

**COMMISSIONER'S OFFICE**

Phone (505) 827-5760

Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700

Fax (505) 827-5853

**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

July 31, 2000

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

Attn: Mr. Matt Swierc

Re: Downhole Commingling Application  
State 20E Lease Well No. 1  
Unit Letter C, Section 20-17S-29E  
State Lease E-4201  
Grayburg Jackson Seven Rivers Queen-Grayburg-San Andres and East Empire (Yeso) Oil Pools  
Eddy County, New Mexico

Dear Mr. Swierc:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on July 19, 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. 1 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	60%	51%
East Empire (Yeso) Oil	40%	49%
	-----	-----
	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.

Clayton Williams Energy, Inc.  
July 31, 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:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure

xc: Reader File

~~(OCD=Attention; David Catanach, Ben Stone~~

30620

DHC

8/7/00



CLAYTON WILLIAMS ENERGY, INC.

July 12, 2000

2798

Via Federal Express Overnight Service

JUL 18 2000

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

Attention: Mr. David Catanach

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

Clayton Williams Energy, Inc.  
State 20E Lease, Well No. 1  
Section 20, T-17S, R29E  
Eddy County, New Mexico

Dear David:

Please find attached our Form C-107A for the above captioned well.

Clayton Williams Energy, Inc. and Mark Heinen, an employee of CWEI, are the only working interest owners and the State of New Mexico is the only royalty owner.

Since our well is new with little history, I have included as attachments two wells in Section 21 producing from the GB-Jackson, one well in Section 20 producing from the Empire, East (Yeso) and one well in Section 29 producing from the Empire, East (Yeso) as analogies. The plots are from monthly production as reported to the OCD.

Please contact me at (915) 688-3251 should you need to discuss or have any questions.

Sincerely yours,

Matt Swierc  
Production Superintendent

Enclosures

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-A  
Revised May 15, 2000

District II  
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, New Mexico 87505

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

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Clayton Williams Energy, Inc. Address Six Desta Drive, Suite 3000, Midland, TX 79705

Lease State 20E Well No. #1 Unit Letter-Section-Township-Range C; 20; 17S; 29E County Eddy

OGRID No. 25706 Property Code 25339 API No. 30-015-30969 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<b>GB Jackson-7Rivers,Qn,GB,SA</b>		<b>Empire, E. (Yeso)</b>
Pool Code	<b>28509</b>		<b>96610</b>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<b>1913' - 3794' Perforated</b>		<b>3899'-4200' Perforated</b>
Method of Production (Flowing or Artificial Lift)	<b>Artificial Lift</b>		<b>Artificial Lift</b>
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)	<b>Oil 38.0 Gas BTU 1145</b>		<b>Oil 38.2 Gas BTU 1201</b>
Producing, Shut-In or New Zone	<b>Producing</b>		<b>Shut In</b>
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.)	<b>Date: 6/28/2000 Rates: 70 BOPD 92 MCFD 380 BWPD</b>	<b>Date:</b> <b>Rates:</b>	<b>Date: 6/2/2000 Rates: 46 BOPD, 87 MCFPD, 290 BWPD</b>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <b>60 %</b> Gas <b>51 %</b>	Oil <b>%</b> Gas <b>%</b>	Oil <b>40 %</b> Gas <b>49 %</b>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- 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:

