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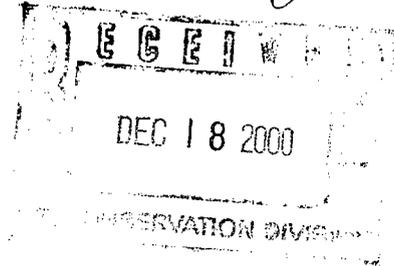
DHC 1/8/01



CLAYTON WILLIAMS ENERGY, INC.

2867

December 14, 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.
Phillips-17-Federal Lease, Well No. 2
Section 17, T-17S, R29E
Eddy County, New Mexico

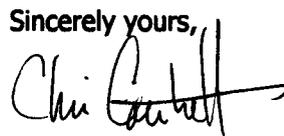
Dear David:

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

Clayton Williams Energy, Inc. and Phillips Petroleum Company are the only working interest owners and the United States Dept. of the Interior (BLM) 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) 688-3253 should you need to discuss or have any questions.

Sincerely yours,

Chris Cantrell
Petroleum Engineer

Enclosures

Cc: United States Dept. of the Interior
Bureau of Land Management
Roswell District Office
Attention: Mr. David Glass
2909 West Second Street
Roswell, New Mexico 88201-1287

OCD – District II Artesia

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

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

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

APPLICATION FOR DOWNHOLE COMMINGLING

Clayton Williams Energy, Inc. Six Desta Dr., Ste. 3000, Midland, TX 79705
Operator Address

Phillips 17 Federal #2 O; Sect. 17, T-17S-R29E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 25706 Property Code 26583 API No. 30-015-31261 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg-Jackson-7R's, Qn, GB, SA		Empire, East (Yeso)
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2,324'-3,844' Perforated		3,994'-4,174' Perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	Oil - 38.6 Gas BTU 1145		Oil 39.5 Gas 1201
Producing, Shut-In or New Zone	Producing		Shut In
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: 12/11/2000 Rates: 73 BOPD, 115 MCFPD, 207 BWPD	Date: Rates:	Date: 11/18/00 Rates: 35 BOPD, 28 MCFPD, 126 BWPD
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 68 % 80 %	Oil Gas % %	Oil Gas 32 % 20 %

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 Chris Cantrell TITLE Petroleum Engineer DATE 12/15/00

TYPE OR PRINT NAME Chris Cantrell TELEPHONE NO. (915) 682-6324

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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

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

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

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

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-	Pool Code 28509	Pool Name Grayburg-Jackson (7R-Qu-Gb-SA)
Property Code	Property Name PHILLIPS -17- FEDERAL	Well Number 2
OGRID No. 017643	Operator Name PHILLIPS PETROLEUM COMPANY	Elevation 3608'

