

TEXAS BUSINESS COURT, FOURTH DIVISION

May v. INEOS USA Oil & Gas LLC

May, 2026 Tex. Bus. 20 (Texas Business Court Fourth Division 2026) · No. 25-BC04B-0007 · Decided May 1, 2026

SUMMARY

The Texas Business Court, Fourth Division, sustained defendants’ objections to exhibits submitted with plaintiffs’ summary-judgment motion. The court held that the exhibits constituted post-execution course-of-performance evidence and could not be considered to construe the unambiguous Farmout Agreement. The court struck Exhibits D through N from the summary-judgment record.

CASE DETAILS

COURT	Texas Business Court, Fourth Division
JURISDICTION	Texas Business Court, Fourth Division
DECIDED	May 1, 2026
DOCKET	25-BC04B-0007
DISPOSITION	other
PROCEDURAL POSTURE	Defendants objected to Exhibits D through N attached to Plaintiffs' motion for summary judgment, arguing that the exhibits were inadmissible extrinsic course-of-performance evidence offered to construe an unambiguous Farmout Agreement.
PRECEDENTIAL VALUE	published

TOPICS

- contract interpretation
- best evidence rule
- summary judgment
- evidence
- oil and gas

PRACTICE AREAS

- contract law
- evidence
- civil procedure
- oil and gas

QUESTIONS PRESENTED

- Whether post-execution course-of-performance evidence may be considered to construe a contract that is unambiguous.
- Whether Plaintiffs' Exhibits D through N should be admitted into the summary-judgment record.

HOLDINGS

1. When the plain language of a contract is reasonably susceptible to only one meaning, courts may not consider extrinsic course-of-performance evidence to interpret the contract.
2. Defendants' objections to Exhibits D through N were sustained, and the exhibits were stricken from the summary-judgment record.

KEY QUOTATIONS

“'[C]ourts can't consider course-of-performance evidence to interpret an unambiguous contract'” (at 3)

“The court **ORDERS** that Defendants' objections to Exhibits D through N of Plaintiffs' Motion are **SUSTAINED**. The court strikes these exhibits from the summary-judgment record.” (at 4)

FACTUAL BACKGROUND

The dispute concerns an oil-and-gas Farmout Agreement and the calculation of the plaintiffs' reversionary back-in interest. Plaintiffs offered Defendants' post-execution reports, records, emails, and other documents as evidence of how the Agreement had been implemented, while acknowledging that the materials were extrinsic course-of-performance evidence. The court had previously determined that the Agreement's Payout provisions had only one reasonable meaning.

PROCEDURAL HISTORY

In a prior memorandum opinion, the court partially granted and partially denied Defendants' motion for partial summary judgment and construed the Farmout Agreement as providing that Payout was triggered only by an Earning Well and calculated using aggregated cost recovery. Plaintiffs then filed a cross-motion for summary judgment supported by post-execution records, communications, documents, and other alleged course-of-performance evidence. After a hearing, the court sustained Defendants' objections and struck Exhibits D through N from the summary-judgment record.

DISPOSITION

other

CASES CITED

- May v. INEOS USA Oil & Gas LLC, 2026 Tex. Bus. 14
- Barrow-Shaver Res. Co. v. Carrizo Oil & Gas, Inc., 590 S.W.3d 471, 483-84 (Tex. 2019)
- Houston Expl. Co. v. Wellington Underwriting Agencies, Ltd., 352 S.W.3d 462, 471-72 (Tex. 2011)
- URI, Inc. v. Kleberg Cnty., 543 S.W.3d 755, 758, 782 (Tex. 2018)
- First Bank v. Brumitt, 519 S.W.3d 95, 110 (Tex. 2017)
- Sun Oil Co. v. Madeley, 626 S.W.2d 726, 732-33 (Tex. 1981)
- Kachina Pipeline Co. v. Lillis, 471 S.W.3d 445, 453 (Tex. 2015)
- Bd. of Regents of Univ. of Tex. Sys. v. IDEXX Labs., Inc., 691 S.W.3d 438, 444 (Tex. 2024)

- Equinor Energy LP v. Lindale Pipeline, LLC, 69 Tex. Sup. Ct. J. 343 (Mar. 13, 2026)

OPINION

May v. INEOS USA Oil & Gas 2026 Tex. Bus. 20

PER CURIAM.

