Subject: Press Briefing by National Incident Commander June 21, 2010

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Press Briefing by National Incident Commander June 21, 2010

NEW ORLEANS

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

Audio of the conference call is available here; a transcript follows:

Moderator: Joe Klinker June 21, 2010 11:00 a.m. CT

JOE KLINKER: OK. Good morning, everyone. This is Lt. Joe Klinker, Press Secretary for Admiral Allen, National Incident Commander. Thank you for joining us today.

Because this brief will be done entirely by conference call, following Admiral Allen's remarks there will be 20 minutes of questions from the phone. I'll ask you to please ensure that your name and affiliation is stated prior to your question.

And, with that, I'll turn it over to Admiral Allen.

ADMIRAL ALLEN: Thank you, Joe.

Good morning, folks. A couple of updates to get us started here this morning. I'd be glad to take your questions.

The total amount of oil that we recovered in the last 24-hour period (inaudible) midnight last night was 23,291 barrels. That is slightly below what we've been getting over the last couple of days, anywhere from 2,000 to 3,000 gallons—2,000 to 3,000 barrels short. That was due to lightning in the area that forced them to shut down the Discovery Enterprise for a while, then they had to do some maintenance.

I'd only make that point is that in the future we're trying to get redundant systems out there, and this is a good example of what happens when we have to stop for either an emergency because of the lightning in the area or maintenance on the lines.

The split between the two—the Discovery Enterprise process of 14.6 thousand barrels and the Q 4000 flared off 8.7 thousand barrels. Again, the total combined just about 23.3 thousand barrels.

We continue to make progress on the—on the drilling on the relief wells. Development Driller III, depth below the sea floor is 10,677 feet. They're in a position now where they're closing on the wellbore. They're going to do something that's called ranging where they actually send electrical current down the wellbore.

That puts out an electro-magnetic field around the wellbore and it could actually read that. It allows them to get an accurate reading about how far away from the pipe—the wellbore they are getting as they get closer to making the intercept here in the next few weeks. But that ranging operation is scheduled to start in the next 24 hours. Development Driller II is 4,662 feet below the sea floor.

In general, some things we're working on this week of note, we're having discussions with the U.S. Air Force regarding the management of the airspace over the Gulf region there. It's very busy around the well head, and we also have a lot of flights out there they're operating for logistics, (inaudible) for the skimming vessels and other airplanes that are flying around out there. In addition to the over 1,000 flights a day that take place over that airspace, working with the ways to improve airspace safety and management, plus a way to get better linkage with sighting information so we can pass that back down to our surface units to improve the effectiveness and efficiency of our skimming operations.

That leads in the second update. We continue to make progress with the vessels of opportunity, putting them into taskforces, assigning them to Coast Guard units or a larger ship that has communications capable of receiving, signing reports and making the referrals. We're also looking to putting automated identification and GPS trackers on these things so we can see them without any communication being required.

That's continuing as well, and we are well over 2,600 vessels of opportunity now. This continues to grow. The good news is there's a lot of passion out there. People want to use these boats and get on the water. The challenge for us is assigning the right roles for these vessels. It could be as small as an open vessel with an outboard motor to a very sophisticated shrimping or outsource supply vessel capable of handling skimming equipment and so forth. But we will continue to do that moving forward.

The—I want to point out the very excellent operations in Barataria Bay where we have a good cooperation between Plaquemines and Jefferson Parish. Both work the waterway and shared between them. And down at the interest of Barataria Bay, we're working on options to be able to control the oil as it comes in one of the four passes into Barataria Bay.

Based on following discussions after the president and I were in Grand Isle several weeks ago, we are looking at putting a combination of barge and a pile driving and boom systems in there that will allow us to be able to deal with the heavy currents that are there and still supposed to protect it from oil. It's similar to an operation that we're trying to put into place in Perdido Pass over between Alabama and Florida.

Now, with that, I'd be glad to go to your questions today.

OPERATOR: At this time, if you will like to ask a question, please press star and the number one on your telephone keypad. Again, that's star one to ask a question. We'll pause for just a moment to compile the Q&A roster.

And our first question comes from the line of Ray Henry with the Associated Press.

Q: Admiral, good morning.

