

Locke Lord Wins \$36M in Well Blowout Containment Project Dispute

By Natalie Posgate – (Aug. 23, 2016) – A team of Locke Lord attorneys said Tuesday that they secured a \$35.9 million judgment for a Houston-based oil and gas equipment fabricator that claimed losing out on millions for a construction project it worked on for a year and half longer than originally contracted but the general contractor refused to pay.



Derrick Carson

After a five-week bench trial, Houston Judge Larry Weiman handed a victory to Spitzer Industries on Aug. 12 after finding that Houston-based Weatherford International caused such great scope growth, revisions and schedule delays that it essentially damaged the terms of its contract with Spitzer.

After the Deepwater Horizon oil spill, Weatherford contracted with Spitzer to construct the Marine Well Containment project, which provides deepwater drilling companies the well containment and technology necessary to respond to future well blowouts.

Under the contract, Weatherford was supposed to provide the design plans for Spitzer to construct modular capsule vessels that would trap oil. But Weatherford continually failed to provide the plans on time, and the ones it did provide were repeatedly revised throughout the process, which forced Spitzer to continue to rebuild the modules, Spitzer's lead attorney, Locke Lord partner Derrick Carson said.

"My client ended up spending about 300 percent more man hours than originally planned," said Carson, a partner in Locke Lord's Houston office. "It added about a year and a half to a project that was only supposed to last 11 months."

Carson said the two companies went into litigation after Weatherford refused to compensate Spitzer for the extra time it spent on the project and claimed it had already overpaid. At mediation, Weatherford offered nothing to settle, so the case proceeded to trial, he said.

"Spitzer really committed its company to this project, which was tremendously important to the offshore oil and gas industry," Carson said. "For Spitzer not to be paid for those efforts was obviously devastating."

Carson said the biggest challenge of the case was conveying to the court the "truly massive amount of change" Spitzer underwent during the project, the causes of the change, and the monetary effect the change had.

"I think we were able to distill a large amount of information so that we could present a clear and compelling case to the court that Spitzer managed a very tough situation in a reasonable manner and deserved to be compensated for its efforts," he said.

Houston attorney Jack O'Neill, who represented Weatherford, deferred to his client for comment. Two Weatherford spokeswomen have not immediately responded to requests for comment.

The Locke Lord trial team also included partner David Harrell, who co-led the trial, as well as associates Nick Demeropolis and Deanna Markowitz Willson. All attorneys are based in the firm's Houston office.

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