Surface Location

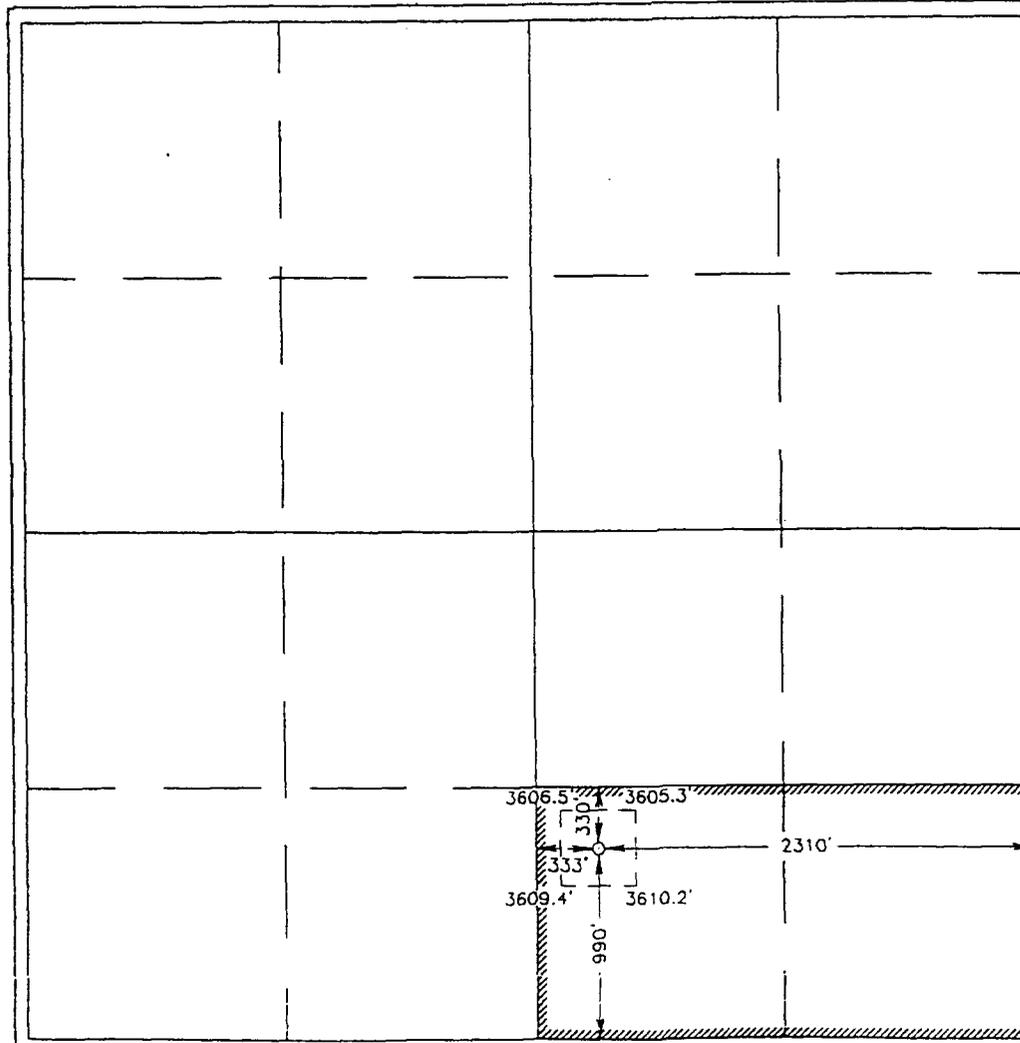
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	17	17 S	29 E		990	SOUTH	2310	EAST	EDDY

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	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



OPERATOR CERTIFICATION

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

L. M. Sanders
Signature

L. M. Sanders
Printed Name

Supv., Regulation/Proration
Title

May 24, 2000
Date

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.

