486

# UNITED STATES

**BUREAU OF LAND MANAGEMENT** 

SUBMET IN TRIPLICATI DEPARTMENT OF THE INTERIOR

Form approved. Budget Bureau No. 1004-0136 Expires December 31, 1991

LEASE DESIGNATION AND SERIAL NO NM 33277

APPLICATION	ON FOR PER	K,	o IF INDIAN, ALLOTTEE OR TRIB	1153				
1a. TYPE OF WORK DRILL DEEPEN						7. UNIT AGREEMENT NAME  Derrick Federa	al Com.	
WELL	GAS WELL	OTHER	SINGLE ZONE	OL 68 L SET TIPE	LE	8. FARM OR LEASE NAME  Derrick Federal Com.		
2. NAME OF OPERATOR Ocean Energy, Inc. 169355 9. WELL NO 4								
3 ADDRESS OF OPERATOR 1001 Fannin, Su			10. FIELD AND POON OF WILDGAT  Diamond Morrow					
4. LOCATION OF WELL At Surface 1316		y and in accordance with a $FWL$ , $Sec. 5$ , $TI$	•			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA		
At proposed Prod. Zon Same  Sec. 5, T16S, R28E								
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*  10 miles northeast of Artesia						12. COUNTY OR PARISH  Eddy County	13. ST <i>NM</i>	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig, unit line, if any)  13.20'  16. NO. OF ACRES IN LEASE  805.75						NO. OF ACRES ASSIGNED TO THIS $320$	WELL	

1990' South of the #3 well 21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 3651'

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL,

DRILLING, COMPLETED, OR APPLIED FOR ON THIS LEASE, FT

 $9250^{\circ}$ Page 1

19. PROPOSED DEPTH

...... Bazin

22. APPROX. DATE WORK WILL START\* April 15, 2001

20. ROTARY OR CABLE TOOLS

Rotary

23.	PROPOSED CASING AND CEMENTING PROGRAM						
SIZE OF HOLE	SIZE OF CASING	WEIGHT/FOOT	SETTING DEPTH	QUANTITY OF CEMENT			
36"	20"	60	40'	ready-mix to surface			
17-1/2"	13-3/8"	48	500'	400 sx			
11" 7-7/8"	8-5/8" 4-1/2"	32 13.5	2000' 9250'	600 sx 500 sx			

 Drill 36" hole to 40'. Set 40' of 20" conductor & cement to surface with ready-mix.
 Drill 17-1/2" hole to 500'. Run & set 500' of 13-3/8" H-40, 48# ST&C csg, cmt w/400 sx Cl C cement + 2% CaCl2 circulate to surface.

3. Drill 11" hole to 2000'. Run & set 2000' of 8-5/8" K-55, 32# LT&C csg. Cmt w/600 sx 35/65 POZ Cl C + 6% gel +

5% salt, tail in w/400 sx Cl C cmt + 2% CaCl2, circ to surface.

4. Drill 7-7/8" hole to 9250'. If logs indicate commercial production, run & set 9250' of 4-1/2" 13.5# LT&C csg. Cement w/500 sx Class C 35/65 POZ w/additives, tail in with 190 sx 50/50 POZ Class H + 10% salt + .25 dispersan + 2% gel. Estimated top of cement 500' above uppermost productive interval. Cement volumes will be adjusted based on open hole caliper log.

