

Shell Abandons Arctic Drilling in Major Setback



Washington, September 29 (RHC)-- Royal Dutch Shell has abandoned its controversial offshore drillings off Alaska after finding little oil and gas. The Anglo-Dutch company's \$7 billion of spending on exploration in the Arctic appears going down the drain, though the firm is keeping a stiff upper lip.

The company said it decided to pull out after considering the project's high cost and the "unpredictable federal regulatory environment in offshore Alaska." The financial loss is estimated in the upwards of \$4.1 billion, but Shell said it would give the value of write-downs with its third-quarter results.

In a statement, the group said it still thought the Arctic region would be significant and that it was putting its operations on hold only for the "foreseeable future."

The withdrawal is a victory for environmentalists who are fiercely opposed to drilling in the Arctic with its sensitive populations of whales, walrus and polar bears.

The botched prospecting is the second setback after Shell downed tools for three years in 2012 when a massive drilling rig tumbled and grounded. It is set to crank up pressure from shareholders, irate about plunging share price and costs of futile search in the Chukchi Sea.

For years, the group had talked up the prospects of oil and gas in the Arctic which the US Geological Survey claims to hold about 30% of the world's undiscovered natural gas and 13% of its oil.

Many consultants, however, argue that Arctic reserves are too expensive to explore and develop in both a low oil price scenario and in a future world with a higher price on carbon emissions.

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