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9/11/00

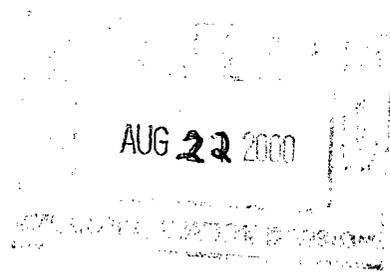


CLAYTON WILLIAMS ENERGY, INC.

August 21, 2000

Via Federal Express Overnight Service

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 20B Lease, Well No. 3  
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) 688-3253 should you need to discuss or have any questions.

Sincerely yours,

A handwritten signature in black ink that reads "Chris Cantrell".

Chris Cantrell  
Petroleum Engineer

Enclosures

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 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

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

Lease State 20B Well No. #3 Unit Letter-Section-Township-Range A;20;17S;29E County Eddy

OGRID No. 25706 Property Code 25235 API No. 30-015-30920 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg-Jackson7R's, QN, SA		Empire ;Yeso, East Oil Pool
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1951' - 3762' Perforated		3843'-4180' Perforated
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure <small>(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)</small>			
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	Oil - 38.0° Gas BTU 1145		Oil - 38.2° Gas BTU 1201
Producing, Shut-In or New Zone	Producing		Shut In
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 8/14/2000 Rates: 32 BOPD, 80 MCFPD, 153 BWPD	Date: Rates:	Date: 7/17/2000 Rates: 34 BOPD, 78 MCFPD, 170 BWPD
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil 48 % Gas 51 %	Oil % Gas %	Oil 52 % Gas 49 %

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

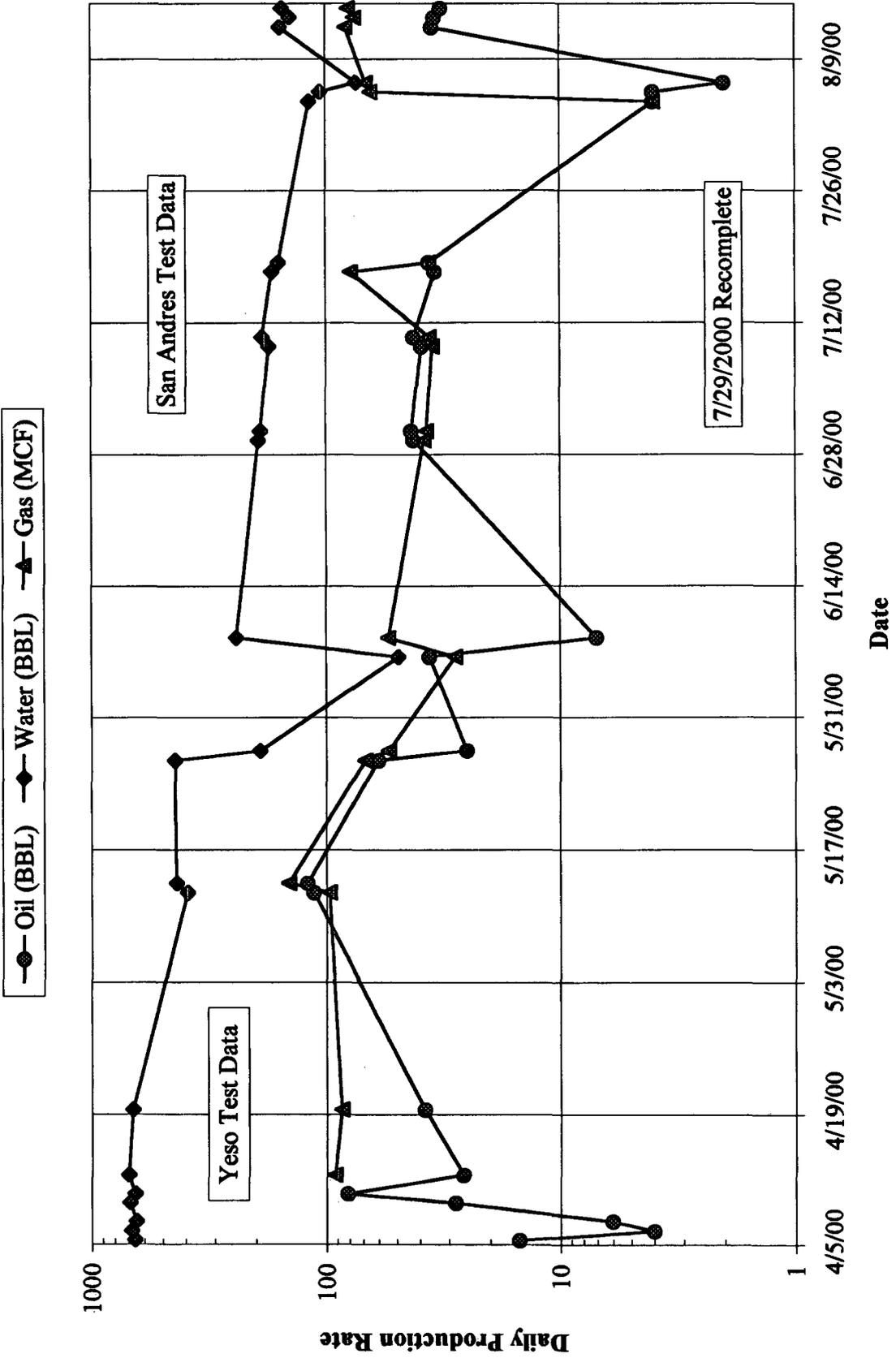
If application is to establish Pre-Approved Pools, the following additional information will be required:

