

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 06-0303697**

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**COMPLAINT BY PAMELA WHITE THAT KNT ENTERPRISES LLC (473440) HAS NO GOOD FAITH CLAIM TO OPERATE THE LEWIS QUALLS WELL #4 (DRLG. PER. #785381), HUNTINGTON FIELD (43717001), ANGELINA COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after notice and opportunity for hearing, the operator of the captioned lease responded with evidence to demonstrate that the operator maintains a "good faith claim" to operate the captioned lease. The proceeding having been duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas, the Commission makes the following Findings of Facts and Conclusions of Law.

**FINDINGS OF FACT**

1. KNT Enterprises LLC ("KNT") holds Form P-5 *Organization Report* Operator No. 473440.
2. KNT is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001), Angelina County, Texas.
3. On or about February 15, 2017, Pamela White, ("Complainant"), submitted to the Commission a complaint letter alleging that KNT lacks authority to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001).
4. On February 21, 2017, the Administrative Law Judge requested in writing that KNT either (1) provide evidence that it holds a good faith claim to a continuing right to operate the referenced property or (2) request a hearing on the matter on or before March 24, 2017. This writing expressly notified the operator that failure to timely request a hearing would constitute waiver of the opportunity to request a hearing on the matter.
5. On March 22, 2017, KNT submitted to the Administrative Law Judge executed Oil, Gas and Mineral Leases and other evidence showing that KNT maintains a "good faith claim" to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001).

6. By submitting written evidence showing that KNT maintains a "good faith claim" to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001), Angelina County, Texas (rather than request a hearing on the merits), KNT chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
7. KNT has an active Form P-5 with financial assurance in the form of a \$25,000 bond. KNT is the operator of 2 other wells in Angelina County.
8. The Lewis Qualls Well #4 (Drlg. Per. #785381) has no reported production.
9. 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 lease or a recorded deed conveying a fee interest in the mineral estate." [16 TEX. ADMIN. CODE § 3.15(a)(5)].
10. KNT submitted one executed and recorded Oil, Gas and Mineral Lease dated February 22, 2014, and one executed Oil, Gas and Mineral Lease dated July 9, 2014, and maintains that such leases, each covering 50% of the mineral estate, have been maintained by a 90 day continuous operations provisions in the leases.
11. Pamela White submitted a letter challenging the validity of one of KNT's leases, based on a prior lien, a matter not within the jurisdiction of the Commission.
12. KNT filed with the Hearings Division evidence sufficient to demonstrate KNT's "good faith claim" to a continuing right to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001), Angelina County, Texas.

#### CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to all persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. KNT has a "good faith claim" to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001), Angelina County, Texas.

**THEREFORE**, the Railroad Commission of Texas hereby finds that KNT Enterprises LLC (Operator No. 473440) has a "good faith claim" to operate the Lewis Qualls Well #4 (Drlg. Per. #785381), Huntington Field (43717001), Angelina County, Texas, and dismisses the Complaint.

It is **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 of an application 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 Commission Order is signed. All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 25<sup>th</sup> day of April, 2017, in Austin, Texas.

**RAILROAD COMMISSION OF TEXAS**  
**(Order approved and signatures affixed**  
**by Hearings Division Unprotested Master**  
**Order dated April 25, 2017)**