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

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

OBJECTIONS TO PERMIAN RESOURCES' EXHIBITS

V-F Petroleum, Inc. ("V-F"), through its undersigned attorneys, submits to the New Mexico Oil Conservation Division ("Division" or "OCD") its list of objections to the exhibits submitted by Permian Resources Operating, LLC ("Permian") in the above-referenced cases ("Objections"), as follows:

Objection #1: The Self-Affirmed Notice Statement in Permian's Exhibit F, ¶ 6, states that letter notice and notice of publication have not been completed for Case Nos. 25145-25148, and therefore, Permian has omitted any drafts of such notice letters and publications. Permian chose not to have the cases of this contested hearing mutually dismissed, which in contrast, V-F was willing to do so the Division would avoid spending time and resources on proceedings in which

notice is constitutionally defective and which would have to be repeated if an owner objects after the hearing; instead, Permian has insisted on forging ahead with the proceedings when even the minimum requirements of "reasonable notice" have not been met pursuant to NMSA 1978 §70-2-23.

As of January 17, 2025, the date of issuance of the order Granting and Denying In-Part Joint Motion to Amend Pre-hearing Order, Permian was aware that it would need to provide notice to the owners and had sufficient time to at least draft copies of the notice letters for the Division's review, yet no preliminary notice letters or notices by publication were drafted and provided in Permian's exhibits to allow the Division to review and confirm the content of the notices that Permian would be sending, nor does it appear that Permian provided a list of owners toward which the notice letters and notice by publication should be directed. Under such omissions, the Division cannot ascertain what owners would receive notice, and therefore, the Division cannot determine if there would be persons omitted, due to misinformation or errors in the notices, who would otherwise have entered an appearance and objected.

V-F was the only party in these proceedings who showed the courtesy and willingness to meet its obligation to inform the Division of the constitutional defects in the proceedings and to take the time to research and provide the Division with legal analysis for its review and consideration.

Therefore, V-F objects to Permian's Exhibit F on the basis that Permian should have provided the Division with copies of the drafted letters and drafted publication notices for review and confirmation, further demonstrating that these consolidated cases are not ripe for adjudication, and V-F respectfully asks the Division to remain open as a preliminary matter to using its authority to dismiss the cases in order to provide a proper adjudication at a later date.

Objection #2: V-F objects to Paragraph 18 in Permian's Landman Statement, Exhibit C. Here, Permian is stating that it has control over additional working interest owned by Occidental Permian LP ("OXY") based solely on hearsay without supporting evidence. Permian unilaterally claims it has "fully negotiated and received verbal confirmation" from OXY that it will be signing Permian's Operating Agreement ("JOA"); however, by definition, a JOA would not be "fully negotiated" until it is signed by the parties involved, thus, the representation that it is "fully negotiated" is inaccurate. Permian has provided no letter of support from OXY as it has from other select parties, and OXY has provided no affidavit or other supporting evidence to substantiate Permian's claim. In the complete absence of evidence, V-F objects to Permian's statements regarding OXY in Paragraph 18 and requests that it be stricken from the record.

On the same grounds, V-F objects to Permian's statement in Paragraph 22 that "the reversionary rights owners to the term assignments that have vested V-F Petroleum with its interest in Section 15 support Permian as operator of this acreage." Permian concedes that V-F owns the vested rights pursuant to the term assignments, and neither OXY or Permian have provided any evidence showing OXY's support either by an affidavit or by a signed JOA; therefore, V-F objects and requests that this statement be stricken from the record.

Objection #3: In its Engineering Exhibit E-4, Permian states that it has "tested" higher density spacing to the South at Pinkie Pie, Long John and Silver. The claim, "tested," implies that Permian conducted drilling tests and received the results. *See* Merriam-Websters online dictionary, https://www.merriam-webster.com/dictionary/test (Definition 1(a)(2): a procedure used to identify or characterize a substance; 1(b): a positive result in such a test; 3: a result or value determined by testing. In Exhibit E-4, the box titled SBSG Commentary, Permian states that it is "awaiting result." Therefore, Permian does not substantiate the claim that it has "tested" the higher density

because results have not been received, and therefore, V-F objects to the claim being asserted in the Exhibit that the higher density has been tested. In short, the wells may have been drilled, but by Permian's own admission ("awaiting results"), the higher density spacing has not been tested for production.

Objection #4: In Paragraph 22, Permian correctly points out that the N/2 NW/4 of Section 16 is unleased state land, which cannot be pooled in its unleased status. Permian precipitated the consolidation of Case No. 25115 which includes this tract by submitting pooling applications that directly compete with V-F's application in this case. Case No. 25115 was not originally consolidated as a contested case under the PHO as originally issued. V-F had attempted to address this issue by sending a well proposal to the prior lessees of record to see if the lease had remained in place. Finding that it had not, if Case No. 25115 had proceeded in its uncontested status, V-F would have addressed this issue by pursing a JOA with the successful bidder on the state lease, and if a JOA could not be reached, V-F would have reopened the case to pool the interest after it had been leased. Permian was the party who approached V-F requesting a Joint Motion to continue the cases because it viewed the cases as not ripe for adjudication, and V-F agreed. When the continuance was denied, Permian, instead of maintaining this view and mutually dismissing all the cases, used the denial to its advantage by forging ahead with the newly consolidated cases to receive the benefit of an early review of V-F's exhibits. The unleased state land is another prime example that shows an adjudication of the cases at this time is premature and prejudicial.

Respectfully Submitted,

ABADIE & SCHILL, PC

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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 Division and was served on counsel of record via electronic mail on January 25, 2025:

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