

**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

REVISED PRE-HEARING STATEMENT

SIANA OIL & GAS CO. (“Siana”) provides this pre-hearing statement as required by the rules of the Division. Siana is simultaneously filing the exhibits, including written testimony of its witnesses, as required by the Pre-Hearing Order issued April 25, 2022, and in accordance with the agreement of the parties to submit their respective prehearing statements and exhibits no later than June 24, 2022. The parties will jointly submit a list of disputed and undisputed facts on June 30, 2022, in accordance with the Pre-Hearing Order.

APPEARANCES

APPLICANT

SIANA OIL & GAS CO.

SIANA’S ATTORNEYS:

Sharon T. Shaheen
Ricardo S. Gonzales
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
(505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

OPPOSING COUNSEL

MEWBOURNE OIL COMPANY

MEWBOURNE’S ATTORNEYS:

Dana S. Hardy
218 Montezuma
Santa Fe, NM 87501
505-982-4554
dhardy@hinklelawfirm.com

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 will be established at the hearing, Mewbourne has acted wrongfully by (1) holding overages on estimated costs paid by Siana (“Overages”), (2) taking improper deductions from the Overages for costs unrelated to drilling and completion, (3) taking improper deductions for operating costs attributed to the above-referenced wells from revenues due for production from other wells, (3) holding proceeds in suspense without justification, (4) demanding payment for operating costs while holding related proceeds in suspense, and (5) refusing to allow Siana to take its production in-kind. In doing so, Mewbourne has violated New Mexico law and numerous provisions of the above-referenced Orders, including but not limited to paragraphs 22, 23, 24, 25, 27, 28, and 29.

The written testimony and exhibits submitted concurrently with this Pre-Hearing Statement provide evidence substantiating Siana’s claims. Siana will be prepared to provide

additional testimony and to answer questions from Mewbourne and the hearing examiners at hearing in this matter on July 7, 2022.

PROCEDURAL MATTERS

This matter is set for hearing on July 7, 2021, after completion of other matters on the docket.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

Sharon T. Shaheen
Ricardo S. Gonzales
P.O. Box 2307
Santa Fe, New Mexico 87504-2307
Telephone: (505) 986-2678
sshaheen@montand.com
rgonzales@montand.com

Attorney for Siana Oil & Gas Co.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail on June 24, 2022 to the following:

Dana S. Hardy
218 Montezuma
Santa Fe, NM 87501
505-982-4554
dhardy@hinklelawfirm.com

/s/Sharon T. Shaheen
Sharon T. Shaheen

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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

QUESTIONS

Action 120405

QUESTIONS

Operator: SIANA OPERATING LLC P.O. Box 2246 Conroe, TX 77305224	OGRID: 168687
	Action Number: 120405
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	2
Testimony time (in minutes)	120