

BP North America

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

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

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 would now like to turn the call over to Mr. Daren Beaudo.

Sir, you may begin.

Daren Beaudo: Thank you, operator.

And, welcome, everyone, to another technical briefing with BP Senior Vice President Kent Wells. Kent will, as usual, update everyone on subsea operations. I would remind you that we do invite your questions. We ask you to limit your questions to one per caller, so that we can get as many different questions in as possible.

And, I'll turn things over to Kent.

Kent Wells: Thanks, Daren.

Good afternoon, everyone. Welcome. What I'd like to do today is talk about the current status of the Macondo well, the activities that we have ongoing, and what we anticipate doing over the next several days. But, in order to put that in proper context, what I'd like to do is go back a little bit in time, because I think if we kind of go through the steps, it'll help make a lot of sense of what we're actually doing today.

So, if I go back to July 15th, if you remember, July 15th was the day that we installed the capping stack and shut-in the well. And so, at that point, ever since that point, we've had no oil flowing into the Gulf of Mexico. At that point, we started the integrity test, and, of course, the purpose of the integrity test was to understand whether the wellbore had integrity and we could move forward and do the static kill. Now, we had Tropical Storm Bonnie come in.

But, basically, on August 3rd, after the integrity test had given us confidence that the well did have integrity, we proceeded with the static kill, and the static kill pretty much confirmed that we killed the well down through the casing. If you remember, we were all – we didn't know whether it would go down the casing, or the annulus, or both, but it was – we were pretty confident it went right down the casing.

Then, on August 5th, we pumped cement, and, once again, it confirmed that we had pumped cement down the casing. So, at that particular point, while on July 15th there was no more oil going into the Gulf, on August 5th we had a shut-in well that was killed, and we were pretty sure it was actually cemented, sealed, at least inside the casing. And then, we started a pressure test that we took from August 5th to August 12th to really confirm that we had the integrity of that cement.

Now, at that point, we also talked about there was a unique possibility that, as we cemented the casing, if we had also circulated cement up the annulus past the top of the reservoir, we may have sealed off the reservoir from the annulus. And, that could cause us a complication with the intersect from the relief well, in that, under a certain scenario, if there was only oil in the annulus, we might get more pressure on this capping stack than we'd want.

And so, we've been doing a lot of thinking through on what's the best way to ultimately kill this well.

And so, on August 12th, we started a near-ambient test. And, the purpose of the near-ambient test was to actually see could we see any pressure coming up from below; it was, sort of, in some respects, testing the annulus. And, what we – the reason we didn't take it down to ambient is we didn't want to take a chance of bringing seawater into the capping stack or the BOP, which might create a hydrate, because we knew we had gas in there, because we had the gas bubbles. And so, we took it down to near-ambient pressure, and, once again, that confirmed that gee, it looked like we might have the well sealed off.

So then, what we are – here we are on the 19th of August, and what we did last night was we flushed out the BOP. And so, basically, by pumping down from the Q4000 into the choke-and-kill lines of the BOP, we flushed what was ever in the BOP and the capping stack up to the Enterprise, because we had hooked the Enterprise on top. So, we'd flushed out the hydrocarbons that were in there, some mud that was in there, any fluids that were in there, and replaced that with seawater.

And so, now what we did, at about 6:30 this morning, we started an ambient test. And, the purpose of this ambient test is to actually take it down to the point that if we were to open everything up, either by opening all the valves or actually removing the BOP, we want to have confidence that the well wouldn't flow. And so, we're going to do that for a 48-hour period.

And, the reason we've chosen 48 hours, that's about twice as long as it would take us to actually remove the BOP if we choose to do so. So, it's just giving us a safety margin. So, I think you can sort of see the steps we've taken to get us where we are today. So, the ambient test will finish up Saturday morning.

At that point, what we'll start to do then is to see if we can remove the drill pipe that is in the Macondo BOP. And, what we'll do with that is we'll move the Enterprise over top, we'll open the rams in the capping stack, so the

capping stack will remain in place, but we'll open those rams and then go down with drill pipe and look to pick out what's ever in the top of the BOP.

