FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 1, 2014

TEL Offshore Trust
(Exact name of registrant as specified in its charter)

Texas 1-6910 76-6004064
(State or other jurisdiction of Commission IRS Employer
incorporation) File Number Identification No.)

The Bank of New York Mellon Trust Company, N.A., Trustee
919 Congress Avenue
Austin, Texas 78701
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: (512) 236-6599

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Item 1.01 Entry into a Material Definitive Agreement.

On October 1, 2014, the Bank of New York Mellon made an advance to the TEL Offshore Trust (the “Trust”) in the amount of $363,000, and the Bank of New York Mellon Trust Company, N.A., in its capacity as corporate trustee (the “Trustee”) for the Trust, as the borrower, has entered into a Demand Promissory Note (the “Demand Note”) with the Bank of New York Mellon, as lender (the “Lender”), relating to the unsecured $363,000 advance. The Demand Note bears interest at the rate of one-half percent (0.5%) per annum. Pursuant to the terms of the Demand Note, all amounts outstanding under the Demand Note will be due and payable in cash on the earliest to occur of (i) the date written demand for payment is made by the Lender or (ii) December 31, 2015. The Trust may prepay any outstanding principal and accrued and unpaid interest under the Demand Note, in whole or in part, at any time without penalty.

The foregoing description of the Demand Note is qualified in its entirety by reference to the full text of the Demand Note, a copy of which is attached as Exhibit 10.1 to the Form 8-K, which is incorporated by reference into this Item 1.01.

Item 2.02 Results of Operation and Financial Condition.

On October 6, 2014, the Trust issued a press release (the “Press Release”) announcing that there will be no trust distribution for the third quarter of 2014 for unitholders of record on September 30, 2014. The Press Release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Pursuant to General Instruction B.2 of Form 8-K and Securities and Exchange Commission Release No. 33-8176, the information in Item 2.02 of this Current Report and the information in the exhibit attached hereto announcing there will be no distribution and providing financial and operating information for the royalty properties shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, but is instead furnished for purposes of that instruction.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

As described in Item 1.01, the Trustee has entered into the Demand Note with the Lender to evidence the advance made on October 1, 2014. The information and summaries set forth in Item 1.01 are incorporated by reference into this Item 2.03.

The Trustee currently expects to use the proceeds of the loan under the Demand Note from time to time to meet current financial obligations of the Trust not otherwise covered by royalty income. The Trust Agreement for the Trust prohibits the Trustee from making any distributions to unitholders until the loan is repaid in full.

Item 8.01 Other Events.

The Press Release issued by the Registrant on October 6, 2014 included an update relating to the previously announced probate proceeding initiated by the trustees of the Registrant. The information concerning the probate proceeding contained in the Press Release attached to this Current Report as Exhibit 99.1 is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 Demand Promissory Note in the original principal amount of $363,000, dated October 1, 2014

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEL Offshore Trust

By: The Bank of New York Mellon Trust Company, N.A., as Trustee

Date: October 6, 2014

By: /s/ Mike Ulrich

Mike Ulrich
Vice President and Trust Officer
<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1</td>
<td>Demand Promissory Note in the original principal amount of $363,000, dated October 1, 2014</td>
</tr>
<tr>
<td>99.1</td>
<td>TEL Offshore Trust’s Press Release dated October 6, 2014</td>
</tr>
</tbody>
</table>
DEMAND PROMISSORY NOTE

$363,000.00

As of October 1, 2014

FOR VALUE RECEIVED, The Bank of New York Mellon Trust Company, N.A., solely in its capacity as trustee for the TEL OFFSHORE TRUST, a trust formed under the laws of the State of Texas, having an address at 919 Congress Avenue, Austin, Texas 78701 (“Borrower”), promises to pay ON DEMAND to the order of THE BANK OF NEW YORK MELLON (“Lender”), whose address is 919 Congress Avenue, Austin, Texas 78701, at said address or such other address as may be designated in writing by the holder hereof from time to time, the principal sum of THREE HUNDRED SIXTY-THOUSAND AND NO/100 Dollars ($363,000.00), together with interest on said principal, at a rate equal to one-half percent (0.5%) per annum, provided, however, that in no event shall such rate exceed the maximum legal rate of interest permitted by applicable law.

