

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

**APPLICATION TO AMEND ORDER
NOS. R-21804 AND R-21805 TO EXTEND
TIME FOR PAYING ESTIMATED COSTS**

Case No. 22439

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.

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MEWBOURNE OIL COMPANY

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STATEMENT OF THE CASE

In this case, Siana seeks an order amending Order Nos. R-21804 and R-21805, which were previously issued in Case Nos. 22035 and 22036, respectively, to extend the time for paying estimated costs for the wells subject thereto, which are operated by Mewbourne Oil Company (“Mewbourne”). Order No. R-21804 pooled a 240-acre horizontal spacing unit (“HSU”) located in the W2 W2 of Section 26 and the W2 SW4 of Section 23, all in Township 21 South, Range 34 East, for the purpose of drilling the Inland 26/23 B2ML State Com Well No. 1H, API# 30-025-49153, and the Inland 26/23 B3ML State Com Well No. 1H, API# 30-025-49221. Order No. R-21805 pooled a 240-acre HSU in the E2 W2 of Section 26 and the E2 SW4 of Section 23, all in Township 21S, Range 34 East, for the purpose of drilling the Inland 26/23 B2NK State Com Well No. 1H, API# 30-025-49192, and the Inland 26/23 B3NK State Com Well No. 1H (no API#).

As explained in the instant application, Mewbourne has been improperly withholding estimated cost overages and production due to Siana for other wells.¹ These monies and production were allocated to pay the estimated costs for the wells relating to Order Nos. R-21804 and R-21805. Siana has signed the AFEs and intends to participate in these wells. However, as a result of Mewbourne’s wrongful actions and violations of other Division orders, Siana is concerned about using other funds to pay the monies now demanded by Mewbourne for estimated costs to drill four wells under Order Nos. R-21804 and R-21805. For these reasons,

¹ These issues and violations have been raised by Siana in its Application for an Accounting from Mewbourne Oil Company Under Order Nos. R-212 and R-21293 and to Declare Certain Accounting Practices Improper, Division Case No. 22378, which is also on the January 6, 2022 docket.

the Division should extend the time for payment of estimated costs to drill and complete the wells subject to Order Nos. R-21804 and R-21805.

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. 22378, seeking an order requiring Mewbourne to provide an accounting under Order Nos. 21292 and R-21293 and declaring certain accounting practices improper. 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 69745

QUESTIONS

Operator: SIANA OIL & GAS CO. 12012 Wickchester Lane Houston, TX 77079	OGRID: 228039
	Action Number: 69745
	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>