

BUSINESS COURT OF TEXAS, EIGHTH DIVISION

Slant Operating LLC and Slant WTX Holdings II, LLC v. Octane Energy Operating, LLC

Slant Operating, 2025 Tex. Bus. 52 (Business Court of Texas Eighth Division 2025) · No. 24-BC08A-0002 ·
Decided December 22, 2025

SUMMARY

The Texas Business Court, Eighth Division, held that Slant WTX Holdings II, LLC was not a third-party beneficiary of a reciprocal waiver agreement between Slant Operating LLC and Octane Energy Operating, LLC. The court sustained Octane’s plea to the jurisdiction and dismissed Slant Holdings’ claims for lack of standing, while denying as moot Octane’s no-evidence motion for summary judgment. The court reaffirmed its jurisdiction over the remaining lawsuit and denied the plaintiffs’ motion for partial summary judgment.

CASE DETAILS

COURT	Business Court of Texas, Eighth Division
WRITING FOR THE COURT	Jerry D. Bullard
JURISDICTION	Texas Business Court, Eighth Division
DECIDED	December 22, 2025
DOCKET	24-BC08A-0002
DISPOSITION	other
PROCEDURAL POSTURE	The parties filed competing motions concerning subject-matter jurisdiction, standing, and third-party-beneficiary status. The court sustained Octane's plea to the jurisdiction, dismissed Slant WTX Holdings II, LLC's claims, denied the plaintiffs' partial summary-judgment motion, denied Octane's no-evidence motion as moot, and granted in part and denied in part the plaintiffs' motion to establish jurisdiction.
STANDARD OF REVIEW	For a plea to the jurisdiction challenging jurisdictional facts, the court applies a standard generally mirroring traditional summary judgment under Texas Rule of Civil Procedure 166a(c), considers relevant evidence in the light most favorable to the plaintiff, and submits a fact issue to the factfinder if one exists. For a traditional summary-judgment motion, the movant must establish no genuine issue of material fact and entitlement to judgment as a matter of law. For a no-

	evidence motion, the movant must identify an essential element for which there is no evidence, after which the burden shifts to the nonmovant to produce more than a scintilla of supporting evidence.
PRECEDENTIAL VALUE	Published Texas Business Court opinion
PARTIES	Slant Operating LLC, Slant WTX Holdings II, LLC v. Octane Energy Operating, LLC

TOPICS

standing

subject matter jurisdiction

summary judgment

third party beneficiary

contracts

PRACTICE AREAS

civil procedure

commercial litigation

contracts

oil and gas

QUESTIONS PRESENTED

1. Whether Slant WTX Holdings II, LLC had standing to assert a breach-of-contract claim as a third-party beneficiary of the reciprocal waiver agreement.
2. Whether the agreement, the parties' operator roles, Texas Railroad Commission Statewide Rule 86, or the alleged financial unity among the Slant entities established third-party-beneficiary status.
3. Whether dismissal of one plaintiff's claims divested the Business Court of jurisdiction over the remainder of the action.
4. Whether Slant WTX Holdings II, LLC was entitled to partial summary judgment declaring it a third-party creditor beneficiary.

HOLDINGS

1. Slant WTX Holdings II, LLC was not a third-party beneficiary of the Letter Agreement and therefore lacked standing to assert or recover on a breach-of-contract claim against Octane.
2. The parties' roles as oil and gas operators and compliance with Texas Railroad Commission Statewide Rule 86 did not establish that Slant WTX Holdings was an intended third-party beneficiary of the Letter Agreement.
3. Once the Business Court lawfully acquired jurisdiction over the action, dismissal of Slant WTX Holdings' claims did not divest the court of jurisdiction or authority to adjudicate the remaining claims.
4. Slant WTX Holdings was not a third-party creditor beneficiary because the record did not show that performance of the Letter Agreement would satisfy an indebtedness, contractual obligation, or other legally enforceable commitment owed by Slant Operating to Slant WTX Holdings.

KEY QUOTATIONS

"A third party may recover on a contract made between other parties if the contracting parties intended to attach a benefit to the third party and if the contracting parties entered into the contract directly for the third

party's benefit.” (§ 14)

“A third party cannot enforce a contract if the contract confers only an indirect or incidental benefit.” (§ 15)

“The intent “must be clearly and fully spelled out or enforcement by the third party must be denied.”” (§ 24)

“A mere unity of financial interests does not merge the identity of the separate Slant entities for purposes of contractual obligations and contractual enforcement.” (§ 26)

FACTUAL BACKGROUND

Slant Operating and Octane operated oil and gas wells on adjacent Texas leaseholds. In February 2023, they entered into a Letter Agreement under which each reciprocally waived objections to the other's future off-lease penetration-point permit applications before the Texas Railroad Commission. After Slant Operating performed by waiving an objection to Octane's proposed wells, Octane refused to waive its objection to Slant Operating's proposed Gardendale Wells. Slant WTX Holdings II, LLC, which held related leasehold or mineral interests, asserted that it was an intended third-party beneficiary entitled to enforce the agreement.

