

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

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

Case No. 22439

**MEWBOURNE OIL COMPANY'S RESPONSE IN OPPOSITION TO EMERGENCY
MOTION TO SUSPEND TIME FOR PAYING ESTIMATED COSTS**

Mewbourne Oil Company ("Mewbourne") submits this response to the emergence motion filed by Siana Oil & Gas Co. ("Siana"):

A. FACTS.

The facts in this case are quite simple:

1. Order No. R-20804 pooled the Bone Spring formation underlying the W/2W/2 of Section 26 and the W/2SW/4 of Section 23, Township 21 South, Range 34 East, N.M.P.M. The wells covered by the order are the Inland 26/23 B2ML St. Com. Well No. 1H and the Inland 26/23 B3ML St. Com. Well No. 1H (the B2ML and B3ML wells).
2. Order Nos. R-20805 pooled the Bone Spring formation underlying the E/2W/2 of Section 26 and the E/2SW/4 of Section 23, Township 21 South, Range 34 East, N.M.P.M. The wells covered by the order are Inland 26/23 B2NK St. Com. Well No. 1H and the Inland 26/23 B3NK St. Com. Well No. 1H (the B2NK and B3NK wells).
3. Siana is a working interest owner in the subject well units, and entered an appearance in each case.
4. The orders in the cases were issued on August 26, 2021. Mewbourne, pursuant to the express terms of the orders, sent out election letters to Siana for the four wells, and Siana signed and returned the AFEs for each well.
5. Mewbourne has drilled and completed the B2ML, B3ML, and B2NK wells.
6. Mewbourne intends on drilling the B3NK well this spring or summer, and Order No. R-20805 allows until August 26, 2021 to commence the well. Therefore, the election letter sent to Siana on the B3NK well is valid.
7. Mewbourne, under Division rules, has sent out additional well proposals on the acreage covered by the orders.

8. There are pending lawsuits which challenge Siana's ownership in all of the wells.

B. ARGUMENT.

1. As a result of the title issues, Mewbourne has the authority pursuant to state statutes to withhold payment to Siana on production revenues, as well as the alleged overages, until the title issues are resolved.

2. Siana requests interest on the alleged overages. Under what authority?

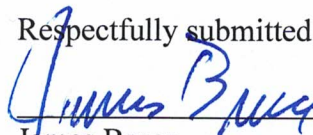
3. Siana wants to take production in kind. Again, under what authority? There is no JOA in place giving it contractual authority to do so, nor is that issue addressed in the pooling orders. Also, taking in kind would count as production proceeds, which is covered by Argument 1 above.

C. CONCLUSION.

Mewbourne's actions in pooling the subject acreage, proposing and drilling wells, and proposing additional wells, are in conformity with the orders and regulations. Siana has not shown why an emergency order is warranted or needed, especially considering that (i) Siana's allegations are not supported by established facts, and (ii) a hearing on the merits is scheduled in two weeks (pending a decision on Mewbourne's motion to dismiss).

WHEREFORE, Mewbourne requests that the motion be denied

Respectfully submitted,



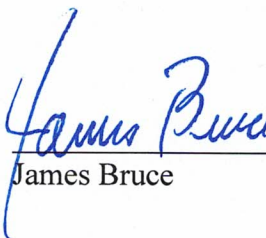
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 8th day of April, 2022 by e-mail:

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