

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

EXHIBIT NO. 39

CONCLUSIONS

- DRILLING AN ADDITIONAL WELL TO DEVELOP THE EAST-HALF OF SECTION 12 IS UNNECESSARY FROM A RESERVOIR STANDPOINT, AND WOULD BE AN ECONOMIC WASTE
- POOLING ALL OF SECTION 12 INTO THE JOHNSON FEDERAL 12-5 WELL WOULD ALLOW THE WORKING AND ROYALTY INTEREST OWNERS IN THE EAST-HALF AN OPPORTUNITY TO PARTICIPATE IN PRODUCTION FROM THE MANCOS
- POOLING ALL OF SECTION 12 WOULD PROTECT THE CORRELATIVE RIGHTS OF ALL OF THE OWNERS IN THE SECTION
- THE POOLING BASIS CAN BE MADE FAIR TO THOSE NOW JOINING IN THE PRORATION UNIT WITHOUT CREATING ADDITIONAL BURDEN OR REDUCING VALUE TO THE CURRENT WORKING INTEREST OWNERS