MAY 8, 2000

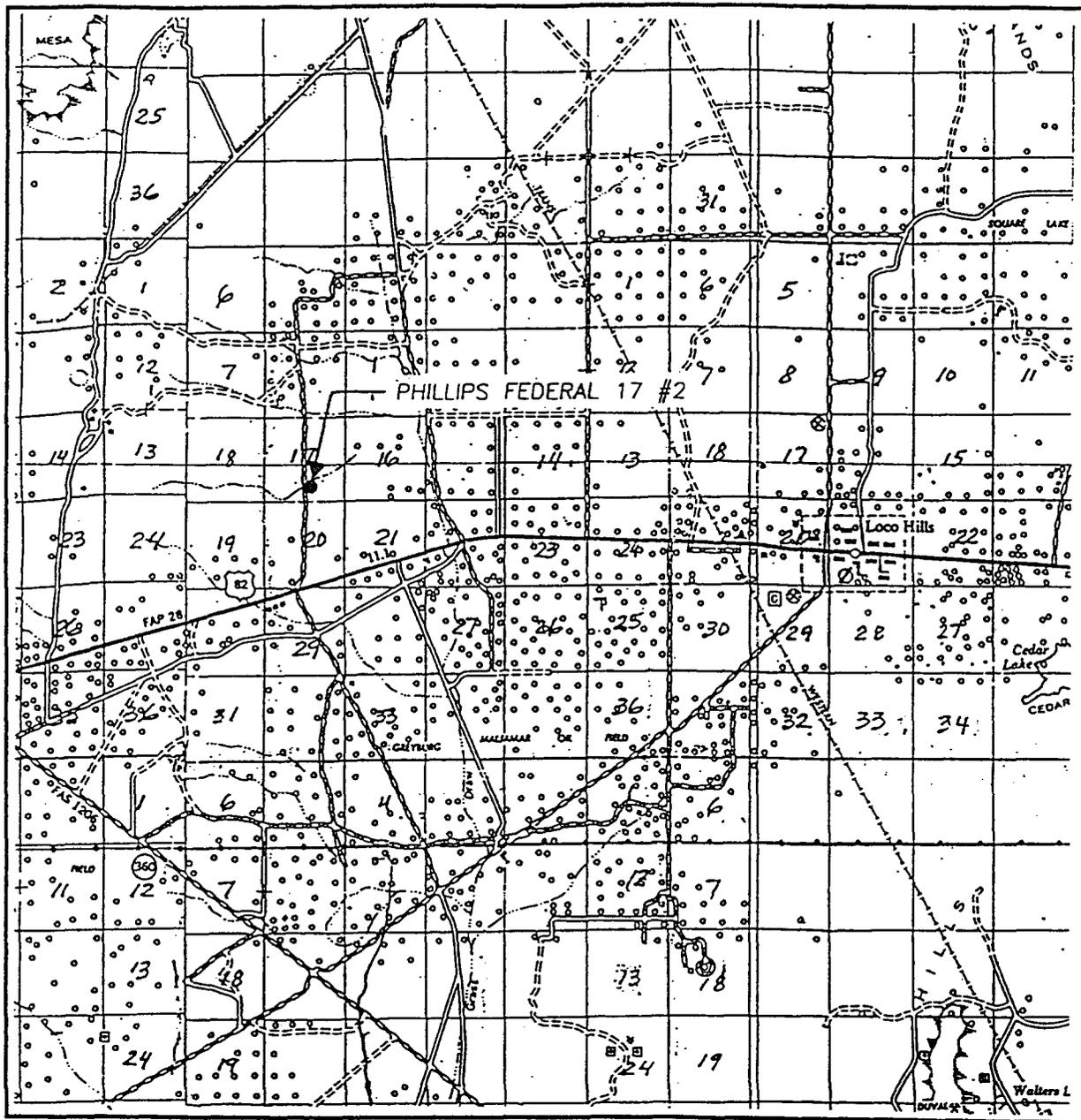
Date Surveyed DC

Signature & Seal of Professional Surveyor

Ronald J. Edson
Professional Surveyor
00-11-05680

Certificate No. RONALD J. EDSON 3239
CARY EDSON 12841
WAGON McDONALD 12185

VICINITY MAP

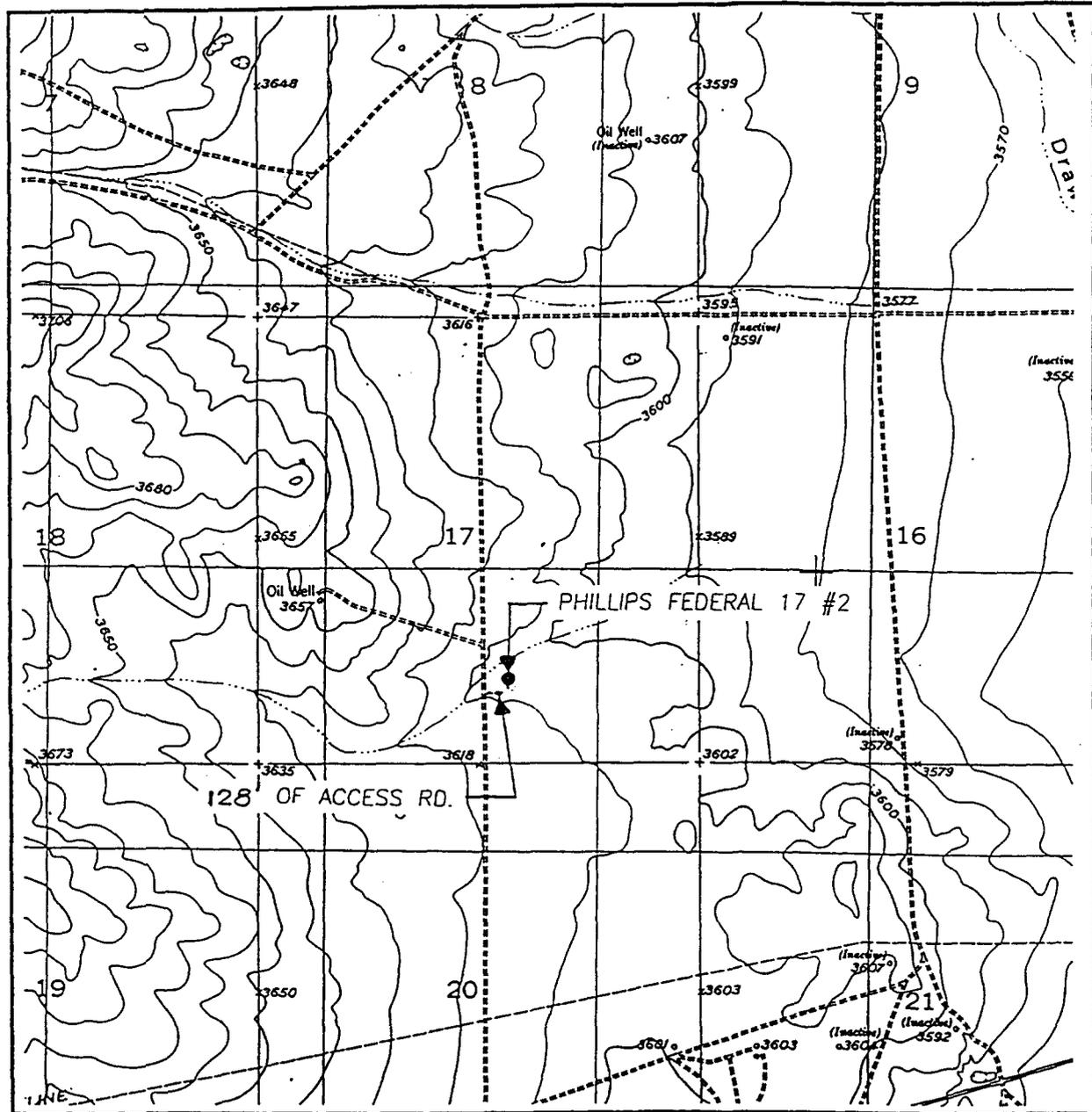


SCALE: 1" = 2 MILES

SEC. 17 TWP. 17-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 990' FSL & 2310' FEL
 ELEVATION 3608
 OPERATOR PHILLIPS PETROLEUM COMPANY
 LEASE PHILLIPS FEDERAL 17

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
RED LAKE SE - 10'