PROCEDURAL HISTORY

Slant Operating and Octane entered into a reciprocal waiver agreement concerning objections to off-lease penetration-point permit applications. Slant WTX Holdings II, LLC and Slant Energy II, LLC were later added as plaintiffs on a theory that they were third-party beneficiaries; Slant Energy subsequently nonsuited its claims. The court had previously determined that the action satisfied the Business Court's jurisdictional pleading requirements. In this order, the court determined that Slant WTX Holdings lacked standing because it was not a third-party beneficiary and dismissed its claims without reaching the merits of Octane's no-evidence motion.

DISPOSITION

other

CASES CITED

- Tex. Ass’n of Bus. v. Tex. Air Control Bd., 852 S.W.2d 440, 445-46 (Tex. 1993)
- Austin Nursing Ctr., Inc. v. Lovato, 171 S.W.3d 845, 848-49 (Tex. 2005)
- In re K.K.C., 292 S.W.3d 788, 790 (Tex. App.—Beaumont 2009, no pet.)
- Tex. Dep’t of Transp. v. Jones, 8 S.W.3d 636, 637 (Tex. 1999) (per curiam)
- Sampson v. Univ. of Tex. at Austin, 500 S.W.3d 380, 384 (Tex. 2016)
- Tex. Dep’t of Parks & Wildlife v. Miranda, 133 S.W.3d 217, 226-28 (Tex. 2004)
- Bland Indep. Sch. Dist. v. Blue, 34 S.W.3d 547, 555 (Tex. 2000)
- Apollo Expl., LLC v. Apache Corp., 631 S.W.3d 502, 515 (Tex. App.—Eastland 2021), rev’d in part on other grounds, 670 S.W.3d 319 (Tex. 2023)
- Eagle Oil & Gas Co. v. TRO-X, L.P., 619 S.W.3d 699, 705 (Tex. 2021)
- Lujan v. Navistar, Inc., 555 S.W.3d 79, 84 (Tex. 2018)

- Centeq Realty, Inc. v. Siegler, 899 S.W.2d 195, 197 (Tex. 1995)
- Mann Frankfort Stein & Lipp Advisors, Inc. v. Fielding, 289 S.W.3d 844, 848 (Tex. 2009)
- King Ranch, Inc. v. Chapman, 118 S.W.3d 742, 750 (Tex. 2003)
- Timpte Indus., Inc. v. Gish, 286 S.W.3d 306, 310 (Tex. 2009)
- KMS Retail Rowlett, LP v. City of Rowlett, 593 S.W.3d 175, 181 (Tex. 2019)
- Merrell Dow Pharms., Inc. v. Havner, 953 S.W.2d 706, 711 (Tex. 1997)
- Wal-Mart Stores, Inc. v. Rodriguez, 92 S.W.3d 502, 506 (Tex. 2002)
- Delfino Ornelas, III v. Erasmo Herrera, 2025 Tex. Bus. 51, ¶ 7 (4th Div.)
- Cont'l Coffee Prods. Co. v. Cazarez, 937 S.W.2d 444, 449 (Tex. 1996)
- Atlas IDF, LP v. NexPoint Real Est. Partners, LLC, 2025 Tex. Bus. 16, ¶ 42, 715 S.W.3d 390, 397 (1st Div.)
- Maddox v. Vantage Energy, LLC, 361 S.W.3d 752, 756 (Tex. App.—Fort Worth 2012, pet. denied)
- Basic Cap. Mgmt. v. Dynex Com., Inc., 348 S.W.3d 894, 900 (Tex. 2011)
- Esquivel v. Murray Guard, Inc., 992 S.W.2d 536, 543-44 (Tex. App.—Houston [14th Dist.] 1999, pet. denied)
- Tawes v. Barnes, 340 S.W.3d 419, 425 (Tex. 2011)
- S. Tex. Water Auth. v. Lomas, 223 S.W.3d 304, 306 (Tex. 2007) (per curiam)
- Browning Oil Co. v. Luecke, 38 S.W.3d 625, 635 (Tex. App.—Austin 2000, pet. denied)
- Stine v. Stewart, 80 S.W.3d 586, 589 (Tex. 2002)
- Amoco Prod. Co. v. Alexander, 622 S.W.2d 563, 570 (Tex. 1981)

OPINION

Slant Operating v. Octane Energy Operating 2025 Tex. Bus. 52

PER CURIAM.

