

SUPREME COURT OF WYOMING

Universal Drilling Co. v. R & R Rig Service, LLC

271 P.3d 987 (Wyo. 2012) · No. S-11-0079; S-11-0080 · Decided March 1, 2012

SUMMARY

The Wyoming Supreme Court reviews a dispute arising from an oral time-and-materials contract for moving a drilling rig. The court upholds most of the district court's findings concerning the amount owed, rejects Universal's fraud and breach-of-implied-covenant claims, corrects specified computational errors, and addresses the denial of prejudgment interest. The matter is affirmed in part and reversed and remanded in part.

CASE DETAILS

COURT	Supreme Court of Wyoming
WRITING FOR THE COURT	Kite, Chief Justice; Burke; Golden; Hill; Kite; Voigt
JURISDICTION	Wyoming
DECIDED	March 1, 2012
DOCKET	S-11-0079; S-11-0080
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Both parties appealed from a bench-trial judgment in a contract-payment dispute. Universal challenged the damages calculation and rulings against its fraud, implied-covenant, and estoppel theories. R & R cross-appealed the denial of prejudgment interest.
STANDARD OF REVIEW	Factual findings after a bench trial are reviewed for clear error, with due regard for the trial judge's credibility determinations and without reweighing disputed evidence. Conclusions of law are reviewed de novo.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Universal Drilling Company, LLC, R & R Rig Service, LLC v. R & R Rig Service, LLC, Universal Drilling Company, LLC

TOPICS

breach of contract

commercial litigation

implied covenant of good faith

fraud

damages

PRACTICE AREAS

contracts

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remedies

QUESTIONS PRESENTED

1. Whether the district court used an improper reasonable-value methodology to calculate damages under a time-and-materials contract.
2. Whether computational errors in the district court's findings required correction or reversal of the damages award.
3. Whether Universal proved fraud in the execution or inducement by clear and convincing evidence.
4. Whether R & R breached the implied covenant of good faith and fair dealing through billing errors, overcharges, and delayed reconciliation of its records.
5. Whether R & R was equitably estopped from asserting its payment claim.
6. Whether R & R was entitled to prejudgment interest on the \$97,500 Universal acknowledged and tendered as owing.

HOLDINGS

1. The district court did not use an improper reasonable-value methodology. Its findings showed that it calculated the actual time and materials from the evidence and then concluded that the resulting amount was reasonable.
2. The damages award required correction for minor computational errors in Findings of Fact 44, 51, and 68, but Universal did not establish clear error concerning the per diem issue in Finding of Fact 61 or the district court's failure to adopt every figure in R & R's revised invoice.
3. Universal failed to prove fraud by clear and convincing evidence. The billing discrepancies, incomplete tickets, disputed signatures, incorrect date, and overcharges did not establish intentional false representations or reliance; statements that R & R was honest, trustworthy, competitive, and reasonably priced were opinions rather than actionable factual representations.
4. R & R did not breach the implied covenant of good faith and fair dealing. Unintentional billing mistakes and delayed reconciliation, without proof of bad faith or misconduct, did not violate Universal's justified expectations or the parties' agreed common purpose.
5. Universal was not entitled to an equitable-estoppel defense. Because Universal failed to prove reliance in connection with its fraud claim, the record likewise did not establish the reliance required for equitable estoppel.
6. R & R was entitled to prejudgment interest on \$97,500 from the date Universal tendered that amount, even though the total contract claim was unliquidated.

KEY QUOTATIONS

“Under Wyoming law, the implied covenant requires that neither party to a commercial contract act in a manner that would injure the rights of the other party to receive the benefit of the agreement.” (at 999)

“a mere difference of opinion as to the amount due or as to liability does not preclude prejudgment interest if the amount sought to be recovered is a sum certain and the party from whom payment is sought receives notice of the amount sought.” (at 1001)

“By refusing to pay the undisputed amount, Universal denied R & R the use of the money it was unquestionably owed during the four years of protracted litigation.” (at 1002)

FACTUAL BACKGROUND

Universal hired R & R to move a drilling rig under an oral time-and-materials contract. R & R invoiced Universal \$208,616.50 based on daily work tickets, but the records contained billing errors and overcharges; Universal later tendered \$97,500 as full payment based on the cost of a subsequent move by another company. After reviewing the records and testimony, the district court awarded R & R \$188,801.50, rejected Universal's fraud and implied-covenant claims, and denied prejudgment interest.

