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

APPLICATION OF XTO HOLDINGS, LLC TO REOPEN RILEY PERMIAN OPERATING COMPANY, LLC CASE NO. 25047 EDDY COUNTY, NEW MEXICO.	**CASE NO. 25809 ORDER NO. 23729**
APPLICATION OF XTO HOLDINGS, LLC TO REOPEN RILEY PERMIAN OPERATING COMPANY, LLC CASE NO. 25048 EDDY COUNTY, NEW MEXICO.	**CASE NO. 25808 ORDER NO. 23730**
APPLICATION OF XTO HOLDINGS, LLC TO REOPEN RILEY PERMIAN OPERATING COMPANY, LLC CASE NO. 25049 EDDY COUNTY, NEW MEXICO.	**CASE NO. 25807 ORDER NO. 23731**

RESPONDENT'S BRIEF

Riley Permian Operating Company, LLC ("**Riley**"), through undersigned counsel, respectfully submits this Response in Opposition to the Applications to Reopen filed by XTO Holdings, LLC ("**XTO**"). A Withdrawl of Objection for Case No. 25868, Order No. 23990 has been filed prior to the filing of this brief. Riley states as follows:

I. INTRODUCTION

XTO asks this Division to reopen three final pooling orders—entered nearly a year ago—based on allegedly defective notice. XTO's applications fail on multiple grounds.

First, and most fundamentally, Riley's notice was proper. Riley sent certified mail to the exact address it had been using to send XTO millions of dollars in revenue payments and joint interest billings since 2021—an address XTO actively monitored and used for business.

Second, Riley exercised reasonable diligence far beyond what the regulations require. After receiving no response to letters or emails, Riley attempted to confirm XTO's preferred address via email, including on January 7, 2025—more than a month before the hearing—specifically asking XTO which address to use for upcoming notices. XTO never responded.

Third, even if the notice were somehow defective (which it was not), XTO waived any such defect by submitting elections to attempt participate in the wells within the required time period per the NMOCD, but failed to pay the required drilling and completion costs.

Fourth, XTO's real complaint is not about notice at all—it is about its own failure to timely pay after it's election, a failure that cost XTO the right to participate as a consenting party.

XTO's applications should be denied.

II. STATEMENT OF FACTS

A. The Pooling Applications and Orders

On December 9, 2024, Riley filed applications for compulsory pooling in Cases 25047, 25048, and 25049 (the "**Cases**"), seeking to pool uncommitted interests in three spacing units for the Eagle 33 Federal Com wells in the Yeso formation, Eddy County, New Mexico. XTO Appl. ¶ 1.

On February 13, 2025, Riley presented the Cases by affidavit to the Division (the "**Hearing**"). XTO Appl. ¶ 2. The Division entered Orders R-23729, R-23730, and R-23731 (the "**Orders**") on February 19, 2025. XTO Appl. ¶ 8; Orders at 5.

The Orders pooled uncommitted interests in the spacing units and designated Riley as operator. Orders ¶¶ 16, 19. Under Paragraph 27 of each Order, pooled working interest owners were given thirty (30) days after receiving Estimated Well Costs to elect whether to participate, and consenting owners had to pay their share of those costs within thirty (30) days after the election period expired. Orders ¶ 27. Owners who failed to timely pay were deemed "Non-Consenting Pooled Working Interests" subject to a 200% risk charge. Orders ¶¶ 27, 33.

B. Riley's Notice to XTO Was Sent to XTO's Active Commercial Address and XTO Never Responded to Riley's Inquiries About Proper Notice

1. Initial Well Proposals and Pre-Filing Communications

On October 23, 2024—a full week before sending initial well proposals—Riley began attempting to communicate with Chad Smith, XTO's Operated By Others ("OBO") landman responsible for Section 33, via email at chad.d.smith@exxonmobil.com. Despite later using this same email address to communicate with Riley, Chad Smith did not answer or acknowledge this email.

