

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87412
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Department of Natural Resources

Form C-101
May 27, 2004

If an earthen pit(s) will be utilized in association with this work, a permit must be obtained prior to pit construction.

Division of Oil Conservation
JUN 13 2006
RECEIVED
Submit to appropriate District Office
AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Clayton Williams Energy, Inc., Six Desta Dr., #3000, Midland, TX 79705		OGRID Number 25706
Property Code 34863		API Number 30 - 015-34140
Property Name STATE "16-13"		Well No. 1
Proposed Pool 1 Unders Rocky Arroyo; Atoka, NE		Proposed Pool 2 Unders Rocky Arroyo; Strawn

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22 S	22 E		660	south	660	West	Eddy

Proposed 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

Additional Well Information

Work Type Code A	Well Type Code G	Cable/Rotary R	Lease Type Code S	Ground Level Elevation 4364
Multiple Y	Proposed Depth 8,880	Formation Penn	Contractor Nabors WS	Spud Date upon approval
Depth to Groundwater 100' est.		Distance from nearest fresh water well > 1000'		Distance from nearest surface water > 1000'
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: _____				
Closed-Loop System <input type="checkbox"/> NO PIT Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.
AMENDING APD FILED & APPROVED ON 5/26/2006

This well was permitted in the Rocky Arroyo (Morrow Gas), drilled in October, 2005, but never completed. This proposal is to perforate and frac these zones:

Wildcat Atoka (Gas) 8640' - 8880'
Wildcat Strawn (Gas) 8072' - 8592'
Rocky Arroyo (Canyon Gas) 7328' - 8026'
Rocky Arroyo (Wolfcamp) 5310' - 7232'

Run tubing and test all zones together.

Blowout prevention program: A 5000# BOP stack will be utilized during completion operations. A 10,000# frac valve will be utilized during the stimulation process.

Note: Downhole Commingle Permit has been applied for with the NM OCD in Santa Fe.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Betsy Luna

Title: Engineering Technician

E-mail Address: bluna@claytonwilliams.com

Date: 6/12/06

Phone: 432-682-6324

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT

DISTRICT II GEOLOGIST

Title:

Approval Date: JUN 19 2006

Expiration Date: JUN 19 2007

Conditions of Approval Attached ☐

DHC required to produce

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1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34140	Pool Code 97530	Pool Name Rocky Arroyo Strawn (Gas)
Property Code 34863	Property Name STATE 16-13	Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 4364'

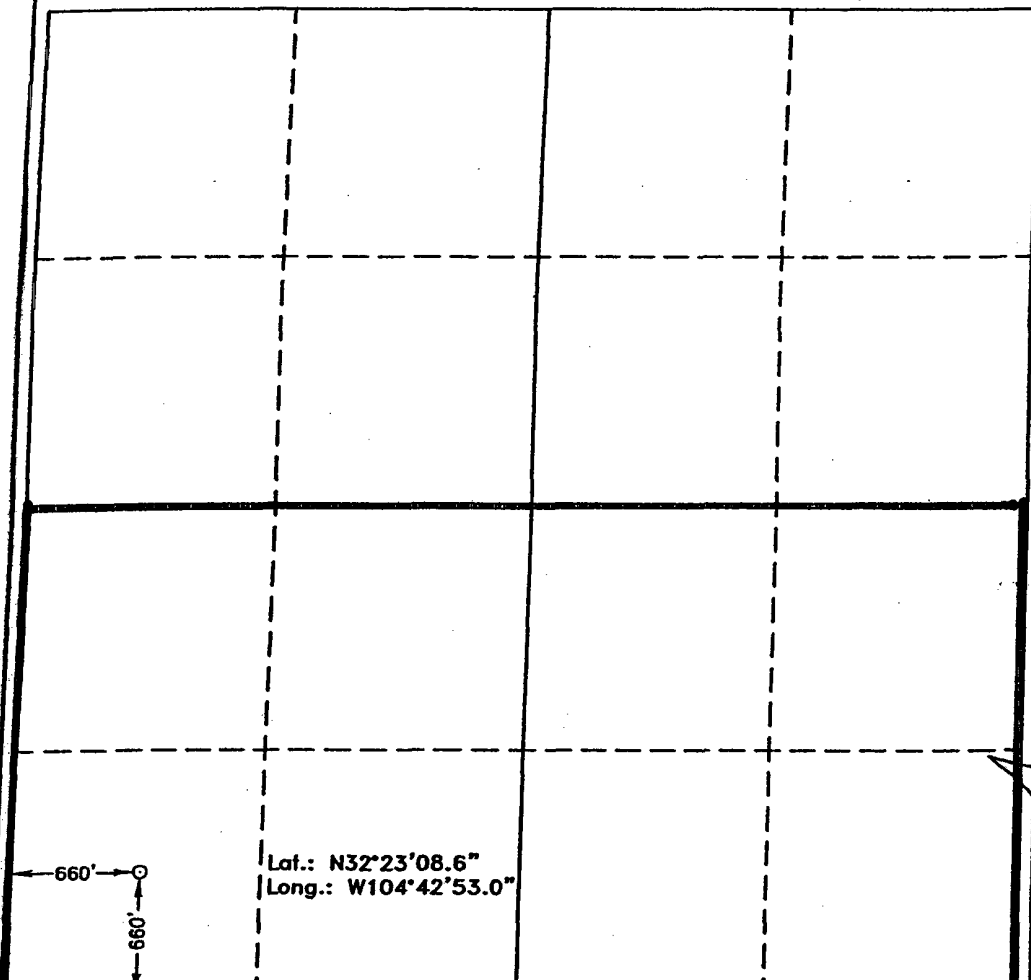
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22 S	22 E		660	SOUTH	660	WEST	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 320	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