This Note evidences an extension of credit for borrowed money authorized under Section 6.08 of the Trust Agreement dated as of January 1, 1983, by and among Tenneco Offshore Company, Inc., Texas Commerce Bank National Association, Horace C. Bailey, Joseph C. Broadus and F. Arnold Daum.

All amounts outstanding under this Note will be due and payable in cash on the earliest to occur of (i) the date written demand for payment is made by Lender or (ii) December 31, 2015. Borrower promises to pay interest on the outstanding and unpaid principal amount of this Note at a rate per annum equal to one-half percent (0.5%). All interest due hereunder shall be calculated on the basis of the actual number of days elapsed in the related interest accrual period over a year of 365 or 366 days, as the case may be.

Borrower may prepay any outstanding principal and accrued and unpaid interest under this Note, in whole or in part, at any time without penalty.

To the extent the maximum non-usurious interest rate which Borrower is permitted by law to contract or agree to pay (the “Maximum Rate”) as provided in this Note is determined by reference to the laws of the State of Texas, the Maximum Rate shall be determined by reference to the indicated (weekly) rate ceiling (as defined and described in Chapter 303 of the Texas Finance Code, as amended) at the applicable time in effect. For purposes of this Note, Borrower and Lender expressly acknowledge and agree that all agreements by Borrower to pay any amounts under this Note, or contracted for, charged, taken, reserved, or received with respect to the debt, including, without limitation, any interest as provided herein or late charges, which are or are deemed to be interest under applicable law shall in each instance include the agreement of Borrower and Lender that the aggregate of all sums agreed to be paid are hereby expressly limited to, and shall be reduced to an amount equal to the amount of interest at the Maximum Rate (the “Maximum Lawful Amount”). It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this paragraph shall control every other covenant and agreement in this Note. If the applicable law (state or federal) is ever judicially
interpreted so as to render usurious any amount called for under this Note, or contracted for, charged, taken, reserved, or received with respect to the debt, or if any prepayment results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender’s express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other debt and the provisions of this Note immediately be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the debt, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the debt until payment in full so that the rate or amount of interest on account of the debt does not exceed the maximum non-usurious rate from time to time in effect and applicable to the debt for so long as the debt is outstanding.

In the event of default in the payment of any installment of principal or interest when due hereunder, or upon failure in performance of any covenant, agreement, or obligation to be performed under any documents executed in connection with this Note, Lender may declare the entirety of this Note, principal and interest, immediately due and payable without further notice, but failure to exercise said option shall not constitute a waiver on the part of Lender of the right to exercise the same at any other time.

In the event default is made in the payment of this Note in whatever manner its maturity may be brought about, and it is placed in the hands of an attorney for collection, or is collected through probate, bankruptcy or other proceedings, Borrower promises to pay all reasonable amounts actually incurred by Lender for court costs and attorneys’ fees in connection therewith.

Borrower waives grace, notice, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intention to accelerate, notice of acceleration of the indebtedness due hereunder and all other notice, filing of suit and diligence in collecting this Note, and the enforcing of any of the security rights of Lender, and consent and agree that the time of payment hereof may be extended without notice at any time and from time to time, and for periods of time, whether or not for a term or terms in excess of the original term hereof, without notice or consideration to, or consent from, any of them. Time is of the essence hereof.

Any liability hereunder is the liability of the TEL Offshore Trust alone and is in no respect whatsoever the obligation of the trustees or owners of units of the TEL Offshore Trust. Lender is dealing with the TEL Offshore Trust and is doing so in reliance solely upon the assets of the TEL Offshore Trust and not upon the trustees or such owners of units and neither the trustees nor such owners of units of the TEL Offshore Trust shall have any personal liability to Lender.

THIS NOTE SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS.
EXECUTED to be effective the day and year first written above.

TEL OFFSHORE TRUST

By: The Bank of New York Mellon Trust Company, N.A, its trustee

By: /s/ Michael J. Ulrich
Michael J. Ulrich
Vice President
TEL OFFSHORE TRUST

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., CORPORATE TRUSTEE 919 CONGRESS AVENUE / (512) 236-6599 / AUSTIN, TEXAS 78701

TEL OFFSHORE TRUST PROVIDES UPDATE ON PROBATE PROCEEDING AND ANNOUNCES THERE WILL BE NO THIRD QUARTER 2014 DISTRIBUTION

AUSTIN, TEXAS October 6, 2014—TEL OFFSHORE TRUST (the “Trust”) provided an update on the previously announced probate proceeding and also reported that there will be no trust distribution for the third quarter of 2014.

