

SUPREME COURT OF TEXAS

Uri, Inc. v. Kleberg Cnty.

543 S.W.3d 755 (Tex. 2018) · Decided March 23, 2018

SUMMARY

The Texas Supreme Court interprets a settlement agreement governing uranium mining operations and groundwater restoration obligations. The Court holds that surrounding circumstances may inform, but may not alter or contradict, the unambiguous language of a contract or establish the parties' subjective intent. It reverses the lower courts and renders judgment for URI, Inc.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Justice Guzman
JURISDICTION	Texas
DECIDED	March 23, 2018
DISPOSITION	reversed
PROCEDURAL POSTURE	Uri sought declaratory relief establishing its compliance with a settlement agreement governing the resumption of uranium mining. Kleberg County counterclaimed for breach of contract, declaratory relief, damages, specific performance, and attorney's fees. After a bench trial, the trial court found an unintentional breach concerning restoration of Well I-11, awarded nominal damages, and ordered continued restoration. The court of appeals affirmed liability, reversed and remanded on attorney's fees and the mining-abatement remedy, and the Texas Supreme Court granted review.
STANDARD OF REVIEW	Contract ambiguity and interpretation of an unambiguous contract are questions of law reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Texas
PARTIES	Uri, Inc. v. Kleberg County

TOPICS

[contract interpretation](#)[parol evidence rule](#)[contracts](#)[oil and gas](#)[mineral rights](#)

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether surrounding facts and circumstances could be used to construe the unambiguous Settlement Agreement as prohibiting URI from considering 1987 baseline data.
2. Whether section 11.1 of the Settlement Agreement required URI to restore Well I-11 based on the 1985 baseline data despite the 1987 baseline data showing no suitability for the specified uses.
3. Whether URI breached the Settlement Agreement through the content or form of its section 11.1 certification.

HOLDINGS

1. Surrounding facts and circumstances may be considered only to inform the objective meaning of contract language; they may not be used to add, alter, contradict, or create ambiguity in unambiguous terms or to establish the parties' subjective intent.
2. Section 11.1 permitted URI to consider the 1987 baseline data, and under the unchallenged finding that the 1987 data showed Well I-11 was unsuitable for the specified uses before mining began, URI had no contractual obligation to restore Well I-11 before resuming mining in Production Area 3.
3. URI did not breach section 11.1 by resuming mining operations in Production Area 3 or by submitting its certification, and Kleberg County was not entitled to attorney's fees or specific performance on its breach-of-contract claim.

KEY QUOTATIONS

"When construing a written contract, the prime directive is to ascertain the parties' intent as expressed in the instrument." (543 S.W.3d at 763)

"Parties cannot rely on extrinsic evidence to 'give the contract a meaning different from that which its language imports,' 'add to, alter, or contradict' the terms contained within the agreement itself, 'make the language say what it unambiguously does not say,' or 'show that the parties probably meant, or could have meant, something other than what their agreement stated.'" (543 S.W.3d at 769)

"We hold that, under a plain and grammatical reading of section 11.1, URI did not breach the Settlement Agreement when it resumed mining operations in PAA 3, and Kleberg County is not entitled to attorney's fees or a specific-performance remedy on its breach-of-contract claim." (543 S.W.3d at 772)

FACTUAL BACKGROUND

URI and Kleberg County entered into a 2004 settlement agreement resolving litigation over uranium mining at the Kingsville Dome Mine. Section 11.1 conditioned URI's resumption of mining in Production Area 3 on treatment of water in Production Area 1 and restoration of at least 90 percent of wells that had suitable pre-mining water for specified uses. Well I-11 had 1985 baseline data indicating suitability for irrigation but 1987 baseline data indicating suitability for none of the specified uses; URI averaged the available data and certified

that no well required restoration. The lower courts concluded that URI had to rely on the 1985 data and had breached the agreement by resuming mining without restoring Well I-11.

PROCEDURAL HISTORY

The trial court concluded that URI breached section 11.1 of the Settlement Agreement by relying on 1987 baseline data for Well I-11 rather than treating the well as suitable for irrigation based on 1985 data. The court awarded Kleberg County \$20 in nominal damages and ordered restoration but did not prohibit continued mining or award attorney's fees. The court of appeals affirmed the liability ruling but reversed and remanded as to remedies. The Texas Supreme Court reversed and rendered judgment that Kleberg County take nothing on its breach-of-contract claim.

DISPOSITION

reversed

CASES CITED

- City of Pinehurst v. Spooner Addition Water Co., 432 S.W.2d 515, 518-19 (Tex. 1968)
- First Bank v. Brumitt, 519 S.W.3d 95, 109-10 (Tex. 2017)
- Anglo-Dutch Petroleum International, Inc. v. Greenberg Peden, P.C., 352 S.W.3d 445, 451-52 (Tex. 2011)
- Community Health Systems Professional Services Corp. v. Hansen, 525 S.W.3d 671, 681, 688 (Tex. 2017)
- Matagorda County Hospital District v. Burwell, 189 S.W.3d 738, 740 (Tex. 2006)
- California Department of Mental Hygiene v. Bank of Southwest National Association, 354 S.W.2d 576, 579 (Tex. 1962)
- Housing Exploration Co. v. Wellington Underwriting Agencies, Ltd., 352 S.W.3d 462, 469-72 (Tex. 2011)
- Samson Exploration, LLC v. T.S. Reed Properties, Inc., 521 S.W.3d 766, 787 (Tex. 2017)
- Progressive County Mutual Insurance v. Kelley, 284 S.W.3d 805, 808-09 (Tex. 2009)
- Valence Operating Co. v. Dorsett, 164 S.W.3d 656, 662 (Tex. 2005)
- Gilbert Texas Construction, L.P. v. Underwriters at Lloyd's London, 327 S.W.3d 118, 126-27 (Tex. 2010)
- Heritage Resources, Inc. v. NationsBank, 939 S.W.2d 118, 121 (Tex. 1996)
- Columbia Gas Transmission Corp. v. New Ulm Gas, Ltd., 940 S.W.2d 587, 589 (Tex. 1996)
- Gallagher Headquarters Ranch Development, Ltd. v. City of San Antonio, 303 S.W.3d 700, 701-02 (Tex. 2010)
- National Union Fire Insurance Co. of Pittsburgh v. CBI Industries, Inc., 907 S.W.2d 517, 520-22 (Tex. 1995)
- Towne v. Eisner, 245 U.S. 418, 425 (1918)
- Kachina Pipeline Co. v. Lillis, 471 S.W.3d 445, 453 (Tex. 2015)
- Sun Oil Co. (Del.) v. Madeley, 626 S.W.2d 726, 731-34 (Tex. 1981)
- Northern Shore Energy, L.L.C. v. Harkins, 501 S.W.3d 598, 602-03 (Tex. 2016)
- Aetna Life & Casualty Co. v. Gunn, 628 S.W.2d 758, 760 (Tex. 1982)
- Luling Oil & Gas Co. v. Humble Oil & Refining Co., 191 S.W.2d 716, 724 (Tex. 1946)

- Fischer v. CTMI, L.L.C., 479 S.W.3d 231, 242 (Tex. 2016)
- Tenneco Inc. v. Enterprise Products Co., 925 S.W.2d 640, 646 (Tex. 1996)
- In re Nalle Plastics Family Ltd. Partnership, 406 S.W.3d 168, 173 (Tex. 2013)
- Grohman v. Kahlig, 318 S.W.3d 882, 887 (Tex. 2010)

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