



CLAYTON WILLIAMS ENERGY, INC.
June 12, 2006

RECEIVED
JUN 13 2006
OCD-ARTERIA

Via Federal Express Overnight Service

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
District II
1301 W. Grand Avenue
Artesia, New Mexico 88210

Attn: Mr. Tim Gum

RE: **BLM Completion Package – PLUG BACK**

**Rocky Arroyo Federal #1
API No. 03-015-34095
Section 8, T22S, R22E
Eddy County, New Mexico**

Dear Sir:

Clayton Williams Energy, Inc. has re-entered and plugged back the above captioned gas well to the Rocky Arroyo (Morrow gas) limestone, the Wildcat Atoka (gas), and the Wildcat Strawn (gas) reservoirs. Clayton Williams Energy, Inc. filed an application for down-hole commingle which was approved by Mr. Mark Fesmire, P.E. with the New Mexico Energy, Minerals and Natural Resources Department on March 17, 2006. A copy of the administrative order DHC-3672 is included for your reference.

Please find enclosed the following completion data for **each zone** for your records:

BLM Form 3160-4
NM OCD Form C-104 (5 copies)

At your earliest convenience, please advise me of proper pool code number for these zones for the purpose of filing monthly production. Thank you for your assistance in this matter. If you have any questions or require further, please call me at (432) 688-3240.

Sincerely yours,

Betsy Luna
Engineering Technician

enclosures

CLAYDESTA CENTER SIX DESTA DRIVE SUITE 3000 MIDLAND, TEXAS 79705 432/682-6324 FAX 432/688-3225



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER DHC-3672

Clayton Williams Energy, Inc.
Six Desta Dr. #3000
Midland, TX 79705

Attention: Matt Swierc

Rocky Arroyo Federal Well No. 1
API No. 30-015-34095
Unit A, Section 8, Township 22 South, Range 22 East, NMPM,
Eddy County, New Mexico
Rocky Arroyo-Morrow Gas (84160),
Wildcat-Atoka Gas, and
Wildcat-Strawn Gas Pools

RECEIVED
JUN 13 2006
OCD-ATTECIA

Dear Mr. Matt Swierc:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division 303C.(1)(f), the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable to the well and allocation of production from the well shall be done after testing of all intervals to be commingled. The applicant shall submit the allocation percentages to the Division within 60 days following completion of this well or workover.

REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303C(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on March 17, 2006.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Artesia
Bureau of Land Management – Carlsbad



CLAYTON WILLIAMS ENERGY, INC.

March 15, 2006

RECEIVED
JUN 13 2006
O&G-ANTECOM

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

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 Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

RECEIVED
JUN 13 2006
OCU-ANTECA

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

APPLICATION FOR DOWNHOLE COMMINGLING

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

Lease ROCKY ARROYO FEDERAL Well No. 1 Unit Letter-Section-Township-Range A, Sec 8, T22S, R22E 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? 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 ☐
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 mswiere@claytonwilliams.com



CLAYTON WILLIAMS ENERGY, INC.

March 15, 2006

RECEIVED
JUN 13 2006
OCC-ART-EDM

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

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,

A handwritten signature in cursive script that reads "Matt Swierc".

Matt Swierc
Production Superintendent

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos 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
OGRID 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. <i>Betsy Luna</i> 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 <i>GARY L. JONES</i> Signature Professional Surveyor NEW MEXICO 1977 W.O. No. 4956 Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artesia, 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 - Atoka
Property Code 34797	Property Name ROCKY ARROYO FEDERAL	Well Number 1
OGRID 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. Signature <u>Betsy Luna</u> Printed Name <u>Betsy Luna</u> Title <u>Engineering Technician</u> Date <u>2/27/2006</u>
	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. Date Surveyed <u>FEBRUARY 7, 2005</u> Signature <u>GARY L. JONES</u> Professional Surveyor W.O. No. <u>4966</u> Certificate No. <u>Gary L. Jones</u> 7977 PROFESSIONAL LAND SURVEYOR

DISTRICT I
1025 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos 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	Well Number 1
OGRID No. 25706	Operator Name CLAYTON WILLIAMS ENERGY, INC.	Elevation 4473'

Surface Location

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

				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Betsy Luna</i> Signature Betsy Luna Printed Name Engineering Technician Title 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 Signature of Gary L. Jones Professional Surveyor NEW MEXICO 1977 W.O. No. 4956 Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR</p>