Now, the term fishing, this is a technique we use in our industry. We've used it for decades. We've fished everything from drill pipe, to tubing, to casing; you name it, we've done it over time. There is, once again, a real specialty; we have experts in the industry, we have all sorts of different tools that can help us pick up pieces of equipment that are in different shapes and sizes, et cetera.

And so, we will be looking to do that after Saturday morning. After the ambient test is done, we'll start that fishing operation. And, once again, that operation could take a few days, just depending upon how things go.

Now, if we successfully remove the drill pipe, or get ourselves to where we're confident that we think we could remove the BOP, then what we'd do is we would use the Enterprise to first remove the capping stack off; remember, it would have already been opened. And then, we would use the Q4000 to actually remove the Macondo BOP, and we'll bring that to surface. And then, we will replace it with the BOP from the DD2, which is drilling the second relief well. And so, that would be the plan of action over the next number of days, week – however long it would take to get there.

Now, so then I have to go back and talk about the two relief wells. So, the DD2, which is on the second relief well, what we're going to do there is we're going to suspend the wellbore, similar to what we do when we move off for a hurricane, where we put a storm packer down in the well. And, we'll actually move off the well and take the BOP with it, and that would be the BOP that would be put back on the Macondo well. Of course, you remember, the second relief well has got its casing set and cemented, et cetera, there's no open hole there.

On the first relief well, the DD3, is still about three-and-a-half feet horizontally away from the Macondo well. It's about 50 feet vertically from where we expect to intersect. And, we're sitting there ready to intersect

whenever we decide it's prudent to go forward with, at that point. And so, we're well positioned there.

So, you can sort of see how we got to where we are today. Once we got the Macondo well cemented, it gave us more time to be quite thoughtful and pragmatic about how we've gone about – how we're thinking about and going about how we're actually going to ultimately kill the well, and that's what we've been doing. And, the near-ambient and ambient tests have been things to help us best understand how to go forward. And, I think we're well positioned, at this point.

So, with that, I'll open it up for questions.

Operator: Ladies and gentlemen, at this time, if you would like to ask a question, 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 comes from Harry Weber from Associated Press.

Harry Weber: Hi, Mr. Wells. How are you?

Kent Wells: Good, Harry.

Harry Weber: I – during this conversation, you've referred to the well as shut-in and killed. You've referred to it as cemented and sealed. I believe you said sealed on two different occasions.

And so, I'm just curious, in light of your prior comments where you had suggested that it might not be necessary to go forward with the relief well and the bottom kill, what exactly, from BP's point of view, is there left to do? And, I'm curious if you have conveyed any reservations in recent days to the – to the federal government about the need to go forward at all?

Kent Wells: Yes, Harry, good question to ensure clarification. Clearly, the well is shut in, because there's no flow coming out of it. We feel very confident that we have done the static kill down the casing, and that we've successfully cemented that.

What we're not as confident about is the status of the annulus. And so, we've worked carefully with the government scientists, other industry experts, to come up with a methodology that will get us to the endpoint we want to, where we have 100 percent confidence that the entire well is completely killed and sealed, without taking any additional risk. And so, you know, once we've had sort of no oil going in the Gulf, we can be very, very careful, and we – we're taking a little more time than we might have otherwise, to make sure that we've got everybody completely on board with what we're doing and moving forward in a – in a very systematic approach.

So, I think that the way we have laid out is exactly what we want to do. We'll do this ambient test. Assuming that goes well, we'll look to try to fish the drill pipe out and replace the BOP. And then, we'll move forward with the relief well. And, as always, we always learn as we go along, and if there's something that is different than we thought, we step back and make whatever adjustments we need to, at that point.

Operator: Your next question comes from Jaquetta White from Time.

Jaquetta White: Jaquetta White from The Times-Picayune. I was hoping you could explain a little bit more why you need to remove the drill pipe; how it would impede the progress in moving the capping stack and the legacy BOP and putting the new one on.

Kent Wells: Yes. Another good question. So, we could have up to, I think it's around 3,500 feet of drill pipe hanging below the BOP. And, if we were to – and we believe that the drill pipe's being held by the BOP. So, if we were to try to pick up the BOP right now, we'd have to lift it 3,500 feet straight up to pull all of the drill pipe out, and then we'd have difficulty handling that, et cetera.

