



**WHEREAS:**

Extracting oil and gas from shale formations using horizontal drilling and hydraulic fracturing technology has become a highly controversial public policy issue.

Leaks, spills, explosions, and adverse community impacts have led to bans and moratoria in the United States and around the globe. These include New York State, the Delaware River Basin, the Province of Quebec, and France. Certain Exxon Mobil operations in Germany, for instance, have been subject to a local moratorium on drilling.

The Department of Energy's shale advisory panel recommended in 2011 that companies "adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production." (emphasis in original)

Investors require detailed and comparable information about how companies are managing risks and rewards from natural gas extraction operations. A 2011 report, "Extracting the Facts: An Investor Guide to Disclosing Risks from Hydraulic Fracturing Operations," outlines best management practices and key performance indicators. Publicly supported by investors on three continents (\$1.3 trillion in assets under management) and by various companies, the guide emphasizes quantitative reporting on key performance indicators.

Talisman Energy has published "Shale Operating Principles," stating "We will measure our progress by setting quantitative performance metrics [and] ... disclose ...progress...via publicly available reporting."

BG Group states it "will provide regular updates on ... progress against the targets" set out in its "Operating Principles for Unconventional Gas."

Exxon Mobil does not provide such quantitative reporting. Its *Operations Integrity Management System* is a generalized framework for companywide operations, but lacks criteria specific to shale energy operations. Exxon Mobil's subsidiary, XTO Energy, signed onto the "Appalachian Principles" which specify what companies "should do" rather than what they currently do or commit to doing.

**THEREFORE BE IT RESOLVED:**

Shareholders request the Board of Directors to report to shareholders by October 30, 2013, and annually thereafter, using multiple quantitative indicators, the results of company procedures and practices, above and beyond regulatory requirements, to minimize any adverse environmental and community impacts from the company's natural gas extraction operations associated with shale formations. Such reports should be prepared at reasonable cost and omit confidential information.



**SUPPORTING STATEMENT:**

Proponents suggest the reports include the percentage of wells using “green completions;” total amount of air emissions reduced annually on a categorical and regional or site basis; percentage of drilling residuals managed in closed-loop systems; percentage of recycled water used in each regional operation; quantity of fresh water used for shale operations by region, including sources; numbers and types of community complaints or grievances, and portion open or closed; goals and systems for reducing the use of potentially harmful chemicals in fracturing fluids; and enforcement statistics, including numbers of violation notices or administrative actions alleging violations with potential to harm health or environment, and aggregate value of all penalties during the year.