



February 16, 1996

Mr. William J. LeMay, Director
 New Mexico Oil Conservation Division
 2040 S. Pacheco Street
 P.O. Box 6429
 Santa Fe, NM 87505

Southern

Rockies

Business

Unit

**Application for Exception to Rule 303-A
 Surface Commingling
 Keys Gas Com C#1 Well
 990' FSL & 1650' FWL, Unit N Section 29-T29N-R10W
 Aztec Pictured Cliffs (Pool IDN 71280) and Aztec Fruitland Sand (Pool IDN 71200) Pools
 San Juan County, New Mexico**

Amoco Production Company hereby requests administrative approval to surface commingle production from the Aztec Pictured Cliffs and Aztec Fruitland Sand in the Keys Gas Com C#1 well referenced above. This well is producing as a dual completion and we plan to complete the well with the two zones commingled at the surface. This well is anticipated to have marginal production and surface commingling will offer an economical method of production using a single train of production equipment. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

The ownership (WI, RI, ORRI) of these pools is identical in this wellbore. Currently, the Pictured Cliffs is producing 20 MCFD and the Fruitland Sand is producing 20 MCFD resulting in an expected rate of 40 MCFD. The recommended allocation would be based on historical production attributing 50% to the Pictured Cliffs and 50% to the Fruitland Sand. The Fruitland sand has not historically produced liquids so all condensate production would be 100% allocated to the Pictured Cliffs.

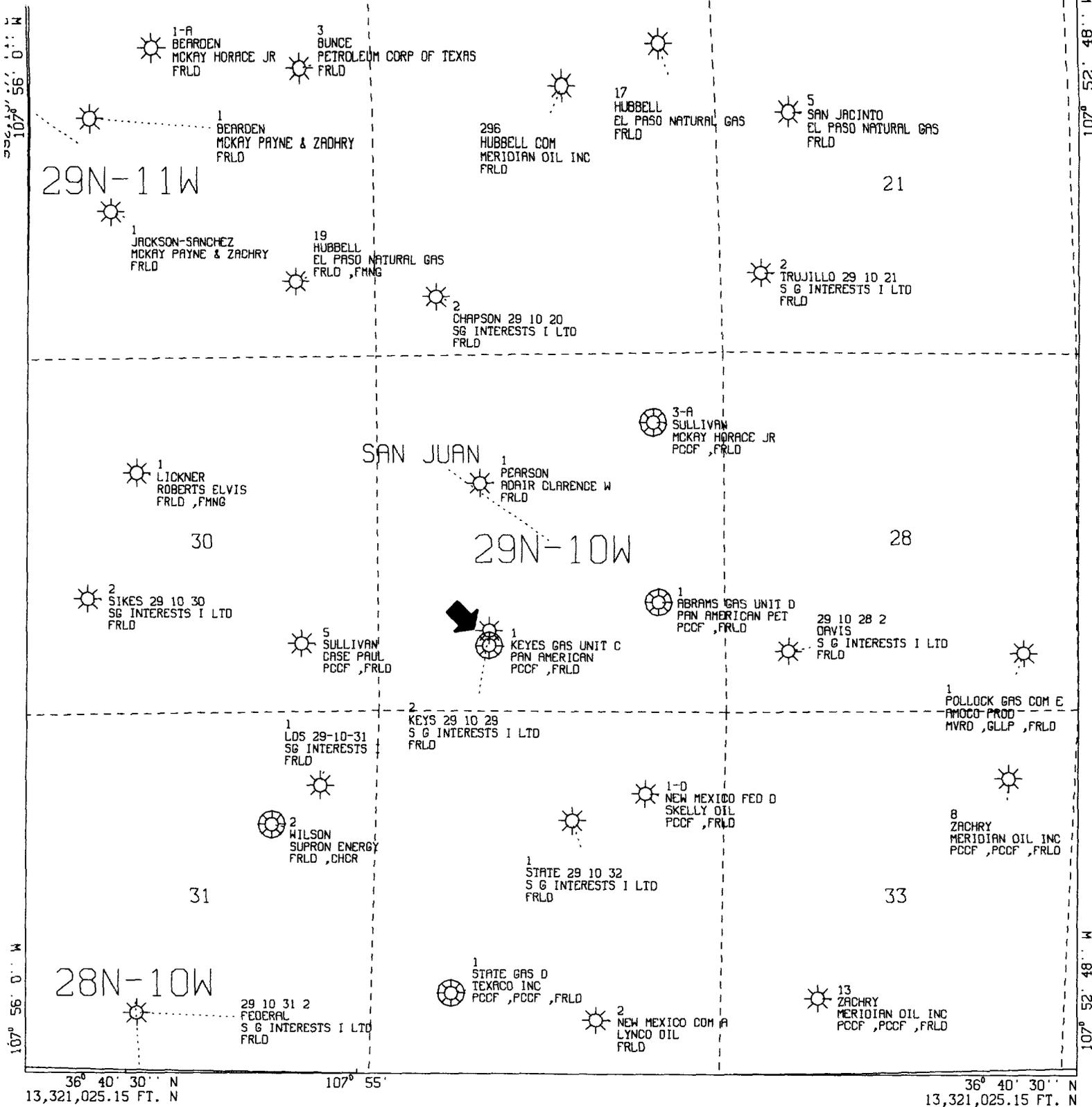
Attached to aid in your review are plats showing the location and acreage dedicated to the well, a historical production plot for each formation and a schematic of the proposed commingling installation. This spacing unit does not involve any State or Federal lands.

