

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



DHC-2797

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

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

August 2, 2000

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

Attn: Mr. Matt Swierc

Re: Downhole Commingling Application
State 20B Lease Well No. 9
Unit Letter O, Section 20-17S-29E
State Lease B-6846
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 20B Lease Well No. 9 located in Unit Letter O, 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	42%	43%
East Empire (Yeso) Oil	58%	57%
	-----	-----
	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.
August 2, 2000
Page 2

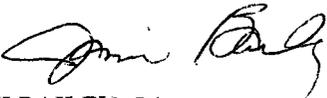
Please submit your filing fee in the amount of \$30.00.

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

30395

DHC

8/2/00

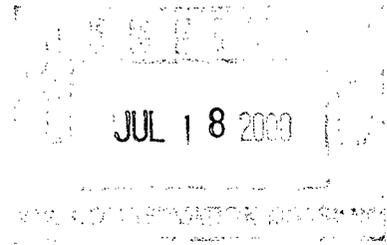


CLAYTON WILLIAMS ENERGY, INC.

July 12, 2000

2797

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. 9
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

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. #9 Unit Letter-Section-Township-Range O; 20; 17S; 29E County Eddy

OGRID No. 25706 Property Code 25235 API No. 30-015-30971 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	GB Jackson- 7Rivers,Qn,GB,SA		Empire, E. (Yeso)
Pool Code	28509		96610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2100' - 3758' Perforated		3916'-4239' 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 38.0 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. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 7/1/2000 Rates: 62 BOPD 83 MCFD 390 BWPD	Date: Rates:	Date: 6/18/2000 Rates: 87 BOPD, 108 MCFPD, 676 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 42 % Gas 51 % <i>43</i>	Oil % Gas %	Oil 58 % Gas 49 % <i>51</i>

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:

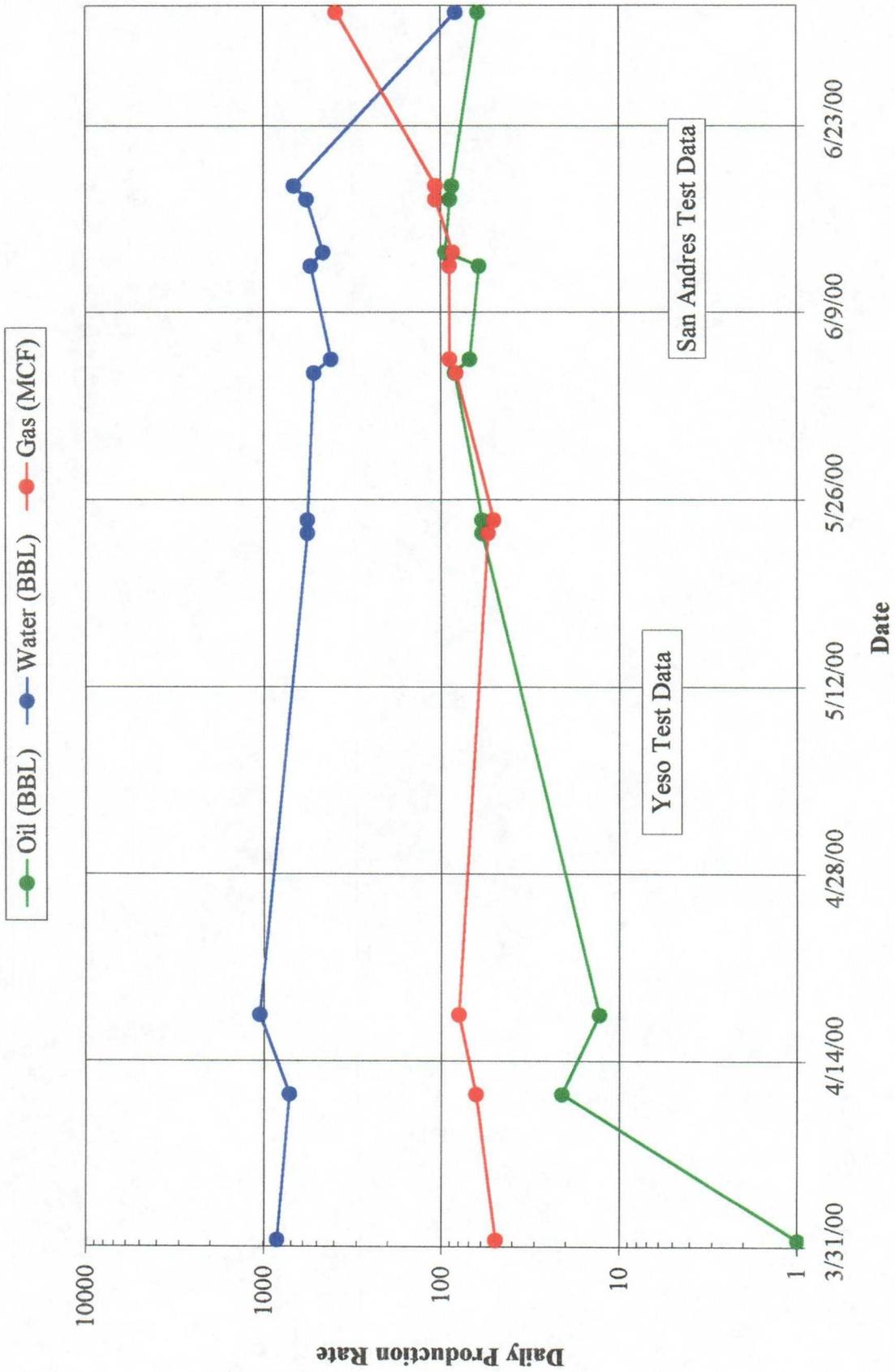
- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Matt Swiere / me TITLE Production Superintendent DATE 7/12/00