On October 30, 2024, having received no response, Riley sent well proposal letters to all uncommitted working interest owners by certified mail, thirty days before filing the pooling applications as required. Riley sent XTO's proposals to (the "**Dallas Address**"):

XTO Holdings, LLC, P.O. Box 840780, Dallas, TX 75284

The Dallas Address was the same address Riley was then using to send XTO current Joint Interest Billings and revenue distributions. Riley had been using the Dallas Address—with no issues—to send XTO revenue payments and joint interest billings for other Riley-operated wells in New

Mexico and Texas since at least 2021, being a period of over four years. Riley sent approximately $4.5 million in revenue payments to XTO at this address over that period, and XTO cashed or deposited those payments without objection.

USPS tracking confirms that the initial well proposals sent via certified mail to the Dallas Address were delivered and signed for on November 4, 2024. XTO Appl., Exhibit A (USPS tracking).

2. Riley's January 7, 2025 Email: Riley Asks XTO Which Address to Use for Notice

On December 13, 2024, Riley's counsel sent the pooling application notices via certified mail. Having heard nothing in response, on **January 7, 2025**—approximately **five weeks before the Hearing** and well in excess of the 30-day notice requirement—Riley again attempted to contact Chad Smith via email specifically to confirm XTO's preferred address for notice for well proposals and pooling applications.

Again, Chad Smith did not answer or acknowledge this email.

Restated: More than thirty days in advance of the Hearing, having received no communication at all—no phone call, no text message, no email, no reply letter—in response to its notices, Riley reached out to XTO via email to a verified email address for the exact XTO land professional responsible for Section 33, specifically asking which address notices should be sent to. XTO failed to respond.

3. Hearing Notice and Publication

On December 13, 2024, Riley sent notice of the pooling application and Hearing to XTO at the Dallas Address via certified mail. XTO Appl. ¶ 4, Exhibit E. Like the initial well proposals, the hearing notice was delivered and signed for, as evidenced by the Green Card signed by a Waymond Harvey and depicting a December 17, 2024 delivery date. None of these certified mailings were returned to Riley, either as undeliverable or due to a wrong address.

Out of an abundance of caution, Riley timely published notice of the hearing in the Carlsbad Current Argus on December 21, 2024, more than ten business days before the February 13, 2025, hearing, as required by 19.15.4.12(B) NMAC. The published notice specifically listed "XTO Holdings, LLC" by name.

4. Post-Order Communications and XTO's Belated Response

Following the Orders, on March 6, 2025, Riley provided XTO—by now a pooled party—post-Order well proposals both via email and certified mail to the same respective addresses used previously.

Finally, on March 13, 2025, Chad Smith responded via email,[1] acknowledging receipt and requesting information about the original proposals and wells. Following a lengthy email exchange over the next week regarding the acreage and various trades or assignments, on March 24, 2025, XTO confirmed receipt of the proposals via email.

[1] Notably, the same email address to which all prior attempted communications were sent.

C. XTO Elected to Participate After the Deadline and Failed to Pay for Over Six Months

The election deadline expired on April 5, 2025. On April 4, 2025, Cindy Sloan from XTO's land administration team submitted elections to participate in the Eagle 33 Federal Com wells.

Under Paragraph 27 of the Orders, XTO's payment was due on May 5th, 2025, thirty days after the election deadline. Despite submitting elections, along with signed AFEs, well data requirements, and insurance elections, XTO failed to make payment as required under Paragraph 27 of the Orders and made no attempt to communicate with Riley regarding the same.

There was no further communication from XTO for approximately six months. Approximately six months after the payment deadline, Riley proposed a resolution via email to XTO on December 10, 2025, which offered XTO a final opportunity to fund and participate in the Eagle 33 wells. XTO did not even respond to the proposed resolution.

On November 17, 2025, Riley informed XTO that it had been deemed a non-consenting party and had forfeited participation rights due to non-payment.

D. XTO Never Complained About Notice Until After Missing Payment Deadlines

Other than requesting delivery proof for initial well proposals and the hearing notice (which Riley promptly provided), XTO did not raise any complaint about the adequacy of Riley's notice until late November, 2025, shortly before filing these Applications to Reopen on December 5, 2025—nearly ten months after the Orders were entered and over a year after receiving the initial well proposals.

