

Defeated class certification for BP in a natural gas royalties underpayment case heard in federal court in Wyoming.

2015

The Wyoming federal district court ruled in favor of BP America Production Company and against class certification in a putative natural gas royalties underpayment class action.

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The plaintiffs claimed that BP breached a 10-year-old statewide class settlement agreement by underpaying royalties. The agreement was the product of lawsuits filed in the late 1990s following a Wyoming Supreme Court case applying the Wyoming Royalty Payment Act (WRPA). Specifically, plaintiffs asserted that BP had improperly deducted certain costs and miscalculated the sales price for the gas. Plaintiffs brought claims for breach of contract, statutory interest under the WRPA, and accounting. They also sought certification under Federal Rules of Civil Procedure 23(b)(2) and (b)(3).

In defending against certification, WTO lawyers successfully argued that while the settlement agreement provided a common payment methodology, the manner in which that methodology was applied to the putative class member royalty owners did not create any common questions suitable for classwide resolution. The Court agreed and declined to certify any of the plaintiffs' class claims.

The Court's ruling relied heavily on *Wal-Mart Stores, Inc. v. Dukes*, 131 S.Ct. 2541, (2011), and demonstrates the strength of invoking that case as a shield against class certification. The result is an outstanding outcome for BP and natural gas producers.