

**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

**APPLICATION OF READ & STEVENS, INC.
FOR APPROVAL OF AN OVERLAPPING
HORIZONTAL WELL SPACING UNIT AND
COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 25145

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

CASE NOS. 25146-25148

**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

RESPONSE TO V-F PETROLEUM INC. CONSOLIDATED MOTION

Read & Stevens, Inc. and Permian Resources Operating, LLC (collectively “Permian” or “Applicant”) (OGRID No. 372165) hereby submits this response to V-F Petroleum Inc.’s (“V-F”) consolidated motion.

V-F’s filing is classic, and reads like tabloid fodder, but ultimately should be completely ignored because once again it is inserting itself into issues not relevant to make its own case. *See*

Tr. 2/27/25, page 199, lines 11-19 (HE: “And I’m not sure why you are *interjecting* at this point.”) (emphasis added). First, V-F continues to quibble over minor issues.¹ Second, Permian followed the Division technical examiner’s instructions. The Division technical examiner requested clarification of the depth severances involved with Permian’s cases, in particular where it involves Caroyln Beall’s (“Beall”) interest. *See* Tr. 2/27/25, page 227, lines 10-14. That being said, it is impossible to clarify a depth severance when a party does not own an interest as claimed.²

Permian provided exactly what the Division technical examiner asked for with its revised hearing packet—“a description of the depth severances including Ms. Beall’s.” *Id.*; *see* Permian Supplemental Ex. C-12 (attached as Exhibit A and highlighted). Permian is not asking the Division to adjudicate title. It did not submit title documents with its revised hearing packet because it stands by the position that the Division does not have jurisdiction to adjudicate title. *See* Tr. 2/27/25, page 228, lines 21-25; and page 229, lines 1-3. The only parties that have included title documents with their filings are V-F and Ms. Beall. *See* V-F Consolidated Hearing Packet, pages 475-484 (Rebuttal Exhibit 1A and 1B); *see also*, Beall Hearing Exhibits and Notice Ownership Interest. Rather, the Opinion Letter merely follows the instructions of the Division technical examiner.

The only thing to distill from V-F’s filing is it just does not like the document, though it has nothing to do with its own cases. Thus, to the extent that V-F objects, Permian offers the Opinion

¹ Permian will file a revised hearing packet to correct expert statements to cover all exhibits each prepared or oversaw the preparation of.

² *See* Tr. 2/27/25, page 214, lines 18-24 (“There -- there are title gaps in there that -- that still need to be cured. Keep in mind, I've known about this interest since January 27th, and I've been trying to fill those gaps. But without that federal abstract, I'm unable to do so. So it purports to convey an interest. What interest it's conveying, we don't know. But it -- it is -- sure is a cloud on the title to substantiate that there is, in fact, an interest owned potentially in that -- in those tract.”); page 215, lines 19-20 (“There is a cloud as it pertains to other tract and other depths.”); page 218, lines 1-4 (“Now, chaining the title, which is the other part of this equation, there are gaps that I have not been able to fill.” *Id.*, lines 7-11 (But there is a -- there is a title gap. “Gap” meaning I cannot -- the interest is here and -- and I'm saying, well, this instrument purports to convey an interest here, but I can't connect the two and say 100 percent this vests title.”); *see also*, Permian Supplemental Ex. 12 (Opinion Letter) (concurring with Ms. Beall’s witness, Mr. Jordan Shaw, that Ms. Beall does not own an interest in the S/2 N/2 of Section 14).

Letter as a rebuttal to Ms. Beall's late filed exhibits.³ In that vein, the Opinion Letter merely supports what Permian has asserted all along—and that Ms. Beall's own witness confirmed—which is Ms. Beall does not own an interest in the S/2 N/2. *See* Permian Response to Ms. Beall's Notice of Intervention; *see also*, footnote 2, *supra*.

Permian cannot clarify something that does not exist and equally should be allowed to rebut Ms. Beall's late filed exhibit.⁴ Permian does not need to “induce” or have an “excuse” to follow instructions or prove what Ms. Beall's own witness confirmed on the record, and, until proven otherwise, Ms. Beall's intervention in Case No. 25146 should be stricken from the record because she is not an affected party.⁵ *See* Permian Motion to Strike.