FILED IN

BUSINESS COURT OF TEXAS

BEVERLY CRUMLEY, CLERK

ENTERED

12/22/2025 2025 Tex. Bus. 52

THE BUSINESS COURT OF TEXAS

EIGHTH DIVISION

SLANT OPERATING LLC and SLANT §

WTX HOLDINGS II, LLC, §

§ Plaintiffs, § § v. § Cause No. 24-BC08A-0002 §

OCTANE ENERGY OPERATING, LLC, §

§

Defendant.

§

OPINION AND ORDER

Syllabus * This opinion addresses whether a leaseholder is a third-party beneficiary to a reciprocal

waiver agreement between two operators, and whether the Court’s jurisdiction and authority over the entire lawsuit is affected by the Court’s disposition of the leaseholder’s third-party-beneficiary claim. The Court concludes (1) the leaseholder is not a third-party beneficiary to the reciprocal waiver agreement, and (2) the Court retains jurisdiction and authority over the entire lawsuit after the leaseholder’s claims are dismissed. * The syllabus was created by court staff and is provided for the convenience of the reader. It is not part of the Court’s opinion, does not constitute the Court’s official description or statement, and should not be relied upon as legal authority.

OPINION

Before the Court are four competing motions:

1. Slant Operating, LLC (“Slant Operating”) and Slant WTX Holdings II, LLC (“Slant Holdings”) (collectively, “Plaintiffs”)’s Motion to Establish Jurisdiction, filed August 28, 2025;
2. Octane Energy Operating LLC (“Octane”)’s Plea to the Jurisdiction on Third-Party Beneficiary Claims (“Plea to the Jurisdiction”), filed September 9, 2025;
3. Octane’s No-Evidence Motion for Summary Judgment on Third Party Beneficiary Claims (“Octane’s No-Evidence Motion for Summary Judgment”) filed September 9, 2025; and
4. Plaintiffs’ Motion for Partial Summary Judgment Regarding Third-Party Beneficiary Status (“Motion for Partial Summary Judgment”), filed September 26, 2025. ¶1 The parties filed responsive briefing. After considering the motions, the parties’ respective responses and replies, and the oral arguments presented by counsel, the Court concludes Octane’s Plea to the Jurisdiction should be SUSTAINED; Plaintiffs’ Motion for Partial Summary Judgment should be DENIED; Octane’s No-Evidence Motion for Summary Judgment should be DENIED AS MOOT; and Plaintiffs’ Motion to Establish Jurisdiction should be GRANTED IN PART and DENIED IN PART.

I. BACKGROUND

¶2 All parties to this litigation are entities involved in Texas oil and gas exploration and production. See Plaintiffs’ Second Amended Petition (“2d Am. Pet.”) ¶ 22. In February 2023, Slant Operating and Octane operated oil and gas wells on adjacent leaseholds. See *id.* ¶ 28. The two entities entered into a Letter Agreement/point of

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penetration waiver agreement (“Letter Agreement” or “the Agreement”) whereby they agreed to reciprocally waive future objections to the other’s “off-lease penetration point” permit applications with the Texas Railroad Commission (“RRC”). *Id.* ¶ 32. The Agreement did not address monetary consideration, monetary value of the waivers, or projected revenue following receipt of any RRC permits. Slant Operating “fully performed its obligation” under the Letter Agreement by waiving any objection to Octane’s plan to its drill five Green Gables Wells from a penetration point on neighbor Slant Operating’s leasehold. *Id.* ¶ 36. But when Slant Operating sought to drill its

Gardendale Wells from a penetration point on Octane's leasehold, Octane refused to waive its objection. *Id.* ¶ 54. ¶3 Slant Operating filed its Second Amended Petition, the live pleading before the Court, on July 11, 2025. The Second Amended Petition added two Plaintiffs, leaseholder Slant Holdings and parent company Slant Energy II, LLC ("Slant Energy"), under a theory that Slant Holdings and Slant Energy were third-party beneficiaries to the Letter Agreement. See *id.* ¶¶ 8, 9. 1 Slant Energy subsequently nonsuited its claims against Octane, leaving Slant Operating and Slant Holdings as remaining Plaintiffs.

II. LEGAL STANDARDS

A. Standing ¶4 Standing is a component of the trial court's subject-matter jurisdiction. *Tex. Ass'n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 445–46 (Tex. 1993). The issue Slant Operating "actively work[s] to develop leasehold interests" held by Slant Holdings. Plaintiffs' 1 Consolidated Response to Defendant Octane Energy Operating, LLC's No-Evidence Motion for Summary Judgment on Third Party Beneficiary Claims and Plea to the Jurisdiction on Third-Party Beneficiary Claims ("Consolidated Resp.") at 9.

