1. OCCURRED
   DATE: 25-JUL-2018  TIME: 0020  HOURS

2. OPERATOR: Stone Energy Corporation
   REPRESENTATIVE:
   TELEPHONE:
   CONTRACTOR:
   REPRESENTATIVE:
   TELEPHONE:

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

4. LEASE: 00064
   AREA: SS  LATITUDE:
   BLOCK: 114  LONGITUDE:

5. PLATFORM:
   RIG NAME: * LIFT BOAT

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
   □ HISTORIC BLOWOUT
   □ UNDERGROUND
   □ SURFACE
   □ DEVERTER
   □ SURFACE EQUIPMENT FAILURE OR PROCEDURES
   COLLISION □ HISTORIC □ >$25K □ <=$25K

8. OPERATION:
   □ PRODUCTION
   □ DRILLING
   □ WORKOVER
   □ COMPLETION
   □ HELICOPTER
   □ MOTOR VESSEL
   □ PIPELINE SEGMENT NO.
   □ OTHER
   □ Well PA remediation

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

10. WATER DEPTH: 52 FT.

11. DISTANCE FROM SHORE: 15 MI.

12. WIND DIRECTION: SW
    SPEED: 5 M.P.H.

13. CURRENT DIRECTION: WSW
    SPEED: M.P.H.

14. SEA STATE: 1 FT.

15. PICTURES TAKEN:

16. STATEMENT TAKEN:
On July 25, 2018, an incident occurred during plug and abandon (P&A) operations for the operator, Stone Energy Corporation. The P&A operations being conducted was located at Ship Shoal Block 114 well # 44. Stone Energy Corporation was following the approved procedure in the application permit to modify which consisted of up-righting the existing bent over well. While performing the up-right procedure, the bent casing ruptured causing an estimated 56 gallons of hydrocarbons to be released into the Gulf of Mexico (GOM).

Stone Energy contracted Epic Companies to assist in the P&A process of well # 44, which was knocked over and damaged during Hurricane Elena in 1985. Well # 44 is a surface well in approximately 52 feet of water and was previously abandoned in January 1989. The multiphase P&A operations are still on going. This first phase required excavation activities so they could reach the 45 degree bend of the well. Stone Energy estimated the bend to be at 65 feet below the original mudline. The excavation resulted in getting 20 feet away from the bend, expanded the well location mud line by 120 feet in diameter, and cleared 180,000 cubic feet of sediment away from the well location area. The second phase of the P&A operation required two liftboats to be on location, Liftboats Ram 18 and Ram 19. The procedure called for a 105 foot long by 60 inch diameter casing weighing approximately 93,500 pounds to be slipped over the damaged wellhead below the mudline by using the two cranes positioned on the two liftboats. Once the 60 inch casing was stabbed over the existing casings, (which consisted of 9.625 inch wellhead, 13.375 inch, 20 inch, 36 inch and 48 inch casings) the 60 inch casing would act as a lever arm and be used to pull the well upright into its original vertical position. A hydraulic Vibro Hammer weighing approximately 45,000 pounds would then be used to drive the casing past the bend in the wellbore to keep the well vertical for further P&A operations.

At approximately 00:30 hours on July 25, 2018, the night Company Representative was in his office on the 3rd level on the Ram 18 updating his paperwork when he heard a loud boom and felt the liftboat shake. He immediately went out to the port side of the liftboat and observed oil and water spouting above the deck, 25 to 30 feet in the air above the 15 foot deck. The Company Representative recalled the oil and water spout to last approximately 30 seconds. He walked back into his office to get his Personal Protective Equipment (PPE) and called for a muster of all personnel on the liftboat. Once a muster was called, he proceeded down the stairs to the starboard side of the liftboat so that he could have a better view of the well area. Oil and water were no longer spouting into the air, but there was oil on the water surrounding the liftboat and gas bubbles surfacing near the Vibro Hammer. All personnel remained mustered for approximately 30 minutes before being released to go back inside the cabin of the liftboat. The night clerk notified the Clean Gulf Vessel JL O’Brien and informed them of the situation, and it proceeded to their location. Both Day and Night Company Representatives began to notify management of the situation.

