

EXHIBIT LIST

**APPLICATION OF MEWBOURNE OIL FOR AN
ORDER APPROVING A CHANGE OF OPERATOR
AND ALLOWING TWO OPERATORS IN THE
MORROW FORMATION IN THE SAME WELL
UNIT, EDDY COUNTY, NEW MEXICO.**

Case No. 22041

MEWBOURNE OIL COMPANY'S EXHIBIT LIST

1. Application and Proposed Ad
2. Landman's Affidavit
3. Engineer's Affidavit
4. Notice Affidavit
5. Affidavit of Publication

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL FOR AN
ORDER APPROVING A CHANGE OF OPERATOR
AND ALLOWING TWO OPERATORS IN THE
MORROW FORMATION IN THE SAME WELL
UNIT, EDDY COUNTY, NEW MEXICO.**

Case No. 22041

APPLICATION

Mewbourne Oil Company ("Mewbourne") applies for an order (a) approving a change of operator for one well, and (b) allowing two operators in the same well unit in the same formation, and in support thereof, states:

1. Mewbourne is the operator of record for the following wells, all of which have the S/2 of Section 9, Township 22 South, Range 27 East, N.M.P.M., Eddy County dedicated to them in the Morrow formation:

- (i) The Calvani Com. Well No. 1 (API No. 30-015-20784), located in the NE/4SW/4 of Section 9;
- (ii) The Pecos River "9" Well No. 1 (API No. 30-015-33534), located in the NE/4SE/4 of Section 9; and
- (iii) The Pecos River "9" Well No. 2 (API No. 30-015-335912), located in the SW/4SW/4 of Section 9.

2. The Calvani Com. Well No. 1 was drilled by Union Oil Company of California. It was commenced in December 1972 and completed in the Morrow formation in March 1973. Royalty Resources, LLC subsequently became operator of the well.

3. In 2004 Mewbourne desired to drill a Morrow well in the S/2 of Section 9. Due to Division restrictions on two operators in the same formation in the same well unit, Mewbourne

EXHIBIT

agreed to become operator of record of the Calvani Com. Well No. 1. However, Royalty Resources, LLC continued, and continues, to be the physical operator of the well.

4. Mewbourne subsequently drilled the Pecos River "9" Well No. 1 (commenced in August 2004 and completed in November 2004) and the Pecos River "9" Well No. 2 (commenced in March 2005 and completed in June 2005).

5. All three wells continue to produce from the Morrow formation.

6. The Calvani Com. Well No. 1 now has environmental issues, for which Mewbourne, as operator of record, is liable, even though it does not physically operate the well.

7. Mewbourne requested Royalty Resources, LLC to voluntarily execute a change of operator (Form C-145) for the Calvani Com. Well No. 1, but it has failed and refused to do so. As a result, Mewbourne requests, pursuant to Division Rules and the Oil and Gas Act, that the Division change the operator of record of the well to Royalty Resources, LLC.

8. If the Division grants the relief requested above, there will be two operators in the Morrow formation in the S/2 of Section 9, and Mewbourne requests approval of same under Division Rules.

9. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Naming Royalty Resources, LLC as operator of record of the Calvani Com. Well No. 1;
- B. Approving Mewbourne and Royalty Resources, LLC as operators in the Morrow formation in the S/2 of Section 9; and
- C. Granting such other relief as the Division deems proper.

Respectfully submitted,

James Bruce

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

Case No. _____: Application of Mewbourne Oil Company for an order approving a change of operator and allowing two operators in the Morrow formation in the same well unit, Eddy County, New Mexico.

Mewbourne Oil Company applies for an order (a) approving a change of operator for one well, and (b) allowing two operators in the same well unit in the same formation. Applicant is the operator of record for the following wells, all of which have the S/2 of Section 9, Township 22 South, Range 27 East, N.M.P.M., Eddy County dedicated to them in the Morrow formation:

- (i) The Calvani Com. Well No. 1 (API No. 30-015-20784), located in the NE/4SW/4 of Section 9;
- (ii) The Pecos River "9" Well No. 1 (API No. 30-015-33534), located in the NE/4SE/4 of Section 9; and
- (iii) The Pecos River "9" Well No. 2 (API No. 30-015-335912), located in the SW/4SW/4 of Section 9.

The Calvani well was drilled by Union Oil Company of California from December 1972 – March 1973. Royalty Resources, LLC subsequently became operator of the well. In 2004 Applicant desired to drill a Morrow well in the S/2 of Section 9. Due to Division restrictions on two operators in the same formation in the same well unit, applicant agreed to become operator of record of the Calvani well. Royalty Resources, LLC continued to be the physical operator of the well. Applicant subsequently drilled the Pecos River wells. All three wells continue to produce from the Morrow formation. The Calvani well now has environmental issues, for which applicant, as operator of record, is legally responsible, even though it did not cause the issues. Royalty Resources, LLC has refused to become operator of record of the Calvani well. As a result, applicant requests that the Division change the operator of record of the well to Royalty Resources, LLC. If the Division grants this relief, there will be two operators in the Morrow formation in the S/2 of Section 9, and applicant requests approval of same. The well unit is located 2-1/2 miles east-southeast of Carlsbad, New Mexico.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL FOR AN
ORDER APPROVING A CHANGE OF OPERATOR
AND ALLOWING TWO OPERATORS IN THE
MORROW FORMATION IN THE SAME WELL
UNIT, EDDY COUNTY, NEW MEXICO.

Case No. 22041

SELF-AFFIRMED STATEMENT OF CARSON J. CULLEN

Carson J. Cullen deposes and states:

1. I am a landman for Mewbourne Oil Company (“Mewbourne”), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to Division Rules, the following information is submitted in support of the application filed herein.

3. In this case Mewbourne seeks an order (a) approving a change of operator for one well, and (b) allowing two operators in the same well unit in the same formation.

