

ENVIRONMENTAL LIABILITY ANALYSIS

HULL
we know the way



estimation of environmental liability in terms of financial risk...

Hull has a proven and extensive track record in evaluating and quantifying environmental liability in financial terms to support:

- Corporate reporting and reserve-setting related to Contingent Environmental Liabilities and Asset Retirement Obligations (AROs);
- Merger/Acquisition due diligence and financial negotiations;
- Cost estimates for financial assurance demonstration;
- Liability transfer situations; and
- Insurance evaluations and settlements:

For over 20 years, we have used our expertise in cost estimation and probabilistic analysis to serve global corporations as an independent control in the development of future environmental and ARO cost estimates.

We put environmental information and future cost estimates in a decision-making context that can be useful in negotiating deals, setting reserves and developing liability management strategies. Hull personnel have assisted attorneys and corporate managers on numerous transactions, from single sites to several hundred site portfolios, nationwide and international, with liabilities ranging from tens of thousands to hundreds of millions of dollars.

Some examples of Hull's due diligence and liability analysis work include:

- Assisted several large corporations in estimating environmental liabilities in support of world-wide M&A, as the basis for cost-sharing and indemnification agreements between the buyer and seller.
- Assisted a major oil company in the United Kingdom to evaluate the financial risks associated with potential releases from over 500 retail gasoline stations to prioritize prevention, mitigation, and closure actions; developed decision-support software.
- Develop future remediation cost estimates in support of Security and Exchange Commission (SEC) reporting requirements and reserve determination for several corporations on an ongoing basis, including annual updates.
- Prepared a business and risk evaluation for a coal mining company interested in using mine sites for ash disposal. The potential environmental liabilities of using six different mine sites for ash disposal were financially quantified. These risks were traded off against the business benefits of the venture, and strategies to manage the risks were identified.
- Developed the basis for settlement amount to cover uncertain future costs in negotiations and litigation between environmental insurers and the insured.

