Subject: Press Briefing by National Incident Commander June 18, 2010

From: Deepwater Horizon Response External Affairs <donotreply@deepwaterhorizonresponse.com>

Date: Fri, 18 Jun 2010 12:13:18 -0700 (PDT)

To: info@californiaskywatch.com

DATE: June 18, 2010 14:07:06 CST

Press Briefing by National Incident Commander June 18, 2010

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NEW ORLEANS

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

A downloadable audio file of today's press briefing is available here; a transcript of the briefing follows:

Moderator: Thad Allen June 18, 2010 8:30 a.m. CT

OPERATOR: Good morning and welcome to today's update on the ongoing Deepwater Horizon. 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, followed by the number one on your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

Mr. Klinker, please begin your conference.

KLINKER: All right, good morning, everyone. It'll be just one minute before we start the update again.

Good morning, everyone, on the conference line as well. Today's update will be given by Admiral Thad Allen, National Incident Commander. Just a couple ground rules I want to go over. Following the Admiral's comments will be 10 minutes of questions from here in the room and then 10 minutes of questions from the conference line. Just ask that anyone, if he does have a question, please state your name and affiliation prior to asking it.

With that, I'll turn it over to the Admiral.

ADMIRAL ALLEN: Thanks. Good morning, folks. Give you a couple of updates on what's going on out at the wellhead site and then I'd like to talk a little bit about some of the initiatives that we're really working hard this week and be glad to take any questions you might have for me.

First of all, I'm very pleased to report that in the 24-hour period ended at midnight last night we actually were able to recover 25,000 barrels of oil. This is our new combination recovery system of both the Discoverer Enterprise, which is linked by the riser pipe to the wellhead, and our exploitation of the choke and kill lines bringing additional oil up and the process on the Q4000 and that is gas and oil that has flared off.

This is a significant improvement moving forward. However, we know because of the new flow rate numbers that we need to increase capacity. There are additional vessels being brought into the area. We anticipate by the end of the month of June the capacity will increase to about 53,000 barrels a month. Following that, there'll have to be a decision made when we reach max

capacity with the recovery system we have on the scene with the containment cap.

At that point, the option will be to actually unbolt the flange and that small section of pipe that remains where we needed to shear cut and actually replace it with a very solid, bolted-on cap that could be linked to a new flexible production system will allow us to use production platforms and shuttle tankers.

Once that's in place, we have the (inaudible) at that point to increase capacity on the production to 60,000 to 80,000 barrels. That should be somewhere around the middle part of July. We continue to move forward on that and it's proceeding apace.

Regarding the relief wells, Development Driller III, which is drilling a first relief well, is now 10,677 feet below the sea floor starting to close in on the well bore. Development Driller II is 4,662 feet below the sea floor and (inaudible) on task.

Some of the things we're working on this week—we've had an extraordinary response to our Vessel of Opportunity program, in excess of 2,000 vessels operating around the gulf. Our goal is to create a command and control system and a tracking system where we can most effectively utilize these vessels of opportunity. We only (inaudible) that local expertise and passion and we want to channel that and make sure we're creating unity of effort.

To that end, we're doing a couple of things. We're organizing these vessels of opportunity in groups, establishing a leader with the capability to communicate. A lot of these folks are very, very small and may or may not have radio systems. We're also putting automated identification system tracking devices on the larger vessels so we can bring those in to our common operating picture and have them actually displayed on a computer.

We actually brought in extra aircraft into the area to increase surveillance as well. Most recently, three additional H-65 aircraft were deployed to Air Station New Orleans to provide overhead sighting. The goal is, over this week and into next week, is to create a command and control structure and a communications backbone to allow us to effectively deploy and utilize all those 2,000 vessels of opportunity that are out there.

That reflects somewhat of a change in situation in both the supply and demand of assets. Most recently, earlier this week, we announced the new flow rate numbers and, as you know, we think it's somewhere around—35,000 is the most probable, but the rate is going to 50,000 or 60,000 barrels a day at the high end of the scientific evaluation.

To that end, we need to redouble our efforts in—regarding skimming capability from shore out to about 15 miles (inaudible) we have all this disaggregated oil starts to go to shore. We have the opportunity to do that with the vessels of opportunity that have volunteered their services to us, and now it's a matter of (inaudible) that together (inaudible) command and control structure.

This is something that is on a scale that far exceeds anything we've done in a domestic response before, but it's also an indication of the willingness and the passion of local people to get involved and help us in this clean up, so that the whole issue moving forward is going to be unity of effort.

