

BP North America

Moderator: Toby Odone
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Operator: Good morning, my name is (Carrie) and I will be your conference operator today. At this time I would like to welcome everyone to the BP 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. To ask a question during this time, simply press star then the number one on your telephone keypad. To withdraw your question, press the pound key. Thank you. I would like to turn the call over to Mr. Toby Odone. Mr. Odone, you may begin.

Toby Odone: Thank you, operator. Good afternoon and good morning, everyone, welcome to another in the series of Kent Wells briefings. I'm sure most of you are familiar, for those who aren't, this is being transmitted into a (inaudible) live meeting where people I hope are logged on and can see the slides and Kent will use those to indicate graphically – to indicate things graphically during his speech.

Please don't use that – by the way to ask to questions, if you are going to ask questions later on, please just do it orderly through the operator. So Kent will speak for about 15 minutes and then we should have about 15 to 20 minutes for questions. Please, when you ask questions, limit yourself to one question and identify yourself and your organization before you ask the question.

So I think that's all I need to say and with that I'll hand over to Kent for today's briefing.

Kent Wells: Thank you, Toby, good morning, everyone. This morning I'd like to spend most of my time talking about the two relief wells that we have drilling, but before I move into that let me just give you a brief update on where we stand on our containment efforts.

So the first slide assuming everyone's looking at it shows the graphic that we've looked at the past that shows our containment efforts since we brought the (alimar p cap) on, on the fourth of June. You can see that over this period, up till the end of yesterday, we've now collected 438,000 barrels through both the (alimar p cap) and the collection that's done through the Q4000. So we've collected roughly 340,000 with the (alimar p cap) through the drill ship enterprise and roughly 100,000 barrels through the Q4000.

We're currently collecting at a rate of about 24,000 barrels a day, so roughly 1,000 barrels an hour. What I would say is this is progressing well. The equipment is operating very efficiently, very effectively and we always just need this to keep this in contact if it's not collecting all the oil and we're determined to find ways to do that.

So where do we go next? And I think you've seen this slide before, the next phase of adding more self (inaudible) containment is to bring online the free standing riser that will collect between 20 and 25,000 barrels a day through the Helix producer and the storage tanker (inaudible). If we look at this slide and I'll try to use a pointer, here's the well, we've got the (alimar p car) through the enterprise collecting 15,000 barrels a day.

We've got roughly 9,000 barrels a day being collected through the manifold and up to the Q4000 and we're in the final stages of putting the jumpers – we've already put the manifold in place, the risers in place and what we're now doing is collecting the what we call jumper hoses to connect everything together.

Basically we've got about three days of additional work to do. This is very, I'll call it kind of precise work, a lot of it's done on the surface and we require (flat sea states) to do that work. So with Hurricane Alex entering the Gulf and of course it's projected to go off into Mexico, but being that location is on the

east side of the hurricane or the strong side – will create waves and we expect over the next six or seven days that the sea heights to go from the three to four feet, which they have been up to perhaps 10 even 12 feet.

And that will restrict our ability to do these operations. So what we'll see depending upon weather, we could see a six to seven day delay in bringing this next phase of our subsea containment online. Once again, it will just be dependent upon the weather, the teams will work diligently to see what we can do to get work done that we can get done, but we should expect that while we were on track for end of June to bring on the Helix producer, it will be roughly a week after that sometime maybe around the sixth or seventh of July.

Now in the meantime we will continue to be collecting from the enterprise and the Q4000, so we'll continue to collect the 24,000 barrels a day. We believe both those vessels should be able handle these sea states and so the way I would summarize this is the sea states that we'll see will not impact our ability to continue on with the subsea containment we have now. It will not impact the drilling of the relief wells.

The only thing it will do is it will cause a delay of about six days, whatever the weather is of bringing the next phase of subsea containment online. OK, so now, let's move on and talk about the relief wells and let me introduce you a little bit to this graphic that I'm showing. In the – if you look at the red line, that's to represent the existing Macondo well and then the two black lines that come in from some 3,000 feet apart to surface and then actually meet up represent the two relief wells being drilled.