At XTO's request, Riley has since updated its records to include XTO's Spring, Texas address and now sends correspondence to that location; however, XTO's belated request for an address change does not render the Dallas Address—an address XTO actively used for years—improper for purposes of pooling notice.

E. XTO Is a Sophisticated Party with Extensive New Mexico Operations

XTO Holdings, LLC is a subsidiary of ExxonMobil, one of the largest oil and gas companies in the world. XTO has extensive operations in New Mexico spanning multiple decades and maintains numerous valid commercial addresses. MineralHolders.com, a widely used and reputable subscription-based database of mineral, royalty, and working interest owners prepared from public filings, lists the Dallas Address for XTO Holdings, LLC. In fact, the last address of record in the Eddy County deed records for Section 33 (from 2017) in Book 1100 and Page 1196 lists a Fort Worth, Texas address—not the Spring, Texas address XTO now claims as its "correct" address.

XTO's land department has an entire division dedicated to acreage "Operated By Others" (OBO). This one division employes more landmen than Riley in total. In New Mexico, XTO's OBO group is specifically responsible for monitoring pooling proceedings and making timely elections and payments. The failure here was not Riley's notice, but XTO's internal mismanagement.

III. LEGAL STANDARD

The Division "retains jurisdiction of this matter for the entry of such orders as may be deemed necessary." Orders ¶ 39. The Commission's rules provide that "[e]vidence of failure to provide notice as 19.15.4.9 NMAC requires may, upon proper showing, be considered cause for reopening the case." 19.15.4.12(D) NMAC (emphasis added).

Reopening is discretionary and requires XTO to make a "proper showing" that Riley failed to provide notice "as 19.15.4.9 NMAC requires." XTO bears the burden of demonstrating that Riley's notice was defective under the applicable regulations.

IV. ARGUMENT

A. Riley's Notice Was Proper Because It Was Sent to XTO's Known, Active Commercial Address After Exercising Reasonable Diligence

XTO has failed to make the required "proper showing" that Riley's notice was defective. To the contrary, the undisputed facts establish that Riley's notice fully complied with all applicable requirements and that Riley exercised reasonable diligence far exceeding regulatory requirements.

1. The Regulatory Requirements for Notice

An applicant for compulsory pooling must provide individual notice "to each owner of an interest in the mineral estate of any portion of the lands the applicant proposes to be pooled whose interest is evidenced by a written conveyance document either of record or known to the applicant at the time the applicant filed the application." 19.15.4.12(A)(1) NMAC (emphasis added).

"When an applicant has been unable to locate persons entitled to notice after exercising reasonable diligence, the applicant shall provide notice by publication . . . ." 19.15.4.12(B) NMAC (emphasis added).

The regulations do not require an applicant to send notice to every conceivable address a party might use or to conduct an exhaustive investigation to find a party's "preferred" address. Rather,

the applicant must exercise "reasonable diligence" to locate the party and send notice to an address "known to the applicant." 19.15.4.12(A)(1), (B) NMAC.

2. Riley Exercised Reasonable Diligence and Sent Notice to a Known, Active Address

Riley did exactly what the regulations require—and more. Riley sent notice to the Dallas P.O. Box address that:

A. Riley already had on file for XTO in Riley's joint interest billing and revenue distribution records;

B. Riley had been actively using since 2021 to send XTO revenue payments and joint interest billings for other Riley-operated wells;

C. XTO had been actively monitoring and using to receive and cash approximately $4.5 million in revenue payments over a four-year period;

D. Was confirmed as valid by USPS certified mail delivery receipts showing signed acceptance of mail sent to that address.

This was not a bogus address, an outdated address for an individual or entity with a single address, or even an address returned as undeliverable. Neither is this an example of an operator expending the bare minimum effort to establish a veneer of legitimacy. This was XTO's known, active commercial address for receiving revenue and billing information from Riley—the address the parties had used to transact business for years. Sending notice to this address was the epitome of "reasonable diligence."

Moreover, Riley went beyond certified mail notice. Riley attempted multiple times to communicate with XTO via email to ensure proper notice:

- **October 23, 2024**: Riley emailed Chad Smith (XTO's OBO landman for the area) seeking to communicate about Section 33—a full week before sending initial well proposals. XTO did not respond.
- **January 7, 2025**: More than 30 days before the Hearing, Riley again emailed Chad Smith specifically asking which address to use for notices on well proposals and pooling applications. XTO did not respond.

