

**BP NORTH AMERICA**

**Moderator: Jerrin Bodo**  
**July 17, 2010**  
**7:30 a.m. CT**

Operator: Good morning. My name is (Anthony) and I will be your conference operator today. At this time I would like to welcome everyone 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. And if you would like to withdraw that question press the pound key. Thank you, (Mr. Bodo) you may begin your conference.

(Jerrin Bodo): Thank you, operator. This is (Jerrin Bodo) in the BP press office and welcome to this morning's technical briefing. I think everyone pretty much knows how we go about these technical briefings.

The call is going to last about 15 minutes followed by question and answer. We're going to ask the press folks to limit themselves to one question and I will note this will be the only technical briefing today. Tomorrow, as well, we will only have one technical briefing at 7:30. Certainly if anything changes in the interim we will communicate that to you. And without further ado I'll turn it over to Kent.

Kent Wells: Thanks, (Jerrin). Good morning everyone. Just let me start first with our relief well. Relief well number being drilled by the DD-3. We completed our open hole ranging run yesterday.

If you remember I talked about this is the precision part of the hole. We've got it down pretty precise now. We're actually 4.8 feet away from the Macondo well. We're at an angle of 1.9 degrees and based on that we're now going to drill 24 feet to our casing point. So like I said very much in the precision.

We're feeling very good at this point on how the well is lining up. So towards the – we'll drill that down, do another ranging run towards the middle, back end of next week we'll set casing, do some testing and then we'll look to drill out to do the intersection. Once again looking for the intersection to occur towards the end of July.

And then the kill procedure, kill and cementing to take anywhere from a number of day to a few weeks. The well integrity test on the Macondo well continues. Pressure is currently at 6,745. It's building about two PSI per hour. As you remember I told you it would keep – the buildup would continue to slow.

And it's slowly starting to decrease a little bit but it's still around two PSI per hour. There was a question yesterday about where did I think reservoir pressure is going. It's probably going to be somewhere in the 6,800 PSI is where it will ultimately get to.

But you need to put an error bar on there of plus or minus at least 50 PSI. And we'll just continue to monitor and keep you up-to-date on that. We're continuing with all the monitoring in terms of temperature, ROVs, sonar scans, seismic. We're actually going to do two seismic runs a day.

You know the whole concept of an overabundance of caution. We're going to continue to use because we're encouraged at this point and we want to – want to make sure we have all the data to make sure that what we're encouraged here that we have integrity is truth.

So we're just being very, very cautious in taking every possible precaution to make sure we understand everything. We're bringing in, I mentioned yesterday, a (Noah) vessel to also do surveys.

Once again we're looking for could there be potentially any breaches in other places. The ROVs that we have standing near the well head, if you watch it carefully you'll see we've got some bubbles coming from a valve that's on the 36 inch casing.

This is quite normal. The 36 inch casing is kind of the first piece of pipe we put in. It's almost sort of think about it as construction more than the well head. It's the first piece that we (inaudible) landed about 500 feet down into the mud.

It's what we start to build our well head and casing on and it's quite common. But in this – and there is actually eight of – I can't remember if it's six or eight of these valves around this piece of pipe. This is quite common. We see this on a number of wells.

But with an overabundance of caution we're going to go down and take a sample and make sure that that's not any gas from deeper down in the (horizon). It's more likely nitrogen or it could be biodegradable methane or something like that.

But just in the overabundance of caution we want to go down there and get a sample of it. And when – as I talked about as the well is cooling down – as the well is cooling down that's probably what caused those bubbles there.

All right, I think that's it. I'm open for questions. Or I guess I should say and, of course, with the well shut in there is no containment collection data to share with you. But we're continuing to progress with our long-term containment options as we had planned.

Operator: Ladies and gentlemen at this time I'd like to remind you in order to pose any questions please press star one on your telephone keypad. We'll pause a moment to compile this roster. Your first question comes from Noah Brenner with Upstream.

Noah Brenner: Thank you for taking my question, Kent. Was wondering if you've decided to go ahead and proceed to the containment system. The new 50 or 80,000 barrel system, it wouldn't necessarily be ready immediately. Could you use

this cap to choke the well back essentially and make sure that the flow only met the containment that you had prepared for?

I guess currently with Helix Producer 1 and the Q4?

Kent Wells: That's a great question Noah and as I've talked about before you know we'll be progressing every six hours as unified command will go through and evaluate the data and what's it telling us.