HILLOW

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. 2

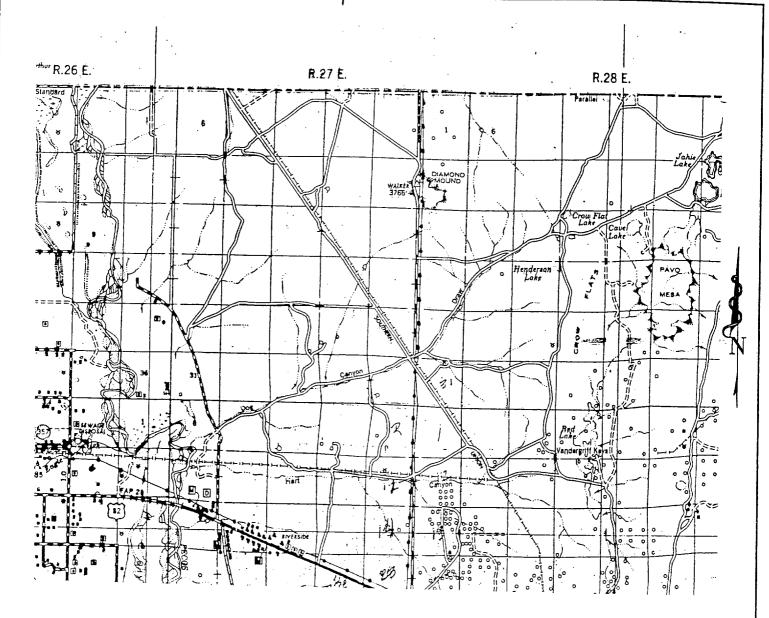
proposal is	s to drill or deepen dire	ctionally, give perti	nent data on subsurface loca	ations and m	ieasured and true vertical depths. Gi	ve blowout pre	eventer program, if any.	
SIGNED	Lanie	mem	ellan	TITLE _	Regulatory Specialist	DATE	2/24/01	_
(This space	e for rederal or State office	use)	APPROV	AL DATE				_
Application	n approval does not warran	t or certify that the ap	plicant holds legal or equitable ti	itle to those rig	ghts in the subject lease which would entitl	e the applicant to	o conduct operations thereon.	
CONDITIO	ONS OF APPROVAL, IF	ANY:					APR 2 0 2001	
APPROVE	ED BY /S/	LESLIE	A THEISS	TITLE	Charles .	DATE	77 1 2 0 2009	

\*See Instructions On Reverse Side

AFF

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

VICINITY MAP



DERRICK FEDERAL #4 Located at 1310' FSL and 1980' FWL Section 5, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

Date: 02/06/01



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	1106AA - JLP #1					
Survey Date:	02/05/01					
Scale: 1" = 20	Scale: 1" = 2000'					

OCEAN ENERGY

### APPLICATION TO DRILL

# OCEAN ENERGY, INC. DERRICK FEDERAL #4 UL OR LOT No. V SECTION 5 T16S-R28E EDDY CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is provided for your consideration.

1. <u>Location:</u> 1310' FSL & 1980 FWL Sec. 5 T16S-28E Eddy Co. NM

2. Elevation above Sea Level: 3651' GR

- 3. Geologic name of surface formation:
- 4. <u>Drilling tools and associated equipment:</u> Conventional rotary drilling rig using drilling mud as a circulating medium for solids removal from hole.
- 5. Proposed drilling depth: 9,250'
- 6. Estimated tops of geological markers:

Queen	1050'	Strawn 8400'
Grayburg	1450'	Morrow 8850'
Glorietta	3160'	Morrow "A" 9000'
Tubb	4510'	Morrow "B" 9100'
Abo	5290'	Mississippian LS 9240'
Wolfcamp	6600'	* *

## 7. Possible mineral bearing formation:

Queen	Oil	Morrow	Gas
Grayburg	Oil	Morrow A	Gas
Wolfcamp	Oil	Morrow B	Gas
Strawn	Gas	Mississippian	LS Gas

#### 8. Casing program:

Hole size	Interval	OD of casing	Weight	Thread	Collar	Grade
36"	0-40'	20"	60	NA	NA	Conductor
17-1/2"	0-500'	13-3/8"	48	8-R	ST&C	H-40
11"	0-2000'	8-5/8"	32	8-R	ST&C	K-55
7-7/8"	0-9250'	4-1/2"	13.5	8-R	LT&C	N-80

#### 9. Cementing and setting depth:

and setting depth:	
Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
Surface	Set 500' of 13-3/8" H-40, 48# ST&C csg. Cement with 400 sx of
	Class "C" cement + 2% CaCl <sub>2</sub> , circulate to surface.
Intermediate	Set 2000' of 8-5/8" K55 32# LT&C csg. Cement with 600 sx of
	35/65 POZ Class "C" + 6% Gel + 5% salt tail in with 400 sx of Class
	"C" cement + 2% CaCl <sub>2</sub> , circulate cement to surface.
Production	Set 9250' of 4-1/2" 13.5# LT&C csg. Cement with 500 sx of Class
	"C" 35/65 POZ + additives, tail in with 190 sx of 50/50 POZ Class
	"H" + 10% Salt + .25% Dispersant + 2% Gel. Estimate top of cement
	500' above uppermost productive interval. Cement volumes will be
	adjusted based on open-hole caliper log.
	Conductor Surface Intermediate

