

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 20-0285006

IN RE: P-5 ORGANIZATION REPORT OF REDWOOD OPERATING, 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. Redwood Operating, Inc. [Operator #697137] (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 June 1, 2013.
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 Redwood Operating, Inc.'s P-5 Organization Report is hereby **DENIED**.

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

It is further ORDERED that Redwood Operating, 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 Redwood Operating, 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 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. 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 the order.

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 November 12, 2013.)

API Number	District	ID Number	Lease Name	Well Number
049 32357	7B	147937	HURLBUT, F. J.	2
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
049 35440	7B	26551	REEVES	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
049 35449	7B	26644	REEVES "A"	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
049 35505	7B	26551	REEVES	2
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
059 32090	7B	29016	DAVIS, J. T. ESTATE	5
No approved W-3X on file				
083 04114	7B	19788	DAVENPORT	6W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 33409	7B	19788	DAVENPORT	2W
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve UIC H-5 Test issue preventing 14(B)(2) approval				
083 33410	7B	19788	DAVENPORT	3W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 33430	7B	19788	DAVENPORT	1 W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 33538	7B	19788	DAVENPORT	5W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 35717	7B	30926	CUESTA-VOSS	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
083 35718	7B	30926	CUESTA-VOSS	2
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

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Exhibit A

API Number	District	ID Number	Lease Name	Well Number
083 80551	7B	00900	HERRING-HILL, CASEY	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 80553	7B	00900	HERRING-HILL, CASEY	6
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
083 80554	7B	00900	HERRING-HILL, CASEY	7
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
123 00628	02	00381	DUDERSTADT, ALOIS	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
131 38593	04	195065	ARMISTEAD	2
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
157 00407	03	00450	LUSCHER	7
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
157 00409	03	00450	LUSCHER	9
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
165 35807	8A	68422	SPARKS	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
175 30015	02	046504	FRIEDRICKS, O. J.	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
361 30054	03	11882	PEVETO	1
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
361 30323	03	12399	ARCO FEE	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
361 30340	03	254226	ARCO FEE 99 UNIT	1
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
361 30373	03	14055	ARCO-WITHEY	2
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
469 30028	02	055134	JOHNSON, E. L.	1
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
Must resolve Field Operations H-15 delinquency preventing 14B2 approval				
485 03792	09	05490	LINCOLN, ABE	21
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 03793	09	05490	LINCOLN, ABE	2W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 06010	09	05490	LINCOLN, ABE	1L
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 12274	09	05490	LINCOLN, ABE	22
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 13642	09	05490	LINCOLN, ABE	4L
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 84364	09	05490	LINCOLN, ABE	7
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 84367	09	05490	LINCOLN, ABE	9W
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 84371	09	05490	LINCOLN, ABE	11G
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
485 84374	09	05490	LINCOLN, ABE	14
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 84377	09	05490	LINCOLN, ABE	16
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 84380	09	05490	LINCOLN, ABE	20
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 86328	09	05490	LINCOLN, ABE	2L
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 86329	09	05490	LINCOLN, ABE	3L
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
485 86334	09	05490	LINCOLN, ABE	6L
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
503 38258	09	24437	PEAVY, S. H.	3
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
503 38434	09	25113	PEAVY, S. H.	5
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
503 38612	09	25113	PEAVY, S. H.	7B
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
503 38685	09	25265	PEAVY, S. H. "E"	8A
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
503 38688	09	25911	PEAVY, S. H. "D"	10
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
503 39203	09	26521	PEAVY, S. H.	16
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				

API Number	District	ID Number	Lease Name	Well Number
503 39252	09	26233	PEAVY, S. H. "DD"	18
Electricity must be disconnected (certify on Form W-3C)				
Surface equipment must be removed (certify on Form W-3C)				
No approved W-3X on file				
503 39340	09	26428	PEAVY, S.H. "BB"	14
Electricity must be disconnected (certify on Form W-3C)				
No approved W-3X on file				
503 39467	09	26654	PEAVY #19	19
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				
503 39612	09	26899	PEAVY, S. H.	21
Electricity must be disconnected (certify on Form W-3C)				
Production fluids must be purged (certify on Form W-3C)				
No approved W-3X on file				

INSUFFICIENT PROGRESS ON 10-YEAR INACTIVE WELLS: For wells shut-in at least 10 years as of September 1, 2010, operators were given five years to address the surface equipment removal requirements. For your Organization Report renewal on JUNE 1, 2013, Rule 15(i) requires that you be at least 40% complete with this process. Current W-3C records indicate that you have not met this requirement (27% of your phase-in wells show that you have completed the surface cleanup). Your Organization Report renewal cannot be approved until you have met this requirement and have filed the appropriate Commission forms to update our records.