

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

**IN THE MATTER OF THE APPLICATION  
OF CHEVRON U.S.A. INC. TO REOPEN  
CASE NOS. 24185 AND 24886  
(ORDER NOS. R-23684 AND R-23685)**

**CASE NO. 25878**

**ORDER DENYING PBEX/EGL'S EXPEDITED MOTION TO LIMIT THE SCOPE OF HEARING  
OR ALTERNATIVELY TO VACATE AND RESET HEARING**

This matter came before the Hearing Examiner on PBEX, LLC and E.G.L. Resources, Inc.'s ("PBEX/EGL") *Expedited Motion to Limit Scope of Hearing or, Alternatively, Vacate and Reset Hearing to Allow Additional Discovery and Motions Practice* filed April 15, 2026. Chevron U.S.A. Inc. ("Chevron") filed its Response on April 22, 2026. Having reviewed the Motion, the Response, the record of prior proceedings, and being fully advised in the premises, the Division issues the following Order.

**FINDINGS**

1. Chevron's Application provided notice of the issues.  
Chevron's December 24, 2025 Application alleged deficiencies in PBEX/EGL's August 7, 2025 statement of estimated well costs, PBEX/EGL's post-order conduct, and violations of Division orders, the compulsory pooling statute, and industry custom and practice. It sought reopening of Case Nos. 24185 and 24886 for the purpose of requiring PBEX/EGL to submit proper statements of estimated well costs and to recognize Chevron's consenting status.
2. Chevron's claims have consistently included post-order conduct, compliance with the Pooling Orders, and industry custom and practice.  
Chevron's briefing on PBEX/EGL's January 23, 2026 motion to dismiss, and arguments made at the March 10, 2026 hearing, addressed the same subjects. These issues were "fully discussed in prior hearings."
3. PBEX/EGL's due-process objection arises from its view that Chevron expanded the case through subpoena-driven expert disclosures.  
PBEX/EGL asserts Chevron initially represented the case as "short," "discreet," and suitable for a half-day hearing, but later disclosed experts in industry standards and OCD regulatory compliance.

4. Chevron's April 13, 2026 subpoena response disclosed anticipated expert topics approximately one month before prehearing statements were due.  
Under the Pre-Hearing Order, witness and exhibit disclosures are due four business days before the hearing (May 7, 2026). Chevron's subpoena response was early relative to the governing rule and did not prejudice PBEX/EGL's opportunity to prepare.
5. The Division previously limited discovery in this case.  
On March 15–16, 2026, the Division issued document subpoenas excluding the industry-wide discovery PBEX/EGL originally sought and denied PBEX/EGL's request for depositions, concluding that the issues are "documentary and statutory" rather than technically complex.
6. Nothing in PBEX/EGL's present motion justifies altering those prior discovery rulings or narrowing issues already framed by the pleadings.  
Chevron's intended expert testimony—industry custom/practice; compliance with Division rules; and post-order conduct relevant to the requirements of Paragraphs 24 and 25 of Orders R-23684 and R-23685—is within the scope of Chevron's Application and prior briefing.
7. PBEX/EGL has not shown that proceeding on May 13, 2026 violates due process.  
The issues have been consistent since the Application; Chevron's disclosures were early; and PBEX/EGL retains the ability to file its own Prehearing Statement, designate witnesses, introduce exhibits, and cross-examine Chevron's witnesses.

## **CONCLUSIONS**

1. Chevron's Application and subsequent filings gave PBEX/EGL reasonable notice of the issues to be adjudicated at hearing.
2. Chevron's subpoena-driven disclosures do not expand the scope of the case beyond the claims pleaded, nor do they constitute unfair surprise or violate procedural due process.
3. Limiting the hearing to PBEX/EGL's proposed narrow issue ("whether the statements of estimated well costs complied with Paragraph 24 of the Pooling Orders") would improperly constrain the Division's ability to address the full set of issues raised in the Application.
4. PBEX/EGL has not demonstrated good cause to vacate, continue, or reset the May 13, 2026 hearing date.

## ORDER

### IT IS THEREFORE ORDERED THAT:

1. PBEX/EGL's Motion to Limit Scope of Hearing is DENIED.

The Division will hear all issues reasonably encompassed within Chevron's Application, including but not limited to:

- a. Whether PBEX/EGL submitted proper statements of estimated well costs under Paragraphs 24 and 25 of Orders R-23684 and R-23685;
  - b. PBEX/EGL's post-order conduct relevant to Chevron's election and status;
  - c. Evidence of industry custom and practice and OCD policies to the extent such evidence is relevant to determining whether the statements of estimated well costs and related conduct complied with the Pooling Orders and Division rules.
2. PBEX/EGL's alternative request to vacate or reset the hearing is DENIED.  
The contested case hearing shall proceed as scheduled on May 13, 2026.
  3. All deadlines in the existing Pre-Hearing Order remain in effect.  
Prehearing Statements, including exhibits and prepared testimony, shall be filed no later than 9:00 a.m. on May 7, 2026, pursuant to 19.15.4.13(B) NMAC and the Pre-Hearing Order.
  4. Nothing in this Order reopens or expands discovery.  
The Division's prior rulings limiting document subpoenas and denying depositions remain in effect.
  5. The parties retain the right to file motions in limine addressing specific evidentiary matters, if any, consistent with the Pre-Hearing Order and Due Process.

Gregory Chakalian  
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Gregory Chakalian  
Hearing Examiner  
NM Oil Conservation Division