

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700

Fax (505) 827-5853

GENERAL COUNSEL

Phone (505) 827-5713

Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245

Fax (505) 827-5766



New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

COMMERCIAL RESOURCES

Phone (505) 827-5724

Fax (505) 827-6157

MINERAL RESOURCES

Phone (505) 827-5744

Fax (505) 827-4739

ROYALTY MANAGEMENT

Phone (505) 827-5772

Fax (505) 827-4739

SURFACE RESOURCES

Phone (505) 827-5793

Fax (505) 827-5711

July 31, 2000

Clayton Williams Energy, Inc.
Claydesta Center
Six Desta Drive
Suite 3000
Midland, Texas 79705

Attn: Mr. Matt Swierc

Re: Downhole Commingling Application
State 20E Lease Well No. 1
Unit Letter C, Section 20-17S-29E
State Lease E-4201
Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres and East Empire (Yeso) Oil Pools
Eddy County, New Mexico

Dear Mr. Swierc:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on July 19, 2000. Your application requests our approval to downhole commingle the Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres and East Empire (Yeso) Oil production within the wellbore of the State 20E Well No. 1 located in Unit Letter C, Section 20-17S-29E, Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas %</u>
Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres	60%	51%
East Empire (Yeso) Oil	40%	49%
	-----	-----
	100%	100%

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Clayton Williams Energy, Inc.
July 31, 2000
Page 2

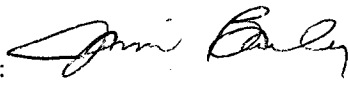
Please submit your filing fee in the amount of \$30.00.

Also, please submit a copy of the Oil Conservation Division's Order approving this application.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
Enclosure

xc: Reader File

~~OCD=Attention;~~ David Catanach, Ben Stone

30620

DHC

8/7/00



CLAYTON WILLIAMS ENERGY, INC.

July 12, 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 20E Lease, Well No. 1
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) 688-3251 should you need to discuss or have any questions.

Sincerely yours,

A handwritten signature in cursive script that reads "Matt Swierc".

Matt Swierc
Production Superintendent

Enclosures

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Clayton Williams Energy, Inc. Address Six Desta Drive, Suite 3000, Midland, TX 79705
Lease State 20E Well No. #1 Unit Letter-Section-Township-Range C; 20; 17S; 29E County Eddy
OGRID No. 25706 Property Code 25339 API No. 30-015-30969 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	GB Jackson-7Rivers,Qn,GB,SA		Empire, E. (Yeso)
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1913' – 3794' Perforated		3899'–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: 6/28/2000 Rates: 70 BOPD 92 MCFD 380 BWPD	Date: Rates:	Date: 6/2/2000 Rates: 46 BOPD, 87 MCFPD, 290 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 60 % 51 %	Oil Gas % %	Oil Gas 40 % 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

