

**JAMES BRUCE**

ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

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SANTA FE, NEW MEXICO 87501

(505) 982-2043  
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OIL CONSERVATION DIV.

02 APR 29 PM 2:41

April 29, 2002

**Hand Delivered**

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Case No. 12845

Dear Florene:

Enclosed for filing are an entry of appearance and a motion to dismiss.

Very truly yours,



James Bruce

Attorney for Lynx Operating Co., Inc.

cc: David Brooks w/encl.

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION 02 APR 29 PM 2:41

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF ENERQUEST RESOURCES,  
LLC FOR STATUTORY UNITIZATION, LEA  
COUNTY, NEW MEXICO.

Case No. 12845

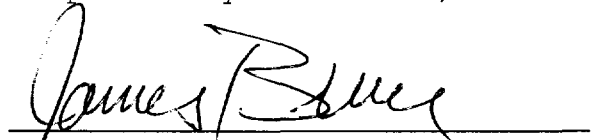
APPLICATION OF ENERQUEST RESOURCES,  
LLC FOR APPROVAL OF A WATERFLOOD  
PROJECT AND QUALIFICATION OF THE  
PROJECT AREA FOR THE RECOVERED OIL  
TAX RATE PURSUANT TO THE ENHANCED  
OIL RECOVERY ACT, LEA COUNTY, NEW  
MEXICO.

Case No. 12846

ENTRY OF APPEARANCE

James Bruce enters his appearance in the above case on behalf  
of Lynx Operating Co., Inc.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

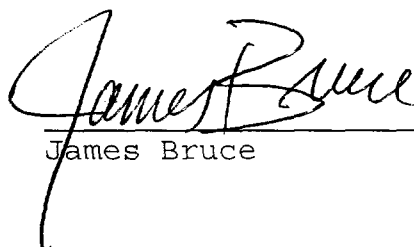
Attorney for Lynx Operating Co., Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 29th day of April, 2002 by facsimile transmission:

William F. Carr  
Holland & Hart, LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

W. Thomas Kellahin  
Kellahin & Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
Fax No. (505) 982-2047

  
James Bruce

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF ENERQUEST RESOURCES,  
LLC FOR STATUTORY UNITIZATION, LEA  
COUNTY, NEW MEXICO.

Case No. 12845

02 APR 2002 PM 2:41  
02-00100101

APPLICATION OF ENERQUEST RESOURCES,  
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MEXICO.

Case No. 12846

MOTION OF LYNX OPERATING CO., INC. TO DISMISS APPLICATION


Lynx Operating Co., Inc. moves the Division for an order dismissing Case No. 12845, the unitization application, and in support thereof, states:

1. On April 12, 2002 the Key Family Group filed a Motion to Dismiss Case No. 12845. A response was filed by EnerQuest Resources, LLC opposing the motion, and a reply was filed by the Key Family Group. Lynx Operating Co., Inc. endorses and supports the motion filed by the Key Family Group.

2. EnerQuest Resources, LLC has violated NMSA 1978 §70-7-6 by prematurely filing its unitization application. Attached as Exhibits A, B, and C are copies of the only correspondence sent by EnerQuest Resources, LLC to interest owners regarding unitization. These letters do not constitute good faith negotiations; they are simply hearing notices. In short, EnerQuest Resources, LLC conducted no negotiations before filing for hearing on unitization.

WHEREFORE, for the reasons set forth in the Key Family Group's pleadings, Lynx Operating Co., Inc. requests that EnerQuest Resources, LLC's Case No. 12845 be dismissed.

Respectfully submitted,

  
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043


Attorney for Lynx Operating Co., Inc.

CERTIFICATE OF SERVICE

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Kellahin & Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
Fax No. (505) 982-2047

  
James Bruce  
-2-

# ENERQUEST

ENERQUEST OIL & GAS, LTD.

