

ORYX ENERGY COMPANY

APPLICATION FOR COMPULSORY POOLING
SECTION 12 T25N R2W
RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 9694
JULY 12, 1989

EXHIBIT NO. 11

SUMMARY

1. TWO OPTIONS EXIST TO PUT THE EAST HALF OF SECTION 12 T25N R2W INTO PRODUCTION: DRILL A NEW WELL OR POOL THE ENTIRE 640 ACRE SECTION INTO THE JOHNSON FEDERAL 12-5 WELL.
2. THE REMAINING RESERVES CAN BE EFFECTIVELY RECOVERED WITH THE EXISTING WELLS AND A NEW WELL IS UNNECESSARY AND WOULD BE UNECONOMIC.
3. POOLING THE EAST HALF WITH THE WEST HALF OF THE SECTION ALLOWS THE WORKING INTEREST OWNERS AND ROYALTY OWNERS IN THE EAST HALF AN OPPORTUNITY TO PARTICIPATE IN PRODUCTION FROM THE MANCOS WHICH THEY OTHERWISE WOULD NOT HAVE.
4. POOLING ALL OF SECTION 12 PROTECTS THE CORRELATIVE RIGHTS OF ALL OF THE OWNERS IN THE SECTION.