



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 8, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: Matt Swierc
mswierc@claytonwilliams.com

Administrative Order NSL-5162 (SD)

Dear Mr. Swierc:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-502839210*) dated January 27, 2005; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe and Artesia: all concerning Clayton Williams Energy, Inc.'s ("CWI") request, after the fact, for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of Section 19, Township 17 South, Range 29 East, NMPM, Empire-Yeso Pool (96210), Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre Yeso oil unit is currently simultaneously dedicated to the two following described CWI operated wells:

- (i) Phillips "19" Federal Well No. 5 (API No. 30-015-30918), located at a standard oil well location 990 feet from the North line and 1650 feet from the East line of Section 19; and
- (ii) Phillips "19" Federal Well No. 7 (API No. 30-015-31448), located at a standard infill oil well location 330 feet from the North line and 2318 feet from the East line of Section 19.

It is the Division's understanding that the N/2 equivalent of Section 19 is a single Federal lease issued by the U. S. Bureau of Land Management (*U. S. Government lease No. NM-14847*) with common mineral interest in which CWI is the leasehold operator.

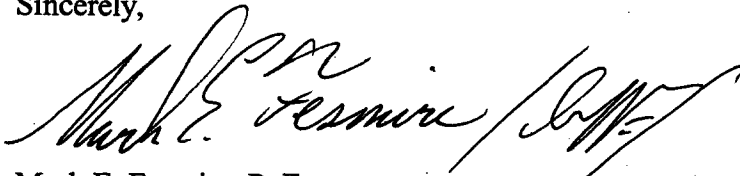
It is further understood that such unorthodox location, not appearing to be necessary, was required by the U. S. Bureau of Land Management for surface drainage concerns. This location is also desirable from an engineering standpoint in that it is approximately equidistance to other offsetting Yeso oil producers within the Phillips "19" Federal lease. Approval of the proposed unorthodox infill oil well location will enable them to further develop and deplete the Empire-Yeso Pool within its Phillips "19" Federal lease that might not otherwise be recovered, thereby preventing waste.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described infill well which was drilled in November, 2004 at an unorthodox oil well location in the Empire-Yeso Pool within the NW/4 NE/4 (Unit B) of Section 19 is hereby approved:

**Phillips "19" Federal Well No. 15
990' FNL & 2410' FEL
(API No. 30-015-33503).**

Further, all three of the existing Phillips "19" Federal Wells No. 5, 7, and 15 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,



Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Artesia
U. S. Bureau of Land Management - Carlsbad