

Request: Report on Hydraulic Fracturing Policies

Whereas,

Extracting oil and gas from shale formations using hydraulic fracturing and horizontal drilling technology has become a controversial public issue. Leaks, spills, explosions and community impacts have led to bans and moratoria in multiple regions in the U.S., including New York State, and around the globe, putting the industry's social license to operate at risk.

Disclosure of management practices, and their impacts, is the primary means by which investors can assess how companies are managing risks. The Department of Energy's Shale Gas Production Subcommittee recommended that companies "adopt a more visible commitment to using quantitative measures as a means of achieving best practice and demonstrating to the public that there is continuous improvement in reducing the environmental impact of shale gas production."

Devon Energy has been a laggard in the oil and gas industry in its disclosure practices. In a 2016 report, "Disclosing the Facts: Transparency and Risk in Hydraulic Fracturing Operations", which ranks companies on their disclosure of quantitative information to investors, Devon scored only 3 out of 43 points for its disclosure practices, earning fewer points this year than it did in 2015. In comparison, BHP Billiton earned over 40 points and ten other companies earned 20 or more points.

Due to its relatively minimal disclosure, which makes Devon an outlier among many of its peers, investors call for Devon to provide detailed, quantitative, comparable data about how it is managing the risks and reducing the impacts of its hydraulic fracturing extraction operations.

Be it resolved:

Shareholders request the Board of Directors report to shareholders using quantitative indicators, by December 31, 2018, and annually thereafter, the results of company policies and practices, above and beyond regulatory requirements, to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations associated with shale formations. Such report should be prepared at reasonable cost, omitting confidential information.

Supporting Statement:

Proponents suggest the report provide quantitative information for each play in which the company has extraction operations, on issues including, at a minimum:

- Quantity of fresh water used for shale operations, including source;
- Goals and quantitative reporting on progress to reduce toxicity of drilling fluids;
- Quantitative reporting on methane leakage as a percentage of total production;
- Percentage of drilling residuals managed in closed loop systems;
- Reductions in air emissions, including NOx and volatile organic compounds (VOCs); and
- Numbers and categories of community complaints of alleged impacts, and their resolution.