FILED IN

2026 Tex. Bus. 20 BUSINESS COURT OF TEXAS

BEVERLY CRUMLEY, CLERK

ENTERED

5/1/2026

THE BUSINESS COURT OF TEXAS

FOURTH DIVISION

ROBERTS. MAY, FOXBOROUGH ENERGY §

COMPANY, LLC, WEST GEORGE §

PROSPECT, LLC, STEVEN C. HOWARD, §

METEOR ENERGY, LLC, ALAMO BEACH §

LIMITED PARTNERSHIP, ALLEN 4A §

PROPERTIES, LLC, BARRY SWITZER § Cause No. 25-BC04B-0007

FAMILY, L.L.C., PATRICIA A. BEAN, §

INDIVIDUALLY AND AS INDEPENDENT §

EXECUTRIX OF THE ESTATE OF JOE C. §

BEAN, DECEASED, JOEL G. BEAN, §

COMMONWEALTH INVESTMENT §

CORPORATION, PATRICIA MARIE §

FERMAN, FREDERICK E. GRABOYES, §

HANNA JOYCE HODGE, ERIC T. §

HOLMES, HUNTER MILLER FAMILY, §

L.L.C., J & P FAMILY PROPERTIES, LTD, §

GLENN C. JENKINS & VIVAN S. JENKINS, §

JREY PROPERTIES, LLC, LARA ENERGY, §

INC., NEUHAUS BROOKS INVESTMENTS, §

LLC, OLD LIPAN LIMITED, OMAR E. §

ORTEGA, OWLAW REAL ESTATE §

HOLDINGS, LLC, RRJ ENERGY, LLC, §

JERRY S. STOKES, WESTENERGY, LLC, §

DALE M. WILCOX, TRUSTEE OF THE §

WILCOX MARITAL BYPASS TRUST, JANE §

A. WHITE, JAMES V. WILLIS & §

CHARLENE M. WILLIS, and WORSHAM §
ENERGY HOLDINGS, LLC, §
Plaintiffs § v. § §
INEOS USA OIL & GAS LLC, CHESAPEAKE §
EXPLORATION, LLC, CHESAPEAKE §
OPERATING, INC., CNOOC ENERGY USA §
LLC, LARCHMONT RESOURCES, L.L.C., §
and GREG WINKLER, INDEPENDENT
EXECUTOR OF THE ESTATE OF MARK A. §
DOPPS, DECEASED, §
Defendants §
MEMORANDUM OPINION AND ORDER

<jfl Before the court are Defendants' Objections to Plaintiffs' Summary Judgment Evidence and Plaintiffs' response. The parties presented their arguments at a hearing on April 28, 2026. 912 In its Memorandum Opinion rendered March 27, 2026, this court partially granted and partially denied Defendants' motion for partial summary judgment. Mayv. INEOS USA Oil&GasLLC, 2026 Tex. Bus, 14, 2026 WL867698 (4th Div). In doing so, the court construed the parties' oil and gas Farmout Agreement, which lies at the heart of their dispute. The court rejected Plaintiffs' contention that their reversionary back-in interest is triggered on a "well by well" basis. The court held the contractually defined "Payout" is triggered only by an Earning Well, not by any well, and is calculated based on aggregated cost recovery for the Earning Well together with all wells on its corresponding acreage. <jf3 Plaintiffs' cross-motion for summary judgment now asks the court to hold as a matter of law in their favor that Payout is calculated on a well-by-well basis. To convince the court of their interpretation, they attach evidence that is extrinsic to the Agreement, comprising Defendants' reports, records, and emails that, according to Plaintiffs, show "how [the Agreement]'s provisions were implemented in 2 practice." Plaintiffs' counsel concedes the challenged exhibits are "post-Farmout Agreement records, communications, documents." <j[4 Defendants object to admission of these exhibits, which Plaintiffs admit are post-execution "course of performance" evidence. In Plaintiffs' response, the entirety of their legal authority rests in a single footnote citing six cases. Despite Plaintiffs' statement to the contrary, not one of those cases allowed course-of-performance or other post-execution evidence to construe an unambiguous contract: • In two of the cases, the Court considered only pre-execution evidence- not evidence of contractual performance. Barrow-Shaver Res. Co. v. Carrizo Oil & Gas) Inc., 590 S.W.3d 471, 483-84 (Tex. 2019) (considering circumstances of contractual negotiations); Houston Expl. Co. v. Wellington Underwriting Agencies) Ltd., 352 S.W.3d 462, 471-72 (Tex. 2011) (considering draft revisions during negotiations). • In the remaining cases, the Court reversed a lower court's use of extrinsic evidence to construe a contract. URI Inc. v. Kleberg Cnty., 543 S.W.3d 755, 758, 782 (Tex. 2018); First Bank v. Bi-umitt, 519 S.W.3d 95, 110 (Tex. 2017); Sun Oil Co. v. Madeley, 626 S.W.2d 726,

732-33 (Tex. 1981); see *Kachina Pipeline Co. v. Lillis*, 471 S.W.3d 445, 453 (Tex. 2015) (affirming reversal of trial court's ruling and rejecting use of evidence regarding parties' post-execution acquiescence to disputed fees). 3 ¶ Plaintiffs have repeatedly stated that the Farmout Agreement is unambiguous, but they now also urge that Defendants' construction "is not the only reasonable construction" of the Agreement. For the reasons described in the court's prior opinion, only "one reasonable meaning clearly emerges" after applying established contract-construction rules to the Agreement. See *Bd. of Regents of Univ. of Tex. Sys. v. IDEXX Labs., Inc.*, 691 S.W.3d 438, 444 (Tex. 2024). The court holds the plain language concerning Plaintiffs' reversionary back-in interest is reasonably susceptible to only one meaning, preventing consideration of their extrinsic evidence. See *Equinor Energy LP v. Lindale Pipeline, LLC*, 69 Tex. Sup. Ct. J. 343 (Mar. 13, 2026) ("[C]ourts can't consider course-of-performance evidence to interpret an unambiguous contract").

CONCLUSION AND ORDER

¶ Having considered the parties' briefing, evidence, arguments, and the relevant law, the court ORDERS that Defendants' objections to Exhibits D through N of Plaintiffs' Motion are SUSTAINED. The court strikes these exhibits from the summary-judgment record. SO ORDERED. Judge of the Texas Business Court, Fourth Division SIGNED ON: May 1, 2026 4