Clearly if all the data says we have integrity in the well and we wanted to contain versus leave it shut in we would have that option. But at this point it's an option, no decisions have been taken on that. And we're just moving forward in a unified command in a very collective fashion on this.

But it's a great question.

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

Vivian Kuo: Hi there, Kent, good morning. Could there be some sort of debris or blockage inside the well itself that's contributing to this low pressure?

Kent Wells: Well I've never – I don't think so. No because in a no-flow situation sort of anything that would sort of act as a choke wouldn't be a factor. If you did have something that like that might affect if it was flowing. But in a shut in case the pressure will migrate through anything that might be blocking it. So no I think we're getting – well, in fact, the way the – the technique we use is called the (Horner Clot).

And the (Horner Clot) is clotting perfectly. That's why I have some confidence in sharing you where we think the pressure is going even though there is an error bar on it. So no I don't anticipate that we've got anything getting in the way of the pressure measurements we're taking.

Operator: You now have the line of Kristen Hays with Reuters.

Kristen Hays: Good morning, Kent. I'm going to ask the same question I asked yesterday. Is this test going to end today at the end of the 48 hour mark?

Kent Wells: Kristen, you're just so hard on me here.

Kristen Hays: You know I have to ask.

Kent Wells: Well, you know the longer the test goes the more confidence we have in it. But I don't want to jump ahead of the process we've laid out. Admiral Allen is the ultimate decision maker when it comes to what's done at the end of this test and we're fully supportive of that.

We're continuing to gather all the monitoring information that we collectively think we ought to get. We're doing that and those decisions will be made as we come. Obviously the 48 hours comes up later today. And I'm sure the right decisions will be made at that point.

Male: (Inaudible).

Kent Wells: And I know you'll probably ask this question again tomorrow.

Operator: You now have the line of Anne Thompson with NBC News.

Anne Thompson: Hi, Kent. Just to clarify, so this test is going to continue all day until tomorrow morning and can you expect the success or the information that you have gotten from this test?

Kent Wells: I'm sorry could you say that again? I missed the first part of your question.

Anne Thompson: I apologize Kent. I just want to make sure I'm clear about this because if the test is get 48 hours it should end at midday today. Does this mean that you're going to keep the well shut in past midday today and how would you assess the information you have gotten from the test so far?

Kent Wells: Yes. So, the test was set up that it was to be a 48 hour test but there was always the provision that under certain circumstances the test could be extended. OK. So we have the option to extend the test.

If all the data says that we should extend it. There's more to learn. There's no risk et cetera. It doesn't mean that we immediately needed to make a decision

that we're going to shut in for an extended period of time. So I think those options are available to the unified command.

And so far everything we've seen indicate that there – the best way to say that there's no evidence that we don't have integrity. The pressures building as one would expect. All the negative indicators that we're looking for, none of them have indicated we have a lack of integrity.

So we're just going to continue to monitor those. And then based on that information at that point in time we'll make decisions on whether to end the test and go into containment mode or continue on with the test or any other decisions that might be taken at that time.

Operator: You now have (Casia Cleminsensta) with Bloomberg News.

(Casia Cleminsensta): Hi, thank you for taking my question. I was wondering since our last (inaudible) briefing late yesterday, did you find additional evidence of the fact that, I mean actually against leaks and do you think that beyond 48 hours you might do additional tests and tests you haven't done so far?

Like a different kind of test?

Kent Wells: Yes. No, I think the – as I've been saying, all the monitoring we're doing, and this is very extensive monitoring we're doing, everything, there's no evidence that we lack integrity in the well.

We're just going to continue on monitoring the pressures, doing everything to make sure that we haven't, somehow don't have integrity. And we'll just keep monitoring and make the decisions as we go forward.

Operator: You now have Henry Fountain from the New York Times.

Henry Fountain: Hi Kent. Could you update us on the time table for getting a third and perhaps a fourth containment system ready?

Kent Wells: The plan is that over the next couple of weeks the additional containment will come in as we've taken just a slight pause with all the monitoring we're doing, it's slowed down a little bit, but.

Of course the first thing we'll do is we'll bring up the Q 4000 and the Helix Producer and then we have the ability to bring in the Enterprise which we have an Alamar peak app. And it would immediately go on top.

