

**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

PRE-HEARING STATEMENT

SIANA OIL & GAS CO. ("Siana") provides this pre-hearing statement as required by the rules of the Division.

APPEARANCES

APPLICANT

SIANA OIL & GAS CO.

SIANA'S ATTORNEYS:

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OPPOSING COUNSEL

MEWBOURNE OIL COMPANY

MEWBOURNE'S ATTORNEYS:

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STATEMENT OF THE CASE

In this case, Siana seeks an order requiring Mewbourne Oil Company (“Mewbourne”) to provide an accounting under Order Nos. R-21292 and R-21293 (“Orders”) and declaring certain accounting practices as improper and in violation of the Orders and New Mexico law. Order No. R-21292 (Case No. 21156) pooled a 240-acre horizontal spacing unit (“HSU”) located in the W2 E2 of Section 26 and the W2 SE4 of Section 23, all in Township 21 South, Range 34 East, dedicated to the Inland 26/23 B2OJ State Com Well No. 1H, API# 30-025-46931. Order No. R-21293 (Case No. 21157) pooled a 240-acre HSU in the E2 E2 of Section 26 and the E2 SE4 of Section 23, all in Township 21S, Range 34 East, dedicated to the Inland 26/23 B2PI State Com Well No. 1H, 30-025-45283. The wells are located approximately 12.5 miles west of Eunice, New Mexico.

As explained in the application, Mewbourne has acted wrongfully in holding overages on estimated costs paid by Siana, taking improper deductions from the overages on estimated costs paid by Siana for costs unrelated to drilling and completion and for costs unrelated to the pertinent wells, holding proceeds in suspense without justification, refusing to allow Siana to take its production in-kind, and otherwise violating numerous provisions of the above-referenced Orders. Siana will present evidence in support of its claims at hearing.

PROCEDURAL MATTERS

Siana anticipates that this case will be heard as a status conference on January 6, 2022. Siana has also filed a related application in Case No. 22439, seeking to Amend Order Nos. R-21804 and R-21805 to Extend Time for Paying Estimated Costs. Siana anticipates that Case Nos. 22378 and 22439 will be consolidated for purposes of a contested hearing on a date to be set in the future.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

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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 December 30, 2021 to the following:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 69744

QUESTIONS

Operator: SIANA OIL & GAS CO. 12012 Wickchester Lane Houston, TX 77079	OGRID: 228039
	Action Number: 69744
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>