

BP North America

Moderator: Marcella Christophe
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7:30 a.m. CT

Operator: Good morning, my name is Whitney and I will be your conference operator today. At this time, I would like to welcome everyone to the AM Technical Briefing Conference Call. All lines have been placed on mute to prevent any background noise. After the speaker's remarks there will be a question and answer session. If you would like to ask a question during that 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.

Mr. Beaudou, you may begin your conference.

Daren Beaudou: Thank you, operator. This is Daren Beaudou with the BP press office. Welcome everyone to this morning's technical briefing with Mr. Kent Wells.

As we've announced previously, during the sealing cap operations we plan on holding these calls twice daily at 7:30 am and 2:30 pm central daylight time and we'll use the same call information for each session. That information is available on the BP website. These calls will last approximately 15 minutes followed by questions and answers and we ask that all listeners limit themselves to just one question.

I'll now turn the call over to Kent.

Kent Wells: Thanks, Daren. Good morning, everyone. Apologies for the slightly later start, I'm sure everyone appreciates we have a lot going on right now.

Like to cover three things with you this morning, just briefly on the relief wells, on collection containment activities and then definitely focus on the well integrity test.

So in terms of the relief well, on the DD3, the first relief well, we took advantage yesterday to make sure we knew the exact location of the well. We did a gyro survey on it. And I'm happy to say we're exactly where we wanted to be or essentially five feet from the well. We're at the two degree angle. We've got another 30 feet to drill to hit our final casing point. So we're in very good shape. And as I mentioned yesterday, we're sitting there while we're doing the integrity test just to make sure we don't have the drill pipe out of the hole in case in the very remote chance we had any communication with the Macondo well during the test.

In terms of the second relief well with the DD3, it has got to (its location) point and they're going ahead with planning their future activity and then they'll resume activity when we're ready to do so.

In terms of collection. So yesterday, we collected up until the time we're preparing to start the well integrity test and then when we discovered the leak, which I'll talk about in a minute, then we resumed recovery again. But there was a gap during the day which we didn't recover.

So, yesterday's collection was 12,800 barrels, roughly. We collected roughly 7700 from the helix producer and roughly 5100 from the Q4000. We brought the collection back up late last night and we're currently collecting it in the range of 22,500 barrels combined between the two and we'll continue to do that until we're ready to start the well integrity test.

So let me talk about the well integrity test. I think at our 5:00 call we were just in the sequence of setting up to do it and while we were doing that we noticed a leak on a hub on the choke line. And so when we saw that, that would have precluded us from properly doing the test we needed to get that fixed. Fortunately, as everything, we always plan so we had a second choke on surface. So we disconnected that choke and hub system. Took it up, brought the other one down, landed it this morning and we're once again

going through the process of positioning ourselves to do the well integrity tests.

What we need to do is we need to move all the vessels back in place, all our monitoring vessels. We need to go through the procedures to set up again and we need to open the valve to that choke line because right now we have all the flow going through the kill lines, which is the line off to the other side. We still have kept the ram closed and if you're observing the ROV footage, you'll see a billowing out, that's because we've got the subsea disbursement going into there and the whole purpose of the disbursement is to – is actually to disburse it which gives it that very billowing look.

Now, we will issue a press release when we start the well integrity test. We know everyone wants to pay attention to – wants to be aware of that and so we'll be very clear when that happens.

Then the other – only other comment about yesterday, we had a very active skimming and burning day, very focused, particularly when we weren't in the collection mode and once again, just focusing on everything we can do to minimize the impact of the oil getting to the surface.

OK, I am open for questions.

Operator: As a reminder, if you would like to ask a question please press star then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question from the line of Richard Harris with National Public Radio.

Richard Harris: Good morning. According to some of the people who were watching the procedure all night, it appeared to them that this choke assembly came down and went back up again and this is now down to the second time is that – was there – how many round trips did you have?

Kent Wells: Yes, Richard, that's exactly right. We first brought it down and had a little trouble getting it on the hub right and so we took it back up to make some adjustments, took it down the second time and it went on just fine.

The – there's a seal mechanism inside the hub and that's what you need to be very helpful about that doesn't get damaged. So we wanted to be special careful on that – the reason we made that round trip you're talking about.

Operator: Your next question is from the line of Kristen Hayes with Reuters.

Kristen Hayes: Good morning, Kent. On the – on the collection part of it, you said that all the flow is coming through the choke line. So how is the helix collecting oil?

Kent Wells: Yes, sorry about that if I wasn't clear. We – what we're doing is we – on the capping stack, OK we have the rams closed. We have the excess flow flowing out the kill line, we have the choke line on the capping stack closed and – but down below we have a set of choke and kill lines that are on the existing BOP and that's what goes to the Q4000 and to the helix producer. And so we are collecting through there as we had been in the past. So that – nothing's changed in that method of our collection. But good clarification, Kristen.

Operator: Your next question, this is the line of Anne Thompson with NBC News.

Anne Thompson: Hi, Kent. Thanks for doing this. Could you give a timeline of (news you will) start – actually start the well integrity test?

Kent Wells: Anne, I think you're trying to get me back in having another poor day of forecasting here.

