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Shareholder Advocates Declare ‘Fracking’ Not Sustainable for Environment or Investment

Upcoming Shareholder Resolutions Examine Failures of Chevron, ExxonMobil, and Ultra Petroleum to Disclose Environmental and Investment Risks of Fracking; Urge Transparency and Accountability to Ensure Financial Sustainability

On Wednesday, May 25th resolutions filed by the shareholder advocacy group [As You Sow](#) will be voted on by investors at the annual meetings of three U.S. energy corporations: Chevron, ExxonMobil, and Ultra Petroleum. The resolutions ask for a report on the environmental and financial risks of hydraulic fracturing (commonly referred to as “fracking”) in natural gas drilling. Fracking is a process of injecting a mixture of water, chemicals, and particles underground to create fractures through which gas can flow for collection.

The shareholder votes will be taking place on May 25 at Chevron in San Ramon, California; ExxonMobil in Dallas, Texas; and Ultra Petroleum in Calgary, Alberta. Resolution proponents filed shareholder rebuttals with the SEC and produced investor fact sheets which are available for [ExxonMobil](#), [Ultra Petroleum](#), and [Chevron](#).

In the past year, [thousands of documents obtained from the Environmental Protection Agency \(EPA\)](#) have revealed that the threats of fracking to the environment and public health are greater than anticipated. The two critical issues—toxic chemicals used in fracking fluid and the disposal of wastewater—have the most potential to limit expansion of this practice.

“Hydraulic fracturing of each well requires moving millions of gallons of water, chemicals, and wastewater,” says Michael Passoff, Senior Strategist with As You Sow. “Fracking poses environmental and health hazards at every step in its lifecycle and these impacts can result in very substantial business risks as well. These shareholder resolutions are asking some of the leading energy corporations to report on the real risks and costs of fracking.”

Shareholders are concerned that these potential environmental and health impacts will result in regulatory, legal, financial, and reputational risks to the companies and want to know how the companies intend to mitigate the risks associated with fracking.

In most cases, the EPA regulates chemicals used in underground injection under the Safe Drinking Water Act. However, the 2005 Energy Policy Act stripped the EPA of its authority to monitor hydraulic fracturing. It is the only industry to benefit from such an exemption. The New York Times dubbed this the “Halliburton loophole,” alleging that former Vice President Dick Cheney shepherded this



provision through Congress. Dick Cheney was also formerly CEO of Halliburton, one of the companies which pioneered fracking.

“Fracking fluids typically contain known hazardous chemicals, including benzene and other carcinogens, which can contaminate nearby water supplies,” says Sister Nora Nash of the [Sisters of St. Francis of Philadelphia](#), lead filer of the Chevron resolution. “Treatment plants in Pennsylvania have accepted more than a billion gallons of toxic wastewater over the last few years and most of this went to sewage plants that were not equipped to handle it.” The [Chevron resolution](#) was co-filed by As You Sow, the Park Foundation, and 16 other members of the [Interfaith Center on Corporate Responsibility](#).

“As the use of hydraulic fracturing skyrockets, communities, regulators, and investors are growing increasingly concerned about the environmental impacts of this process,” says Jon Jensen of the [Park Foundation](#) in Ithaca, N.Y. and one of the co-filers of the ExxonMobil resolution. “Shareholders need assurance that companies are candidly disclosing these risks and are adopting best management practices to minimize them.” The [ExxonMobil resolution](#) was co-filed by As You Sow and the [Unitarian Universalist Service Committee](#).

The shareholder resolutions contend that disclosure by Chevron, ExxonMobil, and Ultra Petroleum are inadequate to enable investors to determine if the companies are taking the steps necessary to reduce the financial risks associated with hydraulic fracturing operations. The same resolution was co-filed by As You Sow and [Trillium Asset Management](#) at Anadarko Petroleum, but [was withdrawn](#) when the company agreed to provide investors with the requested information.

“In the absence of meaningful disclosure, investors have no way of fully assessing the risks and rewards from investing in various companies in the energy sector, and are concerned about unpleasant shocks to shareholder value,” says Larisa Ruoff of [Green Century Capital Management](#). The [Ultra Petroleum resolution](#) was co-filed by As You Sow and Green Century Capital Management.

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As You Sow is a nonprofit organization that promotes corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.