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of standing focuses on whether a party has a sufficient relationship with the lawsuit so as to have a "justiciable interest" in its outcome. *Austin Nursing Ctr., Inc. v. Lovato*, 171 S.W.3d 845, 848 (Tex. 2005). A component of subject-matter jurisdiction, standing cannot be waived, nor can it be conferred by agreement. See *id.* (standing cannot be waived); *In re K.K.C.*, 292 S.W.3d 788, 790 (Tex. App.—Beaumont 2009, no pet.) ("A party generally cannot confer or obtain standing by consent or agreement."). The standing doctrine requires a real controversy between the parties that will actually be determined by the judicial declaration sought. *Austin Nursing Ctr., Inc.*, 171 S.W.3d at 849. B. Plea to the Jurisdiction ¶5 A court lacking subject-matter jurisdiction cannot hear the lawsuit. *Id.* The absence of subject-matter jurisdiction may be raised by a plea to the jurisdiction. *Tex. Dep't of Transp. v. Jones*, 8 S.W.3d 636, 637 (Tex. 1999) (per curiam); *Sampson v. Univ. of Tex. at Austin*, 500 S.W.3d 380, 384 (Tex. 2016) ("Whether a court has subject matter jurisdiction is a question of law, properly asserted in a plea to the jurisdiction."). A plea to the jurisdiction may challenge the sufficiency of the facts pleaded in a petition or it may challenge the existence of jurisdictional facts. *Tex. Dep't of Parks & Wildlife v. Miranda*, 133 S.W.3d 217, 226–27 (Tex. 2004). ¶6 When a plea to the jurisdiction challenges the existence of jurisdictional facts, the plea "generally mirrors that of a summary judgment under Texas Rule of Civil Procedure 166a(c)." *Id.* at 228; see *TEX. R. CIV. P. 166a(c)*. The court is required to consider relevant evidence submitted by the parties. *Miranda*, 133 S.W.3d at 228 (citing *Bland Indep. Sch. Dist. v. Blue*, 34 S.W.3d 547, 555 (Tex. 2000)). The court will consider the

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evidence in the light most favorable to the plaintiff. *Id.* at 227–28. If the evidence creates a fact issue regarding jurisdiction, the court does not rule but instead submits the issue to the fact finder in a trial on the merits. *Id.* at 228. Otherwise, the trial court rules on the plea as a matter of law. *Id.*

C. Summary Judgment

1. Traditional

¶7 A party may also challenge standing via a traditional motion for summary judgment under Texas Rule of Civil Procedure 166a. To prevail on a traditional motion for summary judgment, the movant must show there is no genuine issue of material fact and it is entitled to judgment as a matter of law. *Apollo Expl., LLC v. Apache Corp.*, 631 S.W.3d 502, 515 (Tex. App.—Eastland 2021), rev'd in part on other grounds, 670 S.W.3d 319 (Tex. 2023) (citing *Eagle Oil & Gas Co. v. TRO-X, L.P.*, 619 S.W.3d 699, 705 (Tex. 2021)). If the movant makes this showing, the burden shifts to the nonmovant to raise a genuine issue of material fact precluding summary judgment. See *Lujan v. Navistar, Inc.*, 555 S.W.3d 79, 84 (Tex. 2018) (citing *Centeq Realty, Inc. v. Siegler*, 899 S.W.2d 195, 197 (Tex. 1995)). The court must consider evidence in the light most favorable to the nonmovant, crediting evidence favorable to the nonmovant if a reasonable juror could and disregarding contrary evidence unless a reasonable juror could not. See *Mann Frankfort Stein & Lipp Advisors, Inc. v. Fielding*, 289 S.W.3d 844, 848 (Tex. 2009).

2. No Evidence

¶8 A no-evidence summary judgment motion is essentially a pretrial directed verdict. *King Ranch, Inc. v. Chapman*, 118 S.W.3d 742, 750 (Tex. 2003). To receive a no-

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evidence summary judgment, the movant has the burden to show there is no evidence of at least one essential element of the nonmovant's claim or defense. See TEX. R. CIV. P. 166a(i); see *Timpte Indus., Inc. v. Gish*, 286 S.W.3d 306, 310 (Tex. 2009). The burden then shifts to the nonmovant, who "must produce at least a scintilla of evidence raising a genuine issue of material fact as to the challenged elements." *KMS Retail Rowlett, LP v. City of Rowlett*, 593 S.W.3d 175, 181 (Tex. 2019); see also TEX. R. CIV. P. 166a(i). More than a scintilla of evidence exists when the evidence "rises to a level that would enable reasonable and fair-minded people to differ in their conclusions." *Merrell Dow Pharms., Inc. v. Havner*, 953 S.W.2d 706, 711 (Tex. 1997). The court considers evidence in the light most favorable to the nonmovant. *King Ranch*, 118 S.W.3d at 750. Plainly, a no-evidence summary judgment is properly granted if the nonmovant does not bring forth more than a scintilla of probative evidence to raise a genuine issue of material fact. See TEX. R. CIV. P. 166a(i); *Wal-Mart Stores, Inc. v. Rodriguez*, 92 S.W.3d 502, 506 (Tex. 2002).

