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Statement of Kenneth F. Smith regarding events preceeding and leading up to blow out and fire on the Michael P. and Corinne Grace Panagra # 1 well in Eddy County, New Mexico.

On or about July 14, 1971, with Lohmann Oilwell Service Rig on hole and Land & Marine Rental Equipment on hole, blew well down preparatory to pulling tubing and packer out of hole. After bleeding pressure off well, the rig crew was unable to open rams on the blow-out preventer. A mechanic was called from Shaffer Tool Co., in Odessa, Texas who came to location and repaired preventer.

Subsequently to this repair a new dual Shaffer 5000# hydraulic blow-out preventer was brought to the location and layed down beside the well. The rig pulled the tubing out of the hole recovering one Baker Lokset packer with on-off tool and 1 Baker retrieveable bridge plug. Seals were removed from the over shot section of the on-off tool and it was run back in the hole to recover another packer from 10439'. The over shot section was latched on to the on-off tool on the packer at 10439'. Well was shut in. Pressure built up to 1810# p.s.i. on the tubing and 1825# p.s.i. on the casing. Garland Jarrell Wireline Service rigged up, ran equalizing prong on wireline to equalize pressure across packer before pulling it loose. This equalizing procedure required 4 hours during which time tubing and casing built up to 3500# p.s.i.. Jarrell than ran pulling tool and removed plug from on-off tool.

While waiting for plug to set in tubing to test tubing the well blew out and caught fire. During early hours of fire most of the gas appeared to be coming out of the floor of the cellar from about the side outlet valve on the bradenhead. Later during the fire most of the gas seemed to be coming from the doors of the blow-out preventor. During the fire the gaskets on these doors burned out and the bolts on the doors loosened. The old repaired preventer was still on the well as the new preventer was never installed. The new preventer was however, damaged in the fire as it was laying immediately by the well head.

Red Adair was called from Houston, the fire extinguished, and the well head was dug out and removed.

It was then found out that the slips on the Oil Center Tool wellhead, which held the 5 1/2" production casing in the well had dropped the 5 1/2" casing. This is apparently the cause of the blow-out as the gas in the 5 1/2" casing blew out through the pack off on the 8 5/8" intermediate casing into the surface pipe and out to atmosphere through the side outlet valve on the bradenhead. This side outlet valve was found to be open.

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