#### APPLICATION TO DRILL

# OCEAN ENERGY, INC. DERRICK FEDERAL #4 UL OR LOT No. V SECTION 5 T16S-R28E EDDY CO. NM

10. Pressure control equipment: Exhibit "E". A Series 1500 5000-PSI working pressure B.O.P. consisting of a double ram type preventor with a bag type annular preventor. BOP unit will be hydraulically operated. Exhibit "E-1". Choke manifold and closing unit. BOP will be nippled up on 13-3/8" casing and will be operated at least once each 24 hr. period while drilling and blind rams will be operated when out of hole during trips. Flow sensor, PVT, full opening stabbing valve and upper kelly cock will be utilized from 7000' to TD. No abnormal pressure or temperature is expected while drilling

#### 11. Proposed mud circulating system:

40-500'	8.4-9.0	32-36	NC	Fresh water mud use paper to control seepage add
500-2000	10.1-10.5	32-38	NC	Bentunite/ Soda Ash for Viscosity. Brine water Salt-Gel add paper to control
2000-8000	8.4-8.8	32-38	NC	seepage, high viscosity sweeps to clean hole. Fresh water use caustic soda to maintain pH @ 9.5-10.5 high viscosity sweeps to clean if
8000-9250	8.8-9.2	34-38 40-45	8-10cc 6-10 for DST	necessary.  Fresh water Polymer maintain pH with Caustic Soda @ 9.5-10.5 high viscosity sweeps to clean if necessary.

Sufficient mud materials will be kept on location or available at the nearest stocking points at all times in order to combat lost circulation and unexpected kicks. In order to run DST's, open hole logs and casing the viscosity and water loss may have to be adjusted to meet these needs.

# 12. Testing, logging and casing program:

- A. Open hole logs: Fluid caliper from 500-2000'.
- B. CNL/Gamma Ray with caliper from TD to surface.
- C. Dual Induction, Dual Induction, Compensated Sonic, Gamma Ray from TD to 3000'.
- D. Cement Bond Log Gamma Ray and CCL TD to top of cement.
- E. Mud logger on at 6000' to TD.

DST"s as warranted in Bone Spring, Atoka, and Morrow.

### 13. Potential hazards:

No abnormal pressures or temperatures are expected. Hydrogen Sulfide gas may be encountered;  $H_2S$  detectors will be in place to detect any presence after setting the intermediate casing. No lost circulation is expected to occur. All personal will be familiar with all aspects of safe operation of equipment being used. Estimated BHP 4200 PSI, estimated BHT 170°.

#### 14. Anticipated starting date and duration of operation:

Road and location construction will begin after BLM approval of APD. Anticipated spud date as soon as approved. Drilling expected to take 30 days. If production casing is run an additional 30 days will be required to complete and construct surface facilities.

### 15. Other facets of operations:

After running casing, cased hole gamma ray cement bond and collar logs will be run from total depth over possible pay intervals. The Morrow pay will be perforated and stimulated. The well will be swab tested and potentialed as a gas well.

#### HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

- 1. All Company and Contract personnel admitted on location must be trained by a qualified H<sub>2</sub>S Safety instructor to the following:
  - A. Characteristics of H<sub>2</sub>S
  - B. Physical effects and hazards
  - C. Proper use of safety equipment and life support systems.
  - D. Principle and operation of H<sub>2</sub>S detectors, warning system and briefing areas.
  - E. Evacuation procedure, routes and first aid.
  - F. Proper use of 30-minute demand air pack.

#### 2. H<sub>2</sub>S Detection and Alarm Systems

- A. H<sub>2</sub>S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.
- 3. Windsock and/or wind streamers
  - A. Windsock at mud pit area should be high enough to be visible.
  - B. Winsock at briefing area should be high enough to be visible.
  - C. There should be a windsock at entrance to location.
- 4. Condition Flags and signs
  - A. Warning signs on access road to location.
  - B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H<sub>2</sub>S present in dangerous concentration. Only emergency personnel admitted to location.
- 5. Well control equipment
  - A. See exhibit "E" and "E-1"
- 6. Communication
  - A. While working under masks chalkboards will be used for communication.
  - B. Hand signals will be used where chalkboard is inappropriate.
  - C. Two-way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.
- 7. Drillstem Testing
  - A. Exhausts will be watered.
  - B. Flare line will be equipped with an electric ignitor or propane pilot light in case gas reaches the surface.
  - C. If location is near any dwelling a closed D.S.T. will be performed.
- 8. Drilling contractor supervisor will be required to be familiar with the effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
- 9. If H<sub>2</sub>S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H<sub>2</sub>S scavengers if necessary.