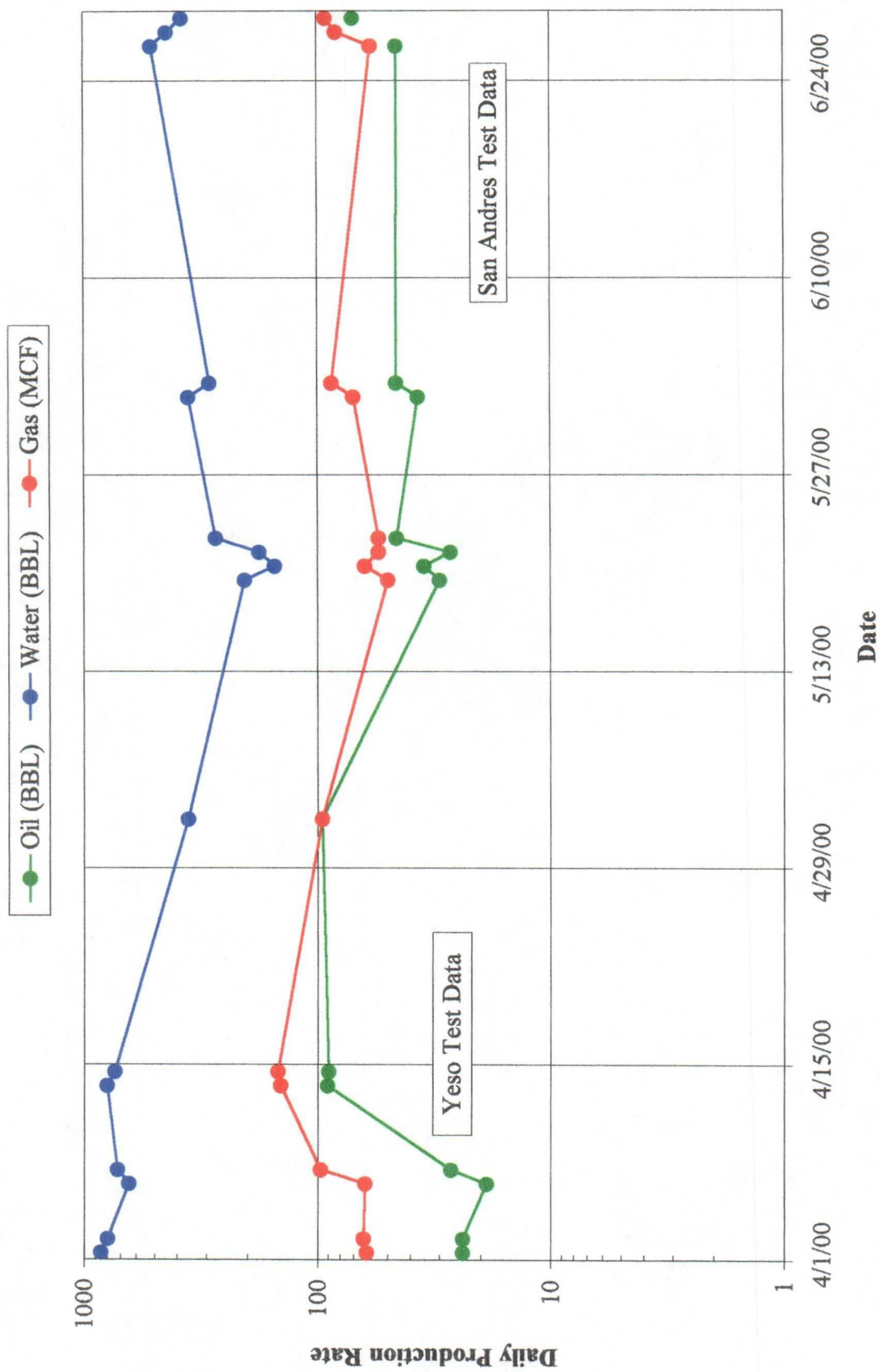
If application is to establish Pre-Approved Pools, the following additional information will be required:

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 Matt Swierc TITLE Production Superintendent DATE 7/12/00
TYPE OR PRINT NAME Matt Swierc TELEPHONE NO. (915) 682-6324

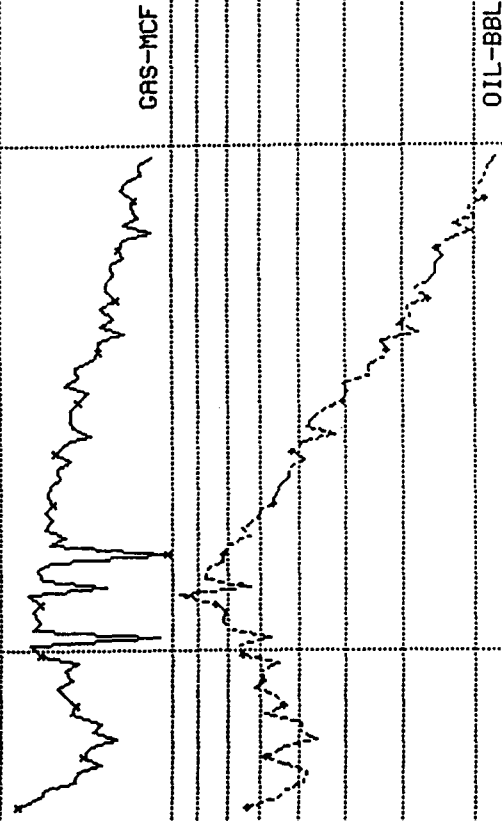
State 20E #1 Daily Production Data.



