

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. _____

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

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,

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