The first one on the right side being drilled by the DD3 was spudded on May 2 and the one on the left side being drilled by the DD2 was spudded a couple weeks later. And what the little triangles are on the way down are the different casing setting points. Now there's a couple of terms that I'd like to introduce at this point because I think as people talk about different depths, etc cetera, things can get confusing.

So we have – when we talk about depths, we have two terms measured depth and true vertical depth. And measured depth is actually the length that's in

the well and so as long as the well is going straight vertically down, the measured depth and the true vertical depths are identical. But as we start to drill directionally, I start moving horizontally as well as vertically, those change and the measure depths become the higher number than the true vertical depths.

So if we looked at the well on the right with the DD3, once you got past the 16, yes, let me try to point it there. You'll see here at the 16 inch casing shoe we started drilling directionally. And so the measured depth now becomes longer than the true vertical depth.

The true vertical depth remains the distance from the surface to straight down, where I've pointed here, but the measured depth goes across to the side. So hopefully I've given you some idea of what those terms mean.

Then there is another term that if you're watching any of the animations that we put out there they use a term called BHA which stands for bottom hole assembly and basically that's just the drilling assembly that we use to actually drill and take our measurements, et cetera.

And I would encourage people, we put a video and some animation on the web page. I encourage you to go look at those. I think they help explain what we're trying to accomplish with the relief wells, how the work was actually done.

And the animation was actually created to help us explain to the crews on the rig exactly what's going to going on. They have a little more technical slant to the ones that we showed them but we took parts of theirs to give it so people could understand better what we're doing.

So I think if I talk in terms of the first relief well being drilled by the DD3. we're currently at a measured depth of 16,770 feet. The well is progressing very well. We've made three ranging runs and I'll talk a little bit about that in a minute but we're now roughly in sight on a horizontal plane about 20 feet from the existing Macondo well.

Now it's important to remember we still have another roughly 1,000 feet to be drilled vertically but we're getting very close. And so this is what I want people to realize. So we started the well at the surface some 2,800 feet away from the well. And we've now got to within 20 feet of it. And we will start what we call paralleling the well.

So we will be drilling vertically right down beside of a constant ranging so we know precisely where we are. And I'll give you a little more detail in a minute how that is. And then we're setting ourselves up to set our final string of casing and then drilling and intersect the well so we can start our kill operations.

So this next graphic shows – it shows the – once again the original well and I'm talking it from the graphic on the right. So the original well is the vertical one straight down. And the one that has the bend in it is the one we're drilling with the DD3. And what it shows is that – and I'm trying to get my mouse on here, sorry. OK, I'm having a little problem with the – there we go.

We're now right in here where we come very close to the well and you can see we start drilling the well parallel, parallel to the casing of the current well. And if I go over the graphic on the left it's more detailed.

And you can see what we're going to do – I'm not quite sure why my mouse keeps disappearing. Hopefully it's showing up on yours. But you can see how we drilled the casing parallel for a period of time and we stopped about 50 feet above the final string of casing on the Macondo well and set our final string of casing.

There I've got my mouse back. And I'll show you another detail to show – and at that point we'll have lined up the well so that we can intercept the Macondo well. So and I'm going to come back to that point in just a minute, so bear with me.

So then in terms of this ranging we've done two what we called open hole ranging runs. And this is where we actually pulled the drill pipe out of the hole, ran in on wire lines, with the open hole ranging out.

The reason we did that is it has I call it, more power. It had the ability to see further. So when we were further away from the well we needed to use the open hole range. We successfully found the well, confirmed where it was.

And now that we've gotten closer we can actually do our ranging from inside the drill pipe. And what this is does is this saves us time. So as opposing to have to pull the bottom hole assembly and drill pipe completely out of the hole, run it on wire line and then run it back in the hole which takes a couple days, we can do this within a half day or less.

And so it allows us to take more frequent ranging runs and it's also a little more precise in that we actually get two points of measurement each time we do it. So as we parallel path down this well we will be taking multiple ranging runs to ensure exactly where we are.

And then the intent, we've got about another 900 feet to drill until our final casing point. And what we'll be doing is, so we'll drill say 700 feet down staying roughly within 20 feet or so, but in the last couple hundred feet that we're drilling we will be positioning ourselves to be roughly five feet from the well and directly lined up for the intercept point.