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 990' FSL & 2310' FEL

ELEVATION 3608

OPERATOR PHILLIPS
PETROLEUM COMPANY

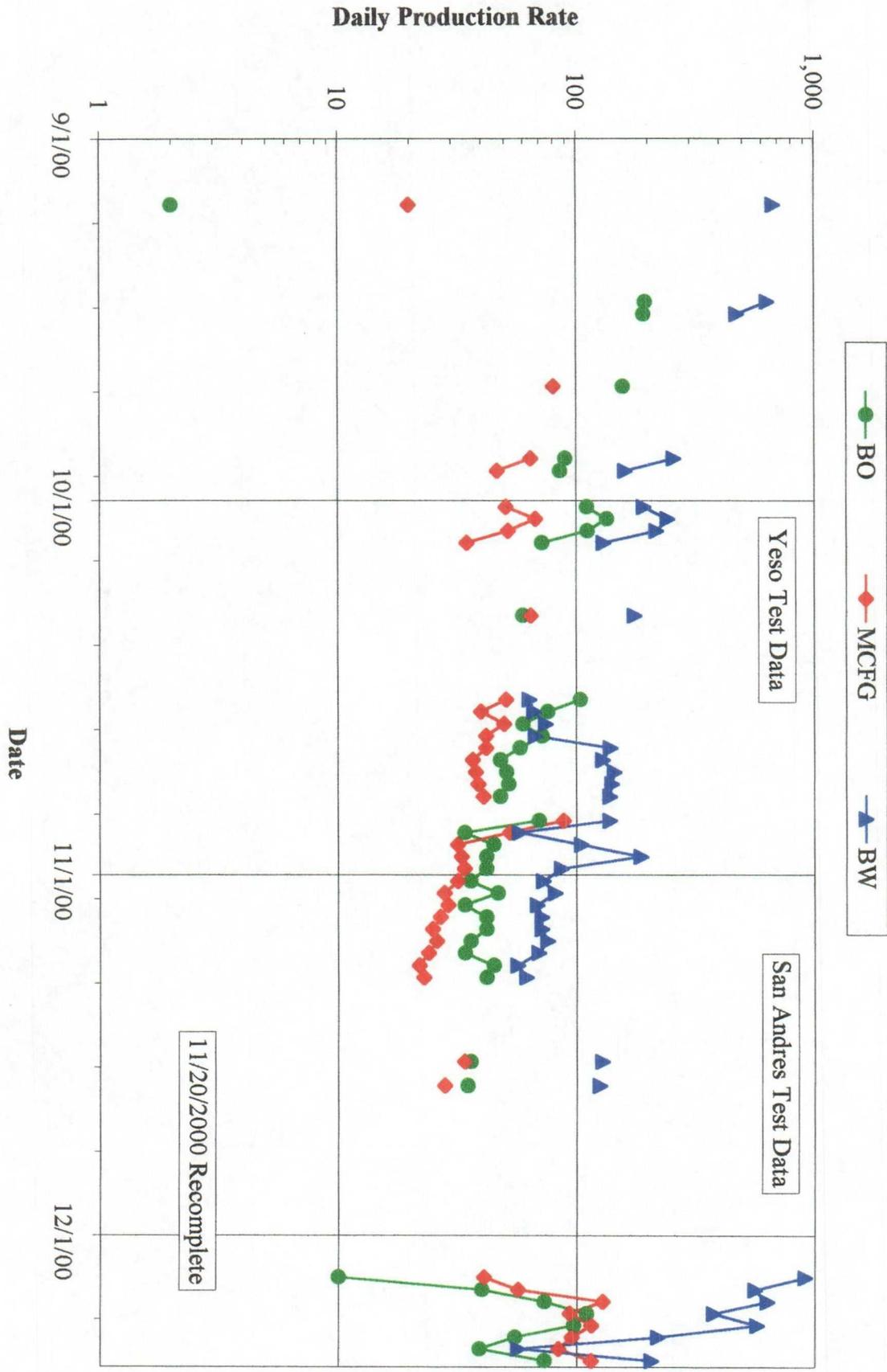
LEASE PHILLIPS FEDERAL 17

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

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

