

BP North America

Moderator: Daren Beaudo
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3:00 p.m. CT

Operator: Good afternoon. My name is (Heather), and I will be your conference operator today. At this time, I would like to welcome everyone to the PM technical briefing conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, press the pound key.

Thank you. I will now turn today's call over to Mr. Daren Beaudo.

Sir, you may begin your conference.

Daren Beaudo: Thank you, Operator.

And welcome, everyone, to another Kent Wells technical briefing. As usual, we'll have about 15 minutes where Kent will provide some overview of operations since we last spoke. And after that, we will be taking questions, one question per person. We ask you to maintain that discipline, please.

And we ask you to identify yourself and your affiliation. And I'll go ahead and turn things over to Kent.

Kent Wells: Thanks, Daren.

And good afternoon, everyone. Welcome. I'd like to cover four things today – our well integrity test, relief well, static kill, and build-out of additional containment.

Let me start with the well integrity test. Of course, we closed in the sealing cap 12 days ago. So since that time, we've had no oil flowing into the Gulf of Mexico. We've also been able – due to extensive monitoring – gain more and more confidence that this well has integrity.

The current well pressure is at 6,932, continuing to build at less than a half a PSI per hour, as expected. We've continued to run additional seismic, (see no anomalies). The sonar continues monitoring temperature, et cetera, as I've talked about before. And all of those are just giving us more and more confidence in the well's integrity.

But we will continue on with this test. And as each day goes by, it just further confirms what we believe the ultimate conclusion will be on this.

In terms of the relief well, in terms of the DD3, which is the first relief well, today they'll be releasing the storm packer and circulating bottoms-up. And then on Wednesday and Thursday, they'll actually pull the packer, go back in, and clean out the bottom to make sure everything's exactly as we left it before the storm. They'll come back out.

And then on Friday, Saturday and Sunday, we'll run and exactly cement the liner in place. And so I would see us – the intersect of the Macondo well being something in the range of two weeks from today. So, you know, before the storm came, I was talking about I expected it by the end of July. It was obviously pushed out by the storm, and I'm estimating around two weeks from today.

And then, of course, the kill process beyond that is anywhere from a number of days to a few weeks, depending upon whether the flow is up the annulus, the casing, or both.

In terms of the static kill, we're in the process of getting everything back to where we need it to be, as it was prior to the storm. And we'll be ready to

actually commence the static kill by the end of this week. However, we want to wait until the – the liner or the casing on the relief well is actually run and cemented.

So the static kill, we'll be probably looking to execute that late Sunday, early Monday, that sort of timeframe. But we'll keep you posted as the week goes along. I think what we're going to find is the critical path item will be when we actually get the casing cement – or run and cemented on the relief well. And so I'll keep you apprised of that, and that will set up the timing for the static kill.

And then in terms of further build-out of the containment, as we came back from the storm, we set our priorities and the priorities were doing the monitoring, getting the relief well going, positioned for the static kill, and we're now in the process of freeing up from a (SIMOPS) perspective the ability to continue with the build-out of containment in case, in some event, that we had to go back to containment, we would be positioned to do so.

But as I said at the beginning, the well integrity tests, we've now had the well shut in for 12 days with no anomalies, and – and we just continue to gain more and more confidence as – as that goes on.

And with that, I'm willing to open it up for questions.

Operator: Ladies and gentlemen, if you would like to ask a question at this time, please press star, followed by the number one on your telephone keypad. We'll pause for a moment to compile the Q&A roster. Again, that is star, followed by the number one.

And your first question is from the line of (Kristin Hayes) with Reuters.

(Kristin Hayes): Hi, Kent. I'm glad you're feeling better. I've got two things to ask, actually, first, about the static kill. Does the mud and cement go only into the pipe? Or does it also go into the annulus from the top?

And also, two weeks from today, that sounds like about maybe three days later than what Thad Allen had said was possible on August 7th. Are you just being conservative about that, the intersect?

Kent Wells: So in terms of the static kill, the – we'll only be pumping mud to do the kill initially. And it – it is going to go wherever it's going to go. It could go down the casing. It could go down the annulus. It could go down both.

And then if we pump the mud and the well's killed, at that point, we'll have a decision point to make whether we pump cement to that point.

And I put together a video that hopefully tries to demonstrate this, that I'd encourage you to look at, but I appreciate particularly how the static kill and the – how the relief well kill would actually work in tandem is – is not at all straightforward, because it's not. It depends on what we see from the static kill.

So we will be pumping mud initially, depending on what we see from the – when we put the mud during the static kill. Then we'll decide whether we should go ahead and pump cement or not.

And I don't know that Admiral Allen and I are saying something different at all, actually. I think – I thought he had said something like August 10th and I'm saying two weeks from today, and I think that's pretty close to the same number. But I – maybe I wasn't listening close enough.

Operator: And your next question is from the line of Jaquetta White with the Times-Picayune.

Jaquetta White: OK, I'm Jaquetta White with the Times-Picayune. I have a question just about the timeline as it relates to weather. I'm wondering if the period going forward – are there places where you could break in advance of a storm? Or are you looking now for a certain amount of time of good weather?

Kent Wells: Yes, that's a good question. You know, weather is always our worst nemesis. Right now, the weather forecast looks good for at least the next week, which is very encouraging. But as we all know, storms can pick up and be a factor

in the Gulf of Mexico, and we'll need to adjust our activities and the schedule accordingly.

But right now, the weather is looking good, and we're going to do everything we can to take advantage of that good weather.