#### SURFACE USE PLAN

# OCEAN ENERGY, INC. DERRICK FEDERAL #4 UL OR LOT V SECTION 5 T16S-R28E EDDY CO. NM

## 1. Existing roads:

Area maps, Exhibit "B" is a reproduction of Eddy Co. General Highway Map. Exhibit "C" is a reproduction of a USGS Topographic Map, showing existing roads and proposed roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

- A. Exhibit "A" shows the proposed well site as staked.
- B. Directions to location from Lake Aurthor East on 507, 5.2 miles then right on Co. Rd. 5.8 miles east; then go south 1.3 miles to lease road to the No. 3 well., then follow new lease road past No. 3 well to No. 4 location.
- C. Lay 3" pipelines and construct power lines along existing roads and pipeline R-O-W's necessary to produce this well.

# 2. Planned access roads:

Approximately 2000' of new road will be constructed.

- A. The access road will be crowned and ditched to a 12'00" wide travel surface with a 40' right-of-way.
- B. Gradient on all roads will be less than 5.00%.
- C. No turnouts will be necessary.
- D. If needed, road will be surfaced with a minimum of 4" of caliche.
- E. Centerline for the new access road has been flagged. Earthwork will be as required by field conditions.
- F. Culverts in the access road will not be used. The road will be constructed to utilize low water crossings for drainage as required by the Topography.

#### 3. Location of existing wells in a one-mile radius Exhibit "A-1"

A. Water wells
B. Disposal wells
C. Drilling wells
D. Producing wells
E. Abandoned wells
None known
None known
As shown on Exhibit "A-1"
As shown on Exhibit "A-1"

4. If, upon completion this well is a producer OCEAN ENERGY, INC. will furnish maps and/or plats showing on site facilities or off site facilities if needed. This will be accompanied with a Sundry Notice.

### 5. Location and type of water supply:

Water will be purchase locally from a commercial source and trucked over the access roads or piped in flexible lines laid on top of the ground.

### 6. Source of construction material:

If possible construction will be obtained from the excavation of drill site, if additional material is needed it will be purchased from a local source and transported over the access route as shown on Exhibit "C".

### 7. Methods of handling waste material:

- A. Drill cuttings will be disposed of in the reserve pit.
- B. All trash junk and other waste material will be contained in trash cages or bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.
- C. Salts remaining after completion of well will be picked up by supplier including broken sacks.

#### SURFACE USE PLAN

# OCEAN ENERGY, INC. DERRICK FEDERAL #4 UL OR LOT V SECTION 5 T16S-R28E EDDY CO. NM

- D. Sewage from living quarters will drain into holes with a minimum depth of 10'. These holes will be covered during drilling and will be back filled upon completion. A Porta-John will be provided for the rig crews. This equipment will be properly maintained during the drilling operations and removed upon completion of the well.
- E. Remaining drilling fluids will be allowed to evaporate in the reserve pit until the pit is dry enough for breaking out. In the event that drilling fluids do not evaporate in a reasonable time they will be hauled off by transports and be disposed of at a state approved disposal facility. Later pits will be broken out to speed drying. Water produced during testing will be put in reserve pits. Any oil or condensate produced will be stored in test tanks until sold and hauled from the site.

#### 8. Ancillary facilities:

A. No camps or airstrips to be constructed.

#### 9. Well site layout:

- A. Exhibit "D" shows location and rig layout.
- B. This exhibit indicates proposed location of reserve and trash pits; and living facilities.
- C. Mud pits in the active circulating system will be steel pits and the reserve pit is proposed to be lined.
- D. The reserve pit is to be lined with PVC or polyethylene liner. The pit liner will be 6 mils thick. Pit liner will extend a minimum, 2'00" over the reserve pits dikes where the liner will be anchored down.
- E. The reserve pit will be fenced on three sides with four strands of barbed wire during drilling and completion phases. The forth side will be fenced after all drilling operations have ceased. If the well is a producer, the reserve pit fence will be torn down. The reserve pit and those areas of the location not essential to production facilities will be reclaimed and seeded per BLM requirements.