There is no statutory requirement that an applicant use email, text message, phone calls, or any method beyond certified mail and publication notice. Yet Riley attempted email communication as an additional courtesy—and XTO ignored these attempts.

Indeed, it would have been unreasonable for Riley to ignore its own business records showing years of successful correspondence with XTO at the Dallas address and instead attempt to divine which of XTO's many public addresses XTO might subjectively prefer for pooling notices.

3. The Dallas Address Was XTO's Address "Known to the Applicant"

The regulation requires notice to be sent to an address "known to the applicant." 19.15.4.12(A)(1) NMAC. The Dallas address was indisputably "known to" Riley—it was the address in Riley's own books and records, used for ongoing business transactions with XTO.

XTO does not and cannot dispute that Riley knew the Dallas address or that it was a valid XTO address. Instead, XTO argues only that a different address (Spring, Texas) is XTO's "correct

address", but nothing in the regulations requires an applicant to send notice to a party's subjectively "correct" or "preferred" address when the applicant has a known, active address already in use for business dealings with that party.

XTO is a sophisticated entity with operations across multiple states and countless addresses. XTO cannot simultaneously maintain numerous business addresses and then claim that notice to one of those active addresses—the very address XTO authorized Riley to use for joint interest billings and revenue payments—is somehow inadequate.

4. Riley Had No Reason to Question the Dallas Address

Riley had no reason to believe the Dallas address was inadequate or that XTO was not monitoring it. To the contrary:

A. XTO had been receiving and cashing revenue checks sent to the Dallas address for four years without complaint;

B. XTO had been receiving and presumably paying joint interest billings sent to the Dallas address without objection;

C. USPS confirmed delivery of certified mail to XTO at the Dallas address; and

D. XTO never informed Riley that the Dallas address was incorrect or that Riley should use a different address—until after XTO missed its payment deadlines.

Under these circumstances, Riley's use of the Dallas address was not only the exercise of reasonable diligence—it was the obvious and appropriate choice.

Finally, the Dallas address was not returned as undeliverable. This fact alone distinguishes this case from situations where an operator had reason to know an address was no longer valid.

5. XTO's Cited Spring, Texas Address Was Unknown to Riley

XTO claims that Riley should have sent notice to "22777 Springwoods Village Pkwy, Spring, Texas 77389," ("**Spring Address**") and that a simple web search would have revealed it. XTO Appl. ¶ 7 Such a search reveals close to 10 active commercial addresses, with two Texas addresses in addition to the Dallas Address and the Spring Address. But XTO does not allege—and cannot allege—that Riley knew or should have known that the Spring Address was the proper address for pooling notices in late 2024 and early 2025.

Riley had no knowledge that the Spring Address was XTO's preferred address for pooling notices, or that the Dallas address Riley had been successfully using was somehow insufficient. In fact, had XTO only read and answered Riley's attempted email communication specifically asking for their preferred notice address, they would have had the opportunity – more than 30 days in advance of the hearing – to have received notice there.

The regulations do not impose strict liability on an applicant for failing to use an address the applicant did not know and had no reason to know about. See 19.15.4.12(A)(1) (notice required to address "known to the applicant"), (B) (publication required only when applicant "unable to locate" party after "reasonable diligence").

B. XTO's Complaint About Lack of Email Notice Fails: There is No Statutory Requirement and XTO Ignored Riley's Email Attempts

XTO complains that Riley not only used the "wrong" address (which it did not), but also that Riley could have easily emailed the XTO OBO landman responsible for Section 33, and that this failure was further evidence of a lack of reasonable diligence and additional grounds to reopen the Orders.

This argument fails for two reasons: there is no statutory requirement for notice beyond certified mail and publication, and despite having no duty to do so, as previously discussed, Riley attempted communication with XTO via email prior to filing its application—emails XTO completely ignored.