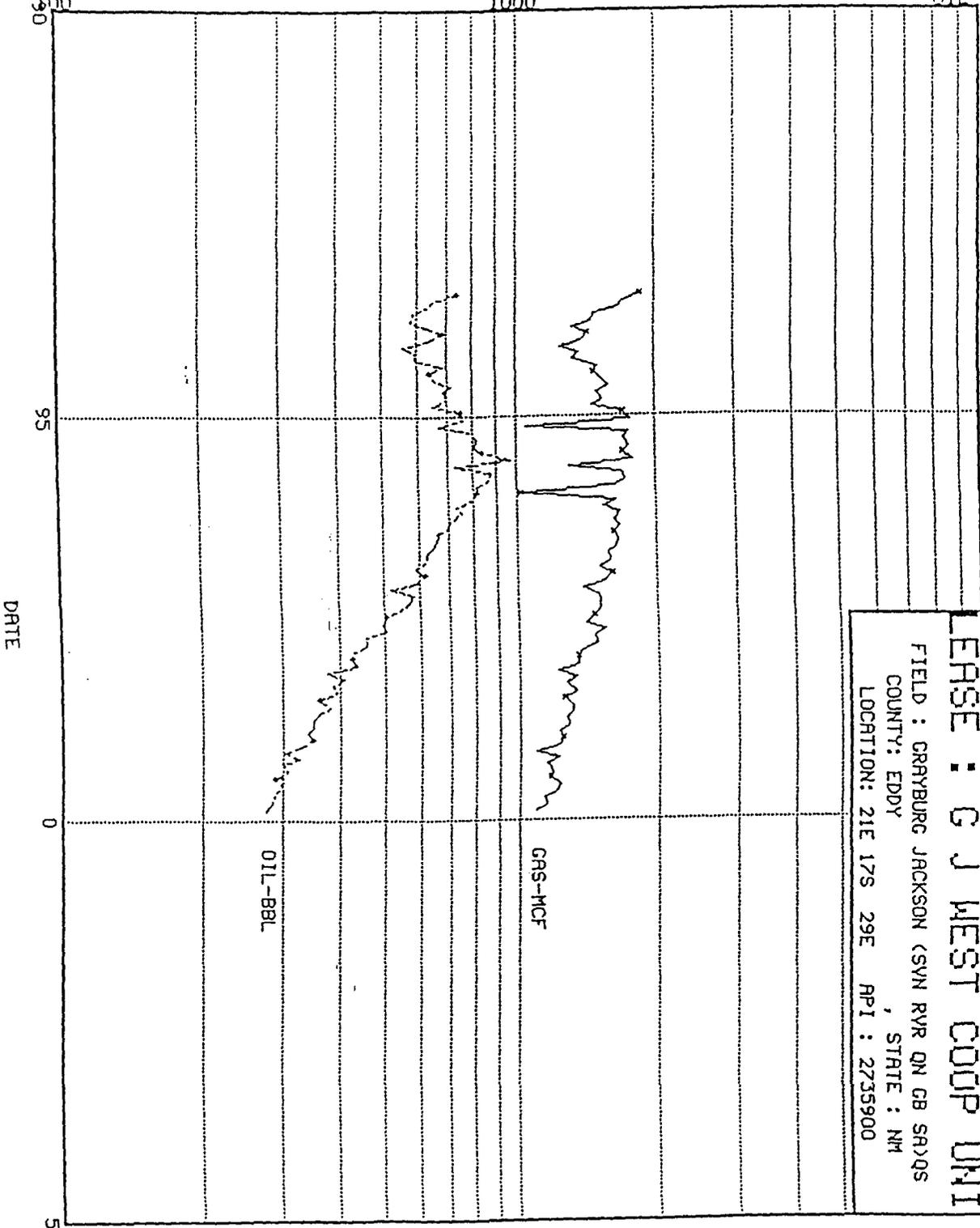
Phillips 17 Fed #2 Daily Production Data. (First Test 9/6/2000)



GRS-MCF
OIL-BBL

1000
1000

100
100



LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SVN RVR QN CB SA)QS
COUNTY : EDDY , STATE : NM
LOCATION : 21E 17S 29E API : 2735900

