

BP North America

Moderator: Bill Slavin
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Operator: Good morning. My name is (Anthony) 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.

And Mr. Slavin, you begin your conference.

Bill Slavin: Thank you very much, operator. Good morning everyone from Houston. My name is Bill Slavin. This will be our only technical briefing today. We're going to run our schedule very similar to what we did yesterday.

I'm sure you're all familiar with the rhythm of how these calls will go. We'll talk about a total of about 15 minutes or so. Doug will have some opening remarks and then he will take your questions.

If I could ask we do have a great number of people on the call today so if you could limit yourself to one question so we can get as many questions as possible that would be very helpful. And now I will turn you over to Doug Suttles.

Doug Suttles: Yes, good morning everyone. Thanks for joining us early on a Sunday morning. I'm going to cover a number of topics so I'll cover the progress on our well integrity test, talk about progress on the relief well, the containment systems and briefly on our cleanup activity.

On the well integrity test, the well remains shut in. the pressure does continue to build slowly in between one and two psi per hour and the pressure now is at 6,778 pounds per square inch.

So that trend continues as we would have forecasted in a scenario we talked about where some of the reservoir pressure has been depleted. So the trend continues to follow that expectation.

As you know we have a very extensive monitoring program underway. This includes regular seismic runs. This includes sonar activity. This includes monitoring with the remote operated vehicles, these robotic submarines as well as looking at temperature and noise information from the (inaudible) of air.

All of that data continues to show encouraging signs. We're not seeing any problems at this point of any issues with the shut in. And we continue to review that data on a very regular basis with the government teams.

And based on that we will – with these sort of results we'll continue to leave the well shut in. So at this point it is encouraging. If you've been watching the video feeds you will have noticed in two different locations, we've seen a few bubbles.

I think as Kent mentioned yesterday this is not uncommon but clearly it's important that we check everything very closely so we're monitoring that. We have done some simple tests to determine if these bubbles appear to be from hydrocarbons or from something else.

And at this point, we don't believe they are, but as Kent mentioned we're working to actually get physical samples of those. So to summarize on the well integrity test, 2-1/2 days in the results continue to look encouraging but its critical that we continue with this extensive monitoring program and

evaluate that on an ongoing basis not only with our own experts but with those experts from the government.

On the relief wells, the DD3 which is the first of the relief wells, its now at 17,864 feet. We're at the casing point so we're at the point we'll be running the last string of casing. The next operation is to run an additional ranging run. This is where we measure where we are and what direction we're point towards.

All things are looking good at this point. The casing operation though will take about a week to complete, so it'll be – we'll be ready to drill out sometime in the early part of not this coming week but the following week.

We have another 100 feet to drill but this will come in very small increments where we'll do multiple measurement runs to make sure we're not only know exactly where we are but where we're point to as well.

And as a reminder from this point we have about 100 feet vertically to drill and we have 4 feet laterally to drill. The earliest we would intercept the original well bore and start to the kill operation still looks like towards the last few days of the month of July. And that operation depending how it progresses could take us into the middle of August.

So that operation is well, the second relief well the DD2 18,874 feet and its holding in place waiting on the results of the first well. And we're ready to reinstate drilling if we need to on that well.

On our containment systems we continue to build those out to add additional capacity and the ability to minimize the time that the containment systems wouldn't be available in the event of a storm.

But that progress has slowed somewhat to accommodate the monitoring activity, specifically when we make the seismic runs that go right past the well we have to move the construction vessels over to the side.

So this hasn't permanently affected our schedule but it still looks like sometime around the end of the month that we'll have that additional capacity up and running. Our cleanup activities continue.

I think as we've mentioned before we've concentrated our skimming and burning resources out near the well while we were doing this operation. We have nearly 50 skimmers out near the source.

The good news is that there continues to be less and less oil to collect offshore. Yesterday we recovered about 7,600 barrels of oily liquid. This is about half of what we recovered the day before. We also had one burn and that I think compares to 19 the day before.

This is also an indication that there's less oil on the surface. So these are all encouraging signs. Around the shoreline we've had no new shoreline impacts in the last 24 hours. This is also encouraging and cleanup activities continue.

And just before I take your questions I'd just remind everyone that clearly the last 2-1/2 days have shown encouraging results. But these are just early steps and it's critical that we recognize we'll be here for the long term.

There's a lot to do even once we get this well completely sealed off where it can never flow again. We have to complete the cleanup and mitigate the impacts to both the environment and the people in the region. So with that I'd be happy to take your questions.

Operator: Thank you sir. I'd like to remind your listeners in order to pose any questions please press star one on your telephone key pad. We'll pause for just a moment to compile this roster. First you have the line of Anne Thompson with NBC News.