Certified Mail

January 23, 2002

To: Working Interest Owners

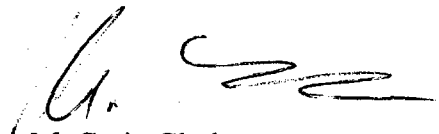
Re: East Hobbs (San Andres) Unit  
Lea County, New Mexico

Ladies and Gentlemen:

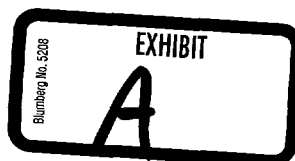
EnerQuest Oil & Gas, Ltd. hereby proposes the formation of the East Hobbs (San Andres) unit to unitize the San Andres formation for the purpose of secondary operations. The proposed unit consists of 920 acres and covers parts of Section 29, 30, 31 and 32, Township 18 South, Range 39 East, Lea County, New Mexico. I have enclosed for your review and approval a unit agreement, unit operating agreement and ratification governing the implementation and development of the East Hobbs Unit.

Please review the agreements and if everything appears correct, execute the ratification in the space provided and return to me at the letterhead address. EnerQuest plans to have a hearing with the New Mexico Oil Conservation Division on this matter on March 7, 2002, therefore your prompt attention would be appreciated. Should you have any questions or require any additional information, please feel free to contact me at (915)685-3116.

Very truly yours,

  
M. Craig Clark  
Landman

MCC/s  
Enclosure



# ENERQUEST

ENERQUEST OIL & GAS, LTD.

February 7, 2002

To: Royalty Owners

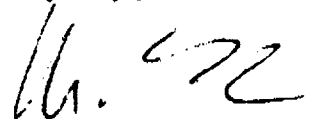
Re: East Hobbs (San Andres) Unit  
Lea County, New Mexico

Ladies and Gentlemen:

EnerQuest Oil & Gas, Ltd. hereby proposes the formation of the East Hobbs (San Andres) unit to unitize the San Andres formation for the purpose of secondary operations. The proposed unit consists of 920 acres and covers parts of Section 29, 30, 31 and 32, Township 18 South, Range 39 East, Lea County, New Mexico. I have enclosed for your review and approval a unit agreement and ratification governing the implementation and development of the East Hobbs Unit.

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Very truly yours,



M. Craig Clark  
Landman

MCC/s  
Enclosure



**HOLLAND & HART LLP**  
ATTORNEYS AT LAW

DENVER • ASPEN  
BOULDER • COLORADO SPRINGS  
DENVER TECH CENTER  
BILLINGS • BOISE  
CHEYENNE • JACKSON HOLE  
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119 NORTH GUADALUPE, SUITE 1  
SANTA FE, NEW MEXICO 87501-8525

TELEPHONE (505) 968-4421  
FACSIMILE (505) 963-0043

William F. Carr

wcarr@hollandhart.com

February 28, 2002

**TO: ALL INTEREST OWNERS IN THE EAST HOBBS (SAN ANDRES)  
UNIT AREA**

**Re: Application of EnerQuest Resources, LLC for statutory  
unitization of the East Hobbs (San Andres) Unit Area, Lea  
County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that EnerQuest Resources, LLC has filed an application with the New Mexico Oil Conservation Division seeking an order statutorily unitizing for the purpose of establishing a secondary recovery project, all mineral interests from a point 50 feet above the top of the San Andres formation to a point 50 feet below the base of the Grayburg formation, East Hobbs-San Andres Pool, underlying 920 acres, more or less, of State of New Mexico and Fee lands in the following described lands:

Township 18 South, Range 39 East, NMPM

Section 29: SW/4, SW/4 NW/4  
Section 30: S/2, S/2 N/2  
Section 31: N/2 N/2  
Section 32: N/2 NW/4

Said unit is to be designated the East Hobbs (San Andres) Unit. Among the matters to be considered at the hearing on this application will be the necessity of unit operations, the designation of unit operator, the determination of the horizontal and vertical limits of the unit area, the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; a non-consent penalty for risk to be charged against carried working interest owners within the unit area upon such terms and conditions to be determined by the Division as just and reasonable; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations.





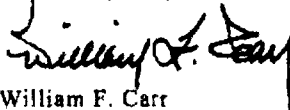
HOLLAND & HART LLP  
ATTORNEYS AT LAW

February 26, 2002  
Page 2

This application has been set for hearing before a Division Examiner on March 21, 2002. You are not required to attend this hearing, but as an owner of the surface of the land upon which the injection well will be located, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-hearing Statement three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely yours,



William F. Carr  
Attorney for EnerQuest  
Resources, LLC

cc: Robert W. Floyd  
EnerQuest Resources, LLC