTORY

The opinion addresses competing positions concerning the construction of a long-term ethylene sales and exchange agreement. The Business Court considered the parties' contract, their summary-judgment evidence, and objections to that evidence, and entered an order granting the motion for summary judgment in part and denying it in part while sustaining and overruling the evidentiary objections in part.

DISPOSITION

other

CASES CITED

- Thompson St. Cap. Partners IV, L.P. v. Sonova U.S. Hearing Instruments, LLC, 340 A.3d 1151, 1165-67 (Del. 2025)
- Sunder Energy, LLC v. Jackson, 332 A.3d 472, 487 (Del. 2024)
- Origis USA LLC v. Great Am. Ins. Co., 345 A.3d 936, 952 (Del. 2025)
- Vill. Prac. Mgmt. Co. v. West, 342 A.3d 295, 313-14 (Del. 2025)
- Sunline Com. Carriers, Inc. v. CITGO Petroleum Corp., 206 A.3d 836, 846-48 (Del. 2019)
- Terrell v. Kiromic Biopharma, Inc., 338 A.3d 1272, 1276 (Del. 2025)
- Osborn ex rel. Osborn v. Kemp, 991 A.2d 1153, 1159-60 (Del. 2010)

- LGM Holdings, LLC v. Schurder, 340 A.3d 1134, 1144 (Del. 2025)
- BitGo Holdings, Inc. v. Galaxy Digit. Holdings, Ltd., 319 A.3d 310, 322-23 (Del. 2024)
- Eagle Indus., Inc. v. DeVilbiss Health Care, Inc., 702 A.2d 1228, 1232 (Del. 1997)
- Energy Transfer, LP v. Williams Cos., 346 A.3d 1089, 1116 (Del. 2023)
- Salamone v. Gorman, 106 A.3d 354, 374-75 (Del. 2014)
- Johnson & Johnson v. Fortis Advisors LLC, 352 A.3d 229, 253-54 (Del. 2026)
- Baldwin v. New Wood Res. LLC, 283 A.3d 1099, 1116-17 (Del. 2022)
- Terrell v. Kiromic Biopharma, Inc., 297 A.3d 610, 620 n.37 (Del. 2023)
- Dunlap v. State Farm Fire & Cas. Co., 878 A.2d 434, 441-42 (Del. 2005)
- Nissan N. Am., Inc. v. Cont'l Auto. Sys., Inc., 503 F. Supp. 3d 555, 566 (M.D. Tenn. 2020)
- Driveline Retail Merch., Inc. v. PepsiCo, Inc., No. 4:17-CV-00423, 2018 WL 2298386, at *7 (E.D. Tex. May 21, 2018)