BP NORTH AMERICA

Moderator: Daren Beaudo
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5:00 p.m. CT

Operator: Good evening. My name is (Lisa) and I will be your conference operator today. At this time, I would like to welcome everyone to the PM 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'd like to withdraw your question, please press the pound key. Thank you.

I would now like to turn the call over to Mr. Daren Beaudo. Sir, you may begin your conference.

Daren Beaudo: Thank you, Operator. This is Daren Beaudo with the BP press office. Good afternoon. Welcome to our technical briefing this afternoon with Kent Well. I think a lot of you already know the procedures of the call. We'll take a total of about – we'll let Kent sort of give an update and then take a total of about 15 minutes or so for the call. Reminder that when you ask your question, each reporter is asked to identify themselves, their affiliation and limit themselves to one call. So with that, I'll turn it over to Kent.

Kent Wells: Thanks, Daren. Good afternoon, everyone. Apologize for the little later start. Wanted to make sure we didn't have our call directly over the top of Admiral Allen's call and I'm sure many of you listened to his and I think you'll hear a very consistent message from me just demonstrating how closely our teams are working together during this important period of time.

I'm going to cover three things today, update on the relief well, the well integrity test, and then talk a little bit about the static kill.

So first on the relief well. Our first relief well, the total depth is at 17862, that's our casing point. We're four feet horizontally from the Macondo well at 2.8 degrees and we're looking directly at the Macondo well. So we're absolutely perfectly positioned. The team is feeling very good about how they've set this well up.

They're now in the process of what we call opening the hole. So they're drilling the hole a little bit bigger diameter and then on Wednesday, Thursday we'll run casing and cement is in place and there's some testing to do followed by the drill out and ranging runs and as I've said many times, I believe we will be having an intersect at the end of July.

In terms of the – and of course the second relief well is still at the casing point, waiting when to proceed.

In terms of the well integrity tests, the pressure continues to steadily rise and the important part is the steady – it's at 6811 psi, rising above one psi per hour. It's absolutely following the trend that we would expect.

In terms of our monitoring the temperature remains steady. The seismic program that we've been doing still does not show any anomalies. The sonar has not picked up any anomalies. We have used the NOA Pisces which I think you heard Admiral Allen talk earlier did pick up an anomaly three kilometers away. We don't believe that is associated with this in any way.

In terms of where we have seen some gas bubbles, you heard me talk before off the 36 inch casing, which is the biggest piece of casing on the cement return line, we continue to have bubbles coming from that, but we're expected that's to be with nitrogen associated with the cement.

There – we did see some bubbles not too far from the well head. They were very low rate. We did capture them in a sample and we're looking to get some good lab analysis done on that. We did a really rough check on it, it was

only I think around 15 percent methane which could be biogen. So we need to do the detailed analysis but we weren't concerned about that.

So I think what I'd say to you is continuing on with this test in 24 hour increments is absolutely the way for us to go forward. It allows us to keep monitoring the pressure. It's going in the right direction. Keep doing all this monitoring that just allows us to clearly distinguish between whether we have a depleted reservoir or whether we may lack integrity in the well.

And I think the longer this test goes on and assuming we continue to see the same things we're seeing, then we'll just gain more and more confidence that the well has integrity and we do have a depleted reservoir. So I think the way we've laid it out with the monitoring and sort of going in 24 increments – 24 hour increments makes a lot of sense.

In terms of the static kill. And let me talk about this because this is – people are probably going gee, we haven't heard about this. And I think there's good reasons. This is very much in its infancy. This is not something that we've approved to do. We want to have a number of sessions going through all our procedures. But let me tell you what brought this into play.

There was two things that allowed this to become a reality. First of all was the possibility the well having integrity. We needed to have that. The tests are encouraging at this point but we haven't made a firm decision on that. But that was – that was important.

And the second piece was the fact that it had a lower reservoir pressure. That was important as well to make sure we stay underneath the – any pressure constraints we might have with the system.

