

**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**

**MOTION TO LIMIT THE SCOPE OF THE CONTINUED PROCEEDINGS ON  
APRIL 10, 2025 REGARDING PERMIAN’S SUPPLEMENTAL EXHIBIT C-12**

Carolyn Beall (“Beall”) files this *Motion to Limit the Scope of the Continued Proceedings on April 10, 2025 Regarding Permian’s Supplemental Exhibit C-12* (“Motion”), because Read & Stevens, Inc. (“Permian”) seeks to impermissibly admit evidence, not within the jurisdiction of the Division, after two full days of contested hearings, and for the following reasons it is necessary to limit the scope of any continued proceedings to be held on April 10, 2025 (“April 10 Continued Contested Hearing”). Permian opposes the requests herein; V-F Petroleum Inc. concurs with the relief requested herein. Beall further joins with V-F’s simultaneously filed motion requesting similar relief regarding the April 10 Continued Contested Hearing. In support of this Motion, Beall states the following:

**A. Division’s Jurisdiction in Contested Pooling Hearings**

The Division’s jurisdiction in this case is limited. The Oil and Gas Act is clear that the Division does not have jurisdiction over title disputes, and New Mexico Courts have repeatedly

recognized the limitation of the OCD's jurisdiction, which does not include title. *See Continental Oil Co. v. Oil Conservation Comm'n*, 70 N.M. 310, 373 P.2d 809, 814-15 (1962) (recognizing limitation of jurisdiction with respect to "performing a judicial function, i. e., determining property rights, and [that] grave constitutional problems would arise."). As such, the Division may not consider any testimony whatsoever as to what title issues may exist with respect to Ms. Beall's interest or Permian's title examination of her interest in the S/2 N/2 of Section 14, which does not relate to the prevention of waste and the protection of correlative rights. *See* New Mexico's Oil and Gas Act, NMSA 1978, Article 70, Chapter 2 (providing OCD's *limited* jurisdiction and authority).

It is further well-established in New Mexico, through OCD and OCC's own Orders, that the Commission and Division lack jurisdiction over title disputes. For example, in the consolidated action of Case No. 12731 and Case No. 12744, the Commission clarified that the "Oil Conservation Commission has no jurisdiction to determine the validity of any title, or the validity or continuation in force and effect of any oil and gas lease." Instead, "[e]xclusive jurisdiction of such matters resides in the District Courts of New Mexico." *See* Order No. R-11700-B. For these reasons alone, the OCD may not consider any title evidence at the April 10, 2025 Hearing in Case No. 25146. Permian seems to impermissibly seek to have the OCD make a title determination about the nature and extent of Beall's ownership in Case No. 25146, where a preliminary finding has already been made by the OCD Hearing Examiner to allow her intervention. *See Notice of Ownership Interest and Objection to Case Nos. 25145-25146* (filed Feb. 6, 2025) (confirms ownership in the Third Bone Spring). Ms. Beall also presented evidence at hearing on February 27, 2025, through Landman Jordan Shaw, and the OCD lacks jurisdiction

over any title determination as to whether any certain curatives are required to perfect Ms. Beall's ownership as alleged.

**B. Burden of Proof and Proper Scope of April 10, 2025 Hearing on Permian's Supplemental Exhibit C-12**

The OCD, through the Oil and Gas Act, has jurisdiction over pooling cases, and the Act requires specific information in the context of pooling proceedings. "It has long been the practice in New Mexico that the operator is free to choose whether to drill first, whether to pool first, or whether to pursue both contemporaneously." *See* Order No. R-11700-B, at ¶ 34. However, where pooling is required, and where two operators are competing for contested acreage, the Division has established specific factors for consideration, in the context of a contested pooling case, or cases. *See* Order No. R-20368. In Order No. R-20368, the Division established the following factors for the OCD's consideration in a contested pooling proceeding:

- (a) The ability of each proposal to efficiently recover hydrocarbons and the risks associated with each proposal;
- (b) Evaluation of mineral interest ownership controlled by each party at the time the application is heard;
- (c) First to propose development;
- (d) Negotiations prior to applications to force pool ("good faith efforts");
- (e) Ability to prudently operate the property and prevent waste;
- (f) The differences in well cost estimates (AFEs) and overhead rates; and
- (g) Comparison of ability of each party to timely locate well sites and operate on the surface.

Each of these factors is relevant and may be considered by the OCD in making a determination in these proceedings.

At the conclusion of the continued Contested Hearing in these cases on February 27, the Technical Examiner requested additional information regarding all of the depth severances located in the Third Bone Spring, for purposes of determining the nature, location, and vertical extent of all depth severances in the proposed units. *See* Transcript, at 227-229 (OCD Feb. 27,

2025 Special Hearing). It was clear on the record that the OCD only requested clarification on the depth severance related to Ms. Beall and the other depth severances in the pending applications. As stated on the record, Permian was to provide, as a “supplemental exhibit or however you wish to bring it in” a supplemental exhibit for purposes of “understanding of where the depth severance is, especially where it relates to the vertical limits that the Division is force pooling the interest of.” For this reason, the OCD should limit any testimony and determinations regarding Permian’s Supplemental Exhibit C-12, pages 165-167 which include title records, outside of the jurisdiction of the Division and not properly admitted at any hearing in these cases, to testimony only on the location and nature of depth severances in the Unit, as requested at Hearing by the Technical Examiner.

### **C. Conclusion**

It is necessary and proper to limit any further proceedings before the Division to matters within the Division’s jurisdiction. Here, however, rather than consider the appropriate pooling factors, Permian seeks to admit a title opinion, through Supplemental Exhibit C-12, although the Division does not have jurisdiction to determine title. As such, Ms. Beall moves to limit the scope of the April 10, 2025 continued hearing in Case No. 25146, only to the location and nature of the depth severances at issue in that proposed Unit, and not consider Permian’s impermissible and improper title opinion any further, which does not reflect the nature and extent of the depth severances.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I certify that on April 4, 2025, the foregoing pleading was electronically filed by email with the New Mexico Oil Conservation Division Clerk and served on all parties of record

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**/s/ Kaitlyn A. Luck**