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## Press Briefing by National Incident Commander June 9, 2010

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## WASHINGTON

-- Coast Guard Adm. Thad Allen, the National Incident Commander for the Deepwater BP Oil Spill response briefed the media Tuesday morning.

Audio of the briefing is available here.

A transcript of the event follows:

**Moderator: Tony Russell** June 9, 2010 9:00 a.m. CT

LIEUTENANT COMMANDER TONY RUSSELL: Good morning everybody. I'm Lieutenant Commander Tony Russell, Press Secretary for the National Incident Commander. Thanks for joining us again this morning. We'll be following the standard format for our daily updates. We'll have Admiral [Thad] Allen give a brief overview and update on what's going on, then we'll take questions from the room for about 10 minutes, and then we'll take questions from the phone for about 10 minutes. Please state your name and affiliation for your questions. Thank you very much.

ADMIRAL ALLEN: Thanks, Tony. Good morning, folks. Let me start out with the condition at the wellhead this morning. At the 24-hour period that ended at midnight, we recovered a little over 15,000 barrels, so we continue to make progress.

As far as the relief wells that are being dug, Development Driller III, which is drilling the first relief well, is now at 8,700 feet below the seabed. Development Driller II, which is the second relief well, is now at 3,400 feet below the seabed. We are in the process of moving a mobile drilling unit into place. It'll probably be there about 14 June, so we'll add another 10,000-barrel capacity from what's coming out of the wellhead right now in addition to what's already there with the Discover Enterprise.

Long-term containment——we spoke the last couple days about getting a more robust package out there that could survive heavier weather with a permanent riser mooring. The two vessels involved in that are beginning to make their way this way. One of them is actually coming from the North Sea. It's a shuttle tanker called the Loch Rannoch. That'll be in the area somewhere between the 12th and the 15th of June.

The other one, the Toisa Pisces, which will be a production ship that will offload to the shuttle tanker, should be in the area somewhere around 19 June. And they're starting to put together the subsea mooring that'll create that permanent riser pipe.

Just to give you an idea of what's going to happen if you haven't already seen it, the Discover Enterprise right now is connected to the wellhead by a fixed riser pipe that goes down to the containment cap. That basically places the Discover Enterprise at a fixed location, basically anchored to the wellhead.

This new system that'll be created for long-term containment will actually create a riser pipe that floats below the surface that's

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anchored to the bottom with a flexible hose that comes to the surface, so there's more maneuvering ability for the ships up on top. They will be larger ships to be able to withstand heavier weather as we start moving into the hurricane season.

A lot of activity going on out there. I would make a couple of comments.

I haven't addressed it before, but having been down there myself quite a bit, moving into a time of year where we've got a lot of heat stress—heat indexes are up in the 110 degrees in some places—a lot of concerns about worker safety.

Also concerns about volatile organic compounds that are rising from the product in and around the wellhead. A firefighting vessel as dispatched out to the area to put down a water blanket over the top of the oil that comes up, so we wouldn't have the vapors rising up and create an occupational health and safety problem for the people on the Discover Enterprise.

Two major events today—first of all, I signed off a letter yesterday to Tony Hayward, CEO of BP, regarding claims processing. Tracy Wareing and I will be meeting later on today with BP officials. That'll be a prelude to a series of meetings in the States that'll focus on the claims process and what can be done to improve that.

This is not a competency that comes with a large oil company. There have been contractors out there working claims. We feel it's our responsibility, from the oversight role we have with BP, to make sure this is done effectively. That's the reason Tracy Wareing has been dispatched and the reason I signed the letter to Tony Hayward. I also called and discussed it with him personally before I sent it to him so he would know what our intent was.

We've also sent out a second letter from the federal on-scene coordinator, Admiral Jim Watson, asking that, in the long-term containment plans that are currently underway, and the near-term containment plans, that BP start building in better redundancies.

