

TENNECO OIL COMPANY *A Major Component of Tenneco Inc.*

P. O. BOX 1031 • 1803 WILCO BUILDING • MIDLAND, TEXAS 79701



October 22, 1971

*PROCESSED
10/22/71
[Signature]*

New Mexico Oil Conservation Commission
State Land Office Bldg.
P. O. Box 1148
Santa Fe, NM 87501

Re: Commingle Production
Ginsberg Federal Lease
Federal Lease No. NM0569
Lea County, New Mexico

*Hold for
USGS
consult*

Gentlemen:

Tenneco Oil Company requests approval to commingle production from the Justis-Blinbry and Langlie Mattix zones with production from the Justis-Fusselman and Justis Tubb-Drinkard zones, on our Ginsberg Federal Lease.

Pertinent data is included in Table I, Figure 1 and Figure 2. All the commingled production will be sold at \$3.31 per barrel. This is the present value of 40/53 of the crude. The \$0.17 per barrel reduction will apply only to the 13 barrel per day intermediate crude production. This is \$67.15 (gross) less revenue per month.

To continue segregation of intermediate and sour crude production on this lease will require an additional investment of approximately \$5,000 to repair and replace a portion of the existing tank battery. This additional investment is not feasible at present to maintain segregation of the 13 barrels per day of intermediate crude production. If commingled production is not allowed the intermediate production will be discontinued until economics will allow the added expense.

Attached is a copy of correspondence with the U.S. Geological Survey concerning this matter as this is a Federal Lease.

If you consent to the proposed commingling, please sign and return two (2) copies of this letter to:

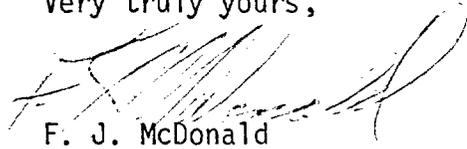
Tenneco Oil Company
P. O. Box 1031
Midland, Texas 79701

TENNECO OIL COMPANY

NMOCC
Ginsberg Federal Lease
October 22, 1971
Page two

Speedy handling of this matter will allow Tenneco Oil Company to return to more efficient operating methods. Your consideration of this matter will be appreciated.

Very truly yours,



F. J. McDonald
District Production Manager

JLG/yt
Attachments

cc: Mr. Joe Ramey
New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, NM 88240

