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9/11/00



CLAYTON WILLIAMS ENERGY, INC.

28/2

August 21, 2000

Via Federal Express Overnight Service

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

Attention: Mr. David Catanach

Re: **Application for Downhole Commingling Form C-107A**
Clayton Williams Energy, Inc.
State 20B Lease, Well No. 7
Section 20, T-17S, R29E
Eddy County, New Mexico

Dear David:

Please find attached our Form C-107A for the above captioned well.

Clayton Williams Energy, Inc. and Mark Heinen, an employee of CWEI, are the only working interest owners and the State of New Mexico is the only royalty owner.

Since our well is new with little history, I have included as attachments two wells in Section 21 producing from the GB-Jackson, one well in Section 20 producing from the Empire, East (Yeso) and one well in Section 29 producing from the Empire, East (Yeso) as analogies. The plots are from monthly production as reported to the OCD.

Please contact me at (915) 688-3253 should you need to discuss or have any questions.

Sincerely yours,

A handwritten signature in black ink that reads "Chris Cantrell". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Chris Cantrell
Petroleum Engineer

Enclosures

Cc: New Mexico State Land Office
Commissioner of Public Lands
Oil, Gas and Minerals Division
Jami Bailey, Director
P O Box 1148
Santa Fe, NM 87504-1148

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

APPLICATION TYPE

☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

Operator Clayton Williams Energy, Inc. Address Six Desta Drive, Suite 3000, Midland, TX 79705
Lease State 20B Well No. #7 Unit Letter-Section-Township-Range B;20;17S;29E County Eddy
OGRID No. 25706 Property Code 25235 API No. 30-015-31052 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg-Jackson 7R's,QN,SA		Empire ; Yeso, East Oil Pool
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1933' - 3735' Perforated		3830'-4200' Perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Oil - 38.0° Gas BTU 1145		Oil - 38.2° Gas BTU 1201
Producing, Shut-In or New Zone	Producing		Shut In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 8/17/2000 Rates: 79 BOPD, 55 MCFPD, 263 BWPD	Date: Rates:	Date: 7/11/2000 Rates: 29 BOPD, 52 MCFPD, 162 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 73 % 51 %	Oil Gas % %	Oil Gas 27 % 49 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