And so that's where the real precision comes from on that last couple hundred feet. And we'll do that. Then we'll set our string of casings, our nine and seven inch casings. And then prepare to drill out and we'll have roughly 200 feet to drill before we intersect.

And you can see from this graphic that we will set that casing about 50 feet above – we're losing our screen here. We'll set our casing about 50 feet above where the nine and 7/8's would set on the Mancondo well but we'll be positioned to just drill straight ahead and we'll go ahead and intersect the Mancondo well below that casing, so about a couple hundred feet below that.

So hopefully that gives you an idea of where we are. I would say things have progressed very well to this point. We're very much into the precision point. We'll be taking multiple ranging runs perhaps anywhere from another eight to 12 depending upon how things go to make sure we're precisely lined up.

This is the point in time where we need to be very good at what we're doing and we are. I spent some time offshore over the weekend. I talked to people on the rig. I talked to the people that have planned this.

Clearly they've put a lot of effort into this. They've carefully thought through all the different contingencies and they're well positioned to make this successful. So I think I'll end there and open it up for questions.

What I would say is once again I encourage people to go look at the video. Look at the animation that we've put out there. And then in a future call we'll spend some more time talking about time for the kill operation.

I think it's – there's a lot going on. To try to cram it all into one briefing is probably not appropriate. We've got time. We'll do another one. I know everyone's anxious to know how long this is going to take.

While we feel very good about the progress we've made thus far, we've said from day one that it's going to take us roughly 90 days from the time we spud. We continue to think that. You know we need to remember the past doesn't predict the future.

And we need to – we have chosen not to adjust our plan based on the good success we've had so far and but we'll continue to do it and I'm really confident in the team chance of being successful here. So let's go open for questions.

Operator: To ask a question at this time please press star then the number one on your telephone keypad. We'll pause for a brief moment to compile the Q&A roster. Your first question comes from the line of (Jessica Resnick Gault) of Bloomberg.

(Jessica Resnick Gault): Kent, this is (Jessica Resnick Gault) of Bloomberg in New York. I am curious, there are two things you pointed out that I thought were very interesting. First of all, you talked about planning for contingencies, what kind of contingencies are you talking about?

Kent Wells: Well, I think what we do is we have the ability to take multiple ranging runs if the well is not exactly where we expect it to be. We have lots of mud available to us already if we were to intercept the well ahead of schedule if it was a slightly different place we're already prepared to do the kill operation. Those are the things that the team tries to think through every possible thing that could go different and be planned to plan to deal with it.

(Jessica Resnick Gault): I see and how much mud when you say you've lots of mud on hand how much mud are we talking about exactly?

Kent Wells: Basically we've got 20,000 — these are round numbers we've got 20,000 barrels of mud on the rig and we've got another 24,000 barrels of mud hooked up to it through the hot strong line (inaudible).

(Jessica Resnick Gault): Thank you very much.

Operator: Your next question comes from the line of (Henry Fountain) of New York Time.

(Henry Fountain): Hi, it's (Henry Fountain) from the Times, thanks for doing this. (Emmit Howell) talked last week about a group working on contingency plans if the relief wells didn't work. Do you envision any scenario where they wouldn't work and can you talk a little bit more about that backup plan?

Kent Wells: Yes, great question, (Henry). You know if you look at the video one of the people I talked to when I was offshore is (John Wright) who spent his whole career doing relief wells and I think he told me he's done 40 around the world so far and every one has been a success. This is his 41st so I think that gives a little sense of that confidence; it's not so matter as much, it's more of when you do it.

However, we have always said we want to have backups for the backups and so one of the things we're looking at is how could we actually connect the Mancondo well through this sealing cap we're putting on top of it for the next one of our sub C containments. Or actually how could we connect it through to another production platform so it sort of tied in. So that's some of the

contingency plans that we're going above and beyond if the relief wells weren't to work. But we have a high degree of confidence in the relief wells.

Operator: As a reminder in order to ask a question, please press star then the number one on your telephone keypad. We ask that you limit your questions to one per caller. Your next question comes from the line (Kirsten Hayes) of Reuters. .

