WHEREAS:

Extracting oil and gas using 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 and the Delaware River Basin.

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 oil and 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 ($1.3 trillion in assets under management), the guide emphasizes quantitative reporting on key performance indicators.

In a November 2013 report entitled "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations," Occidental received the second lowest score among 24 extraction companies ranked on disclosure of information to investors, scoring only 2 out of a possible 32 points.

On November 16, 2013, it was reported that Occidental was fined for discharging fracking fluid into an unlined pit in Kern County, California. Elsewhere in California, the company's use of acid matrix stimulation techniques in the Monterey shale of central California (a separate technique from "fracking") is raising public concern regarding potential adverse impacts on aquifers.

Although Occidental publishes an annual sustainability report with limited information on its practices and policies, its disclosures fall short in providing information critical to investors in assessing related operational and financial risks. For instance, the company lacks adequate disclosure on residuals management; toxicity of drilling fluids; management of radioactive materials; or metrics necessary to determine trends in relationships with host communities.

THEREFORE BE IT RESOLVED:

Shareholders request the Board of Directors to report to shareholders by October 30, 2014, and annually thereafter, using 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 hydraulic fracturing operations associated with shale formations. Such reports should be prepared at reasonable cost and omit confidential information.

SUPPORTING STATEMENT:

Proponents suggest the report include information, focusing on regional operations where applicable, including percentage of drilling residuals managed in closed-loop systems; percentage of recycled water used regionally; targets and progress for eliminating open pits for storage of drilling fluid and flowback water; numbers and types of community complaints and number resolved; goals and systems for reducing the use of harmful chemicals in fracturing fluids; and numbers of violation notices or administrative actions in association with hydraulic fracturing operations with potential to harm health or environment.