

## DiNapoli joins hydrofracking bid

Shareholder resolution seeks firms' plans for managing threats

By Jennifer A. Dlouhy Times Union Washington Bureau

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WASHINGTON -- New York State Comptroller Thomas DiNapoli is joining a bid by investors to force ExxonMobil, Anadarko and seven other companies to detail their plans for managing the threats of water pollution and lawsuits tied to hydraulic fracturing as they explore for natural gas.

The investors -- including DiNapoli -- are insisting on the disclosure in shareholder resolutions that will be voted on at the companies' upcoming annual meetings. The targeted firms include Chevron, Cabot Oil & Gas, Southwestern Energy and Carrizo Oil and Gas.

At issue are the companies' use of a controversial technique known as hydraulic fracturing to unlock natural gas from shale. The process involves injecting mixtures of water, sand and chemicals underground and under high pressure to break up shale rock formations and produce natural gas. Combined with horizontal drilling techniques, hydraulic fracturing allows companies to produce gas from rock that is not very permeable, unlocking what industry leaders generally describe as a 100-year supply of natural gas.

But environmentalists warn that natural gas can escape from poorly designed and secured wells, causing risks of explosion and water contamination. And they warn that harmful chemicals used in fracturing can taint nearby water sources.

Oil and gas industry leaders have united to develop a voluntary registry that will include information on the chemicals used in fracturing fluids. And Halliburton has a plan to cut the environmental footprint of fracturing.

But DiNapoli said companies still haven't been forthright about all of the risks.

"Oil and gas firms are being too vague about how they will manage the environmental challenges resulting from (hydraulic fracturing)," he said. "The risks associated with unconventional shale gas extraction have the potential to negatively impact shareholder value."

DiNapoli filed a shareholder resolution with Houston-based Cabot Oil & Gas in his role as the sole trustee of the New York state common retirement fund and the administrator of the retirement systems for New York state, police and fire employees.

The shareholder resolution asks companies to summarize the known and potential environmental impacts of their fracturing operations. They also call on the firms to outline potential risk-management policies that would go beyond regulatory requirements and what the companies are

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already doing to eliminate hazards to air, water and soil quality.

The initiative was organized by Ceres, a U.S.-based network of investors, environmental organizations and public interest groups that encourages companies to adopt more sustainable practices.

"Natural gas can play a major role in meeting our nation's near-term climate and energy challenges, but hydraulic fracturing must be done in a way that protects the environment and public health," said Ceres President Mindy S. Lubber. "Investors believe that companies can profitably minimize (fracturing's) water contamination, gas leaks and other material risks by adopting best management practices and by phasing out the most toxic chemicals."

Similar shareholder resolutions were offered last year that aimed to force companies to disclose details. None were adopted, but there were some close votes, including 42 percent support for the proposal before Williams, a natural gas company, and 36 percent in favor of the resolution pending at Cabot.

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