(Kirsten Hayes): Good morning, thanks for doing the call and thanks for taking my question. I have a couple of questions here first, kind of follow-up on the last one. Have you identified what platform you might use for that sort of contingency plan?

And second of all, animal fat on some of these calls there have been increasing questions about whether it's necessary to switch out the caps because with the systems you've got doing as well as they have and upping that capacity to 53,000 barrels a day is it necessary to change the caps. The plan is still to switch those caps by the end of June, correct?

Kent Wells: Yes, so let me take that question. If you remember when we talked in the previously what we want to make sure is we have our containment capability that is I'll call it efficient during hurricane season.

And what we have today is not near as efficient as what we will have when we go to the two freestanding risers and to have all the capability that we want to have and have the freestanding risers we want to have the fueling cap on.

So yes, the plan is that once we've got the first free standing riser and we're collecting as much as we can we will look to move forward with putting the it's called a flange connection that will go to an actual set of valves and connections that allow us to collect more through the free standing riser. And it will also give us the opportunity under the right circumstance to either choke back or potentially even shut in a well.

(Kirsten Hayes): You could even shut in the well?

Kent Wells: Under the right circumstance, we could and this could be involved in the killing operations, this could be under a number of different circumstance. We've always been concerned about the what's the right word to say the I'm

trying to think of the right word to say that the – configuration of the well, thank you. The configuration of the well depending upon what that is as we learn more about the well there's always that possibility that could happen.

Operator: Your next question comes from the line of (Joel Ackinbach) of Washington Post.

(Joel Ackinbach): Hi, Kent, thanks for taking questions. Can you talk just a little bit more about the timetable? I know you don't want to make a specific prediction but the 90 days does that date from May 2 start of DD3 going in there because that would put us around I guess the end of July. But it sounds like you know you're 900 feet or so drilling left in your you know horizontally just 20 feet away. Can you – how soon might you actually do this intercept?

Kent Wells: Yes, so you know the 90 day – if you remember we always said it would be early August we split it at May 2, three months away early August, that was what we said. And things have gone very well with the well but as I said before we're now into that precision part there's no guarantee that everything is going to go exactly as planned.

I think we're already starting to see another aspect that's not effecting the relief well but as weather can get into play. So we are not adjusting our plan we've continued to say as we've said from day one it'll be early August and we continue to say that. We – rest assured we will be doing everything we can to kill this well as soon as we possibly can.

Operator: Your next question comes from the line of (Jacletta White) of (The Times Picayune).

(Jacletta White): Hi, I wanted to follow-up on something that was asked earlier that (inaudible) to respond to and that's in the contingency plans, have you already started to identify platforms where oil could be pumped to and can you talk about what sort of situation would have to occur for you guys to move to those plans?

Kent Wells: I'm sorry, could you just repeat that for me one more time, I didn't ...

(Jacletta White): Sure, if we come to a situation where the relief wells out of DD3 or DD2 don't work and you said one of the contingency plans was to perhaps pump oil to another platform another site. I was hoping that you could describe a bit more what that operation would entail and if you have already identified platforms where it could go.

Kent Wells: Yes, we're looking at a couple of different options but we haven't made a decision on that yet. But there are some other facilities in the area and no decisions have been made on that yet so I am not going to throw out any names. But we're looking at a couple of different possibilities and actually working both plans.

Operator: Your next questions comes from the line of (Ann Thompson) of NBC News.

(Ann Thompson): Hi, (Kent), thanks so much for doing this. We were out to the DD2 over the weekend and can you one of the questions I asked out there and they couldn't give me an answer. If indeed you are able to kill the well with the first relief well then what happens to the well that the DD2 is drilling?

Kent Wells: Yes, so if you remember from the beginning we always said we drilled the second relief well incase something didn't work with the first relief well. And so assuming that we are successful which we are counting on, that the first relief well intersects the well and we successful kill the well we would halt drilling on the second relief well at that point. Depending on how everything went we would permanently abandon that hole or but it on hold that decision will be taken at that time.

Operator: Your next question comes from the line of (Zack Whamblat) of August Media.

(Zack Whamblat): Hi, thanks, you said earlier that you could kill the well using the CO under a number of different circumstances. Could you explain what those circumstances would be?