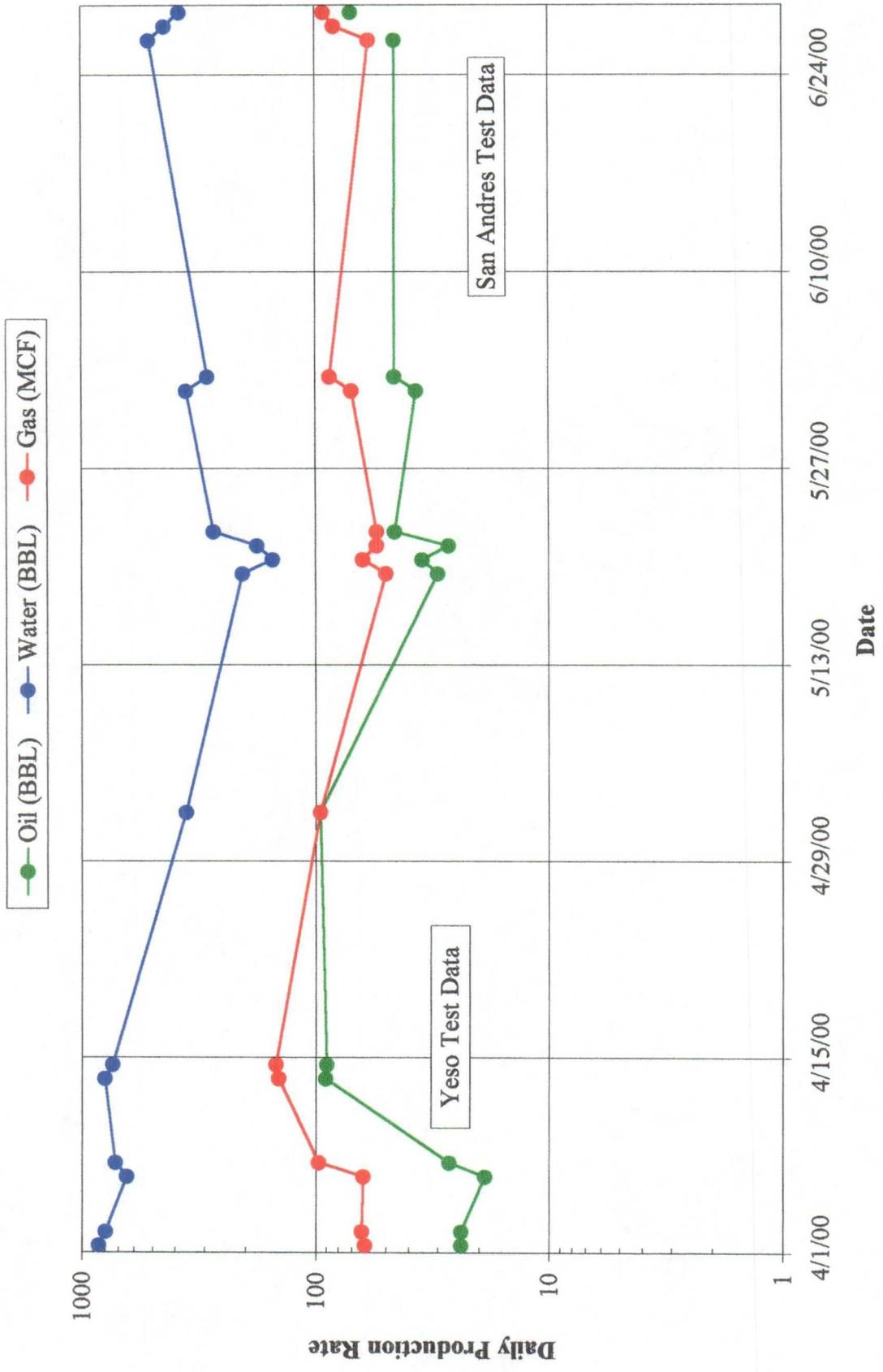
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Matt Swierejue TITLE Production Superintendent DATE 7/12/00