- 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 Production Engineer DATE 8/21/00

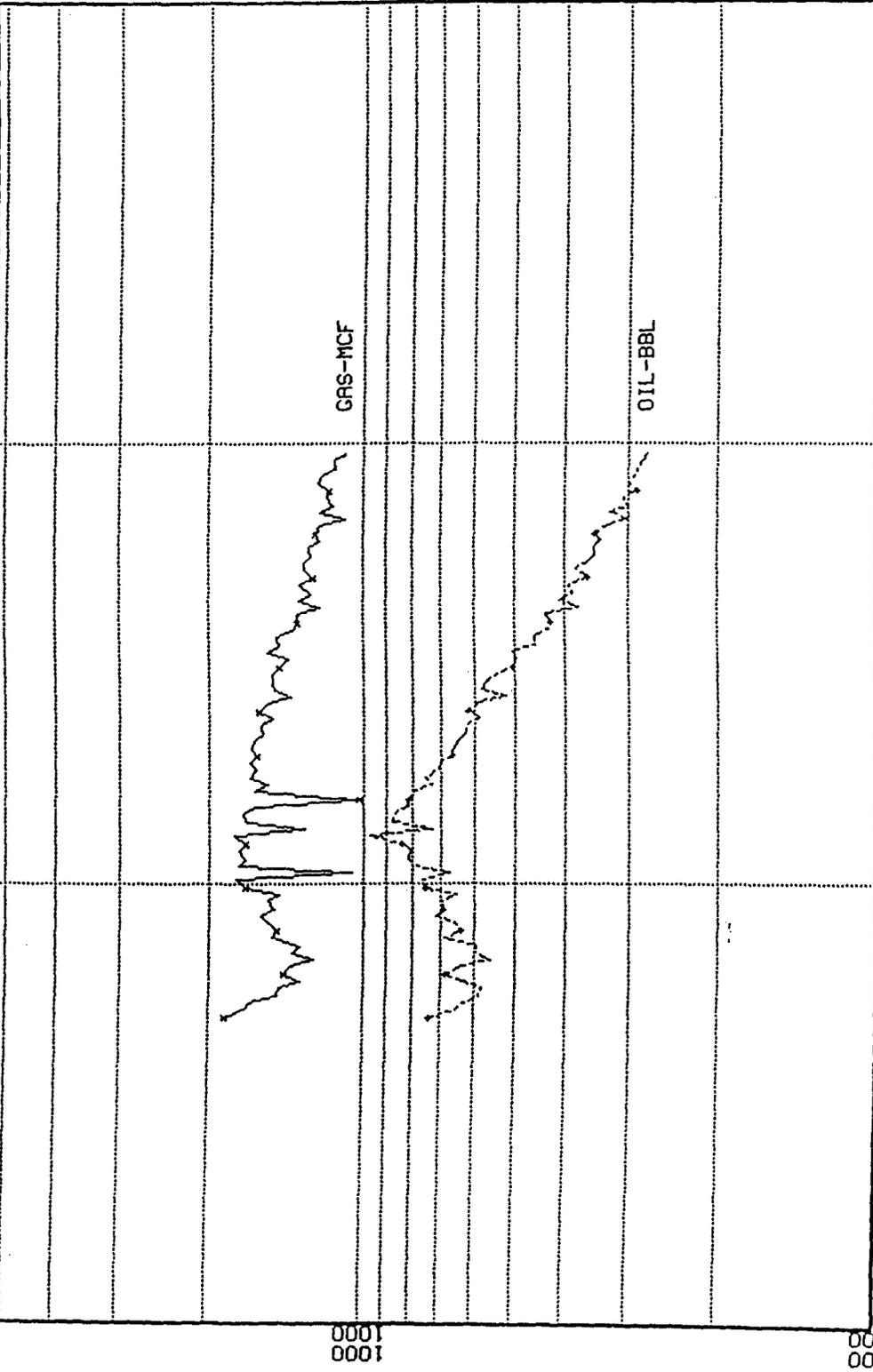
TYPE OR PRINT NAME Chris Cantrell TELEPHONE NO. ( 915 ) 682-6324

