12/29/2005 4:38 FAX 432 688 3225

District I 1623 N. Fre **District II** 1701 W. Gand Ave District III

NM 83414

District IV |220 S. St. Francis Dr., Santa Fe. NMI \$7505 **Oil Conservation Division** 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

APPLICATION FOR DOWNHOLE COMMINGLING

C#E

State of New

MITNI

Energy, Minerals and Natural Resources Department

APPLICATION TYPE X Single Well Establish Pre-Approved Pools EXISTING WELLBORE

DE

X Yes No

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

STATE 16-4		1	D. Sec 16, T22S, R22	E		Eddy	
Lease	W	/cll No.	Unit Letter-Section-Township	-Range		County	
OGRID No.	25706 Property Code	<u>34517</u>	API No. <u>30-015-33789</u>	Lease Type: _	Federal	X_State	Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat Strawn (gas)	Wildcat Atoka (gas)	Rocky Arroyo (Morrow Gas) (limestone)
Pool Code			84160
Top and Bottom of Pay Section (Performed or Open-Hole Interval)	8312' - 8410'	8474'-8538'; 8604'-8714'	8780' - 8841'
Method of Production (Flowing or Antificial Lift)	flowing	flowing	flowing
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower cone is which 150% of the depth of the top performing in the upper sone)			
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. (Nate: Per arw zones with no production history, applicant shall be required to attach production equivales and supporting data.)	Date: Rates:	Datc: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon searching other than current or past production, supporting date 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_ Yes_	
Are all produced fluids from all commingled zones compatible with each other?	Yes_	 X

Will commingling decrease the value of production?

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?

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 MEADIN	TITLE	Operations Manager	DATE_	12/29/2005
TYPE OR PRINT NAME Gree Benton		TELEPHONE NO.	(<u>432</u>)	682-6324
E-MAIL ADDRESS gbenton@claytonwilliams.com	I			

_ No_ Ycs_ X

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Mexico

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54358 Form C-107A Revised June 10, 2003

003/008

	<u>x</u>		
Yes_	_ <u>x</u> ´	_ No_	
Yes_		No_	x

CWE MIDLAND

Form C-102

DISTRICT I 1550 F. Fredel Fr. Bobbs, Mr 62540 DISTRICT II 811 Bouth First, Arianta, FM 86910

DISTRICT III

1000 Rio Brazes Hd., Axtec, NM 87410 DISTRICT IV 2840 Broth Pachece, Babin Fe, NM 87899 State of New Mexico Basergy, Minerals and Matural Department

Revised March 17, 1999 Submit to Appropriate District Office

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OIL CONSERVATION DIVISION

Santa Fe. New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

C AMENDED REPORT

API	Number			Pool Code Pool Name							
30-015-3	3789							Wildcat -	Strawn		
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34517			STATE "16-4"								
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CWE MIDLAND

DISTRICT I 1688 N. Frank Nr. Robbs. No. 62240 DISTRICT II 512 South Piret. Arissis. No. 86210

DISTRICT III 1000 Rio Bragar R4., Asten, Mi 87410

DISTRICT IV 2040 South Pachere, Santa Pa, NH 87805 State of New Mexico

Integy. Mastells and Maturel Resources Department

Form C-102 Revised March 17, 1999

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OIL CONSERVATION DIVISION

2040 South Pacheco

WELL LOCATION AND ACREAGE DEDICATION PLAT

Santa Fe, New Mexico 87504-2088

C AMENDED REPORT

API	Number	·····	r	Pool Cade	Т		·····	Poo) Name		
30-015	-33789						Wild	lcat - Atoka		
Property	Cade		Property Mame Well Number							
34517			STATE "16-4"							
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25706			C	LAYTON	WILLIAN	is en	IERGY, INC.		435	1'
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CWE MIDLAND

DISTRICT I 1820 N. French Dr., Bobbs, NH 60040 DISTRICT II 811 South First, Arismin, NH 88210 DISTRICT III 1000 Ris Brakes Rd., Astac. NM 87410 DISTRICT IV 2040 South Fachoos, Santa Ps, NH 87605

State of New Mexico

Energy, Minerals and Natural Resources Department.

