

DHC-2813

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
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COMMERCIAL RESOURCES  
Phone (505) 827-5724  
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ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

MINERAL RESOURCES  
Phone (505) 827-5744  
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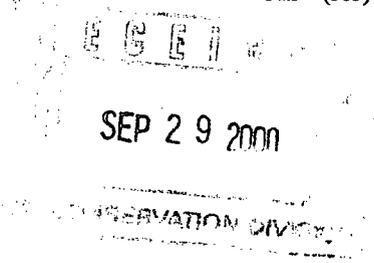
GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

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

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

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



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%
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	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.  
September 28, 2000  
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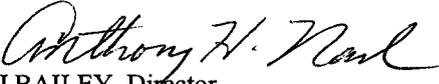
Please submit your filing fee in the amount of \$30.00.

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

FOC

RP/JB/cpm  
Enclosure  
xc: Reader File

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