4. Mewbourne is the operator of record for the following wells, all of which have the S/2 of Section 9, Township 22 South, Range 27 East, N.M.P.M., Eddy County dedicated to them in the Morrow formation:

(a) The Calvani Com. Well No. 1 (API No. 30-015-20784), located in the NE/4SW/4 of Section 9;

(b) The Pecos River “9” Well No. 1 (API No. 30-015-33534), located in the NE/4SE/4 of Section 9; and

(c) The Pecos River “9” Well No. 2 (API No. 30-015-335912), located in the SW/4SW/4 of Section 9.

5. The Calvani Com. Well No. 1 was drilled by Union Oil Company of California. It was commenced in December 1972 and completed in the Morrow formation in March 1973. Royalty Resources, L.L.C. subsequently became operator of the well. **Attachment A**. In 2004 it re-worked the well. **Attachment B**.

6. In 2004 Mewbourne desired to drill a Morrow well in the S/2 of Section 9. Due to Division restrictions on two operators in the same formation in the same well unit, Mewbourne

EXHIBIT

2

agreed to become operator of record of the Calvani Com. Well No. 1. **Attachment C**. However, Royalty Resources, L.L.C. continued, and continues, to be the physical operator of the well.

7. Mewbourne acquired its interest in the S/2 of Section 9 by a Term Assignment from Royalty Resources, L.L.C. **Attachment D**. The instrument excepted therefrom all of assignor's wellbore interest in the Calvani Com. Well No. 1. Mewbourne owns no interest in the Calvani Com. Well No. 1.

8. Mewbourne subsequently drilled the Pecos River "9" Well No. 1 (commenced in August 2004 and completed in November 2004) and the Pecos River "9" Well No. 2 (commenced in March 2005 and completed in June 2005). **Attachments E and F**.

9. The Pecos River "9" Well Nos. 1 and 2 continue to produce from the Morrow formation. The Calvani Com. Well No. 1 is shut-in due to environmental issues, which are discussed in the testimony of Gavin Edington, one of Mewbourne's engineers. Mewbourne, as operator of record, is liable for these issues, even though it does not physically operate the well. In addition, Mewbourne would be liable for P&A costs.

10. On May 5, 2021 I had a phone call with Chris Prickett, the owner of Royalty Resources, L.L.C. We discussed the notification from the Division that the well had been releasing vapor and needed to be shut-in until the problem could be addressed. I also informed him that Mewbourne needed to have Royalty Resources, L.L.C. as the official operator with the Division, but he was unwilling to do so because of the cost of a bond.

11. As a result, Mewbourne requests that, pursuant to Division Rules and the Oil and Gas Act, the Division approve a change of operator for the Calvani Com. Well No. 1. to Royalty Resources, L.L.C.

12. The attachments to this affidavit were prepared by me, or compiled from company business records.

13. The granting of this application is in the interests of conservation and the prevention of waste.

14. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 13 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 8/3/2021



Carson J. Cullen

NO. OF COPIES RECEIVED	5
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FILE	1
U.S.G.S.	2
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG
RECEIVED

Form C-105
Revised 1-1-65

5a. Indicate Type of Lease
State Fee
5. State Oil & Gas Lease No.

APR 26 1973

1a. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER O.C.C.
b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER ARTESIA, OFFICE

2. Name of Operator
Union Oil Company of California

3. Address of Operator
P.O. Box 671 - Midland, Texas 79701

4. Location of Well
UNIT LETTER K LOCATED 2130 FEET FROM THE West LINE AND 1880 FEET FROM

THE South LINE OF SEC. 9 TWP. 22-S RGE. 27-E NMPM
12. County Eddy

15. Date Spudded 12-28-72 16. Date T.D. Reached 3-16-73 17. Date Compl. (Ready to Prod.) 3-31-73 18. Elevations (DF, RKB, RT, GR, etc.) 3084' GR 19. Elev. Casinghead

20. Total Depth 11765' 21. Plug Back T.D. 11690' 22. If Multiple Compl., How Many
23. Intervals Drilled By Rotary Tools 0 - 11765' Cable Tools

24. Producing Interval(s), of this completion - Top, Bottom, Name
11356 - 11628' Morrow 25. Was Directional Survey Made No

26. Type Electric and Other Logs Run GR-N 27. Was Well Cored No

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	61	381	17 1/2"	500 sx circ. to surface	
9-5/8"	40 & 36	5208	12 1/2"	2400 sx	
5 1/2"	20 & 17	11762	8 1/2"	650 sx	

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2-3/8"	11200	11200

31. Perforation Record (Interval, size and number)
11356-11628' : 34 holes (1-9/16")
3h 11356-358, 6h 11374-379, 6h 11488-493
7h 11509-515, 3h 11520-522, 6h 11605-610
3h 11626-628

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
DEPTH INTERVAL | AMOUNT AND KIND MATERIAL USED
11356-11628' | 3000 gals. acid

33. PRODUCTION
Date First Production 4-1-73 Production Method (Flowing) Well Status (Shut in pend. connec.)
Date of Test 4-1-73 Hours Tested 9-3/4 Choke Size 3/4" Prod'n. For Test Period Rate of flow 970
Flow Tubing Press. 690 Casing Pressure Packer Calculated 24-Hour Rate Oil - Bbl. Gas - MCF Water - Bbl. Oil Gravity - API (Corr.)
AOF 1056 0

34. Disposition of Gas (Sold, used for fuel, vented, etc.)
Vented for test

35. List of Attachments
GR-N log - Deviation Tests - DST

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge.