### 10. Plans for restoration of surface:

Rehabilitation of the location and reserve pit will start in a timely manner after all drilling operations cease. The type of reclamation will depend on whether the well is a producer or a dry hole. However, in either event, the reserve pit will be allowed to dry properly, and fluid removed and disposed of in accordance with Article 7.B as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any, will be reshaped to the original configuration with provisions made to alleviate erosion. These may need to be modified in certain circumstances to prevent inundation of the location's pad and surface facilities. After the area has been shaped and contoured, topsoil from the spoil pile will be placed over the disturbed area to the extent possible. Revegetation procedures will comply with BLM standards.

If the well is a dry hole, the pad and road area will be recountered to match the existing terrain. Topsoil will be spread to the extent possible. Revegetation will comply with BLM standards.

Should the well be a producer, the previously noted procedures will apply to those areas, which are not required for production facilities.

## 11. Other information:

- A. Topography consists of sand dunes, sandy soils with native grasses consisting Sand Sage, Scrub Oak Snakeweed and mesquite. Drainage is westerly toward the Querecho Plains.
- B. The surface is owned by The Bureau of Land Management, U.S. Department of Interior.
- C. An archaeological survey will be conducted and the results will be submitted to the Bureau of Land Management, Carlsbad, New Mexico.
- D. No dwellings within one mile of location.

#### SURFACE USE PLAN

# OCEAN ENERGY, INC. DERRICK FEDERAL #4 UL OR LOT V SECTION 5 T16S-R28E EDDY CO. NM

#### 12. Operators representative:

Field representative to contact regarding compliance with Application to Drill and surface Use Plan is:

Before APD is approved:

OCEAN ENERGY, INC. 4305 N. Garfield, Suite 200A Midland, TX 79705 Marty Davis Office phone 915-683-3003 Mobile phone (505) 390-6158 Before APD is approved:

OCEAN ENERGY, INC. 1001 Fannin, Suite 1600 Houston, TX 77002 Bill Billman or Wiley Kirk Billman's phone 713. 265.6605 Billman's Mobile 713.303.0466 Kirk's phone 713.265-6655 Kirk's Mobile 281.799.5723

If additional information is required to complete this APD please contact Joe Janica (local agent) or Jeanie McMillan at the following:

Joe Janica 726 East Michigan, Suite 188 Hobbs, New Mexico 88240 Office 505.391.8503 Mobile 505.390.1598

Jeanie McMillan Ocean Energy, Inc. 1001 Fannin, Suite 1600 Houston, TX 77002 Office 713.265-6834 Mobile 713.301.4871

#### 13. Certification:

I herby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by OCEAN ENERGY, INC., its contractors/subcontractors in conformity with this plan and the terms and the conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for filing a false statement.

Almie McMellan

DATE: 2/24/01

NAME: Jeanie McMillan

TITLE: Regulatory Specialist

WELL LOCATION AS STAKE

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 DISTRICT II 811 South First, Artesia, NM 88210

