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

1. OCCURRED
   DATE: 27-JUN-2007  TIME: 1800 HOURS
   STRUCTURAL DAMAGE
   CRANE
   OTHER LIFTING DEVICE
   DAMAGED/DISABLED SAFETY SYS.
   INCIDENT >$25K
   H2S/15MIN./20PPM
   REQUIRED MUSTER
   SHUTDOWN FROM GAS RELEASE
   OTHER

2. OPERATOR: LLOG EXPLORATION COMPANY
   REPRESENTATIVE: John Duncan
   TELEPHONE: (713) 948-6270
   CONTRACTOR: Diamond Offshore Drilling, Inc
   REPRESENTATIVE: Ron Davis
   TELEPHONE: (800) 848-1980
   PRODUCTION
   WORKOVER
   COMPLETION
   HELICOPTER
   MOTOR VESSEL
   PIPELINE SEGMENT NO.
   OTHER

3. OPERATOR/CONTRACTOR REPRESENTATIVE/SUPERVISOR
   ON SITE AT TIME OF INCIDENT:
   REQUIRED MUSTER
   REQUIRED EVACUATION
   WEATHER RELATED
   LEAK
   OVERBOARD DRILLING FLUID
   OTHER

4. LEASE: G25103
   AREA: MC  LATITUDE: 707  LONGITUDE:
   EXPLORATION (POE)
   DEVELOPMENT/PRODUCTION (DOCD/POD)

5. PLATFORM:
   RIG NAME: DIAMOND OCEAN SARATOGA

6. ACTIVITY:  
   EXPLORATION (POE)

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

   HISTORIC BLOWOUT
   UNDERGROUND
   SURFACE
   DEVERTER
   SURFACE EQUIPMENT FAILURE OR PROCEDURES

   COLLISION  
   HISTORIC  >$25K  <=$25K

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

9. WATER DEPTH: 1538 FT.

10. DISTANCE FROM SHORE: 60 MI.

11. WIND DIRECTION: NE
    SPEED: 10 M.P.H.

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

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

On June 27, 2007, while transferring mud from pit # 5 to the slugging pit, mud leaked by the master dump valve. The master dump valve had been opened for cleaning of the slug pit for a cement spacer. The master dump valve was not closed back and the rig accidentally dumped 33 barrels of synthetic mud (25% oil) of which approximately 8 barrels was oil, while drilling sidetrack 2 of well No.1. The spill naturally dissipated.

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

Ensure master dump valve is closed and locked.

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

(1) Master dump valve not closed and locked.
(2) Improper handover at tour change to relay information about ongoing operation.

20. LIST THE ADDITIONAL INFORMATION:
21. PROPERTY DAMAGED:  NATURE OF DAMAGE:
   33 barrels of synthetic mud    Lost overboard

ESTIMATED AMOUNT (TOTAL):

22. RECOMMENDATIONS TO PREVENT RECURRANCE NARRATIVE:
   (1) Train all employees to ensure closure of valve before transferring and fluid.
   (2) Complete proper handover at tour change.
   (3) Revise JSA.

23. POSSIBLE OCS VIOLATIONS RELATED TO ACCIDENT:

24. SPECIFY VIOLATIONS DIRECTLY OR INDIRECTLY CONTRIBUTING. NARRATIVE:

25. DATE OF ONSITE INVESTIGATION:
   27-JUN-2007

26. ONSITE TEAM MEMBERS:
   Darrell Williams /

27. OPERATOR REPORT ON FILE:  YES

29. ACCIDENT INVESTIGATION PANEL FORMED:  NO

30. DISTRICT SUPERVISOR:
   Troy Trosclair

   APPROVED
   DATE:  11-SEP-2007
1. VOLUME: GAL 8 BBL

YARDS LONG X YARDS WIDE

APPEARANCE:

2. TYPE OF HYDROCARBON RELEASED:
   - [ ] OIL
   - [ ] DIESEL
   - [ ] CONDENSATE
   - [ ] HYDRAULIC
   - [ ] NATURAL GAS
   - [x] OTHER Synthetic Base Mud

3. SOURCE OF HYDROCARBON RELEASED: Master Dump Valve

4. WERE SAMPLES TAKEN? NO

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

6. ESTIMATED RECOVERY: 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