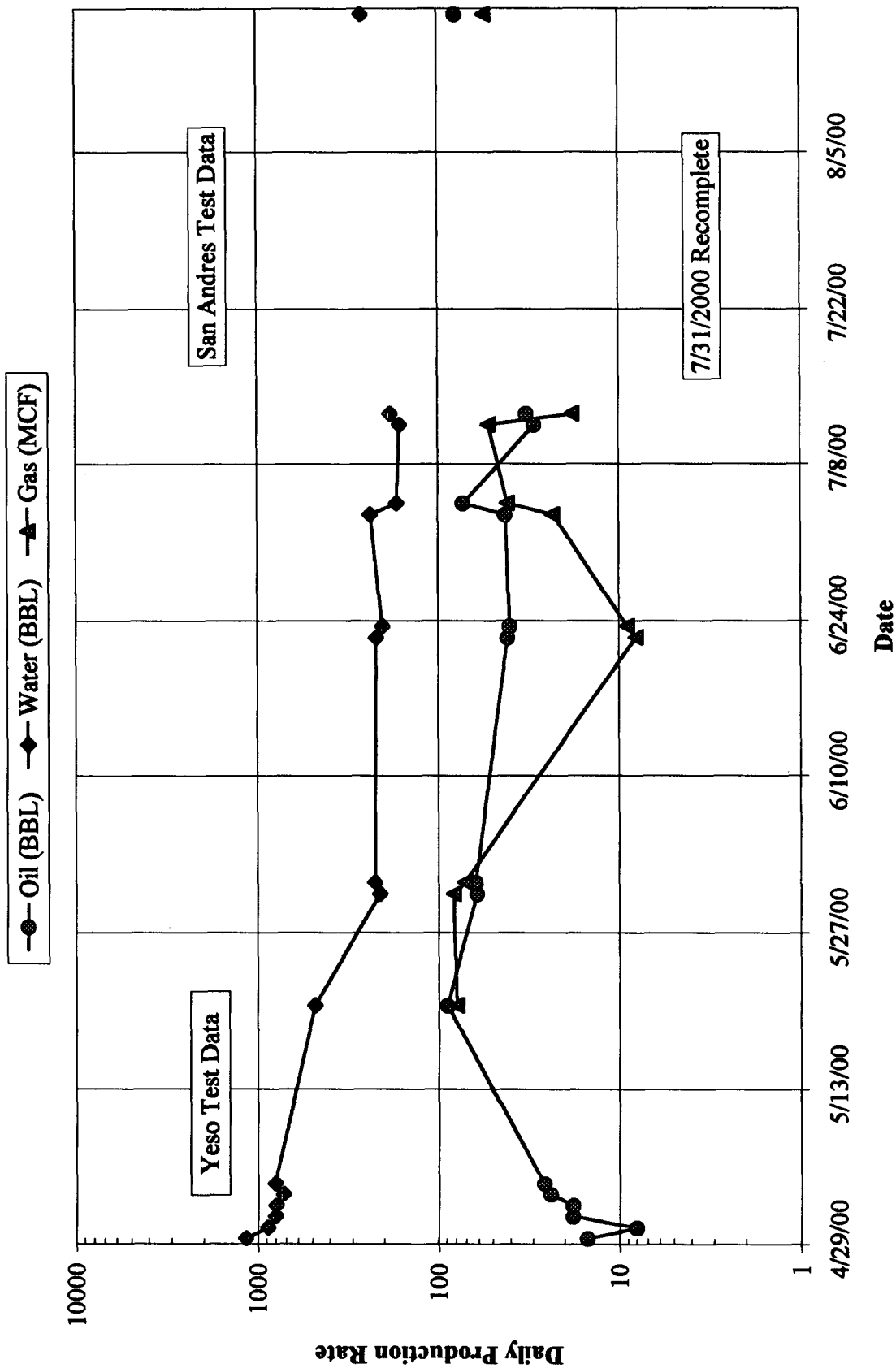
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Chris Cantrell TITLE Production Engineer DATE 8/21/00

TYPE OR PRINT NAME Chris Cantrell TELEPHONE NO. (915) 682-6324

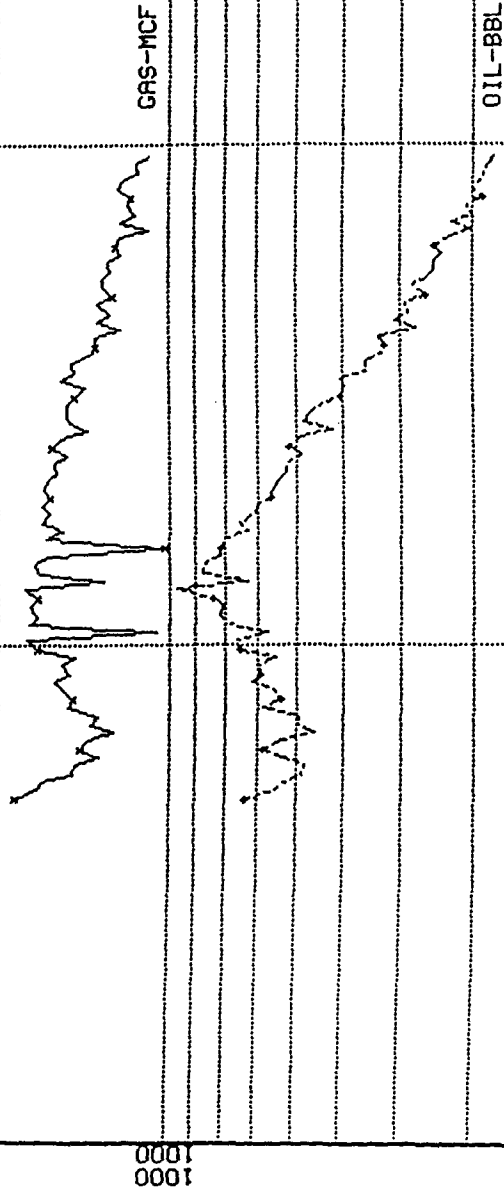
State 20B #7 Daily Production Data. (4/28/2000 Completion)



