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IN RE: COMMISSION CALLED HEARING TO PROVIDE MCKNIGHT, C. L. (OPERATOR NO. 551650) AN OPPORTUNITY TO DEMONSTRATE THAT IT HAS A GOOD FAITH CLAIM TO OPERATE THE KILDARE/EAST GLOYD/UNIT (04738) LEASE, KILDARE FIELD, LOCATED IN CASS AND MARION COUNTIES, 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 purporting 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 FACTS**

1. McKnight, C. L. ("McKnight") holds Form P-5 *Organization Report* Operator No. 551650.
2. McKnight is the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, located in Cass and Marion Counties, Texas.
3. On or about January 9, 2017, Complainants, being the numerous heirs of Elias Harper, ("Complainants"), submitted to the Commission a complaint letter alleging that McKnight lacks authority to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, located in Cass and Marion Counties, Texas.
4. On or about January 12, 2017, the Administrative Law Judge requested in writing that McKnight 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 February 13, 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. McKnight submitted to the Administrative Law Judge evidence purporting to demonstrate that McKnight maintains a "good faith claim" to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, located in Cass and Marion Counties, Texas.
5. At least ten days' notice was given to McKnight and Complainants.

6. By submitting written evidence purporting to demonstrate that McKnight maintains a "good faith claim" to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas (rather than request a hearing on the merits), McKnight chose to rely on informal disposition of this docket pursuant to TEX. GOV'T CODE §§ 2001.056 and 2001.062(e).
7. McKnight has an active Form P-5 with financial assurance in the form of a \$25,000 bond, which expires on April 30, 2018. McKnight is the operator of 10 wells, of which 1 is in Statewide Rule 14(b)(2) [16 TEX. ADMIN. CODE § 3.14(b)(2)] inactive status.
8. McKnight became the current Form P-4 *Certificate of Compliance and Transportation Authority* operator of record for the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas, by filing a Form P-4 dated effective July 1, 1998.
9. The Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas, has reported production since July 1998.
10. 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)].
11. McKnight filed with the Hearings Division evidence sufficient to demonstrate McKnight's "good faith claim" to a continuing right to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas:
12. McKnight has a "good faith claim" to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas.

#### CONCLUSIONS OF LAW

1. Proper notice of an opportunity for a hearing was timely issued to appropriate persons entitled to notice.
2. All things necessary to the Commission attaining jurisdiction have occurred.
3. McKnight has a "good faith claim" to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas.

**THEREFORE**, the Railroad Commission of Texas hereby finds that McKnight, C. L. (Operator No. 551650) has a "good faith claim" to operate the Kildare/East Gloyd/Unit (04738) Lease, Kildare Field, Cass and Marion Counties, Texas.

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)**