GAS-MCF
OIL-BBL

LEASE : G J WEST COOP UNIT

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

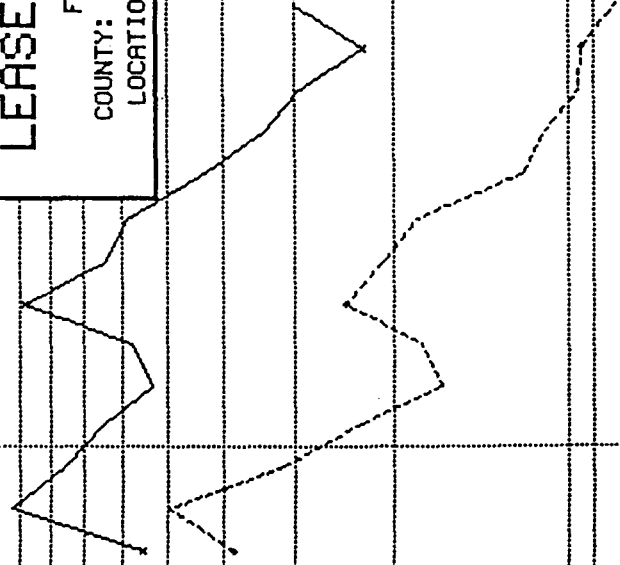


DATE

GAS-MCF
OIL-BBL

LEASE : SCHLEY FEDERAL

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



GAS-MCF

OIL-BBL

0

99

DATE

98

100
1000

GAS-MCF
OIL-BBL

1000
1000

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100

99

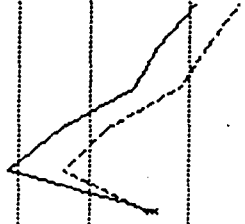
DATE

0

1

LEASE : TENNECO STATE

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

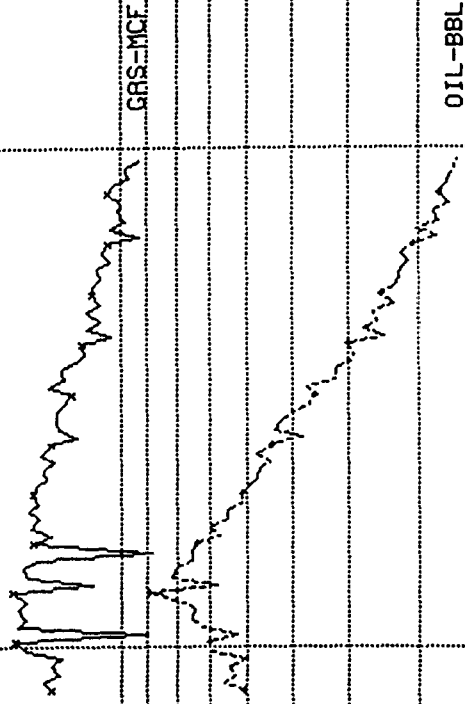


GAS-MCF
OIL-BBL

GAS-MCF
OIL-BBL

LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SYN RVR QN GB SA)QS
COUNTY: EDDY , STATE : NM
LOCATION: 21L 17S 29E API : 2737700



DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 86211-0719

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30969	Pool Code 28509	Pool Name GRAYBURG JACKSON-7R'S,GB,QN,SA
Property Code 25339	Property Name STATE "20 E"	Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3621