On the 18th

you mentioned that there were some concerns or question about the integrity of the wellbore. I want to ask you if you have any information that raises those concerns in your mind. Have you got any reports from MMS or other engineers? What are the particular problems that you're worried about and how might that play into effect when you're going for the relief well or doing other operations?

So basically what's your information on the status of the wellbore and how can that affect you going forward?

ADMIRAL ALLEN: Well, one of the issues is we don't know the exact status of the wellbore.

A while back, in fact, many weeks ago when we were discussing the top kill operation, we were having a significant discussion and we had a two-hour conference call on a Sunday, which Secretary Salazar, Secretary Chu called a scientific summit. We were going through the parameters of the top kill procedure, and they were trying to establish threshold for how much mud they can put down there and how much pressure they wanted to create in the wellbore.

And there was some discussion at that point about the uncertainty of the—of the condition of the casings in the wellbore which you would want to do is drive so much mud down there and such a pressure that you might cause a problem and the problem was they didn't know and they still don't know the condition of the wellbore. For that reason, they erred on the side of safety on how much pressure they would exert, and when they got near those pressures without having success in killing the well—killing the well, that's when they backed off.

So I'm not going to use any hard and fast scientific evidence or anything like that. I think there's a general notion by everybody that there could be something in the wellbore that can be problematic. We don't know because there's no way to really check it. That's the reason they ceased the top kill procedure where it was at and went to containment, and then relying now on the bottom killer, going into the bottom of the well near the reservoir to put the mud in and seal it from there.

When the mud goes in the wellbore, it will go up and down and fill it, and when it does that it'll—if there's any problem with the wellbore and the casings, it will just be mud going out into the formation or the strata and not oil. One of the reasons we're venting the oil out of the containment cap right now is we don't want to put too much pressure down in the well just in case there is a problem with the wellbore.

But it's a generalized concern. I think everybody's known it for a fair amount of time. It's something just to be taken account when we're laying out the plans.

Was that responsive?

Q: Is there any concern that you could have oil coming out of the formation if your—if your casing is compromised?

ADMIRAL ALLEN: I guess there could be, but I don't think there's any indication of that right now. That's the reason they're trying to produce all the oil that's coming up through the riser pipe and venting the rest of it off. And that's the reason they decided not to just put a cap on with another blowout preventer after the top kill was not effective, and I don't think they knew to a virtual certainty what the condition of the wellbore was. They just did not want to take that chance.

Next question?

OPERATOR: Our next question comes from the line of Andrew Revkin of the New York Times.

Q: I guess this somewhat relates to the previous question, and maybe indirectly answered it. But it sounds like you've stopped any thought of stopping the flow at all up near the sea bed as opposed to deep in the formation. Is that correct? So there's just no further steps you will take to—or you'll order or take to stop the flow at the top of the tube?

ADMIRAL ALLEN: That's not exactly correct. Let me take you through what we're—the way we're discerning this in terms of lexicon is containment versus killing the well, and we are trying to contain the flow right now, and we're doing that with the containment cap that's on there with some of the oil being vented as we try and ramp up production. Our goal is to take production up as close to 53,000 barrels a day as we can by adding another vessel that will be able to draw oil up and produce it.

Right now, we're taking vessel—we're taking oil directly from the riser pipe and then we're also taking oil from the choke line that's being brought up to the Q 4000 and being flared. The kill line is still there, the other line that runs down the side of the blowout preventer. And the goal is to bring another vessel in and produce oil out of the kill line as well which will bring the capacity up to 53,000 barrels a day.

At that point, we need to see how the oil flow is around there and what kind of vent—if we can start closing those vents, and it could be we could maybe reduce the amount of oil that's coming out of those vents significantly.

The decision point after that will be do we want to move beyond that, and, at that point, unbolt the sheared off piece of pipe above the lower marine riser package, actually unbolt it from the flange and bolt on a new system which will be—we completely seal it. The new system which is being developed by BP right now would actually have the capacity to bring much more oil up and produce it through flexible hose couplings rather than a rigid riser pipe. And that's what will get us to a 60,000 to 80,000 barrels a day capacity by the middle of July.

So it isn't an either/or. We have a containment option right now that we're trying to enhance to bring the 53,000 barrels a day. While we're trying to drill the relief well which will kill it from the bottom, we have a second option to replace the containment cap and go to a more effective production model. Either one of those could show promise, but I think we just have to wait and see when we get the third vessel that will be producing probably some time next week.

