

**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. 24186 (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

**PBEX, LLC AND E.G.L. RESOURCES, INC.’S EXPEDITED MOTION TO
STAY SUBPOENA DUCES TECUM**

For the reasons discussed below, PBEX, LLC (“PBEX”) and E.G.L. Resources, Inc. (“E.G.L.”) respectfully request that the Oil Conservation Division (“Division”) hold in abeyance the subpoena duces tecum served by Chevron U.S.A. Inc. (“Chevron”) on January 6, 2026 pending a decision on PBEX and E.G.L.’s Motion to Dismiss, which, as discussed below, will be filed by the February 2, 2026 deadline set by the Hearing Examiner. In support of this Motion, PBEX and E.G.L. state the following.

1. On December 24, 2025, Chevron filed an Application with the Division seeking to reopen Case No. 24185 and Case No. 24886 “to clarify and confirm Chevron’s voluntary joinder to participate in the costs of drilling, completing and equipping the wells authorized by the Division in those cases.” Chevron elected to participate in the wells¹ but failed to pay its share of the estimated well costs in accordance with the terms of Order Nos. R-23684 and R-23685 (“Orders”). This instant matter is Chevron’s belated, and improper, attempt to remedy that failure.

¹ The approved wells include Bond 33-34 Fed Com 104H; Bond 33-34 Fed Com 105H; Bond 33-34 Fed Com 106H; Bond 33-34 Fed Com 207H; Bond 33-34 Fed Com 209H; Bond 33-34 Fed Com 211H; Bond 32- 34 Fed Com 101H; Bond 32-34 Fed Com 102H; Bond 32-34 Fed Com 103H; Bond 32-34 Fed Com 201H; Bond 32-34 Fed Com 203H; and Bond 32-34 Fed Com 205H. See Order Nos. R-23684, R-23685.

2. On December 30, 2025, counsel for PBEX and E.G.L. filed an Entry of Appearance and Notice of Objection in Case No. 25878 and further noted an error in the case caption. Chevron filed an Amended Application correcting that error on January 5, 2026.

3. On January 5, 2026, the Division requested that PBEX and E.G.L. provide their positions on whether Chevron has standing to file this Application. Counsel for PBEX and E.G.L. responded on January 6, 2026, indicating that Chevron's standing was disputed and that PBEX and E.G.L. intend to file a motion to dismiss. The Hearing Examiner set a deadline of February 2, 2026 for PBEX and E.G.L. to do so.

4. On January 5, 2026, Chevron served a subpoena on PBEX and E.G.L. that seeks various categories of documents, including:

- a. Joint operating agreements covering the spacing units and/or wells authorized by the Orders;
- b. Copies of correspondence between Chevron and PBEX/E.G.L. providing a joint operating agreement and well proposals;
- c. Copies of correspondence between PBEX/E.G.L. and any other operator regarding joint operating agreement negotiations and elections to participate for the spacing units and/or wells authorized by the Orders;
- d. Documents concerning the percentage of working interest ownership in the spacing unit authorized by the Orders;
- e. Correspondence with the Bureau of Land Management and the OCD concerning APDs for the wells authorized by the Orders;
- f. All contracts for drilling the wells; and

- g. All correspondence with the drilling contractor regarding the planned spudding on the wells.

A copy of the subpoena is attached as Exhibit A.

5. Chevron's requests are burdensome, and some will necessitate objections and motions practice that will consume resources of the parties and the Division. For example, Chevron requests PBEX/E.G.L.'s "correspondence with Chevron *or any other working interest owners* regarding negotiations for a joint operating agreement...." *See* Exhibit A at request 4 (emphasis added). To begin with, joint operating agreements are contractual matters, over which the Division does not have authority. Further, PBEX/E.G.L.'s communications and negotiations with other operators are in no way relevant to this proceeding. The information has no bearing on Chevron's failure to timely pay its well costs under the Orders and is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The documents Chevron requests also have no bearing on whether it has standing to file its Application, or whether the Division has the authority to grant the relief Chevron seeks.

6. Because PBEX and E.G.L. will file a motion to dismiss and the motion, if granted, would render the subpoena moot, PBEX and E.G.L. request that the Division issue an order holding the subpoena in abeyance pending a decision on their motion to dismiss.

7. The Division's hearing examiner "may consider pre-hearing motions, such as motions for protection or quashing of subpoenas, prior to the hearing...." Rule 19.15.4.16(A) NMRA. In general, a stay is appropriate when a particular issue may be dispositive of the entire matter. *See, e.g., Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 804 (Fed. Cir. 1999) ("When a particular issue may be dispositive, the court may stay discovery concerning other issues until the critical issue is resolved."). Indeed, "[a] stay of discovery pending the determination of a

dispositive motion is an eminently logical means to prevent wasting the time and effort of all concerned, and to make the most efficient use of judicial resources.” *Chavous v. D.C. Fin. Responsibility & Mgmt. Assistance Auth.*, 201 F.R.D. 1, 2 (D.D.C. 2005) (internal quotation omitted); *see also Nankivil v. Lockheed Martin Corp.*, 216 F.R.D. 689, 692 (M.D. Fla. 2003) (holding that a stay may be appropriate if “resolution of a preliminary motion may dispose of the entire action.”).