GAS-MCF
OIL-BBL

LEASE : G J WEST COOP UNI

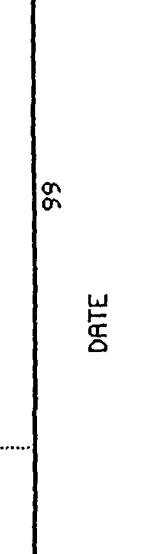
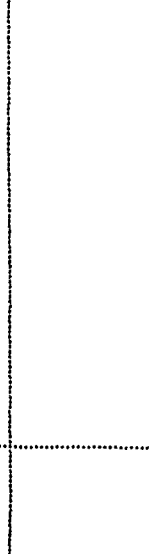
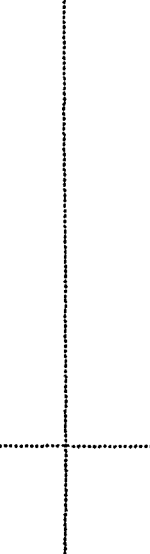
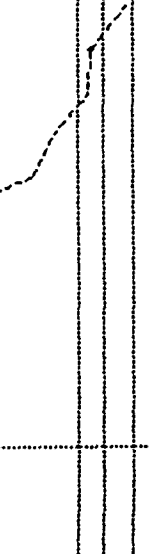
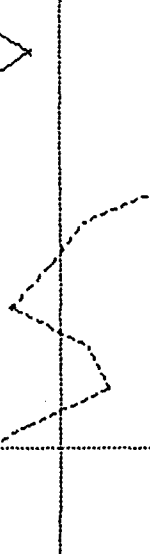
FIELD : GRAYBURG JACKSON (SWN RVR QN CB SA)QS
COUNTY: EDDY , STATE : NM
LOCATION: 21E 17S 29E API : 2735900