Sincerely,

Pamela W. Staley

cc: Steve Webb
 Gail Jefferson

Frank Chavez, Supervisor
 NMOCD District III
 1000 Rio Brazos Road
 Aztec, NM 87410

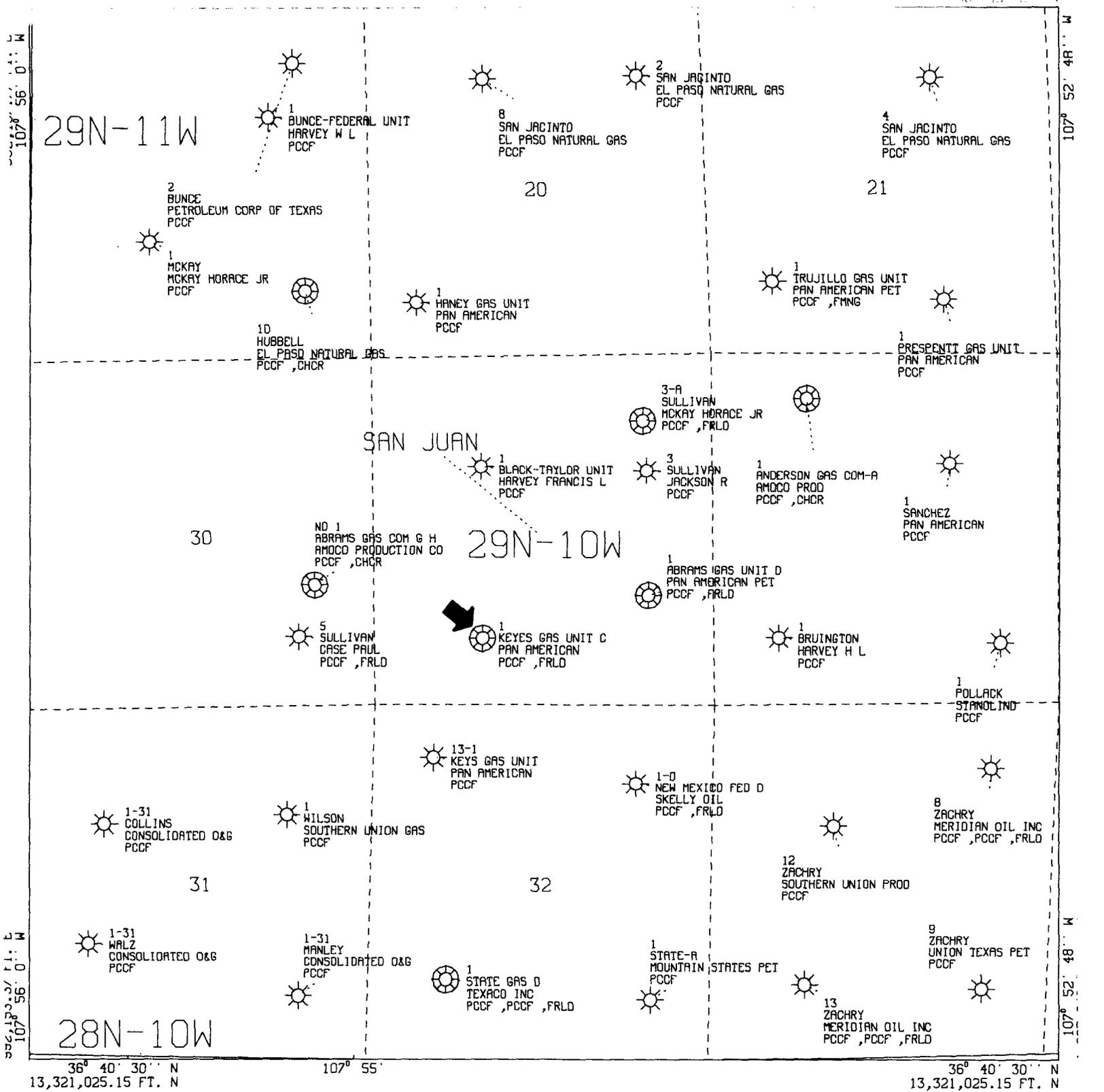


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AMOCO PRODUCTION COMPANY
 PLAT MAP
 Keys Gas Com C 1
 Fruitland Formation

SCALE 1 IN. = 2,000 FT. OCT 6, 1995

POLYCONIC CENTRAL MERIDIAN - 107° 54' 24" W LON
 SPHEROID - 6



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AMOCO PRODUCTION COMPANY
 PLAT MAP
 Keys Gas Com C 1
 Pictured Cliff Formation
 SCALE 1 IN. = 2,000 FT. OCT 6, 1995

POLYCONIC CENTRAL MERIDIAN - 107° 54' 24" W LON SPHEROID - 6

OK

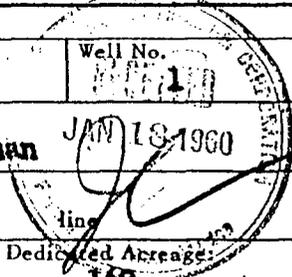
FORM C-128
Revised 5/1/57

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

SEE INSTRUCTIONS FOR COMPLETING THIS FORM ON THE REVERSE SIDE

SECTION A

Operator Pan American Petroleum Corporation			Lease Keys Gas Unit "C"			Well No. 1001		
Unit Letter N	Section 29	Township 29 North	Range 10 West	County San Juan				
Actual Footage Location of Well: 990 feet from the South line and 1650 feet from the West line								
Ground Level Elev. 5548	Producing Formation Fruitland		Pool Aztec Fruitland			Dedicated Acreage: 160 Acres		

