

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

March 28, 2002

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

MOTION TO CONTINUE

Re: Case 12845
Application of EnerQuest Resources, LLC
for statutory unitization, Lea County, New Mexico

Re: Case 12846
Application of EnerQuest Resources, LLC
for approval of a waterflood project,
Lea County, New Mexico

CLERK OF DISTRICT COURT
MARCH 28 PM 1:55

Dear Ms. Wrotenbery:

On behalf of the Key Family Group, working interest owners in Tract 5 and 6 identify in Exhibit "B" attached, we request that the reference cases set for hearing of the Examiner's docket for April 4, 2002, be continue to a special examiner docket the date of which should be as agreed by the parties.

Very truly yours,



W. Thomas Kellahin

cc: David K. Brooks,
Division Attorney
Michael E. Stogner, Examiner
James Bruce, Esq.,
Attorney for Lynx
William F. Carr, Esq.
Attorney for Enerquest Resources, LLC
T. Scott Hickman

3-29-02 Talked w/ Kellie about there
request to continue to a special
doct.

Will wait to talk w/ Bruce and Carr
on Monday

Once-daily
Avapro[®]
(irbesartan) 150/300 mg Tablets

Once-daily
Avalide[®]
(irbesartan/hydrochlorothiazide) 150/12.5 mg Tablets
300/12.5 mg Tablets

As soon as pregnancy is detected, discontinue AVAPRO or AVALIDE (see boxed WARNING regarding Use in Pregnancy in the accompanying full prescribing information).
Item #59-991887

B2-P014R

Florence, I understand this
was agreed to be continued to

4-18-2002 so we can get
together and schedule a
special meeting

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James Bruce, Esq.,
Attorney for Lynx
William F. Carr, Esq.
Attorney for Enerquest Resources, LLC
T. Scott Hickman

COPIED
3/28/02
PM 1:55

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

**IN THE MATTER OF THE APPLICATION CASE NO. 12845
OF ENERQUEST RESOURCES, LLC
FOR STATUTORY UNITIZATION
LEA COUNTY, NEW MEXICO**

**IN THE MATTER OF THE APPLICATION CASE NO. 12846
OF ENERQUEST RESOURCES, LLC
FOR A WATERFLOOD PROJECT
LEA COUNTY, NEW MEXICO**

**KEY FAMILY GROUP'S
MOTION TO CONTINUE**

Comes now the Key Family Group, being the working interest owner set forth on Exhibit "B", by its attorneys, Kellahin and Kellahin, hereby moves the Division to continue Case 12845 and 12846 set for hearing of the Examiner's docket for April 4, 2002, to a special examiner docket the date of which should be as agreed by the parties.

BACKGROUND

- (1) Enerquest Resources, LLC is seeking approval of a statutory unit and an waterflood project for a certain unit area. **See Exhibit "A"**
- (2) The Key Family Group represents approximately 20% and 27.6% of the working interest owners plus a royalty interest in Tracts 5 and 6 on Exhibit A. Those owners are identified on the attached exhibit. **See Exhibit "B"**
- (3) The Key Family Group has retained Mr. T Scott Hickman, an independent petroleum engineer, in Midland Texas, to evaluate this project.

(4) Mr. Hickman's preliminary review, based upon the data filed with the application, indicates there is no justification for the waterflood or the applicant's proposed participation formula.

(5) EnerQuest made a significant change in the waterflood development plan from what was proposed in the feasibility report without providing the interested parties any supporting documentation other than an AFE.

(6) Mr. Hickman has contacted Mr. Chris Bezner, of Enerquest Resources, who is the project engineer for the applicant and has requested additional data from Enerquest which is necessary in order to further evaluate the feasibility of the project and the appropriateness of EnerQuest's proposed participation formula.

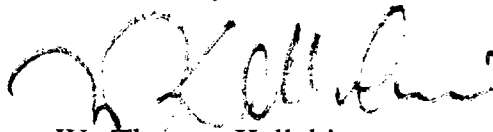
(7) EnerQuest has not yet provided the necessary data to Mr. Hickman.

(8) In the event that EnerQuest failed to provide Mr. Hickman with all of the necessary data, the Key Family Group will obtain a subpoena for production of that data at the April 4, 2001 hearing date.

(9) The hearing of these cases currently set for April 4, 2002, will not allow sufficiently time for Mr. Hickman to evaluate this project.

(10) Contested Statutory Unitization cases are extremely complex and will require one or two days to present.

Respectfully submitted,



W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was transmitted by facsimile this 9th day of March, 2002 to James Bruce, attorney for Lynx et al, and to William F. Carr, attorney for EnerQuest Resources, LLC



W. Thomas Kellahin

EXHIBIT "B"
KEY FAMILY GROUP

Hugh B. Key, II

Julie Ann Hopkins Trust

Mark Collver Hopkins Trust

Anne Key Davis

Kite Royalty Co., LLC

White Star Royalty, LLC

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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CL COPIES
02 MAR 28 PM 1:55