We're on a learning curve as they've gone through the top kill and other containment strategies down there where they've had equipment. We found out how it works at those depths. Sometimes we found that hydraulic valves may fail. Maintenance may have to be done from time to time.

We don't want anything to interrupt the product that's being recovered down there, so we're asking them to actually present us a plan that'll build up redundancies and make it——the integrity of the recovery process moving forward, better. And again, that was put in writing to BP, and we'll be waiting for the plan coming back from them.

Those are the highlights. I'd be glad to take any questions now.

Q: (inaudible)

ADMIRAL ALLEN: Yes. We've gone through the first monthly cycle of the individual claims. And some of those are intended to be on a cycle where each month the check comes in. This would be partial claims that would be paid against—on a monthly basis.

We're unsure whether or not that really took hold and we're getting the kind of performance we want. So one of the things I asked in the letter was to give us data on the claims processing so far, so we can make that transparent and understand if there are any problems.

We didn't have the data analyzed, and we were getting handed over reports, especially during the President's visits down to Grand Isle last week. There might be some inconsistency in the claims process. So two things—once you find out the problem, sit down and talk about it. We need some information to talk about it. They own the data. We need the data. I asked for that in the letter, and now we have the meeting, and we move forward correcting the problem.

Q: In its press report, your Flow Rate Technical Group stressed the need for long-term better quality (inaudible) the leak. And it turns out that BP had better——higher quality, high resolution video, but it's slow to release it. It turned over several minutes of it yesterday, as I understand it, only after pressure from Congress.

Were you aware of this high-resolution video? And can you explain why it wasn't released earlier?

ADMIRAL ALLEN: It wasn't released earlier, because it has to be put on hard drives and brought off the ships out there. It's not—you can't transmit it over a—over Internet or via RF frequencies. Marcia McNutt is head of the Flow Rate team and has been working with BP for the type—the type of information they need in high-quality video. When we get the high-quality video, to physically remove it from the ships that are—moving the ROVs around and bringing it to shore.

We've made a request. They provided it to us. I don't think it was a matter of the delay so much as the fact that they physically can't get it to you in real time, because you've got to bring the hard drives to shore – the disks.

Q: So you're happy with it.

ADMIRAL ALLEN: We have what we need now, yes.

Q: Admiral Allen, do you think we're sort of turning a corner in terms of more oil actually being taken in than what's going out?

ADMIRAL ALLEN: I would certainly hope so. But until we get the flow production numbers down and we are able to completely cap that and take all the oil up through production, I think we're not going to know. I think——a little bit more each day. That's the reason I've challenged the Flow Rate Technical Group to keep coming back, challenging our assumptions and then taking the new high-resolution video that was taken when the riser pipe was cut so we can get a better aggregate amount of the total oil. We'll just continue to refine the estimates.

I'm not going to declare victory on anything until I have absolute numbers. I think we all have had estimates, and some people have been disappointed when they were changed, so show me the numbers.

## LIEUTENANT COMMANDER RUSSELL: Anyone else?

Q: Yes. How would the government——would it be able to take over the claims process from BP? How would you do that (inaudible) ...

ADMIRAL ALLEN: Well, I'm not sure at this point we're contemplating taking over the claims process. I think what we want to know is, number one, how's it going? What's the data that supports the current process so we can have some metrics on how effective the claims process is going? We've got a lot of anecdotal information about how it is going.

The other issue that's a little bit more tricky is a loss of business as associated with this. But sometimes that's hard to kind of get a handle on. As the President was told down in Grand Isle when we were there last week, there are some seafood processing plants that have stored a lot of seafood that is frozen. And they're actually still shipping. And one would wonder why there is a problem with the business operation when the fact is, they've stopped processing. Those people aren't working anymore.

Trying to quantify those types of claims is a little bit more technical, and they've divided that into a different section of the claims processing procedures at BP. We want to understand that and know about it, because there can't be a gap there either, otherwise we're going to have people being impacted. So those are some of the things we're going to be looking at and discussing at the meeting today. And then our visit to the states.