 <p>Lat.: N32°23'08.6" Long.: W104°42'53.0"</p>	<p>OPERATOR CERTIFICATION</p> <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 Betsy Luna Printed Name Engineering Tech. Title 5-23-2006 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <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>APRIL 20, 2005 Date Surveyed GARY L. JONES Signature & Seal of Professional Surveyor No. 5332 Certificate No. 7977 BASIN SURVEYS</p>

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1625 N. French Dr., Hobbs, NM 58240

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811 South First, Artesia, NM 58210

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State of New Mexico
Energy, Minerals and Natural Resources Department

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Revised March 17, 1999

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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34140	Pool Code 97529	Under Rocky Arroyo Atoka (Gas), NE	Pool Name
Property Code 34863	Property Name STATE 16-13		Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.		Elevation 4364'

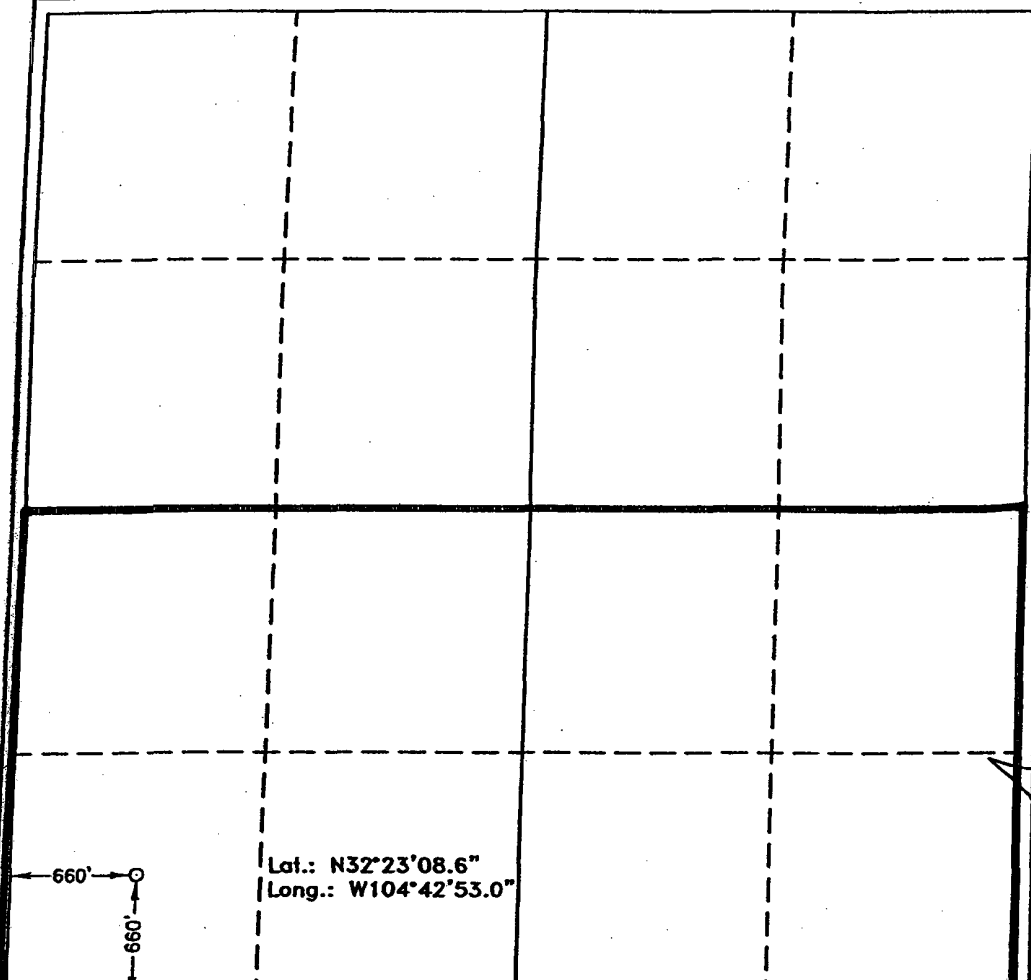
Surface Location

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M	16	22 S	22 E		660	SOUTH	660	WEST	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 320		Joint or Infill		Consolidation Code		Order No.			

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---	--

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State of New Mexico
