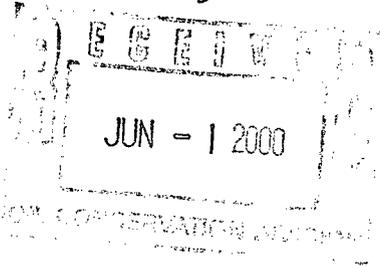




CLAYTON WILLIAMS ENERGY, INC.

May 31, 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 Nos. 1 and 2
Section 20, T-17S, R29E
Eddy County, New Mexico

Dear David:

Please find attached our Forms C-107A for the above captioned wells.

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 wells are new wells 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,

Matt Swierc
Production Superintendent

Enclosures

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

2040 South Pacheco
Santa Fe, New Mexico 87505

Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Yes No

Operator Clayton Williams Energy, Inc. Address Six Desta Drive, Suite 3000, Midland, TX 79705

Lease State 20B Well No. #2 Unit Letter-Section-Township-Range H; 20; 17S; 29E County Eddy

OGRID No. 25706 Property Code 25235 API No. 30-015-30919 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)	2230' - 3768' Perforated		3805' - 4194' 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: 5/11/2000 Rates: 37 BOPD, 240 MCFPD, 271 BWPD	Date: Rates:	Date: 3/28/2000 Rates: 55 BOPD, 62 MCFPD, 253 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 40 % Gas 79 %	Oil % Gas %	Oil 60 % Gas 21 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes No
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 [Signature] TITLE Production Supt. DATE 5/25/00

TYPE OR PRINT NAME Matt Swiere TELEPHONE NO. (915) 682-6324

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1984
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30 - 015 - 30919	Pool Code 28509	Pool Name Grayburg Jackson-7R's, Qn,GB, SA
Property Code 25235	Property Name STATE '20B'	Well Number 2
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3602

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	20	17 S	29 E		2285	NORTH	330	EAST	EDDY

Bottom Hole Location If Different From Surface

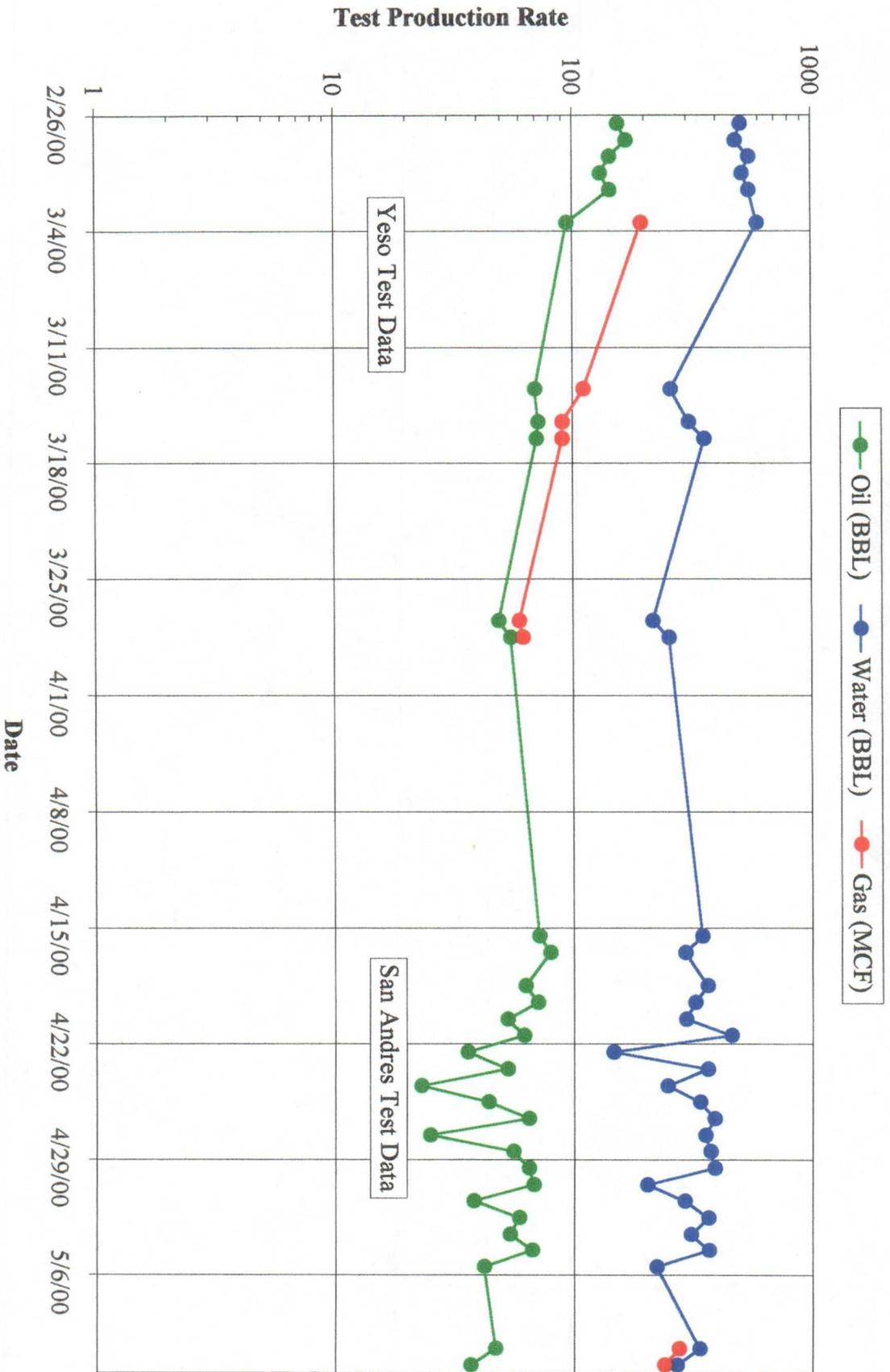
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Betsy Luna</u> Signature</p> <p>Betsy Luna Printed Name</p> <p>Engr. Tech. Title</p> <p>3-29-00 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>JANUARY 15 2000 Date Surveyed</p> <p>Signature & Seal of Professional Surveyor <u>Ronald J. Eidson</u> 01/15/2000</p> <p>00-11-0005</p>
	<p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12841 MACON McDONALD 12185</p>

