



WHEREAS:

Extracting oil and gas from shale formations using horizontal drilling and hydraulic fracturing technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in the U.S. and around the globe, putting the industry's social license to operate at risk.

Measurement and disclosure of best management practices and impacts is the primary means by which investors can gauge how companies are managing the risks and rewards of their operations. The Department of Energy's Shale Gas Production Subcommittee 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).

In a November 2013 report, "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations," Exxon received the second lowest score among 24 extraction companies. The report ranks companies on disclosure of quantitative information to investors, including key management practices and impacts. Exxon scored only 2 out of a possible 32 points.

Investors require detailed and comparable information about how companies are managing the risks from natural gas extraction operations. 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 do. Exxon's Corporate Citizenship report provides generalized information on its worldwide practices and policies, but fails to disclose information critical to investors seeking to assess operational and financial risks such as local residuals waste management, management of radioactive materials, or toxicity reduction measures for drilling fluids.

THEREFORE BE IT RESOLVED:

Shareholders request the Board of Directors to report to shareholders using quantitative indicators by December 31, 2014, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such reports should be prepared at reasonable cost, omitting confidential information.

SUPPORTING STATEMENT:

Proponents suggest the report address, at a minimum, and on a regional basis or by each play in which the company operates:

- Percentage of wells using "green completions;"
- Methane leakage as a percentage of total production;



- Percentage of drilling residuals managed in closed-loop systems;
- Goals to eliminate the use of open pits for storage of drilling fluid and flowback water, with updates on progress;
- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- A system for managing naturally occurring radioactive materials;
- Numbers and categories of community complaints of alleged impacts, and their resolution;
- A systematic approach for reporting community concern statistics upward within the company.