Energy, Minerals and Natural Resources Department

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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34140	Pool Code 84120	Undes. Rocky Arroyo (Canyon Gas)	Pool Name
Property Code 34863	Property Name STATE 16-13		Well Number 1
GRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.		Elevation 4364'

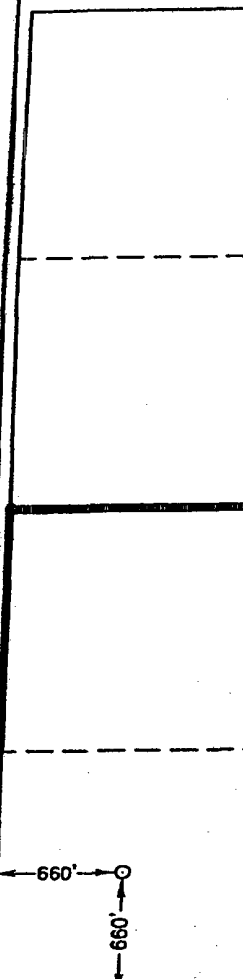
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22 S	22 E		660	SOUTH	660	WEST	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 320		Joint or Infill	Consolidation Code		Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
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 <p>660'</p> <p>660'</p> <p>Lat.: N32°23'08.6" Long.: W104°42'53.0"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><u>Betsy Luna</u> Signature</p> <p><u>Betsy Luna</u> Printed Name</p> <p><u>Engineering Tech.</u> Title</p> <p><u>5-23-2006</u> Date</p>	
	<p>SURVEYOR CERTIFICATION</p> <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>APRIL 20, 2005 Date Surveyed</p> <p><u>GARY L. JONES</u> Signature & Seal of Professional Surveyor</p> <p><u>7977</u> No. 5132</p> <p>Certificate No. <u>7977</u></p> <p>BASIN SURVEYS</p>	

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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34140	Pool Code 84200	Unders. Rocky Arroyo (Wolfcamp)	Pool Name
Property Code 34863	Property Name STATE 16-13		Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.		Elevation 4364'