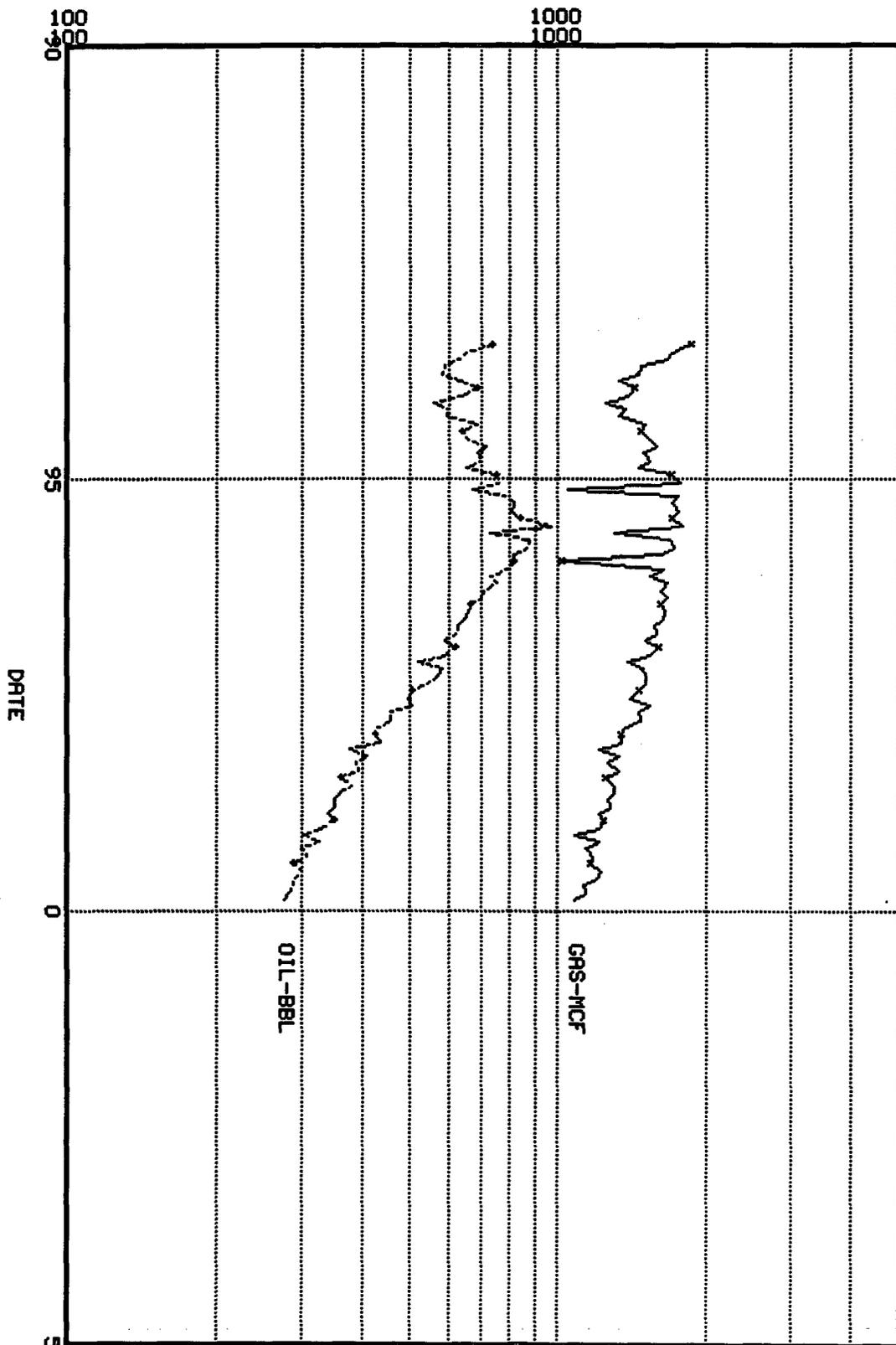
State 20B #2 Test Production Data.



