



OCD - Artesia

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

February 13, 2004

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (432) 688-3225

RECEIVED

FEB 23 2004

OCD-ARTESIA

Attention: **Matt Swierc**
mswierc@claytonwilliams.com

Administrative Order NSL-5000 (SD)

Dear Mr. Swierc:

Reference is made to the following: (i) your application (*administrative application reference No. pMES0-404443794*) dated January 29, 2004 submitted by telefax to the New Mexico Oil Conservation Division ("Division") on February 13, 2004; (ii) Mr. Michael E. Stogner's, Division Engineer/Chief Hearing Officer in Santa Fe, New Mexico, telephone conversations with you and Ms. Betsy Luna on Friday morning, February 13, 2004; and (iii) the Division's records in Santa Fe, including the files on Division Administrative Orders NSL-4969 (SD) and NSL-4990 (SD): all concerning Clayton Williams Energy, Inc.'s ("CWI") request for an unorthodox "infill" oil well location within an existing standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 (Unit A) of Section 20, Township 17 South, Range 29 East, NMPM, East Empire-Yeso Pool (96610), Eddy County, New Mexico.

Your application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 40-acre Yeso oil unit is currently dedicated to the three following described CWI operated wells:

- (i) State "20-B" Well No. 1 (API No. 30-015-30918), located at a standard oil well location 990 feet from the North line and 330 feet from the East line of Section 20;
- (ii) State "20-B" Well No. 3 (API No. 30-015-30920), located at a standard infill oil well location 430 feet from the North line and 990 feet from the East line of Section 20; and
- (iii) State "20-B" Well No. 14 (API No. 30-015-33069), recently drilled at a standard infill oil well location 330 feet from the North and East lines of Section 20.

It is the Division's understanding that the NE/4 of Section 20 is a single state lease issued by the New Mexico State Land Office (State Lease No. B-06846) with common mineral interest in which CWI is the leasehold operator.

It is further understood that such unorthodox location, not appearing to be necessary, is however desirable from an engineering standpoint in that this location is approximately equidistance to other offsetting Yeso oil producers within the State "20-B" lease. It is CWI's contention that approval of the proposed unorthodox infill oil well location will enable them to further develop and deplete the East Empire-Yeso Pool within its State "20-B" lease that might not otherwise be recovered, thereby preventing waste.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill oil well location in the East Empire-Yeso Pool within the NE/4 NE/4 of Section 20 is hereby approved:

30-015-33241
State "20-B" Well No. 18
1090' FNL & 1125' FEL.

Further, the existing State "20-B" Wells No. 1, 3, and 14 and the proposed State "20-B" Well No. 18 are to be simultaneously dedicated to the subject 40-acre unit.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Artesia
New Mexico State Land Office - Santa Fe
Ms. Betsy Luna, Clayton Williams Energy, Inc. - Midland, TX (Fax No. 432-688-3225)