Surface Location

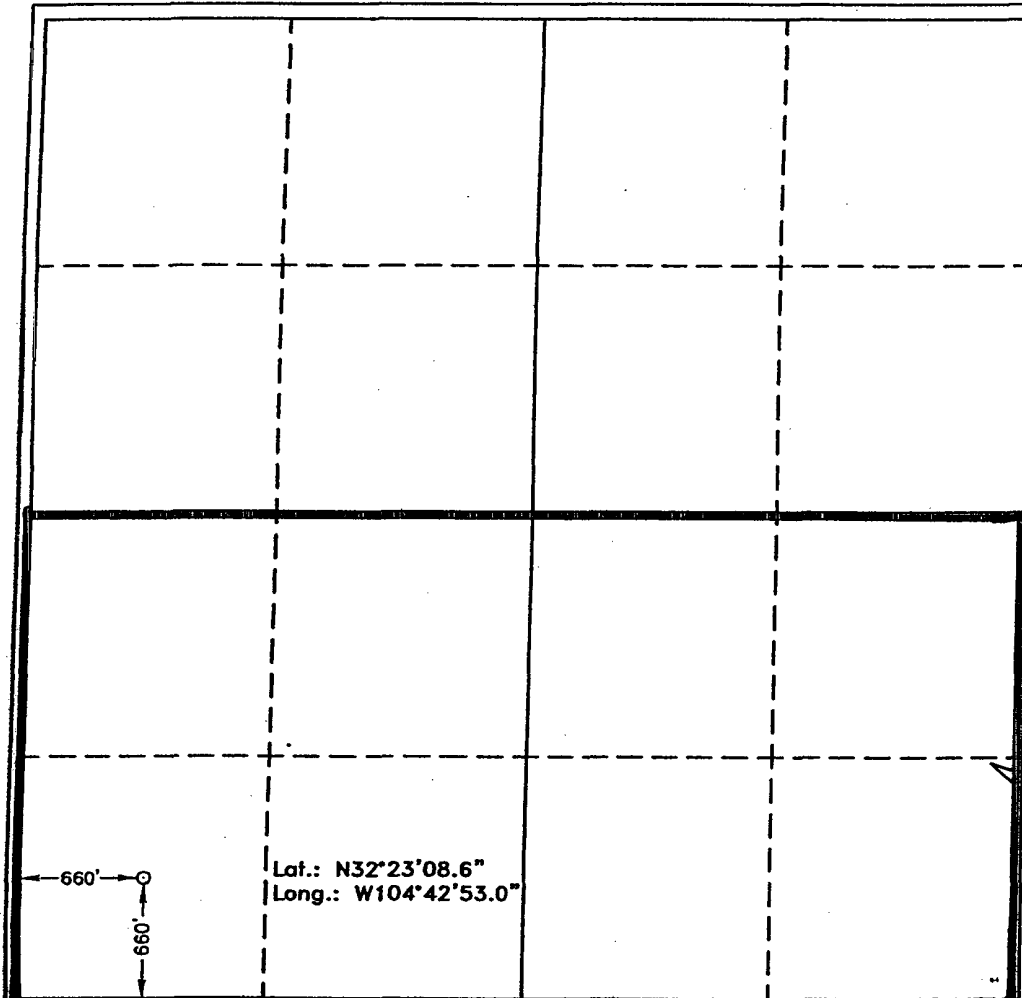

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	22 S	22 E		660	SOUTH	660	WEST	EDDY

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.
320			

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

	Lat.: N32°23'08.6" Long.: W104°42'53.0"	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 Tech. Title 5-23-2006 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. APRIL 20, 2005 Date Surveyed GARY L. JONES Signature & Seal Professional Surveyor No. 5332 Certificate No. 7977 BASIN SURVEYS

Arrant, Bryan, EMNRD

From: Luna, Betsy [BLuna@claytonwilliams.com]
Sent: Thursday, June 08, 2006 3:49 PM
To: Arrant, Bryan, EMNRD
Cc: Jones, William V., EMNRD; Madrid, Armando
Subject: Clayton Williams Energy, Inc.'s State 16-13 #1, Eddy Co., NM, API No. 30-015-34140 - Application for Permit to Add A Zone

Bryan:

On May 26, 2006 you approved our application to add zones to our original permit to drill. One of the zones approved was the Rocky Arroyo (Wolfcamp), proposed perforations from 7066' - 7232'. Last week during the perforation/frac job, they encountered numerous wireline failures and only got 4 stages of the job done - perforations 8880' - 8026', the W/C Atoka thru the Rocky Arroyo (Canyon Gas) (partially done); which left part of the Rocky Arroyo (Canyon Gas) and Rocky Arroyo (Wolfcamp) zone to be tested. Due to the numerous wireline/equipment failures, they decided to terminate operations and come back later for these zones when the service company resolved its equipment problems.