Q: Admiral, I believe Secretary Salazar said that he believes that the Gulf region will actually end up being in better condition once all is said and done and all the effort—you know federal efforts and local efforts have been completed (and run the course). So do you think that's actually doable?

ADMIRAL ALLEN: I think anybody would say, when you have a big problem like this, and you've got to go in with a massive look at rehabilitation and mitigation following a significant event like this, that creates an opportunity to deal with systematic issues that may have been a problem before.

This is certainly the case with some of the coastal erosion associated with Hurricane Katrina. So I think——I think——I think all the Cabinet secretaries feel this way. I know, because I've discussed it will them. If you're going to go in and do a massive mitigation or restoration environmentally down there, it might be worthwhile to step back and say, "What would a newly restored Gulf look like in its most pristine form? And can we somehow add to that or start with maybe a higher purpose and see if we can't add to this moving forward?" I think it's a legitimate goal to establish.

Q: Is it——is it——I believe Secretary Salazar said that that will happen. Do you believe that that will happen or just that it is something that can happen?

ADMIRAL ALLEN: Well, I think it's actually being discussed among the Cabinet secretaries right now. It's a subject of considerable interest. I think, as frustrating as this is for all of us, I think we need to understand whether or not there's an opportunity moving forward for us to do something very good on the other side. And I think that's where Secretary Salazar was going.

Q: Admiral, can you add some clarity? There's some reports that there might be other breaches in this well, that oil might be percolating from other places. Have you heard those reports and ...

ADMIRAL ALLEN: I haven't heard that. One of the concerns during the top kill process that you know we were driving a lot of mud down the oil bore. And while we were driving the mud down, it was suppressing the oil from coming up. And when we stopped, the oil started to rise.

One of the reasons they didn't want to just pop that blowout preventer off is the fact it would create pressure back down the well bore, and we do not know to an exact certainly of the condition of the well bore or what they call burst plates. These are plates that are intended to provide protection. They'll burst at a certain pressure.

And they're actually trying to do some diagnostics right now to see if they can ascertain whether or not those plates are still intact. If they are, it gives us a greater degree of certainly that the well bore would not be at risk.

The reason that's important is, if there were somehow—oil could get into the strata of the formation at some higher level, it might work its way to the surface, and you'd have an uncontrolled leak from the sea floor. And that's been a concern all the way along. But I don't think there's been any indication that that's (inaudible). These have been discussions about the risks associated with too much pressure in the well bore itself.

Q: Admiral, (inaudible) government panel, saying BP has impeded their ability to do this, what they call the (inaudible). And is anything being done to make BP (inaudible)?

ADMIRAL ALLEN: I'm not familiar with the term. If you give us the details on it, we'll look into it, and we'll make a statement regarding the—and if there's—you know I don't—for me to go back to BP, I will do that.

LIEUTENANT COMMANDER RUSSELL: Operator, we'll take questions from the phone now.

OPERATOR: Your first question comes from the line of Timothy Dickinson with "Rolling Stone" magazine.

Q: Hello, Admiral, thank you for taking my call. The—I was—been e-mailing with Marcia McNutt, and the 25,000 barrel estimate coming from the plume team is rightly described as a minimum—their minimum estimate, the top end of their minimum estimate. But the government has repeatedly characterized that as the sort of full range of that group's activity.

I just wonder is there that disconnect there? Were you unaware of that? And doesn't it appear that the government is, in some way, low-balling the estimate of the amount of oil that's coming out when that is done?

ADMIRAL ALLEN: Well first of all, I think at this point, I am the government, and we are not low-balling. We have—a bunch of technical experts got together and they came up with two ranges—12,000 to 19,000 and 12,000 to 25,000. Until we get better data these become the rebuttable assumptions we're making on flow and everything else. We're redoubling our efforts to continually question those assumptions and get more accuracy, especially because we know the flow rate, and we're able to assess production.

