

NMOCC CASE NO. 9694
JULY 12, 1989

SECTION 12 T25N R2W
COMPULSORY POOLING
EXHIBIT NO. 16

OPTIONS FOR DEVELOPMENT OF MANCOS
IN E/2 SEC 12 T25N R2W

1. DRILL NEW WELL

CONS:

- ADDITIONAL WELL UNNECESSARY
- UNECONOMIC INVESTMENT, SMALL PROBABILITY OF OBTAINING SUCCESSFUL WELL
- COULD NECESSITATE OFFSET WELL IN CANADA OJITOS UNIT

2. POOL EAST HALF OF SECTION WITH EXISTING PRORATION UNIT IN WEST HALF

PROS:

- PROVIDES OPPORTUNITY FOR EAST HALF WORKING INTEREST OWNERS AND ROYALTY OWNERS TO PARTICIPATE IN MANCOS DEVELOPMENT
- PROTECTS CORRELATIVE RIGHTS
- AVOIDS DRILLING OF UNNECESSARY WELLS