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

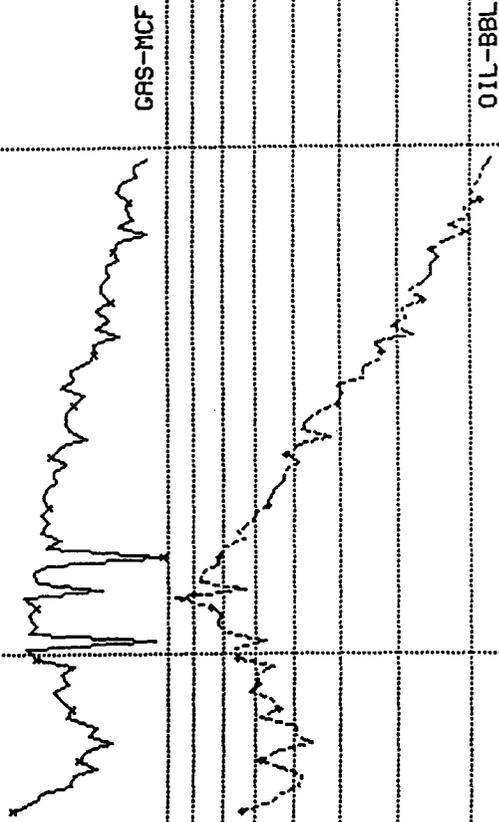
State 20B #9 Daily Production Data.