ATTACHMENT **A**

SIGNED [Signature] TITLE Actg. District Prod. Supt. DATE April 25, 1973

MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator UNION OIL COMPANY OF CALIFORNIA		Lease Calvani Comm.		Well No. 1
Unit Letter K	Section 9	Township 22 South	Range 27 East	County Eddy
Actual Footage Location of Well: 1880 feet from the south line and 2130 feet from the west line				
Ground Level Elev. 3084.0	Producing Formation Norror	Pool Und., S. Gatchel Norror Gas	Dedicated Acreage: 330 Acres	

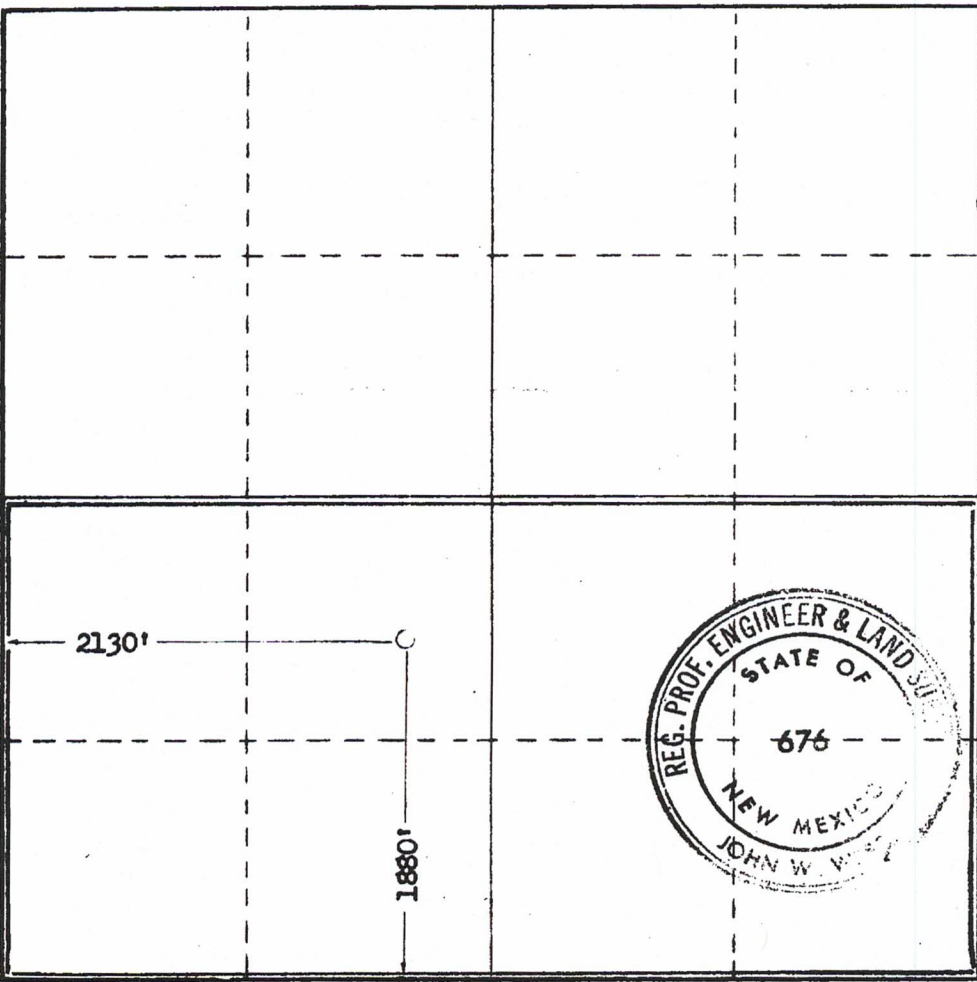
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

RECEIVED
DEC 22 1972
O. C. C.
ARTESIA, OFFICE

Yes No If answer is "yes," type of consolidation **By Operating Agreement**

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

John R. Gray
Name
John R. Gray

Position
Dist. Drilling Supt.

Company
Union Oil Co. of California

Date
December 21, 1972

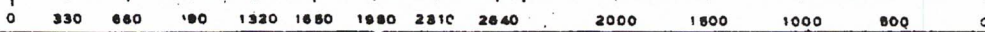
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Dec. 9, 1972

Registered Professional Engineer and/or Land Surveyor

John W. West

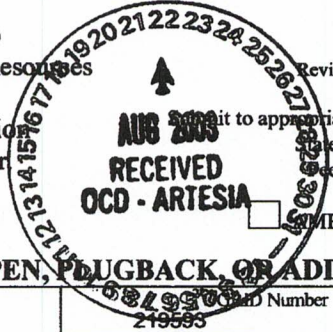
Certificate No. **676**



District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999
Submit to appropriate District Office
See Lease - 6 Copies
See Lease - 5 Copies
RECOMMENDED REPORT



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Royalty Resources, LLC P.O.Box 3444 Midland, Tx. 79701		² Well Number 219593
⁴ Property Code 32328		³ API Number 30 - 015 -20784
⁵ Property Name Calvani com		⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	09	22S	27E		1880	South	2130	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 South Carlsbad (Morrow)					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3084
¹⁶ Multiple N	¹⁷ Proposed Depth 11185	¹⁸ Formation Upper Morrow	¹⁹ Contractor L & R	²⁰ Spud Date 10/2/2003

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	61#	381'	500	Surface
12 1/4"	9 5/8"	36 & 40#	5208'	2400	1300' by TS
8 1/2"	5 1/2"	17 & 20#	11762'	650	7990' by TS

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Move L & R DD WS Unit on Location. RU install 7 1/16" DSA and 3000 psi Double Gate BOP.
2. Set Frac tank and load w/ 2 % KCL
3. Move Davis Reverse Equipment on location
4. Kill well. Well is currently producing from the Wolfcamp perms (9268-791') less than 10MCF/Day with plunger Lift system.
5. Release packer and TOH. PU 4 5/8" bit , Drill collars, drill cement and plugs at 10300', 10650' and 15' cement to 11185'
6. Perf upper morrow f/ 11018 -155'. Run packer and retrievable Bridge plug
7. Acidize and test perms. Plase on production.