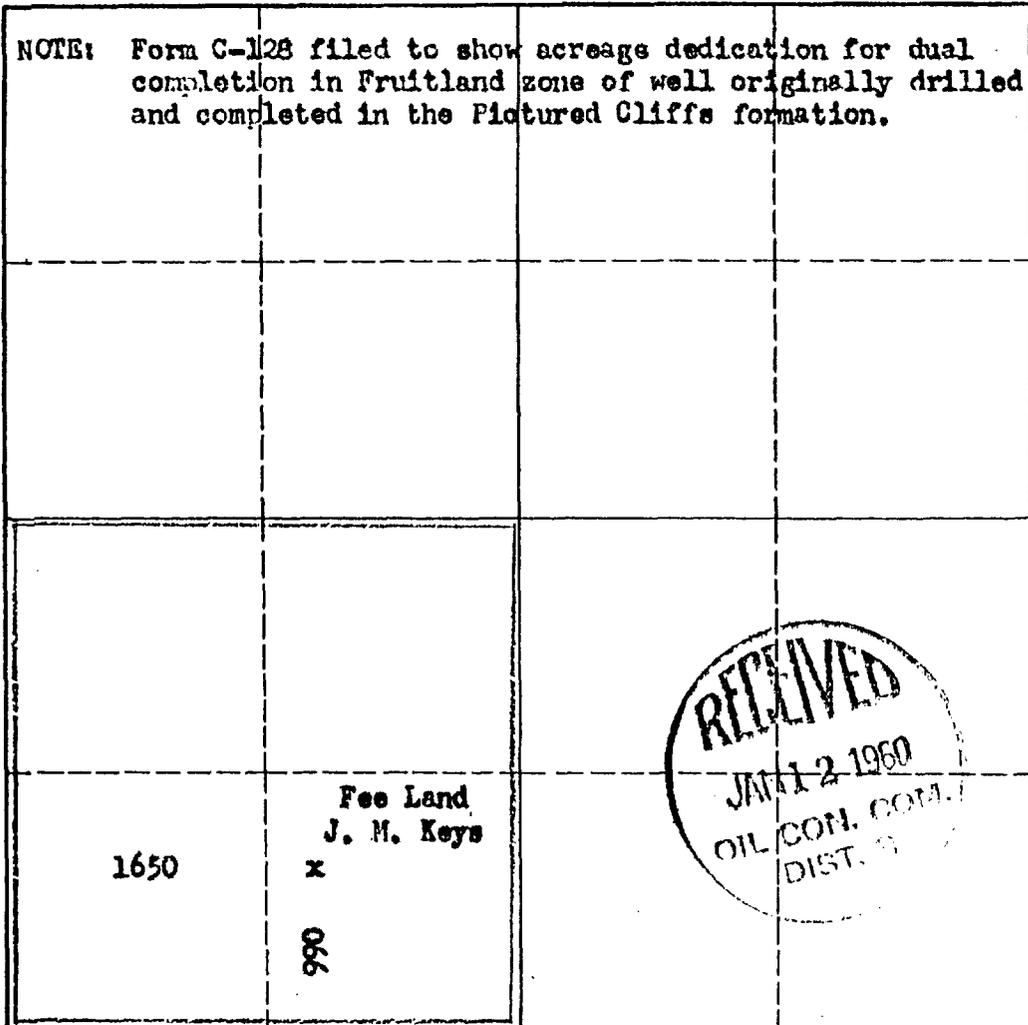


1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES _____ NO . ("Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES NO _____. If answer is "yes," Type of Consolidation Communitized acreage
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

SECTION B

NOTE: Form C-128 filed to show acreage dedication for dual completion in Fruitland zone of well originally drilled and completed in the Pictured Cliffs formation.



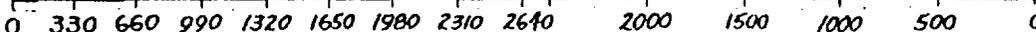
CERTIFICATION

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

Name <i>R. M. Bauer, Jr.</i> R. M. Bauer, Jr.
Position Area Engineer
Company Pan American Petroleum Corp.
Date January 11, 1960

I hereby certify that the well location shown on the plat in SECTION B 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 knowledge and belief.

