



We are writing you as shareholders and members of the Interfaith Center on Corporate Responsibility (ICCR), an investor coalition with collective assets representing over \$100 billion, to voice our concern about the impact of methane emissions on the earth's climate and the health of local communities.

The White House has announced a new goal to cut methane emissions from the oil and gas industry 40 to 45 percent below 2012 levels over the next ten years, and the Environmental Protection Agency (EPA) has recently proposed draft rules to help meet this target. The Bureau of Land Management is expected soon to issue rules for methane releases on public lands. This rulemaking is an important step toward tackling climate change and advancing more sustainable practices by energy companies. It is consistent with company financial interests, and it is an initiative we strongly support. Cutting methane and associated air emissions is important not only to protect people and the environment, but also presents economic benefits by preventing waste, and reducing the significant financial risks of climate change to individual businesses and the broader economy.

As a leading company in the oil and gas industry, we urge you to engage constructively in the ongoing national methane rulemaking processes by filing public comments that:

- (1) Share your data and experience with methane monitoring and management, and;
- (2) Provide a specific and solutions-oriented perspective on how methane rules can be designed to drive substantial emission reductions in a cost-effective manner.

We also urge you to work within your trade associations to ensure their support of a fair, honest and transparent process in the promulgation of the methane rules.

The Moral and Business Implications of Methane Emissions

Methane emissions are a significant contributor to climate change, with an impact on global temperature roughly 84 times that of carbon dioxide over a 20-year period. There are severe and pervasive risks associated with a warming climate, many of which are borne by the world's most vulnerable communities. Further, methane is often co-emitted with volatile organic compounds and hazardous air pollutants, which contribute to smog and can endanger public health.

The Pope's recent encyclical, *Laudato Si'*, correctly highlighted the importance of recognizing our shared moral responsibility to live in harmony with the environment and prevent harm to communities caused by unsustainable actions. ICCR joined many organizations in welcoming this message, and believes continued, unaddressed methane emissions are precisely the kind of "unsustainable action" that must be curbed in an effort to build a more just and sustainable world.

In addition to the moral responsibility companies have to address their environmental and social impacts, there are also clear business implications, which we take seriously as investors. Climate change represents a serious and increasing risk for the business community -- climate instability threatens business infrastructure and may cause costly damage; it threatens resource availability and production, and creates global economic insecurity. The Economist Intelligence Unit projects financial losses from climate impacts to have a net present value of at least \$4.2 trillion.

Moreover, the IPCC estimates that a 40-70 percent reduction in greenhouse gas emissions globally over 2010 levels is needed by 2050 to stabilize global temperatures. To meet this goal, the U.S. will need to meet or exceed its current reduction target of 80 percent below 2005 levels by 2050, and reducing methane is a key component of this plan. With oil and gas operations representing the largest industrial source of methane pollution, regulation of upstream and midstream operations is critical to achieve the necessary reductions.

Climate impacts aside, methane leaks have a direct economic impact on oil and gas companies, representing a waste of product and potential revenue. The Natural Resources Defense Council estimates control processes could generate an additional \$2 billion annually for the industry, its workers and shareholders.

Cost-Effective Solutions for Addressing Methane are Available

While the health, environmental, and economic impacts of methane and associated air emissions are substantial, the cost to business of reducing them is limited. There are many cost-effective technologies and services available to reduce methane emissions. The consulting firm ICF International estimates currently available controls could cut emissions by 40 percent for pennies on the dollar, with the most cost-effective opportunities creating \$164 million in net savings.

Reducing methane emissions in upstream oil and gas production is one of four policies proposed by the International Energy Agency (IEA) to “stop the growth in global energy-related emissions by the end of this decade at no net economic cost”.

The Need for Nationwide Standards

The Environmental Protection Agency's (EPA) draft rules on methane and the anticipated BLM rules for methane on public lands are an important development. We believe strong rules are necessary to effectively reduce methane emissions. While some companies have taken action voluntarily to reduce methane leakage, we note that of the more than 6,000 producers in operation, fewer than 30 are participants in the EPA's Natural Gas Star program, a voluntary mechanism that has been in effect since 1993. As the agencies' rules are developed and finalized, the oil and gas industry should view this as an opportunity to establish basic safeguards that will level the playing field, and provide long-term benefits for both the industry and the planet.

In 2014, the state of Colorado approved comprehensive methane regulations to fix persistent methane leaks, working productively alongside industry partners Anadarko, Noble, and Encana. Industry

representatives who helped develop the regulations called them “the right thing to do for our business”. Some states and companies are clearly taking the lead and it is now up to the rest of the nation to adopt this new standard. As industry leaders, we urge you to publicly support the federal rulemaking for the sake of our business, our communities and for future generations.

Thank you in advance for your time and attention. We will be contacting you to schedule a time to discuss this further with you in the near future