Regarding my personal activities and what I've been doing, I was down in Port Sulphur yesterday. I went out with our vessels of opportunity. (Inaudible) let's work with some fish guides out on Barataria Bay (inaudible) I (inaudible) the jack-up rigs (inaudible) on the barges down there.

Later on today I'll be meeting with Deputy Secretary Jane Lute and Deputy Secretary David Hayes from Interior. Deputy Secretary Lute is Deputy Secretary of Homeland Security. We will go down to Grand Isle. We will—we will also get a briefing on the vessels of opportunity and hopefully get out on the water and see what they're able to do down there.

This follows several other trips I've made to Grand Isle with the President where we met with the local watermen regarding the best use of these vessels of opportunity. So I will tell you this is focused on vessels of opportunity (inaudible) and getting the command and control down right so we can most effectively apply these resources.

And to that end, the best place we can apply them right now is in the area from onshore to 15 miles off where we have these patches of oil and trying to beat it before it comes on land. So with that, I'll be glad to take your questions, folks.

Q: (Inaudible).

ADMIRAL ALLEN: Sure. We're coordinated with DOD right now to take a look at the availability of skimmers within the Navy inventory. That is (inaudible) right now between us and the Department of Defense and that will be worked out today.

We're also looking at the entire availability around the country. We're actually starting to manufacture skimmers in places like Port Fourchon and other places. What I told the folks is don't anticipate demand can ever be met on skimmers. Getting as many as we can make and as fast as we can get them here is what we need to do.

We're hoping to have a larger strategic assessment of the exact—actual gap that we've got and how many we will need ultimately.

Part of the problem is we never had to deal with oil dispersed across this wide an area, but we have the availability of the 2,000 vessels of opportunity.

Some cases you need skimmers that are actually integrated into ship (inaudible). Other cases you need what we have—what we call vessel of opportunity (inaudible) where you take skimming equipment and just give it to a local boat and they could tow it behind it.

So when we talk about skimmers, we're not—we're talking about skimmers that are actually vessels and skimming equipment that can be put on a vessel of opportunity, and we're working through that right now.

Q: (Inaudible).

ADMIRAL ALLEN: Well, we're pulling everything we can as we—and we're actually—it's ordering. It takes six to eight weeks to actually build a skimmer. We got the production orders in. We're just—it's kind of like the (inaudible) situation. What we're doing is we're taking all of it as quickly as we can get it and we'll have some more (inaudible) later on today or Monday on that. Yes.

Q: (Inaudible).

ADMIRAL ALLEN: There are a lot of ways to deal with the impacted coastline and I (inaudible) really describes it all. If you look at three miles of coastline in a marshy area and you have oil penetrated back three or four hundred yards, that's a much more significant impact than the linear length would tell you.

And what we're trying to do is drive the right metric associated with that. Ultimately, I think we—in my view, there needs to be a length and a depth (inaudible) to this and try to come up with the right way to describe this and communicate it and (we'll working on that continuously (inaudible).

Q: (Inaudible) how far (inaudible).

ADMIRAL ALLEN: If I get the specifics you're talking about, I'll be glad to follow up with you after the—I don't have the numbers in front of me right now. I'd be happy to (inaudible).

Q: (Inaudible) has the oil (inaudible).

ADMIRAL ALLEN: Right.

Q: One of the (inaudible) federal response (inaudible).

ADMIRAL ALLEN: Sure, and in fact, we took significant steps this week to do that. First of all, the incident command post in Mobile, which is responsible for coverage of Mississippi, Alabama and the panhandle of Florida.

I directed the established three deputy positions, one for each state, to deal directly with the state on the—what the requirements are and to reduce cycle time between the reported oil and what we could put actually a response on—on target.

In addition, at the—after discussions with Governor Crist and the President when we were in Florida, we're going to put—we are in the process of (inaudible) into the management team in the Tallahassee at the Emergency Operations Center.

So (inaudible) response cell in the state. There will be a deputy at the Incident Command Post in Mobile assigned to that state to work it. We're doing the same thing in Mississippi. We're going to put an incident management team in Biloxi.

Q: (Inaudible).

ADMIRAL ALLEN: Yes, it will. The intent is to delegate authority down for response (inaudible) all the way back up (inaudible) command post (inaudible). Within a certain level they can just order the boom to be deployed or the skimmers or whatever the resource might (inaudible).

Q: (Inaudible) also (inaudible).

