BUSINESS COURT OF TEXAS, ELEVENTH DIVISION

Mesquite Energy, Inc. f/k/a Sanchez Energy Corporation, on its behalf and as the assignee of Evolve Transition Infrastructure, LP f/k/a Sanchez Midstream Partners LP f/k/a Sanchez Production Partners LP v. Sanchez Oil & Gas Corporation

Mesquite Energy, 2026 Tex. Bus. 10 (Business Court of Texas Eleventh Division 2026) · No. Cause No. 24-BC11B-0018 · Decided March 4, 2026

SUMMARY

The Texas Business Court addresses the allocation of settlement proceeds from a prior trade-secret misappropriation lawsuit and reimbursement of related litigation expenses. It concludes that Mesquite Energy and Sanchez Oil & Gas jointly owned the underlying trade secrets, requiring the settlement proceeds to be divided equally. The court also orders Sanchez Oil & Gas to reimburse Mesquite for half of the pre-March 2019 litigation expenses paid by Mesquite's predecessor.

CASE DETAILS

COURT	Business Court of Texas, Eleventh Division
WRITING FOR THE COURT	Marialyn Barnard
JURISDICTION	Business Court of Texas, Eleventh Division
DECIDED	March 4, 2026
DOCKET	Cause No. 24-BC11B-0018
DISPOSITION	other
PROCEDURAL POSTURE	Bench trial concerning entitlement to settlement proceeds and reimbursement of litigation expenses arising from a prior trade-secret misappropriation lawsuit.
STANDARD OF REVIEW	Bench-trial findings of fact are based on the evidence presented at trial; legal conclusions are reviewed as questions of law. The opinion does not expressly state a standard of review.
PRECEDENTIAL VALUE	Published

TOPICS

misappropriation of trade secrets · trade secrets · unjust enrichment · remedies · commercial litigation

PRACTICE AREAS

intellectual property · commercial litigation · contracts · remedies

QUESTIONS PRESENTED

1. Whether Sanchez Production Partners possessed an independent ownership interest in the trade secrets sufficient to support allocation of a separate share of the Terra settlement proceeds through assignment.
2. Whether the Services Agreement or other governing principles established exclusive ownership of the Zero Dark Forty trade secrets in Mesquite or Sanchez Oil & Gas.
3. Whether the 2022 post-bankruptcy Settlement Agreement barred Mesquite's claim to a share of the Terra settlement proceeds.
4. Whether Sanchez Oil & Gas was required under unjust-enrichment principles to reimburse Mesquite for half of the litigation expenses incurred in prosecuting the Terra Litigation.

HOLDINGS

1. Sanchez Production Partners did not prove an independent ownership interest in the trade secrets or a distinct injury, and its status as a co-plaintiff and any later assignment could not expand the assignor's rights or support a separate share of the settlement proceeds.
2. Mesquite and Sanchez Oil & Gas were co-owners of the Zero Dark Forty trade secrets, and the Terra settlement proceeds were to be divided equally between them.
3. The 2022 Settlement Agreement did not bar Mesquite's claim to its share of the Terra settlement proceeds because the settlement fund did not exist until 2024.
4. Sanchez Oil & Gas was required to pay Mesquite one-half of the legal expenses Mesquite paid to prosecute the Terra Litigation before March 2019.

KEY QUOTATIONS

> "*Both parties made substantial and indispensable contributions to the development of the Zero Dark Forty project, and no governing agreement assigns exclusive ownership of trade secrets to one party.*" (¶8, Conclusion of Law 16)

> "*The proceeds from the Terra settlement shall be divided equally, as each party is entitled to fifty percent (50%) of the settlement proceeds.*" (¶9)

FACTUAL BACKGROUND

Mesquite and Sanchez Oil & Gas jointly developed the Zero Dark Forty cost-reduction project while operating the Catarina Asset. Former Sanchez Oil & Gas employees misappropriated proprietary files and trade-secret information relating to the project, leading Mesquite, Sanchez Oil & Gas, and Sanchez Production Partners to bring the Terra Litigation. The Terra Litigation settled in 2024, with the net proceeds placed in escrow, and Mesquite sought allocation of the proceeds and reimbursement for litigation expenses it had paid before 2019. Sanchez Oil & Gas relied in part on a 2022 post-bankruptcy Settlement Agreement and argued that it exclusively owned the relevant trade secrets.

PROCEDURAL HISTORY

Mesquite brought the action on its own behalf and as assignee of Evolve Transition Infrastructure, LP, formerly Sanchez Midstream Partners LP and Sanchez Production Partners LP. The court conducted a bench trial from January 12 through January 16, 2026, received testimony and exhibits, and considered post-trial briefs. The court issued findings of fact and conclusions of law and stated that it would issue a final judgment concurrently with the opinion.

DISPOSITION

other

CASES CITED

- Boeing Co. v. Sw. Airlines Pilots Ass'n, 716 S.W.3d 140, 154 (Tex. 2025)
- York's Adm'r v. McNutt, 16 Tex. 13, 17 (1856)
- In re Bass, 113 S.W.3d 735, 739 (Tex. 2003)
- Eun Bok Lee v. Ho Chang Lee, 311 S.W.3d 95, 111 (Tex. App.—Houston [1st Dist.] 2013, no pet.)
- Heldenfels Bros., Inc. v. City of Corpus Christi, 832 S.W.2d 39, 41 (Tex. 1992)