But I can—I can guarantee you unequivocally, nobody is low-balling anything that works for me, and I will never low-ball anything. We will give you the honest data that we've got, and with the basis for the assumption and where that led us.

Q: Thank you.

OPERATOR: Your next question comes from the line of Zach Warmbrodt with Argus Media.

Q: Hi, thanks. So now that the system is taking up 15,000 barrels in a day, does that mean it's reached its capacity? And how long do you think it'll be before that ship is full, and what happens at that point?

ADMIRAL ALLEN: Well, frankly, the ship is almost full right now, and they're actually offloading as we speak to a shuttle tanker that will take the oil ashore they can continue to operate. We think that the Discover Enterprise is capable of up to 18,000 barrels per day production. The Q4000, the mobile drilling unit that will be on-station next week, is capable of another 10,000, to give us a total capacity of 28,000 in terms of production per day. And that's where we're intending to be sometime late next week.

Q: Next question?

OPERATOR: Your next—your next question comes from the line of Jim Polson with Bloomberg News.

Q: Thank you, Admiral. I wondered if you could say when you expect—when this 72-hour deadline to BP expires. And also, the ships that you mentioned, that they're bringing in, how do those fit into that plan? Do they address any of it?

ADMIRAL ALLEN: Can you refresh me on which 72-hour deadline?

Q: Oh, Admiral Watson said 72 hours from the receipt of this letter, you want to see a plan from them that has more robust recovery capability and redundancy and so forth.

ADMIRAL ALLEN: Yes, and your question in regard to the 72-hour deadline was what again? I'm sorry.

Q: Yes, when is that—when is that deadline taking place?

ADMIRAL ALLEN: Well, I'm not sure exactly when they received the letter, but it would be then—so approximately three days from now. If you'd like a larger description of some of the vessels that are coming, I can certainly provide that to you.

Q: Okay, thank you. Did those partly address that question? Or is that not part of the plan you want to see?

ADMIRAL ALLEN: Well, what we want to——there are a lot of parts to the plan. What we understand right now is, the basic structure for long-term containment is to take a riser pipe, and you're all familiar with a riser pipe now, and suspend it under the water. First anchor it in the sea floor, and then up about several hundred feet with the mooring line, the riser pipe would come up to just below the surface, and there would be a buoy above it. So if you can imagine it being suspended below the surface.

There'll be a flexible hose from the top of the riser pipe that will go up to a vessel called the Toisa Pisces, which is a oil exploration ship that's going to be converted to actually produce both oil and natural gas——(inaudible) off natural gas. There'll be a second coupling from that ship to a larger shuttle tanker called the Loch Rannoch, which is on its way from the North Sea right now. It has significant capacity. It's used to shuttle oil from the North Sea oil rigs back into northern Scotland.

And so what we're going to have is a——basically a pumping capacity at the surface, connected by a flexible hose down to the riser, that continually offloads to tankers. The pipes at the bottom of the riser pipe will go back to the wellhead. At that point, we might be able to move from a containment cap, when that's a hard cap, because it'll be a way to produce everything that's coming out, which means we could take leakage almost down to zero.

Was that helpful?

Q: Yes, and do you have an estimated capacity for that system?

ADMIRAL ALLEN: We do. I don't happened to have it with me right now, but we could certainly make that available.

Q: Thank you.

ADMIRAL ALLEN: Yes.

OPERATOR: Your next question comes from the line of Richard Harris with NPR.

Q: Good morning, I have two quick questions, one of which is the BP's reporting that there are—they're moving a ship in place to flame off the oil and gas, actually burn it up as opposed to recover it? Is—you haven't mentioned that. Is that, in fact, part of the plan?