Was that responsive?

Q: Do you have any signs that the—there's erosion? In other words, that the existing containment gear, the blowout preventer, et cetera, are failing in any way that could lead to a larger and larger flow? In other words, that you could be chasing a moving target in terms of flow?

ADMIRAL ALLEN: Nothing that we're familiar with at this point. The entire arrangement is kind of listed a little bit. I think it's 10 or 12 degrees off perpendicular so it's not quite straight up. And that causes a little bit of a challenge in sealing this containment cap in the rubber seals around it.

But none that I'm aware of, but we will double check that. If there's any change to that, we'll make an announcement by tomorrow. But I think—I don't think we have any indication that's going on.

Q: Thank you.

OPERATOR: Our next question comes from the line of Susan Daker with Dow Jones Newswire.

Q: Hi, Admiral Allen. I have two questions.

One, it seems in your previous remarks just a minute ago that this idea that BP could ramp up capacity to 60,000 to 80,000 barrels a day by mid-July is not something that's for sure, that you guys could decide at some point that that's just not feasible?

ADMIRAL ALLEN: No. I think we want to do that. We want to...

Q: OK.

ADMIRAL ALLEN: But the issue is I think we need to bring the third vessel online, get as close to 53,000 barrels a day and see what happens with the—when we start closing the vents down. It could be we can—we can significantly contain the oil being sent up to the riser pipe and then the question is when do you make the decision to go to the second system? Because to go to the second system, there is going to be some risk involved because they're going to have to unbolt that section of pipe that was cut off and replaced with another containment device, and during that time there's going to be open communication of the—of the oil coming up.

And so those are the discussions that are going on right now.

Q: OK. And then just—I know you talked about—you gave the depths of the two other wells, the relief wells. What's the deadline now again for those wells?

THAD ALLEN: Well, the deepest well right now is being drilled by Development Driller number III.

Q: Yes.

ADMIRAL ALLEN: And it is scheduled for the second week of August.

Q: OK.

ADMIRAL ALLEN: They are now at a total depth below the sea floor of about—a little over 10,600 feet.

Q: OK.

ADMIRAL ALLEN: They are—they are slightly ahead of schedule, but I am not coming off the second week in August date, because as we know, you know, things can happen. But right now second week of August is the goal.

O: OK. So...

ADMIRAL ALLEN: Next question?

OPERATOR: Next question comes from the line of Brad Johnson with ThinkProgress.

Q: Hi, Admiral Allen.

This morning, Plaquemines Parish President Billy Nungesser expressed his frustration with how the vacuum barge's decision making was made and he said that Thad Allen has shown no leadership in this whole thing, and recognizing the complexities from the outside, it's troublesome that the local elected leaders are unhappy or not trusting or frustrated with the command process. And he was talking also about how he talks with the local level officials and they try to—they make request up the line and then they don't get responses back.

What are you doing to either improve the (inaudible) or the confidence in the command decision making process at the local level in the cleanup?

ADMIRAL ALLEN: Well, first let me comment on the—on the vacuum barges. We looked at the safety issues on the vacuum barges at the request of the operators. At no time did we ever try and inhibit their operation. They requested us to take a look.

The Coast Guard and BP officials were out there and took a look at the barges and there were some problems with the electrical grounding (inaudible) of the—of the tanks and some other problems that we thought could cause safety issues on the barges, and the owner agreed with that and voluntarily kept the vessels in port until we could go through a check list and find out what we can do to improve the safety. I don't think President Nungesser or anybody else would want to hazard anybody's life, even if we're—they're trying to get out there and get the oil off the water as fast as we can.

So I'm satisfied that the owner-operator did the right thing. I'm satisfied that we cooperated with him to identify the safety issues, and they're correcting those, and those will be deployed right now. And, again, I think a safety (inaudible) has to come number one, and I don't have any problem with the activities. Our people were on the scene down there.

In fact, over the last—over the life cycle of this event, we have continually pressed decision making authority down at the parish level and down to the forward staging areas. We've assigned the Coast Guard leaders and officer to President Nungesser and he has total, free communication with them and I'm sure utilizes that and makes his—makes his requirements known, and we're working very hard down there.

