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

1. OCCURRED
DATE: 01-AUG-2007 TIME: 1815 HOURS

2. OPERATOR: Energy XXI GOM, LLC
   REPRESENTATIVE: Kimberley Hicks
   TELEPHONE: (281) 492-3241

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

4. LEASE: G16493
   AREA: MP
   LATITUDE:
   BLOCK: 61
   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
   LWC
   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: 97 FT.

10. DISTANCE FROM SHORE: 10 MI.

11. WIND DIRECTION: WNW
    SPEED: 8 M.P.H.

12. CURRENT DIRECTION: E
    SPEED: 1 M.P.H.

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

On August 1, 2007 at 1815 hours, OCS-G 16493, Main Pass (MP) 61 A, operators were notified by Energy XXI GOM, LLC personnel that the U.S.C.G. had observed a sheen which appeared to originate at Platform A. There were no system upsets to lead to the discharge of oil. Operators had an issue with the float cell and discharged rusty water from the facility. Spill volume .41 bbls. NRC # 844151

On August 3, 2007, New Orleans District Inspectors conducted an investigation at the MP 61 A Platform on the above mentioned pollution incident. On October 17, 2007, the New Orleans District Manager spoke with Wood Group’s Supervisor on the events that lead to this incident. It was determined through statements from the operator, Energy XXI GOM, LLC’s final report and conversations as outlined above that the events leading up to the pollution incident are as follows:

The operators on the facility were in the process of returning the facility to production. Part of the procedures was to drain the water leg of the Unicel to the sump. This is required due to the iron sulfate build up that occurs during extended shut-ins. Shortly after returning to production, the sump experienced increased input due to heavy rainfall. Liquid hydrocarbons within the sump were attached to the iron sulfate particles and were carried over into the Gulf of Mexico through the water leg of the sump.

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

a. Platform was shut-in for extended period of time.
b. Sump tank being flooded with iron sulfate particlals contaminated with liquid hydrocarbons.
c. Sump system water section agitation due to heavy rainfall.

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

a. Operators failed to take shake outs before and during the P/F startup.
b. Operators did not shut in the P/F or close the overboard water valve when the discharge water had become questionable.

20. LIST THE ADDITIONAL INFORMATION:
21. PROPERTY DAMAGED: None

    NATURE OF DAMAGE: None

    ESTIMATED AMOUNT (TOTAL): $

22. RECOMMENDATIONS TO PREVENT RECURRANCE NARRATIVE:

    The New Orleans District has no recommendations to MMS.

    The New Orleans District concurs with the operator's recommendation as outlined below.

    Energy XXI GOM, LLC has placed filtrations systems within the water treating system as a temporary repair for the iron sulfate issues. The Unicels will be replaced with Wemcos within the next eight weeks.

23. POSSIBLE OCS VIOLATIONS RELATED TO ACCIDENT: YES

24. SPECIFY VIOLATIONS DIRECTLY OR INDIRECTLY CONTRIBUTING. NARRATIVE:

    On August 3, 2007, Inspectors issued Incident of Noncompliance (INC) E-100 (w) Lessee is not preventing pollution of Gulf Waters.

25. DATE OF ONSITE INVESTIGATION:

    03-AUG-2007

26. ONSITE TEAM MEMBERS:

    Brian Bush / Justin Josey /

29. ACCIDENT INVESTIGATION PANEL FORMED: NO

    OCS REPORT:

30. DISTRICT SUPERVISOR:

    Troy Trosclair

    APPROVED

    DATE: 19-OCT-2007
1. VOLUME: 17.22 GAL BBL

YARDS LONG X YARDS WIDE

APPEARANCE: RAINBOW SHEEN

2. TYPE OF HYDROCARBON RELEASED: [ ] OIL
[ ] DIESEL
[ ] CONDENSATE
[ ] HYDRAULIC
[ ] NATURAL GAS
[ ] OTHER Treated Water

3. SOURCE OF HYDROCARBON RELEASED: Discharged Rusty Water from the facility.

4. WERE SAMPLES TAKEN? NO

5. WAS CLEANUP EQUIPMENT ACTIVATED? NO

   IF SO, TYPE: [ ] SKIMMER
   [ ] CONTAINMENT BOOM
   [ ] ABSORPTION EQUIPMENT
   [ ] DISPERSANTS
   [ ] 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