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Report: Most oil companies score low on fracking disclosures

By: Joshua Cain l Dec. 17, 2015

A small group of oil and gas companies have gotten better at disclosing the health and environmental risks associated with hydraulic fracturing, according to a report card for the industry released on Thursday.

But most still don't do enough to address the potential hazards of the well completion process, often called fracking, which involves blasting a mixture of water, chemicals and sand underground to unlock tight oil trapped in shale formations.

The groups behind the report are advocacy groups As You Sow and the Investor Environmental Health Network, which promote environmental activism among oil and gas company shareholders, and investment firm Boston Common Asset Management LLC. They say that failing to provide public disclosures of risks from fracking exposes those companies to financial harm from fines, regulations and disputes with local communities concerned over nearby fracking activity.

The annual scorecard graded 30 oil and gas companies for disclosures on five criteria: toxic chemicals, water and waste management, air emissions, community impacts, and management accountability.

Despite the low oil price environment that may have encouraged drillers to abandon or slow some disclosures in order to save money, the report's authors found that generally wasn't the case among the companies they studied. More than half of the companies studied improved their scores, with even some "disclosure laggards," as the report called them, showing improvement.

BHP Billiton, the Australia-based mining giant with a significant presence in U.S. oil fields, was again the report's top-ranked company, scoring 32 out of 39 possible points, two years after being ranked among its worst.

But good marks for a small slice of the industry still left the majority of companies, nearly two-thirds of those analyzed for the report, lacking in good disclosure practices. Continental Resources and Whiting Petroleum had two of the worst scores, with just two points each. Carrizo Oil & Gas was the only company to score zero points, recieving the same score for a second year.

The two largest U.S. oil and gas companies, Exxon Mobil and Chevron, also had among the worst scores, with just four points each.

As the report noted, many drilling companies have dealt with increased scrutiny over links between hydraulic fracturing activity in Oklahoma and Texas and recent earthquakes in those states.

"Companies continue to miss opportunities to address issues of public concern that feature prominently in media reports and activist advocacy critical of the industry," the report authors wrote. "While companies increasingly acknowledge induced seismicity as a risk, they often fail to discuss the specific steps they are taking to manage the hazard."

Regulators also are looking into methane leaks from well sites, emissions that activists say significantly reduce the environmental benefits of natural gas. The oil and gas industry has championed natural gas as an alternative to coal power, but reports on plumes of methane over areas of heavy drilling have dampened some of the enthusiasm.

Methane, the main component of natural gas, is a more powerful greenhouse gas than the carbon dioxide natural gas produces during combustion as fuel.

Besides the operating disclosures that could help stave off activist criticism, the report also highlighted what the authors consider some of the best practices in the oil field that could yield environmental benefits.

These include, for example, substituting pipelines for trucks to move water and waste water, enhancing leak detection and repair efforts, and using fewer, safer and more cost-effective chemicals.

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