

COMMISSIONER'S OFFICE

Phone (505) 827-5760  
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**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

120-110  
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

June 13, 2000

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

Attn: Mr. Matt Swierc

Re: Application for Surface Commingling  
State "20B" (State Lease No. B6846)  
NE/4 and SW/4SE/4, Section 20-17S-29E  
State "20E" (State Lease No. E-4201)  
NE/4NW/4, Section 20-17S-29E  
Grayburg Jackson Seven Rivers Queen-Grayburg -San Andres and East Empire-Yeso Pools  
Eddy County, New Mexico

Dear Mr. Swierc:

We have received your letter of May 10, 2000, wherein you requested our approval to surface commingle the production from the above wells.

We understand that production from the subject wells will be commingled at the Central Tank Battery located in the NE/4NE/4 of Section 20-17S-29E.

Since it appears that there will be no loss of revenue to the State of New Mexico's beneficiaries as a result of your proposed operation, your request is hereby approved. Our approval is given with the understanding that the Commissioner of Public Lands reserves the right to amend or withdraw his approval, should this operation prove to be unprofitable to the state at any time in the future. Also, our approval is subject to like approval by the New Mexico Oil Conservation Division.

Please submit your \$30.00 filing fee.

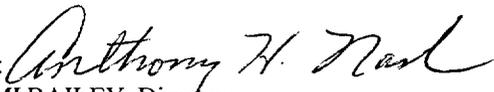
Please contact Debbie Padilla of the Surface Division at (505) 827-5729 regarding a right-of-way through the N/2NE/4 of Section 20-17S-29E.

Clayton Williams Energy, Inc.  
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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:   
FOR JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

~~OCD - Mr. David C. Smith~~, Mr. Ben Stone