Anne Thompson: Good morning Doug and thanks for taking my question. Has the government given you a deadline to reach the 6800 PSI mark that Kent talked about yesterday?

Doug Suttles: Anne what the government's required us to do is complete a number of very specific monitoring programs and do those on a continuing basis. We don't

have a specific pressure target. I think what everyone recognizes now is it's all of the data, the interpretation of all of the data which is critical.

The fact that the pressure continues to go up is a very good sign. It continues to follow the buildup, the rate, the curve that which the pressure's building up continues to be encouraging, an encouraging sign in effect that we haven't had any negative results from any of the other data.

So at this point what we do is regularly review all of the results including the pressure data with the government. And of course if we saw indications of a problem, at that point we'd have to determine with them whether it was appropriate to reinitiate flow.

Operator: Now you have the line of Harry Weber with the Associated Press.

Harry Weber: Yes, good morning Doug. Thanks for taking this call. What everybody really wants to know though is when the well is going to be reopened, at least partially?

Admiral Allen in his statement yesterday kind of made clear that when the tests ends, which we all presume will be later today if it's not extended further that the cap is at least going to be partially reopened while you returned to containment using that cap.

So are we going to see oil flowing into the Gulf later today and if not today when and if you can say how much? You know that is something that I think people want to know.

Doug Suttles: Yes Harry I think what's important to understand is and of course no one associated with this whole activity whether you're with BP or any of the government groups or anyone who lives along the Gulf coast wants to see any more oil flow into the Gulf of Mexico.

And we're hopeful that if the encouraging signs continue we'll be able to continue the integrity tests all the way to the point that we get the well killed. Right now there is no target set to open the well back up to flow.

But that remains a possibility if we saw signs during the tests that requires to. Right now we do not have a target to return the well to flow.

Operator: You now have a question from Noah Brenner with Upstream.

Noah Brenner: Thank you for taking my question. I guess I just wanted to follow up on that. So you are saying that this integrity test could continue until say mid August when the well is killed through the relief wells.

And I guess I was wondering if, I was going to ask about Admiral Allen's statement as returning to containment. Is there any danger to the well bore by allowing this test to continue? Could you talk about any risks moving forward if this was to continue for say another three weeks, four weeks even?

Doug Suttles: Yes we just have to be careful about predicting how long it will go. Of course what we are seeing at the moment is very encouraging signs because the pressure continues to build and none of the monitoring data has shown a problem so far.

And I think as we have said all along, if we did see a problem we may have to re-initiate flow but we are just taking this day by day and could be that we take it day by day all the way to the point we get the well killed.

So let's not pre-judge where we get to but no one wants to see oil flowing back into the sea and to re-initiate containment would require that to occur so that is one of the reasons that no one wants to see that happen so we will take that day by day.

Operator: You now have the line of (Vivian Crow) with CNN.

(Vivian Crow): Hi there sorry. Not to deliver the previous two questions but I did understand from Allen's statement yesterday that when this test is concluded and he said it would eventually be stopped, he would return to production using the Helix and Q4000 therefore wouldn't the valves on the capping sack have to be opened or is there a way to keep the valves on the cap itself closed to continue production?

Doug Suttles: Yes (Vivian) I think that Kent covered this partially yesterday. To initiate, re-initiate containment unfortunately we would have to first open the flow back up into the Gulf of Mexico. And that is something that of course I hope we don't have to do but it remains a possibility that we will have to do that.

But the Q4000 is standing by, it can re-initiate production within hours. And actually the Helix producer also is standing by, we have had to disconnect the locker on it the thinker that collects the oil from it to allow the monitoring to go on, but we can reconnect that within hours as well. But the, we could end up with, if we have to re-initiate containment activities it would require flow into the Gulf of Mexico for up to three days, potentially up to three days.

So clearly no one wants to see that but we just have to monitor this test I think sort of moment by moment, hour by hour, and day by day. And we will have to make decisions as we go in conjunction with the Governments best experts.

Operator: Your next question is from Joe Neel with National Public Radio.

Joe Neel: Hi when you said that you are attempting to test the bubbles coming out, it's not clear to me has a sample been taken and if not what's taking, what's the hold up in getting the sample?

Doug Suttles: Yes we have done a number of things besides just monitor the bubbles. We've also looked for indication that that hydrates were forming, I think that you will recall that this when these fluids when they meet the cold temperatures on the sea bed and the pressures there hydrates form. So we've done one test where we looked to see if we were seeing hydrates formation which would be an indication that there was oil and gas.

