

CLIENT SUCCESS

Winston Brings High-Exposure Breach of Contract Case Against Client Pioneer Natural Resources to an End With a Stunning, Precedential Summary Judgment Victory

FEBRUARY 15, 2023

On February 15, 2023, we secured a major win for Pioneer Natural Resources, a Fortune 150 company, on summary judgment in a high-stakes breach of contract case brought by MIECO LLC, alleging failure to supply natural gas during Winter Storm Uri. *Mieco LLC v. Pioneer Nat. Res. USA, Inc.*, 2023 U.S. Dist. LEXIS 26305, 2023 WL 2064723 (N.D. Tex. Feb. 15, 2023), reconsideration denied, 2023 WL 3259492, 2023 U.S. Dist. LEXIS 77811 (N.D. Tex. May 4, 2023).

The February 2021 storm brought unprecedented cold temperatures to Texas and caused rapid well and pipeline freeze-offs, which significantly limited Pioneer's production. California energy trader MIECO filed a case in July 2021 in the Northern District of Texas, claiming Pioneer's failure to deliver 20,000 MMBtu (metric million British thermal units) of gas during Winter Storm Uri breached its obligations under the contract's *force majeure* provision. The plaintiff sought US\$9M in damages. Although Pioneer had declared *force majeure* to numerous other natural gas customers during Winter Storm Uri, it was possible that a loss or significant monetary settlement could expose Pioneer to claims for damages from other customers that far exceeded the damages sought by MIECO. A resounding victory was thus a particularly high strategic priority in this case.

We put together a compelling motion answering every argument MIECO advanced to avoid summary judgment in one of the first resolutions of the oil and gas liability issues associated with Winter Storm Uri. Two weeks before the trial was set to begin, on February 15, 2023, Judge Jane Boyle granted our summary judgment motion after finding the contractual language of the *force majeure* provision unambiguous. Judge Boyle found Pioneer's non-delivery was excused by *force majeure* because its loss of gas supply was due to the low temperatures that affected an entire geographic region, even though MIECO had argued Pioneer could have purchased and delivered the gas from other sources.

Plaintiffs moved for reconsideration of the ruling. On May 5, 2023, Judge Boyle denied MIECO's motion for reconsideration, saying it primarily rehashed arguments the court had already rejected. MIECO also argued for the first time in its motion for reconsideration that Pioneer's missed gas deliveries on February 14 and 15 could not be excused because Pioneer had not yet provided it with notice of *force majeure*. Judge Boyle declined to hear the argument, as it wasn't raised in the summary judgment motion.

IMPACT

This was a significant victory for Pioneer insofar as it insulates the company from covering the expansive liabilities claimed in the litigation and discourages other customers to which Pioneer declared *force majeure* from bringing similar claims. The ruling also creates a very significant precedent for other companies facing litigation and huge potential liabilities stemming from Winter Storm Uri. Indeed, multiple federal court cases have already cited Judge Boyle's opinion in granting summary judgment in favor of a similarly situated natural gas producers who declared *force majeure* during Winter Storm Uri. See *LNG Ams., Inc. v. Chevron Nat. Gas*, 2023 U.S. Dist. LEXIS 63868, 2023 WL 2920940 (S. D. Tex. Apr. 12, 2023); *Marathon Oil Company v. Koch Energy Services, LLC*, 2023 U.S. Dist. LEXIS 105028, 2023 WL 4032879 (S.D. Tex. May 8, 2023, report and recommendation adopted, 2023 4033332, 2023 U.S. Dist. LEXIS 104052 (S.D. Tex. June 15, 2023); Order, *Targa Gas Marketing LLC v. MIECO LLC*, No. 4:21-CV-01128 (S.D. Tex. August 8, 2023), ECF No. 105.

(Mieco LLC v. Pioneer Natural Resources USA Inc. (Case No. 3:21-cv-01781, U.S. District Court for the Northern District of Texas))

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