The only party using an excuse is V-F, since its motion makes additional arguments to support its case-in-chief. *See* V-F Consolidated Motion (“In relation to the competing applicants, Beall's position in the hearing highlights a fundamental distinction between V-F's development plan and Permian's plan . . .” (introduction), and “V-F distinguishes its development plan from Permian's plan . . .” ¶ 24). Plus, V-F has taken the opportunity to reiterate similar conclusory statements about drainage and takings without just compensation as Ms. Beall has done. *Id.* ¶ 24; *see* Beall prehearing statement and notice of intervention, ¶ 9; *see also*, *V.P. Clarence Co. v. Colgate*, 1993-NMSC-022, ¶ 2, 115 N.M. 471853 P.2d 722; *Archuleta v. Goldman*, 1987-NMCA-049, 107 N.M. 547, 761 P.2d 425 (ruling that statements in unsworn briefs are not evidence); *Trujillo v. Puro*, 1984-NMCA-050, 101 N.M. 408, 683 P.2d 963 (ruling that arguments of counsel are not evidence). These arguments should be ignored, as the deadline for

³ Ms. Beall late filed exhibits at the discretion of the Hearing Examiner, which included a Distribution Deed [of the Estate of Jean Read], dated December 11, 1992, recorded January 4, 1993, in Book 143, Page 1091. The Opinion Letter clearly states that this is the document that was reviewed.

⁴ The Hearing Examiner maintains discretion to allow the opinion letter to be included as part of the record and may place whatever weight it so chooses on the document. *See* 19.15.4.17.A and 19.15.4.19 NMAC.

⁵ *See* 19.15.2.3.A.8 NMAC (an “affected party” is an interest owner whose interest is “evidenced by a written conveyance document.”).

closing statements has passed.

Lastly, V-F makes serious allegations in its filings, which Permian will ignore in good faith.

For the above stated reasons, Permian respectfully requests that the Division deny V-F's motion, and further requests that its motion to strike be granted and Ms. Beall's notice of intervention and opposition to presentation by affidavit in Case No. 25146 be excluded from consideration by the Division.

Respectfully submitted,

HOLLAND & HART, LLP



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CERTIFICATE OF SERVICE

I hereby certify that on March 26, 2025, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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Slim Jim – Section 14 Depth Severances

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Supplemental Exhibit No. C-12
Submitted by: Read & Stevens, Inc.
Hearing Date: January 28 2025
Case Nos. 224941-24942 & 25145-25148

EXHIBIT
A

Depth Severances (Bone Spring):

Severance #1 - Section 14: NENW – Carolyn Beall contest

- Severance: 9,290'
- Date Severance Created: September 1, 1989 (Assignment effective date)
- Existing Well: Jamie Federal #1 (30-015-26064)
 - Spud: September 7, 1989
 - TVD: 9,190'
 - Production: 99,960 Barrels of Oil / 147,369 Mcf
 - Produced until 2020 (31 years) when it was P&A'd
- Permian Cases pertaining to this Severance:
 - Case Numbers: 24939 (order received, R-23609) & 25145
 - Permian not seeking to pool Beall
 - Zero (0) V-F interest in either of these cases

Severance #2 - Section 14: SESW

- Severance: 9,397'
- Date Severance Created: September 9, 1988 (Assignment effective date)
- Existing Well: Swearingen Deep 14 Federal #1 (30-015-25839)
 - Spud: April 9, 1988
 - TVD: 9,253'
 - Production: 14,889 Barrels of Oil / 33,223 Mcf
 - Produced until 1997 (9 years) when it was P&A'd
- Permian Cases pertaining to this Severance:
 - Case Numbers: 24942 & 25148