And I would tell you that I was down on—at Port Sulphur myself on Friday. I was out with the vessels of opportunity. I talked to the local folks down there and things were being coordinated, in my view, pretty well. The vessels of opportunity will be employed. I see a lot of cooperation between Jefferson Parish and Plaquemines Parish on Barataria Bay.

So, I—you're going to have different views of how these things go. I think throughout the course of this entire event we've been responsive to his needs, and including putting the Coast Guard officers into his office to personally handle any issues he may have.

Q: Do you think that part of the problem is just that this is an overwhelming disaster or in—or that it's new? I mean, in—or is this made more complex by the relationship between the government, BP and all of these contractors?

ADMIRAL ALLEN: Well, it certainly is a complex organizational structure, driven largely by the statutory and regulatory requirements and how we execute the national contingency plan. It was always anticipated that the person responsible for the spill will be actively involved, providing contractor support and paying for things. To do that, there has to be a level of coordination between the federal on-scene coordinator and the responsible party, and the model usually works. The third party and all of that is the state representing the interest of the state.

It's a little bit more complex and challenging with the autonomous home rule that they have with the parish setup in Louisiana. That's the reason we decided we'd move the decision making authority now and then put the liaisons out with the local parishes. The Louisiana, the governance model, doesn't quite match the other states, and the national contingency plan was always premised on the fact there'd be a responsible party, the federal on-scene coordinator and the state representing the local interest.

As you could well imagine, in Louisiana, there are lots of local interests and we're adapting to accommodate that because we understand that is (inaudible) to Louisiana, but that is their form of governance.

KLINKER: Operator, next question please.

OPERATOR: Our next question comes from the line of Bigad Shaban with WWLTV.

Q: Admiral Allen, thanks for taking the time talking to us today.

I had a question about the latest estimate in terms of the crude that continues to gush out there. I know that on the high five, I believe, it was 60,000 barrels. I'm wondering if that's standing true today. And what would need to happen for that estimate to change in terms of you getting a better handle or a more exact estimate.

Then if you could also reiterate, I know that you hope to get to 53,000 barrels of oil collected through the siphoning, if you could reiterate what that is now as well and also again how much you're estimating is actually coming out everyday.

ADMIRAL ALLEN: Well, we estimate to somewhere between 30,000 and 60,000 is coming out a day because it's a range the—the folks and the flow rate technical group—they're a lot of different academicians that are involved with this and they have varying opinions on the data that we looked at as far as the volume and the velocity of what was coming out of the pipe. And this is about as close as they've been able to narrow it. Now, we continue to say this is a range we need to understand that it is a range.

Regarding the 53,000, in the last 24 hours we were able to produce about 23.3 thousand barrels, which has either flared off or brought into the tanker that's up there. As we get to 53,000 barrel capacity with the current system we've got related to fix the riser pipe that we have right now that are killing the choke lines, we are going to see whether or not that that oil that's coming out of the vents diminishes so we can close the vents.

I don't think we really are going to know the actual flow rate until we completely contained the flow and actually measure it as we're producing. That would be the second system we'd like to bring online in July.

In the meantime, I've challenged the technical group, every time we get some new data or assumptions to take a look at, we either continue to refine and understand what it is we think is going on there. But in the meantime, I think the only way we're really going to know is what exact readings with a close system where there's no leak is when we can actually measure the pressure.

One of the things we have done, we have directed BP as they are completing the new containment caps that could be put on in July to replace the current ones and actually come up with a seal, actually both are flanged on the flange on the pipe, we're actually going to have them actually put sensors into those things so we will be able to tell the flow better than we have.

We've been sending sensors down in deployment with ROVs and there never was a requirement in the past for BP to put sensors into that type of equipment, but we're going to direct them to do that and the set that will be put on in July.

Is that responsive?

OPERATOR: Our next question comes from the line of Rosalind Jordan with Al-Jazeera, English.

Q: Good day, Admiral. You said at the beginning of your remarks that the number of oil that was collected in the last 24 hours was slightly lower because of existing weather conditions. And I'd like to find out what is the contingency plan at this point should tropical storms or hurricanes actually make it into the Gulf of Mexico? We've already seen at least two, one in the Atlantic, one in

the nearby Pacific in the last 72 hours.

ADMIRAL ALLEN: Those are very good questions. First of all, the reduction in production capacity in the last 24 hours was related to two things. I don't know if you remember, you know, the last week, we actually had a fire on the Discovery Enterprise when lightning struck the derrick.