III. PLAINTIFFS' MOTION TO ESTABLISH JURISDICTION

A. Arguments ¶9 Plaintiffs' Motion to Establish Jurisdiction is an attempt to obtain an affirmative finding on Octane's challenges to their ability to recover damages. See generally Plaintiffs' Motion to Establish Jurisdiction. They ask the Court to find it has subject-matter jurisdiction over their claims and urge any dispute about whether they are entitled to recover damages is an issue of capacity, not jurisdiction. See *id.* at 3, 4. Octane disagrees—"this is not a capacity debate." Octane's Response to Plaintiff's Motion to Establish Jurisdiction at 3. Rather, Octane argues Plaintiffs are barred from recovery as a matter of

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law because (1) Plaintiffs cannot recover the value of “lost minerals [they] never owned,” and because (2) Slant Holdings is neither a named party nor a third-party beneficiary to the Letter Agreement. *Id.* Octane avers the Court must dismiss the entire action because neither Slant Operating nor Slant Holdings has “a complete, cognizable claim for the asserted mineral-production damages,” and “the amount in controversy falls well below the Business Court’s [\$5] million jurisdictional threshold for the alleged breach of contract claim.” *Id.* at 3, 16-17. B. Once jurisdiction is determined, partial disposition of the suit does not divest the Court of jurisdiction. ¶ 10 Plaintiffs’ pleaded facts are sufficient to provide the Court with jurisdiction and authority to determine their claim for damages. The Court previously addressed its jurisdiction over the entire action: Slant has sufficiently pleaded facts to support its claims that (1) the agreement at issue is a qualified transaction, and (2) that the Court has subject-matter jurisdiction over this action under Texas Government Code § 25A.004(d)(1). 2 *Slant Operating, LLC v. Octane Energy Operating, LLC*, 2025 Tex. Bus. 22, ¶ 1, 717 S.W.3d 409, 413 (8th Div.) (footnote added). Further, once the Court determines that it has acquired jurisdiction, any partial disposition of this suit will not divest the Court of subject- matter jurisdiction to adjudicate the remaining claims. See *Delfino Ornelas, III v. Erasmo Herrera*, 2025 Tex. Bus. 51, ¶ 7, 2025 WL 3688731, at *2 (4th Div.); see also *Cont’l Coffee Prods. Co. v. Cazarez*, 937 S.W.2d 444, 449 (Tex. 1996) (in the amount in controversy 2 The Court issued its Opinion and Order on Slant Operating’s Objection to Dismissal for Lack of Jurisdiction on May 23, 2025. At that time, Slant Holdings was not yet a party to the lawsuit.

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context, “where jurisdiction is once lawfully and properly acquired, no later fact or event can defeat the court’s jurisdiction”); *Atlas IDE, LP v. NexPoint Real Est. Partners, LLC*, 2025 Tex. Bus. 16, ¶ 42, 715 S.W.3d 390, 397 (1st Div.) (jurisdiction is determined by the amount recoverable under the pleadings at the suit’s commencement). ¶ 11 For these reasons, the Court will neither revisit its previous jurisdictional ruling nor restate its analysis and discussion. Instead, the Court incorporates by reference its ultimate conclusion. See *supra*. To the extent Plaintiffs seek confirmation they have sufficiently pleaded facts enabling the Court to adjudicate the merits of the parties’ dispute, the Motion to Establish Jurisdiction is GRANTED. Any other relief requested in the motion is DENIED.