#### State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999

Submit to Appropriate District Office

Pool Name

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

#### DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

API Number

### OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87504-2088

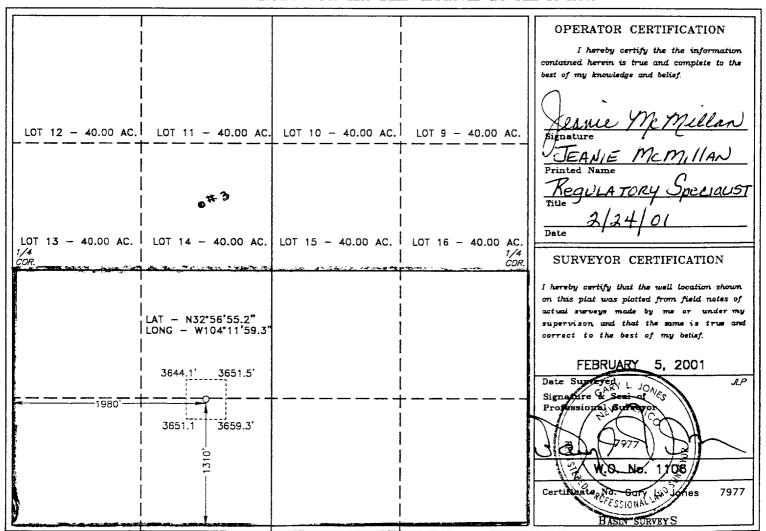
☐ AMENDED REPORT

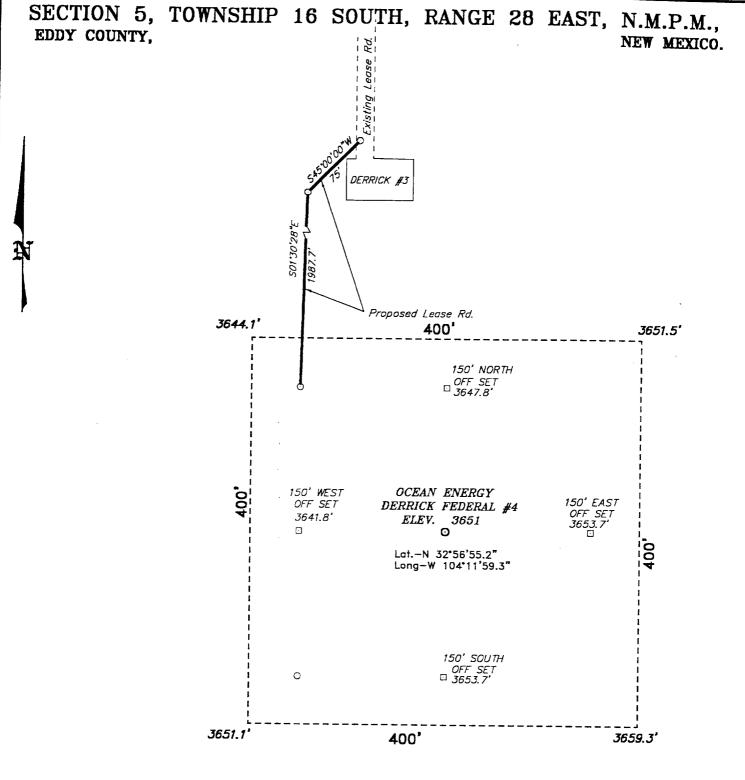
#### WELL LOCATION AND ACREAGE DEDICATION PLAT

Pool Code

30-01	5-		760	P 7 C	I	DIAMOND	MOUND	MORRO	w		
Property	Code		Property Name								
			DERRICK FEDERAL Com, 4								
OGRID N	OGRID No. Operator Name Elevation								tion		
16935	55		OCEAN ENERGY, INC. 3651								
					Surface Loca	ation					
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
٧	5	16 S	28 E		1310'	SOUTH	1980'	WEST	EDDY		
			Bottom	Hole Lo	cation If Diffe	rent From Sur	face				
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County		
Dedicated Acre	Dedicated Acres   Joint or Infill   Consolidation Code   Order No.										
NO ALLO											

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





Directions to Location:

02/06/01

FROM LAKE AURTHOR EAST ON 507, 5.2 MILES THEN RT ON CO. RD. 5.8 MILES EAST; THEN GO SOUTH 1.3 MILES TO LEASE ROAD TO THE #3.

100 0 100 200 FEET

SCALE: 1" = 100'

# OCEAN ENERGY

REF: Derrick Federal #4 / Well Pad Topo

THE DERRICK FED. #4 LOCATED 1310' FROM
THE SOUTH LINE AND 1980' FROM THE WEST LINE OF
SECTION 5, TOWNSHIP 16 SOUTH, RANGE 28 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 -HOBBS, NEW MEXICO