Kent Wells: Yes, I think – I think what you are saying is when we put the ceiling valve on the top. A lot depends on what sort of pressure response we see. We'll need to understand when we get more collection capability when we put this next

free standing riser on what the rates are. There are just a number of things that we'll take into account when we get that installed.

It'll be – it'll be what's the capability of the valve to actually hold pressure, and we see what the pressure is then we'll certainly do that. So we will what I will look to first I will call it choke the well back reduce the amount of flow. And then if the capability is actually there to stop the flow then we will do that.

Operator: Your next question is from the line of (Bob Lewensky) of Offshore Electrical.

(Bob Lewensky): Yes, (Kent), thank you. Sometime back – a while back the ROV feeds were showing multiple (econometer) readings on the existing BOP and nothing was ever you know released and I was wondering if the existing BOP has any cant to it?

Kent Wells: Has it got any what to it?

(Bob Lewensky): Cant, is it leaning in any direction?

Kent Wells: No. I think the BOP is pretty close to vertical now. If you remember we talked about that flex joint at the top which is where we are going to put the flange on it has actually got about a five degree tilt so we actually put the flange valve on top of it we will actually be using some jacking mechanism to either straighten it slightly or at least support it so that it is strongly put into place to handle the weight we are going to put on it.

Operator: Your next question comes from the line of (Jordan Burk) of Bloomberg News.

(Jordan Burk): Hi there, thank you very much for the call. I have a quick follow up on the test that you do down at the site besides the ranging what kind of tests do you guys need to accomplish to find the well and to decide when you want to cross into it?

Kent Wells: You know we have got our plan. The ranging is going to line us up for the intersection and then at that point it is just a matter of drilling should be straight forward from that point and we will have aligned ourselves up for the

intercept and we'll just drill forward and when we intersect the well door we will immediately start pumping drilling mud and move into the kill operation.

(Jordan Burk): So is ranging the only thing that you need to do for that then?

Kent Wells: Yes. The ranging is all the technology we need to actually get lined up and be positioned to drill straight into the well door.

Operator: Your next question comes from the line of (Paula Deitrich) of Oil and Gas Journal.

(Paula Deitrich): (Kent), thanks for taking my call. I was just wondered I was just trying to figure out not in a number of days because I know that the weather can change that. If you could just take me piece by piece what needs to happen next before the next cap gets put on.

Kent Wells: Before the next cap gets put on?

(Paula Dietrich): Right before the ceiling valve.

Kent Wells: Right, OK. So we've what we want to do is first get the helix producer on production through the pre-standing riser. So we've got roughly three days of good weather work that we need to do to do that. And then there will be a few days to I'll call it to ramp up the collection ability of that free standing riser. And then depending on how that goes that could be another three or four days not sure.

You know this is the first time we have done this here and we'll want to handle that properly. We will want to collect as much as we can and then we'll then move into putting in the actually taking off the piece of riser that we cut with the super shears. Take that off put the new flange connection on and then put the valves on top of the and et cetera.

And that could take another week 10 days to do that so you have potentially a few weeks here before we can have that all done. But once again we will we have all of our plans in place. We have done all of the testing that we can

possibly do. We're well positioned to move forward with that when the time is right.

Operator: Your next question is from the line of (David Shookman) of BBC News.

(David Shookman): Hi, Kent, (David Shookman) of BBC News here, thanks for taking the call and thank for your time in Houston last week. Two quick questions. What kind of weather state are you looking for that would actually threaten the drilling the relief drilling operation. And secondly, have you seen oil leaking from anywhere other than the Mancondo well?

Kent Wells: The – in terms of the rigs these rigs are built to continue operations in everything except when we get into tropical storms and hurricanes et cetera. And we have our hurricane preparedness and we have all of our what we call our disconnect times our T-times set up and so we just consistently monitor the weather. And only at such times as basically we start being threatened by tropical storms or hurricanes would we have to disconnect. So we expect those operations to continue unless we're unfortunately a storm heads directly our way.

Operator: Your next question comes from the line of (Richard Fawcett) of (Los Angeles Times).