# State 20B #3 Daily Production Data. (4/18/2000 Completion)



GAS-MCF  
OIL-BBL

LEASE : G J WEST COOP UNI  
FIELD : GRAYBURG JACKSON (SYN RVR QN GB SA)QS  
COUNTY: EDDY , STATE : NM  
LOCATION: 21E 17S 29E API : 2735900



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DATE

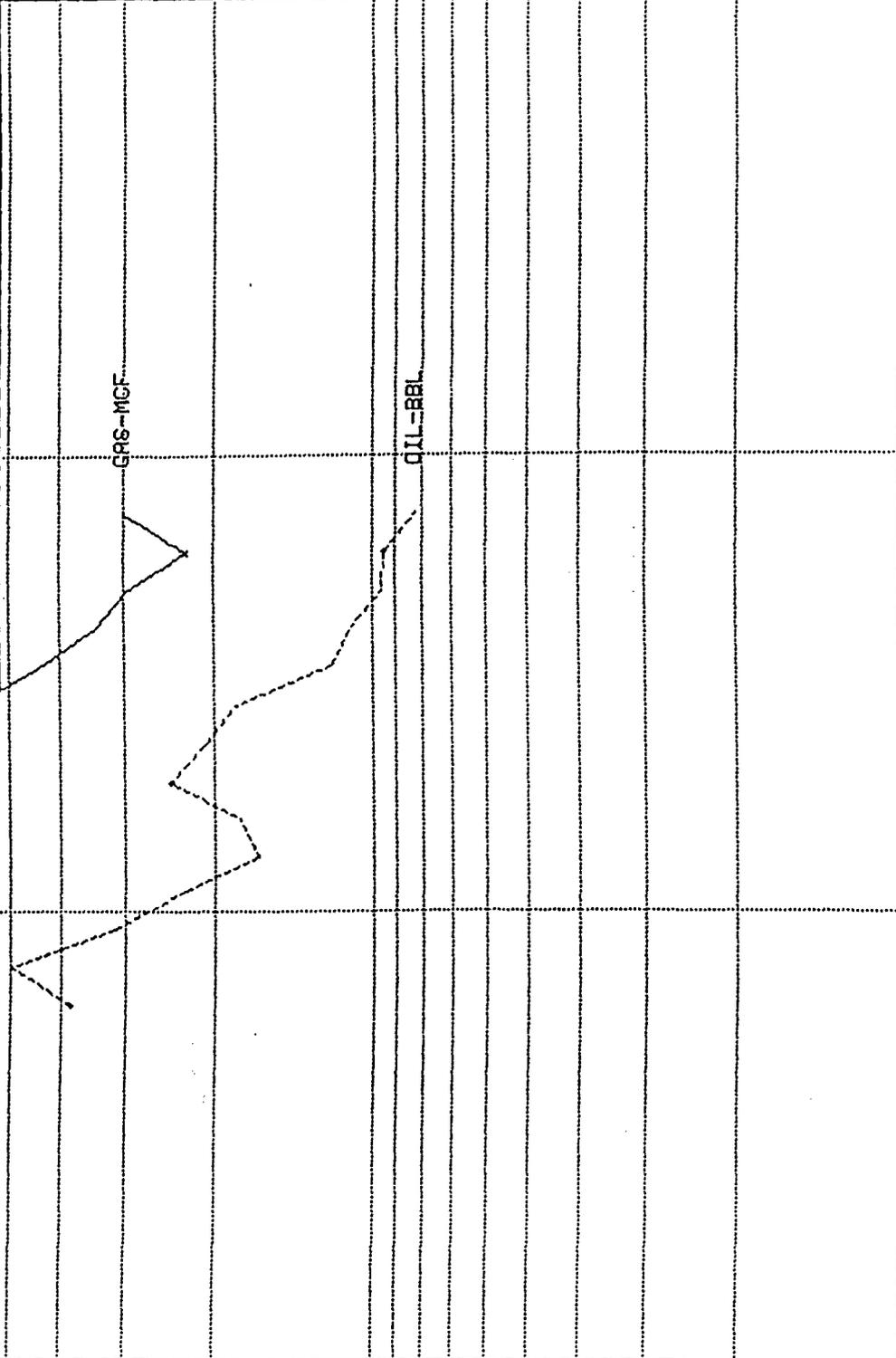
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GAS-MCF  
OIL-BBL