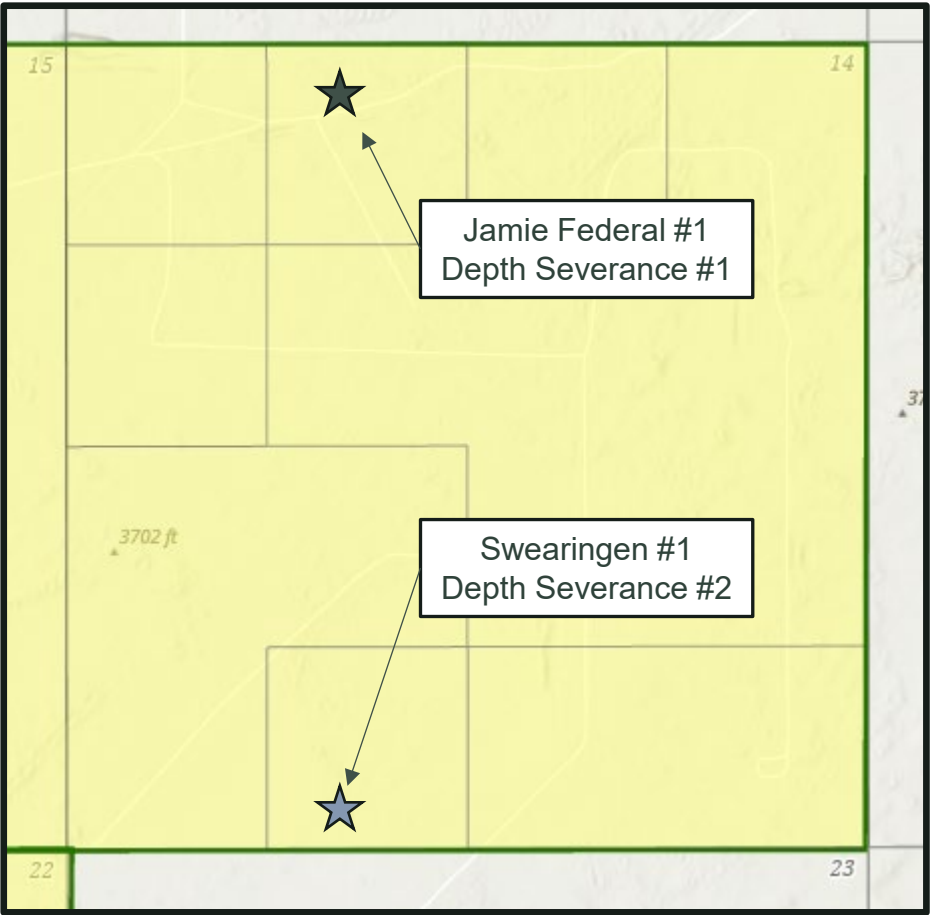
Observed Interests:

Severance #1 - Section 14: NENW:

- Carolyn Beall Interest:
 - 3,900' to 9,290'
 - WI: 1.583333%
 - Net Acres: 0.63333

Severance #2 - Section 14: SESW

- Interest owners above and below the 9,397' severance appear to be analogous with Read & Stevens owning a 6.415% WI less below 9,397'. Permian/Read & Stevens NOT claiming the higher interest above this severance in its 3rd Bone Spring case nor is it being sought to be "blended" via any arbitrary allocation formula.



*Please additionally see Lear & Lear Opinion letter dated March 6, 2025 as it pertains to Beall's claim of additional interests in Section 14



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Affiliated Firm

Jones Waldo Holbrook &
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March 6, 2025

Permian Resources Corporation
300 N. Marienfeld Street, Suite 1000
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Attention: Travis Macha, Landman

**OPINION LETTER REGARDING THE OPERATING RIGHTS OF
CAROLYN READ BEALL, CHARLES B. READ, THE CHARLES B. READ
TRUST "A", AND JEAN READ IN THE N½ SECTION 14**

EDDY COUNTY, NEW MEXICO

Township 18 South, Range 31 East

SUMMARY

We have prepared this letter in response to our receipt of a .pdf that Permian Resources Corporation forwarded to us regarding the interest of Carolyn Beall. The .pdf contained the Distribution Deed [of the Estate of Jean Read], dated December 11, 1992, recorded January 4, 1993, in Book 143, Page 1091 which we understand was offered for support of the ownership of her daughter, Carolyn Read Beall, in all of the lands identified in the deed. This deed was included in our original Abstract of documents, and while it identifies Jean Read as having held more interest in the N2 of Section 14 than we are reporting, the record provides no constructive notice to Permian Resources that this interest was conveyed from Read & Stevens, Inc. or any other party to Jean Read (or to Charles B Read or to the Charles B. Read Trust "A") in the Bone Spring Formation in lands outside of the NENW of Section 14 that has already been credited by Permian Resources.