Update on Probate Proceeding

As previously disclosed by the Trust, The Bank of New York Mellon Trust Company, N.A., as Corporate Trustee, and Gary C. Evans, Jeffrey S. Swanson and Thomas H. Owen, Jr., as Individual Trustees (collectively, the “Trustees”), filed a Petition for Modification and Termination of Trust (the “Petition”) with the Probate Court of Travis County, Texas (the “Court”), in Cause No. C-1-PB-14-001245 (the “Probate Proceeding”). The Petition requests the Court to modify the TEL Offshore Trust Agreement (the “Trust Agreement”) to (1) allow for the termination of the Trust by a court order, and (2) allow the Trustees, as necessary to fulfill the purposes of the Trust and, without the approval of the Trust’s unitholders, to (a) sell all or any portion of the Trust’s interest in the TEL Offshore Partnership (the “Partnership”) or any other assets of the Trust, (b) exercise their rights to dissolve the Partnership, or (c) cause the Partnership to sell the remaining overriding royalty interest owned by the Partnership. The goals in filing the Probate Proceeding are to permit the Trustees to direct the Partnership to sell the remaining overriding royalty interest held by the Partnership; to distribute the net proceeds, if any, resulting from such sale, after the payment of the Trust’s liabilities and expenses, to the Trust’s unitholders; and, to thereafter terminate the Partnership and the Trust. There can be no assurances whether the Court will grant the requested relief, and if such relief is granted, when such actions will be completed. In addition, if the Court does grant the requested relief, there can be no assurance as to the amount, if any, of the net proceeds that will be available for distribution to the Trust’s unitholders.

The Trust is in the process of serving the Petition on the Trust’s unitholders and it is expected that this process will continue for several weeks. The Trust and the Trustees wish to confirm that they are not seeking a finding of any liability against any of the Trust’s unitholders in the Probate Proceeding and that they are not seeking any money or damages from any of the Trust’s unitholders. Under Texas law, the beneficiaries of the Trust are necessary parties to the Probate Proceeding and, therefore, the Trustees are required to serve the Petition on the Trust’s unitholders. It is not the purpose of the Probate Proceeding to seek any recovery from the Trust’s unitholders, and the Trustees will not seek a judgment against the Trust’s unitholders.
The Trust will continue to provide information regarding the status of the Probate Proceeding in its filings with the Securities and Exchange Commission (“SEC”) and, to the extent appropriate, will issue press releases providing additional information regarding the Probate Proceeding. All documents that are filed in the Probate Proceeding and all of the Trust’s future filings with the SEC during the Probate Proceedings can be viewed at: www.andrewskurth.com/teloffshoretrust.

Third Quarter 2014

The Trust will not make a distribution for the third quarter of 2014 to unitholders of record on September 30, 2014. The Trust has not been able to make a distribution to unitholders for twenty-three consecutive quarters, or since January 9, 2009. Except as disclosed below, the financial and operating information included herein for the Trust’s third quarter of 2014 reflects financial and operating information with respect to the royalty properties for the months of May, June and July 2014.

Gross proceeds for the burdened royalty properties exceeded development and production costs for the months of May, June and July 2014 by $2,733,945, or $683,486 net to the entire overriding royalty interest, and $410,092 attributable to the Trust. The excess proceeds, net to the entire overriding royalty interest, were applied to reduce the accumulated excess cost carryforward, which represents the amount by which the aggregate development and production costs for the burdened royalty properties since November 2008 have exceeded the related proceeds of the production.

Gas revenues recorded by Chevron USA, Inc. (“Chevron”), the Managing General Partner of the TEL Offshore Trust Partnership (the “Partnership”) for the quarter on the burdened royalty properties increased approximately 20% to $351,077 from $292,564 in the second quarter of 2014. Natural gas volumes during the third quarter of 2014 increased approximately 29% to 73,562 Mcf from 57,233 Mcf during the second quarter of 2014. The increase in production is primarily due to wells coming back on line after maintenance work was performed at Ship Shoal 182. Excluding the impact of prior period adjustments, the average price received for natural gas production decreased approximately 7% to $4.82 per Mcf in the third quarter of 2014 from $5.16 per Mcf in the second quarter of 2014.

