



Shareholder Flack Flies Over Fracking

Heather Clancy | June 3, 2011

This morning, I read where a British energy company has halted its hydraulic fracturing (aka fracking) operations in northwest England because of seismic activity reported near the area. It's not clear that the fracking caused the activity, but the company (Cuadrilla Resources) is taking no chances.

I read this development with interest because, according to one of the corporate shareholder activist organizations, **As You Sow**, hydraulic fracturing resolutions have shown up as an issue during at least five separate shareholder meetings of major oil companies in the past two weeks. Among them: Carrizo, Chevron, Energen, Exxon and Ultra Petroleum. Four of those five resolutions actually garnered more than 40 percent support, if you check **As You Sow's** tabular update of the various resolutions related to corporate sustainability that it is following.

A Reuters article from June 2 recaps a couple of the biggest resolutions, those considered by shareholders of Chevron and ExxonMobil. Both of the resolutions were focused on encouraging the companies to disclose more about the potential risks of fracking. At Chevron, the resolution got the support of 41 percent of shareholders; at ExxonMobile, the support rate was 28 percent. According to a note I received from an **As You** public relations representative, a similar resolution at Ultra apparently has won 42 percent support, which was almost double last year. I say apparently because the company wouldn't allow the resolution to be presented during its shareholder meeting.

The practice of fracking, in which water is injected into wells in order to crack open the rock and allow natural gas to flow or escape, has come under increased scrutiny in the past year because no one really understands the effect that it has on the environment or on public health. The latter is a concern because of the chemicals used in the fracking process and the ways in which it is discharged.

According to the information I received this week, the position of **As You Sow** isn't necessarily that the companies should stop fracking, but that they should consider the risks more thoroughly. Here's part of the statement:

"As shareholders, we are not asking that the companies stop hydraulic fracturing, but we do want to make sure it is done in a way that both minimize its impacts on communities and the environment, while also protecting the company's bottom line."