

SEQUOIA

EXPLORATION INC.

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June 24th, 2015

Ms. Pamela Creedon, Executive Officer

11020 Sun Center Drive, Ste. 200
Rancho Cordova, CA 95670

Mr. Patrick Pulupa Advisory Council

State Water Board, Office of Chief Counsel
P.O. Box 100, Sacramento, CA 95812

Dear Ms. Creedon, Mr. Pulupa, and members of the Regional Water Quality Control Board:

Sequoia Exploration, Inc. is a small, family owned and operated independent oil producer located in the Edison oil field just outside of Bakersfield. We have been in business for 29 years, beginning our journey in 1986. We started our business with the same hopes as many others who have set out to start a business: to achieve the American dream, to create a lasting legacy for our families, and to give back to our communities who have given so much to us.

Sequoia started small, purchasing leases that many of the major oil companies had abandoned. For years we spent countless hours of our own accord making these leases cleaner, safer, and bringing them up to an acceptable standard. Through the years we have faced many regulatory changes and challenges. We have met each one head on, doing everything in our power to comply in a timely fashion, regardless of the time and cost involved. For the first time in 29 years of operating, we are facing a regulatory change that we can't meet head on due to the lack of time by which we must comply.

This unreasonable, as well as utterly unattainable, deadline of August 15 to cease irrigation at Valley Water Management Company's Race Track Hill facility proposed in the draft Cease and Desist Order (CDO) by the Regional Water Board will force Sequoia, as well as most of the other independent oil producers in Edison, to shut in our wells, close our doors and declare bankruptcy. This will not only have devastating effects on me, my family and our employees, who rely 100% on Sequoia for their income, but it will also have devastating effects on our city's economy as a whole. Additionally, our royalty holders will also be negatively impacted, as many of them rely on their monthly royalty checks to supplement their income. The independents in Edison don't just produce and sell oil. We also contract work from many other small, family owned and operated businesses in Bakersfield and Kern County. The CDO will create a ripple effect causing all of those small companies to struggle to remain in business if we are no longer able to supply them with work. The many small, family owned shops, stores and restaurants that we patronize will also suffer. Oil production supplies Kern County with an enormous amount of tax revenue. Without that revenue, our community programs will struggle greatly in an already distressed local economy that still has over a 10% unemployment rate.

We are currently exploring several alternatives for this site, including underground injection, blending, treatment, or creating a Salt Management Plan, but if the Board refuses to give us enough time to put one of these alternative water disposal processes in place, the burden of clean up and abandonment of our facilities will likely fall onto the State, as the independents will not have the monetary means to do so on our own. We are simply asking that the Regional Water Board act as it has with past regulatory changes and allow for a reasonable amount of time for us to implement new and environmentally friendly ways to dispose of our produced water. We don't just work in our community, but we live here as well. It is vitally important to us to keep our community a safe, clean, and thriving place in which to live.

Sincerely,

Molly Gutierrez

Vice-President

Sequoia Exploration, Inc.

