

NMOCC CASE NO. 9694
JULY 12, 1989
SECTION 12 T25N R2W
COMPULSORY POOLING
EXHIBIT NO. 31

PROPOSED BASIS FOR PARTICIPATION

- EFFECTIVE DATE: JULY 12, 1989
- DISTRIBUTION OF POOLING COSTS: SHARED PROPORTIONALLY AMONG
EAST-HALF WI OWNERS ACCORDING
TO INTEREST IN UNPOOLED AREA.
PAID TO WEST-HALF WI OWNERS
PROPORTIONALLY ACCORDING TO
INTEREST IN EXISTING POOL.
- POOLING COSTS: \$36,300 TOTAL FOR EAST-HALF WI OWNERS
(ALLOWS FOR 15% RATE OF RETURN ON INVESTMENT)
- INCOME DISTRIBUTION: WI OWNERS - PROPORTIONALLY ACCORDING TO
INTEREST IN 640 ACRE POOL (CONSENTING)
ROYALTY OWNERS - PROPORTIONALLY
ACCORDING TO INTEREST IN 640 ACRE POOL,
REGARDLESS OF STATUS OF WI OWNERS
- NON-CONSENT PENALTY (POOLING): 200% OF POOLING COST

COMMENTS:

- EAST-HALF OWNERS SHARE ONLY IN FUTURE PRODUCTION,
POOLING IS NOT RETROACTIVE
- EAST-HALF OWNERS ARE STILL AT RISK IN THAT
CALCULATED REMAINING RESERVES MAY NOT BE
RECOVERED