And we could very well be collecting all the flow at that point. We've pretty much got the second free standing riser build and in place. What we need to do is do the connections. The (toxicous pisces) will be in the field in just a couple days.

And then it will take some, I don't have exactly the time table in front of me so I can't remember how many days it's going to take us to connect all that. And then the only thing that sort of gets in the way for us is if we have any weather.

But over the next couple weeks we have the option to bring up significantly more capability.

Operator: Your next question is from Laura Trevelyn with BBC News.

Laura Trevelyn: Good morning. I just wanted to know how did you originally arrive at that figure of 7500 pounds per square inch of pressure that you were looking at and therefore could the 6700 figure that you are guessing are you quite confident that that is a result of depletion?

Kent Wells: Yes I think what you are referring to is what we said is between 6000 PSI and 7500 PSI there could be different scenarios that could give you the same final pressure and below that it was very clear we didn't have integrity and above that is what very clear we did have integrity. But you could have integrity or not have integrity between the 6000 and 7500. And so what we've done is put together numerous models of what would cause it under having integrity and have some integrity and not having much at all and modeled those.

And we've monitored how the buildup has gone versus those different models and then in addition with all the monitoring looking to see if there's any signs of lack of integrity. That's the way we've sort of got to the point where I'll say we're feeling more comfortable that we have integrity the test is not over

we haven't made final conclusions yet, I want to keep stressing that. But at this point there is not evidence that we have no integrity and that's very good and the fact that the pressure is continuing to rise is giving us more and more confidence that as we go through this process.

Operator: We now have the line of (Holly Long) of the Associated Press.

(Holly Long): Hi good morning. I was just wondering if you could sort of I mean I know you just spent 20 minutes trying to you know tell us that we can't predict what is going to happen in the coming day. But are you, when you say that are feeling more comfortable that we have integrity does that also translate to you know the probability that oil is going to leak is going to leak back into the water increases? I mean you know if it's going to take a couple weeks for these other two containment ships to come and get online does that mean that we're still looking at a chance of oil being lead back into the water?

Kent Wells: Yes because so what you have heard both myself and Admiral Allen said is that if we do decide at any point either during the remainder of the test or following the test, that we want to open the well back up initially we will have to blow it back into the Gulf for some period of time, relevantly short period of time to bring the pressure down on the well so that we can then go in to our collection systems namely the (Q port) valves and the Helix Producer.

And then we will look to bring up those vessels up to maximum collection capacity bring in the Enterprise and we'll be looking to collect essentially all the oil. And then we've got the longer term option with the free standing (Elijah) coming. So there could be a period, if we choose to open up, if we make the decision to open up the well there will be a period where oil will go back into the Gulf.

Operator: Ladies and gentleman we have time for one last question which comes from the line of Matt Gutman with ABC News.

Matt Gutman: Good Morning Mr. Wells. Assuming that the pressure readings are accurate 6700 pounds per square inch and that they are a little bit lower than you assumed and assuming that the conjecture that the well or the reservoir has depleted itself does that mean that the flow rate – I'm going back to the same

question as yesterday previous to you put the stacking cap on was inaccurate that maybe the flow rate was lower because the well had partially at least depleted itself.

Kent Wells: So just let me clarify on the first part, we didn't actually try to predict a pressure that would go to. We knew there had to be some form of depletion we just didn't know what it would be. And so we just said in that range of 6000 to 7500 we could have full integrity and depletion. So the fact that it's – you know we are thinking right now it's 6745 but we are saying it's headed towards 6800 plus or minus 50 PSI probably. You know that is very much in the range not at all really surprised by that.

In terms of what that could mean for flow rate, as I said yesterday our whole focus now =we have a tremendous amount of monitoring going on, and we are very much focused on making sure that this test is run perfectly, that we're watching every piece of data that is going on. I mean we are running two seismic lines twice a day. So we have almost continuous seismic operations and we're processing that so we are really focused on that. But clearly just mathematics says that you know lower reservoir pressure impacts low rate but that is just not on our mind at this point.

Kent Wells: All right thank you for joining us her today. And just a reminder this will be the only technical briefing scheduled for today. Tomorrow we will have only one as well at 7:30 Central Daylight Time and as usual if anything else develops we will communicate that out as well proactively. Reminder that if you do have follow up question you can call the Houston Press Office that number is 281-366-0265 take care.

Operator: Ladies and Gentleman that does conclude today technical briefing you can now disconnect.

END