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Statement Regarding the EWG report, *Drilling Doublespeak*, from the Investor Environmental Health Network

Although we agree that landowners deserve more disclosure regarding risk, the EWG report entitled *Drilling Doublespeak* gives a misleading impression to readers regarding the extent of current disclosure to investors regarding natural gas drilling hazards.

Although SEC disclosure requirements typically lead to generic disclosures of potential risks, such as the risk of spills, environmental contamination or gas leaks, investors have expressed concern for the last three years that when it comes to risks to corporate finances associated with the prevalent practice of hydraulic fracturing, many of the key financial risks are generally being poorly disclosed.

Investors have asserted that greater disclosure is required than is provided in current practice, consistent with the SEC mandate for disclosure of material risks, when it comes to the growing controversy and increasingly hostile regulatory climate associated with hydraulic fracturing. Growing environmental concerns, related community opposition, moratoriums, increasingly stringent regulations, and increasingly difficult permitting proceedings all may be placing certain companies' gas extraction businesses at increasing financial risk. Disclosure of these risks by companies is uneven and in some cases nonexistent. Shareholders have been pressing companies through shareholder resolutions and dialogue to improve their disclosure in these areas. In addition, within the last year, the Securities and Exchange Commission has written to numerous gas extraction companies inquiring about the adequacy of their disclosure with regard to these operations.

Thus, the EWG report should not be understood as a suggestion that current disclosures to investors are adequate from an investor standpoint, but only that existing disclosures of the generic list of things that can go wrong on an oil and gas operation are disclosed to investors but not necessarily to landowners.

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