

Exxon Mobil Told to Allow Vote on Fracturing Disclosure

Emily Pickrell | April 5, 2012

The Securities and Exchange Commission has turned down a request from Exxon Mobil Corp. to omit a resolution on hydraulic fracturing disclosures from its proxy statement, opening the door for a vote on the proposal at the company's annual shareholder meeting May 30.

"We are unable to concur in your view that Exxon Mobil may exclude the proposal," the SEC wrote in its decision.

An investor activist group had asked Exxon Mobil shareholders to require the company to provide more information on how it manages risks related to hydraulic fracturing, a technology that is helping drive a boom in production of oil and gas locked in tight rock formations.

Shareholder value

Critics says fracturing can threaten water supplies and cause localized earthquakes, and the resolution asks Exxon Mobil to report on how regulatory and community reaction might affect shareholder value.

Exxon Mobil asked the SEC for permission to exclude the resolution, saying the requested information already is available publicly - including on FracFocus.com, a national online database of chemicals companies use in hydraulic fracturing.

"Informing Exxon Mobil shareholders of risks related to hydraulic fracturing does not require inundating them with vast amounts of highly detailed local information," the Irving-based oil giant wrote in a March 5 letter to the SEC.

As You Sow, a shareholder advocacy group, submitted the resolution on behalf of the Park Foundation, an Exxon Mobil stockholder. The group maintains its proposal calls for the company to release much more information than it has.

'Nominal information'

"Their financial statements have the most nominal information on risks related to hydraulic fracturing," said Michael Passoff, senior strategist at **As You Sow**. "There is one sentence on the regulatory risks and changes. It does not tell you anything."

He said **As You Sow** filed similar proposals with nine other oil and gas companies, and that Exxon Mobil was the only one to file a challenge with the SEC - although the group withdrew proposals after negotiations with some of the other companies.

Exxon Mobil spokesman Alan Jeffers said only 28 percent of shareholders voted to approve a similar resolution last year.

"We feel we have substantially implemented what they are requesting," Jeffers said.