GAS-MCF
OIL-BBL

LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SVN RVR QN CB SA)QS
COUNTY : EDDY STATE : NM
LOCATION : 21E 17S 29E AP1 : 2735900



GAS-MCF

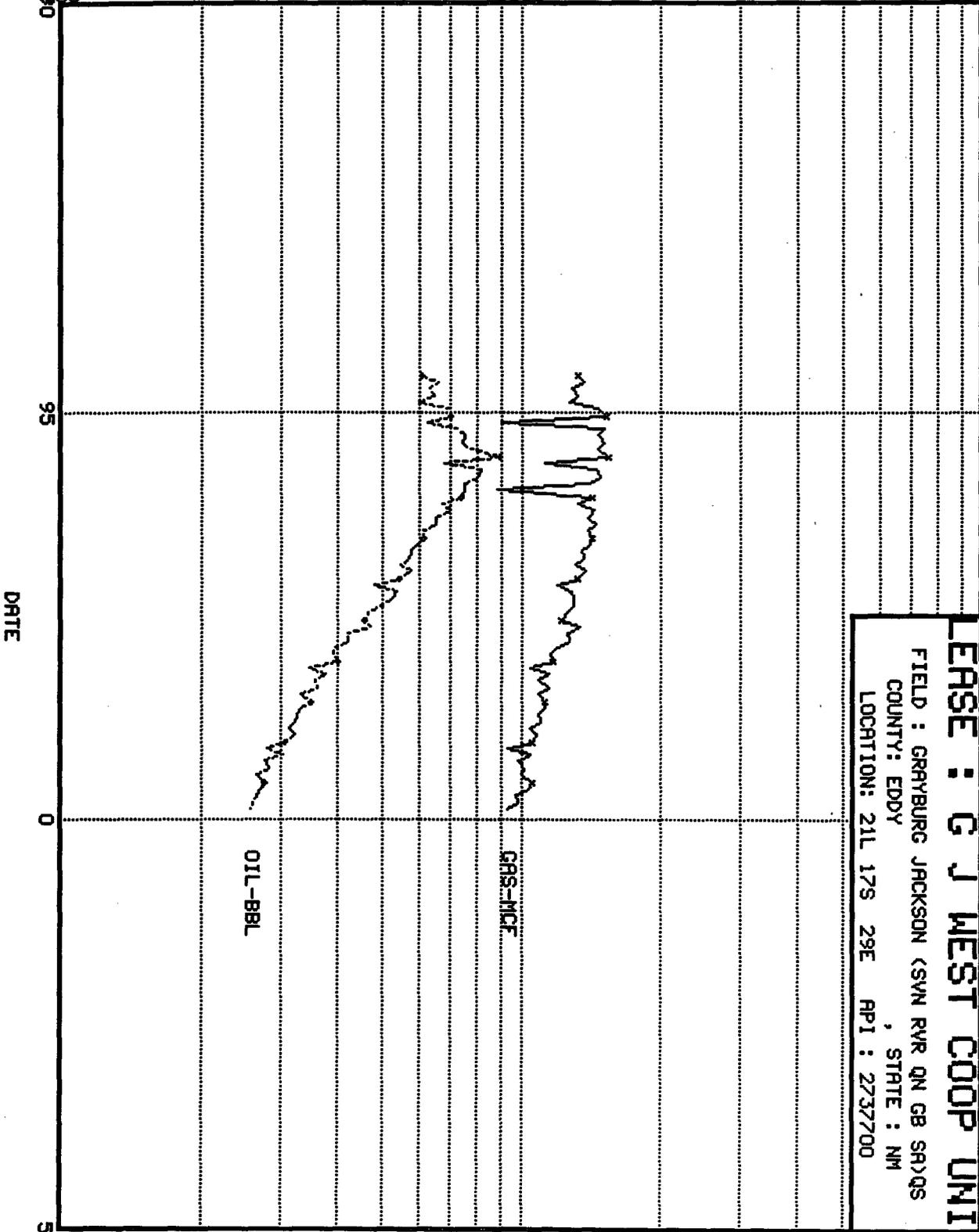
OIL-BBL

DATE

GRS-MCF
OIL-BBL