LEASE : SCHLEY FEDERAL  
FIELD : EMPIRE EAST (YESO)  
COUNTY: EDDY , STATE : NM  
LOCATION: 29L 17S 29E API : 3030100



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100

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99

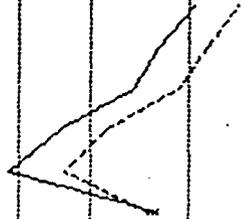
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DATE

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

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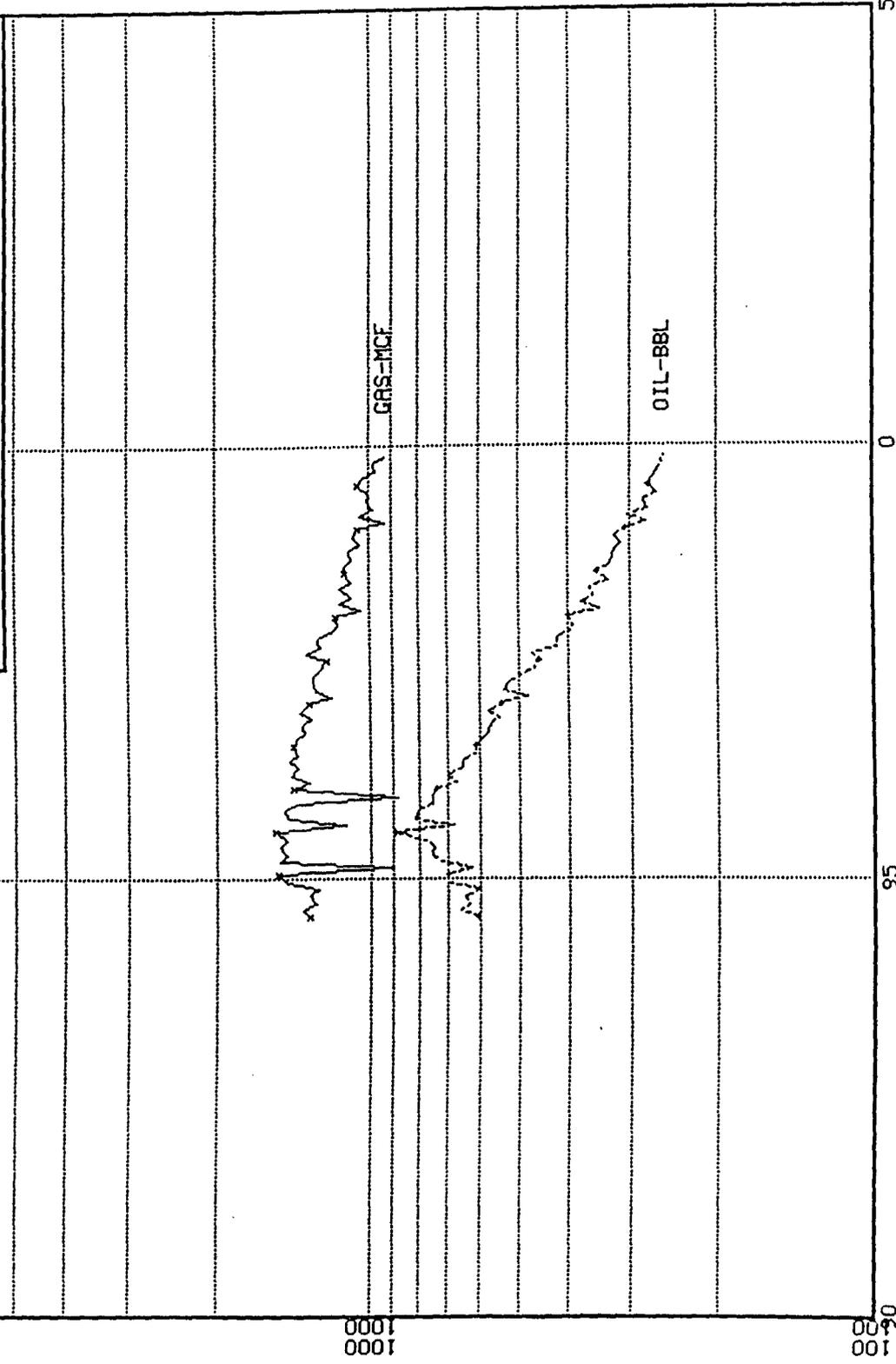
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DATE

GAS-MCF  
OIL-BBL

# LEASE : G J WEST COOP UNI

FIELD : GRAYBURG JACKSON (SVN RVR QN CB SA)QS  
COUNTY: EDDY , STATE : NM  
LOCATION: 21L 17S 29E API : 273700



DATE

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DISTRICT I  
P.O. Box 1000, Hobbs, NM 88241-1000

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

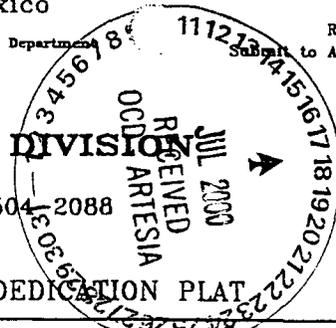
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

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

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 <b>30-015-30920</b>	Pool Code <b>28509</b>	Pool Name <b>Grayburg Jackson-7R's, QN, GB, SA</b>
Property Code <b>25235</b>	Property Name <b>STATE 2a "B"</b>	Well Number <b>3</b>
OGRID No. <b>25706</b>	Operator Name <b>CLAYTON WILLIAMS ENERGY, INC.</b>	Elevation <b>3613</b>