ADMIRAL ALLEN: Well, regarding the testimony of Tony Hayward, I think that's a—that's a matter between him and British Petroleum and the committees (inaudible) before. I would rather not comment on that.

Regarding Secretary Mabus, as you know he's been tasked to put together a plan on how we move forward on this. I had a brief conversation with him yesterday. As a former Commandant of the Coast Guard and former—and current Secretary of the Navy, we actually worked closely together for the past year or so. We enjoy a great relationship and his request to me was to work very closely as we move forward on this.

And it's—actually, you know he's still (inaudible) up his office, but we're going—we're going to be in close contact. There'll

obviously be some work that's being done (inaudible) the National Incident Command, especially as it relates to long-term environmental impacts. Natural resource damage assessment (inaudible) necessarily roll over into that area of work and we'll be acting with the (inaudible).

Q: (Inaudible).

ADMIRAL ALLEN: Well, I'm referring questions on his tasking and the scope of his work to him. I would just tell you that we were in communication. We have a great working relationship, a lot of mutual respect there and we have a long-standing friendship.

Q: (Inaudible).

ADMIRAL ALLEN: Sure.

O: (Inaudible).

ADMIRAL ALLEN: What's going to happen is, I think I mentioned earlier, by the—by the end of the month we should be approaching 53,000 barrels a day capacity. We're going to max out at that point on what we can produce with the current status on the wellhead.

And what I mean by that is what you have is the Discoverer Enterprise is fixed to the wellhead to that riser pipe, but we have the choke and the kills lines, which we use to try and force mud down the blowout preventer into the wellbore.

We tried the top kill, which was unsuccessful. We are bringing two ships in—the Q4000 and another production vessel—to take oil up to the choke and the kill line. That'll enhance production up to 53,000 barrels a day, but that's all you can do with that diameter pipe and the flow that goes through it.

The goal beyond then, and that's—it's going to be a critical decision to be made around the 1st of July—will be whether or not we want to unbolt that final section of pipe, that little piece of riser pipe that was cut with the shear cut, and replace it with a multi-fitting device over the top that's actually bolted, in which case you've sealed it.

And then increase production rate to the floating production platforms to shuttle tankers. The cutover that will allow us to achieve that type of containment and that type of production and redundancy will have to be accompanied with the decision to replace the connection at the top and Lower Marine Riser Package. That—was that responsive?

Q: (Inaudible).

ADMRAL ALLEN: (Inaudible) I'm—that should be around the 1st of July. A couple things have to happen first. They have to install, and they're doing this as we're speaking, they have to install what's called a floating riser package.

And what they're going to do is they're going to take a section of riser pipe that's about 4000 feet long and they're going to suspend it under water. They're going to anchor it to the bottom. It's got flotation collars around the riser pipe. And there'll be a buoy on top just below the surface so it's suspended. There'll be a flexible hose that runs from the well over the riser pipe, then a flexible hose from the top of the riser pipe for the production platform.

Potentially we create two of those, take the oil coming out of the wellhead at two production facilities on the top and then pushing it to shuttle tankers. This is what we do in the North Sea. Then we do—then (inaudible) these pipelines (inaudible) that oil. We're bringing shuttle tankers.

Once we get to that point, we'll have redundancy and we'll have capacity to go to 60,000 to 80,000 barrels a day. But that is under—those riser pipes are under construction right now and the moorings are being put in place. Is that responsive?

Q: This'll be the last question.

Q: (Inaudible).

ADMIRAL ALLEN: Exactly. That's the reason.

Q: (Inaudible).

ADMIRAL ALLEN: Well, if we get to near 53,000 barrels a day and we're able to secure the vents and there's no oil leaking or there's a very small amount of oil leaking (inaudible) decision point and we think that is good enough. (Inaudible) we got in terms of containment until the relief well is drilled.

There's another issue that has to be considered and that's the fact that these floating riser pipes allow you to either decouple and hook back up very quickly or quicker than we have right now with the vessel being connected to the fixed riser pipe.

We have hurricane season upon us. We may have to shut operations down, evacuate and redeploy. What the floating risers would also give us is better sea-keeping capabilities. The vessels are bigger, production vessels, their ability to disconnect and reconnect after a hurricane.

So in addition to the risk associated with removing the pipe from the (inaudible) cap we get better flexibility from the new production system and a better ability to withstand a hurricane without losing control of the well completely. And that's got to be factored in as well.

Q: (Inaudible) what about (inaudible). How much gas (inaudible)?

ADMIRAL ALLEN: Are you talking about gas related to what's in the oil stream?

Q: Yes.