GAS-MCF
OIL-BBL

LEASE : SCHLEY FEDERAL

FIELD : EMPIRE EAST (YESO)
COUNTY: EDDY , STATE : NM
LOCATION: 29L 17S 29E API : 3030100



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DATE

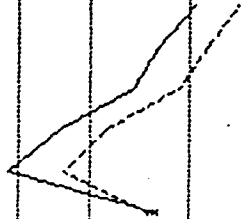
GRS-MCF
OIL-BBL

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LEASE : TENNECO STATE

FIELD : EMPIRE EAST (YESO)
COUNTY: EDDY , STATE : NM
LOCATION: 20M 17S 29E API : 3060300



GRS-MCF
OIL-BBL

DATE

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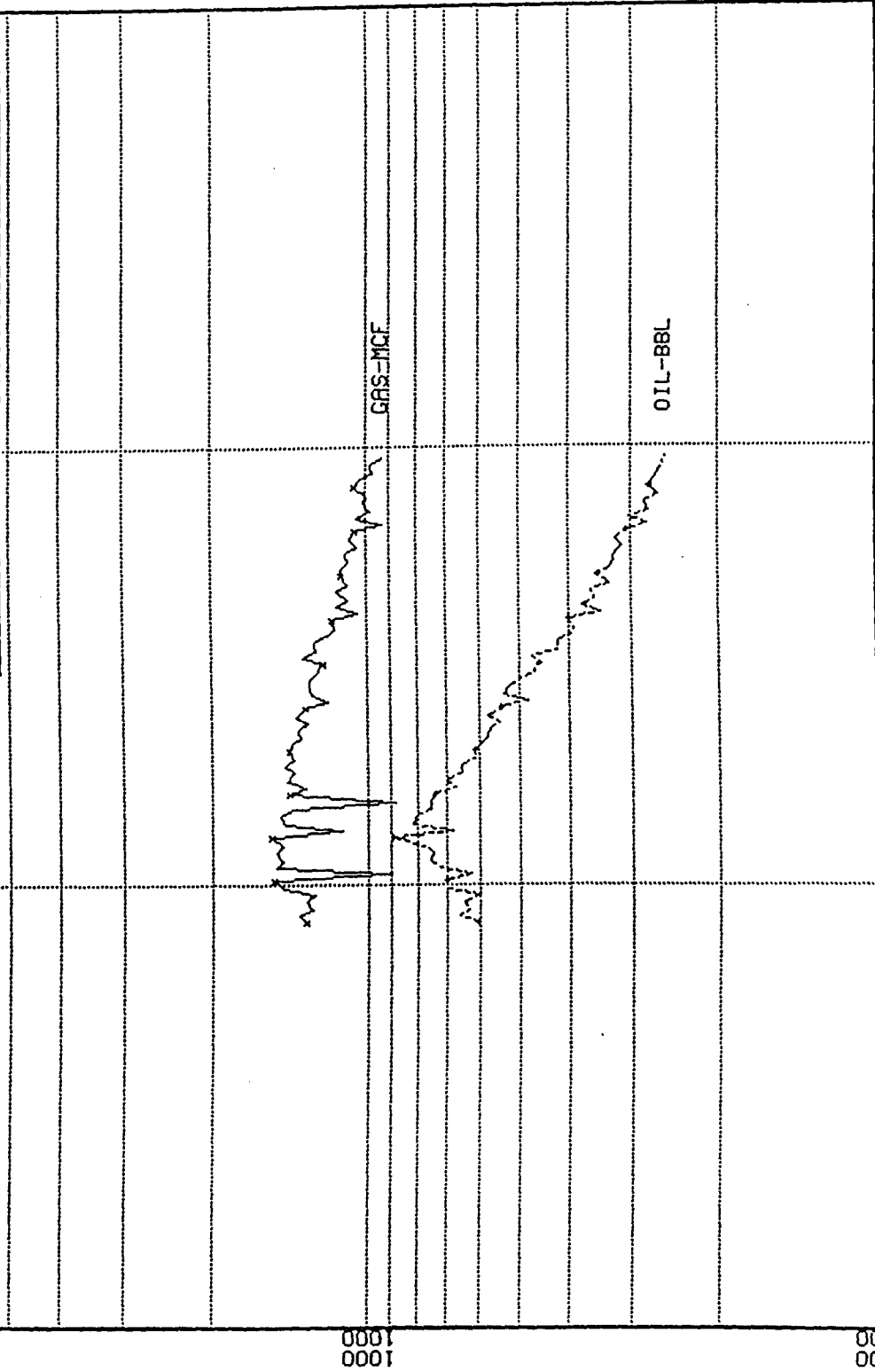
GAS-MCF
OIL-BBL

LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SVN RVR QN GB SA)QS

COUNTY: EDDY , STATE : NM

LOCATION: 21L 17S 29E API : 2737700



DATE

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

DISTRICT III
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV
P.O. Box 2088, Santa Fe, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION

API Number 30-015-31052	Pool Code 28509	Pool Name Grayburg Jackson-7R's, QN, GB, SA
Property Code 25235	Property Name STATE 20 "B"	Well Number 7
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3617

Surface Location

UL or lot No. B	Section 20	Township 17 S	Range 29 E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 2310	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

