

BP's Incentive: To Not Capture All the Oil.

By Robert L. Cavnar Global Research, July 19, 2010

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Theme: Environment In-depth Report: THE BP OIL SLICK

In an interview, Bob Dudley, CEO of BP's New Gulf Coast Restoration Organization (whatever that is) finally admitted yesterday that their first relief well could be completed far in advance of the mid-August date that they have been insisting on since May, enabled by the Coast Guard and other government officials. We've heard the mantra now for months; even as the relief well, spud on Sunday, May 2, has stayed ahead of schedule, BP has steadfastly stuck to the mid-August completion date. In the interview, Dudley said that the well could be ready for the kill attempt by July 20th to 27th, but hedged, though, that storms and seas could delay that date. BP tried walking back his statement this morning, saying,

"He (Dudley) gave that as the very, very best scenario if everything went absolutely superbly according to plan and there are no interruptions but the expectation is that it will be August."

Coincidently, July 20th is the date that new British Prime Minister, David Cameron, is scheduled to meet with President Obama. July 27th is the date set for BP to publicly release quarterly financial information.

BP has every incentive to get this well killed. As you know, I've been calling next week Kill Week, and since they are almost there now, only 245 feet from the objective as of yesterday, I still believe that is doable. The mid-August date never made any sense, unless they took a direct hit from a major hurricane, shutting down operations for 10 to 14 days. Right now, short of the low pressure area that will come ashore around Brownsville over the weekend, there is no tropical activity even out in the open Atlantic. Of course, that could always change, as we all know.

I've been resisting calling their delays in getting a better recovery system installed footdragging, but I now believe that's exactly what they're doing. As my friend over at Daily Kos, Fishgrease, says, every bit of unmeasured oil that is spilled into the Gulf is later negotiable. The volume estimates from the Flow Rate Technical Group are just that, estimates, and estimates are arguable in court. Flow rates and recovered volume reports are bewildering, coming from BP, the Coast Guard, the Unified Command, and the DOE, sometimes matching and never consistent. Sometimes BP will do a relief well update on their website, sometimes it comes from the Unified Command, sometimes from the Coast Guard in a hastily called press conference. There is no central place for all information, and you have to know how to navigate the sites that do exist. You need a degree in quantum physics to compile the information into anything that is deciferable and its a full time job trying to keep up with all of the numbers. The only source of reliable continuous data is on the DOE Oilspill Data page, but it's in oilfieldese, so only bewildering to the public. No

wonder everyone is so confused. I'm paying attention all day every day, know what I'm looking for, and I get confused.

While they have every incentive to get the well killed, BP also has every incentive to not capture 100% of the well flow until they do. As soon as they do capture all the flow, then a real, measurable number will be in front of the public, and that's the last thing BP wants, since that number will then be used to extrapolate environmental damage, hence per barrel fines that will likely run to the tens of billions anyway. What bewilders me is why the government is letting them get away with it. Where is the Coast Guard, Steve Chu, the EPA, and the new Bureau of Ocean Energy Management? Where is the White House? Where is the main stream media? Are industry bloggers the only ones who are asking these questions?

Don't be surprised if the Helix system and the floating riser systems are not completed by kill date. Also don't be surprised when the kill attempt happens far in advance of mid-August before the larger system is operational.

I'll certainly be watching.

More on The Daily Hurricane Energy page.

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