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## Unit VI Assignment Final Contract Analysis

Note: This is a two-part assignment that consists of two different contract analysis scenarios. Please answer both scenarios on one document, and upload it to Blackboard.

Contract analysis scenario one—damages determination: *Alfred and Barbara own adjoining farms in Dry County, an area where all agriculture requires irrigation. Alfred bought a well-drilling rig and drilled a 400-foot well from which he drew drinking water. Barbara needed no additional irrigation water, but in January 1985, she asked Alfred on what terms he would drill a well near her house to supply better-tasting drinking water than the county water she has been using for years. Alfred said that because he had never before drilled a well for hire, he would charge Barbara only \$10 per foot, about one dollar more than his expected cost. Alfred said that he would drill to a maximum depth of 600 feet, which is the deepest his rig could reach. Barbara said, "OK—as long as you can guarantee completion by June 1, we have a deal." Alfred agreed, and he asked for \$3,500 in advance, with any further payment or refund to be made on completion. Barbara said, "OK," and she paid Alfred \$3,500.*

*Alfred started to drill on May 1. He had reached a depth of 200 feet on May 10 when his drill struck rock and broke, plugging the hole. The accident was unavoidable. It had cost Alfred \$12 per foot to drill this 200 feet. Alfred said he would not charge Barbara for drilling the useless hole in the ground, but he would have to start a new well close by and could not promise its completion before July 1.*

*Barbara, annoyed by Alfred's failure, refused to let him start another well. On June 1, she contracted with Carl to drill a well. Carl agreed to drill to a maximum depth of 350 feet for \$4,500, which Barbara also paid in advance, but Carl could not start drilling until October 1. He completed drilling and struck water at 300 feet on October 30.*

*In July, Barbara sued Alfred, seeking to recover her \$3,500 paid to Alfred, plus the \$4,500 paid to Carl.*

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*On August 1, Dry County's dam failed, thus reducing the amount of water available for irrigation. Barbara lost her apple crop worth \$15,000. The loss could have been avoided by pumping from Barbara's well if it had been operational by August 1. Barbara amended her complaint to add the \$15,000 loss.*

In a minimum of a 1,000-word contract analysis, discuss Barbara's suit against Alfred. What are Barbara's rights, and what damages, if any, will she recover?

Cite any direct quotes or paraphrased material from outside sources. Use APA format.

Contract analysis scenario two—remedies determination: *Mundo manufactures printing presses. Extra, a publisher of a local newspaper, had decided to purchase new presses. Rep, a representative of Mundo, met with Boss, the president of Extra, to describe the advantages of Mundo's new press. Rep also drew rough plans of the alterations that would be required in Extra's pressroom to accommodate the new presses, including additional floor space and new electrical installations, and Rep left the plans with Boss.*

*On December 1, Boss received a letter signed by Seller, a member of Mundo's sales staff, offering to sell the required number of presses at a cost of \$2.4 million. The offer contained provisions relating to the delivery schedule, warranties, and payment terms but did not specify a particular mode of acceptance of the offer. Boss immediately decided to accept the offer and telephoned Seller's office. Seller was out of town, and Boss left the following message: "Looks good. I'm sold. Call me when you get back so we can discuss details."*

*Using the rough plans drawn by Rep, Boss also directed that work begin on the necessary pressroom renovations. By December 4, a wall had been demolished in the pressroom, and a contract had been signed for the new electrical installations.*

*On December 5, the President of the United States announced a ban on foreign imports of computerized heavy equipment. The ban removed—from the American market—a foreign manufacturer that had been the only competitor of Mundo. That afternoon, Boss received an email from Mundo stating, "All outstanding offers are withdrawn." In a subsequent telephone conversation, Seller told Boss that Mundo would not deliver the presses for less than \$2.9 million.*

In a minimum of a 1,000-word contract analysis, discuss the following questions: Was Mundo obligated to sell the presses to Extra for \$2.4 million? Assume Mundo was so obligated. What are Extra's rights and remedies against Mundo?

Cite any direct quotes or paraphrased material from outside sources. Use APA format. Information about accessing the grading rubric for this assignment is provided below.



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