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## Jury rules in favor of royalty owners, Shell ordered to pay \$66.8M to heirs

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OKLAHOMA CITY – A jury in Stephens County District Court in Duncan last Friday ordered Shell Western E & P Inc. and Shell Oil Co. to pay \$66.8 million to trustees of royalty owners in a lawsuit stemming from royalties not paid since the early 1970s.

At issue were payments on oil and gas leases between Ardmore and Duncan known as Crews Lease and Brittain Deep No. 2.

“The jury clearly indicated their attitude toward companies that do not deal with people in a straightforward manner,” said Oklahoma City attorney Randy Calvert, who along with Tulsa attorneys Clark Brewster and Guy Fortney represented the fam-

ilies. “The jury found that Shell defrauded these families.”

The order includes \$13.2 million in actual damages and interest and \$53.6 million in punitive damages. The trial lasted seven days, and plaintiffs listed were Nancy Fuller Hebble, Susan Fuller Maley, co-trustees of Thomas R. Fuller Testamentary Trust; Wachovia Bank NA as executor of estate and trustee of Elizabeth Fuller Gardner Trust; and Marshall T. Steves, trustee of the Dings Trust Agency. The plaintiffs reside in Texas and California and are relatives of Ed Galt and W.F. Daiber.

The jury ruled for the plaintiffs’ claim of false representation, nondisclosure or concealment, deceit and/or constructive fraud and a

breach of fiduciary duty.

The case was pending for 13 years and District Judge Michael Flanagan of Walters took it over about eight months ago, Brewster said.

“Shell Oil produced on that lease from 1948 to 1985,” Brewster said. “In the 1960s a couple waterflood units were established there and they paid our clients on one of the waterfloods, but in spite of the fact that they prepared statements which showed they owned our clients money on the other waterflood, they never sent the statements or the money. In 1973 they drilled a well in an 80-acre spacing unit off the lease but on the unit, and it was a prolific well called Brittain Deep No. 2. They just never informed our clients about it.”

A waterflood is a way to increase oil production by injecting water through a well and into an oil-producing formation. It forces additional oil out of reservoir rock and into other wells nearby.

In 1985, Shell sold the lease to Maynard Oil Co.. Maynard recently settled the cash for an undisclosed amount.

“Any time you get a verdict of that size, the defense will first seek a new trial and appeal from there, unless the matter’s resolved,” Brewster said.

Kelly Coone op de Weegh, spokesman for Shell Exploration & Production in Houston, said, “We disagree with the jury’s verdict and we have solid grounds for an appeal.”