PROCEDURAL HISTORY

R & R sued Universal for payment under an oral time-and-materials contract for moving Universal's drilling rig. Universal counterclaimed for fraud and breach of the implied covenant of good faith and fair dealing and asserted equitable estoppel as an affirmative defense. After a bench trial, the district court awarded R & R \$188,801.50, rejected Universal's claims, did not expressly address estoppel, and denied prejudgment interest. The Wyoming Supreme Court affirmed the liability rulings and damages subject to arithmetic corrections, but reversed the denial of prejudgment interest on \$97,500 and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for further proceedings consistent with the opinion, including correction of the identified arithmetic errors and calculation and award of prejudgment interest on \$97,500 from the date Universal offered payment.

CASES CITED

- Mullinnix LLC v. HKB Royalty Trust, 2006 WY 14, 126 P.3d 909 (Wyo. 2006)
- Comet Energy Servs., LLC v. Powder River Oil & Gas Ventures, LLC, 2010 WY 82, 239 P.3d 382 (Wyo. 2010)
- Cook v. Eddy, 2008 WY 111, 193 P.3d 705 (Wyo. 2008)
- Lieberman v. Mossbrook, 2009 WY 65, 208 P.3d 1296 (Wyo. 2009)
- Frost Constr. Co. v. Lobo, Inc., 951 P.2d 390, 398 (Wyo. 1998)
- Garrison v. CC Builders, Inc., 2008 WY 34, 179 P.3d 867 (Wyo. 2008)
- Excel Constr., Inc. v. HKM Engineering, Inc., 2010 WY 34, 228 P.3d 40 (Wyo. 2010)
- Butcher v. Butcher (Matter of Estate of Reed), 566 P.2d 587, 590-91 (Wyo. 1977)

- Sundown, Inc. v. Pearson Real Estate Co., 8 P.3d 324 (Wyo. 2000)
- Dewey v. Wentland, 2002 WY 2, 38 P.3d 402 (Wyo. 2002)
- Scherer Constr., LLC v. Hedquist Constr., Inc., 2001 WY 23, 18 P.3d 645 (Wyo. 2001)
- City of Gillette v. Hladky Constr., Inc., 2008 WY 134, 196 P.3d 184 (Wyo. 2008)
- Roussalis v. Wyo. Med. Center, Inc., 4 P.3d 209, 257 (Wyo. 2000)
- Ultra Resources, Inc. v. Hartman, 2010 WY 36, 226 P.3d 889 (Wyo. 2010)
- Snake River Brewing Co., Inc. v. Town of Jackson, 2002 WY 11, 39 P.3d 397 (Wyo. 2002)
- State Farm Mut. Auto. Ins. Co. v. Petsch, 261 F.2d 331, 335 (10th Cir. 1958)
- Roth v. First Sec. Bank of Rock Springs, Wyo., 684 P.2d 93, 96 (Wyo. 1984)
- Parkhurst v. Boykin, 2004 WY 90, 94 P.3d 450 (Wyo. 2004)
- Pennant Serv. Co. v. True Oil Co., 2011 WY 40, 249 P.3d 698 (Wyo. 2011)
- Stewart Title Guar. Co. v. Tilden, 2008 WY 46, 181 P.3d 94 (Wyo. 2008)
- Rissler & McMurry Co. v. Atlantic Richfield Co., 559 P.2d 25 (Wyo. 1977)
- Wells Fargo v. Hodder, 2006 WY 128, 144 P.3d 401 (Wyo. 2006)
- Laramie Rivers Co. v. Pioneer Canal Co., 565 P.2d 1241, 1245 (Wyo. 1977)
- United Pacific Ins. Co. v. Martin and Luther General Contractors, Inc., 455 P.2d 664, 677 (Wyo. 1969)
- Crest, Inc. v. Costco Wholesale Corp., 128 Wash. App. 760, 115 P.3d 349 (2005)
- Board of Works of Lake Station v. I.A.E., Inc., 956 N.E.2d 86 (Ind. Ct. App. 2011)