ADMIRAL ALLEN: What happens now is on the Discover Enterprise the gas that comes up is flared off, and then the oil is produced and shifted to a tanker. On the Q4000, that's the second one we've established, we got our production rates up, both the gas and the oil are being flared off. Where we're—it's being atomized and it's actually being burned off on site, rather than being produced.

At some point in the future, we'll actually try and shift the Q4000 to where we're actually recovering the oil. But we actually have the measurement of cubic feet of gas, and we can give that to you. I just don't have it in front of me.

Q: (Inaudible).

ADMIRAL ALLEN: The Q4000 is flaring gas and oil. In other words, there's a burner, and it's all just being burned as it comes to the surface. On the Discover Explorer, we're flaring the gas, burning off the natural gas, and we're producing the oil, and that's being shifted to a tanker. What we're trying to do is get as much out of the well so it's not going to the surface. That's the (inaudible).

Q: Operator, begin taking questions from the phone line.

OPERATOR: Your first question is from Bryan Walsh. Please state your affiliation.

Q: Bryan Walsh with "Time Magazine." Admiral, do you expect any additional increases in the flow rate going forward? I mean, as you mentioned today, knowing that higher flow rate, you had to really redouble surface cleaning. At this point, are you confident that this is the highest number; you won't have any more surprises down the line?

ADMIRAL ALLEN: Well I think we have the best range of estimate s on flow rate, given the information we hold right now. And there are basically three sources of information on the flow rate. One is the amount of oil we're able to observe on the surface with satellite and aviation sensors that actually take readings on the amount of oil.

The second is our estimates on the volume that's being released, and using high-resolution video to understand what is the density of the product coming forward, how much of that is natural gas, water, oil and sediment, and then the velocity at which it's rising. That's the second input.

The third input we have is actually from testing that was done by the Woods Hole Oceanographic Institute, where they deployed acoustic sensors that actually they're sending sonar signals across and get the density of that column.

All of that, in aggregate, and plus some pressure readings we're taking at the blowout preventer, at the direction of Secretary Chu and Secretary Salazar, led Marcia McNutt and the flow rate technical group to come up with the range that we have right now. I continue to challenge them to refine their products, challenge their assumptions, look at their analysis, and try to continually improve.

I think we're at a plateau right now, as far as knowledge of the makeup of the column of product that's coming up. I think what we're really going to find out is when we finally get to almost zero leakage out of the production that's going on, and actually get the flow rates, I think that will tell us empirically exactly how much oil's coming out. And I think until we get there—get to that point, it's always going to be an estimate and a range surrounding that with probabilities attached to it.

So I think, right now, mid-30's I think is the most probable, and as high as 60, as we released earlier this week. I think we're going to stay at that point for a while unless new information is developed. And I think what we need now is empirical data that's actually based on production (inaudible).

Next question?

OPERATOR: Your next question is from Kristen Hays. Please state your affiliation.

Q: Good morning, Admiral. This is Kristen Hays with Reuters. I have two questions. You said earlier that you were—that relief well one was starting to close in on the wellbore, and I didn't quite catch the exact amount of feet they've both drilled down, if you could repeat that please? And second, is it still accurate to say about 120 miles of shoreline has been soiled or touched by oil?

ADMIRAL ALLEN: OK, first of all, the Development Driller III, which is the first relief well, the drilling rig is now at 10,677 feet below the sea floor. The Development Driller II is drilling the second relief well, the risk mitigator, is at 4,662 feet below the sea floor.

I took a—I took a question earlier on the amount of shoreline that's been impacted. I think we need to make some clarification and put that out to you. And what we'll do is we'll put out a statement later on this morning that actually gives you the actual coastline impacted and the assumptions that are associated with that, so you actually something in writing.

Q: All right. Thank you.

ADMIRAL ALLEN: Next question.

Q: Well, I tried.

OPERATOR: Your next question is from Jaquetta White. Please state your affiliation.

Q: Hi, Jaquetta White with the "Times-Picayune." I apologize if these were already asked on the phone. We had some trouble hearing the questions in the room.

But I do have two questions. One, what is the status of the Massachusetts? Has it returned from Mobile yet, and when will it begin the transfer of oil from the Discover Enterprise for another trip? And then the second, if you could just run through, again, what the considerations will be in July 1st, assuming that the—all the oil that is escaping is being captured? I know the ability to operate during a hurricane will be one, but what else will you consider in deciding whether to take the LMRP (lower marine riser package) cap off and put something else in its place?

