

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0306546

IN RE: P-5 ORGANIZATION REPORT OF SEQUOIA NATURAL GAS, INC.

FINAL ORDER

The Commission finds that after notice and an opportunity for hearing regarding the captioned matter, the Operator failed to request a hearing and pay the hearing fee as required by 16 TEX. ADMIN. CODE §3.15(g)(4) and TEX. NAT. RES. CODE §89.022(f). This matter 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 fact and conclusions of law.

FINDINGS OF FACT

1. Sequoia Natural Gas, Inc. [Operator #767543] (the "Operator"), is the record operator or one or more inactive wells in the State of Texas and is required to file Organization Report (Form P-5) with the Commission. Operator's most recent P-5 was due on or before March 1, 2016.
2. After filing its most recent Organization Report (Form P-5) with the Commission, the Operator was notified they were deficient and had failed to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 (Surface Equipment Removal Requirements and Inactive Wells) and provided with a written statement of the reasons for the determination and allowed ninety (90) days from the date its P-5 was due to comply with the requirements of 16 TEX. ADMIN. CODE § 3.15 and TEX. NAT. RES. CODE §§89.021 - 89.030.
3. After the expiration of ninety (90) days and pursuant to 16 TEX. ADMIN CODE §3.15(g)(4), an authorized Commission employee determined that the Operator's Organization Report still could not be renewed because the Operator continued to fail to comply with the requirements of 16 TEX. ADMIN. CODE §3.15 (Surface Equipment Removal Requirements and Inactive Wells).
4. The Commission sent the Operator a letter by certified mail giving notice to the Operator of the determination of continued non-compliance regarding specified inactive wells, attached as Exhibit A to this order, and advising the Operator of the right to request a hearing to show compliance. The letter notified the Operator that the hearing request must be received in docket services no later than 30 days after the date of the letter. The letter also notified the Operator that a final order denying renewal of the Operator's Organization Report (Form P-5) would result in the cancellation of all P-4 Certificates of Compliance and the severance of all pipeline or other carrier connections.

5. All notices and letters from the Commission to the Operator on this matter were addressed and mailed to the Operator's most recently reported address on the Form P-5 Organization Report.
6. The Operator did not timely request a hearing and pay the hearing fee on these issues as required under 16 TEX. ADMIN. CODE §3.15(g)(4) (Surface Equipment Removal Requirements and Inactive Wells).
7. Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) is a Commission rule that relates to safety or the prevention or control of pollution.

CONCLUSIONS OF LAW

1. The Operator received proper notice and an opportunity for hearing regarding compliance with 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this matter have been performed or have occurred.
3. The Operator is in violation of Commission Statewide Rule 15 and did not timely request a hearing to contest the determination that it was in violation.
4. The Operator's P-5 Organization Report should not be renewed and all of the Operator's P-4 Certificates of Compliance should be cancelled, with all related pipeline or other carrier connections severed. 16 Tex. Admin. Code §3.15 (g)(4) and Tex. Nat. Res. Code §§89.022(f), 91.704 - 91.706.
5. The Operator's P-5 Organization Report cannot be renewed until the operator brings the inactive wells shown on the attached Exhibit A into compliance with the requirements of 16 Tex. Admin. Code §3.15 and Tex. Nat. Res. Code §§89.021 - 89.030.

IT IS ORDERED that renewal of Sequoia Natural Gas, Inc.'s P-5 Organization Report is hereby **DENIED**.

It is further ORDERED that all P-4 Certificates of Compliance issued to Sequoia Natural Gas, Inc. as operator of record are hereby **CANCELLED** and all related pipeline or other carrier connections are hereby **SEVERED**.

It is further ORDERED that Sequoia Natural Gas, Inc. shall bring the wells on Exhibit A into compliance with Statewide Rule 15 (16 TEX. ADMIN. CODE §3.15) and that the Operator's P-5 Organization Report shall not be renewed until the wells on Exhibit A have been brought into compliance as required by this order.

It is further ORDERED that Sequoia Natural Gas, Inc. and each person who held a position of ownership or control in the Operator at the time the Operator's most-recent P-5 Organization Report was filed shall be subject to the terms of TEX. NAT. RES. CODE §91.114.

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 Commission Order is signed.

