

Chevron Hears Concerns About Gas Fracking At Annual Meeting

Cassandra Sweet | May 30, 2012

SAN RAMON, Calif. (Dow Jones)--Chevron Corp. (CVX) officials tried to focus attention Wednesday at the company's annual meeting on its plans to expand oil and gas production, but activist shareholders and protesters outside Chevron's headquarters expressed concern about the company's use of hydraulic fracturing, or fracking, to extract natural gas, and its ongoing environmental battle in Ecuador.

Chevron shareholders voted on eight shareholder resolutions, including one that would require the company to report on the risks it faces in drilling for natural gas using fracking, a horizontal drilling technique in which water, sand and chemicals are injected at high pressure into underground wells. Another proposal would have called for the company to appoint an independent chairman of the board who is not a company executive. None of the shareholder proposals obtained a majority of favorable votes.

The company said it planned to spend about \$28.5 billion this year in oil and gas production facilities around the world, including about \$9 billion in the U.S., including projects in the deep waters of the Gulf of Mexico, gas fields in Pennsylvania and at a refinery in Mississippi. The company plans to spend an additional \$3.6 billion on downstream operations, such as refining and marketing.

While natural gas production is a key area of expansion for Chevron, the company doesn't plan to get involved in exporting the commodity from North America, Chief Executive John Watson said.

In response to concerns raised at the meeting about the impact on the environment and public health of hydraulic fracturing drilling techniques, Watson said Chevron "supports expanded disclosure" of chemicals used in drilling for gas. He said the company discloses chemicals it uses on a website called fracfocus.org. These techniques have unleashed an unprecedented oil and gas production boom in the U.S.

Watson said the key challenges are ensuring all industry players use best practices to prevent environmental damage and inform the public what to expect if they live near a gas field where fracking techniques are used.

"Fracking is not a new technology, but it has come to new areas," Watson told reporters after the meeting. "I think there are legitimate concerns, and we're willing to address them."

But Larry Fahn, president of shareholder advocacy group **As You Sow**, which sponsored the proposal requesting a re-

port from Chevron on the risks of gas production, said concerns about pollution, road congestion and other problems are growing among communities near gas fields. He added that some of Chevron's rivals have voluntarily provided more information about their fracking activities.

"We still don't know what chemicals are being injected into these wells and what the risks and liabilities might be of water contamination and water and air pollution," Fahn said in a brief interview following the meeting. "Many previously bucolic, rural areas are becoming industrialized, and there's new traffic, crime and rising prices. Because of that, communities are pushing back."

Fahn cited Bulgaria as an example of an area where public concerns about safety prompted the government to issue a moratorium on gas drilling.

Some individuals who said they were from Ecuador spoke at the meeting and asked Chevron to live up to its responsibilities in Ecuador, where Texaco, an oil company that Chevron bought several years ago, used to have oil operations.

Watson accused the plaintiffs in a lawsuit in Ecuador of fraud and said that although the company lost in an Ecuadorian court, an international court in the Netherlands has ruled in Chevron's favor.

Several dozen protesters stood on a sidewalk outside Chevron's corporate campus in San Ramon, holding signs that asked for justice in Ecuador and safety improvements in Nigeria, Angola, Brazil and other countries where Chevron has operations.