ADMIRAL ALLEN: Thank you for the question. First of all, let me apologize to everybody on the phone. I just realized that when I was giving my brief I had a piece of paper over the top of the speakerphone. So I am the source of your problems this morning. I'll try not to do that tomorrow.

The Massachusetts is the tanker that we use to offload the Discover Enterprise of the amount of oil that's been produced, and that's being shuttled to Mobile, Alabama. I do not know the exact location, but we will release that later on this morning. We'll just go find out. I just—I just was not aware of that when I came in this morning, but we will provide that.

Just to restate, because the question was asked here in the room, let me—let me state one more time for the folks on the phone. We will have a decision to make after we reach 53,000-barrel production, which is the maximum we can get out of exploiting the flow from the wellbore casing itself, and the choke, and the kill lines to three different production platforms. One will be the Discover Enterprise, another one will be another production vessel that's being moved into place right now, and the third one is the Q4000 that is on place right now, and it is flaring both gas and oil to get rid of that so it doesn't go to the surface. Everything else we're producing and bringing to shore.

The cutover point will be somewhere around the 1st of July when we have to make a decision to go to a more flexible, more survivable system. But that will involve unbolting the riser pipe from the lower main riser package, and there will be an element of vulnerability there while we bolt a new system on board to allow us to basically achieve what we hope will be 90 percent containment. And that's where that comes from. Is that responsive?

Q: That is. I guess I'm also curious what would be the determining factors to decide—I thought it was almost a given that you would definitely take that LMRP cap off and put this better sealing cap on. And now it sounds like ...

ADMIRAL ALLEN: Right.

Q: ... it's possible that that won't happen. And so I'm wondering how you're going to ...

ADMIRAL ALLEN: No. I think a certain number of criteria will be met. If we hit around 53,000-barrel production, and we have minimum leakage, we will have achieved, basically, basic containment. And, normally, you would say well we'll just—we'll just operate that way until the relief well is finished.

The added issue for us, however, is that we have hurricane season coming; we need a better way to be able to hook up and disconnect from the production facilities if we have hurricane weather approaching. That is separate and distinct from the

production issue, but it certainly creates a vulnerability. If we were to stay at the 53,000 barrels with three different production platforms up there, and just have to disconnect those in a hurricane, we have better options with the floating riser connection.

So there's a capacity issue whether or not we can—if that is enough, is that good enough. And the second thing is survivability, and what we do during a hurricane. And those both will have to be taken into account.

Next question?

Q: Operator, this will be the last question for the conference.

OPERATOR: Your last question is from Richard Harris. Please state your affiliation.

Q: Hi. Richard Harris from National Public Radio. Two quick questions. Yesterday the—you stated the drilling had gotten down to almost 10,000 feet. Did they actually get 700 additional feet overnight?

ADMIRAL ALLEN: I look at the number each morning. I have to go back and look at what I said yesterday, but it's an incremental increase over the day before. And, as I said, we're at—we're at 10,677 feet this morning. And I'd have to go back and look at what I reported yesterday. I get the latest number when I walk in before the press briefs.

But they make a variable amount each day. Sometimes—depends on the strata, and, at this point, they're kind of angled over; they're not going straight down. They're actually—they have diverted, I think, about a 33° angle from the original wellbore that was placed below the drilling unit, and now they're directional-drilling back towards the pipe to try and close on it. And what I'll do is, we'll get the difference from yesterday to today and we'll explain that, if that would be helpful.

Q: Yes, that would. And, also, I'm wondering why, since your flow rate task group came up with a range of 35,000 to 60,000 barrels a day, why you think the end—the lowest end of the range is the most probable? That's not usually the way scientists express that.

ADMIRAL ALLEN: Well I'm taking the input from Marcia McNutt, who's the head of the flow rate technical group. And I think what they're doing is they're trying to accommodate a range of analysis and opinions by the subject matter experts to make sure they're all represented there. There are some that thought that the difference between the pre-riser cut and the post-riser cut flow rate was negligible or nothing at all, and there were some that thought it was, you know, much higher than that. This relates to the different views on how the data is examined and analyzed by a number of experts.

And we're not trying to exclude anybody and make sure it's fairly representative. That's the reason—the reason the wide range is there. There are some members of the group that think it's much higher. But I think the thinking of the group, as represented by the—by the chair, is in the mid-30s. Thank you.

Q: Thanks.

ADMIRAL ALLEN: Thanks, folks.

Q: All done. Operator, thank you very much.

OPERATOR: Thank you for attending today's call. You may now disconnect.

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