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## Texas State Securities Board

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IN THE MATTER OF  
J.R. GILVIN INVESTMENTS, LLC  
A/K/A J.R. GILVIN OPERATING COMPANY  
AND JACK GILVIN

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Order No. ENF-10-CDO-1692

TO: J.R. Gilvin Investments, LLC a/k/a J.R. Gilvin Operating Company  
2505 Lakeview Drive, Suite 205, Amarillo, TX 79109

Jack Gilvin  
2505 Lakeview Drive, Suite 205, Amarillo, TX 79109

### EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Deputy Securities Commissioner of the State of Texas ("Deputy Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2008) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Deputy Securities Commissioner to find that:

#### FINDINGS OF FACT

1. J.R. Gilvin Investments, LLC a/k/a J.R. Gilvin Operating Company ("Respondent J.R. Gilvin Investments") maintains a last known address at 2505 Lakeview Dr., Suite 205, Amarillo, TX 79109. Respondent J.R. Gilvin Investments is a Texas limited liability company.
2. Jack Gilvin ("Respondent Gilvin") maintains a last known address at 2505 Lakeview Dr., Suite 205, Amarillo, TX 79109. Respondent Gilvin is the managing member of Respondent J.R. Gilvin Investments.
3. Respondents, acting in and from Texas, are offering for sale and selling investments in an oil and gas drilling program. Investors are being told they are

investing in the Wharton #10, a new well in Muskingum County, Ohio, that will be drilled to a deeper formation than wells previously drilled on the lease. Investors are required to purchase a working interest in the Wharton #10 and assign the working interest to the Wharton #10 Farm Out Joint Venture, a joint venture partnership whose day-to-day operations are to be managed by Respondent J.R. Gilvin Investments.

4. In connection with the offer for sale and sale of investments in the oil and gas drilling program, Respondents are misrepresenting the relevant fact that investor funds will be used to drill the Wharton #10 when in truth and in fact Respondent Gilvin is utilizing the funds for personal purposes, including the purchase of a 1996 Corvette and 1969 Camaro.
5. In connection with the offer for sale and sale of investments in the oil and gas drilling program, Respondents are intentionally failing to disclose the material facts that:
  - A. On or about January 16, 2007, in *The State of Texas vs. Jack Russell Gilvin*, Cause No. 53,127-A, 47<sup>th</sup> District Court of Potter County, Texas, Respondent Gilvin pleaded guilty to the charge of Aggravated Assault Against a Public Servant, and was placed on community supervision for a term of six (6) years.
  - B. On or about January 16, 2007, in *The State of Texas vs. Jack Russell Gilvin*, Cause No. 51,035-A, 47<sup>th</sup> District Court of Potter County, Texas, Respondent Gilvin pleaded guilty to the charge of Burglary of a Habitation with Intent to Commit other Felony, and was placed on community supervision for a term of six (6) years.
  - C. Respondent Gilvin is a Managing Member of Desert Fox, LLC, which is the Managing Member of Integrity Natural Resources, LP ("INR"); and INR filed a Voluntary Petition for Chapter 7 Bankruptcy in the United States Bankruptcy Court, Northern District of Texas, Amarillo Division, on December 17, 2009, in Case Number 09-20851-rlj7.
6. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public by describing aspects of the aforementioned investment program and either misrepresenting the relevant facts described herein or failing to disclose the material facts described herein.

#### CONCLUSIONS OF LAW

1. The above-described investments in the Wharton #10 are "securities" as that term is defined by Section 4.A of the Texas Securities Act.

2. Respondents are engaging in fraud in connection with the offer for sale and sale of securities.
3. Respondents have made an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
5. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

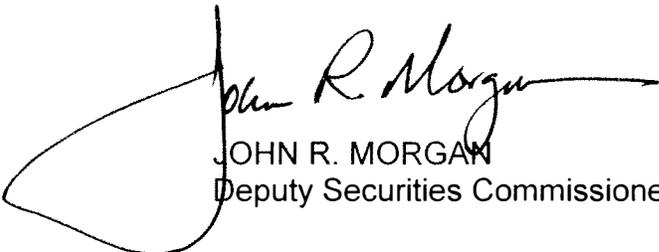
1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in or from Texas.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in or from Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Deputy Securities Commissioner this 7th day of September, 2010.

  
JOHN R. MORGAN  
Deputy Securities Commissioner