1. No Statutory Requirement for Email Notice

The governing regulation—NMAC 19.15.4.12(B)—requires only one specific method of notice: certified mail, return receipt requested. This is due to the evidentiary value of a U.S. government certified delivery record in an administrative law setting lacking the more rigorous evidentiary standards of civil courts.

The statute makes no mention of, nor requirement that, an applicant use email, text message, process server, or any other possible method of delivery to parties entitled to notice in a compulsory pooling action. Despite the best practice of providing notice by publication in all pooling applications, publication notice is only required when there are unlocatable parties. 19.15.4.12(B) NMAC.

Riley received verification that its certified mail notice to XTO was received and signed for. Nevertheless, Riley still timely conducted publication notice, specifically listing XTO by name—going beyond what the regulations required.

2. XTO's History of Unanswered Email

Despite having no statutory duty to do so, as stated, Riley attempted several times to communicate with XTO's designated representative via a verified email address for XTO's land professional responsible for managing this non-operated acreage. Despite later corresponding via this same address, XTO's land professional ignored Riley's emails and never replied.

The timeline demonstrates Riley's good-faith efforts and XTO's lack of responsiveness:

- **October 23, 2024**: A full week before Riley's initial well proposals, Riley attempted to communicate about Section 33 via email with Chad Smith, XTO's OBO landman responsible for the area. Chad Smith did not answer or acknowledge this email—despite later using this same email address to communicate with Riley.
- **November 4, 2024**: Certified mail well proposals were delivered to XTO and signed for.
- **December 13, 2024**: Riley's counsel sent the pooling application notices via certified mail. Certified mail receipts show these were delivered and signed for.
- **January 7, 2025**: Having heard nothing in response, and approximately five weeks before the Hearing (well in excess of the 30-day notice requirement), Riley again attempted to contact Chad Smith via email specifically to confirm XTO's preferred address for notice for upcoming well proposals and pooling applications. Again, Chad Smith did not answer or acknowledge this email.

XTO cannot now complain that Riley should have used email when XTO ignored Riley's email attempts to ensure proper notice.

C. This Case Is Distinguishable from *In re Application of Elizabeth Kaye Dillard*

XTO will presumably rely on *In re Application of Elizabeth Kaye Dillard*, Case No. 22323, Order No. R-22240 (Aug. 29, 2022), in which the Division reopened a pooling case due to inadequate notice. But *Dillard* is readily distinguishable on every material fact.

In *Dillard*, the Division found notice defects on three independent grounds:

1. The operator received undeliverable mail but failed to use other addresses it possessed. Colgate's certified mail to Dillard at a Texas address was returned as 'undeliverable as addressed and unable to forward,' yet Colgate possessed multiple addresses for Dillard at that time and chose to use only one. Transcript at 9:3-4, 9:10-14. The operator's own third-party vendor (Shaw Interests) possessed and had successfully used Dillard's correct Louisiana address months before the hearing notice in question was sent to the Texas address. *Dillard*, Order ¶¶ 23-24; Transcript at 10:6-11."

Shaw Interests had sent correspondence to Dillard's correct Louisiana address – her only valid address – attempting to purchase her interest approximately 1-2 months **before** Colgate sent the pooling hearing notice to the outdated Texas address. Transcript at 29:24, 30:16. The Division determined that the correct address was readily available through reasonable inquiry of Colgate's own contractor.

When Dillard finally received notice through the post-order letter—210 days after the hearing and 180 days after any appeal period—she immediately attempted to participate but was given an election letter with incorrect numbers and interests, then ultimately denied participation. Transcript at 11:6-18.

2. The published notice was untimely and failed to list Dillard. The operator in *Dillard* published notice only 6 days before the hearing (not the required 10), and critically, the published notice did not include Dillard's name in the list of interest owners who were being noticed by publication, despite listing other parties for whom addresses could not be obtained. *Dillard*, Order ¶ 25; Transcript at 32:13-16."

3. The operator failed to exercise reasonable diligence. The Division found that the operator's failure to use the Louisiana address its own contractor possessed evidenced a lack of reasonable diligence. *Dillard*, Order ¶ 26.