TYPE OR PRINT NAME Matt Swierejue TELEPHONE NO. ( 915 ) 682-6324

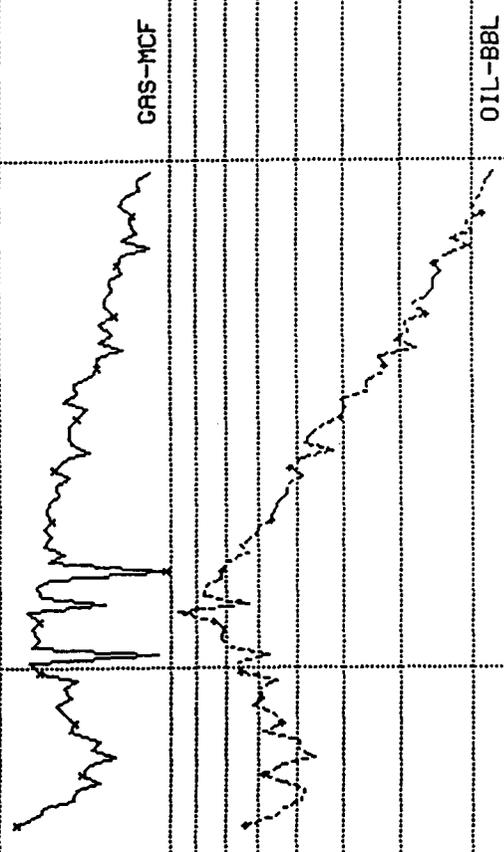
**State 20E #1 Daily Production Data.**



**LEASE : G J WEST COOP UNI**

FIELD : GRAYBURG JACKSON (SYN RYR QN GB SA)QS  
COUNTY: EDDY , STATE : NM  
LOCATION: 21E 17S 29E API : 2735900

GAS-MCF  
OIL-BBL



1000

100

DATE

5

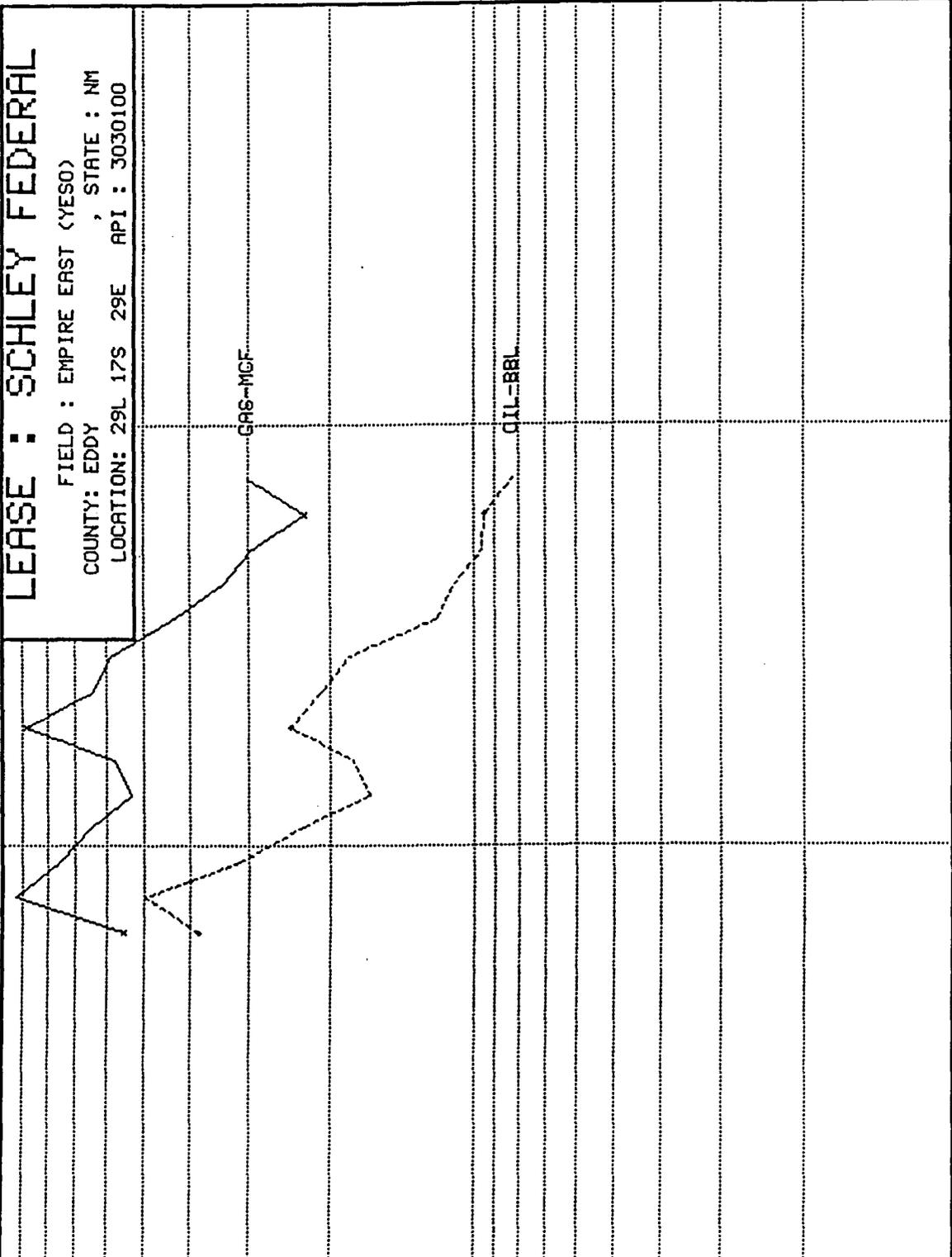
0

95

GAS-MCF  
OIL-BBL

# LEASE : SCHLEY FEDERAL

FIELD : EMPIRE EAST (YES)  
COUNTY: EDDY , STATE : NM  