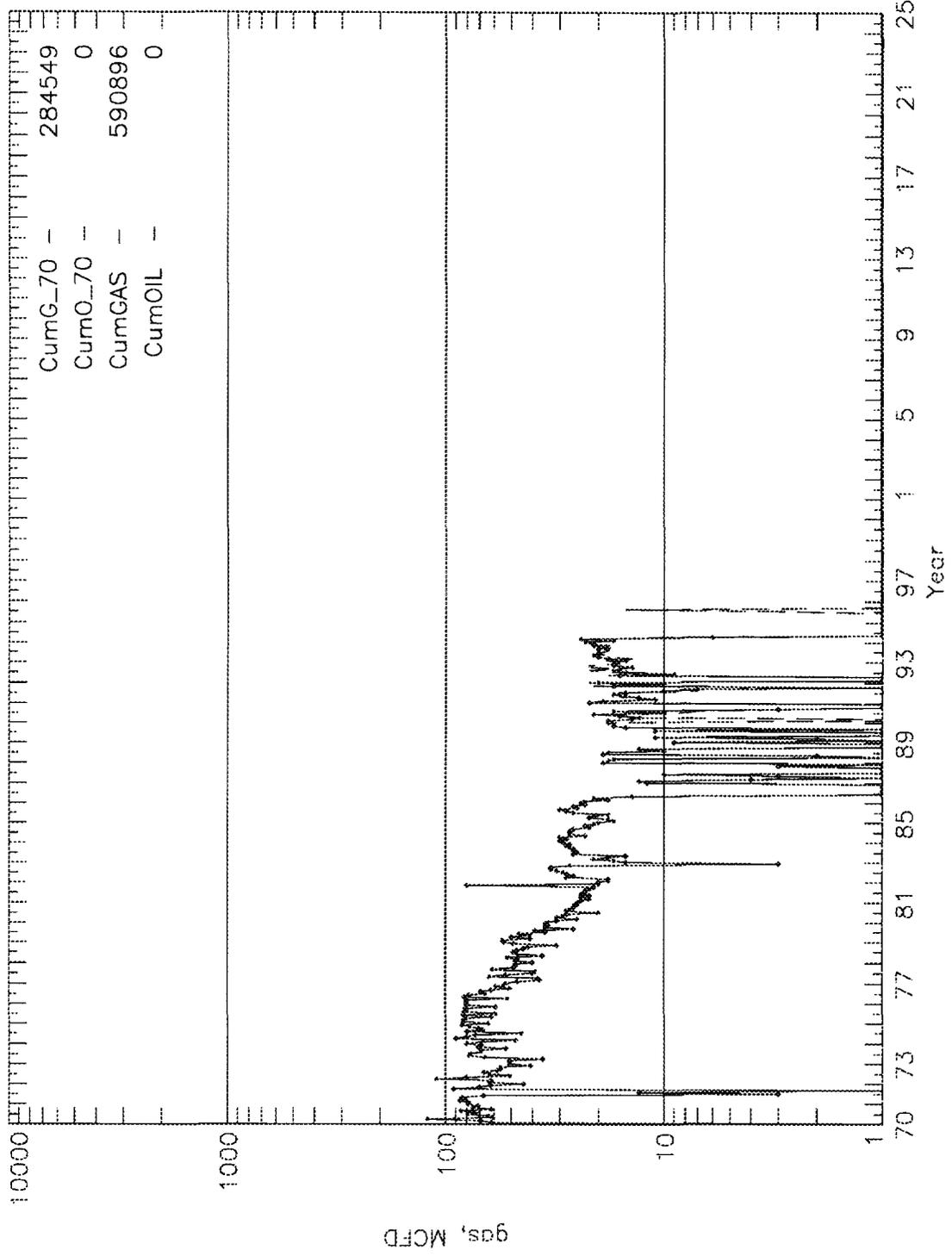
Date Surveyed November 1, 1957
Registered Professional Engineer and/or Land Surveyor Original /s/ James P. Leese
Certificate No. 1463



