

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. OG-19-00001674: COMPLAINT FILED BY GAYNELL WILLIAMS THAT CEDAR RIDGE ENERGY, INC. (OPERATOR NO. 140622) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE RATLIFF-FORD (17273) LEASE, WELL NOS. 1, 2, 3 AND 7, BROWN COUNTY REGULAR FIELD, BROWN COUNTY, TEXAS, DISTRICT 7B

OIL & GAS DOCKET NO. OG-19-00001675: COMPLAINT FILED BY GAYNELL WILLIAMS THAT CEDAR RIDGE ENERGY, INC. (OPERATOR NO. 140622) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE RATLIFF-FORD "A" (28333) LEASE, WELL NOS. 1A, 2A AND 3A, BROWN COUNTY REGULAR FIELD, BROWN COUNTY, TEXAS, DISTRICT 7B

OIL & GAS DOCKET NO. OG-20-00002140: COMPLAINT FILED BY GAYNELL WILLIAMS THAT CEDAR RIDGE ENERGY, INC. (OPERATOR NO. 140622) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE POCAHONTAS (28260) LEASE, WELL NO. 1, BROWN COUNTY REGULAR FIELD, BROWN COUNTY, TEXAS; DISTRICT 7B

FINAL ORDER

The Railroad Commission of Texas ("Commission" or "RRC") finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, Cedar Ridge Energy, Inc. failed to request a hearing such that this case 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 complaints from Gaynell Williams ("Complainant") alleging Cedar Ridge Energy, Inc. ("Cedar Ridge"), RRC Operator No. 140622, does not have a good faith claim to operate the following wells (collectively, "Wells") because the lease Cedar Ridge relies on has terminated.
 - The Ratliff-Ford (17273) Lease, Well Nos. 1, 2, 3 and 7, Brown County Regular Field, Brown County, Texas;
 - The Ratliff-Ford "A" (28333) Lease, Well Nos. 1A, 2A and 3A, Brown County Regular Field, Brown County, Texas; and
 - The Pocahontas (28260) Lease, Well No. 1, Brown County Regular Field, Brown County, Texas

2. Cedar Ridge is the current RRC operator of record for the Wells and became the RRC operator in May 2016.
3. In a letter dated February 26, 2020, a Commission Administrative Law Judge (“ALJ”) requested in writing that Cedar Ridge 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 March 27, 2020. This writing expressly notified Cedar Ridge that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing. The letter was sent via first-class mail to Cedar Ridge’s address of record at the Commission as identified in Cedar Ridge’s most recent filing of the Commission Form P-5 *Organization Report* (“Form P-5”).
4. On March 23, 2020, Cedar Ridge submitted correspondence to the Hearings Division that contained information regarding the status of the subject leases. The correspondence did not include a request for hearing or evidence of a good faith claim to operate the Wells.
5. On April 27, 2020, the ALJ sent a follow-up letter to Cedar Ridge notifying it that if it intended to contest the subject complaints, it must request a hearing by May 8, 2020. This writing expressly notified Cedar Ridge that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing. The letter was sent via first-class mail to Cedar Ridge’s address of record at the Commission as identified in Cedar Ridge’s most recent filing of the Commission Form P-5 *Organization Report* (“Form P-5”).
6. No response was received to the ALJ’s April 27, 2020 letter.
7. 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).
8. Cedar Ridge failed to provide evidence that it holds a good faith claim and failed to request a hearing.
9. At least ten days’ notice of an opportunity for hearing was given to Cedar Ridge and Complainant.
10. There has been no reported production on the Wells since June 2017.
11. Cedar Ridge 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 them should be revoked.
14. Pursuant to Tex. Gov't Code §§ 2001.056 and 2001.062(e), Cedar Ridge was provided an opportunity to request a hearing and failed to do so.

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 § 1.42.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Cedar Ridge 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 a plugging extension and the Wells should be plugged.

Ordering Provisions

IT IS ORDERED that Cedar Ridge does not have a good faith claim to operate the Wells, that any plugging extensions for the Wells be cancelled, and that a good-faith-claim hold be placed on any P-4 transfers for the subject lease. Cedar Ridge is **ORDERED** to plug the Wells and place the subject lease in compliance with Statewide Rules 8, 14, and 15 (16 Tex. Admin. Code §§ 3.8, 3.14 and 3.15), 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 100 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 June 16, 2020 in Austin, Texas.

RAILROAD COMMISSION OF TEXAS
(Order approved and signatures affixed by HD
Unprotested Master Order dated June 16, 2020)

JNC/mls