W.O. Number: 1106 Drawn By: J. PRESLEY

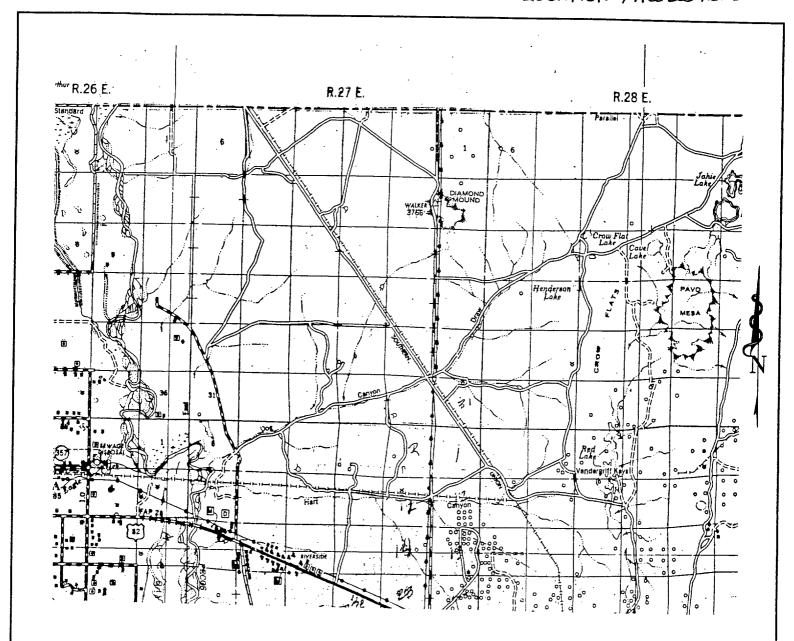
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Survey Date: 02/05/01

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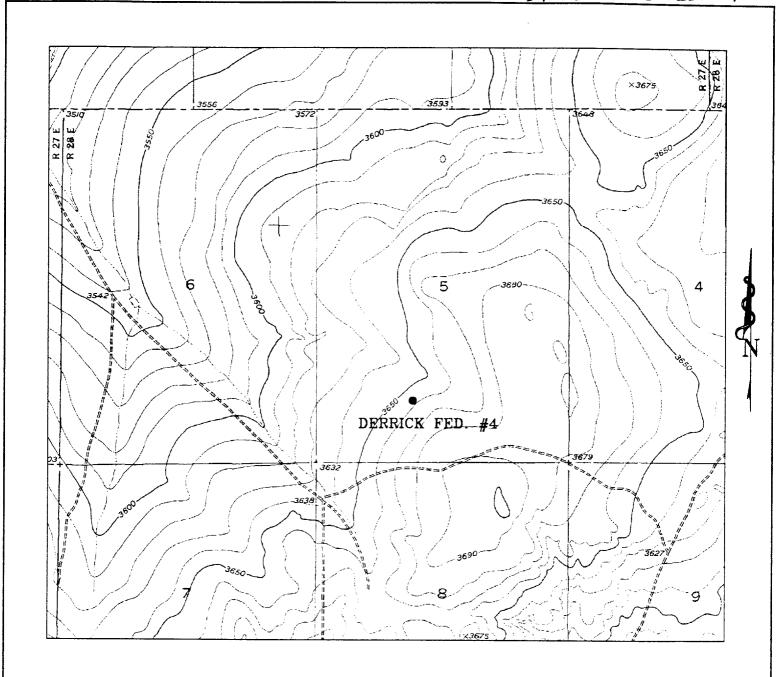
DERRICK FEDERAL #4 Located at 1310' FSL and 1980' FWL Section 5, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.



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W.O. Number:	1106AA - JLP #1				
Survey Date:	02/05/01				
Scale: 1" = 2000'					
Date: 02/06/01					

