

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATIONS OF READ & STEVENS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 24941-24942**

**APPLICATIONS OF READ & STEVENS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 25145-25148**

**APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 24994-24995 & 25116**

**APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 25115 & 25117**

**Commission Case No. 25238**

**MOTION FOR STAY OF DIVISION PROCEEDINGS AND ACTIONS**

V-F Petroleum Inc. (“V-F”), by and through its undersigned attorneys, submits to the Oil Conservation Commission (“Commission” or “OCC”) this Motion to Stay Proceedings and Actions for the above-referenced cases on the grounds that V-F has submitted to Commission a Motion and Application for Reconsideration of the Order Denying V-F Petroleum, Inc. and Carolyn Beall’s Application for *De Novo* Hearing as Premature, (“OCC’s Denial”), issued by the Acting Chairman of the Commission on April 3, 2025, in Case No. 25238. To prevent harm,

protect correlative rights, and prevent the waste of the Oil Conservation Division's ("Division" or "OCD") administrative resources in evaluating applications and issuing an order under conditions of lack of notice (and thus lack of jurisdiction) that would render invalid and/or void any order issued by the OCD, V-F respectfully requests that the Commission stay the OCD proceedings and actions on the above-referenced cases ("Subject Cases") until the OCC weighs the merits of its jurisdiction to hear the V-F's claim of the OCD's violation of its right to notice pursuant to its Motion/Application to Reconsider OCC's Denial.

New Mexico courts have repeatedly held that failure to provide proper notice in administrative proceedings is not a mere technical defect—it is a fatal one. A lack of statutory notice deprives the tribunal of jurisdiction and renders any resulting action invalid or void. *See Johnson v. N.M. Oil Conservation Comm'n*, 1999-NMSC-021, ¶ 31, 127 N.M. 120, 978 P.2d 327 (holding that an OCC order was void where statutory notice requirements under the OGA were not met); *Nesbit v. City of Albuquerque*, 1977-NMSC-107, ¶ 11, 91 N.M. 455, 575 P.2d 1340 (finding administrative action void where the city commission failed to provide adequate notice before a public hearing); *Martinez v. Maggiore*, 2003-NMCA-043, ¶ 13, 133 N.M. 472, 64 P.3d 499 (invalidating proceedings where notice failed to substantially comply with the requirements of the Solid Waste Act). These cases leave no doubt: when a statutory notice requirement is violated, any administrative proceeding that follows is legally defective. The Division proceeded with a contested hearing despite concededly untimely notice—placing this matter squarely within the rule of *Johnson* and its progeny.

V-F and other affected parties have suffered and continue to suffer harm each day they are required to expend significant time, money, and resources participating in a proceeding that has been compromised from the outset. The lack of proper notice has infected the process beyond

repair. If the Division ultimately issues an order granting operatorship based on applications that were not lawfully noticed that order will be invalid and void; therefore, a stay of these matters is necessary. *See* 19.15.4.23(B).

Under the four-part test adopted by the Commission in *Tenneco Oil Co. v. N.M. Water Quality Control Comm'n*, 1986-NMCA-033, ¶ 10, and applied in Commission Order No. R-14300-A ¶ 5, V-F satisfies every requirement for a stay of the Division proceedings:

**a. Likelihood of Success on the Merits**

V-F is highly likely to prevail. Under *Johnson v. N.M. Oil Conservation Comm'n*, and its progeny, the law is unambiguous: proper statutory notice is a jurisdictional prerequisite under the Oil and Gas Act. The Division's failure to provide that notice is not a minor procedural defect—it is a fundamental violation that renders any resulting order void. The New Mexico Supreme Court has made clear that where notice is lacking, the Division lacks authority to act. The Division concedes that notice in this case was untimely, placing this matter squarely within the holding of *Johnson*. The Commission cannot allow proceedings to continue where the statutory foundation has been compromised. Due process under the OGA is not negotiable; it is a threshold requirement that must be corrected before any further administrative action proceeds.