Crude oil and condensate revenues recorded by Chevron for the quarter on the burdened royalty properties increased approximately 6% to $3,689,442 in the third quarter of 2014 from $3,470,334 in the second quarter of 2014. Crude oil and condensate volumes during the third quarter of 2014 increased approximately 6% to 35,777 barrels, compared to 33,858 barrels during the second quarter of 2014. The increase in production is primarily due to wells coming back on line after maintenance work was performed at Ship Shoal 182. Excluding the impact of prior period adjustments, the average price received for crude oil and condensate production increased approximately 1% to $103.13 per barrel in the third quarter of 2014 from $102.52 per barrel in the second quarter of 2014.

Capital expenditures increased by approximately 13%, or $2,087, to $18,031 in the third quarter of 2014 from $15,943 in the second quarter of 2014. Operating expenses decreased by approximately 14%, or $195,177, to $1,172,305 in the third quarter of 2014 from $1,367,482 in the second quarter of 2014.
As previously disclosed, during September 2008, the platforms, wells and infrastructure associated with the Eugene Island 339 field were completely destroyed by Hurricane Ike. While Chevron has completed the work it deemed required to clear the remaining infrastructure and abandon those wells, platforms and infrastructure, the interruption in production and the plugging and abandonment costs, each related to the Eugene Island 339 field, were the primary contributors to the resulting excess of development and production costs over proceeds of production. Chevron has informed the Trust that the estimate of the Trust’s net portion of the aggregate cost to plug and abandon the wells, remove and abandon platforms and infrastructure and remediate the surface subject to the overriding royalty interest on Eugene Island 339 was approximately $19.8 million. No further expenses are expected to be incurred.

As discussed above, gross proceeds for the royalty properties for the third quarter of 2014 exceeded development and production costs thereof, with the portion of such excess attributable to the Trust’s interest in the remaining 15% royalty interest equal to approximately $410,092. As of July 31, 2014, after applying the net proceeds for the months of May, June and July 2014, the amount by which the aggregate development and production costs for the royalty properties since November 2008 have exceeded the related proceeds of production from the royalty properties has been reduced to approximately $3.6 million (or approximately $2.2 million, net to the Trust’s interest in the remaining 15% royalty interest) as compared to approximately $4.3 million (or approximately $2.6 million, net to the Trust’s interest in the remaining 15% royalty interest) as of April 30, 2014. The Trust will not receive any distribution of net proceeds until such time as the proceeds of production exceed the accumulated excess cost carryforward. As a result, the Trust will not be receiving any net proceeds for the third quarter of 2014. In light of the continuing expenses of the Trust and the lack of any distributions and any assurances as to the actual timing of any future distributions, the Trustees initiated the Probate Proceeding discussed above and continue to evaluate all alternatives available to the Trust to obtain funds or to reduce the ongoing costs and expenses of the Trust. As a result, there is no guarantee that any further distributions form the Trust will be made.

This press release contains forward-looking statements. Although the Managing General Partner of the TEL Offshore Trust Partnership has advised the Trust that the Managing General Partner believes that the expectations contained in this press release with respect to the royalty properties are reasonable, no assurances can be given that such expectations will prove to be correct. The Working Interest Owners alone control historical operating data, and handle receipt and payment of funds relating to the royalty properties and payments to the Trust for the related royalty. The Trustees of the Trust cannot assure that errors or adjustments by the Working Interest Owners, whether historical or future, will not affect future royalty income and distributions by the Trust. Other important factors that could cause these statements to differ materially include delays and costs in connection with repairs or replacements of hurricane-damaged facilities and pipelines, including third-party transportation systems, the actual results of drilling operations, risks inherent in drilling and production of oil and gas properties, the Trust’s ability to pay its liabilities, and other factors described in the Trust’s Form 10-K for the year ended December 31, 2013 under “Item 1A. Risk Factors,” as well as other risks identified from time to time in its reports on Form 10-Q and
Statements made in this press release are qualified by the cautionary statements made in these risk factors. The Trust does not intend, and assumes no obligations, to update any of the statements included in this press release.

The Bank of New York Mellon Trust Company, N.A.
AS CORPORATE TRUSTEE
CONTACT: Michael J. Ulrich
(512) 236-6599