Anne Thompson: Sorry.

Kent Wells: We have a number of steps to go through to sort of – the first thing we need to do is one, test the seals on this again. We need to move all the ROV vessels back in place for our monitoring. We'll go through the process. I'm expecting that we'll – we'll start up here later this morning, sometime today. Just bear with us, we're going to try real hard to keep you all really well informed on this. We'll definitely do a press release when it started. It's just

– as this is the first time we – we have a very, very intricate procedure we go through and we just need to go through each and every step and if something like for instance yesterday when we – when we got a leak that we didn't expect. Then we have to revamp on that.

So we'll keep you posted along the way and obviously we're looking to start this test as soon as we possibly can.

One of the things – I also need to mention too – one of the things we'll need to do before we start the test is take back down the collection from the!4000 and the helix producer and that takes a little bit of time as well. So we'll keep you posted and of course we'll have the call at 2:30 and I can give you an update then.

Operator: Your next question from the line of Jim Polson with Bloomberg News.

Jim Polson: Kent, with this limited to the kill valve, is this giving you any greater insight as to how much the total flow is?

Kent Wells: (Jeff), I don't think it really is. We're – it doesn't give us any sort of way to accurately measure the flow through that so we're just going to keep moving forward with this and we'll – at some point along the way either be collection all the flow through our containment or at some point we'll know what the flow is down the road.

Operator: Your next question from the line of Richard Fausset with LA Times.

Richard Fausset: Hi, Kent. Hope you're doing OK this morning. I wanted to ask you if there – if you guys had a way of determining whether or not there's any oil that has seeped into the annulus? And if so, what that would mean for fishing as well.

Kent Wells: Yes, Richard, not sure I completely understand your call. The one thing I would say is yesterday when we looked at the seismic information in great detail that we've done, we didn't see any leakage, oil and gas, that we could pick up in any of our seismic information that would indicate there was any you know oil leaving from the Macondo well. We are taking that extra special caution of you know hesitating on the first relief well, just in case.

When we start to pressure up we do have oil out into the annulus and we get some sort of communication. But if I could quote Admiral Allen again, you know we're using an overabundance of caution here just to make sure that we don't do anything that could make anything worse.

Operator: Your next question is from the line of Mario Garcia with NBC News.

Mario Garcia: Hi, Kent. Good morning. Just wanted to double check, with this – the leak, you said it was a surprise. I mean how much does it impact the entire test, and you say you always learn something from every step of the way, what did you learn from this leak?

Kent Wells: Yes, thanks Mario. The – of course we have this system on the ceiling cap and there are always a number of connections and this was a connection of the choke system on top of the valve.

So ideally we'd like that none of the system leaks, but obviously we anticipated that it was a possibility and that's why we had a second choke on the surface. So we were always prepared for it. When I say we wouldn't have expected it, we did anticipate that it could be an issue and that's why we had it. But we would have liked that it not, but it did. We were prepared for it and we've made the adjustment and now we just need to go forward and retest it and make sure that this one's fine and then we'll move forward with the test.

Operator: Your next question is from the line of Gary Taylor with (Flat).

Gary Taylor: Hi, thanks. Is it – would you describe your current situation right now then on the testing process, you know which would include beginning with closing everything down, are you back to about where you were about 5:00 pm yesterday. I mean back to square one then?

Kent Wells: Yes, Gary, one of the things I'm finding is even as I leave the room – the control room, and come up here to do this activity continues on so I'd have to be always careful exactly where we are, but what we're – when I last left, what we're doing is we were making sure that we used – we have to get all our hydraulic systems back to pressures, we need to move the ROVs back into place and then we can start going through the procedures. So they're in the

middle of doing that. We're clearly back in – I'll call it the timeframe of we were yesterday afternoon, but I'm not sure I could be as precise as where we were at 5:00 yesterday. So ...

Operator: We have time for one more question. Your final question is from the line of Bertha Coombs with CNBC Business News.

Bertha Coombs: Thanks very much, Kent. I'm wondering – you had problems with the first cap and were never able to really close up all the valves. What happens if we discover that's the case here? Everyone's been talking about being able to at least ramp up production through the four risers. Is that still a possibility and how would that impact the dig – you know the relief wells if indeed you find that you just cannot close all the valves on this new cap?

Kent Wells: Yes, great question, Bertha. The choke that we have the leak in is only going to be used during this well integrity test. So if for whatever reason we couldn't get that to seal for whatever reason, that would not get in the way of the containment efforts. So great question. I think we'll look at – in fact, the teams are always working on additional redundancies of this doesn't work and I'm sure they're down there looking at different ways of – if for whatever reason that this choke didn't seal properly, what we'd do next so that one, could be still proceed with the shut in test in a different way. And then two, how would we move forward with containment. And of course you're aware of you know we have the enterprise sitting off – off site, being prepared to come back in and being collection mode if we need it at that point. So – all right thank you, everyone. Once again, we will keep you posted. We'll be back with you this afternoon. We'll issue a press release when the well integrity test starts and we'll do everything we can to try to keep you up to date. I know this is of great interest to everyone for all the right reasons. Thank you.

Operator: Thank you for participating in today's call. You may now disconnect.

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