ADMIRAL ALLEN: That is. That is the Q4000 that I mentioned earlier. It's a mobile drilling unit that can flare off, not only natural gas, but the oil as well. What we're concerned about is making sure that oil doesn't hit the water. So there'll be a combination of production of oil, transfer oil ashore, flaring off the natural gas and flaring off of oil as well.

Q: So that explains why BP's talking about Q4000 as having a 5,000-barrel-a-day capacity, and you're talking about 10,000, the other five is basically flaring it off? Because BP's talking about a completely different device that flares things off.

ADMIRAL ALLEN: It's being retrofitted with a device that'll allow it to do that. And I think what they're saying——the capacity is low end of five, up to 10.

Q: Okay.

ADMIRAL ALLEN: So I don't——I don't think there's any disagreement.

Q: Okay, my other question has to do with the Flow Rate Task Group. Marcia McNutt says the Flow Rate Task Group never did evaluate the increase from breaking off the riser pipe. That 20 percent figure you keep referring to is actually——comes from BP engineers, not the Flow Rate Task Group. And I wonder if you could resolve that confusion. That's not from the Task Group, it's from BP, that 20 percent increment.

ADMIRAL ALLEN: My knowledge was it was the Task Group, but I will——I will check back. And if I misunderstood it, I'll make a clarification on it.

Regardless of the source of the 20 percent, which came to me through the Flow Rate Task Group, they're going to be looking at that again. They have high-resolution video that was taken after the riser pipe was cut. That's been brought back on hard disk to us, and that's exactly what the group is analyzing right now. So regardless of the source, we're going to have empirical information related to the high-resolution video moving forward.

Q: Okay, thank you.

ADMIRAL ALLEN: Yes.

OPERATOR: Your next question comes from the line of Jaquetta White with the Times-Picayune.

Q: Hi, Jaquetta White with the "Times- Picayune." I have two questions. One, I was hoping you could address what appears to be a

change in the previously stated capacity of the Discover Enterprise from 15,000 to 18,000 barrels of oil per day.

And then also, if you could give a bit more detail about the retrofitting of the Q4000 with this oil burner. As I understood it, the Q4000 is the same vessel that was used in the top kill, and so I'm just hoping to understand what's happened to it since that event and how we'll see it in a different way when it——when it comes to working on the containment effort.

ADMIRAL ALLEN: Sure. Just to clarify for everybody, when you're talking about the Discover Enterprise or the Q4000, the initial estimates were very, very conservative, because we didn't know how the flow rate was going to go and how the equipment would really react. But it's understood that the maximum rate at optimum efficiency for the Discover Enterprise is around 18,000, and about 10,000 for the Q4000 with the flaring systems for both natural gas and oil. And we'll put out those ranges and give a little more clarity to you.

Again, we're starting——these are things that have never been operated before. The Q4000, which was used for the top kill, is being retrofitted with equipment that will allow it be able to flare both natural gas and petroleum. And we'll put out the ranges and give you exact details on that.

Was that responsive to your question?

Q: It was, but can you—can you explain a bit what those—what that equipment will be? Is it this EverGreen Burner that I've read about? Or is there something else that's on the Q4000 now?

ADMIRAL ALLEN: I don't——I'm not sure I know what the exact name of the company that provided it, but we will get that to you. And it's basically a boom, or an arm, that'll be established on that, that allows it to ignite it and then flare it off. And I'm not sure I know the exact trade name of it, but we will provide that to you.

Next question.

OPERATOR: Your next—your next question comes from the line of Gary Taylor with Platts.

Q: Hi, yes, I just wanted to get a clearer picture. You said that there's a shuttle tanker en route from the North Sea, but also are shuttle tankers already working out there? Where did they come from?

ADMIRAL ALLEN: There are. There's a lot of vessels working out there, sir. The Loch Rannoch is a special vessel. If you're going to be continually producing off the production vessel and transferring that to a shuttle tanker, you've got to have really, really good ability to keep the ship on station. And what's different about this one, the Loch Rannoch, [is that] it has a dynamic positioning system.