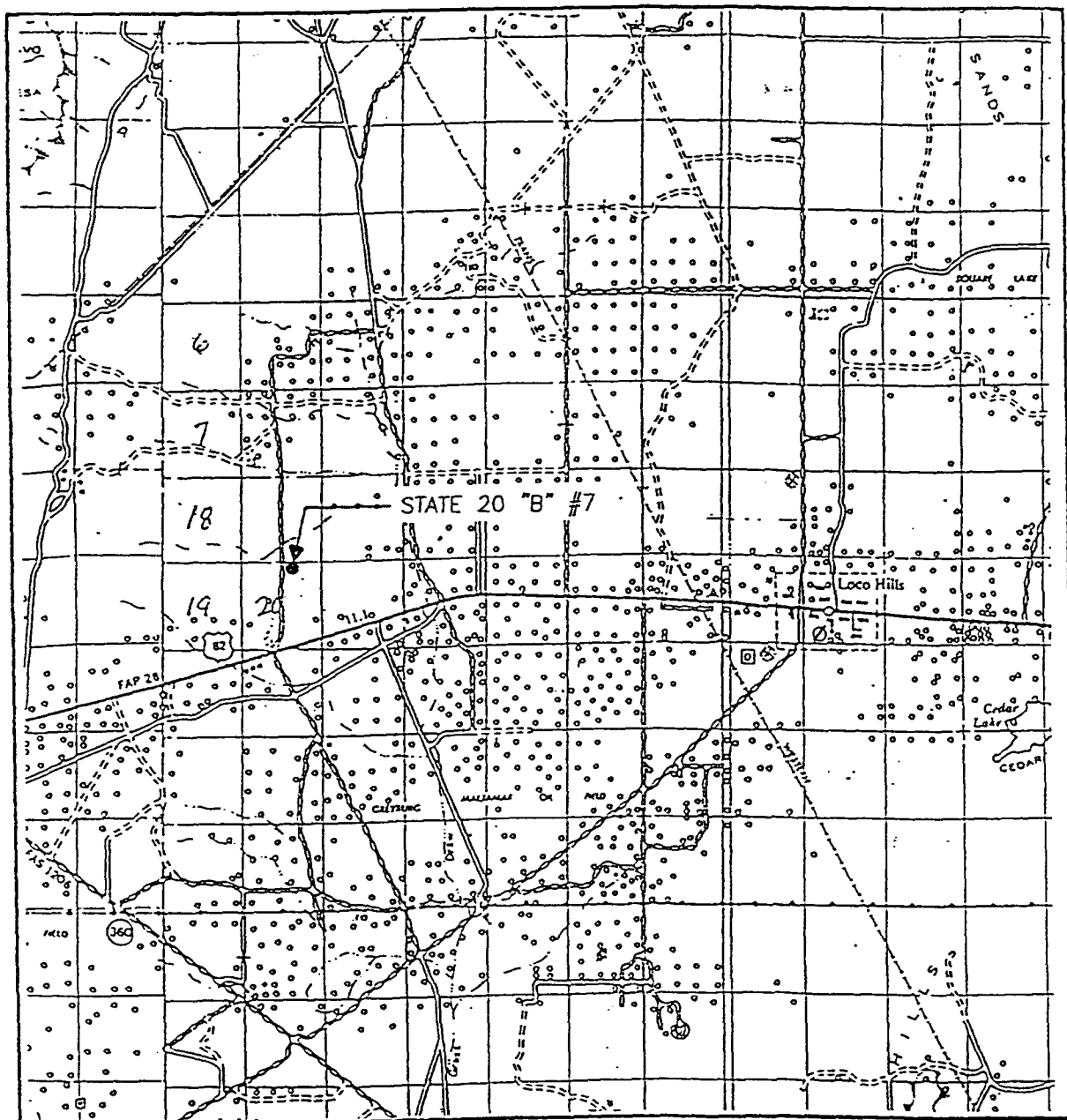
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Betsy Luna Printed Name Engineering Technician Title 7/17/2000 Date	
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. MARCH 14, 2000 Date Surveyed Signature & Seal of Professional Surveyor RONALD J. ELLISON Professional Surveyor 60-11-0339 Certificate No. RONALD J. ELLISON 3239 GARY ELLISON 12641 RONALD J. ELLISON 12185	

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 20 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 330' FNL & 2310' FEL