And so when there—when lightning is in the area, they cease operations because of the threat of a lightning strike on the ship. So when there's a lightning within five miles of the platform, they have to shut down production until the weather passes (inaudible) and rain delay, I would guess.

The second is every once in a while there's a maintenance issue, as we taking care of that, they have to clean filters, they have to clean vents and things like that. And because of that we are pressing them to create redundant systems so when there's a problem like that we can keep producing.

That's the reason we're trying to bring in a third vessel right now and next week they will take the kill line output and produce off of that. That will give us greater capacity, but also allow us some redundancy in case there's a problem with one of the other—one of the other vessels that's there.

Now regarding the hurricane, I talked earlier about going to a new system in July. What we're going to try and do is move away from a fixed riser pipe. Right now the Discovery Enterprise is connected to the well head by the riser pipe and so it's basically more by the pipe to the well head.

They're in the process right now creating what's called a floating riser pipe, which is about a 4,000-foot vertical pipe will be anchored on the sea floor and then float slightly below the surface of the ocean with the buoys that holding it in place. Then they're going to take flexible hoses and run them from the well head to the riser pipe and then from the top of the riser pipe up to a production platform which will then offload the product to shuttle tankers that are coming in from the north sea.

And we're looking to put two of those riser pipes in the systems for redundancy and that's what will give us the 60,000 to 80,000 barrel a day capacity in July. But it will also do one other thing for us, it will allow the vessels to have greater flexibility in dealing with sea states in higher winds and so forth.

It wouldn't be completely hurricane proof, but it will allow them to operate in a little heavier weather than they can right now. It will also allow us to be able to disconnect and reconnect if a hurricane does come through.

But we're still saddened with the problem that while we are detached from the floating riser system, if a hurricane would have passed through, we'd have no way to contain the oil at that point. We have to get back out as quickly as we could. But that's—and that continues to be the reason that hurricanes are problematic, but we're trying to remove as much risk as we can to the mooring and the production system.

Was that responsive?

Q: Yes. Just a quick follow-up, is there any assessment or modeling that would suggest at what point those flexible pipes could be lost in a storm? Is there a category two or category three rating that might be associated with this process? Or has anyone looked at it that far?

ADMIRAL ALLEN: We're looking at it more from the ability to produce and provide redundancy and capacity, and these are the systems that will be able to do that. They will have better survivability than the current system.

But as it relates to Saffir-Simpson scale, I will sit down with BP and we'll come out with some thresholds. And I was planning later on this week or early next week to actually get together with NOAA and hold a combination contingency planning briefing and also talk about the hurricane season and where we're going on that. But we will get that information and provide it to you.

OPERATOR: Our next question comes from the line of Christiane Hayes with Reuters.

KLINKER: Operator, this would be the last question.

OPERATOR: OK.

Q: OK. Thank you. Good morning, Admiral.

I would just kind of like to kind of get nailed down on one thing here. So they've been—they've been some questions posted to you in the last couple of briefings about whether there might be really necessary to switch the caps if the capacity of 53,000 barrels a day is sufficient.

But what I'm getting from you is that you will—the plan is to switch the caps whether or not that capacity is sufficient because that would give you the more hurricane ready systems. Is that correct?

ADMIRAL ALLEN: Yes. Well, you know, I think everything is conditions based. I think we need to make sure that we can get to the 53,000 and then we need to understand—everybody needs—this is more of a transparency communication issue that when we unbolt that section of the riser pipe and put the new cap in place which will be much more secure. The well is going to be, you know, open at that point.

And I believe that we need to transition to the new systems because it gives us greater producibility, capacity redundancy and slightly better survivability in a weather state. But, I guess I'm talk—I'm talking more about the timing and when we do that in viewing how successful we are with the 53,000 capacity and when the right (inaudible) point is, and those discussions are ongoing.

Q: OK. So is it—is it not certain that the caps are going to be switched?

ADMIRAL ALLEN: I would say we have to switch to the caps because of the redundancy capacity and sea-keeping capability. Exactly when that happens, I think we just need to decide when we're going to do it and the risk associated with them and that could be weather related as well.

But we should—I think we should be zeroing in on this I would say in the next seven to 10 days.

KLINKER: Operators, thank you very much. (Inaudible).

OPERATOR: Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

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