NSL - 4943

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature:		Approved by:	
Printed name: Chris Prickett		Title: District Supervisor	
Title: Manager		Approval Date: SEP 15 2003	Expiration Date: SEP 15 2004
Date: 08/20/03	Phone: 432 570-6885	Conditions of Approval:	
Attached <input type="checkbox"/>			

ATTACHMENT

B

District II
1301 W. Grand Ave., Artesia, NM
88210

State of New Mexico
Energy, Minerals and Natural Resources

Form C-104A
Permit 1024

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Change of Operator

Previous Operator Information

OGRID: 219593
Name: ROYALTY RESOURCES, LLC
Address: PO Box 3444
Address:
City, State, Zip: Midland, TX 79702

New Operator Information

Effective Date: 05/24/2004
OGRID: 14744
Name: MEWBOURNE OIL CO
Address: PO Box 5270
Address:
City, State, Zip: Hobbs, NM 88241

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: [Signature]
Printed Name: Chris Prickett
Title: Manager
Date: 05/25/04 Phone: (432) 570-6885

New Operator

Signature: [Signature]
Printed Name: MONTY L. WHETSTONE
Title: VP- OPERATIONS
Date: 5/26/04 Phone: 903-561-2900

NMOCD Approval

Electronic Signature: Tim Gum, District II

Date: June 09, 2004

ATTACHMENT C

TERM ASSIGNMENT OF OIL AND GAS LEASES

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, **ROYALTY RESOURCES, L.L.C.**, P.O. Box 3444, Midland, Texas 79702-3444 ("Assignor"), does hereby grant, bargain, sell, convey and assign, for the term specified below and subject to the reservations, conditions and covenants herein provided, exclusively unto **MEWBOURNE OIL COMPANY**, P.O. Box 7698, Tyler, Texas 75711, its successors and assigns ("Assignee"), all of Assignor's right, title and interest in and to the oil and gas leases described in Exhibit "A" attached hereto and made a part hereof (the "Leases"), INsofar AND ONLY INsofar as the Leases cover the lands described herein SAVE AND EXCEPT the wellbore, production and associated equipment of the Royalty Resources, L.L.C. Calvani Com. No. 1 Well located 2130' FWL & 1880' FSL of Section 9, T22S, R27E (the "Assigned Acreage"), in Eddy County, New Mexico.

This Assignment is made subject to the exceptions, reservations, covenants and conditions hereinafter set forth:

1. Assignor reserves unto itself, its successors and assigns, as an overriding royalty, if any, of twenty-five percent (25%) of all oil and gas produced and saved from the Leases and the Assigned Acreage, which overriding royalty shall be inclusive of all royalties, overriding royalties, production payments and similar burdens created and existing as of the effective date of this Assignment, the intent being to convey unto Assignee a seventy-five percent (75%) net revenue interest in and to the Leases and the Assigned Acreage. Any overriding royalty reserved and owned by Assignor hereunder shall be free and clear of all costs and expenses, except that said overriding royalty shall bear its ratable portion of treating, compression and transportation charges along with applicable taxes. If the Leases cover less than all of the oil and gas in and under the Assigned Acreage, or if Assignor owns less than the full interest of the original lessee in the Leases, the overriding royalty reserved herein shall be proportionately reduced. Assignee, its successors and assigns, shall have the right to commit the Assigned Acreage and the overriding royalty interest, or any part or horizon therein, to any cooperative, pooling or unit plan of operation or development or to any unitization, communitization, or other agreement for the purpose of forming a well spacing or proration unit. In such event, said overriding royalty interest shall be computed and paid on the basis of the proceeds received from the oil and gas allocated to such Assigned Acreage under the terms of any agreement or plan of operation.

2. At payout of each well drilled by Assignee under the terms of this Agreement which includes Assignor's acreage under the captioned land, Assignor shall convert its retained overriding royalty interest, if any, to a ten percent (10%) working interest in such wellbore and the production therefrom, subject to proportionate reduction in the same manner as the overriding royalty interest described above, together with a like interest in all leasehold equipment and personal property in or used in connection therewith, subject to a proportionate part of any royalty, overriding royalty or similar lease burdens reserved and outstanding. Such conversion shall be on a well by well basis upon payout, and shall become effective as of the first day of the month following payout. If at any time any part of the Assigned Acreage or lands pooled or communitized therewith becomes jointly owned by Assignee and Assignor, said parties agree to be bound by the terms and provisions of that certain unrecorded Operating Agreement dated February 1, 2004, by and between Assignor and Assignee pertaining to the Assigned Acreage. Assignee agrees to provide quarterly payout statements to Assignor evidencing the payout status of any well drilled under the terms of this Agreement.

3. For purposes of this Agreement, payout shall be deemed to have occurred when proceeds or market value of production from any well drilled under the terms of this Agreement, on a well by well basis (after deducting production taxes, royalty, overriding royalty, similar lease burdens and including the cash consideration paid to Assignor for this Assignment) all equal 100% of Assignee's actual cost of drilling, testing, equipping, and completing the subject well, including the actual cost of any reworking, deepening, sidetracking or plugging back, plus 100% of the actual cost of the

ATTACHMENT

operations of the well; the proceeds of production and the cost of such development and operations to be attributable only to the undivided interest subject hereto if less than the full interest in the oil and gas. The provisions of the 1984 COPAS Accounting Procedure attached as Exhibit "C" to the Operating Agreement described in Paragraph No. 2 above shall govern the rates and charges during payout, as defined above.

4. The primary term of this Assignment shall be one (1) year from February 1, 2004, and this Assignment shall continue in full force and effect after the primary term for so long as oil and/or gas is being produced from any portion of the Assigned Acreage or from other acreage which has been pooled or communitized with any portion of the Assigned Acreage to form a standard State of New Mexico proration unit or units or any operation is conducted or other conditions exist which continue this Term Assignment of Oil and Gas Leases in force as herein provided.

