

**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
RESPONSE TO CHEVRON USA, INC.'S MOTION TO COMPEL**

PBEX, LLC (“PBEX”) and E.G.L. Resources, Inc. (“E.G.L.”) (collectively, “PBEX”) hereby respond to Chevron U.S.A. Inc.’s (“Chevron”) Motion to Compel PBEX, LLC and E.G.L. Resources, Inc. to Respond to Request No. 6 of the Subpoena Duces Tecum and to Defer the Time for Chevron’s Response to the Motion to Dismiss (“Motion to Compel”). As demonstrated below, Chevron’s Motion to Compel is not well taken and should be denied.

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.

2. On January 5, 2026, Chevron served a subpoena on PBEX seeking the following:

1. Any joint operating agreement covering the lands comprising the horizontal spacing units and/or wells

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.

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.²

3. Thereafter, on January 13, 2026, PBEX moved to stay the subpoena on the grounds that its need to respond was likely to be mooted by its Motion to Dismiss for Lack of Standing. Chevron opposed the motion to stay. In ruling on PBEX’s motion to stay, the Hearing Examiner ordered that “Movants shall produce all documents responsive to Items 1, 2, 3, 5, and 6 of the

² Exh. A to PBEX, LLC and E.G.L. Resources, Inc.’s Expedited Motion to Stay Subpoena Duces Tecum.

Subpoena Duces Tecum *as they relate specifically to Chevron U.S.A. Inc.* by January 22, 2026.”³

Chevron’s remaining requests were stayed pending determination of the threshold standing question.⁴

4. PBEX responded to the subpoena in accordance with the Stay Order on January 22, 2026. A copy of the Response is attached as Exhibit A.

5. Chevron’s instant motion seeks to compel a response to Item 6 well beyond that directed in the Stay Order. Item 6 seeks correspondence “with the other working interest owners regarding any election to participate in the cost of drilling, completing and equipping the wells.”⁵ As quoted above, the Stay Order required PBEX to produce documents relating to Items 1 through 6 of the subpoena “as they relate specifically to Chevron U.S.A. Inc.”

6. Chevron argues that PBEX should have ignored the “relate specifically to Chevron” language in the Stay Order and produced correspondence with other working interest owners. Chevron’s argument ignores the plain language of the order that specifically limits production to documents pertaining to Chevron. Chevron’s assertion that Item 6 is rendered meaningless by such a limitation is not well founded, as it is possible that communications with other working interest owners could have referenced or involved Chevron. PBEX appropriately produced all correspondence with, or that involved, Chevron.

7. Moreover, Chevron’s claim that it “needs” correspondence relating to PBEX’s negotiations with third parties to respond to PBEX’s Motion to Dismiss lacks merit and is not supported by a single citation to case law. In order to justify a request for discovery on the issue of standing, the party seeking discovery “must have at least a good faith belief that such discovery

³ Order Granting In-Part Motion to Stay Subpoena Duces Tecum (“Stay Order”) at 2 (emphasis added).

⁴ *Id.*

⁵ Exh. A to PBEX, LLC and E.G.L. Resources, Inc.’s Expedited Motion to Stay Subpoena Duces Tecum.

will enable it to show that the court has [] jurisdiction, and that belief must be based on more than ‘conjecture or speculation.’”⁶ As to standing, either Chevron can show injury-in-fact, causation, and redressability⁷ as to its own claimed harm, PBEX’s alleged conduct towards it, and OCD’s ability to remedy, or Chevron cannot. PBEX’s communications with third parties have no bearing on those three standing factors. Although Chevron claims that “[i]t is essential . . . to see how PBEX/EGL treated all the pooled and non-pooled working interest owners,” Chevron fails to explain how the requested information has any relevance to the three standing factors. When information sought in discovery has no bearing on the question of party’s own standing to bring suit, it is appropriately limited (as was done here) or otherwise denied by the court.⁸

8. Beyond standing, the information requested is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence in this proceeding. Negotiations and communications with other interest owners have nothing to do with Chevron’s claims, which involve Chevron’s failure to timely pay its share of estimated well costs under the Orders. Rather, Chevron’s request amounts to nothing more than an improper fishing expedition.⁹ Additionally, information regarding negotiations with other parties is not discoverable under Rule of Evidence 11-408 NMRA, which renders compromise offers and negotiations inadmissible.

9. Chevron’s improper attempt to obtain information regarding negotiations with other working interest owners—who are not participants in this matter and have not agreed to

⁶ *Doe v. Off. of Pers. Mgmt.*, No. CV 25-234 (RDM), 2025 WL 3723770, at *15 (D.D.C. Dec. 22, 2025) (internal quotation marks and citation omitted).

