

## Haynes and Boone Appellate Team Helps Fracking Company Preserve Jury Verdict

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December 22, 2020 Karen Precella, Chris Knight

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PRACTICES Appellate

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A Haynes Boone legal team led by Partner Anne Johnson persuaded a Texas appellate court to affirm a \$5 million judgment won by client Compass Well Services, LLC.

Fort Worth-based Compass owns and operates fracking equipment at oil-and-gas wells throughout Texas. In 2013, an extreme over-pressure incident irreversibly damaged some of Compass's equipment at a wellsite near San Antonio. At the advice of the equipment manufacturer, Compass disposed of its equipment immediately after the accident. Based on that disposal, and relying on a deficient investigation of the accident, Great American Insurance Company (GAIC) largely denied Compass's claim for property damage coverage in 2014.

Compass sued in 2015 for breach of contract, statutory bad-faith insurance-settlement practices, and failure to promptly pay Compass's claim. After a six-day trial in early 2019, a Fort Worth jury found that: both parties had breached the policy; GAIC was not prejudiced by Compass's breach, GAIC had knowingly engaged in unfair settlement practices, and GAIC had failed to make a prompt payment once it had all items necessary to decide coverage.

Haynes Boone's Appellate group was hired by Compass immediately after the verdict to take the lead obtaining and defending a judgment. The appellate team persuaded the trial court to enter a \$5 million judgment consisting of actual damages, statutory additional damages for GAIC's knowing conduct, and 18% statutory interest-as-damages under the Insurance Code, as well as regular pre- and post-judgment interest and attorneys' fees.

GAIC appealed, seeking a total reversal by arguing that it was prejudiced by Compass's breach of the insurance policy as a matter of law and that there was no evidence of "direct physical loss" or of "knowing" violations of the Insurance Code.

In a [52-page opinion](#) issued Dec. 17, 2020, the Second Court of Appeals in Fort Worth unanimously upheld the judgment in favor of Compass (except for a relatively minor offset for a prior settlement).

Anne Johnson was assisted in the case by a Haynes Boone team that included Partner [Karen Precella](#) and Associate [Chris Knight](#).

With one of the largest full-time appellate teams of any national law firm, Haynes Boone's lawyers have argued appeals before the U.S. Supreme Court, the federal circuit courts of appeals, the Texas Supreme Court, and the Texas courts of appeals.

Haynes Boone is an international corporate law firm with offices in Texas, New York, California, Charlotte, Chicago, Denver, Washington, D.C., London, Mexico City and Shanghai, providing a full spectrum of legal services in energy, technology, financial services and private equity. With more than 575 lawyers, Haynes Boone is ranked among the largest U.S.-based firms by *The National Law Journal*, *The American Lawyer* and *The Lawyer*. It also was recognized across the board for

excellence in the BTI Consulting Group's 2020 "A-Team" report, which identifies the law firms that in-house counsel commend for providing superior client service.