Due to the increase in costs to do just the single zone, we would like to go ahead and not only perforate and frac the approved perforations from 7066'-8026', we would like to perforate and frac the overall Wolfcamp zone from the following list of perforations/stages. I have attached a copy of the proposed wellbore diagram for your reference.

Stage one: 7582' - 7762' (35 holes)
Stage two: 7328' - 7532' (28 holes)
Stage three: 7066' - 7232' (32 holes)
Stage four: 6832' - 6860' (36 holes)
Stage five: 6228' - 6538' (34 holes)
Stage six: 6046' - 6098' (40 holes)
Stage seven: 5750' - 5836' (48 holes)
Stage eight: 5410' - 5570' (52 holes)
Stage nine: 5310' - 5344' (36 holes)

My question to you is how do I need to submit this request to your office? I believe an amended C-101 is correct, but time constraints are a factor. They have lined up a frac job for next Thursday, so I need to have this process expedited if at all possible. If you could let me ASAP what paperwork I need to file, I would appreciate it. I will also be filing the amended C-107A, downhole commingle paperwork with Will Jones in Santa Fe (reference DHC-3710) whom I have sent this e-mail to also.

Thank your help in this matter and look forward to discussing it with you.

Thank you again.

Betsy Luna
Clayton Williams Energy, Inc.
Office: 432-688-3240
Fax: 432-688-3250

6/13/2006



CLAYTON WILLIAMS ENERGY, INC.

June 12, 2006

RECEIVED
JUN 13 2006
DOUG ARTECH

Via Federal Express Overnight Service

State of New Mexico
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
DISTRICT II
1301 W. Grand Avenue
Artesia, New Mexico 88210

Attention: Mr. Bryan Arrant

Re: **Form C-101 Application for Permit to Drill- Add a Zone**
AMENDED REQUEST

Clayton Williams Energy, Inc.
State "16-13" Lease, Well No. 1
Eddy County, New Mexico

Dear Bryan:

Please find enclosed the following forms required for approval of the above:

1. Form C-101 – 6 copies
2. Form C-102 – 4 copies

Please note this is amending our C-101 we submitted on May 23, 2006, and which you approved on May 26, 2006. **We are amending to include additional perforations to the Rocky Arroyo (Wolfcamp) zone.** Thank you for your assistance in the approval of this permit. Should you have any questions or require further, please call myself or Armando Madrid, Petroleum Engineer, at 432-688-3240.

Sincerely yours,

Betsy Luna
Engineering Technician

Attachments

CLAYTON WILLIAMS ENERGY, INC.
STATE 16-13 NO. 1
ROCKY ARROYO
EDDY COUNTY, NEW MEXICO

WELLBORE DIAGRAM

ELEVATION	
GL	4364.00
KB	4382.00
DF	4381.00

LOC: 660' FSL & 660' FWL SECTION 16 -T22S-R22E
 API NO.: 30-015-34140

TOC BY CBL:

2480' DV TOOL
 5489' D
 5436' L

**PROPOSED NINE STAGE FRACTURE TREATMENT
 PROPOSED PERFORATIONS**

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
5310	5322	12	2	24	NINE
5338	5344	6	2	12	PLUG
TOTAL		18		36	5370

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
5410	5416	6	2	12	EIGHT
5456	5466	10	2	20	
5560	5570	10	2	20	PLUG
TOTAL		26		52	5670

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
5750	5766	16	2	32	SEVEN
5828	5836	8	2	16	PLUG
TOTAL		24		48	5970

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
6046	6054	8	2	16	SIX
6072	6078	6	2	12	
6092	6098	6	2	12	PLUG
TOTAL		20		40	6160

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
6228	6234	6	1	6	FIVE
6240	6244	4	1	4	
6278	6282	4	1	4	
6454	6464	10	1	10	
6528	6538	10	1	10	PLUG
TOTAL		34		34	6780

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
6832	6838	6	3	18	FOUR
6854	6860	6	3	18	PLUG
TOTAL		12		36	7020

