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SUITE 1
110 NORTH GUADALUPE
SANTA FE, NEW MEXICO 87501-6525
MAILING ADDRESS
P.O. BOX 2208
SANTA FE, NEW MEXICO 87504-2208

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043
www.hollandhart.com

October 15, 2001

HAND DELIVERY

Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

OIL CONSERVATION DIV.
01 OCT 16 AM 10:28

Re: **Oil Conservation Division Case 12179: (Reopened)** In the matter of Case 12179 being reopened pursuant to the provisions of Division Order No. R-11208, which promulgated temporary special pool rules and regulations for the East Hobbs-San Andres Pool in Lea County, New Mexico.

Dear Ms. Wrotenbery:

Oil Conservation Division Order No. R-11208 adopted temporary Special Pool Rules and Regulations for the East Hobbs-San Andres pool including a special oil allowable of 160 barrels of oil per day for each 160-acre spacing and proration unit. This case is included on the October 18, 2001 examiner hearing docket to enable operators in the pool to appear and present testimony why the top oil allowable of 160 barrels of oil per day should not be rescinded. EnerQuest Resources, L.L.C. was the original applicant in this matter and other operators in the pool include David H. Arrington Oil & Gas, Inc. and Lynx Energy Company, Inc.

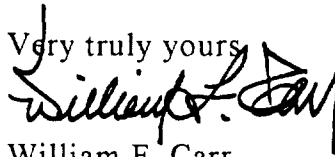
EnerQuest planned to present data at the October 18, 2001 examiner hearing in support of a permanent 160 barrel per day oil allowable for the pool. It is working over the Carrie O. Davis Well No. 2 (API No. 30-025007944) located in 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 29, Township 18 South, Range 39 East, NMPM, to obtain data to present at this hearing. EnerQuest is running a liner in the well, shutting off the P1 zone and perforating and testing the P2, P3 and P4 zones in the well. Enerquest encountered delays in obtaining a rig and the necessary persons to conduct this workover and will not have obtained the results of this work to present on October 18.

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I have discussed this matter with James Bruce, attorney for Lynx Energy Company, Inc. Lynx operates in the pool including a spacing unit comprised of the NE/4 SE/4 of Section 30 which is producing at rates which will demonstrate that the special allowable rate of 160-barrels per day is justified. Mr. Bruce advises that Lynx would also like to present testimony in support of permanent rules. Furthermore, it is my understanding that Lynx is also conducting certain work on a well on this tract which can be presented to the Division within four weeks. Mr. Bruce will also contact the Division concerning Lynx interest in this case.

We therefore request that the case be continued one last time to the November 15 Examiner hearing docket. A continuance will permit the operators to obtain and present all information on the wells in the pool and thereby enable the Division to make a final decision on the appropriate allowable rate for the wells in this pool.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr

cc: Michael E. Stogner
Hearing Examiner

Bobby Floyd
EnerQuest Resources, L.L.C.

James Bruce, Esq.
Lynx Energy Company, Inc.