

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 6E-0305121

ENFORCEMENT ACTION AGAINST M-C PRODUCTION & DRILLING CO, INC (OPERATOR NO. 518063) FOR VIOLATIONS OF STATEWIDE RULES ON THE CHRISTIAN, B. C. (07231) LEASE, WELL NOS. 5, 6, 9, AND 19, EAST TEXAS FIELD, GREGG COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after statutory notice the captioned enforcement proceeding was heard by a Commission Administrative Law Judge on May 30, 2018, and that the respondent, M-C Production & Drilling Co, Inc, failed to appear or respond to the **Notice of Opportunity for Hearing**. Pursuant to § 1.25 of the Commission's General Rules of Practice and Procedure, 16 Tex. Admin. Code § 1.25, and after being duly 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. M-C Production & Drilling Co, Inc ("Respondent"), Operator No. 518063, was sent the Original Complaint and Notice of Opportunity for Hearing by certified and first-class mail, addressed to the most recent Commission Form P-5 (Organization Report) ("Form P-5") address.
2. The certified mail envelope containing the Original Complaint and Notice of Opportunity for Hearing addressed to the Respondent was delivered on March 26, 2018. The first-class mail was not returned. Record of the delivery and return of certified mail has been on file with the Commission for more than 15 days, exclusive of the day of receipt and day of issuance. Respondent was given more than 30 days' notice of the Original Complaint and Notice of Opportunity for Hearing. Respondent has not entered into an agreed settlement order, filed an answer or requested a hearing.
3. On March 13, 2017, Respondent, a corporation, filed a Form P-5 with the Commission reporting that its officers consist of the following individuals: Mike Chandler, President/Secretary/Treasurer and Mike Chandler, President/Secretary/Treasurer.
4. Mike Chandler was in a position of ownership or control of Respondent, as defined in Tex. Nat. Res. Code § 91.114, during the time of the violations of Commission rules committed by Respondent.

5. Respondent's Form P-5 is delinquent. Respondent had a \$50,000.00 letter of credit as its financial assurance at the time of the last Form P-5 annual renewal submission.
6. Respondent designated itself to the Commission as the operator of the Christian, B. C. (07231) Lease, Well Nos. 5, 6, 9, and 19, by filing a Commission Form P-4 (Certificate of Compliance and Transportation Authority), effective February 1, 1993, approved January 29, 1993.
7. Commission records reflect that Respondent failed to timely show compliance with all requirements of law for retention of their certificate of compliance and as a result, the certificate of compliance for the Christian, B.C. (07231) Lease was cancelled, and Respondent given notice of the cancellation of April 27, 2017.
8. A Commission district inspection of the Christian, B.C. (07231) Lease conducted on May 10, 2017, shows that Well Nos. 5, 6, 9, and 19 were actively producing.
9. Commission records indicate that Respondent filed a Monthly Production Report for May 2017 on the Christian, B.C. (07231) Lease reporting 702 barrels of productions.
10. On or about May 16, 2017, Respondent resolved the alleged facts or conduct that appeared to violate oil and gas conservation laws of this state, or rules or orders of the Commission adopted under those laws, that resulted in cancellation of the certificate of compliance.
11. On or about May 22, 2017, the certificate of compliance was reissued upon payment of the reconnect fee.
12. The Respondent has a history of violations of commission rules as set forth fully in Oil and Gas Docket 6E-0294959, 6E-0274312, 6E-027456, and 6E-0281914.

CONCLUSIONS OF LAW

1. Proper notice was issued by the 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 have been performed or have occurred.
3. Respondent is responsible for maintaining the subject lease in compliance with all applicable Commission rules and Tex. Nat. Res. Code, Chs. 89 and 91.
4. Respondent is in violation of Statewide Rule 73(i) by producing the Christian, B.C. (07231) Lease after notice from the Commission that the certificate of compliance

had been canceled and before a new certificate of compliance had been issued. 16 Tex. Admin. Code § 3.73(i).

5. The documented violations committed by 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 § 81.0531(c).
6. Pursuant to Tex. Nat. Res. Code § 81.0531, the Commission may assess administrative penalties against Respondent for the subject violations of up to \$10,000 per day for each violation, with each day such violations continued constituting a separate violation.
7. An assessed administrative penalty in the amount of **FIVE THOUSAND DOLLARS (\$5,000.00)** is justified considering the facts and violations at issue.
8. As persons in positions of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Mike Chandler and Mike Chandler, and any other organization in which these individuals may hold a position of ownership or control, is subject to the restriction in Tex. Nat. Res. Code § 91.114(a)(2).

ORDERING PROVISIONS

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

1. M-C Production & Drilling Co, Inc (Operator No. 518063) shall place the Christian, B. C. (07231) Lease, Well Nos. 5, 6, 9, and 19, in compliance with Statewide Rule 73(i), and any other applicable Commission rules and statutes.
2. M-C Production & Drilling Co, Inc (Operator No. 518063) shall pay to the Railroad Commission of Texas, for disposition as provided by law, an administrative penalty in the amount of **FIVE THOUSAND DOLLARS (\$5,000.00)**.

It is further **ORDERED** that as persons in positions of ownership or control of Respondent at the time Respondent violated Commission rules related to safety and the control of pollution, Mike Chandler and Mike Chandler, and any other organization in which these individuals may hold a position of ownership or control, **shall be subject to the restriction in Tex. Nat. Res. Code § 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 until 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 further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the 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 of an application 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 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 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 per day per violation.

Done this 13th day of November 2018.

RAILROAD COMMISSION OF TEXAS

(Signatures affixed by Default Master
Order dated November 13, 2018)