

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLSBORE

District III
1600 Rio Grande Blvd, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

Yes No

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

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

DHC-3672

Operator ROCKY ARROYO FEDERAL Well No. 1 Unit Letter-Section-Township-Range A, Sec 8, T23S, R32E County Eddy

OGRID No. 25706 Property Code 34797 API No. 30-015-34095 Lease Type: Federal 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 (Perforated or Open-Hole Interval)	8280' - 8386'	8446'-8512'; 8593'-8714'	8756' - 8868'
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

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

NMOC 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 Matt Swiere TITLE Production Supt DATE 03/15/2006

TYPE OR PRINT NAME Matt Swiere TELEPHONE NO. (432) 682-6324

E-MAIL ADDRESS mswire@claytonwilliams.com



CLAYTON WILLIAMS ENERGY, INC.

March 15, 2006

Via Facsimile (505) 476-3462

(7 pages)

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

Clayton Williams Energy, Inc.
Rocky Arroyo Federal Lease, Well No. 1
Sect. 8, T-22-S, R-22-E
API No. 30-015-34095
Eddy County, New Mexico

2006 MAR 16 AM 10 49

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) 688-3251. Thank you for your help in expediting this request.

Sincerely yours,

Matt Swierc
Production Superintendent

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

DISTRICT I
1625 N. French St., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Grande Rd., Aztec, 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 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 34095	Pool Code	Pool Name Wildcat - Strawn
Property Code 34797	Property Name ROCKY ARROYO FEDERAL	Well Number 1
OGSD No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 4473'

Surface Location

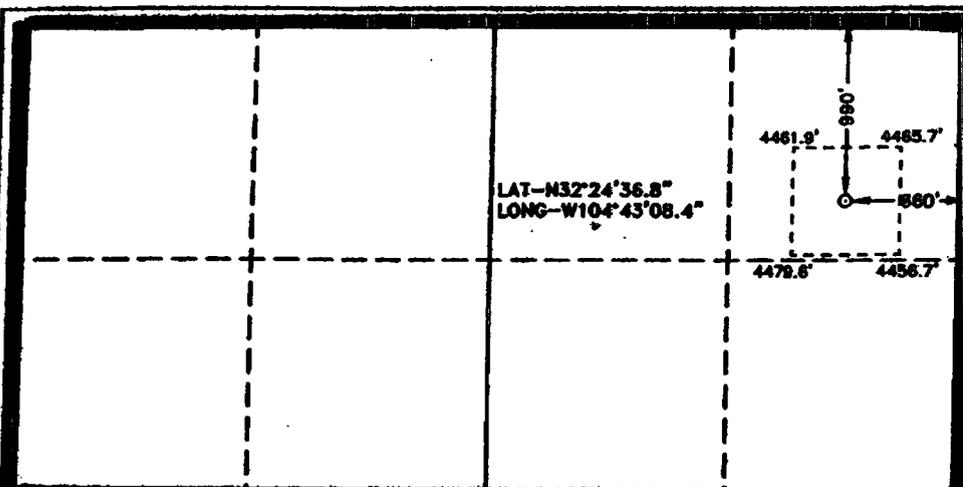
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
A	8	22 S	22 E		990	NORTH	660	EAST	EDDY

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



OPERATOR CERTIFICATION

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

Betsy Luna
Signature
Betsy Luna
Printed Name
Engineering Technician
Title
2/27/2006
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.

FEBRUARY 7, 2005

Date Surveyed
Signature *GARY L. JONES*
Professional Land Surveyor

Certificate No. Gary L. Jones 7977

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1900 Elie Branch Rd., Aztec, NM 87410

DISTRICT IV
2660 South Pacheco, Santa Fe, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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State Lease - 4 Copies
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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015- 34095	Pool Code	Pool Name Wildcat - Atoka
Property Code 34797	Property Name ROCKY ARROYO FEDERAL	Well Number 1
OGSD No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 4473'

