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Texas Supreme Court to decide epic legal battle between Enterprise, Energy Transfer

For one side it was a partnership; for the other, it was simply "a feasibility study." Now, two of the state's biggest pipeline companies are near the culmination of an eight-year court battle that legal experts say is one of the most important business disputes to be decided by the Texas Supreme Court since the epic fight between Pennzoil and Texaco in the 1980s.

That case, which turned on the question of whether a handshake agreement constituted a binding contract, ended with Pennzoil winning a jury award of nearly \$10.4 billion and Texaco in bankruptcy. This case pits the Dallas company Energy Transfer Partners against Enterprise Products Partners of Houston and revolves around the issue of whether they legally formed a joint venture to develop \$1 billion pipeline to transport oil from the storage hub in Cushing, Okla. to Houston. Enterprise ultimately bolted the arrangement and teamed up with the Canadian pipeline company Enbridge to build a similar project, which was completed in 2014.

Energy Transfer sued in 2011 and won a verdict of \$535 million three years later when a Dallas jury found that Enterprise breached its fiduciary duty. The verdict, however, was overturned on appeal. Earlier this month, the Texas Supreme heard arguments in the case. A decision is expected over the next several months. The dispute has similarities to the Pennzoil case in that both center on what constitutes a binding agreement between businesses. In the earlier case, Pennzoil reached agreement to acquire Getty Oil, shook hands on it and put out a press release announcing the deal. Texaco then swept in with more money to snatch Getty from Pennzoil, which sued Texaco, claiming it had intentionally interfered with a contract. Texaco argued that no contract was signed, so claims of interference didn't hold. The jury and appellate courts sided with Pennzoil.