IV. OCTANE’S PLEA TO THE JURISDICTION

A. Arguments ¶ 12 In its plea, Octane asks the Court to dismiss Slant Holdings from the case and dismiss the portion of Slant Operating’s breach-of-contract claim made by or on behalf of Slant Holdings. See *Plea to the Jurisdiction* at 16. Octane provides two bases. First, it argues Slant Holdings lacks standing because it is not a third-party beneficiary of the Letter Agreement. See *id.* at 6. Second, because Slant Holdings is not a third-party beneficiary, Slant Operating lacks standing to sue on Slant Holdings’ behalf. See *id.* at 16. ¶ 13 Plaintiffs aver the following confirm

Slant Holdings is a third-party beneficiary to the Letter Agreement: (i) [T]he role of Slant Operating and Octane Operating as operators for affiliated leasehold interest owners;

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(ii) [T]he technical nature of the Letter Agreement . . . in the context of Rule 86; and (iii) [T]he resulting meaning of the [Letter] Agreement’s terms. Plaintiffs’ Consolidated Resp. at 5. They further argue Slant Holdings “was, and always has been, a direct and intended creditor beneficiary to the Agreement and therefore entitled to damages.” Plaintiffs’ Response in Opposition to Defendants’ Traditional and No- Evidence Motion for Summary Judgment on Plaintiffs’ Damages (“Resp. to Octane’s No- Evidence SJ”) at 11 (citing *MJR Corp. v. B&B Vending Co.*, 760 S.W.2d 4, 11 (Tex. App.— Dallas 1988, writ denied)). B. Slant Holdings is not a third-party beneficiary of the Letter Agreement ¶ 14 Slant Holdings is not a third-party beneficiary of the Agreement between Slant Operating and Octane and, as such, lacks standing to assert or recover on its breach-of-contract claim against Octane. As stated above, standing is a constitutional prerequisite to filing suit. *Heckman v. Williamson Cnty.*, 369 S.W.3d 137, 150 (Tex. 2012). “To establish standing to assert a breach of contract cause of action, a party must prove its privity to the agreement or that it is a third-party beneficiary.” *Maddox v. Vantage Energy, LLC*, 361 S.W.3d 752, 756 (Tex. App.— Fort Worth 2012, pet. denied). A third party may recover on a contract made between other parties if the contracting parties intended to attach a benefit to the third party and if the contracting parties entered into the contract directly for the third party’s benefit. *Basic Cap. Mgmt. v. Dynex Com., Inc.*, 348 S.W.3d 894, 900 (Tex. 2011).

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¶ 15 To assert a breach-of-contract claim as a third-party beneficiary, the party must show that it is either a donee or creditor beneficiary to the contract. *Esquivel v. Murray Guard, Inc.*, 992 S.W.2d 536, 543 (Tex. App.—Houston [14th Dist.] 1999, pet. denied). A third party cannot enforce a contract if the contract confers only an indirect or incidental benefit. *Tawes v. Barnes*, 340 S.W.3d 419, 425 (Tex. 2011). Notably, there is a presumption against conferring third-party beneficiary status on noncontracting parties, and “[a]ll doubts must be resolved against conferring third-party beneficiary status.” *Id.*; *S. Tex. Water Auth. v. Lomas*, 223 S.W.3d 304, 306 (Tex. 2007) (per curiam). ¶ 16 Here, without evidence to consider, resolution of Slant Holdings’ standing turns on the sufficiency of Plaintiffs’ pleadings. As discussed below, the Court finds they have failed to carry their burden to allege facts affirmatively demonstrating the Court’s subject-matter jurisdiction over Slant Holdings.

1. Operator’s Role

¶ 17 Slant Operating and Slant Holdings claim all operators contract solely to benefit their affiliated leasehold interest owners and, as such, both Slant Operating and Octane knowingly entered into the Letter Agreement to benefit Slant Holdings. See Plaintiffs’ Consolidated Resp. at 7-9. But Octane claims the Agreement is “no more than a reciprocal agreement to benefit operations by two operators.” See Defendant’s Reply in Support of its Plea to the Jurisdiction and

No-Evidence Motion for Summary Judgment on Plaintiff's Third-Party Beneficiary Claims at 2. ¶ 18 The Court agrees with Octane. Even taken as true that Slant Operating entered into the Letter Agreement to ultimately benefit its Slant enterprise upline, nothing

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before the Court supports that Octane entered into the Agreement with the same intention to benefit Slant Operating's leaseholder. To find all operators contract to benefit all leaseholders would impose an underlying default-intention on all oil and gas operators whereby all leaseholders would be presumed third-party beneficiaries to industry contracts. Doing so would violate well-established Texas law disfavoring third-party beneficiary status on noncontracting parties. See *Lomas*, 223 S.W.3d at 306. Accordingly, Plaintiffs' argument fails and does not afford Slant Holdings third-party beneficiary status.