5. If, at the expiration of the primary term of this Assignment, oil, gas or associated liquid or gaseous hydrocarbons are not being produced from any portion of the Assigned Acreage, or from lands pooled or communitized therewith, but on or before that date (or on or before the end of sixty (60) days following cessation of production or abandonment of a well, if a well be abandoned or production should cease within sixty (60) days prior to the expiration of the primary term), Assignee commences drilling or reworking operations on the Assigned Acreage, or on lands pooled or communitized therewith, in an effort to establish or restore production, then this Assignment shall continue in full force and effect beyond the one year primary term as to all of the Assigned Acreage for so long as such drilling or reworking operations are being conducted in good faith without lapse of more than sixty (60) consecutive days between cessation of drilling or reworking operations and their recommencement whether on the same well or on different wells successively and for so long as the production so commenced or resumed is obtained from the Assigned Acreage, or on lands pooled or communitized therewith. If, from time to time after the expiration of the primary term of this Assignment, all production hereunder should for any reason cease, Assignee shall have the right at any time within sixty (60) days after the date of cessation of production to resume production and thereby continue this Assignment in full force and effect as to all of the Assigned Acreage or commence drilling or reworking operations in an effort to make the Assigned Acreage or lands pooled or communitized therewith again produce, in which event this Assignment shall remain in full force and effect as to all of the Assigned Acreage as long as such drilling or reworking operations are being conducted in good faith without lapse of more than sixty (60) consecutive days between cessation of drilling or reworking operations and their recommencement whether on the same well or on different wells successively. If as a result of any such drilling or reworking operations, oil, gas or associated liquid or gaseous hydrocarbons be found and produced or the production of any of them be restored from the Assigned Acreage, or on lands pooled therewith, this Assignment shall continue in force so long as any of them is produced hereunder or this Assignment is otherwise being maintained as herein provided.

6. Assignor shall indemnify and hold Assignee harmless from any and all costs, obligations, claims, demands and causes of action of any kind or character with respect to the Leases and the Assigned Acreage arising or accruing prior to the date hereof. Assignee shall indemnify, defend and hold Assignor harmless from any and all costs, obligations, claims, demands and causes of action of any kind or character with respect to the Leases and the Assigned Acreage arising or accruing prior to payout of any well drilled by Assignee hereunder.

7. This Assignment is made subject proportionately to and Assignee hereby agrees to assume and shall comply with all of the terms and conditions of the Leases assigned herein, together with all applicable rules, regulations, laws and orders issued or promulgated by any court or governmental agency having jurisdiction.

8. Assignor agrees to execute, acknowledge and deliver to Assignee, upon reasonable request, any additional instruments, notices, division orders, transfer orders, and other documents and to do any other acts and things that may be necessary to more fully and effectively grant, convey, transfer and assign the working interest and operating rights in the Assigned Acreage to Assignee and its successors and assigns.

9. For the same consideration, Assignor covenants with Assignee, its successors and assigns, that Assignor is the lawful owner of and has good title to the interests herein assigned, including the Leases, free and clear from all liens, encumbrances or adverse claims; that the Leases are valid and subsisting leases on the land covered thereby, and that all rentals and royalties due under said Leases have been paid and all conditions necessary to keep same in full force and effect have been duly performed; and that Assignor warrants and agrees to forever defend the interest herein assigned, including the Leases, against the claims of all persons whomsoever.

10. This instrument binds the parties and their successors, and the terms and covenants hereof shall be deemed covenants running with the Leases as to the Assigned Acreage.

DATED THIS 10th day of February, 2004.

ASSIGNOR:

ROYALTY RESOURCES, L.L.C.

By: _____
James H. Isbell
Manager of Land
Tax ID No. _____

ASSIGNEE:

MEWBOURNE OIL COMPANY

By: James Allen Brinson
James Allen Brinson
Attorney-In-Fact

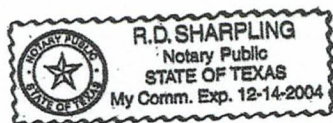
STATE OF TEXAS
COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this _____ day of _____, 2004, by James H. Isbell, Manager of Land of **Royalty Resources, L.L.C.**, a Texas Limited Liability Corporation, on behalf of said corporation.

Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF SMITH

The foregoing instrument was acknowledged before me this 10th day of February, 2004, by James Allen Brinson, Attorney-In-Fact of **Mewbourne Oil Company**, a Delaware corporation, on behalf of said corporation.



R.D. Sharpling
Notary Public, State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Term Assignment of
Oil and Gas Leases dated February 10, 2004, executed by
Royalty Resources, L.L.C., in favor of
Mewbourne Oil Company

[All lands are in Section 9, Township 22 South,
Range 27 East, N.M.P.M., Eddy County, New Mexico]

Date: February 15, 1995
Lessor: Jerry Calvani, Individually and as Trustee of the Albert and Mildred Calvani Revocable Trust
Lessee: James H. Isbell
Recorded: Book 212, Page 289, Records of Eddy County, New Mexico
Lands: NW/4 SW/4, South 30 acres of NE/4 SW/4 and the W/2 SW/4 SW/4, containing 90 acres, more or less

Date: February 27, 1995
Lessor: Ethel West Bryan, widow of Joe Bryan, Deceased
Lessee: James H. Isbell
Recorded: Book 216, Page 551, Records of Eddy County, New Mexico
Lands: SE/4 SW/4 and the E/2 SW/4 SW/4, containing 60 acres, more or less

Date: February 27, 1995
Lessor: Derby D. Thompson and wife Dorothy M. Thompson
Lessee: James H. Isbell
Recorded: Book 216, Page 553, Records of Eddy County, New Mexico
Lands: All of the North 10 acres of the NE/4 SW/4 also described as N/4 N/4 NE/4 SW/4, containing 10 acres, more or less

Date: February 27, 1995
Lessor: Dotte C. Craft and Linda Ahrens, Trustee of the James R. Craft Testamentary Trust
Lessee: James H. Isbell
Recorded: Book 216, Page 549, Records of Eddy County, New Mexico
Lands:

Date: March 15, 1995
Lessor: Norman Anderson and wife Lavon I. Anderson
Lessee: James H. Isbell
Recorded: Unrecorded, but referenced in Memorandum of Oil and Gas Lease dated April 12, 1995, recorded in Book 216, Page 544, Records of Eddy County, New Mexico
Lands: SE/4 SE/4, containing 40 acres, more or less

