

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

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



October 22, 1971

RECEIVED  
OCT 27 1971  
U.S. GEOLOGICAL SURVEY

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

*Held for  
USGS  
consent*

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:

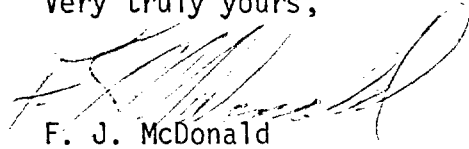
Tenneco Oil Company  
P. O. Box 1031  
Midland, Texas 79701

## 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

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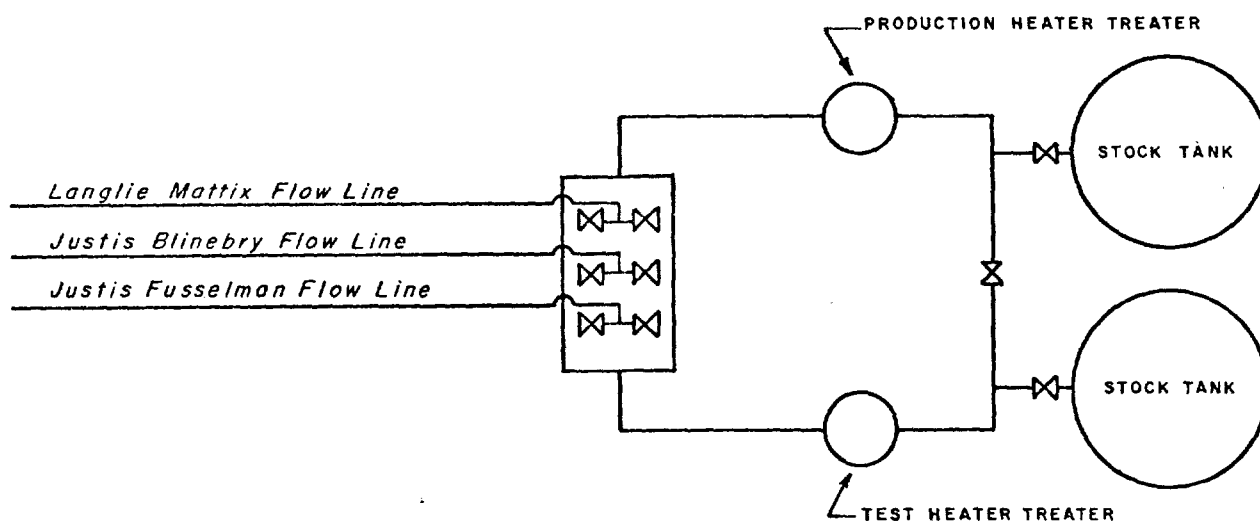
New Mexico Oil Conservation Commission

Date \_\_\_\_\_

TABLE I

|   | <u>Langlie<br/>Mattix</u> | <u>Justis<br/>Blinbry</u> | <u>Justis-Tubb<br/>Drinkard</u> | <u>Justis<br/>Fusselman</u> | <u>Ginsberg<br/>Federal<br/>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<br>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