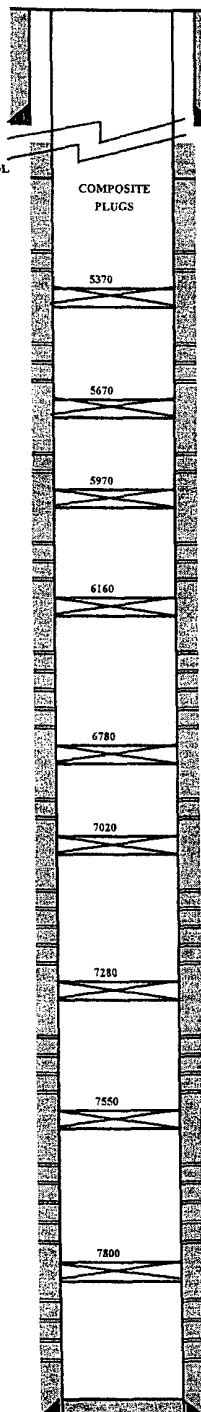
TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
7066	7072	6	1	6	THREE
7094	7098	4	1	4	
7108	7112	4	1	4	
7178	7188	10	1	10	
7224	7232	8	1	8	PLUG
TOTAL		32		32	7280

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
7328	7334	6	1	6	TWO
7382	7394	12	1	12	
7486	7492	6	1	6	
7528	7532	4	1	4	PLUG
TOTAL		28		28	7550

TOP	BOTTOM	PAY-FT	JSPF	HOLES	STAGE
7582	7590	8	1	8	ONE
7620	7626	6	1	6	
7642	7647	5	1	5	
7670	7676	6	1	6	
7752	7762	10	1	10	PLUG
TOTAL		35		35	7800

PREVIOUS STAGES

FOURTH 7846-8026
 THIRD 8072-8424
 SECOND 8470-8592
 FIRST 8640-8880



PBTD: 9321'
 DRILLER'S TD: 9315'
 LOGGER TD: 9297'

SURFACE CASING: BIT SIZE: 12-1/4"
 DRILLED TO 1700'. RAN 40 JTS 8-5/8" 24 PPF J-55 STC
 SET AT 1700'. CEMENT WITH FIRST LEAD 150 SX PREM CMT AT 14.6
 PPG, SY 1.52. CMT SECOND LEAD WITH 755 SX HLC
 AT 12.2 PPG, SY 2.13, TAIL WITH 380 SX PREM PLUS AT 14.8 PPG,
 TOPPED OFF WITH 145 SX "C" + 155 SX + 50 SX. TOTAL CMT 350 SX.

6-1/8" HOLE TO 9400'

PROPOSED TUBING STRING:		FT	SETTING DEPTH-FT
2-3/8" 4.7 LB/FT J-55 8RD EUE 8000'			
ORANGE PEELED MUD ANCHOR	8,000.00	8,000.00	
MUD JOINT	32.00	7,968.00	
PERFORATED SUB	4.00	7,964.00	
SN	1.10	7,962.90	
TUBING ANCHOR	3.00	7,959.90	
2-3/8" TUBING-JTS	33	1,056.00	6,903.90
2-3/8" TUBING-JTS	216	6,912.00	-8.10
KB		18.00	

PROPOSED SUCKER ROD STRING

91 7/8" NORRIS 97 2275
 221 3/4" NORRIS 97 5525
 1-1/4" KBARS 200
 TOTAL 8000

PUMPING UNIT: LUFKIN C456-305-100 W/ 8495 B CRANKS
 TURNING COUNTERCLOCKWISE AT 14 SPM
 STROKE LENGTH 100"
 PUMPSIZE: 1.25"

FORMATION TOPS:	LOG-DEPTH-FT	SS-FT
GLORIETTA	1650	2732
ABO	4550	-168
WOLFCAMP	5067	-685
CISCO	7054	-2672
CANYON	7292	-2910
STRAWN	8069	-3687
ATOKA	8630	-4248
MORROW	9065	-4683

PRODUCTION CASING:

RAN 9402.11' 4-1/2" 13.5 PPF, L-80, LT&C CASING.
 SET AT 9400.11'. FC AT 9355'. DV TOOL AT 5489'.
 CEMENTED FIRST STAGE WITH 150 SX 50/50 POZ A AT 11.6 PPG, 2.636
 SY, TAIL WITH 275 SX 50/50 POZ PREM AT 14.2 PPG, 1.313 SY
 OPENED DV TOOL CIRCULATED 70 SX TO FITS.
 SECOND STAGE: 325 SX 50/50 POZ A AT 11.6 PPG, 2.636 SY
 TAIL WITH 350 SX 50/50 POZ PREM AT 14.2 PPG, 1.313 SY. DID NOT CIRC
 TOC: 2480' BY CBL



CLAYTON WILLIAMS ENERGY, INC.

