

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

**APPLICATION FOR AN ACCOUNTING FROM
MEWBOURNE OIL COMPANY UNDER ORDER
NOS. R- 21292 AND R-21293 AND TO DECLARE
CERTAIN ACCOUNTING PRACTICES IMPROPER**

Case No: 22378

**MEWBOURNE OIL COMPANY’S OBJECTION TO STATEMENT OF DISPUTED
MATERIAL FACTS AND PROPOSED ALTERNATIVE
STATEMENT OF DISPUTED MATERIAL FACTS**

Mewbourne Oil Company (“Mewbourne”) objects to certain statements included in the Statement of Disputed Material Facts filed on June 30, 2022 and submits its proposed alternative statement of disputed material facts.

1. The Prehearing Order required the parties to submit statements of disputed and undisputed facts on June 30, 2022.

2. Mewbourne and Siana Oil & Gas Company (“Siana”) attempted to reach agreement on the factual statements and exchanged proposed drafts. At approximately 5 p.m. on the afternoon of June 30th, Siana provided proposed revisions to the proposed Joint Statement of Material Facts. Due to the deadline and the late hour, Siana and Mewbourne agreed that Siana would file the Statement of Facts and that the parties would file an amendment if necessary.

3. Over the past several days, Mewbourne and Siana have been working to reach agreement on an amended statement of facts but have not been able to do so. As a result, Mewbourne provides the following objections and proposed alternative statement of disputed material facts.

4. Many of the facts listed as disputed by Siana are not within the scope of this case and are not proper for determination in this administrative proceeding. Specifically, Mewbourne objects and does not agree that Siana’s Application raises issues regarding whether the costs of the

Inland 26/23 B2OJ and Inland 26/23 B2PI Wells (“Wells”) are reasonable (Disputed Fact Nos. 3, 6, 9, 11). Siana’s Application requests Mewbourne to provide an accounting of the well costs – the Application does not seek to challenge the reasonableness of the actual well costs. Mewbourne objects to Siana’s impermissible attempt to add issues that were not in Siana’s Application.

5. In addition, as discussed in Mewbourne’s Pre-Hearing Statement, the Division lacks authority to consider Siana’s claim for interest on its pre-payment overage and any claims under the Oil and Gas Proceeds Payments Act, NMSA 1978, § 70-10-1 *et seq.* Accordingly, Disputed Fact Nos. 12, 14, 15, and 16 are not appropriately before the Division.

6. Further, Mewbourne contends that some of Siana’s proposed disputed factual statements are duplicative and should be consolidated or deleted. As a result, Mewbourne’s proposed statements of disputed fact are as follows:

- a. Whether Mewbourne provided an itemized schedule of the actual costs to drill, complete, and equip (“Actual Well Costs”) the OJ Well in accordance with Order No. R-21292.
- b. Whether Mewbourne provided an itemized schedule of the charges for operating and maintaining the OJ Well in accordance with Order No. R-21292.
- c. Whether Mewbourne provided an itemized schedule of the Actual Well Costs for the PI Well in accordance with Order No. R-21293.
- d. Whether Mewbourne provided an itemized schedule of the charges for operating and maintaining the PI Well in accordance with Order No. R-21293.
- e. Whether a participating non-operator has a right to take its production in kind under a compulsory pooling order.

- f. Whether the Orders or the Division's regulations required Mewbourne to revise its AFEs to reflect then-current prices at the time that Siana was required to elect and pay estimated costs.
- g. Whether Mewbourne appropriately netted Lease Operating Expenses for the Wells from Siana's pre-payment when: (i) the pooling orders expressly allow the deduction of operating costs; and (ii) Siana has failed and refused to pay Joint Interest Billings due to Mewbourne since November of 2018.

Respectfully submitted,

HINKLE SHANOR LLP

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail on July 7, 2022 on the following counsel of record:

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/s/ Dana S. Hardy
Dana S. Hardy