8. Here, Chevron lacks standing to pursue this matter and, as stated above, PBEX/E.G.L. will file a motion to dismiss by February 2, 2026. Standing is a “threshold requirement” and if Chevron lacks standing, the Division lacks jurisdiction over the Application. *See State v. Van Dang*, 2005-NMSC-033, ¶ 7, 138 N.M. 408, 120 P.3d 830 (characterizing standing as a threshold issue); *N.M. Cattle Growers’ Ass’n v. N.M. Water Quality Control Comm’n*, 2013-NMCA-045, ¶ 10, 299 P.3d 436, 440. Under these circumstances, staying Chevron’s subpoena until the threshold standing question is resolved is appropriate, supported by the law, and will conserve the time and resources of the Division and the parties. *See, e.g., Sladek v. City of Colorado Springs*, No. 13-CV-02165-PAB-MEH, 2013 WL 5526582, at *2 (D. Colo. Oct. 7, 2013) (“[A] stay of discovery is also appropriate until the standing issue is resolved.”).

9. PBEX and E.G.L. respectfully request an expedited decision on this Motion, as their response to the subpoena is currently due on January 21, 2026.

10. Counsel for Chevron has been contacted and opposes this Motion.

For the foregoing reasons, PBEX and E.G.L. respectively request that the Division stay Chevron’s January 6, 2026 Subpoena Duces Tecum pending a decision on PBEX and E.G.L.’s Motion to Dismiss.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

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Counsel for PBEX, LLC and E.G.L. Resources, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served upon the following counsel of record by electronic mail on January 13, 2026.

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Attorneys for Chevron U.S.A. Inc.

/s/ Dana S. Hardy
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THE CONSENTING STATUS OF CHEVRON

CASE NO. 25878

SUBPOENA DUCES TECUM

To: PBEX, LLC and E.G.L. Resources, Inc.

c/o Dana S. Hardy
Jaclyn M. McLean
HARDY MCLEAN LLC
125 Lincoln Ave., Suite 223 Santa Fe, NM 87501
dhardy@hardymclean.com
jmclean@hardymclean.com

Pursuant to NMSA 1978, Section 70-2-8 and Rule 19.15.4.16(A) NMAC, you are hereby ordered to produce and make available to Chevron U.S.A. Inc. ("Chevron") through its counsel, Modrall Sperling, Roehl, Harris & Sisk, P.A., the documents, data, information, records, electronic data, and items specified in Attachment A on or before January 21, 2026. Any such documents shall be made available to Chevron's counsel via electronic delivery.

This subpoena is issued on application of Chevron through its attorneys, Earl E. DeBrine, Jr. and Deana M. Bennett of Modrall Sperling, email address: edebrine@modrall.com and deana.bennett@modrall.com.

Dated this 6th day of January, 2026.

NEW MEXICO OIL CONSERVATION DIVISION/COMMISSION

By: Gregory Chakalian Digitally signed by
Title: Gregory Chakalian
Date: 2026.01.06
Date: 10:44:29 -07'00'

EXHIBIT A

ATTACHMENT A

SUBPOENA DUCES TECUM TO PBEX, LLC and E.G.L. Resources, Inc.

CASE NO. 25878

Produce the following and identify the paragraph to which each document or item of information is responsive:

1. Any joint operating agreement covering the lands comprising the horizontal spacing units and/or wells authorized by the Orders issued by the New Mexico Oil Conservation Division (“NMOCD”) in Cases 24185 (Order No. R-23684) and Case No. 24886 (Order No. R-23685) (collectively “Orders”);
2. A true and correct copy of any letter or email sent to Chevron enclosing a copy of a joint operating agreement covering the lands comprising the horizontal spacing unit or the wells authorized by the Orders;
3. All correspondence with Chevron concerning proposals to drill any of the wells authorized by the Orders;
4. All correspondence with Chevron or any other working interest owners regarding negotiations for a joint operating agreement covering the lands comprising the horizontal spacing units and/or wells authorized by the Orders;
5. Any document that sets the percentage working interest owned by the owner of each tract comprising the horizontal spacing units and/or wells authorized by the Orders;
6. Correspondence with the other working interest owners regarding any election to participate in the cost of drilling, completing and equipping the wells;
7. Correspondence with the BLM or NMOCD concerning APDs for the wells authorized by the Orders;
8. Any contract for drilling the wells; and
9. Correspondence with the drilling contractor regarding the planned spudding of the wells.