June 12, 2006

Via Facsimile (505) 476-3462
(10 pages)

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe New Mexico 87505

RECEIVED
JUN 13 2006
OOU-ARTTECH

Attention: Mr. Will Jones

Re: Application for Downhole Commingling Form C-107A- REVISED

ADMINISTRATIVE ORDER DHC - 3710

Clayton Williams Energy, Inc.
State 16-13, Well No. 1
Rocky Arroyo Field
Sect. 16, T-22-S, R-22-E
API No. 30-015-34140
Eddy County, New Mexico

Mr. Jones:

On May 18, 2006 your office approved the above captioned down-hole commingle order, which included the Wildcat Atoka (gas), Wildcat Strawn (gas), Rocky Arroyo Canyon (gas), and the Rocky Arroyo (Wolfcamp) zones. This application is to amend the Rocky Arroyo (Wolfcamp) pay section. The approved perforations were from 7066' - 7232'. We are now requesting permission to come further up hole in the Rocky Arroyo (Wolfcamp) from 6860' to 5310'.

Please find attached the following documentation pursuant to our application for downhole commingling:

Form 107A
Form C101
Form C102
Estimated Production Rates and Supporting Data

Should you have any questions or require further, please call me at (432) 688-3228. Thank you for your help in expediting this request.

Sincerely yours,

Armando Madrid
Petroleum Engineer

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

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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

APPLICATION FOR DOWNHOLE COMMINGLING

RECEIVED

CLAYTON WILLIAMS ENERGY, INC. SIX DESTA DR., #3000, MIDLAND, TX 79705

Operator

Address

JUN 13 2006

STATE 16-13

1

M. Sec 16, T22S, R22E

Lease

Well No.

Unit Letter-Section-Township-Range

County

ODD-ARTESIA Eddy

OGRID No. 25706 Property Code 34863 API No. 30-015-34140 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Rocky Arroyo (Wolfcamp)	Rocky Arroyo Canyon (Gas)	Wildcat Strawn (Gas)
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5310-7232'	7328'-8026'	8072'-8592'
Method of Production (Flowing or Artificial Lift)	flowing	flowing	flowing
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)			
Producing, Shut-In or New Zone	New zone	New zone	New zone
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: Rates:	Date: Rates:	Date: Rates:
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 Allocation % will be submitted upon completion	Oil Gas Allocation % will be submitted upon completion	Oil Gas Allocation % will be submitted upon completion

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. - attached
Production curve for each zone for at least one year. (If not available, attach explanation.) - N/A
For zones with no production history, estimated production rates and supporting data. - attached
Data to support allocation method or formula. - provided upon completion
Notification list of working, royalty and overriding royalty interests for uncommon interest cases. - N/A
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 Armando Madrid TITLE Petroleum Engineer DATE 6/12/06

TYPE OR PRINT NAME Armando Madrid TELEPHONE NO. (432) 682-6324

E-MAIL ADDRESS amadrid@claytonwilliams.com

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

RECEIVED

CLAYTON WILLIAMS ENERGY, INC. SIX DESTA DR., #3000, MIDLAND, TX 79705 JUN 13 2006

Operator

Address

STATE 16-13

1

M SEC. 16, T22S, R22E

OCD-ARTESIA

EDDY

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 25706 Property Code 34863 API No. 30-015-34140 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Atoka (Gas)		
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8640' - 8880'		
Method of Production (Flowing or Artificial Lift)	flowing		
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)			
Producing, Shut-In or New Zone	New zone		
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: Rates:	Date: Rates:	Date: Rates:
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 Allocation % will be Submitted upon completion	Oil Gas % %	Oil Gas % %

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. - ATTACHED

Production curve for each zone for at least one year. (If not available, attach explanation.) - N/A