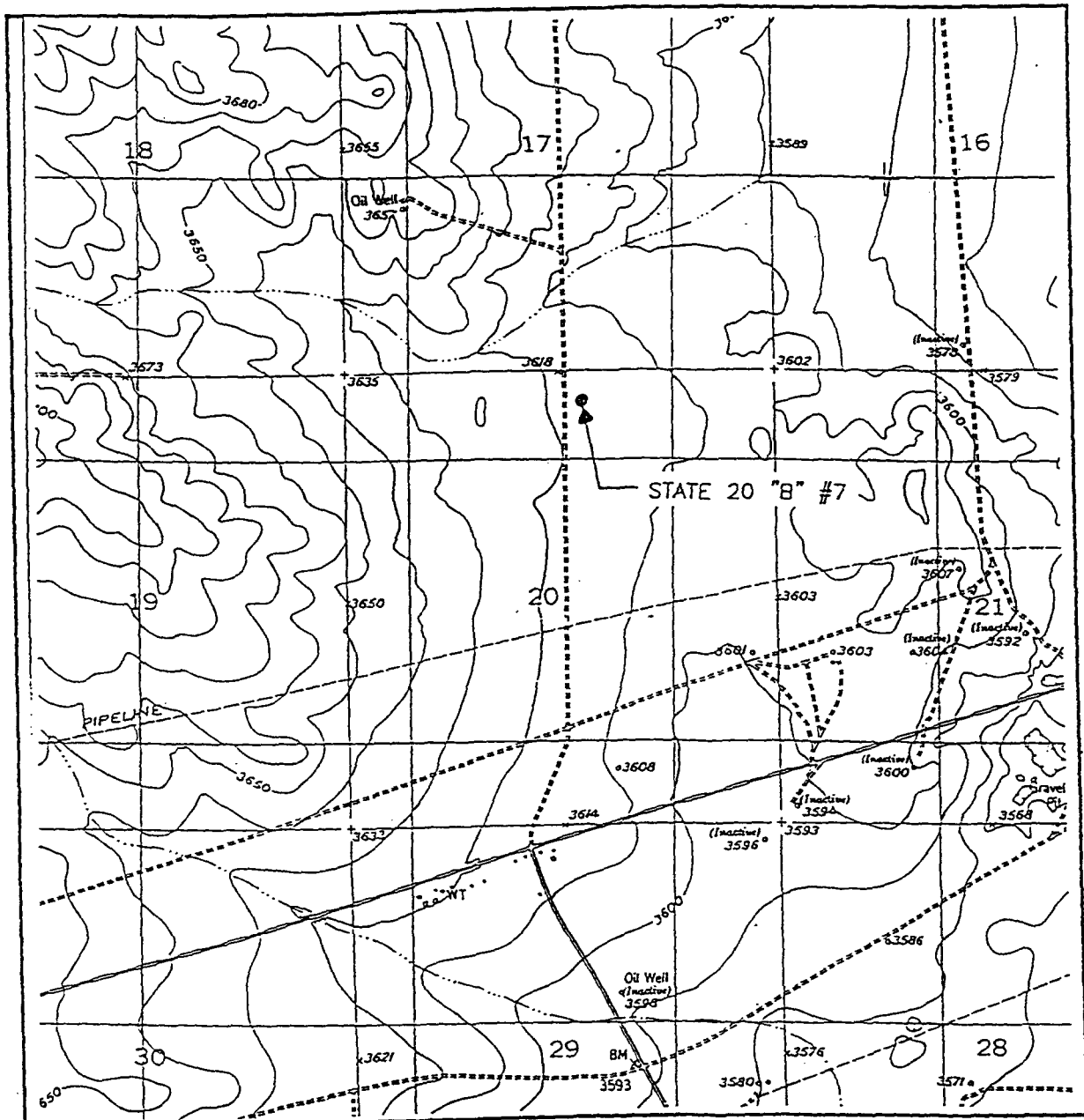
ELEVATION 3617

OPERATOR CLAYTON WILLIAMS ENERGY, INC.

LEASE STATE 20 "B"

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE - 10'

SEC. 20 TWP. 17-S RGE. 29-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 330' FNL & 2310' FEL

ELEVATION 3617

OPERATOR CLAYTON WILLIAMS
ENERGY, INC.

LEASE STATE 20 "B"

U.S.G.S. TOPOGRAPHIC MAP
RED LAKE SE. N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505 393-3117)