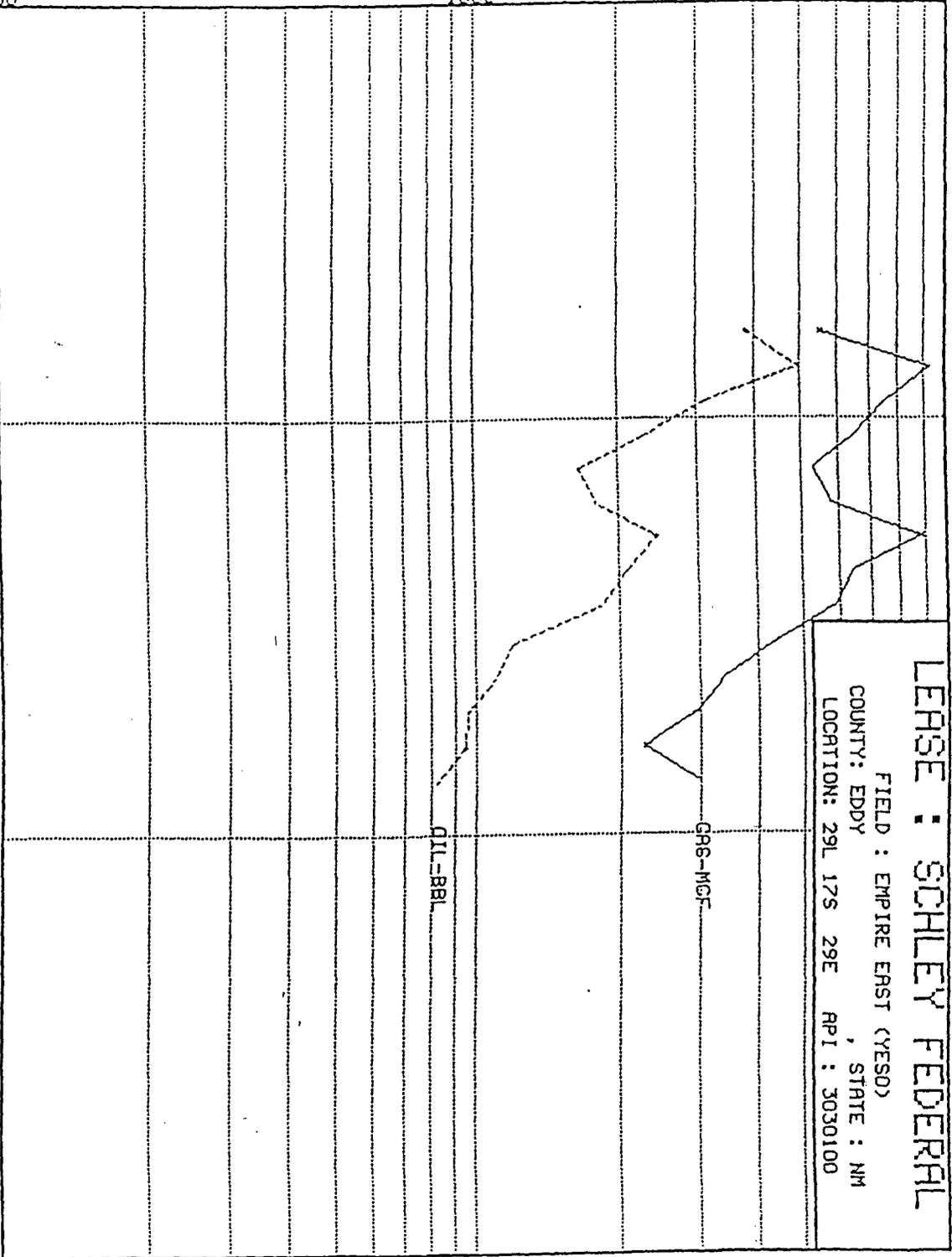
GRS-MCF
OIL-BBL

1000
1000

100
100

LEASE : SCHLEY FEDERAL

FIELD : EMPIRE EAST (YESD)
COUNTY : EDDY STATE : NM
LOCATION : 29L 17S 29E RP1 : 3030100



98

99

0

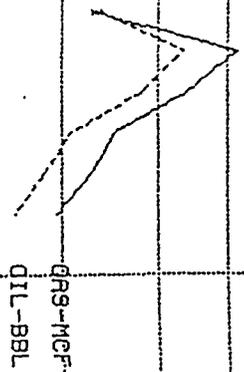
DATE

GRS-MCF
DIL-BBL

1000
1000

100
100

