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Faroes part of oil exploration in Greenland

Although oil exploration efforts in Greenland were delivered a serious body blow when the Scottish oil company Cairn Oil decided to suspend all oil exploration efforts after several failed well drillings, several other international oil companies are still very interested in the Greenland subsoil. As the interest to be part of a future Greenland oil- and mining industry seems to be in the increase, the issue has arisen to what extent Faroe companies can become part of this very exciting and promising development. A meeting was recently held in the Faroe House of Industry, where representatives from the various business companies associated with the oil- and offshore industry met to discuss the question how the Faroes could become an active part of this large-scale industrial development in Greenland. At the meeting, it was agreed to organise a trip for Faroe business representatives to Greenland this coming spring. The Faroe House of Industry has now published this issue on their webpage, where, among other aspects, they point out that Faroe shipping- aviation- transport- and crewing companies are already in the process of establishing themselves as suppliers to the Norwegian oil and gas industry in the arctic area. This will also be important for a Greenland oil and gas industry, writes the Faroe House of Industry and adds that this new opportunity for Faroe offshore shipping companies could become reality within a few years, when large international oil companies begin to explore and most likely also drill wells in both eastern and western Greenland. Vast opportunities in Greenland Vast opportunities exist in Greenland, in particular within the expected large untapped oil and gas reserves and the large quantities of rare minerals, which both the Greenland authorities, Greenland- and other foreign companies are very interested in. Due to the melting of the arctic ice mantel, more and more

new areas are becoming accessible for the mining industry in Greenland. Simultaneously the demand worldwide for these minerals is increasing and therefore more and more companies are preparing to undertake surveys in Greenland. These are very large projects, which demand a very high level of specialised knowledge. Especially London Mining, which is financed by the Chinese, the American Alcoa and the Australian Greenland Minerals & Energy Ltd. are all very active in Greenland at the moment. Such large-scale projects are not uncommon and the Greenland authorities have issued more than 100 exploration licences. These licenses cover a wide variety of minerals, ranging from gold and precious stones to uranium and oil. It may be quite difficult for Faroese to comprehend exactly how large these projects actually are, as they are of a scale the Faroese are not used to dealing with. The three above mentioned projects have a combined budget in excess of 50 billion d.kr. Oil industry The oil company Cairn Energy has explored for hydrocarbons in Greenland and they succeeded in establishing hydrocarbons were present, but not in commercial viable quantities. The company spent over three billion D.kr on exploration. Lately activities within the oil industry have diminished somewhat. Companies like ExxonMobil, Chevron, Statoil and Mærsk Oil are however still very interested and surveys will be conducted this year. The outlook is not as good for an oil industry in the arctic now as it was just a few years ago. It is particularly increased competition from USA shale gas and combined with a certain degree of wariness after the Deepwater Horizon disaster. Faroese opportunities Faroese service companies are already in the process of establishing themselves as suppliers within the Norwegian oil and gas industry in the arctic. This will be applicable to the oil and gas industry in Greenland also. Mining projects in Greenland will demand a development of all infrastructures and the large Danish entrepreneurial company M.T. Højgaard is expecting a lot of activities from these fronts. Faroese companies ought to make their mark in this respect as they have a high degree of expertise in working in a similar environment, but have little or no experience from the actual mining industry. When these large-scale projects get underway, there will be room for many companies within all scopes of the service sectors, from the fishing- mining- oil & gas industries to the tourist industry. Air Greenland and Norlandair are expecting much activities from these projects, in particular the transport miners and supplies, which are deemed unsuitable for maritime transport. These developments will also demand services within competence development, economics and the legal profession.