Date: February 24, 1995
Lessor: Jesse E. Buckner and wife Barbara W. Buckner
Lessee: James H. Isbell
Recorded: Book 214, Page 594, Records of Eddy County, New Mexico
Lands: N/2 SE/4, containing 80 acres, more or less

Date: February 27, 1995
Lessor: Clifford M. Wimberly
Lessee: James H. Isbell
Recorded: Book 216, Page 545, Records of Eddy County, New Mexico
Lands: SW/4 SE/4, containing 40 acres, more or less

Date: February 27, 1995
Lessor: Wade Robert Sears
Lessee: James H. Isbell
Recorded: Book 216, Page 555, Records of Eddy County, New Mexico
Lands: SW/4 SE/4, containing 40 acres, more or less

Date: February 27, 1995
Lessor: Lynne Deanne Sears Williams
Lessee: James H. Isbell
Recorded: Book 216, Page 557, Records of Eddy County, New Mexico
Lands: SW/4 SE/4, containing 40 acres, more or less

***SAVE AND EXCEPT THE WELLBORE OF THE CALVANI COM. NO. 1 WELL
LOCATED 2130' FWL & 1880' FSL OF SAID SECTION 9, AND THE
PRODUCTION FROM SAID WELLBORE AND ASSOCIATED EQUIPMENT***

End of Exhibit "A"

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French 19r., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-015-33534 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> State Oil & Gas Lease No.
---	---	--

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____ b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER	7. Lease Name or Unit Agreement Name Pecos River 9 RECEIVED DEC .. 1 2004 OGD-ARTESIA			
2. Name of Operator Mewbourne Oil Company	8. Well No. 1			
3. Address of Operator PO Box 5270 Hobbs, NM 88240	9. Pool name or Wildcat Carlsbad South Morrow			
4. Well Location Unit Letter <u> </u> <u> </u> : <u> </u> 1650 Feet From The <u> </u> South <u> </u> Line and <u> </u> 990 Feet From The <u> </u> East <u> </u> Line Section <u> </u> 9 <u> </u> Township <u> </u> 22S <u> </u> Range <u> </u> 27E <u> </u> NMPM <u> </u> Eddy <u> </u> County				
10. Date Spudded 08/10/04	11. Date T.D. Reached 09/24/04	12. Date Compl. (Ready to Prod.) 11/19/04	13. Elevations (DF& RKB, RT, GR, etc.) 3077' GL	14. Elev. Casinghead _____
15. Total Depth 11880'	16. Plug Back T.D. 11842'	17. If Multiple Compl. How Many Zones? NA	18. Intervals Drilled By Rotary Tools Yes Cable Tools _____	19. Producing Interval(s), of this completion - Top, Bottom, Name 11398' - 11656'
20. Was Directional Survey Made No	21. Type Electric and Other Logs Run DLL w/Micro, DN w/GR & CBL			
22. Was Well Cored No				

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	533'	17 1/2"	475	surface
9 5/8"	40#	4034'	12 1/4"	1800	surface
7"	26#	9006'	8 3/4"	800	TOC @ 4950'

24. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN
4 1/2"	8457'	11879'	3575	

25. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 7/8"	11069'	

26. Perforation record (interval, size, and number)

11642'-11656' (14', 56 holes, 4 SPF, 0.38" EHD)

 11398'-412' (14') 11417'-28' (11') 11482'-90' (8') 11494'-510' (16')
 11534'-40' (6') 11552'-60' (8') (Total 63', 132 holes, 2 SPF, 0.20" EHD)

27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
11642'-11656'	Acidized with 500 gals 7 1/2% NeFe acid . Frac with 2000 gals 7 1/2% acid and 48,500 gals 40# 70Q Binary Foam with 50740# 20/40 Interprop.
11398'-11560'	

28. PRODUCTION

Date First Production 11/19/04		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>) Flowing			Well Status (<i>Prod. or Shut-in</i>) producing		
Date of Test 11/22/04	Hours Tested 24	Choke Size 07/64"	Prod'n For Test Period 0	Oil - Bbl 0	Gas - MCF 519	Water - Bbl 0	Gas - Oil Ratio 519000
Flow Tubing Press. 1100	Casing Pressure 0	Calculated 24-Hour Rate 0	Oil - Bbl. 0	Gas - MCF 519	Water - Bbl 0	Oil Gravity - API - (<i>Corr</i>) NA	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. List Attachments
 Deviation Survey and C104

31. I hereby certify that the information shown on both sides of this form as tr

ATTACHMENT E

Signature 	Printed Name Kristi Green	Title Hobbs Regulatory	Date 11/22/04
E-mail Address kgreen@mewbourne.com			

Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-015-33912 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> State Oil & Gas Lease No.
--	---	--

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER _____	RECEIVED JUL 15 2005 OCD-ARTESIA	7. Lease Name or Unit Agreement Name Pecos River 9
b. Type of Completion: NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER _____		

2. Name of Operator Mewbourne Oil Company	8. Well No. 2
3. Address of Operator PO Box 5270 Hobbs, NM 88240	9. Pool name or Wildcat Carlsbad South Morrow 73960

4. Well Location
 Unit Letter _____ M _____ : _____ 800 _____ Feet From The _____ South _____ Line and _____ 800 _____ Feet From The _____ West _____ Line
 Section 9 Township 22S Range 27E NMPM Eddy County

10. Date Spudded 03/30/05	11. Date T.D. Reached 05/27/05	12. Date Compl. (Ready to Prod.) 06/25/05	13. Elevations (DF& RKB, RT, GR, etc.) 3085' GL	14. Elev. Casinghead 3085' GL
15. Total Depth 11900'	16. Plug Back T.D. 11610'	17. If Multiple Compl. How Many Zones? NA	18. Intervals Drilled By Rotary Tools Yes	Cable Tools