2. Rule 86

¶ 19 Slant Holdings cannot obtain standing by relying on RRC Statewide Rule 86 ("Rule 86"). Rule 86 provides, in pertinent part, a "technical framework" for horizontal drilling applications. Plaintiffs' Consolidated Resp. at 5; 16 TEX. ADMIN. CODE § 3.86(g). It provides, inter alia, an applicant seeking to develop a new or existing well with horizontal drain holes must provide written notice to all mineral owners of any offsite tracts through which the proposed wellbore path traverses from the point of penetration. 16 TEX. ADMIN. CODE § 3.86(g)(A). Plaintiffs argue, "Slant Operating and Octane Operating, as operators, were the intended recipients of notice under Rule 86 and were the necessary parties to provide waivers to allow their leasehold interest holders to benefit." Plaintiffs' Consolidated Resp. at 5. Further, they argue the parties agreed to provide waivers of off- lease penetration points and did so for the "direct and intended benefit of the leasehold owners who would benefit from maximizing the development of their leasehold." *Id.* at 15. ¶ 20 This argument cannot confer standing upon Slant Holdings. The nexus between Rule 86 and the parties' mutual intent to benefit the parties' leaseholders is gray.

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Certainly "an operator derives economic benefit by increasing the length of the lateral wellbore to improve the chances of penetrating additional producing fractures." *Browning Oil Co. v. Luecke*, 38 S.W.3d 625, 635 (Tex. App.—Austin 2000, pet. denied) (emphasis added). But any benefit to the leaseholder alluded to in Rule 86 is, at best, implied and does not reflect the parties' intention when signing the Letter Agreement. Moreover, contractual review for purposes of determining beneficiaries to a contract is outside the RRC's purview. Asking the Court to do so clearly violates Texas's presumption against third-party beneficiaries. See *Lomas*, 223 S.W.3d at 306. Based on the foregoing, the parties' compliance with Rule 86 does not provide Slant Holdings standing as a third-party beneficiary to the Letter Agreement. C. Disposition ¶ 21 Plaintiffs have not met their burden to affirmatively demonstrate Slant Holdings' standing and the Court's jurisdiction to hear its claim. Therefore, Octane's Plea to the Jurisdiction is SUSTAINED and Slant Holdings' claim against Octane is DISMISSED.

V. OCTANE’S NO-EVIDENCE MOTION FOR SUMMARY JUDGMENT

¶ 22 In its No-Evidence Motion for Summary Judgment, Octane challenges the Court’s subject-matter jurisdiction over Slant Holdings. 3 Because the Court has found Slant Holdings lacks standing and the Court does not have subject-matter jurisdiction to 3 Octane’s Motion also challenged the Court’s jurisdiction over Slant Energy. As noted, Slant Energy is no longer a party.

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hear its claim, the Court need not address the merits of Octane’s No-Evidence Motion for Summary Judgment. Accordingly, Octane’s motion is DENIED AS MOOT.

VI. PLAINTIFF’S MOTION FOR PARTIAL SUMMARY JUDGMENT

A. Arguments ¶ 23 In Plaintiffs’ Motion for Partial Summary Judgment, they ask the Court to declare Slant Holdings a third-party creditor beneficiary of the Letter Agreement. See Plaintiffs’ Motion for Partial SJ (“Mot. for Part. SJ”) at 1. They argue Slant Holdings is a creditor beneficiary because Slant Holdings owns the minerals subject to the Letter Agreement and, without a benefit to Slant Holdings, the Letter Agreement lacks purpose: [T]he [Letter Agreement] was specifically intended to confer a benefit upon Slant Holdings as the owner of the mineral assets subject to [it] because: (A) the contract was undisputably intended to advance the development of mineral assets for the purpose of benefiting the owner of the mineral assets, including Slant Holding[s]; (B) the contract references the entire Slant enterprise; and (C) there is a unity of financial interests between the Slant entities. *Id.* at 2-3. Octane disagrees, arguing Slant Holdings cannot be a creditor beneficiary because the Letter Agreement does not reflect it was made to satisfy a duty Slant Operating owed Slant Holdings: [The Letter Agreement] does not specifically identify a third party to benefit or an obligation to be satisfied because none exists. It is therefore not enforceable by [Slant Holdings] on a creditor-beneficiary theory. Octane’s Response in Opposition to Slant’s Motion for Partial Summary Judgment Regarding Third-Party Beneficiary Status (“Octane’s Resp. to Mot. for Part. SJ”) at 12.

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B. Slant Holdings is not a third-party creditor beneficiary ¶ 24 Plaintiffs’ third-party creditor beneficiary argument fails as a matter of law. As stated above, a party may qualify as an intended third-party beneficiary by obtaining status as a creditor beneficiary of the contract. *Stine v. Stewart*, 80 S.W.3d 586, 589 (Tex. 2002) (citing *MCI*, 995 S.W.2d at 651). “A party is a creditor beneficiary if no intent to make a gift appears in the contract, but performance will satisfy an actual or asserted duty of the promisee to the beneficiary,” such as indebtedness, contractual obligation, or other legally enforceable commitment to the third party. *Esquivel*, 992 S.W.2d at 543-44. “The promisee must intend that the beneficiary will have the right to enforce the contract.” *Id.* at 544. The intent “must be clearly and fully spelled out or enforcement by the third party must be denied.” *Lomas*, 223 S.W.3d at 306 (quoting *MCI*, 995 S.W.2d at 651) (internal quotation marks omitted).