LEASE : G J WEST COOP UNIT

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

GAS-MCF
OIL-BBL



1000
1000

1000
1000

DATE

5

0

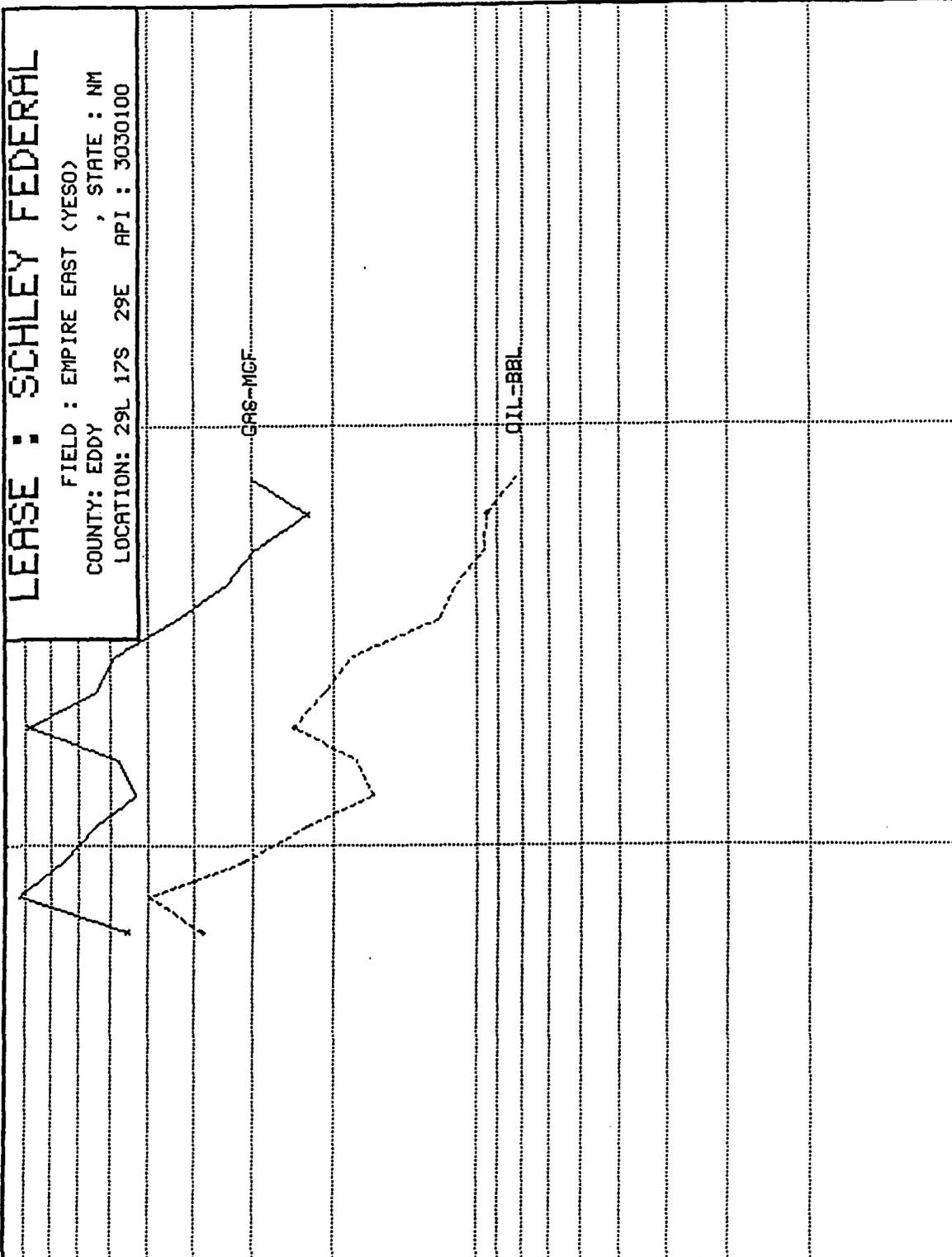
95

00

LEASE : SCHLEY FEDERAL

FIELD : EMPIRE EAST <YESO>
COUNTY: EDDY , STATE : NM
LOCATION: 29L 17S 29E API : 3030100

GRS-MCF
OIL-BBL



100
1000

98

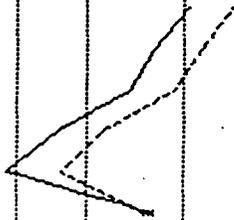
99

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

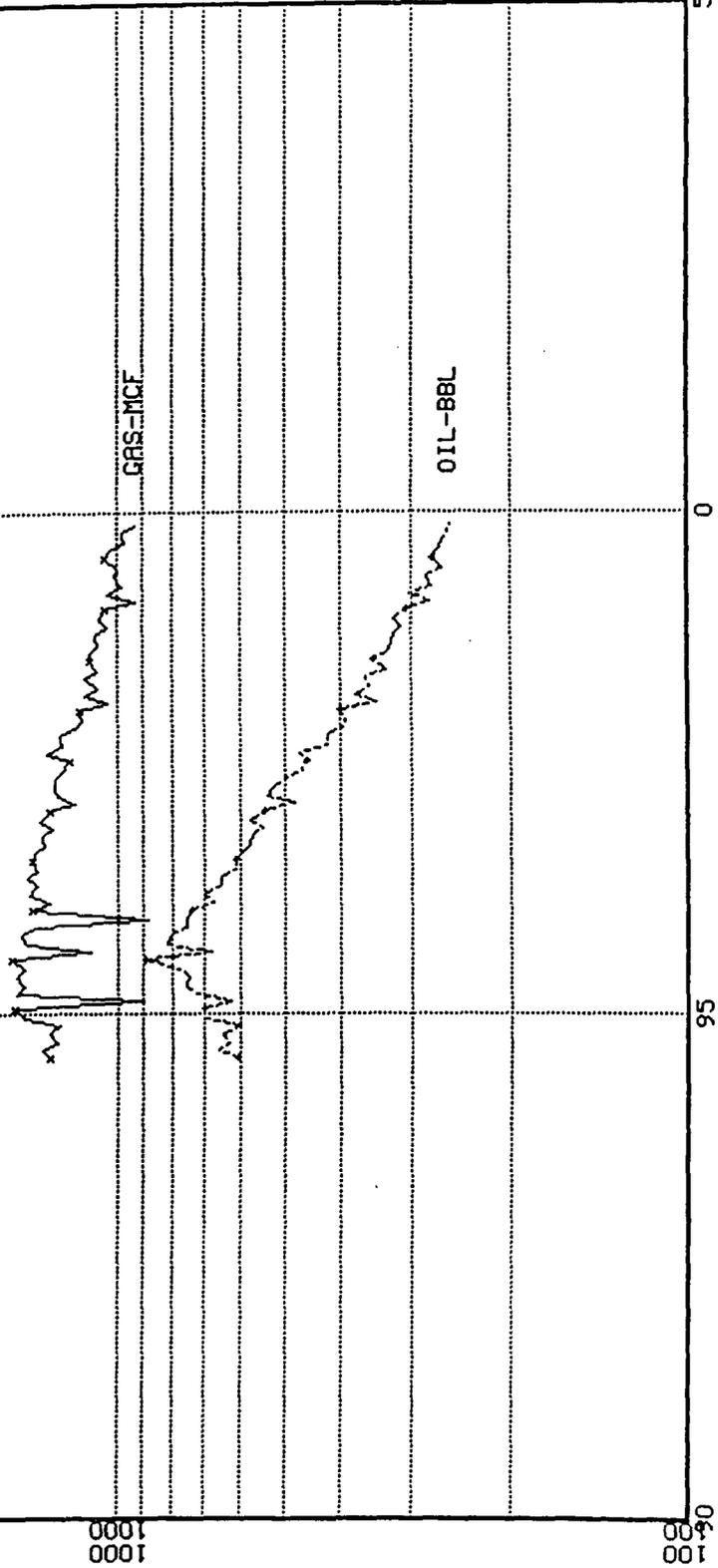
LEASE : G J WEST COOP UNIT

FIELD : GRAYBURG JACKSON (SVN RVR QN GB SA)QS

COUNTY: EDDY , STATE : NM

LOCATION: 21L 17S 29E API : 2737700

CRS-MCF
OIL-BBL



DATE

DISTRICT I
P.O. Box 1880, Hobbs, NM 88241-1880

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., Artec, 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 30-015-30971	Pool Code 28509	Pool Name Grayburg Jackson-7R's,QN,GB,SA
Property Code 25235	Property Name STATE "20 B"	Well Number 9
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 3612

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	20	17 S	29E		330	SOUTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