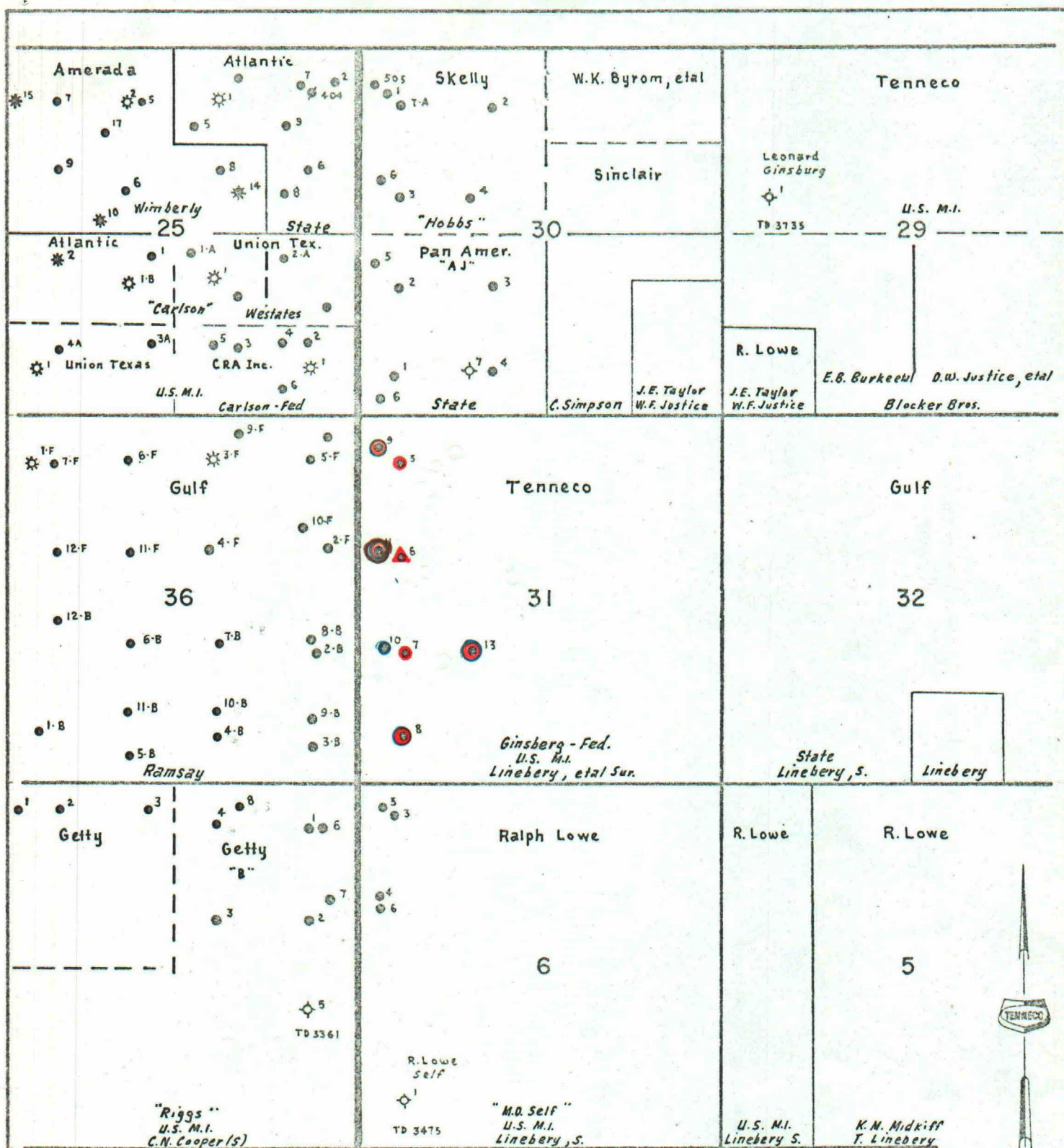


TENNECO OIL COMPANY  
SUBSIDIARY OF TENNECO CORPORATION

### SCHEMATIC DIAGRAM

PROPOSED COMMINGLING FACILITIES  
GINSBERG FEDERAL LEASE

Fig. 1



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**TENNECO OIL COMPANY**

A Major Component 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:

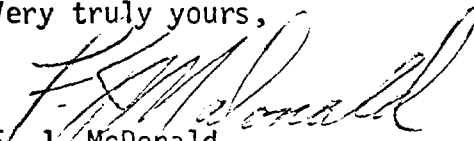
Tenneco Oil Company  
P. O. Box 1031  
Midland, Texas 79701

# TENNECO OIL COMPANY

U.S. Geological Survey  
Ginsberg Federal Lease  
September 24, 1971  
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

Attachment

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Regional Supervisor  
United States Geological Survey

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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 Blinbry 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,

N. O. FREDERICK  
Regional Oil and Gas Supervisor

RECEIVED  
OCT 14 1971  
MIDLAND DISTRICT  
PRODUCTION