

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

**APPLICATION OF CHEVRON U.S.A. INC.
TO REOPEN CASE NOS. 24185 AND 24886,
LEA COUNTY, NEW MEXICO.**

CASE NO. 25878

ORDER OF THE DIVISION DENYING MOTION TO DISMISS FOR LACK OF STANDING

This matter came before the New Mexico Oil Conservation Division (“Division”) on the Motion to Dismiss for Lack of Standing (“Motion”) filed by PBEX, LLC and E.G.L. Resources, Inc. (collectively “PBEX”). Having considered the Motion, the Response filed by Chevron U.S.A. Inc. (“Chevron”), and the legal authorities cited therein, the Division finds and concludes as follows:

FINDINGS

1. Chevron seeks to reopen Case Nos. 24185 and 24886 to confirm its status as a consenting working interest owner under Division Order Nos. R-23684 and R-23685 (“the Pooling Orders”).
2. The Pooling Orders authorize the Operator to recover a 200% risk penalty from any owner who is deemed nonconsenting due to a failure to pay estimated well costs within 30 days of receiving a statement of such costs.
3. Chevron alleges that the statement of well costs it received on August 7, 2025, was legally deficient because it was issued by an unauthorized entity, contained inconsistent well data, and omitted material information regarding the rescission of Phase 2 wells for other parties.
4. PBEX moves to dismiss, asserting that Chevron lacks standing because Chevron’s failure to pay was a self-inflicted injury and that the Division cannot provide redress because the payment deadline has passed.

CONCLUSIONS OF LAW

5. Standing Standards: Under New Mexico law, standing is a "low bar" that requires an injury in fact, causation, and redressability. *Salas v. Guadalupe Credit Union*, 2025-NMSC-006. The Division further notes that New Mexico courts have long "favored a broad view of standing." *De Vargas Sav. & Loan Ass’n v. Campbell*, 1975-NMSC-026.

6. Injury in Fact: Chevron has demonstrated a concrete and imminently threatened injury. The imposition of a 200% risk penalty and the potential loss of production revenues constitute a "direct and concrete" economic interest. *Key v. Chrysler Motors Corp.*, 1996-NMSC-038.

7. Causation vs. Merits: PBEX argues the injury is not "fairly traceable" to their conduct because Chevron failed to pay. The Division finds this argument conflates standing with the ultimate merits of the case. Chevron's allegation—that the statement of costs was so deficient as to be legally ineffective—is sufficient to satisfy the causation element of standing at the pleading stage.

8. Distinguishing PBEX's Cited Authority: PBEX relies heavily on Order No. R-20279 (OXY USA WTP, LLC), where the Commission denied a request to reopen a case after a party simply missed a deadline. However, the Division finds the present case distinguishable. In OXY, there was no dispute that the operator provided an accurate and authorized statement of costs. Here, the very validity of the "triggering event" (the August 7 statement) is at issue.

9. Consistency with Division Precedent: The Division's conclusion is consistent with Order No. R-22589 (Siana Oil & Gas Co.), which established that a party has standing to challenge the sufficiency of an operator's compliance with pooling order notice requirements. The Division has a regulatory interest in ensuring that the police power of compulsory pooling is exercised in strict adherence to its orders.

10. Redressability: If the Division finds that the August 7 statement was deficient, it has the authority to declare that the 30-day clock never commenced or was tolled, thereby providing redress by restoring Chevron's ability to participate as a consenting owner.

ORDER

1. PBEX's Motion to Dismiss for Lack of Standing is DENIED.

2. Case No. 25878 shall proceed to a hearing on the merits to determine if the August 7, 2025, statement of costs complied with the Pooling Orders and Division rules.

HEARING EXAMINER
OIL CONSERVATION DIVISION