

# PUBLICATION

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## Apparent Authority of a Landman, an Independent Contractor

August 06, 2013

In *PanAmerican Operating, Inc. v. Maud Smith Estate*, the Texas Court of Appeals for the Eight District addressed risks associated with working through independent landmen. In this case, PanAmerican hired an independent contractor, Robert Wormser, a landman, to obtain an oil and gas lease. Mr. Wormser called the attorney for Maud Smith Estate and, without disclosing that he was an independent contractor, began negotiating the lease. After executing and mailing the lease to PanAmerican and attempting for seven months to get paid, Maud Smith Estate sued for breach of contract. In its answer, PanAmerican claimed the lease was invalid. PanAmerican denied that Mr. Wormser was an employee and argued that Mr. Wormser did not have the apparent authority to bind PanAmerican. The trial court and the Court of Appeals disagreed.

The Court of Appeals found that evidence at trial established that a reasonably prudent person would have believed Mr. Wormser possessed the authority to contract on PanAmerica's behalf because PanAmerican acted with such a lack of ordinary care as to clothe Mr. Wormser with indicia of authority. The Court relied on certain evidence to find that Mr. Wormser had the apparent authority to bind PanAmerican, including:

- Mr. Wormser used a company email domain ("[@panampo.com](mailto:@panampo.com)") and used words such as "we," "our," "they," and "our attorney" in his emails to Maud Smith Estate.
- Mr. Wormser used a company telephone line;
- Mr. Wormser used a cubicle in the PanAmerican offices;
- Mr. Wormser submitted reports to PanAmerican describing his efforts to secure the lease; and
- The founder and president of PanAmerican knew he was negotiating the lease.

The Court of Appeals reasoned that PanAmerican had a duty, as the principal, to give notice to Maud Smith Estate of any limitations of Mr. Wormser's authority to bind PanAmerican. Further, the Court found that PanAmerican ratified the lease, given that it received the lease at issue and did not immediately repudiate it.