So, we think it's more prudent for us to go in and try to what we call fish it, actually pull the drill pipe out first and recover all of it, and then go and then take off the capping stack and then recover the BOP. So, I think that's the procedure that we believe is the most prudent way to go about it, at this point in time.

Operator: Your next question comes from Mark Seibel from McClatchy.

Mark Seibel: Mr. Wells, when Admiral Allen was talking about this earlier today, he mentioned the need to preserve the blowout preventer and any materials in it for the various federal investigations as evidence. I'm curious how you plan on doing that, and if there is any problem that you foresee with actually preserving the BOP in a – in a status that investigators can make use of it.

Kent Wells: Yes. Thanks for that question. Clearly, I think – I think all of us want to absolutely understand what the root causes were of this incident so something like this never happens again. And, clearly the fact that the BOP didn't work, we all need to look very carefully at why was that.

And so, our procedures will have us very carefully bring that BOP, as well as the drill pipe, back up to surface. We'll bring it up to the Q4000. We'll carefully handle it and bring it to shore, where it can be properly looked at and determinations made of what went – what went – what went wrong. And so, we've got procedures in place that take care of that.

Operator: Your next question comes from Joel Achenbach from Washington Post.

Joel Achenbach: Yes, thank you, Kent. Can you just tell us, there'll be about 24 hours, did you say, where you'll have the BOP off the well before the new blowout preventer from the DD2 can go on. And, can you sketch out, you know, what might potentially go wrong, I mean, what's sort of the worst-case scenario in all this?

Kent Wells: Yes. So, what we'll be doing is after we've fished the drill pipe out, and then we'll remove the capping stack, at that point, we will come in with the Q4000 to move off the BOP. If that all goes well, it'll take less than 24 hours, but we think that's a prudent timeframe for our planning. We'll – with all the testing we've done of ambient testing, all the time we have the well open, we'd be less concerned about additional flow.

I think the concerns would be, you know, would it take us more time to get things unlatched, just properly getting slings in place, and those will all be things that we've tried to carefully manage through with the procedure. But, we have a process we go through, that each step we take one at a time, and

then adjust accordingly, if we need to. So, I think it's – the bigger risk would just be if we had any problem unlatching the BOP in the – in the first place.

Operator: Your next question comes from Kristen Hays from Reuters.

Kristen Hays: Hi, Kent. I kind of – I kind of went through this with Admiral Allen this morning, but I'm just wondering, are you – the reason you're looking at removing the BOP and replacing it with another one, is that because you're confident that that cement down at the bottom of the Macondo, and seal at the top of the well where the – where the blowout preventer is, that those will hold during that 24 hours that there's nothing on the well?

Kent Wells: Yes. Good question, Kristen. Yes, with this ambient test that we're doing right now, basically that will confirm that the well's not going to flow if it's open to the sea floor. That's what that's going to confirm for us. And then, of course, during our fishing operations, when we still have the capping stack on, we'll have that same condition existing, as well, so the testing will actually, in many respects, be going on longer. So, it'll give us a lot of confidence.

What we're trying to do, though, is the – putting a new BOP on there just gives us a whole much solidier cap to the well. If, in that situation that we talked about where we've sealed off the reservoir, there's only oil in the annulus, and we intersect with the relief well, it could put a lot of pressure on the top of the well that we'd be very comfortable handling with a BOP and less comfortable handling with the capping stack that we have on there.

And so, we just think it's the prudent thing to go forward to, since it looks like, at this point, and the ambient test will confirm, that everything is in a static and probably sealed situation, that we can go ahead and make that change before we move forward with the relief well.

Operator: Your next question comes from Gary Taylor from Platts.

Gary Taylor: Yes, I'm just curious, these BOPs, they're routinely removed eventually as part of the final plugging and abandonment process somewhere down the road?

Kent Wells: Yes. Absolutely, Gary. The BOP stays with the – with the drilling rig. And so, it's only on there for the drilling operations, and once we've finally set casing and cemented, then we'll take it off and a – and a wellhead is put on instead. So, we have – we put on and take off BOPs quite regularly.