This is a system similar to what the drilling platforms used with the GPS and other acoustic input and thrusters that will lock into position with a very, very small tolerance and just not move. And so this shuttle tanker, which does similar operations in the North Sea, is being brought in, not only for their capacity, but for the fact they've been fitted out with these systems that actually basically, I wouldn't say lock the ship in place, but keep it within a very high tolerance of where we want it to be.

Q: But—excuse me, but until its arrival, you are able to move some of this oil with shuttle tankers now, smaller ones?

ADMIRAL ALLEN: Exactly. What's happening right now is, we're offloading the Discover Enterprise to a smaller tanker. The Discover Enterprise is fixed, and they come alongside. I can tell you, having done this on the water myself over the years, any kind of a transfer at sea between two surface vessels can become problematic based on the sea state and just operating the vessels. Having a higher degree of control over the propulsion system and the ability to do what we call station keeping, is very, very important.

So we're going to increase the fidelity of the system and the ability to do it. But these ships are also much larger. I believe the Loch Rannoch is almost 1,000 feet long. And their ability to withstand heavier sea states will be important as we get into the hurricane season.

Was that helpful?

Q: Yes, thank you.

ADMIRAL ALLEN: Okay.

LIEUTENANT COMMANDER RUSSELL: Operator, last question.

OPERATOR: Your last question comes from the line of Susan Daker with "Dow Jones News."

Q: Hi, Admiral, this is Susan Daker at Dow Jones, thanks for taking my question. You mentioned at the beginning of the call that

firefighting ships were being brought out to the scene. Have there been any problems with workers being in distress already because of the heat and the conditions?

ADMIRAL ALLEN: No, but they monitor it constantly. When I was out on the rigs last week, I happened to look over my shoulder, and I saw the offshore supply vessel spraying water, and I opined, "Is that to put down the volatile organic compounds (VOC) associated with the products there?" And they said yes, it was.

So they actually can test that with air testing. There are certain thresholds at which they will not allow people to work. And one way to reduce that is to actually put water, so the firefighting vessel that's being brought out will allow them to control the VOCs and protect the worker health there.

Thanks.

Q: Thank you.

Q: (Inaudible) clarify one thing? The Q4000 has this oil burner on it. Under what circumstances would you burn the oil rather than recover it? Maybe that would help explain what that's all about?

ADMIRAL ALLEN: Well, we want to control the flow out of the wellhead, whichever way we can. And we're already flaring off natural gas. This allows us to bring production capability and then flare the oil off and increase the production rate and not have the oil going into the water in advance of having that larger more robust package that'll be coming in following it.

We want to get the—if we can get this thing up 28,000 barrels a day, that's where we want to be. Do that make—does that ...

Q: But that would indicate that you don't have the production capacity, and you might not have sufficient capacity to recover all this oil.

ADMIRAL ALLEN: Well, by next week, we'll be – we're only at 15 right now. We'll be at 28 by next week, and we'll be well beyond that when the new system comes in place. That'll be seven to 10 days beyond that. We're building capacity.

Q: And how are you building capacity? I mean, are you closing down those (vents)? Is that how you're ...

ADMIRAL ALLEN: Once we get the new system in place, they will actually at that point, because they'll be able to get the oil out and not worry about pressure problems on the well bore. They'll probably go back at that point and actually put a cap on it. So it won't be a containment anymore, that should be a cap.

Q: Thank you.

ADMIRAL ALLEN: So at some point, there'll have to be a transition between the containment cap and a regular cap like we wanted to do to begin with and when the new production system comes on board to replace the Discover Enterprise and the Q4000.

Is that more clear?

O: Yes.

ADMIRAL ALLEN: OK.

Q: Very good, thank you.

ADMIRAL ALLEN: Thank you, folks.

LIEUTENANT COMMANDER RUSSELL: Thank you, everyone.

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