(Richard Fawcett): Hi. Can you tell you what percentage chance do you have of intercepting this well with this ranging method? Is it a one in five chance this time around? (Inaudible) how long would it take to sort of regroup and go after it a second time before you could actually, effectively make a second stag.

Kent Wells: I think you know a couple of things on that. When I talked to (John Wright) who I believe is one of the world's experts on this, he's done 40 around the world and every one has been successful. So we can't guarantee anything, but I think that the technology is there. We've got the best experienced people around and we're set up to be successful here.

Now what really is important here on this well, because some of the other relief well operations around the world when they didn't, perhaps, have the opportunity to parallel the well like we've been doing. So we are you know

over roughly 900 feet and know exactly where that well is. And that gives us that ability to triangulate each and every way down so that we know we're set up perfectly. So I think that's – having that ability to do that really increases the probability of success.

And I think we've also positioned it so that if we're off a little bit, we can make minor corrections and we can just keep going forward looking for it. It's not like we have to hit it in one spot. Whether we hit it at one level or we hit it 100 feet deeper or 100 deeper than that, we have that ability. So I think the – when you start looking at this – the probability of this well being successful are very high. But I'm not going to throw out a number because I actually don't know, but I think with the context I've given you, you can see how we're thinking about this.

Operator: Your next questions comes from the line of (Harry Webber) of (AT).

(Harry Weber): Mr. Odone, thanks for taking this call. I appreciate it. I just want to make sure I understand you correctly on the numbers. You're saying that the depth of 16,770 feet is the measured depth of the first relief well is within 20 feet horizontally of the Mancondo well and that you still plan to drill another 900 feet vertically before you cut in sideways. Is that correct?

Toby Odone: You've absolutely got it. That's where we are. The measured depth is down – we're within 20 feet horizontally and we're into this what we call paralleling. So we're going to keep drilling sort of parallel to the existing well and it's essentially vertically straight down.

Keep ranging to make sure that we know that we're exactly there and then when we've got ourselves exactly lined up within the last 100 feet before we cut the nine and 7/8 inch in, we'll angle the well in directly towards it so that we've got – when we've got the casing set and we're only five feet away from it and we're lined up to drill directly into it, roughly 100 feet to 200 feet lower down.

Operator: Your next question comes from the line of (Shawn McCarthy) of the (Globe & Mail).

(Shawn McCarthy): Hi. Thanks for putting me on the call. Does your timeline of 90 days include work stoppages for weather or is that built into your schedule?

Yes, not really because that is so hard to predict. We really don't have – don't have things like hurricanes. We just have what we call normal down time, but we haven't put in there hurricanes coming through, et cetera.

Operator: And, ladies and gentlemen, we have time for one more question. That question will come (Rob Martin) of CNN Australia.

(Rob Martin): Yes, thanks for the – hello? Can you hear me?

Kent Wells: Yes.

(Rob Martin): Yes, thanks for taking the call. I'm just curious. I'd appreciate you're relative certainty about the 41 out of 41 chances for the relief well. I'm just curious if that also equates to a perfect record on kills for those relief wells and if now, and you have mud going up the existing vault and into the (inaudible) what do to your collection success rate to date.

Kent Wells: So a good question on that because it was about the interception. When we get to the kill operation, I will do another technical update on killing the well you know in a few weeks time.

The thing I would say and I tried to put this one of the videos. The ability to kill the well when you have an interception point at the bottom of the well, is dramatically increased versus trying to kill it from the top of the well.

Once you can get the killing – the drilling mud going into the well. The well needs to lift that up and it just starts restricting the flow essentially immediately until we have a much greater chance of killing the well from below than we do at the top. So I think – I don't have that – the numbers to give you an accurate answer but I would stress the point that we – a much greater chance of killing the well from the bottom than there is at the top.

Toby Odone: OK, everyone, thank you very, very much indeed for listening in on this call. And thank you, Kent, for hosting this call for us. It's a great honor for us to

have you explaining all this. Guys, is there any follow-up questions please don't hesitate to call us in the press office either here in Houston or in London and we'll do our best to get back to you if there things that were not understood or you need to clarify after that.

Once again thanks, all, very much for listening to this and thank you, Kent, for hosting it. Thank you.

Operator: This concludes today's conference. Thank you for you participation. You may now disconnect.

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