None of those circumstances exists here:

1. Riley had no knowledge of the Spring, Texas address. Unlike the operator in *Dillard*, Riley did not possess or have access to XTO's Spring address through any contractor or other source. Riley used the only address it had—the Dallas address in its own records that was actively used for years. Moreover, Riley affirmatively asked XTO via email on January 7, 2025 which address to use, and XTO did not respond.

2. Riley's published notice was timely and listed XTO. Unlike in *Dillard*, Riley published notice more than ten business days before the February 13, 2025, hearing, in full compliance with

19.15.4.12(B) NMAC. The published notice specifically identified "XTO Holdings, LLC" by name.

3. Riley exercised reasonable diligence. Unlike in *Dillard*, where the operator possessed multiple addresses but only sent notice to one that was returned undeliverable, Riley's notices were signed for and received. Riley sent notice to the only address it had—the Dallas address in its own records that had been actively used for years to submit billings and revenue. Where Colgate's landman admitted under oath to having 'several potential addresses' for Dillard before sending notice but failed to use them or provide evidence they were tried, Transcript at 9:9–11, 26:19–24, Riley possessed a single known commercial address for XTO and used it. This is the essence of reasonable diligence—using known, proven channels of communication. Riley went further by attempting email contact to confirm XTO's preferred address and, as late as December 10, 2025—six months after the expiration date— Riley proposed a resolution via email to XTO, which gave XTO a final opportunity to participate by paying its proportionate share of the drilling and completion costs that it originally failed to do within the required time period per the NMOCD.. XTO did not respond to the proposed resolution.

The distinguishing factors that clearly separate this case from the facts of *Dillard* can be summarized as follows:

Dillard (Reopened)	Riley/XTO (Should Not Be Reopened)
Mail returned undeliverable.	Mail signed for and received
Operator had multiple addresses, used only one.	Riley had only one address (Dallas)
Operator's own contractor had correct address	Riley had no knowledge of or course of business using the Spring address
Published notice omitted Dillard's name entirely	Published notice specifically listed XTO
Published 6 days before hearing (not 10 required)	Notice published more than 10 days before the hearing
Correct address readily available	XTO never responded to email asking for address
No subsequent waiver/participation	XTO elected to participate, waiving any defect

D. Even If Notice Were Defective, XTO Waived Any Defect by Submitting Elections to Participate

Even assuming *arguendo* that Riley's notice was somehow inadequate (which it was not), XTO waived any notice defect by submitting elections to participate in the wells on April 4, 2025.

By submitting elections, XTO:

- Acknowledged receipt of the pooling notices and Orders;
- Demonstrated actual knowledge of the pooling proceedings and the terms of the Orders;
- Accepted the benefits of the Orders (the opportunity to participate as a consenting party); and
- Submitted itself to the jurisdiction of the Division in the pooling proceedings.

Under established principles of waiver and estoppel, a party cannot accept the benefits of an order while simultaneously challenging the procedural basis for that order. XTO's elections were an unequivocal acknowledgment that it had received adequate notice of the pooling and chose to participate.

By making an election, XTO effectively acknowledged receipt and waived any concerns about notice. The central issue is that XTO issued an election and then failed to ever pay for its election. XTO's actual problem is one of non-performance, not improper notice.

Riley's notice was proper, and XTO's election confirmed that XTO actually received notice and understood the terms of the Orders. There is nothing to reopen.

E. XTO's Actual Problem Is Non-Payment, Not Notice

The undisputed timeline reveals that XTO's complaint about notice is pretextual. XTO's actual problem is that it elected to participate in the wells at issue but failed to timely pay after electing:

- **February 19, 2025**: Orders were entered, requiring payment within specified deadlines (Orders ¶ 27);
- **March 6 and 24, 2025**: Riley emails proposals to XTO; XTO confirms receipt;
- **April 4, 2025**: XTO elects to participate;
- **May 5, 2025** Payment came due from XTO under Orders ¶ 27;
- **May-November 2025**: In response to XTO's failure to pay, Riley informs XTO that it is treating them as non-consenting party subject to 200% risk charge under the Orders;
- **Six months later (approximately November 2025)**: XTO finally addresses non-payment issue and requests to participate; Riley denies request as untimely.

