

# Damages awarded over trade secrets

## Southwestern may have to pay \$393 million

By BRETT CLANTON Copyright 2010 Houston Chronicle

Dec. 14, 2010, 10:45PM

Southwestern Energy Co. could be forced to pay almost \$393 million after an East Texas jury sided with plaintiffs who accused a subsidiary of the Houston oil and gas company of profiting from stolen trade secrets.

The jury in Shelby County state district court delivered a verdict awarding two independent oil and gas consultants, Toby Berry-Helfand and Gery Muncey, \$11.4 million in damages.

It also decided that Southwestern Energy Production Co., or SEPCO, should pay \$381.5 million for disgorgement of profits improperly gained from proprietary research the two performed.

Southwestern said in a statement Tuesday that it would "pursue all available options" to overturn the \$11.4 million jury verdict. It also noted that the judge in the case has 30 days to decide how much if any, must be paid in disgorgement.

The plaintiffs convinced the jury that the Southwestern unit violated the Texas Liability Act, misappropriated trade secrets, committed fraud and broke other laws related to a 2005 confidentiality agreement concerning two oil and natural gas prospects in East Texas.

In the late 1990s, Berry-Helfand and Muncey had worked to develop a proprietary method for analyzing data from hundreds of wells in the region. After setting it aside for a few years, Berry-Helfand, a reservoir engineer, resumed work on the project with geologist Leon Wells, who is one of the defendants in the case.

"In a nutshell, they came up with a very sound method to determine the actual locations, called the sweet spots, of where you would want to drill horizontal gas wells in this formation," said Perry Zivley, a Houston lawyer who helped represent the plaintiffs.

Southwestern initially declined to buy into the area, known as the James Lime formation. But after gaining more data via Wells, whose son worked at Southwestern, the company later purchased swaths of acreage and successfully drilled more than 100 natural gas wells there, Zivley said.

Southwestern, in its statement, did not comment directly on the allegations, but noted that the plaintiffs had sought higher damages than they were awarded.

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