Surface Location

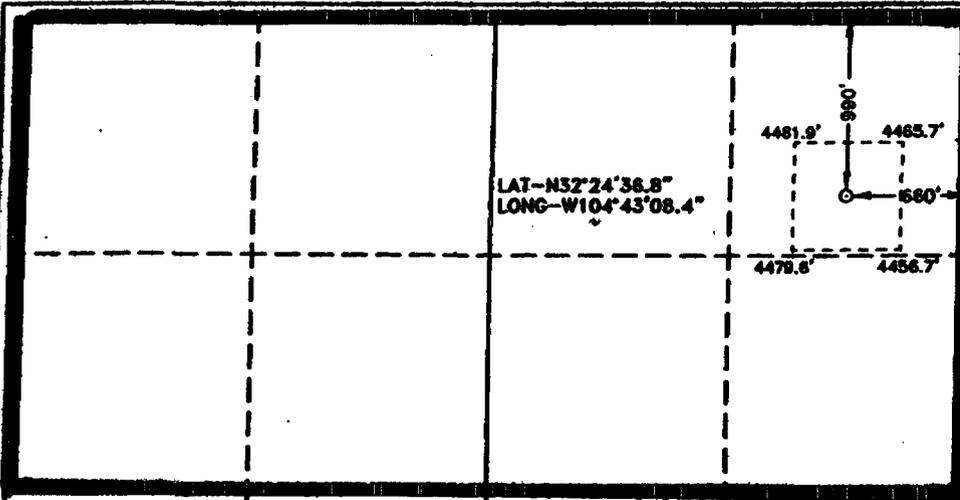
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	22 S	22 E		990	NORTH	660	EAST	EDDY

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



OPERATOR CERTIFICATION

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

Betsy Luna
Signature

Betsy Luna
Printed Name

Engineering Technician
Title

2/27/2006
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.

FEBRUARY 7, 2005

Date Surveyed
Signature
Professional License No.

Gary Jones
Professional License No. 7977

Certification No. Gary Jones 7977
PROFESSIONAL LAND SURVEYOR

DISTRICT I
1625 N. French St., Hobbs, NM 88201

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Elia Branch Rd., Aztec, 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 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34095	Pool Code 84160	Pool Name Rocky Arroyo (Morrow Gas) (Limestone)
Property Code 34797	Property Name ROCKY ARROYO FEDERAL	
OGSD No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	
		Well Number 1
		Elevation 4473'

Surface Location

UL or lot No.	Section	Township	Range	Lot Mn	Feet from the	North/South line	Feet from the	East/West line	County
A	8	22 S	22 E		990	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Mn	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief.</p> <p><i>Betsy Luna</i> Signature</p> <p>Betsy Luna Printed Name</p> <p>Engineering Technician Title</p> <p>2/27/2006 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>FEBRUARY 7, 2005 Date Surveyed</p> <p><i>DAVID JONES</i> Signature</p> <p>DAVID JONES Professional Land Surveyor</p> <p>NEW MEXICO No. 19877 M.P. No. 4955</p> <p>Certificate No. G07Y 7977</p> <p>PROFESSIONAL LAND SURVEYORS</p>



CLAYTON WILLIAMS ENERGY, INC.

March 15, 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
Clayton Williams Energy, Inc.
Rocky Arroyo Federal Lease, Well No. 1
Sect. 8, T-22-S, R-22-E
API No. 30-015-34095
Eddy County, New Mexico

2006 MAR 16 AM 10 49

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: 8756' – 8868' is classified in the Morrow Gas Pool. This interval is a very tight limestone with average porosity in the 2% range.

Stage 2: 8593' – 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: 8446' – 8512' 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: 8280' – 8386' is classified in the Strawn Pool. This interval is a very tight cherty limestone with average porosities in the 4 to 6% range.

Mr. Will Jones
March 15, 2006
Page 2 of 2

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) 688-3251. Thank you for your help in expediting this request.

Sincerely yours,



Matt Swiere
Production Superintendent

TRANSACTION REPORT

P.01

MAR-16-2006 THU 10:33 AM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
MAR-16	10:31 AM	432 688 3250	2' 38"	7	RECEIVE	OK		