**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	20	17 S	29 E		430	NORTH	990	EAST	EDDY

**Bottom Hole Location If Different From Surface**

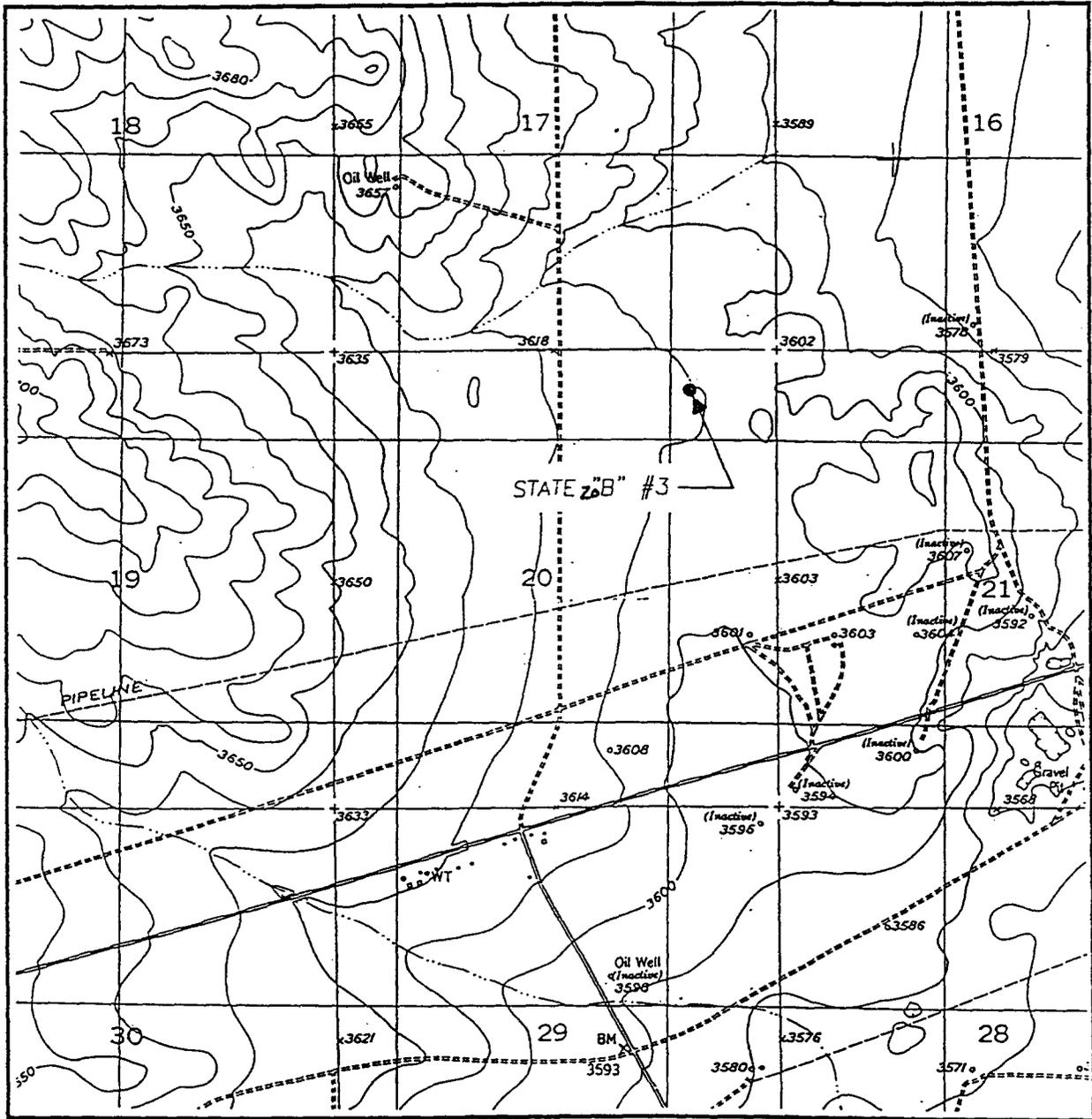
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>40</b>	Joint or Infill	Consolidation Code	Order No.
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**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><i>Betsy Luna</i> Signature</p> <p><b>Betsy Luna</b> Printed Name</p> <p><b>Engineering Technician</b> Title</p> <p><b>7/17/00</b> 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><b>JANUARY 5, 2000</b></p> <p>Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor <i>Ronald F. Eidson</i> Professional Surveyor</p> <p>06-11-0007</p>
	<p>Certificate No. RONALD F. EIDSON 3239 GARY EIDSON 12641 MACON McDONALD 12185</p>
	<p>DC</p>

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE SE - 10'

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 430' FNL & 990' FEL

ELEVATION 3613

OPERATOR CLAYTON WILLIAMS ENERGY, INC.