Form C-102 Revised March 17, 1999

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OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

D AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33789	Poel Code Rocky Arroyo (Mor	Pool Name row Gas) - limestone
Property Code	Property Name	Vell Number
34517	STATE "16-4"	1
OGRID No.	Operator Name	Elevation
25706	CLAYTON WILLIAMS ENERGY, INC.	4351'

UL or lot No. Se	ection	Township	Range	lot Ida	Feet from the	North/South line	Yest from the	East/West line	County
D	16	22 S	22 E		660	NORTH	660	WEST	EDDY

Surface Location

Bottom Hole Location If Different From Surface

UL ar 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 Con	polidation (ada Ora	Let 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

		OPERATOR CERTIFICATION
8		I hereby cartify the the information contained hervin is true and complete to the
660'0	I	best of way knowledge and belief.
	1	
Lot.: N32°23'47.8" Long.: W104°42'52.9"		Betargerine
		Betsy Luna Printed Name
		Engineering Technician The
		12-29-2005
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		TOFESSMANA

December 29, 2005

Via Facsimile (505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Department OIL CONSERVATION DIVISION 2040 South Pacheco

Santa Fe New Mexico 87505

Attention: Mr. Will Jones

Re: Additional Data Clayton Williams Energy, Inc. State 16-4 Lease, Well No. 1 Sect. 16, T-22-S, R-22-E APl No. 30-015-33789 Eddy County, New Mexico

Mr. Jones:

This recommendation is an attempt to establish commercial production from several tight carbonate intervals. Our plans are to incorporate a Permian Basin technique currently being used in the tight Wolfcamp formation. We plan on pumping a slick water frac with small amounts of proppant in an attempt to establish long scoured hydraulic fractures. During drilling these intervals neither kicked or drank any fluid further confirming the tight nature of the rock. Mud log shows were minimal with a little gas and no fluorescence. Open hole log analysis indicates that the zones will either be gas productive or too tight to produce, therefore we do not believe water will be a problem.

The stimulation program will be divided into four stages.

Stage 1: 8780' – 8841' is classified in the Morrow Gas Pool. This interval is a very tight limestone with average porosities in the 2 % range.

Stage 2: 8604' - 8714' is classified in the Atoka Pool. This interval comprises of several tight cherty limestone benches with average porosities in the 3 to 4 % range.

Stage 3: 8474' – 8538' is classified in the Atoka Pool. This interval comprises of two blocky cherty limestone benches with average porosities in the 4 to 6 % range.

Stage 4: 8312' – 8410' is classified in the Strawn Pool. This interval is a very tight cherty limestone with average porosities in the 4 to 6 % range.

4

In and of itself no single interval would warrant a completion attempt. However, it is possible that by stimulating all four intervals simultaneously we may be able to establish commercial production. Following stimulation, should we prove successful in establishing commercial gas production, we will run a spinner/temperature survey so as to allocate production to each pool.

Should you have any questions or require further, please call me at (432) 688-3252. Thank you for your help in expediting this request.

Sincerely yours,

Greg Benton Operations Manager



CLAYTON WILLIAMS ENERGY, INC. Six Desta Drive, Suite 3000 Midland, Texas 79705 (432) 682-6324

Fax Cover Sheet

12-29-05 DATE:

TO:

MEN MEXICO STATE FAX: (505) 476-3462 LAND OFFICE

FROM:

GREG BENTON

FAX: (432) 688-3225

Number of pages including cover sheet: [\otimes]



CLAYTON WILLIAMS ENERGY, INC. December 29, 2005

Via Facsimile (505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Department OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe New Mexico 87505

Attention: Mr. Will Jones

Re: <u>Application for Downhole Commingling Form C-107A</u> Clayton Williams Energy, Inc. State 16-4 Lease, Well No. 1 Sect. 16, T-22-S, R-22-E API No. 30-015-33789 Eddy County, New Mexico

Mr. Jones:

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

Form 107A Form C102 Estimated Production Rates and Supporting Data

Should you have any questions or require further, please call me at (432) 688-3252. Thank you for your help in expediting this request.

Sincerely yours,

Greg Benton Operations Manager

Cc: New Mcxico State Land Office Commissioner of Public Lands Oil, Gas and Minerals Division Jami Bailey, Director P O Box 1148 Santa Fe NM 87504-1148