



Investor Environmental Health Network

HEALTHY PEOPLE...HEALTHY BUSINESS

Comments of Richard A. Liroff, Ph.D., Executive Director
Investor Environmental Health Network
On
Draft EPA SAB Environmental Engineering Committee Report
On
Hydraulic Fracturing Research Plan Review
June 9, 2010

The Investor Environmental Health Network appreciates the opportunity to comment on the draft SAB committee report regarding the scope of EPA's proposed hydraulic fracturing study.

In our April 7, 2010 comments on the agency's proposed study we offered our strong support for EPA's report, because information useful to investors about the environmental and associated financial risks from hydraulic fracturing is sorely lacking.

Our comments have since been substantiated by votes at annual shareholder meetings of Cabot Oil & Gas, EOG Resources, Williams Companies, and ExxonMobil. Resolutions requesting that corporate management prepare reports on fracturing risks and policies and procedures in place to reduce them received votes of 26% (Exxon/Mobil), 31% (EOG Resources), 36% (Cabot Oil & Gas), and 42% (Williams Companies). Since a resolution addressing a new environmental issue presented for the first time at a corporate meeting typically receives supporting votes only in the single digits, the enormous votes for these resolutions amply document the considerable concern within the investor community about the lack of corporate disclosure of hazards and precautionary policies and practices.

The SAB committee report essentially embraces the four recommendations IEHN offered on April 7. These included:

- Take a life cycle approach to fracturing
- Take a hard look at the volumes of chemicals used, their toxicity, and their associated risks
- Examine the cumulative regional impact of fracturing
- Provide for systematic stakeholder engagement with this study.

In our April 7 comments, we also enumerated a series of "best management practices" (BMPs) that merited broad adoption by companies, and we are pleased that the committee (page 18, lines 9-12) views potential case studies as useful for identifying BMPs.

We also support:

- the committee's suggestion (page 18, lines 34-36) that the use of tracer constituents in hydraulic fracturing fluids be investigated

- examination of emerging technologies for water treatment (page 19, lines 1-10)
- review of published information beyond the traditional peer-reviewed literature, since the committee has acknowledged that many of these issues have not been adequately addressed in the peer reviewed literature (page 20, lines 37-42 and page 21, lines 1-10)
- identification of opportunities to develop technologies that could lead to green additives (page 22, line 5)
- evaluation of the impacts of mixtures of chemicals rather than just individual chemical by chemical assessment.

We are pleased to see an emphasis on stakeholder engagement that includes collaborative monitoring efforts (page 22, lines 32-36). There may be substantial opportunities for gathering baseline water quality data in those communities where there have been considerable leasing activities and those receiving sizeable leasing payments might be willing to collaborate in and co-fund the accumulation of such data.

We also wish to express our willingness to participate in future stakeholder processes. Investors bring a voice to the stakeholder table that is not necessarily synonymous with that of senior corporate management or corporate trade associations. This year alone, investors have engaged 20 energy companies and have filed resolutions at 12.

Amidst our positive response to this report, we wish to sound a cautionary note. The committee report correctly identifies the need to assess relationships between fracturing activities and human health effects (page 20). We note that while hydraulic fracturing as a technology has been in existence for 60 years, it is only within the last 10-15 years that it has begun to be deployed at an especially intensive rate for development of natural gas from deep shales. The chemicals of concern pose health hazards that are both acute and chronic but at this particular time it seems that detection of long-term chronic effects from exposure is less likely.

We also caution about the effects of “missing data” in reaching conclusions about the presence or absence of health effects. We are aware of reports that when damages are alleged to have occurred in some instances, agreements have been reached in accordance with which companies provide payments to aggrieved parties in exchange for a vow of silence on the part of those being paid. Consequently, there may be no public record of what might be the most obvious incidents of harm.

We thank EPA for the opportunity to comment on this draft report.

About IEHN: The Investor Environmental Health Network is a collaborative partnership of investment managers, advised by nongovernmental organizations, concerned about the financial and public health risks associated with corporate toxic chemicals policies. IEHN, through dialogue and shareholder resolutions, encourages companies to adopt policies to continually and systematically reduce and eliminate the toxic chemicals in their products and activities.