

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 03-0296817**

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**ENFORCEMENT ACTION AGAINST JMC RESOURCES CORP. (OP. NO. 427742) FOR VIOLATIONS OF STATEWIDE RULES ON THE KIRBY (121636) LEASE, WELL NO. 1, MENARD CREEK (COOK MTN.) FIELD, POLK COUNTY, TEXAS**

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**FINAL ORDER**

The Commission finds that after statutory notice the captioned enforcement proceeding was heard by the examiner on October 8, 2015 and that the respondent, JMC Resources Corp. (Op. No. 427742), failed to appear or respond to the Notice of Hearing. Pursuant to § 1.49 of the Commission's General Rules of Practice and Procedure [Tex. R. R. Comm'n, 16 TEX. ADMIN. CODE § 1.49] and after being 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. JMC Resources Corp. (Op. No. 427742), (“Respondent”), was given Notice of Hearing by certified mail, addressed to the most recent Form P-5 (Organization Report) address.
2. The certified envelope containing the Original Complaint and the Notice of Hearing, was delivered on August 25, 2015 from the Post Office. The electronic receipt is included in the file and has been on file with the Commission for 15 days, exclusive of the day of receipt and day of issuance.
3. On November 12, 2010, Respondent, a Corporation, filed an Organization Report (Form P-5) with the Commission reporting that its officers consisted of the following individual(s): Joel Monroe Cutler, President and Treasurer, and Jacqueline H. Cutler, Vice President and Secretary.
4. Joel Monroe Cutler was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
5. Jacqueline H. Cutler was in a position of ownership or control of respondent, as defined by Texas Natural Resources Code Section 91.114, during the time period of the violations of Commission rules committed by respondent.
6. The violations of Commission rules committed by respondent are related to safety and the control of pollution.
7. Respondent designated itself to the Commission as the operator of the Kirby (121636) Lease, Well No. 1 by filing a Commission Form P-4 (Certificate of Compliance and Transportation), effective October 15, 1992, approved November 6, 1992.
8. Respondent’s P-5 (Organization Report) became delinquent on December 1, 2011. Respondent had a \$25,000 cash deposit as its financial assurance at the time it became delinquent.

9. Commission inspection reports completed on July 15, 2014, October 21, 2014, and November 6, 2014, and either reports filed by Respondent with the Commission reflecting zero production, or the absence of production reports filed by Respondent from March 2002 through May 2015, show that the subject lease and well has been inactive for a period greater than one year. Production from the subject well ceased in February 2002.
10. The subject well does not have a plugging extension in effect as allowed by Statewide Rule 14.
11. The total estimated cost to the State for plugging the Kirby (121636) Lease, Well No. 1, is \$62,729.00.
12. The subject well has had no reported production in over 4 calendar years.
13. The Respondent has not demonstrated good faith since it failed to plug or otherwise place the subject well in compliance after being notified of the violations by the District Office and failed to appear at the hearing to explain its inaction.
14. Respondent charged with the violation herein recited has the following prior violation of Commission rules; on October 22, 2009 an Agreed Order in Docket No. 03-0262227 was signed.

**CONCLUSIONS OF LAW**

1. Proper notice was issued by the Railroad Commission to respondent and all other appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed or have occurred.
3. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and for properly plugging the subject well according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91, Texas Natural Resources Code.
4. The documented violations committed by the respondent constitute acts deemed serious, and a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531(c) (Vernon 1993).
5. Respondent is in violation of Statewide Rule 14(b)(2).
6. Respondent is responsible for maintaining the subject lease in compliance with Statewide Rule 14(b)(2), which requires that plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed.
7. Respondent is responsible for maintaining the subject lease and subject well in compliance with all applicable Commission rules according to Statewide Rules 14, 58, and 79 and Chapters 89 and 91 of the Texas Natural Resources Code.

8. The documented violations committed by the respondent constitute acts deemed serious, a hazard to the public health, and demonstrate a lack of good faith pursuant to TEX. NAT. RES. CODE ANN. §81.0531.
9. As a person in a position of ownership or control of respondent at the time respondent violated Commission rule related to safety and the control of pollution, both Joel Monroe Cutler and Jacqueline H. Cutler, and any other organization in which they, may hold a position of ownership or control, shall be subject to the restriction of Texas Natural Resources Code Section 91.114(a)(2) for a period of no more than seven years from the date the order entered in this matter becomes final, or sooner, if the conditions that constituted the violations herein are corrected or are being corrected in accordance with a schedule to which the Commission and the organization have agreed, and all administrative, civil, and criminal penalties and all cleanup and plugging costs incurred by the State relating to those conditions are paid or are being paid in accordance with a schedule to which the Commission and the organization have agreed.

**IT IS ORDERED THAT** within 30 days from the day immediately following the date this order becomes final:

1. JMC Resources Corp. (Op. No. 427742) , shall plug the Kirby (121636) Lease, Well No. 1, Menard Creek (Cook Mtn.) Field, Polk County, Texas in compliance with applicable Commission rules and regulations; and
2. JMC Resources Corp. (Op. No. 427742) , shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **NINE THOUSAND EIGHT HUNDRED EIGHTY-SIX DOLLARS (\$9,886.00)**.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 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 requests for relief not previously granted or granted herein are denied.

Noncompliance with the provisions of this order is subject to enforcement by the Attorney General and subject to civil penalties of up to \$10,000.00 per day per violation.

Done this 3rd day of February 2016.

LMV/rnf

**RAILROAD COMMISSION OF TEXAS**

**(Signatures affixed by Default Master Order dated February 3, 2016)**