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



DATE 99 0 1

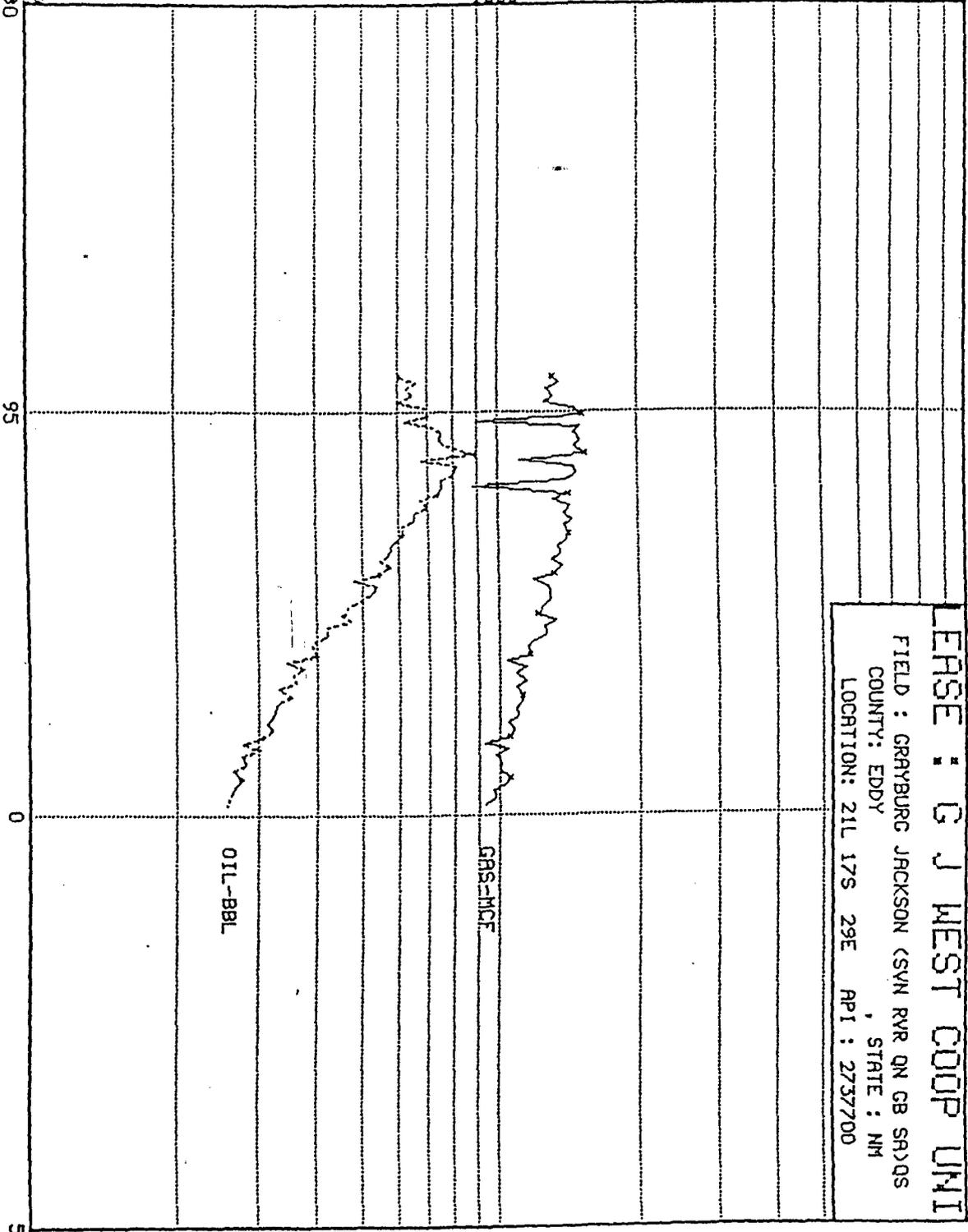
GAS-MCF
OIL-BBL

1000
1000

100
90

LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SVN RVR QN CB SA)QS
COUNTY: EDDY STATE : NM
LOCATION: 21L 17S 29E API : 2737700



DATE

OIL-BBL

GAS-MCF