Texas Supreme Court Decision in Compression Cost Case Focuses on Express Contract Language

The Texas Supreme Court recently issued a decision in a compression cost case impacting the natural gas production industry in the case of *Kachina Pipeline Co., Inc. v. Michael D.* Lillis, reports The National Law Review.

The ruling focused closely on the contract language finding that a natural gas transporter could not deduct compression costs and was not entitled to a five-year extension based on the terms of the agreement.

"The Texas Supreme Court affirmed the court of appeals' judgment reiterating several contract law principles, including (1) in construing a contract, the four corners rule applies and the contract must be examined as whole to ascertain the parties true intent and (2) extrinsic evidence can only be used if a contract is ambiguous." the Law Review reported.

Read the article.