REVIEW

More specifically, the Distribution Deed, dated December 11, 1992, recorded January 4, 1993, in Book 143, Page 1091, in the attached .pdf distributes the interest of the Estate of Jean Read to her surviving husband, Charles B. Read. The basic issue we are having with this Distribution Deed is that it identifies interest in portions of the N2 of Section 14 where we have been unable to find any record evidence of Bone Spring Formation interest having vested in Jean Read or in Charles B. Read (and thus in Jean Read as community property) that is outside of the NENW (under lease NM-28096). It seems most likely that this interest would have been conveyed from Read & Stevens, Inc. to its owner, Charles B. Read or his wife Jean Read, but we see no record of such a conveyance beyond the NENW in the Bone Spring Formation which would have provided constructive notice for Permian Resources. *See* NMSA 1978 § 14-9-3 (1990).

There are instruments which convey interest from other Section 14 lands from Read & Stevens, Inc., but the interests conveyed are in shallower depths than shown in the Distribution Deed. For example: 112/1035 conveys interest from Read & Stevens in the depths from 3,900 to 4,611 feet in the SWNW of Section 14, NM-28096 to Charles B. Read, the Charles B. Read Trust "A", and to Carolyn Beall; and 114/196 conveys interest from Read & Stevens, Inc. to these parties in the NWNW of Section 14 but only in the depths from 3,900 to 4,552 feet.

The next possibility is that Charles B. Read or Jean Read, or the Charles B. Read Trust "A" acquired contractual interest in the N2 of Section 14 through an Operating Agreement. Page 1104 of the Distribution Deed identifies a 2.0000% working interest in NM-28096 in the NWNW for all depths below 3,900; and Page 1105 identifies a 2.0000% working interest in the SWNW of Section 14 also for all depths below 3,900 feet. Both of these parcels are identified as subject to the terms of the Jamie Federal #1 Operating Agreement dated January 20, 1989. While there are several Operating Agreements dated January 20, 1989, that we received and have reviewed, none contain Exhibits listing the parties involved. They list Read & Stevens, Inc. but do not evidence contractual interest vesting in Charles B. Read, the Charles B. Read Trust "A", or in Jean Read.

Additionally, Page 1093 of the Distribution Deed identifies a 2.00% WI in the NE and SENW of Section 14 under Lease NM-47633-A in Schedule A for Undeveloped Properties. We likewise have not been able to connect any record interest in these lands as having been conveyed to Charles B. Read or Jean B. Read. We are also unable to locate evidence of a Communitization Agreement pooling interest in the N2 of Section 14 which could also explain the identification of interest of Jean Read in all of the lands in the N2 of Section 14.

We have made an additional review of the Eddy County documents available on publicsearch.us which convey interest to Charles B. Read, Jean Read, the Read & Stevens, Inc. Employee Benefit Account, the Read & Stevens, Inc. Retirement Plan, and the Read & Stevens, Inc. Royalty Pool and we have not found any other route through conveyances of record that could vest this interest in Jean Read or Charles B. Read or these Read & Stevens entities/funds that could have held interest for them indirectly.

Because we have been unable to locate any record evidence or evidence of contractual interest of Jean Read or Charles B. Read, or the Charles B. Read Trust "A" we currently have no

basis upon which to recognize the Estate of Jean Read or these other predecessors in interest to Carolyn Read Beall as owning Bone Spring Formation WI/Operating Rights in these lands in the N2 of Section 14 other than in the NENW.

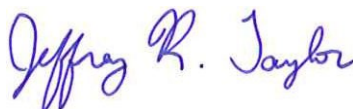
We are happy to provide any assistance to the parties that are working to support their interest in these lands in Section 14 through materials that we have.

Sincerely,

LEAR & LEAR L.L.P.



David B. Hubbell



Jeffrey R. Taylor