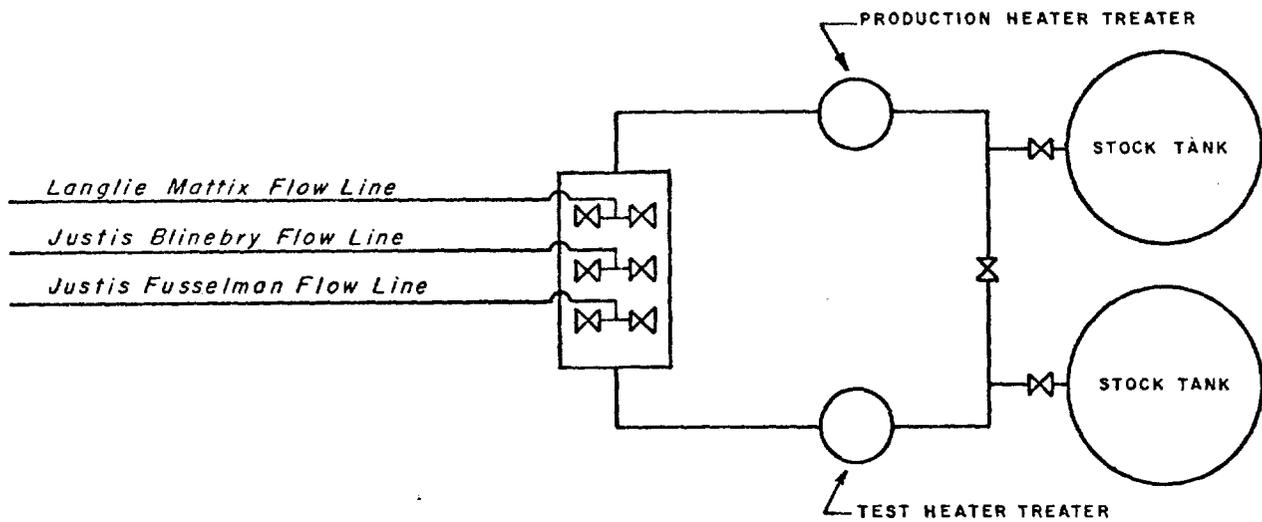
New Mexico Oil Conservation Commission

Date _____

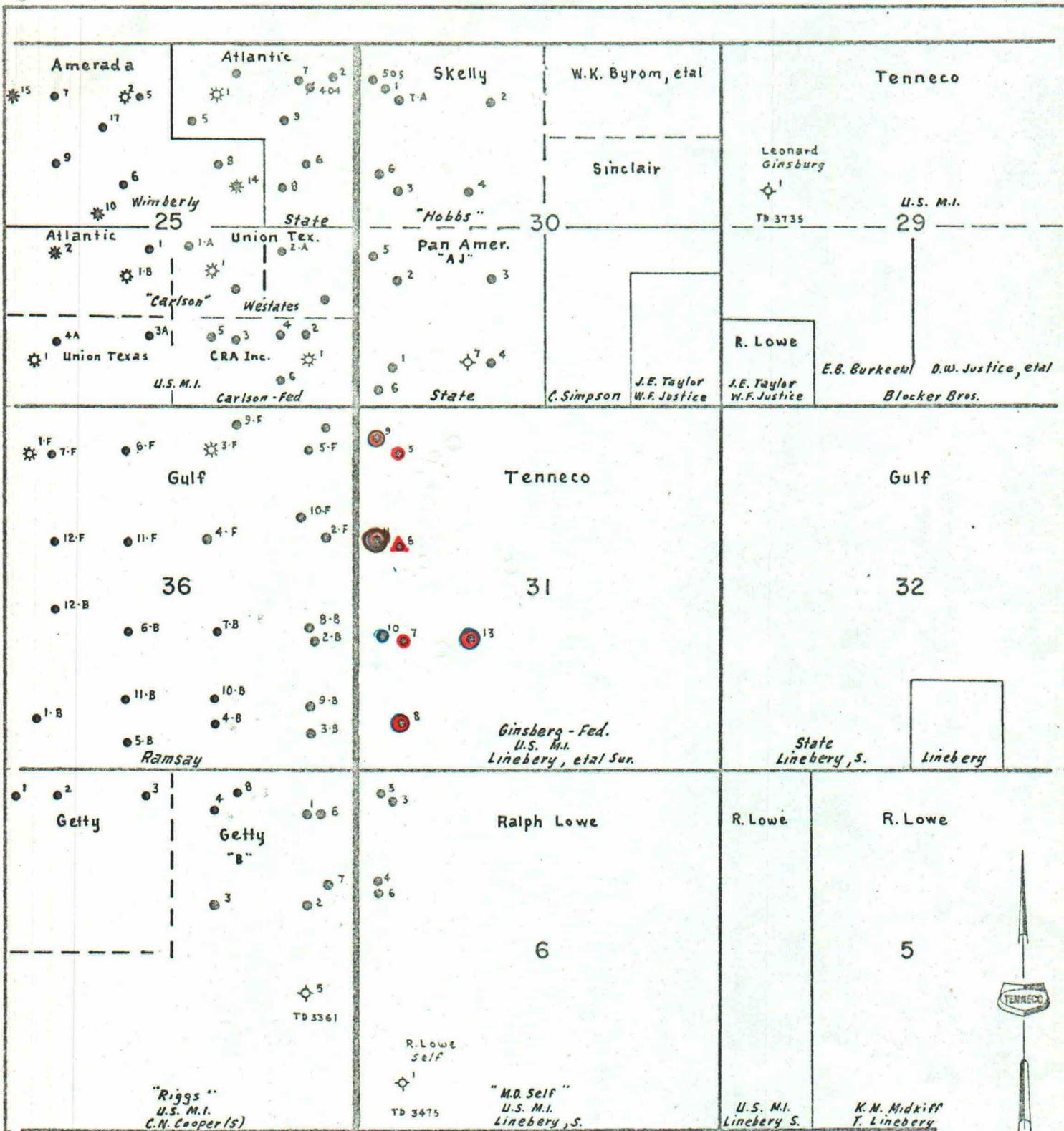
TABLE I

	<u>Langlie Mattix</u>	<u>Justis Blinbry</u>	<u>Justis-Tubb Drinkard</u>	<u>Justis Fusselman</u>	<u>Ginsberg Federal Lease</u>
Type Crude	Sour	Sour	Intermediate	Intermediate	
Price 8-71 \$/Bbl	\$3.31	\$3.31	\$3.48	\$3.48	
Price after Commingled \$/Bbl	\$3.31	\$3.31	\$3.31	\$3.31	
Average Gravity 8-71 °API	36	36	36	36	
Average Gravity after Commingling °API	36	36	36	36	
Production 8-71 BOPD	13	27	-0-	13	
Tenneco Oil Company Working Interest					100.0%
Tenneco Oil Company Revenue Interest					84.5%
U. S. Government (Royalty)					12.5%
Overriding Interest (Royalty)					3.0%

JLG/yt



TENNECO OIL COMPANY SUBSIDIARY OF TENNECO CORPORATION
SCHMATIC DIAGRAM
PROPOSED COMMINGLING FACILITIES GINSBERG FEDERAL LEASE
Fig. 1



POOL

- Langlie-Mattix
- Justis-Blinebry
- Justis Tubb-Drinkard
- Justis-Fusselman
- △ SWD

TENNECO OIL COMPANY
SUBSIDIARY OF TENNECO CORPORATION

GINSBURG-FEDERAL LEASE
LEA CO., NEW MEXICO

Fig. 2

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TENNECO OIL COMPANY *A Major Corporation of Tenneco Inc.*

P. O. BOX 1031 • 1503 WILCO BUILDING • MIDLAND, TEXAS 79701



September 24, 1971

Regional Supervisor
United States Geological Survey
P. O. Box 1157
Hobbs, NM 88240

Re: Commingle Production
Ginsberg Federal Lease
Federal Lease No. NM 0569
Lea County, New Mexico

Dear Sir:

Tenneco Oil Company requests approval to commingle production from the Justis-Blinbry and Langlie Mattix zones with production from the Justis-Fusselman and Justis Tubb-Drinkard zones, on our Ginsberg Federal Lease.

Pertinent data is included in Table I. All the commingled production will be sold at \$3.31 per barrel. This is the present value of 40/53 of the crude. The \$0.17 per barrel reduction will apply only to the 13 barrel per day intermediate crude production. This is \$67.15 (gross) less per month. This amounts to \$10.40 per month less to the Royalty Owner.