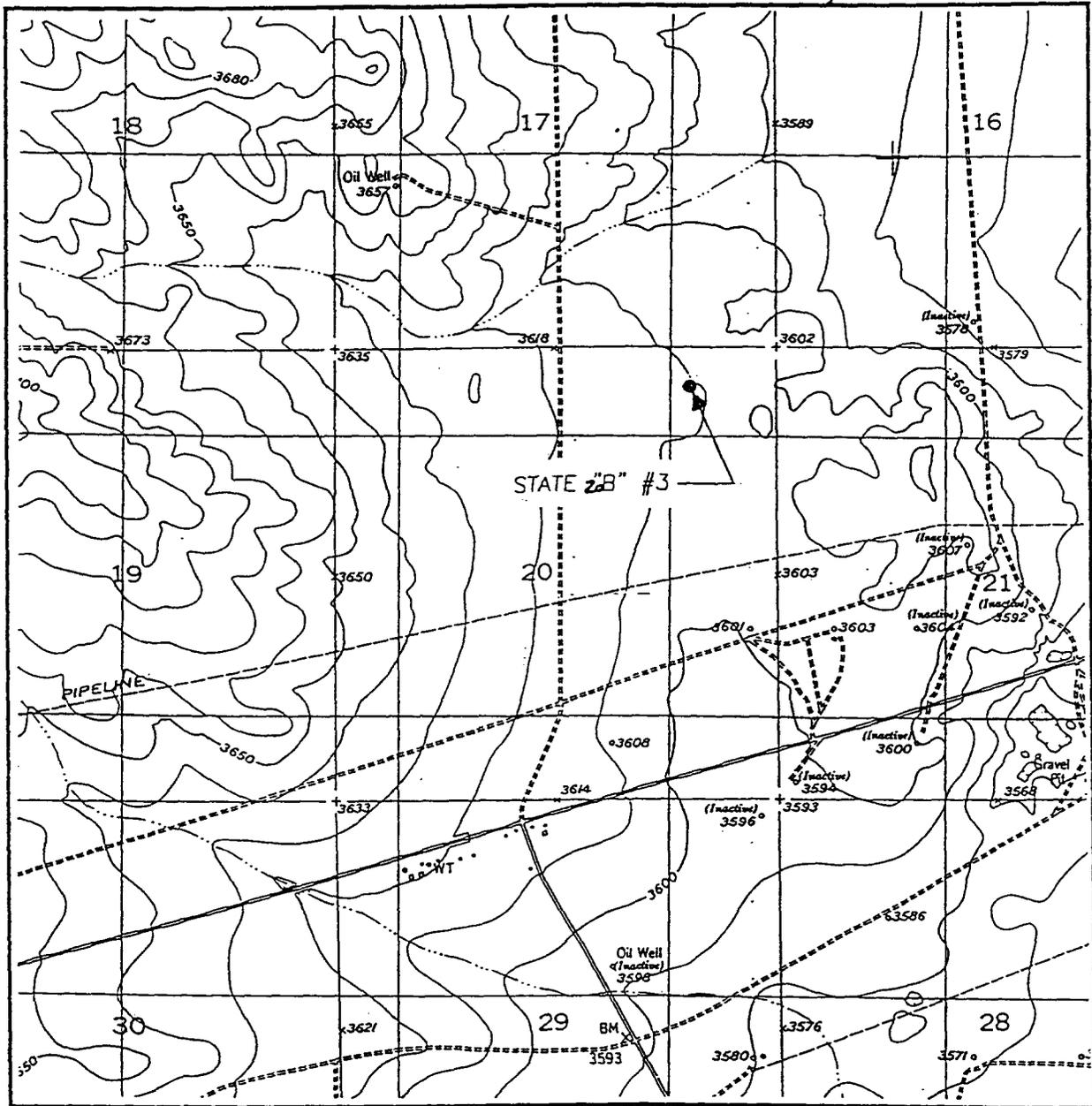
LEASE STATE 20B

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

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

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
RED LAKE SE - 10'

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

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 430' FNL & 990' FEL

ELEVATION 3613

OPERATOR CLAYTON WILLIAMS ENERGY, INC.

LEASE STATE 21B

U.S.G.S. TOPOGRAPHIC MAP

RED LAKE SE, N.M.

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