- **December 5, 2025**: After numerous attempts by XTO asking for forgiveness and admitting their negligence for not adhering to the NMOCD rules and regulations, specific to making the timely payment of the drilling and completion costs, XTO files Applications to Reopen, claiming that notice was inadequate.
- **December 10, 2025**: Riley proposed a resolution via email to XTO, which gave XTO a final opportunity to participate by paying its proportionate share of the drilling and completion costs that it originally failed to do within the required time period per the NMOCD. XTO did not respond to the proposed resolution.

If XTO truly believed it had not received adequate notice, it would have raised that objection before submitting elections and before the payment deadline expired. Instead, XTO participated in the process, elected to participate, and only complained about notice after suffering the consequences of its own failure to pay.

As stated, XTO is a sophisticated oil and gas company with extensive acreage under production in New Mexico. It is a subsidiary of ExxonMobil, a completely vertically integrated international super-major with a market capitalization exceeding $620 billion. XTO has an entire division of its land department—the Operated By Others or OBO group—dedicated to managing participation in wells operated by other parties, including in New Mexico.

XTO itself has acknowledged that incompetence led to its failure to timely fund its election. This case is not about Riley's failure to exercise reasonable diligence to find a one-off mineral or working interest owner who inherited their interest. This case, though couched by XTO as a case about notice, is really about XTO's internal failure to adequately track and adhere to established statutory protocols for participating under a pooling order. Riley met its statutory requirements for

notice via both certified mail and publication. It even allowed XTO the opportunity to participate outside the statutory payment period with a proposed resolution on December 10, 2025. XTO did not respond.

There is no statutory duty to email, text, or even call XTO's landman. There is no "XTO Rule" that allows a softer standard for large operators who have admitted to making a mistake, or whose junior employee is untrained or incompetent. It is not Riley's responsibility to educate the OBO group at perhaps the largest oil and gas company active in New Mexico on how the OCD operates.

XTO's internal failures do not constitute grounds for reopening final orders.

F. Reopening Would Prejudice Riley and Reward XTO's Failure to Meet Its Obligations

Reopening these cases would be inequitable. Riley complied with all notice requirements, prosecuted the pooling applications properly, obtained final orders, and sent Estimated Well Costs to XTO. XTO elected to participate but then failed to pay. XTO's failure was not caused by inadequate notice—it was caused by XTO's internal mismanagement.

Allowing XTO to reopen the cases and avoid the consequences of its non-payment would:

- **Reward XTO's failure** to meet its contractual and regulatory obligations under the Orders;
- **Punish Riley for XTO's mistakes**, forcing Riley to relitigate matters that were properly concluded a year ago;
- **Undermine the finality of OCD orders** by allowing sophisticated parties to challenge notice after submitting elections and missing payment deadlines;

- **Undermine the entire basis for risk penalties under pooling orders**—Riley pooled XTO's interest and elected to move forward with development without XTO's financial participation, thus bearing 100% of XTO's drilling and completion costs. The very purpose of the risk penalty is to compensate operators in this exact scenario. Riley is entitled to the risk charge that compensates it for taking the risk to develop the Eagle wells.
- **Create uncertainty** for all parties as to when pooling orders become final.

The Division should not reopen these cases to bail out a sophisticated party that made an election, failed to pay, and now seeks to rewrite history.

V. CONCLUSION

XTO has failed to make the required "proper showing" that Riley's notice was defective. Riley sent notice to XTO's known, active commercial address—an address Riley had successfully used for years to send XTO millions of dollars in revenue payments and joint interest billings. The notice was timely and signed for. XTO also received notice by publication. Riley even attempted multiple times via email to confirm XTO's preferred address, and XTO ignored these attempts.

Notice was actually received by XTO, as evidenced by XTO's own election to participate.

Even if the notice were somehow defective (which it was not), XTO waived any defect by submitting elections. XTO's actual problem is not notice—it is its own failure to timely pay after electing, a failure caused by XTO's internal mismanagement, not by any deficiency in Riley's notice.

The Applications to Reopen should be denied.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on February 24, 2026, I served a copy of the foregoing document to the following counsel of record via Electronic Mail:

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