

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

APPLICATION OF CHEVRON U.S.A. INC. TO
REOPEN CASE NO. 24185 (ORDER NO. R-23684)
AND CASE NO. 24186 (ORDER NO. R-23685) TO
REQUIRE SUBMISSION OF PROPER STATEMENTS
OF WELL COSTS BY OPERATOR AND RECOGNIZE
THE CONSENTING STATUS OF CHEVRON.

CASE NO. 25878

ORDER DENYING MOTION FOR ISSUANCE OF DEPOSITION SUBPOENAS

This matter comes before the Hearing Examiner on the **Motion for Issuance of Deposition Subpoenas** filed by PBEX, LLC and E.G.L. Resources, Inc. (collectively, "PBEX"). Having considered the Motion, the response, and the applicable law, the Hearing Examiner makes the following findings and conclusions:

I. FINDINGS OF FACT

1. On December 24, 2025, Chevron filed an application to reopen Case Nos. 24185 and 24186 to resolve disputes regarding the submission of well cost statements and its status as a consenting owner in the Bond Wells.
2. The Division has scheduled a contested hearing on the merits of this application for **April 21, 2026**.
3. On March 11, 2026, PBEX filed a motion seeking to depose a corporate representative of Chevron and fact witness Scott Sabrsula, asserting that "extraordinary circumstances" exist due to the novelty of the legal issues and time constraints.
4. PBEX cites Division **Order No. R-22869-A** as authority for the proposition that the Division's interest in the full development of a factual record justifies pre-hearing depositions.

II. CONCLUSIONS OF LAW

1. **Standard of Review:** Pursuant to **19.15.4.16(A) NMAC**, subpoenas for pre-hearing depositions shall be issued only in "**extraordinary circumstances for good cause shown.**"
2. **Burden of Proof:** In this administrative proceeding, the Applicant (**Chevron**) carries the burden of persuasion. PBEX, as the respondent, is not required to carry the burden of proof but is entitled to a fair opportunity to challenge Chevron's evidence.
3. **Distinction from Order No. R-22869-A:** The Hearing Examiner finds that Case No. 25878 is distinguished from the matter addressed in **Order No. R-22869-A** for the following reasons:
 - **Nature of the Dispute:** R-22869-A (the *Piazza SWD* matter) involved a commercial saltwater disposal well application. Such cases involve complex technical, geological,

and environmental findings necessary to prevent waste and protect fresh water—issues that traditionally require a more expansive pre-hearing record.

- **Scope of Discovery:** The present case is a "reopening" of existing pooling orders to resolve procedural and financial disputes regarding well cost statements. These are largely documentary and statutory issues that do not reach the level of technical complexity present in commercial disposal or environmental cases.
 - **Availability of Alternative Means:** While R-22869-A found that depositions were necessary for factual development, the Hearing Examiner finds that in this instance, the **Subpoena Duces Tecum** for relevant documents provides PBEX with the necessary information to prepare for the hearing without the "undue burden" of depositions in a streamlined administrative forum.
4. **Due Process:** PBEX's due process rights are adequately protected by the following:
- The Examiner will afford PBEX **widelatitude to cross-examine** Chevron's witnesses at the April 21 hearing.
 - PBEX has the right to present a comprehensive **rebuttal case**.
 - Pursuant to the Oil and Gas Act, any party aggrieved by a Division order has the right to a **de novo appeal** before the Oil Conservation Commission.

III. ORDER

The Motion for Issuance of Deposition Subpoenas is **DENIED**.

GREGORY CHAKALIAN,
HEARING EXAMINER