



BE IT RESOLVED:

Shareholders request that the Board of Directors report on company actions being taken (excluding actions taken to comply with law) to reduce and mitigate potential health harms, environmental harms, and negative community impacts that arise from Freeport's enhanced oil recovery operations (such as hydraulic fracturing, steam injection, gravel packing, and acidizing) in urban areas of California. This report should be prepared at reasonable cost, omitting confidential information, by November 30, 2016.

SUPPORTING STATEMENT:

Hydraulic fracturing, acidizing, and similar enhanced oil recovery *operations* ("oil operations"), are highly controversial extraction methods whose potential to create public health hazards and environmental harm has resulted in bans both domestically and internationally. In California, bans and moratoriums on various oil operations have already been established in 4 counties and 3 cities.

Oil operations have the potential to contaminate water supplies, release toxic fumes, and harm communities. A *Physicians for Social Responsibility* study reports that 90% of compounds used in hydraulic fracturing cause adverse health effects. Acidizing, for instance, uses hydrofluoric acid and other chemicals that cause severe respiratory problems. From June 2013 to June 2014 – in the Los Angeles Basin alone – oil companies used 45 million pounds of air-polluting chemicals, including 44 known toxic substances. (Center for Biological Diversity, June 2014).

Freeport, one of the largest oil producers in California, has substantial oil operations in and around Los Angeles County. In Jefferson Park, for instance, Freeport uses hazardous chemicals at sites located as close as 85 feet from homes and schools. Freeport also uses hydraulic fracturing and other "enhanced" recovery methods in the Inglewood Oil Field, which is in the middle of a community of 300,000 people. At 1,100 acres, the Inglewood Oil Field is the largest urban oil field in the United States.

Freeport's California operations face significant resistance from adjacent communities that have suffered health problems and endured chemical odors related to Freeport's oil operations. Freeport faces stiff opposition in the West Adams neighborhood, Inglewood Oil Field, Jefferson Park, and other locations. Residents of San Luis Obispo County have protested Freeport's application for an aquifer exemption for wastewater injection, citing contamination of local water supplies.

Impacted communities have submitted official comments alleging that Freeport violated local zoning ordinances "with a reckless regard" for the community. (Los Angeles Planning Department, Public Comment Case No: ZA 17528(PA4), September 2013).

Freeport does not publicly disclose its practices, if any, to manage, reduce, or avoid the risks of its oil operations to populations in these urban centers. This lack of key disclosure metrics denies investors the information they need to assess the reputational, legal, and financial risks that arise from the Company's urban drilling operations in California.

Therefore, vote FOR this common-sense report that will protect public health, improve internal controls, and enhance shareholder value.