

The Fracks of Life

Plus ça change, plus c'est la même chose

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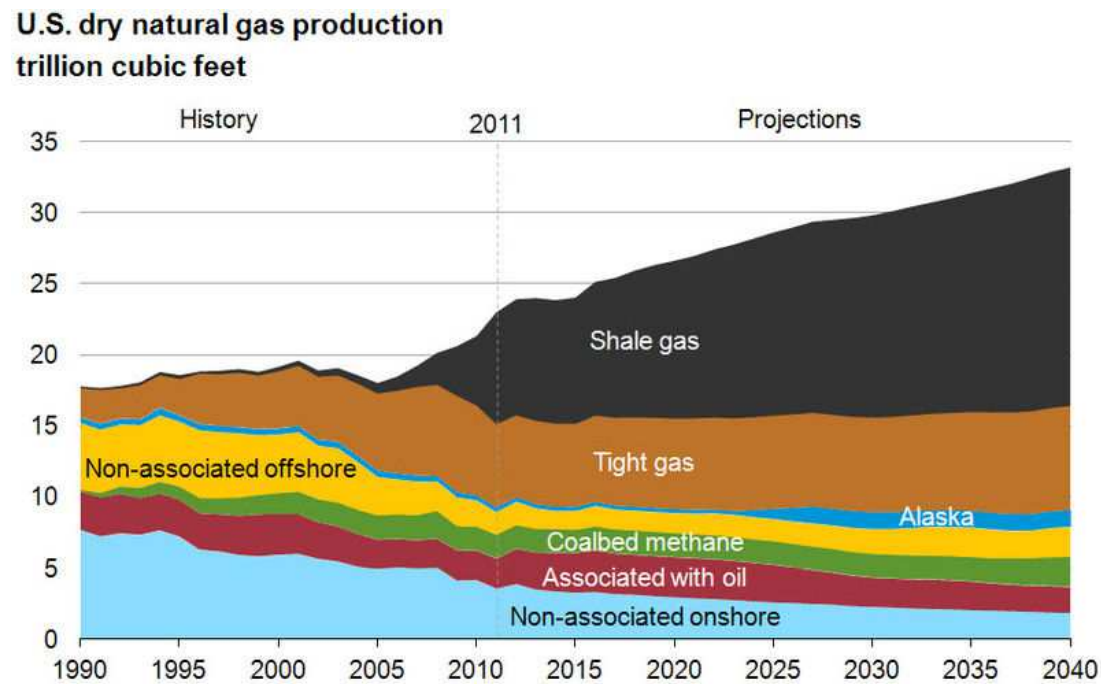
Alphonse Karr, *Le Guêpes*, January 1849



George Bernard Shaw, *Revolutionists Handbook*, 1903

The Shining Future

- 3-D seismic + horizontal drilling + hydraulic fracturing = a bright and cleaner energy future



Source: U.S. Energy Information Administration, *Annual Energy Outlook 2013 Early Release*

No Free Lunch

- All technological and economic advancements have ramifications (and opposition)
- Whether those ramifications become problematic or are properly managed depends on industry's response, both in scope and timing.



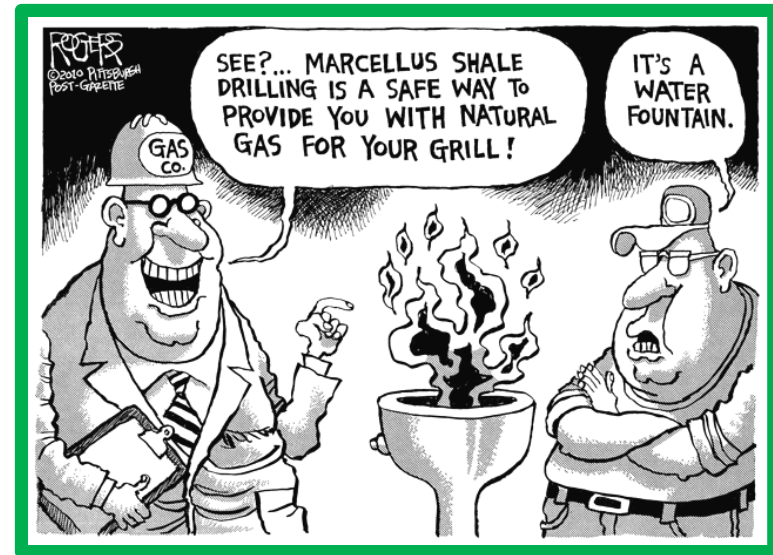
The **Luddites** were 19th-century English textile artisans who protested against newly developed labour-saving machinery from 1811 to 1817. The stocking frames, spinning frames and power looms introduced during the Industrial Revolution threatened to replace the artisans with less-skilled, low-wage laborers, leaving them without work.

