

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL & GAS DOCKET NO. 09-0302258**

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**COMPLAINT OF KEN AND JANE LUIG THAT GILLIAM PARTNERS, L.P. (OPERATOR NO. 306115) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE MOORE LEASE (LEASE NO. 03297), WELL NOS. 1-10, 12-15, 23, 27, 28, 30 AND A-1, JACK COUNTY REGULAR FIELD, JACK COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Gilliam Partners, L.P. failed to appear at the hearing such that this docket can proceed as a default. This proceeding having duly been submitted to the Commission at a conference held in its offices in Austin, Texas, the Commission makes the following findings of fact and conclusions of law.

**FINDINGS OF FACT**

1. The Commission received a complaint from Ken and Jane Luig ("Complainants") alleging Gilliam Partners, L.P. ("Gilliam"), RRC Operator No. 306115, does not have a good faith claim to operate the Moore Lease, Lease No. 03297, Well Nos. 1-10, 12-15, 23, 27, 28, 30 and A-1, (the "Wells") because the written lease relied upon by Gilliam has terminated due to lack of production.
2. Gilliam is the current RRC operator of record for the Wells and became the RRC record operator in October 2014.
3. In a letter dated October 28, 2016, a Commission Administrative Law Judge ("ALJ") requested in writing that Gilliam either (1) provide evidence that it holds a "good faith claim" to a continuing right to operate the Wells or (2) request a hearing on the matter on or before November 28, 2017.
4. A "good faith claim" is defined in Commission Statewide Rule 15(a)(5) as "A factually supported claim based on a recognized legal theory to a continuing possessory right in the mineral estate, such as evidence of a currently valid oil and gas Wells or a recorded deed conveying a fee interest in the mineral estate." 16 TEX. ADMIN. CODE 3.15(a)(5).
5. On November 28, 2017, Gilliam submitted a request for a hearing in this matter.

6. On December 20, 2016, a Notice of Hearing setting the hearing for February 7, 2017 was sent by first class mail to and to Gilliam's most recent Commission Form P-5 (Organization Report) ("Form P-5") address.
7. At the hearing February 7, 2017, Complainants appeared. Gilliam failed to appear despite having requested the hearing.
8. At least ten days' notice of the hearing was given to Gilliam and Complainants.
9. Complainants submitted the following documentation:
  - a. A notarized and filed Warranty Deed showing Complainants own the real property where the Wells are located; and
  - b. A written notarized Oil Gas and Mineral Lease dated July 21, 1941 covering the real property where the Wells are located and providing a primary term of five years and continuing thereafter as long as there is hydrocarbon production. Complainants provided an affidavit and a letter stating that this written lease is the lease relied on by Gilliam to operate the Wells.
10. Gilliam became the operator of record in October 2014. There has been no reported production for the Wells since July 2015.
11. Gilliam does not have a good faith claim to operate the Wells.
12. Absent a good faith claim to operate, the Wells are not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
13. The Wells should be plugged and any plugging extensions relating to it should be revoked.
14. Pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e), Gilliam was provided notice and an opportunity for hearing and failed to appear at the hearing.

### **CONCLUSIONS OF LAW**

1. Proper notice of opportunity for hearing was timely issued to appropriate persons entitled to notice. See, e.g., TEX. GOV'T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.45(a).
2. The Commission has jurisdiction in this case. See, e.g., TEX. NAT. RES. CODE § 81.051.

3. Gilliam does not have a good faith claim, as that term is defined in Statewide Rule 15(a)(5), to continue operating the Wells. 16 TEX. ADMIN. CODE § 3.15(a)(5).
4. The Wells are not eligible for plugging extensions and the Wells should be plugged.

**IT IS THEREFORE ORDERED** that Gilliam is not eligible for plugging extensions for the Wells. Gilliam is hereby **ORDERED** to plug the Wells and place the Moore Lease, Lease No. 03297, in compliance with Statewide Rules 8, 14, and 15, and any other applicable Commission rules no later than 30 days after this order becomes final.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under TEX. GOV'T CODE § 2001.142, by agreement under TEX. GOV'T CODE § 2001.147, or by written Commission Order issued pursuant to TEX. GOV'T CODE § 2001.146(e). If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date the parties are notified of this order in accordance with TEX. GOV'T CODE § 2001.144.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 21<sup>st</sup> day of March, 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**  
(Order approved and signatures affixed by HD  
Unprotested Master Order dated December  
March 21, 2017)

JNC/rnf