Securing community consent (FPIC) before natural gas drilling operations occur is a key tenet of corporate social responsibility and a paramount concern given the ongoing controversies around hydraulic fracturing. How does Apache go about community consultation? Who from the community is included in decision-making?

When Apache first considers operations in a new location, many meetings, calls and consultations take place that are the foundation for effective community engagement. Local elected officials are asked how new operations might be received. Company lawyers may meet with local lawyers who, besides discussing legal issues, discuss who needs to be consulted for each step of the process. Local fire and police officials, infrastructure managers, municipal officers, agricultural extension agents, urban planners, private employers and educational leaders may be visited to discuss their comfort level with potential changes, opportunities and responsibilities. Apache’s handling of these distinct interests varies by setting, but our practices may include hiring members of local indigenous peoples or other key groups to make outreach more inclusive and effective; attending council meetings; hosting meetings and listening tours at all levels of interest; providing human and web-based contact points that anyone in the community can access; and continuing interactions with the parties involved in our early outreach. Over time, personal relationships tend to layer onto, and sometimes replace, previously created channels.

It is hard to think of an example of a more effective community consent process for Apache than one of our recent ones that resulted in our deciding not to proceed. This result demonstrates that our community consent operations are not merely for show.

Can you tell us how your ongoing operations are being monitored to ensure that deleterious impacts won’t be felt down the road and that operations build long-term environmental and socially sustainable communities?

People outside the energy sector who visit our operations consistently tell us that the thing that surprises them most is how extensive and sophisticated our practices are that identify, manage, monitor and minimize current or future risks. The most known involve water, chemicals, carbon emissions and energy use, but our risk management is, in fact, much broader.

We make disclosures concerning many of these issues via our Sustainability Report, the Carbon Disclosure Project, the Water Disclosure Project, Frac Focus, SEC regulatory filings, and an array of local, state, federal and international information channels.

We supplement these with many in-person and telephonic meetings with shareholders, stakeholders, NGOs, and regulators—activities for which Apache
is well known. We consider these lines of communication to be two way—information we get from this process helps us improve our good stewardship programs.

Monitoring occurs at the highest levels. Every board meeting involves a discussion of some aspect of our outward-facing ethical, environmental, health, and safety responsibilities and opportunities. The board is supported by our corporate risk committee, comprised of professionals from numerous departments, which monitors, evaluates and addresses risks throughout the company. Finally Apache has staffers dedicated to these issues and responsibilities.

One of the key public health concerns regarding fracking is its impact on local aquifers both in terms of consumption, due to the high volume of water required by fracking operations, and in terms of potential contamination due to leaky wells and improperly stored/disposed waste water. What is Apache doing to mitigate its fresh water impacts?

Apache is a leader in innovative approaches to water issues. We have created ways to use non-drinking water, such as underground salt water, instead of fresh water, for some operations. In other operations we treat the water that comes out of the ground along with oil and gas (“produced water”) so it can be re-used in place of fresh water. We engage in proprietary research to create ways to minimize overall water use. We also regularly evaluate our water-related activities to assess safety and longer-term implications.

There is a misconception among some energy-focused stakeholders that water used for operations somehow disappears from the planet. Human beings use water for many things—drinking, irrigating, plumbing, manufacturing—producing water that is not drinkable immediately after use. But this water has not disappeared—it may need to be treated before being reused, whether by water-treatment plants or via nature’s processes, and it may have supply implications among other things—but it is still ‘around.’ Using water to help extract oil and gas should be thought about in a similar way and our approaches reflect this reality.

Water is expensive, so the energy sector has a strong financial interest in recycling and minimizing water use. Our families live where we operate so we have real human interests, as well as corporate ones, in preserving local aquifers for the present and future.

Apache has adopted a formal human rights policy consistent with the UN Guiding Principles on Business and Human Rights. Can you tell us how this policy came to be and how it is being translated into Apache’s decision-making and day-to-day business practices?

Apache is proud that its human rights policy resulted from an unusual—perhaps unique—collaborative process we engaged in with shareholders and stakeholders, including ICCR members.

For some time, Apache was frustrated because existing human rights statements were under- or over-inclusive. Some asked us to commit to goals completely outside our areas of expertise and others seemed more focused on proclamations of virtue than meaningful and relevant actions.

Thus we were thrilled when our stakeholders offered to write a set of Apache-appropriate principles for us. Our stakeholders, especially ICCR members, did this, we provided a few tweaks, and the board unanimously adopted the resulting document. We have our own set of monitoring practices for these principles and are looking to make that public as well.

What is the role of direct shareholder engagement in Apache’s decision-making process? How has consultation with concerned investors evolved over the years and are you seeing direct benefits in terms of the company’s ESG and financial performance?

Direct shareholder engagement—which means listening as well as talking—is important to Apache. This engagement has had many positive effects on our governance and operations.

Engagement takes place at all levels at Apache. Our Chairman and CEO has regular, in-person meetings with stakeholders. Members of our board of directors also meet individually with shareholders—indeed over the past year directors have met in person with close to 40% of our entire shareholder base.

Many of our senior executives directly engage shareholders as well. Over the past half dozen years, our Presidents, COOs, CFOs, regional VPs, top engineers and scientists, head of technology, and our executives responsible for investor relations, governance, government affairs and public affairs, have all met in person with active stakeholders and shareholders. Some of these people engage on an almost daily basis.

Apache consciously and continually searches for people who may have ideas we should consider. Apache believes our ability to anticipate policy issues is improved if we search for those with ideas outside our areas of expertise. Apache can point to quite a few environmental initiatives that have sprung, at least in part, from our engagement with stakeholders. Our new approaches to chemical and water issues are among them.

Our Chairman and CEO Steve Farris commented in a recent discussion with stakeholders that ideas don’t have to be ours to be good. That is why one of our core values is, “best ideas win”. We are enriched, not impoverished, by our engagement, and grateful for the opportunities it creates.