All requested Findings of Fact and Conclusions of Law which are not expressly adopted herein are **DENIED**. All pending motions and request for relief not previously granted or granted herein are **DENIED**.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Rule 15 Inactive Well
Master Order dated September 19, 2017.)

API Number	District	ID Number	Lease Name	Well Number
059 31092	7B	25560	BOOTH, J.W.	2
No approved W-3X on file				
059 36162	7B	25560	BOOTH, J.W.	3
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
227 31538	08	24833	COLE, W.S.	3
No approved W-3X on file				
227 31610	08	24833	COLE, W.S.	6
No approved W-3X on file				
227 31633	08	24833	COLE, W.S.	5B
No approved W-3X on file				
227 31634	08	24833	COLE, W.S.	4B
No approved W-3X on file				
227 31670	08	24833	COLE, W.S.	4
No approved W-3X on file				
227 31723	08	24833	COLE, W.S.	8
No approved W-3X on file				
227 32308	08	24833	COLE, W.S.	9B
No approved W-3X on file				
227 32772	08	24833	COLE, W.S.	2
No approved W-3X on file				
253 34969	7B	30132	HOLLOWAY	1
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
417 01539	7B	03291	ARNOLD, J. H.	53
No approved W-3X on file				
417 01540	7B	03291	ARNOLD, J. H.	51
No approved W-3X on file				
417 01541	7B	03291	ARNOLD, J. H.	47
No approved W-3X on file				
417 01553	7B	03291	ARNOLD, J. H.	49
No approved W-3X on file				
417 01585	7B	03291	ARNOLD, J. H.	57
No approved W-3X on file				
417 08319	7B	03291	ARNOLD, J. H.	45
No approved W-3X on file				
417 08372	7B	03291	ARNOLD, J. H.	15 A
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 08373	7B	03291	ARNOLD, J. H.	13 A
No approved W-3X on file				
417 08375	7B	03291	ARNOLD, J. H.	11 A
No approved W-3X on file				
417 20284	7B	03291	ARNOLD, J. H.	17 A
No approved W-3X on file				
417 30670	7B	03291	ARNOLD, J. H.	18A
No approved W-3X on file				
417 31664	7B	03291	ARNOLD, J. H.	20A
No approved W-3X on file				
417 32046	7B	03291	ARNOLD, J. H.	22A
No approved W-3X on file				
417 32047	7B	03291	ARNOLD, J. H.	21A
No approved W-3X on file				
417 32824	7B	03291	ARNOLD, J. H.	1
No approved W-3X on file				
417 33198	7B	03291	ARNOLD, J. H.	23A
No approved W-3X on file				
417 34855	7B	19469	COMPTON, S. W.	2
No approved W-3X on file				
417 35183	7B	19469	COMPTON, S. W.	4
No approved W-3X on file				
417 35760	7B	118569	CANNON	2
No approved W-3X on file				
417 36994	7B	26364	BREWSTER	2
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
417 37191	7B	128860	PRUET 88	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 37685	7B	03291	ARNOLD, J. H.	631
No approved W-3X on file				
417 37688	7B	03291	ARNOLD, J. H.	331
No approved W-3X on file				
417 37689	7B	03291	ARNOLD, J. H.	431
No approved W-3X on file				
417 37690	7B	03291	ARNOLD, J. H.	931
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
417 37691	7B	03291	ARNOLD, J. H.	531
No approved W-3X on file				
417 37692	7B	03291	ARNOLD, J. H.	131
No approved W-3X on file				
417 38401	7B	199309	COMPTON, S. W.	5
No approved W-3X on file				
417 38402	7B	199310	COMPTON, S. W.	6
No approved W-3X on file				
417 38835	7B	30310	MONTGOMERY "13"	5
No approved W-3X on file				
417 39447	7B	31560	BUMGUARDNER	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
417 80165	7B	074381	COMPTON	1
No approved W-3X on file				
417 80597	7B	03280	MCCORD, MARY INEZ	2A
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
417 80598	7B	03280	MCCORD, MARY INEZ	3A
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
417 80599	7B	03280	MCCORD, MARY INEZ	4A
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
417 80704	7B	03297	TARRANT CLOUD	1
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
417 83100	7B	10324	NEWELL, W. P., SEC. 2	1
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A