**b. Irreparable Harm to the Applicant**

Absent a stay, V-F will suffer harm that cannot be undone. V-F is being forced to participate in proceedings that are jurisdictionally defective from the outset—proceedings the Division never had authority to conduct due to untimely notice. If the Division issues an order under these conditions, V-F will be left to unravel a void order through complex litigation, absorbing significant legal costs, operational delays, and strategic disadvantages

affecting its development plans and property interests. These burdens cannot be reversed or recouped. As recognized by the Court of Appeals in *Tenneco*, irreparable harm exists where a party is forced to act under the cloud of an invalid administrative process. That is precisely the harm V-F now faces—harm that demands immediate Commission intervention.

**c. No Substantial Harm to Other Parties**

A stay will not cause substantial harm to Read & Stevens, Inc. and Permian Operating Resources, LLC (collectively “Permian”) or any other party. On the contrary, it shields them from proceeding under an order that would almost certainly be invalidated in future litigation. The stay ensures that any final decision issued by the Division is built on a foundation of valid notice, lawful process, and clear jurisdiction—elements essential to enforceability and industry confidence. The alternative is a process tainted at its core, one that invites appeal, delay, and potential reversal. A stay is not a burden—it is a safeguard that spares all parties from the collateral damage of regulatory error.

**d. No Harm to the Public**

The public interest is not only unharmed by a stay—it is directly protected by it. The integrity of the Oil and Gas Act depends on consistent enforcement of its core procedural safeguards, especially notice and process. Allowing proceedings to continue despite acknowledged statutory violations sends the wrong message: that expediency trumps illegality. That is a dangerous precedent for any regulatory body. A stay ensures that public resources are not squandered on invalid processes and that the Commission remains a vigilant guardian of lawful development and fair adjudication. By intervening

now, the Commission affirms that regulatory legitimacy cannot rest on defective notice or procedural shortcuts.

For the reasons set forth above, V-F respectfully requests the Commission to stay the Division proceedings for the Subject Cases.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ *Darin C. Savage*

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Commission and was served on counsel of record, or on the party of record, if no counsel was provided, via electronic mail on April 21, 2025:

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*Attorney for Carolyn Beall*

*/s/ Darin C. Savage*

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Darin C. Savage

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**COMMISSION CASE NO. 25238**

**ORDER OF THE COMMISSION GRANTING A STAY OF DIVISION  
PROCEEDINGS AND ACTIONS**

THIS MATTER came before the New Mexico Oil Conservation Commission (“Commission”) concerning V-F Petroleum Inc.’s Motion to Stay Division Proceedings and Actions filed on April 21, 2025, in Case No. 25238.

Upon review of the Motion, the Commission finds that there is good cause to stay Division proceedings and actions in the above-captioned cases pursuant to 19.15.4.23(B) NMAC. The Commission further finds that a stay is necessary to prevent irreparable harm to V-F Petroleum Inc., to preserve the procedural integrity of these matters, to protect correlative rights, and to avoid the issuance of any order that may later be deemed invalid due to lack of jurisdiction arising from deficient notice.

The Commission also finds that no substantial harm will result to other parties from a temporary stay and that granting the stay will serve the public interest by ensuring that the

Division only proceeds under conditions that satisfy statutory and constitutional notice requirements.

For these reasons, the Commission finds that V-F Petroleum Inc.'s Motion to Stay Division is well taken and is hereby GRANTED.

IT IS THEREFORE ORDERED

That all Division proceedings and actions in the above-captioned matters are hereby STAYED pending resolution of V-F Petroleum Inc.'s Motion/Application for Reconsideration in Commission Case No. 25238 or further order of the Commission.

IT IS SO ORDERED.

DONE at Santa Fe, New Mexico, on this \_\_\_\_ day of April 2025.

**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**