LOCATION: 29L 17S 29E API : 3030100



1000  
100

98

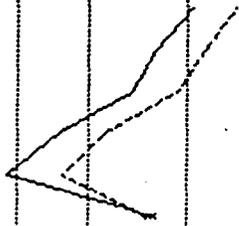
99

0

DATE

GAS-MCF  
OIL-BBL

LEASE : TENNECO STATE  
FIELD : EMPIRE EAST (YESO)  
COUNTY: EDDY , STATE : NM  
LOCATION: 20M 17S 29E API : 3060300



GAS-MCF  
OIL-BBL

1000  
1000

100  
100

99

0

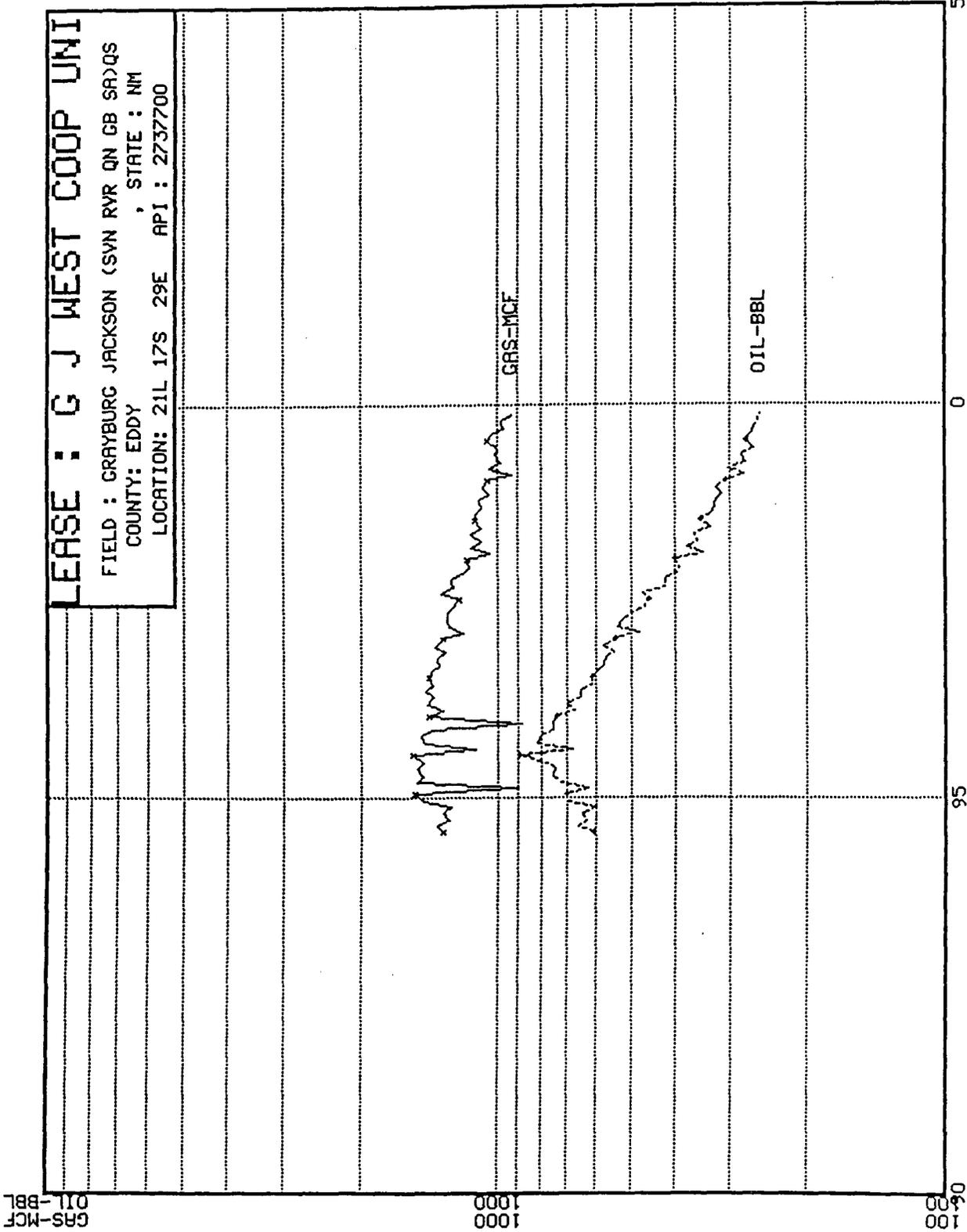
1

DATE

GRS-MCF  
OIL-BBL

# LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SYN RYR QN GB SA)QS  
COUNTY: EDDY , STATE : NM  
LOCATION: 21L 17S 29E API : 2737700



DATE

100  
1000  
10000

95

0

5

DISTRICT I  
P.O. Box 1960, Hobbs, NM 88241-1960

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd., Artesia, NM 87410

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-30969	Pool Code 28509	Pool Name GRAYBURG JACKSON-7R'S,GB,QN,SA
Property Code 25339	Property Name STATE "20 E"	Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3621

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	17 S	29E		815	NORTH	2135	WEST	EDDY