And it showed that there were no hydrates which was a very encouraging sign. It's a complex operation to go and capture these bubbles, so we've been doing the planning and sending the equipment to the sea bed. But it's not – if you can imagine it is not easy operation to collect those bubbles so that they can be tested to see what their make up is. We are attempting to do that we have not yet captured those samples.

Operator: You now have the line of (Kathia Clems) with Lindberg News.

(Kathia Clems): Hi this is (Kathia Clems) thank you for taking my question. Just to make sure, does this mean that it is BP's intention or plan is to keep the well shut with the cap until the relief well is drilled and the (T-ing) process takes place. And if this is not the case how much would be leaked after you open the well, is there a chance to produce something or not?

Doug Suttles: Yes, I mean just maybe go back to what I said a few minutes ago. I think that nobody wants to see anymore oil go into the Gulf. Absolutely no one does, but clearly we have to make sure that we don't make the situation worse and that's the reason why we're taking this integrity test so cautiously and carefully and have this very, very extensive monitoring program in place.

And as you said the data has been monitored continuously. Its been formally reviewed on a regular basis with all of the experts involved. And I think we will just take this day by day. Clearly we don't want to reinitiate flow into the Gulf if we don't have to, but if we need to to make sure things don't get worse we will.

But at this point we'll just take this a day at a time.

Operator: You now have the line of (Wendy Bunderage) with ABC News.

Matt Gutman: Hey, Doug, this is Matt jumping for (Wendy). Matt Gutman from ABC. So does this no longer become a test. It seems that this is happening for longer than the 48 hour period that you could continue it indefinitely until the end of those relief wells.

It doesn't sound like a test anymore but the real thing. And additionally what are the exact conditions at which you would shut down or/and shutting in the oil and open up those values?

Doug Suttles: Yes, Matt. Let's – I think it is a test because we're – if you look at all of the activities we're doing here, all of the monitor – I mean this is extraordinarily extensive. Local seismic runs each day. Very specific, very high tech sonar activity looking for any sign.

We've got these remote submarines flying these very complex patterns both doing visual inspection and sonar inspections. We're monitoring – measurement test of well head as well. So we are testing to see is there any indication that there is a problem with the integrity of this well.

At some point we may call the test complete but we're not there yet. We're not there yet and – but as I said before no one wants to see any oil go into the Gulf. I mean if you add the impacts of what we're talking about over the last 2-1/2 days, we clearly have less oil on the water in the Gulf of Mexico because not only we stopped new oil coming in, we've been recovering the oil that was out there.

We've had numerous days in a row where we haven't had any new shoreline impacts along the Gulf Coast. That's what this is all about. But its way too early to say the test is complete and at this point we will be monitoring this data extraordinarily rigorously in making decisions on a day by day basis at this point.

Operator: ladies and gentlemen, we have time for one last question. And that comes from Mark Schliefsstein with the Times Picayune.

Mark Schliefsstein: Thank you very much for doing this this morning. I have to go back and ask sort of similar question and that has to do with the testing itself. This combination of seismic and sonar and everything else. Can you give us an idea of exactly what it is that you guys are looking for with these individual tests?

Doug Suttles: Yes, Mark and it's a good question actually. So with each of these tests we're looking for any indication that flow has escaped this well bore so that the well integrity test is about verifying that we don't see any signs that any of this oil and gas is escaping the well bore.

So clearly watching the pressure to continue to build up on a very predictable steady rate is one key variable. On the seismic runs, what the seismic data allows us to do is to look for is there any oil or gas coming out of the well bore into any of the rock formations, any of the subsidiary strata. And we look at that data quite carefully.

We look at it with our own experts, the government has their own team that looks at that data as well. We're also doing with the NOAA Pisces a government vessel looking for any indications that there is flow at the sea bed. And they use some very precise instruments to do that.

Then of course our remote operated vehicles that are both looking for visual as well sonar evidence that there is any escape anywhere. Then we're also monitoring things like the temperature at this blow out preventer because that will – right now the temperature is very cold which is what we want it to be. It's about 40 degrees which is what we like to see because if there was flow escaping it should be warmer than that.

So we have very precise expectations on each of these tests which are – and they're all looking to see is there any indication, any indication that flow is coming outside of these well bore. And so far we have not seen any indication of that which is why we're encouraged at this point.

Bill Slavin: All right, everyone, thank you very much. If something changes over the course of the day, we will communicate that to you as quickly as possible. In the meantime if you have questions you can call the BP press office at 281-366-0265. Appreciate your time this morning and hope you have a good day. Thanks.

Operator: Ladies and gentlemen, this concludes today's technical briefing.

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