⁷ *Deutsche Bank Nat. Tr. Co. v. Johnston*, 2016-NMSC-013, ¶ 13, 369 P.3d 1046 (quoting *Davis v. Fed. Election Comm’n*, 554 U.S. 724, 733 (2008)); see also *ACLU of N.M. v. City of Albuquerque*, 2008-NMSC-045, ¶ 1, 188 P.3d 1222 (reciting traditional three-part test for standing).

⁸ *Carrero v. Farrelly*, 310 F. Supp. 3d 542, 549 n.5 (D. Md. 2018) (denying request for jurisdictional discovery in part because “none of the specific topics cited by Plaintiff are relevant to her standing”).

⁹ *Blake v. Blake*, 1985-NMCA-009, ¶ 15, 102 N.M. 354, 695 P.2d 838 (“[D]iscovery should be denied if a request is speculative and discovery would amount to a mere ‘fishing expedition.’”).

disclosure—should be rejected. The Division should stand on its prior Stay Order limiting the scope and breadth of Chevron’s discovery.

10. Chevron’s request for an extension of time to respond to PBEX’s Motion to Dismiss should similarly be denied, as PBEX’s communications with other parties have no possible bearing on Chevron’s ability to remedy its lack of standing.

For the foregoing reasons, PBEX and E.G.L. respectively request that the Division deny Chevron’s Motion to Compel.

Respectfully submitted,

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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 30, 2026.

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CASE NO. 25878

**PBEX, LLC AND E.G.L. RESOURCES, INC.'S
RESPONSE TO SUBPOENA DUCES TECUM**

PBEX, LLC (“PBEX”) and E.G.L. Resources, Inc. (“E.G.L.”) submit their Response to the Subpoena *Duces Tecum* served by Chevron U.S.A. Inc. (“Chevron”) on January 6, 2026.

Request No. 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 (“Division”) in Cases 24185 (Order No. R-23684) and Case No. 24886 (Order No. R-23685) (collectively “Orders”).

Response: In accordance with the Division’s *Order Granting In-Part Motion to Stay Subpoena Duces Tecum* issued on January 16, 2026, which limited this request to information specific to Chevron, PBEX and E.G.L. state: (1) Chevron has not signed a Joint Operating Agreement for the lands comprising the horizontal spacing units and/or wells authorized by Order No. R-23684 or Order No. R-23685; and (2) a copy of the proposed Joint Operating Agreement that PBEX and E.G.L. transmitted to Chevron is attached with Bates numbers PBEX-EGL-000001-000127.

EXHIBIT A

Request No. 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.

Response: Responsive documents are attached with Bates numbers PBEX-EGL-000001-000134 and PBEX-EGL-00451-000461.

Request No. 3: All correspondence with Chevron concerning proposals to drill any of the wells authorized by the Orders.

Response: Responsive documents are attached with Bates numbers PBEX-EGL-000134-000640.

Request No. 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.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, which limited this request to information specific to Chevron, PBEX and E.G.L. are producing responsive documents with Bates numbers PBEX-EGL-000134-000640.

Request No. 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.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, which limited this request to information specific to Chevron, PBEX and E.G.L. are producing responsive documents with Bates numbers PBEX-EGL-000154-000155;

PBEX-EGL-000164-000166; PBEX-EGL-000173-000177; PBEX-EGL-000181; PBEX-EGL-000186-000191; PBEX-EGL-000197-000202; PBEX-EGL-000221-000222; PBEX-EGL-000240-000244; PBEX-EGL-000261-000268; PBEX-EGL-000285-000292; PBEX-EGL-000308-000310; PBEX-EGL-000313-000319; PBEX-EGL-000342-000345; PBEX-EGL-000346-000349; PBEX-EGL-000375-000381; PBEX-EGL-000399-000405; PBEX-EGL-000426-000428; PBEX-EGL-000431-000437; PBEX-EGL-000488-000493; and PBEX-EGL-000583-000590.

Request No. 6: Correspondence with the other working interest owners regarding any election to participate in the cost of drilling, completing and equipping the wells.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, which limited the request to information specific to Chevron, please refer to the responses to Request Nos. 1 through 4.

Request No. 7: Correspondence with the BLM or NMOCD concerning APDs for the wells authorized by the Orders.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, PBEX and E.G.L. are not required to produce responsive documents at this time. PBEX and E.G.L. have not objected to, or moved to quash, this request but reserve the right to do so if it is reinstated in the future.

Request No. 8: Any contract for drilling the wells.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, PBEX and E.G.L. are not required to produce responsive documents at this time. PBEX and E.G.L. have not objected to, or moved to quash, this request but reserve the right to do so if it is reinstated in the future.

Request No. 9: Correspondence with the drilling contractor regarding the planned spudding of the wells.

Response: In accordance with the Division's *Order Granting In-Part Motion to Stay Subpoena Duces Tecum*, PBEX and E.G.L. are not required to produce responsive documents at this time. PBEX and E.G.L. have not objected to, or moved to quash, this request but reserve the right to do so if it is reinstated in the future.

Respectfully submitted,

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