



Oilgram News/OPR Extra

A special edition from the editors of Platts

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A note to our readers: You may have observed that our publication schedule of this special edition has slipped from its previous daily frequency the last few days. As the Macondo spill disaster winds toward what looks like closure at the wellhead during the next few weeks, expect that the publication frequency will be less than daily. We expect to stop publication of the special edition when the Macondo well is capped.

And now, the end is near...static kill begins

■ BP has begun the static kill procedure on its Macondo well in the Gulf of Mexico, the company said Tuesday. The procedure – pumping drilling mud into the well to clog the wellbore – began at 4 pm EDT (2000 GMT), BP said in a statement. Thirty minutes later, BP Senior Vice President Kent Wells met briefly with reporters and said the operation could last from "a bunch of hours to a couple of days." BP has said it will be issuing statements on the operation as milestones occur. Taking only four questions, Wells described the injectivity test that preceded the launch of static kill as "textbook" and said it had gone "exactly as we would have expected." He said BP expects to resume drilling with its primary relief well on Thursday, with the aim of intercepting Macondo and permanently plugging the well at the reservoir 13,000 feet below the sea floor. Previously, however, Wells has warned that BP may need all of August to complete the relief well's bottom-kill operation. He and US National Incident Commander Thad Allen have described the static-kill operation as an enhancement for the relief well's bottom kill. But Wells explained the goal of static kill as providing a more effective plug from the top of the wellbore at the wellhead on the sea floor. "We want to get in a static condition," said Wells. "The heavy drilling mud hydrostatically offsets pressure in the reservoir so we don't need the valves closed to control the well." No oil has flowed from Macondo since July 15 when BP successfully installed a sealing cap with valves to stop the oil moving from the reservoir through Macondo's malfunctioning blowout preventer. But a government panel has estimated that the well released a total of 4.1 million barrels of oil into the Gulf before that cap was installed.

Bromwich: offshore ban may ease

■ The head of the US agency overseeing offshore oil and gas drilling said August 3 he is hopeful that enough information can be gathered to allow for some lifting of the deepwater drilling moratorium before its November 30 expiration. Michael Bromwich, director of the Bureau of Ocean Energy Management, Regulation and Enforcement, said the series of public meetings that kicks off August 4 in New Orleans will provide significant information needed to decide if and when to end the moratorium. "I think it's everybody's hope that we will feel comfortable enough that the moratorium can be lifted significantly in advance of November 30, but I can't say when because I haven't gathered the information yet," Bromwich said during a gathering with reporters. The drilling ban was imposed by Interior Secretary Ken Salazar on July 12 in reaction to the April 20 blowout of BP's Macondo well in the Gulf of Mexico. The first version of the deepwater ban, imposed in May, was challenged in court. A preliminary injunction preventing the enforcement of the first ban is still in place pending appeals. Bromwich said he would rather lift the moratorium based on equipment design or categories of drilling rather than on a rig-by-rig inspection of the 21 wells idled by the ban. "What you get into by a rig-by-rig inspection is inherently subjective judgments by inspectors," Bromwich said. "Are we going to make the same inspector go to every rig? If not, how do you ensure that what they see and report and the judgments they make will be identical?" "I just think a better way to proceed is to try to evaluate risk factors for different categories of drilling or different categories of equipment and to do it on that basis rather than doing it by an inspections

process." Bromwich also said it would not be necessary to retrieve the blowout preventer from the Deepwater Horizon before deciding to lift the moratorium. Many government and industry sources have blamed the Macondo blowout and subsequent oil leak on a failure of the BOP to shear the drill pipe and seal the well. The BOP is believed to be damaged and investigators have said retrieving the massive piece of equipment is vital to understanding the cause of the accident. Bromwich said he is told that the BOP might not be ready to lift to the surface until October.

Offshore bill in Senate waits until fall

■ US Senate Majority Leader Harry Reid said Tuesday he would not hold votes before the chamber's August recess on dueling energy proposals to address offshore drilling. The Nevada Democrat had planned to hold test votes Wednesday on a bill of his own and a Republican alternative, both legislative responses to the Macondo wellhead disaster. Reid blamed Republicans for the fact that the Senate will leave town this week without passing any new regulations on oil and natural gas production in deep water. While three Democrats said Tuesday that they were considering supporting the Republican energy alternative, no Republicans had expressed support for Reid's bill. Sixty votes are needed to pass controversial legislation in the US Senate. "It's a sad day when you can't find a couple of Republicans to support a bill to create clean energy jobs," Reid said. The Democratic bill would have lifted a \$75-million limit on liability for economic damages following an oil spill, increased the fee that oil companies pay to finance the Oil Spill Liability Trust Fund to 45 cents/b from 8 cents/b, and mandated other changes for offshore oil and gas producers.