

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766

ADMINISTRATION

Phone (505) 827-5700
Fax (505) 827-5833

GENERAL COUNSEL

Phone (505) 827-5713
Fax (505) 827-4262

PUBLIC AFFAIRS

Phone (505) 827-1245
Fax (505) 827-5766



New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.

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

September 28, 2000

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

Attn: Mr. Chris Cantrell

Re: Downhole Commingling Application
State 20E Well No. 2
State Lease E-4201-3
Unit Letter C, Section 20-17S-29E
Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres and East Empire (Yeso) Oil Pools
Eddy County, New Mexico

Dear Mr. Cantrell:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on August 23, 2000. Your application requests our approval to downhole commingle the Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres and East Empire (Yeso) Oil production within the wellbore of the State 20E Well No. 2 located in Unit Letter C, Section 20-17S-29E, Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

| <u>POOL</u> | <u>ALLOCATION</u> | |
|---|-------------------|--------------|
| | <u>Oil %</u> | <u>Gas %</u> |
| Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres | 58% | 62% |
| East Empire (Yeso) Oil | 42% | 38% |
| | ----- | ----- |
| | 100% | 100% |

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

"WE WORK FOR EDUCATION"

310 Old Santa Fe Trail, P. O. Box 1148 Santa Fe, New Mexico 87504-1148

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CONSERVATION DIVISION

Clayton Williams Energy, Inc.
September 28, 2000
Page 2

Please submit your filing fee in the amount of \$30.00.

Also, please submit a copy of the Oil Conservation Division's Order approving this application.

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:

Anthony H. Nail
JAMI BAILEY, Director

For Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

~~OCD--Attention: David Catanach~~, Mark Ashley