To continue segregation of intermediate and sour crude production on this lease will require an additional investment of approximately \$5,000 to repair and replace a portion of the existing tank battery. This additional investment is not feasible at present to maintain segregation of the 13 barrels per day of intermediate crude production. If commingled production is not allowed the intermediate production will be discontinued until economics will allow the added expense.

If you consent to the proposed commingling, please sign and return four (4) copies of this letter to:

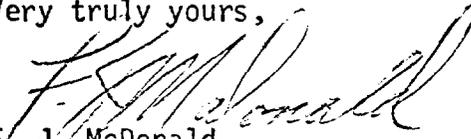
Tenneco Oil Company
P. O. Box 1031
Midland, Texas 79701

TENNECO OIL COMPANY

U.S. Geological Survey
Ginsberg Federal Lease
September 24, 1971
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Speedy handling of this matter will allow Tenneco Oil Company to return to more efficient operating methods. Your consideration of this matter will be appreciated.

Very truly yours,



F. J. McDonald
District Production Manager

JLG/yt

Attachment

Regional Supervisor
United States Geological Survey

Date



United States Department of the Interior

GEOLOGICAL SURVEY

Drawer 1857
Roswell, New Mexico 88201

October 12, 1971

Tenneco Oil Company
P. O. Box 1031
Midland, Texas 79701

Attention: Mr. F. J. McDonald

Gentlemen:

Your application of September 24 requests approval to modify the commingling system approved by our letter of November 16, 1965, lease New Mexico 0569. You now propose to discontinue separate measurement of Langlie-Mattix and Blinebry production from Fusselman and Tubb-Drinkard production and to commingle production from all four zones in a single tank battery.

Commingling as proposed in your application is satisfactory to this office and is hereby approved subject to like approval by the New Mexico Oil Conservation Commission.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "N. O. Frederick".

N. O. FREDERICK
Regional Oil and Gas Supervisor

RECEIVED
OCT 14 1971
MIDLAND DISTRICT
PRODUCTION