

Resolutions Addressing Hydraulic Fracturing Continue to Attract Shareowner Support

Robert Kropp | June 03, 2011

At annual meeting of Ultra Petroleum, the company refuses to permit shareowners to present their proposal, but votes in favor double that of 2010.

Earlier this week, SocialFunds.com reported that shareowner proposals addressing the controversial practice of hydraulic fracturing, or fracking, received 41% of shareowner votes at Chevron, and 28% at ExxonMobil. SocialFunds.com reported at the time that the results of a vote on a similar proposal at Ultra Petroleum had not been announced.

In an email sent to SocialFunds.com yesterday, Michael Passoff, Senior Strategist for the Corporate Social Responsibility Program at **As You Sow**, a co-filer with Green Century Capital Management of the resolution at Ultra Petroleum, disclosed the results of the vote at the company's annual meeting. Shareowner support for the fracking resolution at Ultra was 42%, twice that of the result in 2010.

"I can't remember such a big jump in a vote before and I have filed hundreds of resolutions over the last 15 years," Passoff wrote.

Furthermore, Passoff revealed, Ultra Petroleum refused to allow shareowners to present their resolution at the meeting, although Securities and Exchange Commission (SEC) rules require shareowners to do so.

Ultra Petroleum is the parent company of Ultra Resources, a drilling company active in the Marcellus Shale, a large underground natural gas formation located in Pennsylvania and New York. In March, the New York Times reported that more than 155,000 gallons of wastewater from the fracking process had been sent by Ultra Resources in 2009 to nine towns in Pennsylvania for dust suppression on their roadways. The wastewater "contained radium at almost 700 times the levels allowed in drinking water," the Times reported.

"Several of Ultra Petroleum's board members serve as officers of Ultra Resources," Passoff stated, "Raising concerns about proper oversight."

Another shareowner resolution addressing hydraulic fracturing at Energen won 49.5% of shareowner vote, and at Carrizo a first-time resolution submitted by the New York State Common Retirement Fund received almost 44%. According to Passoff, the percentage at Carrizo was one of the highest votes even for a new resolution.

"Fracking is raising all the investor red flags of increased regulatory risk, litigation and fines, public opposition, and reputational risks," Passoff wrote. "Shareholders need assurance that companies are candidly disclosing these risks and adopting best management practices to minimize them."

He continued, "This is only the second year of voting on fracking and this issue continues to gain traction with shareholders who are invested for the long haul and want to make sure fracking is done sustainably."

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