The Bureau of Safety and Environmental Enforcement (BSEE) investigation team conducted the initial onsite investigation on July 25, 2018. The team collected evidence, took photographs and interviewed personnel that were involved. While flying over the well site, the team witnessed a sheen approximately 2.5 miles long and .5 mile wide, moving in a westerly direction. The documentation disclosed that a Pre Job Safety Meeting (PJSM) and a Job Safety and Environmental Analysis (JSEA) were performed with all personnel involved prior to up-righting the well to a vertical position. The day Company Representative stated that on July 23, 2018, the 60 inch casing was slid over the wellhead and sank approximately 30 to 45 feet on its own until meeting some resistance. The Vibro Hammer was attached to the casing via hydraulic grippers and suspended with the Ram 18 crane. The well was then up-righted to a vertical position with no issues. The Vibro Hammer was engaged and the weight indicator on the crane was monitored for weight gain or loss with no progress noted. An All Stop was
initiated and all operations were shut down for the night. On July 24, 2018, another PJSM and a JSEA were held at 05:30 hours with all personnel involved, and hammering operations commenced again, this time pulling and slacking off on the casing while hammering at 5 degrees, 10 degrees, and 15 degrees, still with no success. The Vibro Hammer developed a maintenance issue and shut down. While the crew began to troubleshoot the issue, the Ram 18 Crane Operator pulled 100,000 pounds on the hammer and casing to hold it in place and to monitor the casing weight. All operations were shut down for the night.

In the interviews with the two Company Representatives, both stated that on July 25, 2018, at 00:30 hours, the liftboat Ram 18 shook violently and the Night Company Representative initiated a muster of all personnel on board. He stepped outside on the port side and saw oil and water shooting approximately 20 to 30 feet into the air. This lasted approximately 30 seconds until the well calmed. There was oil all around the Ram 18 but gas was not detected with the portable gas detector. After 30 minutes, a stand down from the muster was called. The Night Company Representative proceeded to the starboard bow to get a better view of the well area. He noticed that the Vibro Hammer was still attached to the casing and it had rotated approximately 30 to 40 degrees after the incident. The Crane Operator checked the weight indicator and noticed the load weight was now fluctuating from 152,000 to 158,000 pounds. Once the well stabilized, the Ram 19 was repositioned away from the well area.

The well was steadied in a vertical position after 3 piles were driven and tension cables were installed to support the 60 inch. It was determined after further excavation that the 9.625 inch casing had parted where it was bent and rose approximately 37 inches. On July 27, 2018, the well sheen reduced to an occasional Fish-Eye effect that would dissipate within 15 feet of the well. A pollution dome was installed over the top of the 60 inch in the event there was another release. The P&A process is still ongoing without any further incidents.

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

Casing parted after the well was uprighted back to a vertical position.

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

20. LIST THE ADDITIONAL INFORMATION:

Talos Energy Incorporated merged with Stone Energy Corporation in May of 2018, transferring ownership. Talos is listed as the lease owner, but the permit in use at the time of the incident was submitted by Stone.

21. PROPERTY DAMAGED: N/A

NATURE OF DAMAGE: N/A

ESTIMATED AMOUNT (TOTAL): $

22. RECOMMENDATIONS TO PREVENT RECURRANCE NARRATIVE:

BSEE Houma District has no recommendations for the Office of Incident Investigations at this time.

23. POSSIBLE OCS VIOLATIONS RELATED TO ACCIDENT: NO

24. SPECIFY VIOLATIONS DIRECTLY OR INDIRECTLY CONTRIBUTING. NARRATIVE:
25. DATE OF ONSITE INVESTIGATION:
   25-JUL-2018

26. INVESTIGATION TEAM MEMBERS:
   Daniel Ballard / Paul Reeves / Cedric Bernard / Josh Ladner /

27. OPERATOR REPORT ON FILE:

28. ACCIDENT CLASSIFICATION:

29. ACCIDENT INVESTIGATION PANEL FORMED: NO

   OCS REPORT:

30. DISTRICT SUPERVISOR:
   Bryan A. Domangue

APPROVED DATE: 20-NOV-2018