For: zdws22
Engr: zdws22

KEYS GAS COM C 1 Operator-- AMOCO PRODUCTION CO

300450778500PC N292910--001 PC APC_WI -- 0.75000000



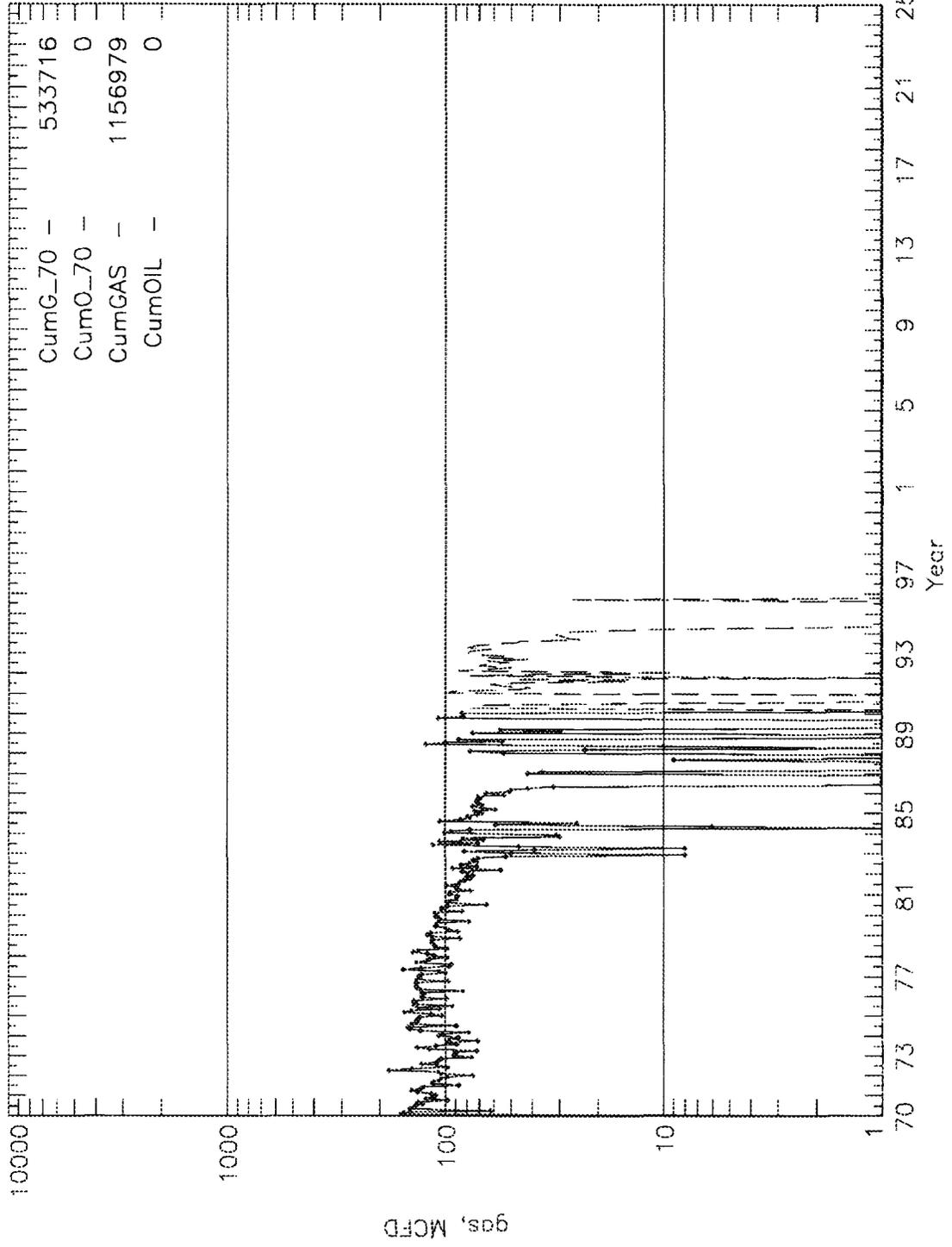
CumG_70 -- 284549
CumO_70 -- 0
CumGAS -- 590896
CumOIL -- 0

Last Op. Forecast by None in None

For: zdws22
Engr: zdws22

KEYS GAS COM C 1 Operator-- AMOCO PRODUCTION CO

300450778500FT N292910-001 FT APC_WI - 0.75000000



Last Op. Forecast by None in None

ANOCO PRODUCTION COMPANY
FARMINGTON DISTRICT

ONSHORE FEDERAL AND INDIAN
SITE FACILITY DIAGRAM