19. Producing Interval(s), of this completion - Top, Bottom, Name 11338' - 11476'	20. Was Directional Survey Made No
21. Type Electric and Other Logs Run DLL w/Micro, DN w/GR & CBL	22. Was Well Cored No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13 3/8"	48#	400'	17 1/2"	400	surface
9 5/8"	40#	5300'	12 1/4"	2200	surface
5 1/2"	17#	11900	8 3/4"	1050	TOC @ 7350'

24. LINER RECORD				25. TUBING RECORD			
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
					2 7/8"	11084'	11046'

26. Perforation record (interval, size, and number) 11674'-11682' (8', 33 holes, 4 SPF, 0.24" EHD, 6.5 GC) 11628'-11638' (10', 40 holes, 4 SPF, 0.24" EHD, 6.5 GC) Set CIBP @ 11620' 11338'-11476' (35', 75 holes, 2 SPF, 0.24" EHD, 6.5 GC)	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. <table border="1"> <thead> <tr> <th>DEPTH INTERVAL</th> <th>AMOUNT AND KIND MATERIAL USED</th> </tr> </thead> <tbody> <tr> <td>11674'-11682'</td> <td>Acidized with 500 gals 7 1/2% NeFe acid.</td> </tr> <tr> <td>11628'-11638'</td> <td>Acidized with 1000 gals 7 1/2% NeFe acid & ball sealers. Set CIBP @ 11620' & dump bail 10' cement. New PBTD 11610'.</td> </tr> <tr> <td>11338'-11476'</td> <td>Frac with 2000 gals 7 1/2% acid and 58,500 gals 40# 70Q Binary Foam with 60000# 20/40 Carboprop.</td> </tr> </tbody> </table>	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	11674'-11682'	Acidized with 500 gals 7 1/2% NeFe acid.	11628'-11638'	Acidized with 1000 gals 7 1/2% NeFe acid & ball sealers. Set CIBP @ 11620' & dump bail 10' cement. New PBTD 11610'.	11338'-11476'	Frac with 2000 gals 7 1/2% acid and 58,500 gals 40# 70Q Binary Foam with 60000# 20/40 Carboprop.
DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED								
11674'-11682'	Acidized with 500 gals 7 1/2% NeFe acid.								
11628'-11638'	Acidized with 1000 gals 7 1/2% NeFe acid & ball sealers. Set CIBP @ 11620' & dump bail 10' cement. New PBTD 11610'.								
11338'-11476'	Frac with 2000 gals 7 1/2% acid and 58,500 gals 40# 70Q Binary Foam with 60000# 20/40 Carboprop.								

28. PRODUCTION

Date First Production 06/25/05	Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing	Well Status (Prod. or Shut-in) producing					
Date of Test 07/10/05	Hours Tested 24	Choke Size 48/64"	Prod'n For Test Period	Oil - Bbl 0	Gas - MCF 414	Water - Bbl. 11	Gas - Oil Ratio 414000
Flow Tubing Press. 291	Casing Pressure 0	Calculated 24-Hour Rate	Oil - Bbl. 0	Gas - MCF 414	Water - Bbl 11	Oil Gravity - API - (Corr) NA	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
Sold _____ nessed By _____

30. List Attachments
Deviation Survey and C104

ATTACHMENT **F**

31. I hereby certify that the information shown on both sides of this form is true and correct and believe it to be true and correct.

Signature *Kristi Green* Printed Name Kristi Green Title Hobbs Regulatory Date 07/11/05
 E-mail Address kgreen@mewbourne.com

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL FOR AN
ORDER APPROVING A CHANGE OF OPERATOR
AND ALLOWING TWO OPERATORS IN THE
MORROW FORMATION IN THE SAME WELL
UNIT, EDDY COUNTY, NEW MEXICO.

Case No. 22041

SELF-AFFIRMED STATEMENT OF GAVIN EDINGTON

Gavin Edington deposes and states:

1. I am a Reservoir Engineer for Mewbourne Oil Company (“Mewbourne”), and have personal knowledge of the matters stated herein. I have not been qualified by the Division as an expert engineer. My educational and employment background is as follows: I have a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma (2015), and I have worked for Mewbourne as an engineer for six years. I am currently employed in its Midland office.

2. Pursuant to Division Rules, the following information is submitted in support of the application filed herein.

3. After Mr. Cullen spoke with Chris Pickett, Robin Terrell of Mewbourne spoke with Mr. Prickett to secure a the gate code to the Calvani Com. No. 1 wellsite. Mewbourne sent an employee to the wellsite to verify the leak. Mewbourne performed a Leak Detection and Repair (“LDAR”) camera shoot on the Calvani Com. No. 1 well and found a leaking Kimray motor valve that operates the plunger lift system.

4. Based on the results from our LDAR camera shoot, the Calvani Com. No. 1 will be out of compliance with future Division methane Rules. The Division only has recourse with Mewbourne as operator of record, but Mewbourne has no ability to resolve the well issues. A change of operator would give the Division means to enforce rules with the appropriate party.

5. Mewbourne does not currently have a bond on the Calvani Com. No. 1 because it is not an inactive well. If the well’s status were to change (*i.e.* the well getting shut-in) Mewbourne would then be required as the operator to get a bond.

6. As a result, Mewbourne could end up paying the costs of bonding, resolving environmental issues, and plugging and abandonment, even though it owns no revenue interest in the Calvani Com. No. 1.

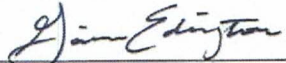
EXHIBIT 3

7. As a result, Mewbourne requests the Division to approve a change of operator for the Calvani Com. No. 1. to Royalty Resources, LLC.

8. The granting of this application is in the interests of conservation and the prevention of waste.

9. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 8 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 8/3/2021



Gavin Edington

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL FOR AN
ORDER APPROVING A CHANGE OF OPERATOR
AND ALLOWING TWO OPERATORS IN THE
MORROW FORMATION IN THE SAME WELL
UNIT, EDDY COUNTY, NEW MEXICO.