Bottom Hole Location If Different From Surface

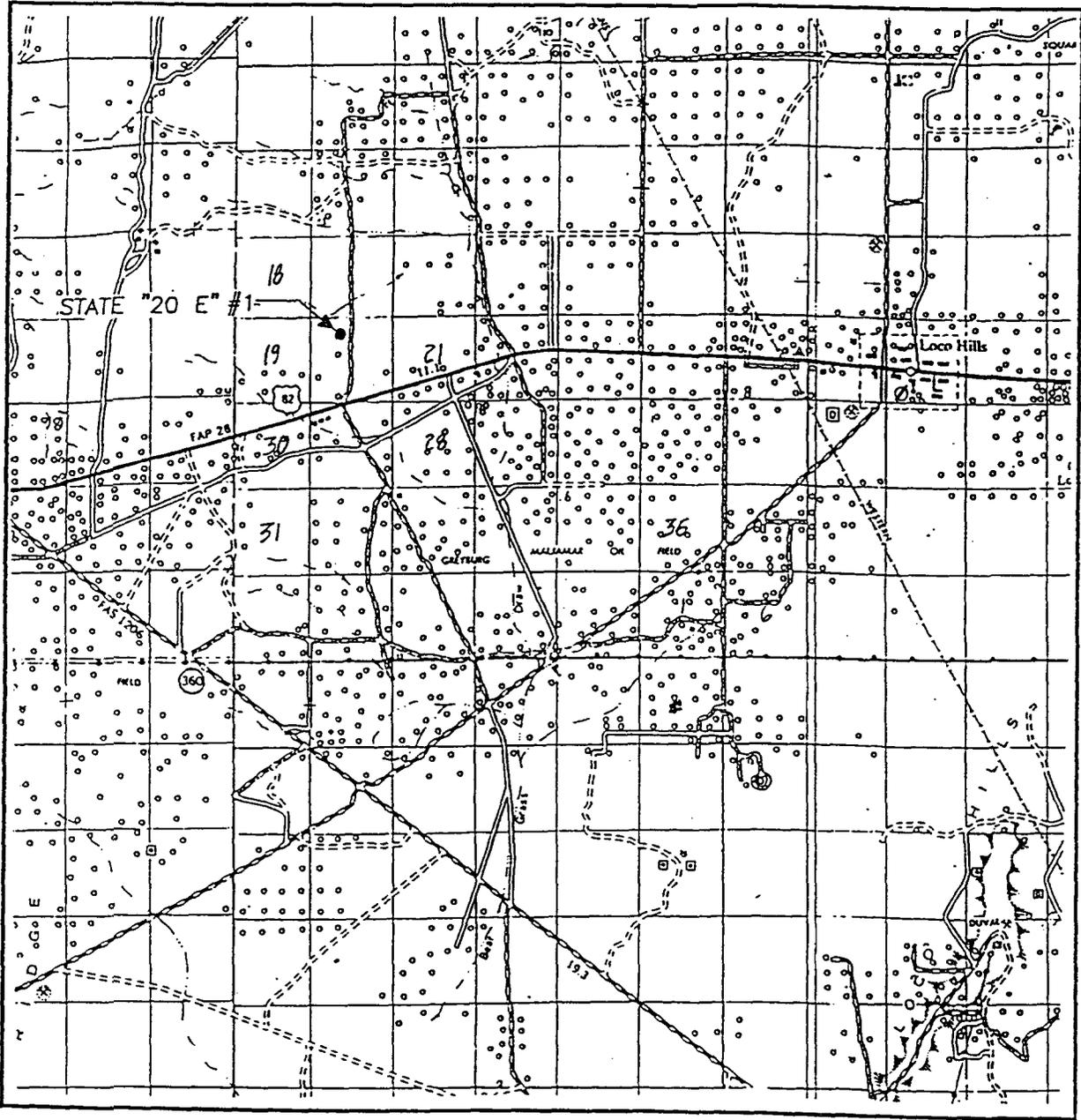
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><u>Betsy Luna</u> Signature</p> <p>BETSY LUNA Printed Name</p> <p>ENGINEERING TECHNICIAN Title</p> <p>6/15/2000 Date</p>	
	<p><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>FEBRUARY 2, 2000 Date Surveyed</p> <p><u>Ronald J. Edson</u> Signature &amp; Seal of Professional Surveyor</p> <p>MACON-McDONALD Professional Surveyor</p>	
	<p>00-11-01800</p>	
	<p>Certificate No. RONALD J. EDSON 3239 GARY EDSON 12841 MACON-McDONALD 12185</p>	