Operator: Your next question is from the line of Vivian Kuo with CNN.

Vivian Kuo: Hi there, Kent. I know BP abides by the Flow Rate Technical Group estimates and just sends them the data. They assess it independently. But in a letter that BP sent to the Coast Guard in early July cites a flow rate estimate assuming of 53,000 barrels per day, which is, you know, somewhere in between that 35,000 to 60,000 barrel-per-day mark they had cited.

I was just wondering where – or if you could shed some clarity on where that information or data come from?

Kent Wells: I'm afraid I'm not familiar with what letter you're talking about, nor am I aware that BP has ever put out a flow rate in that. But I can check into it and try to find out, and I'll get back to you.

Operator: Your next question is from the line of Richard Harris with National Public Radio.

Richard Harris: Hi. I was going to ask you the same question about the 53,000, so please share your answer with that. But let me ask you an easy one instead, which is that every time I talk about cementing the well, cranky people write in and say, "It's concrete, not cement." These are civil engineers. Could you give us a simple explanation of why this is cement and not concrete?

Kent Wells: Well, I'm not a structural engineer, but I think I can answer this one. Concrete has aggregate or rocks in it, as well as cement, and we don't pump any rocks or aggregate with our cement. It's strictly – it's specifically designed cement that we use in the oilfields. It has to withstand the pressures and temperatures and conditions that we pump it under. And it's clearly cement, so that's a big difference between cement and concrete.

Operator: Your next question is from the line of David Fahrenthold with the Washington Post.

David Fahrenthold: Thanks very much. Could you describe a little bit about what you're looking for in the static kill? What sort of test results or results from that would help guide the progress after that on the relief well?

Kent Wells: Great question, David. We're going to – we're going to monitor pressures. We're going to monitor volumes that we've pumped. And looking at those in tandem versus what we would expect under different conditions, whether it's only going down the casing, going down only the annulus, or both, it'll give us some good insight.

And then, of course, the most important thing we're going to monitor is, when we believe we've done everything we can to kill it, we'll monitor it for some period of time to make sure that we have no pressure and that it's consistent and, therefore, we haven't – we have the well dead or killed at that point.

And then at that point, with all of that information, we can make the decision then whether we choose to pump cement at that point or not.

Operator: Your next question is from the line of Angel Gonzalez with Dow Jones.

Angel Gonzalez: Hi. I was wondering, how do you plan to pump cement or to pump drilling fluid into the well, if you go ahead with the static kill, through exactly which line or which part of the BOP?

Kent Wells: Yes. It'll – it will go down through the drill pipe, which will go through the BOP. And we will be – so the BOP is not really a factor. We'll have that – excuse me, sorry.

We will be pumping the mud through the choke and kill lines on the BOP, the same ones that we used for the top kill, and if you look and you'll see some of the diagrams that are hooked up to the Q4000. Excuse me.

And we will be pumping the mud through that first, monitoring the pressures. We have special gauges on there that can monitor the pressures. And then

when we're finished pumping the mud and we get to a decision point, then we'll pump the cement through the same choke and kill lines.

And I think we've got an animation that's out on our Web page that you can go and see how that works.

Operator: Your next question is from the line of (Zenera Zaki) with ABC News.

(Zenera Zaki): Hi, Kent. Just a two-prong question, sorry. The choke and kill lines will be exactly the ones that are used – were used in top kill or the ones that are on the current (sea link-up)? And my first question – the second, sorry – is the integrity test will continue or are we – can we say now that the well is shut in for the foreseeable future?

Kent Wells: Yes, once again, I'll ask you to go look at the animation, because I think it shows it best how we go from the – where we have mud on the surface going through a pumping vessel down through the Q4000, down through the drill pipe. It actually goes into our choke and kill manifold, and then it comes into the – we have the option and going choke and kill line, but we'll go mostly – most likely through the choke line, and it will go down the well from there.

The animation, I think, shows it pretty clear on how it'll work, and it also tries to show how we'd – we pump the mud and get to what we'll call a kill position, and then at that point, we can make a decision on whether we want to cement it through the same process.

Operator: Your next question is from the line of Marc Kaufman with Washington Post.

Marc Kaufman: Thank you. Earlier today, a contractor who works with BP, an environmental analyst, described the situation in the gulf in fairly sanguine terms and also said that he felt that, based on his previous experience, which had been up in Alaska, that there was a good chance that the marshes would be kind of restored and the gulf in fairly good shape by next spring.

And I know that generally you speak about the technical aspects, but I wonder if you could address that, as well.

Kent Wells: Well, I think, you know, we've been encouraged over the last 12 days where no oil has gone in. We've seen a notable difference on – on the surface. We're finding it – our ability to find any oil to skim has been difficult.

But what I do want to stress is we're going to continue to respond. We said from day one, we'll clean this up, and that's what we intend to do. So we'll continue to monitor on the surface. We'll continue to monitor on the shoreline, which includes the marshes. And to the extent that we see any impact, we'll clean that up.

And we'll do that through our Unified Command and all the specialists that we have helping us to make sure we do it in the right and prudent way.

Daren Beaudo: That's all we have time for today. We appreciate you dialing in. As usual, keep an eye on your e-mails for when we announce the next technical briefing, as well as the bp.com Web site. And we'll make sure we push that off to you.

As usual, if you have follow-up questions, give us call at the BP press office, 281-366-0265. Thank you.

Operator: This does conclude today's conference call. You may now disconnect.

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