Operator: Your next question comes from the line of Angel Gonzales with Dow Jones.

Angel Gonzales: Hi. I was wondering, who's the manufacturer of the BOP and how different it is from the BOP that's currently in place? Like, how much pressure can it handle?

Kent Wells: I think they're very similar ratings. I'll have to get back to you on that. And I believe both of them are Cameron BOPs. But, we'll – I'll confirm that, and we'll get back to you on the pressure rating.

Operator: Your next question comes from the line of (Trip Hannah), The Oil Drum IRC.

(Trip Hannah): Hi, Kent. We've sorely missed you. My question had to do with the ROV feeds. And, I'm just curious about the BOA subsea ROVs and just wanted to point out that those feeds have never been released, and I was just curious if there's a way we could get those released to the American public.

Kent Wells: Yes. I'm certainly not aware that we have not been making all our ROV feeds available; at least certainly any that are doing any sort of work. But, let me – I'm not looking at the ROV feeds right now, so, once again, let me take a look at that, and we'll make sure that there's full transparency on any ROV work that's going on. But, appreciate there's not a lot going on right now with the ROVs.

Operator: Your next question comes from Henry Fountain with The New York Times.

Henry Fountain: Hi, Kent. Admiral Allen, this morning, talked about a timeline of perhaps after Labor Day for finishing with the relief well. Is that your sense of it too? And, secondly, once this thing is all over, what will be at the top of the well down there, presuming you remove this new BOP at some point. Will there be some sort of device down there?

Kent Wells: Yes. So, on the timing, you know, I've tried to lay out the next few days, and, of course, you've heard me talk about there's some variability in the fishing. Of course, this time of year, weather's always a factor, et cetera. So, Admiral Allen's timeline is very reasonable. Could be before, could be after, depending on a number of different factors.

In terms of what would be on it, we have a – our industry has some very clearly defined regulations and procedures on how we abandon the well. And, we will go in and set a number of, what we call mechanical isolation devices, or packers, kind of like I've talked to you about the storm packers. Where we will go down at different levels of the well, we'll put these mechanical isolation devices, we'll put cement on top of them, and keep doing that up the hole. So, the well will be sort of plugged at a number of different levels.

There's places where the – we have liner laps, we make sure those are always covered. We'll pull some of the casing out of the well. So, there's a very sophisticated procedure we'll go through before the well is ultimately abandoned. But, of course, it will have been killed and cemented across the reservoir well in advance of that. But, those will be sort of the final steps we'll take, and that will be very much routine, like we do any well when we plug and abandon it.

So, that's kind of, I'll call it almost like cleanup work, but we'll go through that procedure, and then, at that point, there will be no need for a BOP, or wellhead, or anything on it. It will be completely taken care of subsea, below the sea floor.

Operator: Your final question comes from Vivian Kuo from CNN.

Vivian Kuo: Hi there, Kent. You mentioned earlier that maybe we should appreciate that there's not a lot of activity going on on the subsea ROV cameras, but it sounds like, during the fishing experiment, when you're opening up the capping stack to retrieve the drill pipe, is that the first time that we're going to start to see some real action going on again?

Kent Wells: Yes. Another good question. I mean, that – there will be activity going on at that point. It might be similar to watching paint dry, in that it – in that it could

be quite slow and tedious. But, the ROVs will not be able to look inside. We'll actually be fishing inside the capping stack down into the BOP, so there wouldn't be any good ROV feed that would indicate that.

But, what we will do is we'll make sure that we keep you informed through briefings or releases, et cetera, about how that process is going, so that you understand it. Because it – I just can't imagine that there would be any ROV feed that would be indicative of kind of what's going on. So, we will – I'll commit to you, we'll make sure we keep you informed at what's going on, at that point.

Daren Beaudou: All right, everyone. Well, thanks for joining us, again, this afternoon. As usual, we'll continue to announce subsequent technical briefings through our emails and through our postings on bp.com. And, as always, if you have follow-up questions, give us a call here in the Houston press office, again, that number, 281-366-0265, or send us an email at uspress@bp.com. Take care.

Operator: This concludes today's conference. You may now disconnect.

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