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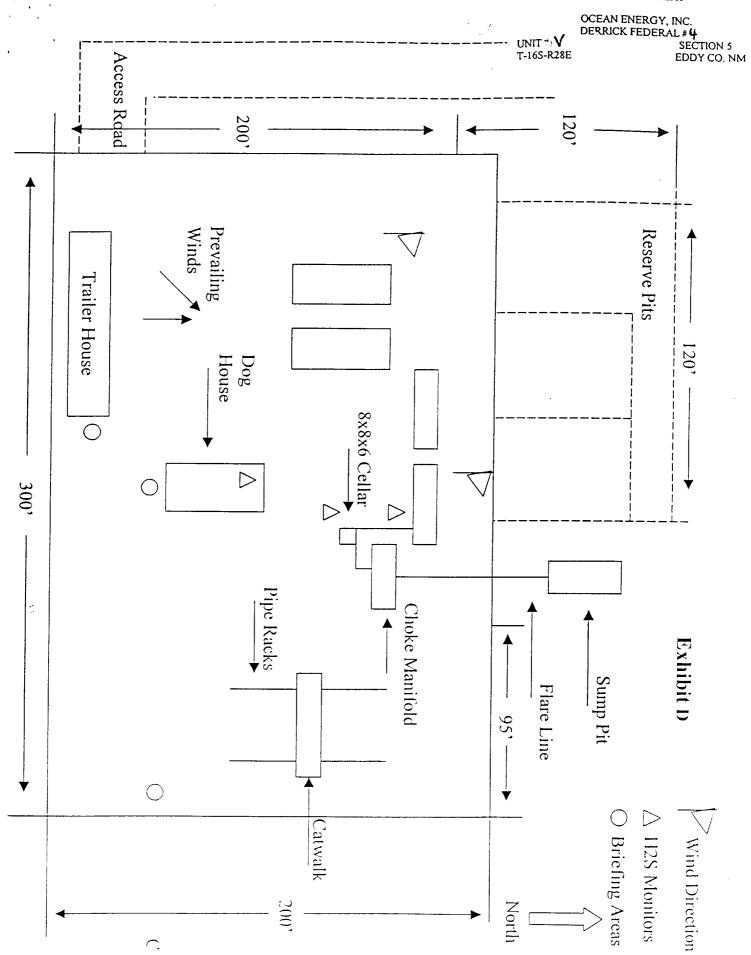
DERRICK FEDERAL #4 Located at 1310' FSL and 1980' FWL Section 5, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

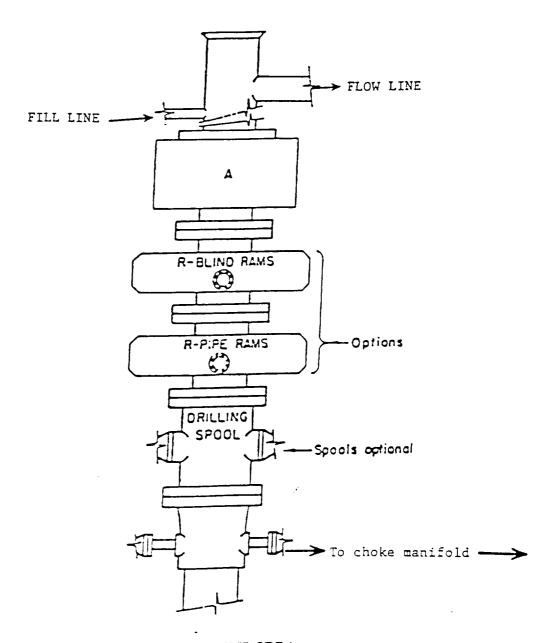


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OCEAN ENERGY





# ARRANGEMENT SRRA

1500 Series 5000 PSI WP

EXHIBIT "E" SKETCH OF B.O.P. TO BE USED ON

OCEAN ENERGY, INC DERRICK FEDERAL = **4** 

UNIT: **V** F-16S-R28E SECTION 5 EDDY CO NM



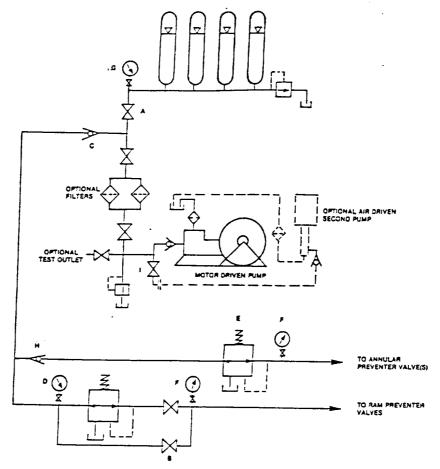


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

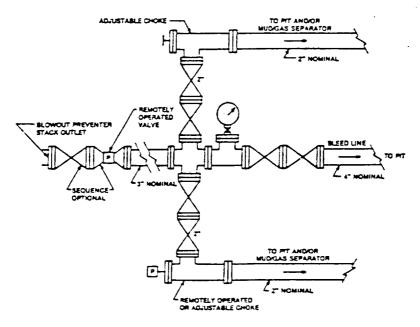


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

OCEAN ENERGY, INC. DERRICK FEDERAL #



SECTION 5 EDDY CO NM