

NMOCC CASE NO. 9694
JULY 12, 1989
SECTION 12 T25N R2W
COMPULSORY POOLING

EXHIBIT NO. 27

DRILLING OPTION CONCLUSIONS

- RESERVOIR DATA INDICATES THAT THE EXISTING WELLS WILL RECOVER ALL OF THE RESERVES UNDER SECTION 12
- AN ADDITIONAL WELL IS UNNECESSARY AS IT WOULD ONLY DRAIN RESERVES AWAY FROM EXISTING WELLS CAUSING THEM TO BE ABANDONED PREMATURELY
- A NEW WELL WOULD BE UNECONOMIC AND THUS NOT EFFECTIVELY DEVELOP THE EAST HALF OF THE SECTION
- PREVIOUS EFFORTS TO DRILL A WELL WERE MET WITH NUMEROUS OBSTACLES INCLUDING COSTLY ROAD SPECIFICATIONS WHICH WOULD FURTHER REDUCE ANY RETURN ON INVESTMENT