And so the big difference between the static kill and of course before when we talked about the top kill, which was a dynamic kill where we had to pump at tremendously high rates to try to overcome the flow of the well. It's a very different situation when you actually have the well shut in. We can pump at low rates, we can keep it at low pressures and do it in a very different way.

So we're going to work through with the teams and work with the scientists and see whether this is something we can do. It clearly has some advantages in lowering the well head pressure et cetera. Maybe even to the point of the well being killed. But these are all the things that we need to work through.

Now, what I want to stress through is that at the end of the day the relief well will still be the ultimate solution. We will still drill in with the relief well to make sure that the annulus is dead, et cetera. But this static kill does give us a new option like always we like to pursue parallel options, we'd like to use an overabundance of caution and that's what we're doing to move forward. so I'll put it as – it's encouraging at this point but there's a couple days of work to do before we'd be in a position to make a decision.

And any decisions we've made of course would be made by Admiral Allen through unified command.

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

Operator: At this time, if you'd like to ask a question, please press star then the number one on your telephone keypad. We will pause for just a moment to compile the Q&A roster.

Our first question will come from the line of Kristen Hayes with Reuters.

Kristen Hayes: Hi, Kent. I've got – I'd like to ask you – Admiral Allen kind of referred to this a little bit, but I'm wondering how much the current operation, doing the seismic, using the NOA vessel is holding up the set up of the four vessel containment system and every day that this test goes on does that give you more confidence that you can just keep this well shut in until the relief well does its job?

Kent Wells: Thanks, Kristen. Good question. So (sim-op) or simultaneous operations is always a challenge for us but one thing that the teams have been working on is how can we do the monitoring at the frequency we wish to do it at and still continue with all of our operations.

It's clearly a challenge. I think Admiral Allen talked a little bit about trying to get in sync in what we need to do for monitoring and also being in sync with all the other operations we have going on. I think we're getting to the point where we're getting to a better plan and it's not necessarily an issue right now but it could become one down the road. But that's something the teams will just continue to work and we'll do everything we can that we can keep everything moving forward. Absolutely the relief wells are moving forward. We're moving forward with all the containment and we're moving forward with the well integrity test and it's just about finding the right balance between them.

Operator: Our next question will come from the line of Mario Garcia with NBC News.

Mario Garcia: Hi, Kent. Thanks for taking the call and thanks for having a briefing today. Just following up a bit on that, judging by what Admiral Allen said and what you're saying thus far, is there a sense that – he talked about the interconnectiveness and parallel tracks and so have you. But are there differing priorities between the BP folks and any of the government folks? Or when you all are in that room or on the teleconference it seems that he puts forth the definitiveness that there will be more containment and you've mentioned several times that if one thing works better than the other, you'll progress down that road most likely. Are there differences and area there differences on the (moderating) things and is that holding all of this up at all?

Kent Wells: Yes, I – you know we want to move all of the options forward and as robustly and as quickly as we can. I mean that's been our approach from day one and that hasn't changed at all. So we continue to do that.

Clearly with the well integrity test and we wanted to do more monitoring. That became something we had to figure out how to work it in and it did take us a couple days to sort of figure out exactly how we're going to make that work. So I think we've got that to a good place.

I think in terms of the – you know the science meetings and stuff we have. We have very good debates. It's what you'd expect when you bring a lot of scientists and engineers together. It's kind of what you want. You want to

push things around and make sure that we've got the best possible solution and we do that quite effectively every day but we always come to a point where we have unified command and we have one decision and that's what we move forward with.

Operator: Our next question will come from the line of (David Vishnu) with the Associated Press.

(David Vishnu): Hello. Once again, on that same topic, Admiral Allen really did take BP to task in a letter yesterday. Do you feel that BP was scolded by the government or was this all sort of more in line with the healthy scientific debate that you've described?