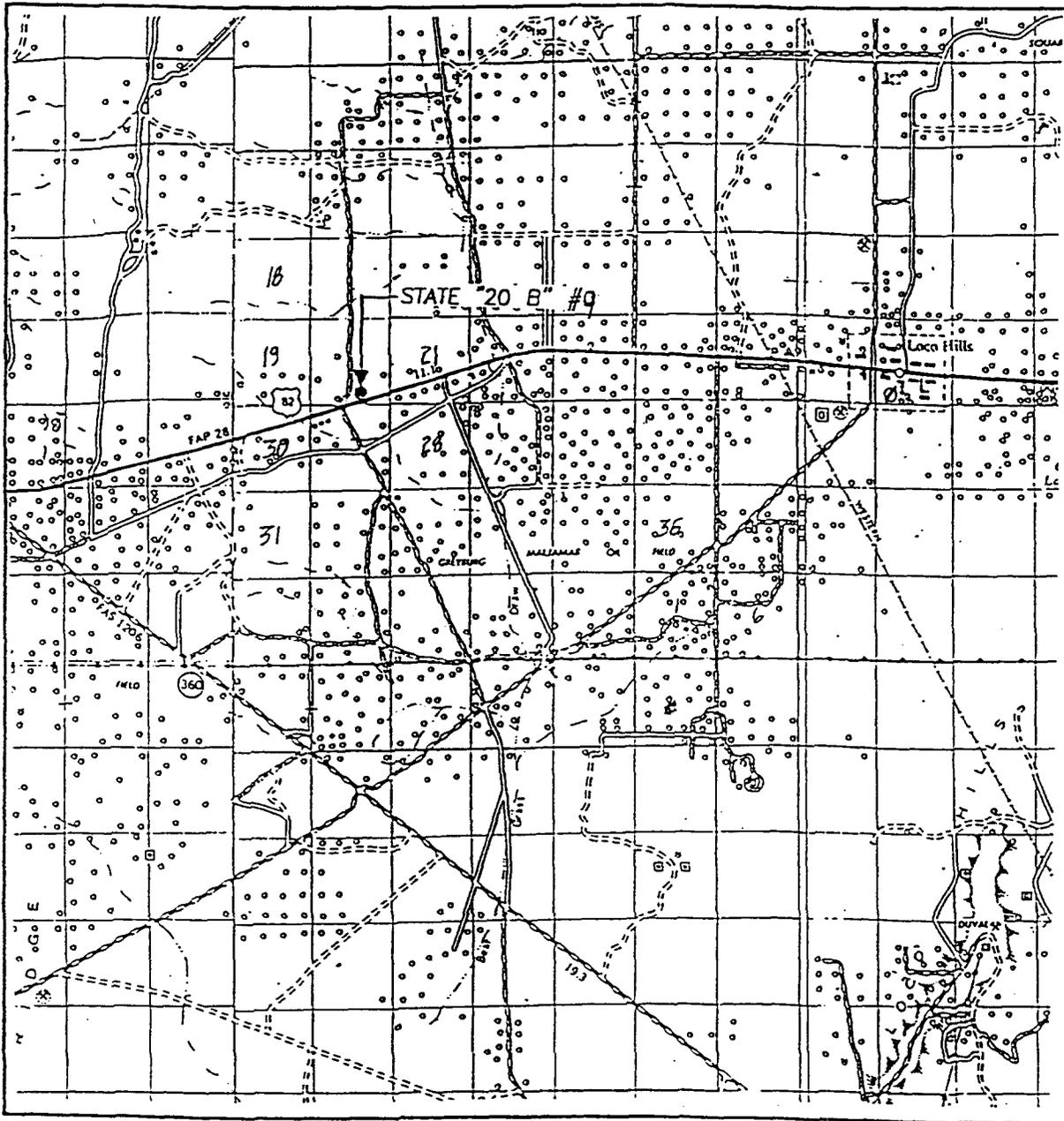
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

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

	<p align="center">OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p align="right"><i>Betsy Luna</i></p> <p>Signature</p> <p align="right">Betsy Luna</p> <p>Printed Name</p> <p align="right">Engineering Technician</p> <p>Title</p> <p align="right">06-21-2000</p> <p>Date</p>
	<p align="center">SURVEYOR CERTIFICATION</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 align="right">FEBRUARY 1, 2000</p> <p>Date Surveyed LMP</p> <p>Signature & Seal of Professional Surveyor</p> <p align="right"><i>Ronald J. Eidson</i> 2/02/2000</p> <p align="right">00-11-0160</p>
	<p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12441 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 330' FSL & 2310' FEL
 ELEVATION 3612
 OPERATOR CLAYTON WILLIAMS ENERGY, INC.
 LEASE STATE "20 B"

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