Case No. 22041

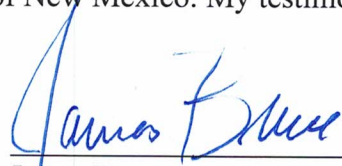
SELF-AFFIRMED STATEMENT OF NOTICE

COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Mewbourne Oil Company.
3. Mewbourne Oil Company has conducted a good faith, diligent effort to find the name and correct address of the interest owner entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owner, at its last known address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: _____



James Bruce

EXHIBIT

A

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

July 15, 2021

\Royalty Resources, L.L.C.
P.O. Box 3444
Midland, Texas 79702

ATTACHMENT *A*

Ladies and gentlemen:

Enclosed is an application filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company (Case No. 22041) seeking an order (a) approving a change of operator for one well, and (b) allowing two operators in the same well unit in the same formation. Applicant is the operator of record for the following wells, all of which have the S/2 of Section 9, Township 22 South, Range 27 East, N.M.P.M., Eddy County dedicated to them in the Morrow formation:

- (i) The Calvani Com. Well No. 1 (API No. 30-015-20784), located in the NE/4SW/4 of Section 9;
- (ii) The Pecos River "9" Well No. 1 (API No. 30-015-33534), located in the NE/4SE/4 of Section 9; and
- (iii) The Pecos River "9" Well No. 2 (API No. 30-015-335912), located in the SW/4SW/4 of Section 9.

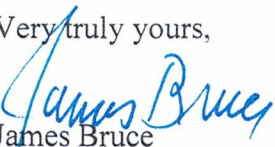
The Calvani well was drilled by Union Oil Company of California from December 1972 – March 1973. Royalty Resources, LLC subsequently became operator of the well. In 2004 Applicant desired to drill a Morrow well in the S/2 of Section 9. Due to Division restrictions on two operators in the same formation in the same well unit, applicant agreed to become operator of record of the Calvani well. Royalty Resources, LLC continued to be the physical operator of the well. Applicant subsequently drilled the Pecos River wells. All three wells continue to produce from the Morrow formation. The Calvani well now has environmental issues, for which applicant, as operator of record, is legally responsible, even though it did not cause the issues. Royalty Resources, LLC has refused to become operator of record of the Calvani well. As a result, applicant requests that the Division change the operator of record of the well to Royalty Resources, LLC.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, August 5, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an

electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, July 29, 2021. This statement may be filed online with the Division at ocd.hearings@state.nm.us, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company



FAQs >

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July 27, 2021

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Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER

July 24, 2021, 5:18 pm

Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER

July 21, 2021, 9:40 pm

Departed USPS Facility

ALBUQUERQUE, NM 87101

6902 E9ET 2000 0542 0207

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<input type="checkbox"/> Return Receipt (electronic) \$ _____	
<input type="checkbox"/> Certified Mail Restricted Delivery \$ _____	
<input type="checkbox"/> Adult Signature Required \$ _____	
<input type="checkbox"/> Adult Signature Restricted Delivery \$ _____	
Postage \$ _____	
Total Postage and Fees \$ _____	
Sent To: <u>Royalty Resources, L.L.C.</u> <u>P.O. Box 3444</u> Street and Apt. <u>Midland, Texas 79702</u>	
City, State, ZIP+4® _____	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

Feedback



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[FAQs](#)

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004834247

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NOTICE

JAMES BRUCE ATTORNEY AT LAW
POBOX 1056

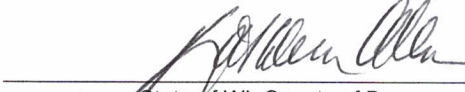
SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

07/22/2021


Legal Clerk

Subscribed and sworn before me this July 22, 2021:


State of WI, County of Brown
NOTARY PUBLIC

1-7-25
My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0004834247
PO #:
of Affidavits 1

This is not an invoice

To: Royalty Resources, LLC, or your successors or assigns: Mewbourne Oil Company has filed an application with the New Mexico Oil Conservation Division (Case No. 22041) seeking an order (a) approving a change of operator for one well, and (b) allowing two operators in the same well unit in the same formation. Applicant is the operator of record for the following wells, all of which have the S/2 of Section 9, Township 22 South, Range 27 East, N.M.P.M., Eddy County dedicated to them in the Morrow formation:
(i) The Calvani Com. Well No. 1 (API No. 30-015-20784), located in the NE/4SW/4 of Section 9;
(ii) The Pecos River "9" Well No. 1 (API No. 30-015-33534), located in the NE/4SE/4 of Section 9; and
(iii) The Pecos River "9" Well No. 2 (API No. 30-015-335912), located in the SW/4SW/4 of Section 9.
The Calvani well was drilled by Union Oil Company of California from December 1972 - March 1973. Royalty Resources, LLC subsequently became operator of the well. In 2004 Applicant desired to drill a Morrow well in the S/2 of Section 9. Due to Division restrictions on two operators in the same formation in the same well unit, applicant agreed to become operator of record of the Calvani well. Royalty Resources, LLC continued to be the physical operator of the well. Applicant subsequently drilled the Pecos River wells. All three wells continue to produce from the Morrow formation. The Calvani well now has environmental issues, for which applicant, as operator of record, is legally responsible, even though it did not cause the issues. Royalty Resources, LLC has refused to become operator of record of the Calvani well. As a result, applicant requests that the Division change the operator of record of the well to Royalty Resources, LLC. If the Division grants this relief, there will be two operators in the Morrow formation in the S/2 of Section 9, and applicant requests approval of same. The application is scheduled to be heard at 8:15 a.m. on August 5, 2021. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to emnrd.state.nm.us/OCD/hearings or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest which may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043, jambruc@aol.com. The well unit is located 2-1/2 miles east-southeast of Carlsbad, New Mexico.
#4834247, Current Argus, July 22, 2021

EXHIBIT

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