Kent Wells: Yes, David, I think that what I think is important is that we move forward with this in a very robust and collective fashion. We are adding new things, the monitoring with some new stuff, but I think we effectively found a way to work that into our schedule. It did take us a couple days to do that and I don't see any big issues. We'll just continue, Admiral Allen's doing a good job of making sure we all work together to the same end and we're going to keep doing that.

Operator: Our next question comes from George Altman with Press Register.

George Altman: Yes, obviously everyone is trying to do their best to make sure that the well bore doesn't rupture. But could you do me a favor and just kind of explain what some of the consequences would be if the well bore were to rupture. You know just what could happen number one, and number two how that problem could be solved.

Kent Wells: Yes, David, that's a good question. Well, I think that the key thing here is with our monitoring we intend to avoid it rupturing. So the fact that we're monitoring the pressure so carefully. If we were to start to see what we would call a loss of integrity of breach, we would see a change in the pressure build. It would drop. And that would cause us to go into – it could cause us to go into our opening of the well procedure.

Now, we're monitoring seismic, which would see it – if anything was going out into the formation. So we would need to see a couple things before we thought there was a need to open the well. But where it could leak from, where we could lose that integrity is unknown at this point, but I think with this extensive monitoring we have going, we're in a good position to not have a catastrophic event and that's what we're focused on doing.

And I think if you actually heard when I talked earlier, the – in the well integrity test, it was the first six hours we were most concerned about. The fact that we're now into day four and we've seen no negative indicators and a very positive pressure build, that gives us very, very good encouragement. But we're going to continue to take this one day at a time. Not get ahead of ourselves.

Operator: Our next question will come from the line of Gary Taylor with (Flat).

Gary Taylor: Hi, Kent. Hey could you elaborate just a bit on how that the static kill would be done or attempted in this case?

Kent Wells: Yes, the – now remember that we're still very much in the design and planning phase. We've got some real experienced teams working on this and over the next couple days we'll get that put together. But the – what we have is with the – if you remember after we did the top kill procedure we turned around the choke and kill lines and threw the manifold we had in the sea floor too actually produce on the Q4000. We will have the option of turning that back again so that we have the ability to pump in through that equipment to put heavy drilling mud and at the top of the well and have it go down to the bottom of the well.

Now, the difference here is because the wells not continuing to flow, we don't need to pump at high rates and pressures. In fact we could go at very low rates and just marginally above the pressure. We could at least initially go quite slow and then eventually as we've got more mud into the well, it will start pushing back on the well and actually killing the well and then someone will just have to continue to follow in with more mud. So I think there's – it's just a very different procedure but we need to make sure that we go take the

time, properly plan it out, think through all the risks and then we'll make a decision in the – probably in the next couple days.

Operator: Our last question will come from the line of Henry Fountain with New York Times.

Henry Fountain: Hi, Kent. Can you envision the static kill working so well that you wouldn't need to use the relief wells? For instance, can you – if you killed it statically like this could you then put cement down the through the same plumbing?

Kent Wells: So Henry, I'd say a couple things on that. We'll look through the plan to see whether we might choose to follow – after we've completely killed the well from the top whether we might choose to put cement on top. We will still want to drill into the annulus with the relief well. We'll want to confirm that everything is dead. So I think – the way I'm sort of viewing this is the static kill is an additional acceleration option of the kill procedure. If you remember when I talked about the relief wells, we drill into the annulus and we'd kill that if we needed to and then we'd need to drill into the casing.

If we can do the static kill, it might kill – might kill just in the casing, it might kill in the annulus, it might kill both but it should accelerate or at least complement improve the relief well. But we'll still want to finish up with the relief well. I wouldn't want us to think any different about that.

Daren Beaudo: All right. Thank you everybody for joining us today. Just a couple of notes. We do anticipate having a call tomorrow as well as going down to only one briefing per day down from two, which we had at the end of last week. And we might be considering a little different start time. So bottom line is we'll push out that information to you to let you know the time and the dial in details again. So as usual, thank you for joining us. If you have any follow up questions, give a call to the Houston press office. That number is 281 366-0265.

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

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