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LEASE : G J WEST COOP UNIT

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

DATE

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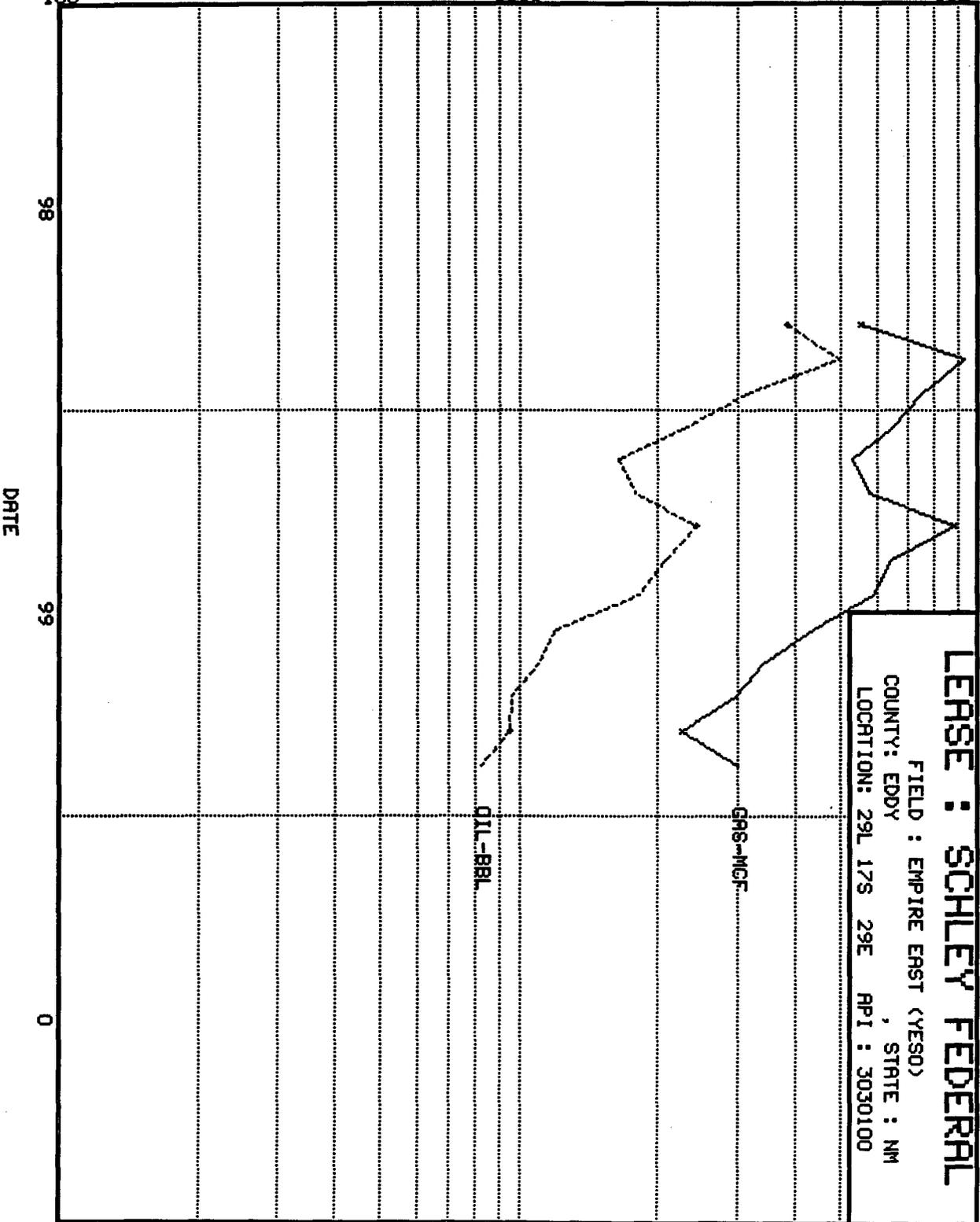
OIL-BBL