LEASE NAME & WELL NUMBER Keys G.C. "C" Well NO# 1. FT SAND/PC DUAL

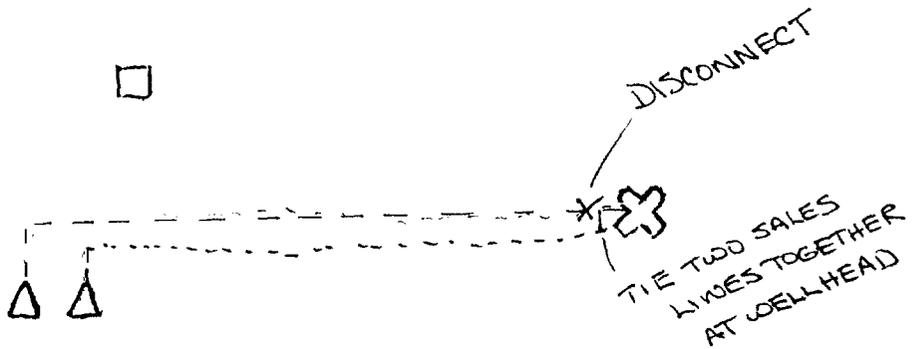
LEASE NUMBER (Run 27)

COMMUNITIZATION NUMBER _____

LOCATION Keys C-1 SEC. - ²⁹~~7 SW~~ T 29N R 10W
S.F.C

This diagram subject to site security plan For New Mexico

Sealed valves are normally closed during production phase. Drain line valve to pit open to draw off water and load line valve open to sell condensate.



Valve #1 - Sales
 Valve #2 - Drain

-  Wellhead
-  Production Unit
-  Storage Tank
-  Dehydrator
-  Meter Run
-  Pit
-  SEALED VALVES