# VICINITY MAP

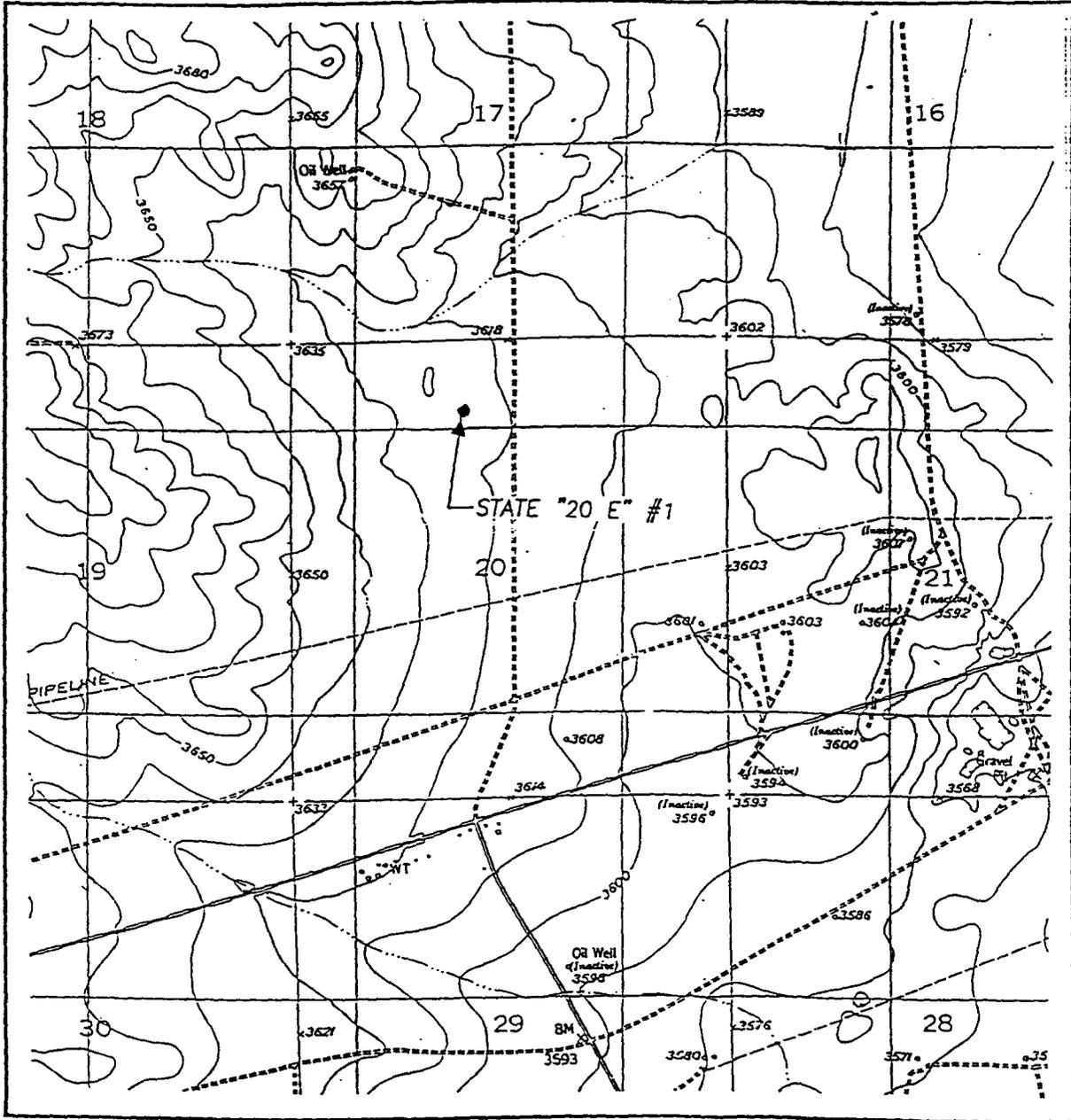


SCALE: 1" = 2 MILES

SEC. 20 TWP. 17-S RGE. 29-E  
 SURVEY N.M.P.M.  
 COUNTY EDDY  
 DESCRIPTION 815' FNL & 2135' FWL  
 ELEVATION 3621  
 OPERATOR CLAYTON WILLIAMS ENERGY, INC.  
 LEASE STATE "20 E"

JOHN WEST SURVEYING  
 HOBBS, NEW MEXICO  
 (505 393-3117)

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE SE, N.M. - 10'

SEC. 20 TWP. 17-S RGE. 29-E

SURVEY \_\_\_\_\_ N.M.P.M. \_\_\_\_\_

COUNTY \_\_\_\_\_ EDDY \_\_\_\_\_

DESCRIPTION 815' FNL & 2135' FWL

ELEVATION \_\_\_\_\_ 3621 \_\_\_\_\_

OPERATOR \_\_\_\_\_ CLAYTON WILLIAMS ENERGY, INC. \_\_\_\_\_

LEASE \_\_\_\_\_ STATE "20 E" \_\_\_\_\_

U.S.G.S. TOPOGRAPHIC MAP  
RED LAKE SE, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505 393-3117)