1. Slant Holdings as Mineral Assets Owner

¶ 25 Plaintiffs first allege Slant Operating contracted to benefit Slant Holdings as evidenced by Slant Holdings' position as owner of the subject mineral assets. Mot. for Part. SJ at 3. Understanding "a well operator[] must act for the benefit of the mineral asset owners with land subject to its wells," an operator's obligation to act with reasonable prudence does not extend benefits or liabilities to its mineral owners when the mineral owners are not named parties to a contract. See *id.* at 6 (citing *Amoco Prod. Co. v. Alexander*, 622 S.W.2d 563, 570 (Tex. 1981)). Said differently, the duties Slant Operating owes to mineral asset owner Slant Holdings do not automatically confer Slant Holdings the right to

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benefit from or enforce any Slant Operating contract. Slant Holdings is not a creditor beneficiary under this argument.

2. Financial Unity

¶ 26 Plaintiffs next claim Slant Holdings is a creditor beneficiary because "there is a unity of financial interests" between it and Slant Operating. Mot. for Part. SJ at 3. A mere unity of financial interests does not merge the identity of the separate Slant entities for purposes of contractual obligations and contractual enforcement. While Slant Operating may work as Slant Holdings' financial conduit, there is no evidence of Slant Operating's indebtedness, contractual obligation, or other legally enforceable commitment to Slant Holdings. See *Esquivel*, 992 S.W.2d at 543-44. The Court echoes Octane's argument that "[a]lleged unity of financial interest cannot override corporate separateness." Octane's Resp. to Mot. for Part. SJ at 3 (internal quotation marks omitted). To find otherwise would potentially impose creditor beneficiary status on any entity within a corporate structure and wholly contravene established law. Slant Holdings is not a creditor beneficiary under Plaintiffs' financial-unity theory.

3. Slant Enterprise Language

¶ 27 Lastly, Plaintiffs contend that Octane knew it was contracting with Slant Holdings because the Letter Agreement references the "[o]verall Slant Enterprise." Mot. for Part. SJ at 7. "Slant Energy" is listed in the Letter Agreement's header and footer. *Id.* at 7; Octane's Resp. to Mot. for Part. SJ at 10. However, that another "Slant Enterprise" entity appears in the document would not sufficiently apprise Octane of Slant Operating's intent to benefit Slant Holdings. Mot. for Part. SJ at 7. Plainly, it is wholly improper to

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impose creditor beneficiary status on an entity because another entity appears within the four corners of a document. Slant Holdings is not a creditor beneficiary under this argument. C. Disposition ¶ 28 The Court finds Plaintiffs have not sustained their burden to establish Slant Holdings is a third-party creditor beneficiary of the Letter Agreement. As no genuine issue of material fact exists regarding Slant Holdings' status as a third-party creditor beneficiary, Plaintiffs' Motion for Partial Summary Judgment is DENIED.

VII. CONCLUSION AND ORDER

Consistent with this opinion, the Court concludes and orders as follows:

1. To the extent Plaintiffs ask the Court to reaffirm it has jurisdiction to adjudicate the merits of the Plaintiffs' claim for damages, Plaintiff's Motion to Establish Jurisdiction is hereby GRANTED. Any additional relief requested in the motion is DENIED.
2. The Court finds Slant Holdings lacks standing as a third-party beneficiary of the Letter Agreement and finds it lacks jurisdiction to hear Slant Holdings' claims against Octane. It is therefore ORDERED that Octane's Plea to the Jurisdiction is hereby SUSTAINED. It is further ORDERED that Slant Holdings' claims against Octane are DISMISSED.
3. Based on the Court's disposition of Octane's Plea to the Jurisdiction, the Court will not address the merits of Octane's No-Evidence Motion for Summary Judgment. It is therefore ORDERED that Octane's No- Evidence Motion for Summary Judgment is hereby DENIED AS MOOT.
4. The Court finds no genuine issue of material fact exists as to Slant Holdings' status as a third-party creditor beneficiary of the Letter Agreement. Because Slant Holdings is not a third-party creditor beneficiary, it is ORDERED that Slant Operating and Slant Holdings' Motion for Partial Summary Judgment is hereby DENIED.

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SO ORDERED. Qed

JERRY D. BULLARD

Judge of the Texas Business Court, Eighth Division SIGNED: December 22, 2025

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