For zones with no production history, estimated production rates and supporting data. - ATTACHED

Data to support allocation method or formula. - PROVIDED UPON COMPLETION

Notification list of working, royalty and overriding royalty interests for uncommon interest cases. - N/A

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 Armando Madrid TITLE Petroleum Engineer DATE 6/12/06

TYPE OR PRINT NAME Armando Madrid TELEPHONE NO. (432) 682-6324

E-MAIL ADDRESS amadrid@claytonwilliams.com



CLAYTON WILLIAMS ENERGY, INC.
June 12, 2006

Via Facsimile (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Drive
Santa Fe New Mexico 87505

Attention: Mr. Will Jones

Re: **Application for Downhole Commingling Form C-107A - REVISED**

Clayton Williams Energy, Inc.
Rocky Arroyo Field
State 16-13 Well No. 1
Sect. 16, T-22-S, R-22-E
API No. 30-015-34140
Eddy County, New Mexico

Mr. Jones:

Please consider our application to downhole commingle multiple Pennsylvanian Pay zones in the subject well. Our intention is to establish commercial production from several tight carbonate intervals. Completion plans for the proposed pay intervals is to use a linear gel system and low sand concentrations and establish large fracture wings. This method has been successfully used in the Permian Basin – (tight) Wolfcamp Formation. None of the zones are of high pressure nor abnormally low pressure. Mud log shows were minimal with a little gas and no fluorescence. Open-hole log analysis indicates that the zones have low porosity and will either be gas productive or too tight to produce. Water production does not appear to be excessive and should pose no concern.

The stimulation program calls for a total of 13 sand fracture stages. The first four stages have been completed. The following is a description of each stage.

Stage 1: 8640'-8880': Atoka gas. This tight carbonate interval has porosity in the 2-4 % range.

Stage 2: 8470'-8592': Lower Strawn gas. This tight carbonate interval has porosity in the 2-4 % range.

Stage 3: 8072' – 8424': Upper Strawn gas. These limestone stringers have small quantities of sand. Porosity values vary from 2 to 4 % with one 6 foot stringer with 12 % porosity.

Mr. Will Jones
June 12, 2006
Page 2 of 2

Stage 4: 7846'-8026': Canyon gas. This limestone interval has porosity in the 2-4 % range in the upper stringers and 4-6 % porosity in the lower stringers.

Stage 5: 7582'-7762'': Canyon gas. This dolomite interval has porosity in the 6-8 % range.

Stage 6: 7328'-7532: Canyon gas. These limestone zones have porosity values from 2 to 4 %. An 8 foot stringer contains 8 % porosity. The mud log had gas shows throughout the interval.

Stage 7: 7066'-7232': Wolfcamp gas. These thin limestone stringers have porosity from 2 to 4 %. The mud log had gas shows throughout the interval.

Stage 8: 6832'-6860: Wolfcamp gas. This thirty foot, tight limestone interval has porosity in the 2-4 % range in the upper stringers and 4-6 % porosity in the lower stringers.

Stage 9: 6228'-6538': Wolfcamp gas. These limestone streaks have porosity in the 6-8 % range.

Stage 10: 6046'-6098': Wolfcamp gas. These limestone zones have porosity values in the 4-6 % range. The mud log had very slight gas shows in the interval.

Stage 11: 5750'-5836': Wolfcamp gas. These limestone zones have porosity as high as 10 %. The mud log did not exhibit any shows.

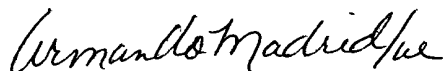
Stage 12: 5410'-5570': Wolfcamp gas. These limestone zones have porosity from 4 to 6 %.

Stage 13: 5310'-5344': Wolfcamp gas. These limestone zones have varying porosity values from 4 to 10 %. The mud log had very slight gas shows in the interval.

To determine productive and non-productive intervals a spinner / temperature log will be run after stimulation and when the well is flowing gas. The log may also determine the percent contribution of each productive zone for allocation purposes.

Please contact me at (432) 688-3228, should you have any questions.

Sincerely yours,

A handwritten signature in cursive script that reads "Armando Madrid".

Armando Madrid
Petroleum Engineer