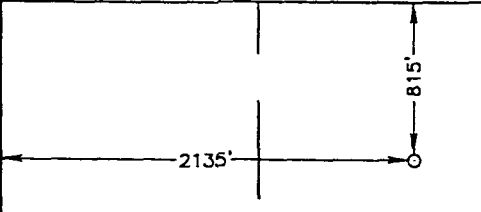
Surface Location

UL or lot No. C	Section 20	Township 17 S	Range 29E	Lot Idn	Feet from the 815	North/South line NORTH	Feet from the 2135	East/West line WEST	County EDDY
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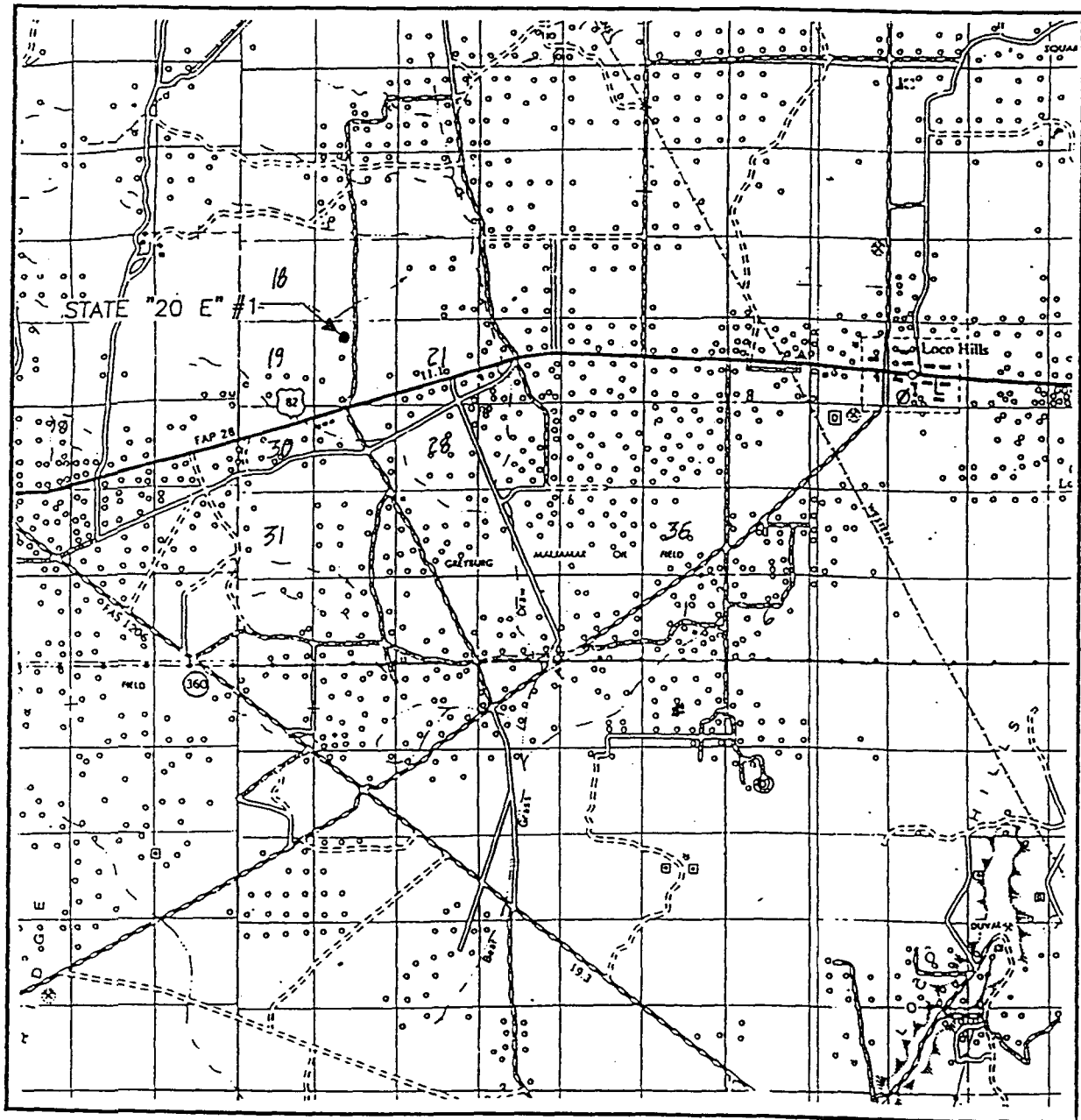
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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	
	<p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p>									
	<p><i>Betsy Luna</i> Signature</p>									
	<p>BETSY LUNA Printed Name</p>									
<p>ENGINEERING TECHNICIAN Title</p>										
<p>6/15/2000 Date</p>										
SURVEYOR CERTIFICATION										
<p>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.</p>										
<p>FEBRUARY 2, 2000</p>										
<p>Date Surveyed Signature & Seal of Professional Surveyor RONALD J. EDSON 2/03/2000 00-11-01800</p>										
<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12841 MACON-McDONALD 12185</p>										

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 20 TWP. 17-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 815' FNL & 2135' FWL
 ELEVATION 3621
 OPERATOR CLAYTON WILLIAMS
ENERGY, INC.
 LEASE STATE "20 E"

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

THE



CONTOUR INTERVAL:
RED LAKE SE, N.M. - 10'

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

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