

# FINANCIAL SIGNS



Tuesday August 23 2011

Faltering confidence Greenland publish oil spill response plan

## Analysis: Risk associated with Arctic oil investment



Cairn's share value suffered for a second year in a row as the company struggles to strike oil at risky exploratory wells.



Uncertainty about whether Cairn could clean up an oil spill in the Arctic, along with continued action from environmental groups is adversely affecting Cairn's value.

### Why was Cairn so intent on keeping its oil spill response plan secret?

Cairn Energy's deep water oil drilling in the Arctic is risking one of the most fragile and important natural environments on Earth. The risk of an oil spill also presents serious financial implications for investors.

An oil spill in the Arctic could be impossible to clean up. Cairn

has neither the technical knowledge nor the financial resources to contain and clean up a spill.

Drilling for oil in the Arctic threatens not only the environment but also global economic recovery. The Gulf of Mexico spill cost BP \$40bn and cut 40% from its share price. Cairn is only worth around \$6 billion and if a similar spill were to occur at one of Cairn's exploration sites, the costs could be much higher given the remote location, icy conditions and the short window available to clean up the

spill. Cairn's Arctic venture exposes investors to significant risk to shareholder value.

With recent publication of the oil spill response plan by Greenland's government, investors will be interested to see whether the 214 page plan helps return confidence in this faltering company or simply shows that the risks are too great both financially and for the environment.

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Increasing confidence Greenpeace progress in Arctic protection

## Greenpeace is committed to halting climate change

The publishing of Cairn's oil spill response plan by Greenland's government is a huge victory for the environmental movement. At a first glance the plan does little to allay concerns about the ability of Cairn to deal with an Arctic oil spill.

Independent experts are now analysing the plan and Greenpeace expects it to confirm what the UK government

has said in private documents; that an Arctic oil spill would be 'near impossible' to clean up. It is already clear that Cairn's plan contains startling admissions, including how ice conditions may limit the response to monitoring, with recovery options only resuming once the thaw is complete.

Greenpeace investigates, exposes and confronts the corpo-

rate powers and governments that stand in the way of international action to halt climate change and who drive continued dependence on dirty and dangerous sources of energy.

Greenpeace continues to champion a clean energy future in which the quality of life of all peoples is improved through the environmentally responsible and socially just provision of energy.



Greenpeace activists stop drilling on Cairn's oil rig, watched by the Danish warship they evaded. July 2011

[www.greenpeace.org.uk](http://www.greenpeace.org.uk)

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