GRS-MCF

GAS-MCF
DTL-BBL

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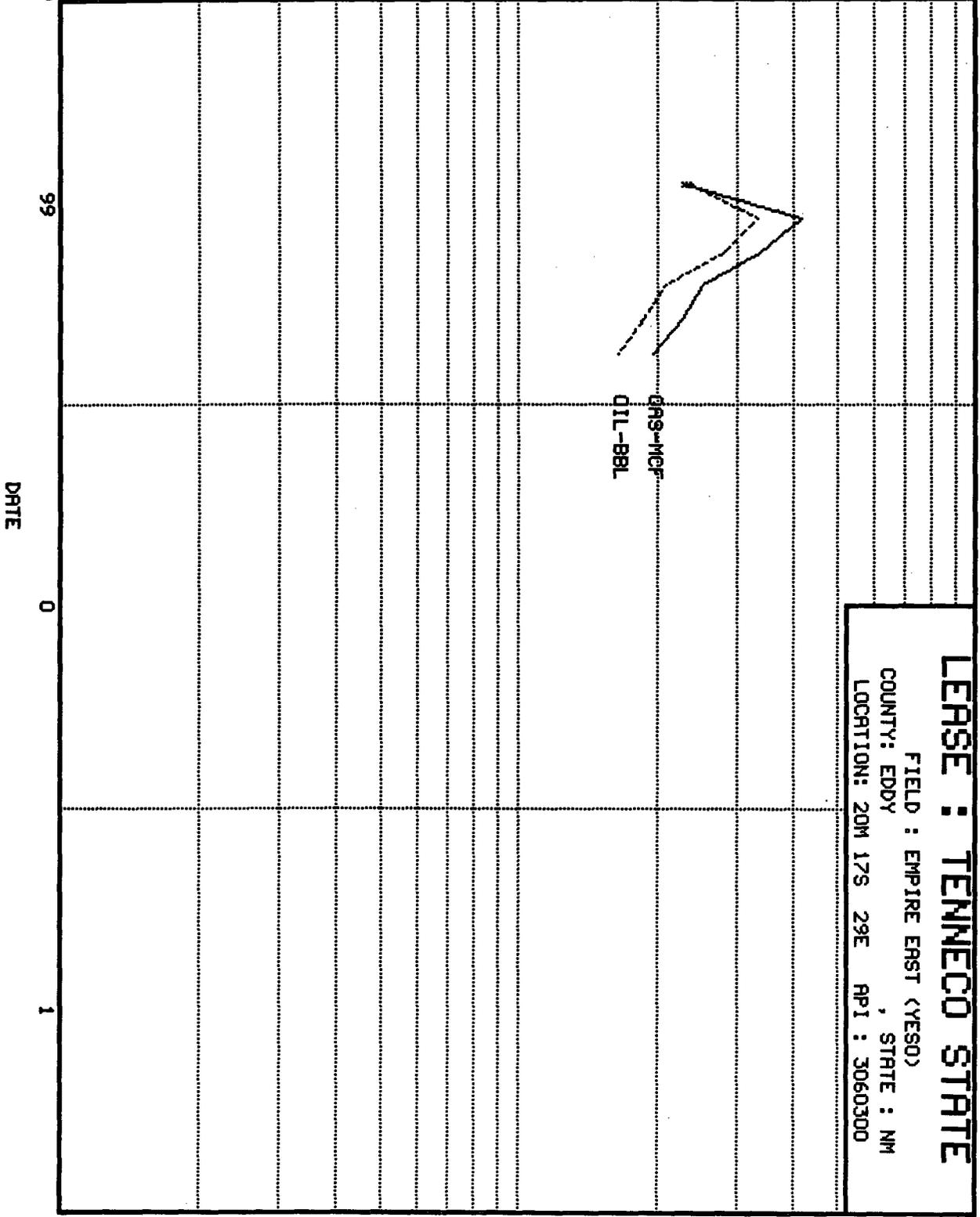
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GRS-MCF
OIL-BBL

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LEASE : TENNECO STATE
FIELD : EMPIRE ERST (YESO)
COUNTY: EDDY , STATE : NM
LOCATION: 20M 17S 29E RPI : 3060300

DATE

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