UNITED STATES DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
GULF OF MEXICO REGION
ACCIDENT INVESTIGATION REPORT

1. OCCURRED
   DATE: 11-NOV-2006   TIME: 1500 HOURS

2. OPERATOR: Offshore Energy I LLC
   REPRESENTATIVE: Beatrice A. Ston
   TELEPHONE: (713) 624-7338

3. OPERATOR/CONTRACTOR REPRESENTATIVE/SUPERVISOR
   ON SITE AT TIME OF INCIDENT:

4. LEASE: G10721
   AREA: EI   LATITUDE:
   BLOCK: 88   LONGITUDE:

5. PLATFORM: A
   RIG NAME:

6. ACTIVITY:
   EXPLORATION (POE)
   DEVELOPMENT/PRODUCTION (DOCD/POD)

7. TYPE:
   HISTORIC INJURY
   REQUIRED EVACUATION
   LTA (1-3 days)
   LTA (>3 days)
   RW/JT (1-3 days)
   RW/JT (>3 days)
   Other Injury
   FATALITY
   POLLUTION
   FIRE
   EXPLOSION

8. CAUSE:
   EQUIPMENT FAILURE
   HUMAN ERROR
   EXTERNAL DAMAGE
   SLIP/TRIP/FALL
   WEATHER RELATED
   LEAK
   UPSET H2O TREATING
   OVERBOARD DRILLING FLUID
   OTHER

9. WATER DEPTH: 30 FT.

10. DISTANCE FROM SHORE: 24 MI.

11. WIND DIRECTION:
    SPEED: M.P.H.

12. CURRENT DIRECTION:
    SPEED: M.P.H.

13. SEA STATE: FT.
17. DESCRIBE IN SEQUENCE HOW ACCIDENT HAPPENED:

The M/V Candy Dancer collided with a dual satellite structure A-1 and A-2 in Offshore Energy's EI 88 block. EI 88 Caisson #1 and Caisson #2 sustained substantial damage when the M/V Candy Dancer collided with the structure on November 11, 2006. Operators arrived at the facility at approximately 1430 hours on November 12, 2006 and found the foghorn and safety panel were ripped away from the structure and the boat landing was severely damaged. The well had shut-in and there was a small amount of hydraulic oil that leaked into the gulf from the safety panel. The leak was reported to the NRC immediately. NRC Incident Report No. 818016 is attached.

18. LIST THE PROBABLE CAUSE(S) OF ACCIDENT:

The probable cause of this incident is that the M/V crew failed to maintain control of the vessel to prevent striking the satellite.

19. LIST THE CONTRIBUTING CAUSE(S) OF ACCIDENT:

It is undetermined whether or not weather may have been a factor and it is undetermined whether or not the nav-aid lights and foghorn were operating properly.
21. PROPERTY DAMAGED:  
   Well Caissons A-1 & A-2  
   Foghorn  
   Safety panel  
   Boat landing  

   NATURE OF DAMAGE:  
   Bent caissons  
   Foghorn ripped away  
   Safety panel ripped away  
   Boat landing severely damaged

ESTIMATED AMOUNT (TOTAL): $25,000

22. RECOMMENDATIONS TO PREVENT RECURRENCE NARRATIVE:
   Based on documents submitted by W&T, a determination is made that the Nav-Aid light and fog horn were serviced and determined to be operational on November 10, 2006. Based on the November 10, 2006 servicing of the Nav-Aid light and fog horn, MMS makes no recommendations to Offshore Energy Inc. Also, the Lafayette District makes no recommendations to the Office of Safety Management.

23. POSSIBLE OCS VIOLATIONS RELATED TO ACCIDENT: NO

24. SPECIFY VIOLATIONS DIRECTLY OR INDIRECTLY CONTRIBUTING. NARRATIVE:
   None

25. DATE OF ONSITE INVESTIGATION:
   13-NOV-2006

26. ONSITE TEAM MEMBERS:
   Wade Guillotte /

29. ACCIDENT INVESTIGATION PANEL FORMED: NO

30. DISTRICT SUPERVISOR:
   Elliott S. Smith

   APPROVED
   DATE: 16-JAN-2007
COLLISION ATTACHMENT

1. STRUCTURE MANNED: NO
2. OPERATING NAVIGATIONAL AIDS: YES
3. FAIRWAY LOCATION CONTRIBUTING FACTOR: NO
4. NAME OF VESSEL: Candy Dancer
5. OWNER OF VESSEL: Candy
6. TYPE OF VESSEL: Work Boat
7. MASTER OF VESSEL: Unknown
8. PILOT OF VESSEL: Unknown
9. ESTIMATED AMOUNT OF DAMAGE TO VESSEL:
1. VOLUME: .5 GAL BBL
   
   33 YARDS LONG X 17 YARDS WIDE

   APPEARANCE: BARELY VISIBLE

2. TYPE OF HYDROCARBON RELEASED:
   - [ ] OIL
   - [ ] DIESEL
   - [ ] CONDENSATE
   - [x] HYDRAULIC
   - [ ] NATURAL GAS
   - [ ] OTHER
   Hydraulic oil from well panel

3. SOURCE OF HYDROCARBON RELEASED: Hydraulic well panel

4. WERE SAMPLES TAKEN? NO

5. WAS CLEANUP EQUIPMENT ACTIVATED? NO
   IF SO, TYPE:
   - [ ] SKINNER
   - [ ] CONTAINMENT BOOM
   - [ ] ABSORPTION EQUIPMENT
   - [ ] DISPERSANTS
   - [ ] OTHER

6. ESTIMATED RECOVERY: 0 GAL BBL

7. RESPONSE TIME: HOURS

8. IS THE POLLUTION IN THE PROXIMITY OF AN ENVIRONMENTALLY SENSITIVE AREA (CLASS I)? NO

9. HAS REGION OIL SPILL TASK FORCE BEEN NOTIFIED? NO

10. CONTACTED SHORE: NO IF YES, WHERE:

11. WERE ANY LIVE ANIMALS OBSERVED NEAR: NO

12. WERE ANY OILED OR DEAD ANIMALS OBSERVED NEAR SPILL: NO