ACCIDENT INVESTIGATION REPORT

1. OCCURRED
DATE: 04-JUL-2014  TIME: 1400  HOURS

2. OPERATOR: Black Elk Energy Offshore Operator
   REPRESENTATIVE: 
   TELEPHONE: 
   CONTRACTOR: 
   REPRESENTATIVE: 
   TELEPHONE: 

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

4. LEASE: G04537
   AREA: MU  LATITUDE: 
   BLOCK: A 31  LONGITUDE: 

5. PLATFORM: B
   RIG NAME: 

6. ACTIVITY: [X] 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:
   [X] EQUIPMENT FAILURE
     [ ] HUMAN ERROR
     [ ] EXTERNAL DAMAGE
     [ ] SLIP/TRIP/FALL
     [ ] WEATHER RELATED
     [ ] LEAK
     [ ] UPSET H2O TREATING
     [ ] OVERBOARD DRILLING FLUID
     [ ] OTHER

9. WATER DEPTH: 233 FT.

10. DISTANCE FROM SHORE: 35 MI.

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

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

13. SEA STATE: FT.
17. INVESTIGATION FINDINGS:

On July 4, 2014 at 1300 hours, Construction Workers on the Main deck of the platform were preparing to resume hot work when they heard an unusual noise from the deck below (Cellar Deck). Stop Work Authority (SWA) was initiated and the Lead Operator and Contract Safety Representative went to the source of the noise which was the wellbay area on the Cellar Deck. Natural Gas was observed to be leaking from the upstream flange of the Flow Safety Valve (FSV) on the FA-2 flow line segment on the B-001 well upstream of the production header. The construction crew was instructed to muster at the boat landing (+10) and board the stand-by boat. The Lead Operator and Contract Safety Representative remained on the facility to attempt to isolate the B-001 well which was unsuccessful. The Lead Operator bled pressure off the FA-2 flow line segment every two hours to mitigate natural gas leakage from the upstream flange of the FSV. It was determined that the Manual Master Valve and Surface Safety Valve on the Wellhead were leaking due to the B-001 well having a history of making traces of sand. Additionally, the Wing Valve on the FA-1 flow line segment was leaking therefore allowing the Shut in Tubing Pressure (SITP) of 3200 Pounds per Square Inch Gauge (PSIG) to be present up to the Out of Service production header causing a gasket failure on the upstream flange of the FSV. During the Investigation it was identified that the Management of Black Elk Energy failed to mitigate valve deficiencies that were previously identified on August 16, 2013. The FA-2 flow line segment was removed and blind flanges were installed on July 5, 2014.

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

The Manual Master Valve, Surface Safety Valve and Wing Valve were leaking which allowed the Shut in Tubing Pressure of 3200 Pounds per Square Inch Gauge (PSIG) to be present up to the Out of Service production header causing a gasket failure on the FSV.

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

The B-001 well had a history of making traces of sand.
Management failed to mitigate valve deficiencies that were previously identified on August 16, 2013.

20. LIST THE ADDITIONAL INFORMATION:

The date of last production on the B-001 well was August 2013.
This unmanned facility and has been shut in since October 5, 2013.

21. PROPERTY DAMAGED: None.

ESTIMATED AMOUNT (TOTAL):
22. RECOMMENDATIONS TO PREVENT RECURRANCE NARRATIVE: The Lake Jackson District has no recommendations to the BSEE Regional office.

23. POSSIBLE OCS VIOLATIONS RELATED TO ACCIDENT: YES

24. SPECIFY VIOLATIONS DIRECTLY OR INDIRECTLY CONTRIBUTING. NARRATIVE:

G-110 'C' 30 CFR 250.107(a): Black Elk Energy failed to follow up and repair valves on the B-001 well that were known to be leaking since August 16, 2013.

Civil Penalty will be evaluated.

25. DATE OF ONSITE INVESTIGATION: 14-JUL-2014

26. ONSITE TEAM MEMBERS: Marco DeLeon / Michael Hankamer

29. ACCIDENT INVESTIGATION PANEL FORMED: NO

OCS REPORT:

30. DISTRICT SUPERVISOR: John McCarroll

APPROVED DATE: 21-AUG-2014