

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

**APPLICATION OF CHEVRON U.S.A. INC.
TO REOPEN CASE NO. 24185 (ORDER NO.
R-23684 (E.G.L. RESOURCES, INC.) AND
CASE NO. 24886 (ORDER NO. R-23685
PBEX, LLC) TO REQUIRE SUBMISSION
OF PROPER STATEMENTS OF WELL
COSTS BY OPERATOR AND RECOGNIZE
THE CONSENTING STATUS OF CHEVRON.**

CASE NO. 25878

**ORDER GRANTING IN-PART
MOTION TO STAY SUBPOENA DUCES TECUM**

The Hearing Examiner, having considered PBEX, LLC and E.G.L. Resources, Inc.'s ("Movants") *Expedited Motion to Stay Subpoena Duces Tecum* and Chevron U.S.A. Inc.'s ("Chevron") *Opposition*, enters this Statement of Reasons in support of the concurrent Order:

1. Standing as a Threshold Issue vs. the Right to Discovery

While Movants correctly argue that standing is a threshold requirement that must be resolved prior to a determination on the merits, Chevron has established that it requires certain subpoenaed information to effectively respond to the forthcoming Motion to Dismiss. New Mexico courts are reluctant to stay discovery when a party requires evidence to oppose a jurisdictional challenge.

2. Balancing Burden and Judicial Economy

Movants contend that the subpoena is burdensome and seeks information regarding private contractual matters over which the Division lacks authority. However, the Oil and Gas Act expressly authorizes the Division to examine "leases, papers, books and records" in the exercise of its duties. To balance judicial economy, the Division finds it "eminently logical" to stay discovery on the merits (such as specific well costs) while allowing discovery on the limited issues that determine Chevron's standing.

3. Specificity of the Ruling by Category

To ensure the parties meet the established briefing deadlines (January 23 for Movants and January 30 for Chevron), the Division has categorized the subpoenaed items as follows:

- **Standing-Related Production (Stay Denied):** Items 1, 2, 3, 5, and 6 of the subpoena are necessary to determine Chevron's percentage of working interest ownership and its status as a "consenting" or "voluntary" party. These documents are routine in nature and essential for Chevron to prepare its response on the standing issue.
- **Merits-Related Production (Stay Granted):** Items 4, 7, 8, and 9 relate to third-party negotiations, regulatory filings, and specific drilling contracts. These items go to the merits of the cost dispute or the operational timeline rather than the threshold legal right of Chevron to bring the Application. Staying these items prevents "gross negative consequences" or unnecessary waste of resources should the case be dismissed.

4. Conclusion

The Division finds that this "middle ground" approach prevents the subpoena from being used as an instrument of undue burden while ensuring Chevron is not "left to guess" at the facts required to defend its standing in this matter.

PROPOSED PRODUCTION SCHEDULE:

- **January 22, 2026:** Movants shall produce documents responsive to the narrowed scope.
- **January 23, 2026:** Movants' deadline to file Motion to Dismiss.
- **January 30, 2026:** Chevron's deadline to file Response (utilizing produced discovery).

IT IS THEREFORE ORDERED THAT:

1. Movants shall produce all documents responsive to Items 1, 2, 3, 5, and 6 of the Subpoena Duces Tecum as they relate specifically to Chevron U.S.A. Inc. by **January 22, 2026**.
2. All other requests in the Subpoena are **STAYED** pending a final decision on Movants' Motion to Dismiss.

HEARING EXAMINER
OIL CONSERVATION DIVISION