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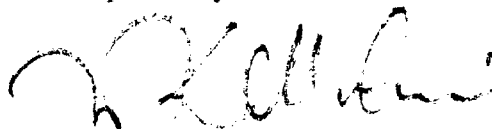
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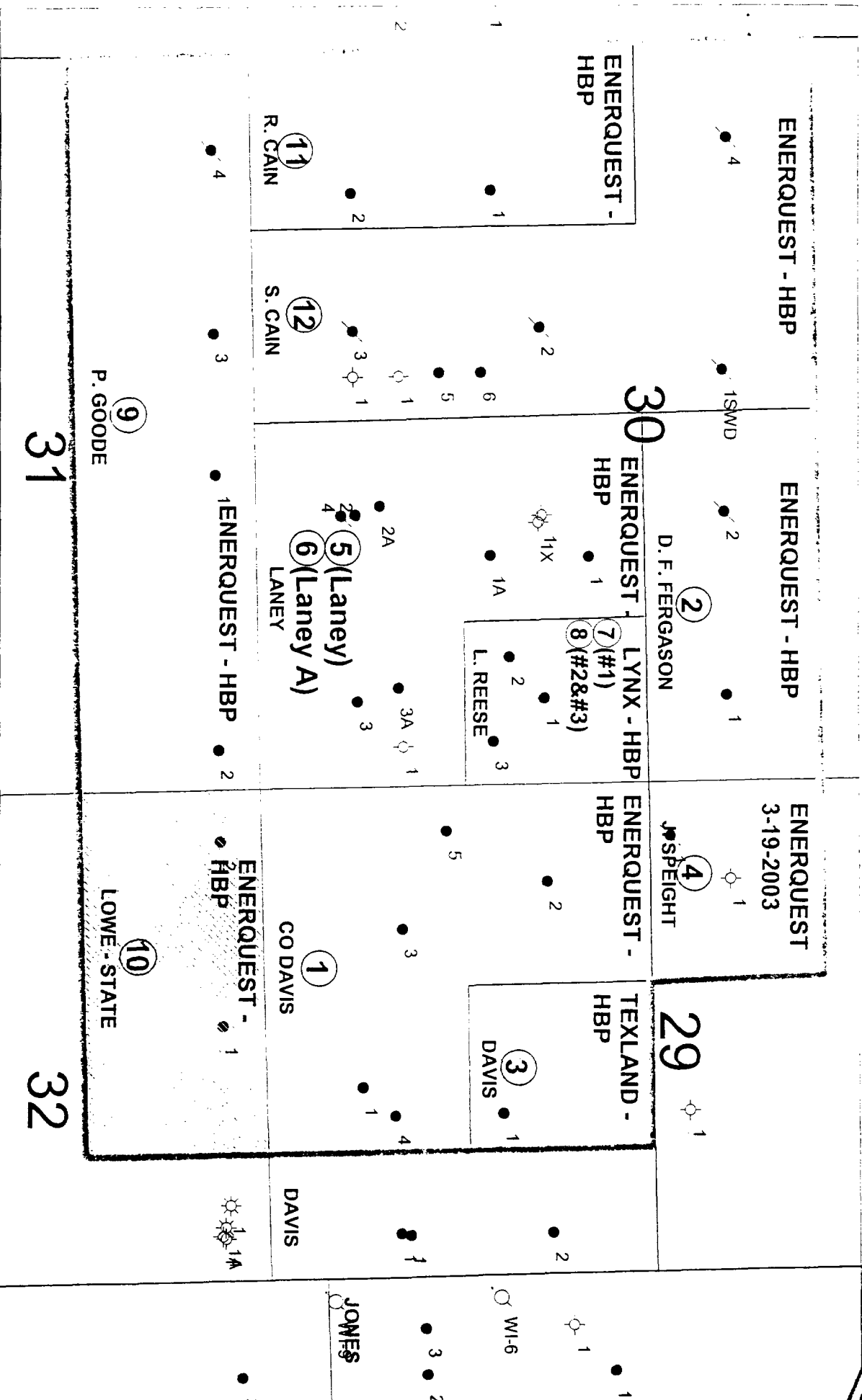
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W. Thomas Kellahin



<input type="checkbox"/>	State Lands 80 acres (8.7%)
<input type="checkbox"/>	Patented Lands 840 acres (91.3%)

③ Tract Number Unit Outline

EXHIBIT A

ENERQUEST RESOURCES, LLC

EAST HOBBS (SAN ANDRES) UNIT

920 ACRES

Lea County, New Mexico

T18S - R39E

Project:	Date: 1 Jan, 2002	Geologist:
Area:	Scale: 1"=1000'	Geophysicist:
Prospect:	CL:	Engineer:

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Hugh B. Key, II

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Mark Collver Hopkins Trust

Anne Key Davis

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White Star Royalty, LLC

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY • SANTA FE
WASHINGTON, D.C.

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110 NORTH GUADALUPE, SUITE 1
SANTA FE, NEW MEXICO 87501-6525

TELEPHONE (505) 988-4421
FACSIMILE (505) 983-6043

William F. Carr

wcarr@hollandhart.com

April 12, 2002

VIA HAND DELIVERY

Ms. Lori Wrotenbery
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

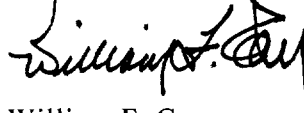
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Approval of a Waterflood Project and Qualification of the Project Area
for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery
Act, Lea County, New Mexico.

Dear Ms. Wrotenbery:

Enclosed is Enerquest Resources, L.L.C.'s Response and Motion to Quash
Subpoena Duces Tecum in the references cases. Please call if you have any questions.

Very truly yours,



William F. Carr

WFC:keh

Enclosure

cc: Robert Floyd

02 APR 12 PM 3:27

01 00 00 00 00 00