The Luddites and their supporters anonymously sent death threats to—and even attacked—magistrates and food merchants. Activists smashed Heathcote's lacemaking machine in Loughborough in 1816. He and other industrialists had secret chambers constructed in their buildings that could be used as hiding places during an attack.

The British government responded with a mass trial and harsh punishments, including execution and criminal transportation. Parliament subsequently made "machine breaking" (i.e. industrial sabotage) a capital crime with the Frame Breaking Act and the Malicious Damage Act.

Fracking as Bogeyman

- Hydraulic fracturing is an advancement with great economic benefit, but has already developed a reputation as an industrial bogeyman with unacceptable risks.
- Whether companies subscribe to any of the alleged concerns is beside the point; the more important point is to realize that society's perception of this issue will become the reality, and litigation will likely follow.



Practical Advice

- Based on more than 30 years of experience in oil and gas environmental litigation, this talk offers some lessons learned and practical advice.
- **Goal:** to minimize the inevitable claims and allegations that will be come part of the “fracking experience”



I. Cover your base

- There is no substitute for baseline data.
 - Before drilling and fracking a well survey and identify every available, actively-used water well within an appropriate radius of the well to be drilled
 - (e.g., at least twice the farthest calculated distance that the frack will/can travel from the input point)
 - Design and conduct a sampling exercise, in order to collect a sufficient amount of relevant data regarding water quality in the area.



I. Cover your base

- **There is no substitute for baseline data.**
 - This data set will be your first and best line of defense against later claims of alleged frack-related groundwater contamination.
 - Baseline data collection should be designed in consultation with lawyers and experts with extensive experience in handling groundwater-pollution involving frack fluids or other oilfield-related operations.



2. Know your field of play

- Due diligence; you can't know everything, but you need to know something, so
- Before drilling and fracking, explore the history of the area
 - Unplugged or poorly plugged wells
 - Wells with inadequate surface casing
 - Historic surface conditions (air photos)
 - Past landowner conflicts
- As a general rule, exceeding - rather than merely meeting - administrative requirements for drill-site due diligence is a cost-effective practice that can enhance your credibility as a concerned, prudent operator.



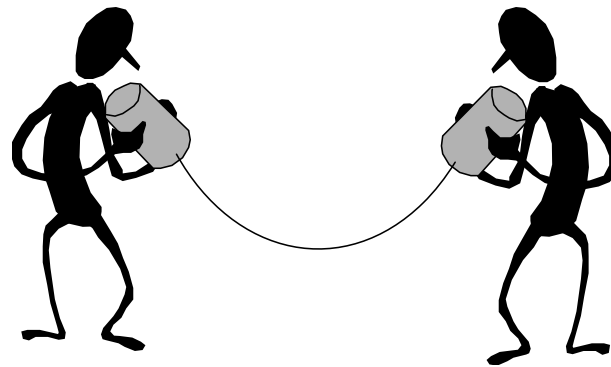
3. Communicate with neighbors

- YOU ALREADY HAVE THREE STRIKES AGAINST YOU BECAUSE YOU ARE
 - an uninvited guest
 - going to impact how the surface owner uses the property
 - very likely to do something that can be characterized as contamination
- **And one more thing**
 - The surface owner is unlikely to experience any positive financial benefit for your actions



3. Communicate with neighbors

- Communication is the simplest thing to do, but is often overlooked
- In our experience, poor, abusive or lacking communication with stakeholders is the first step on the road to expensive litigation

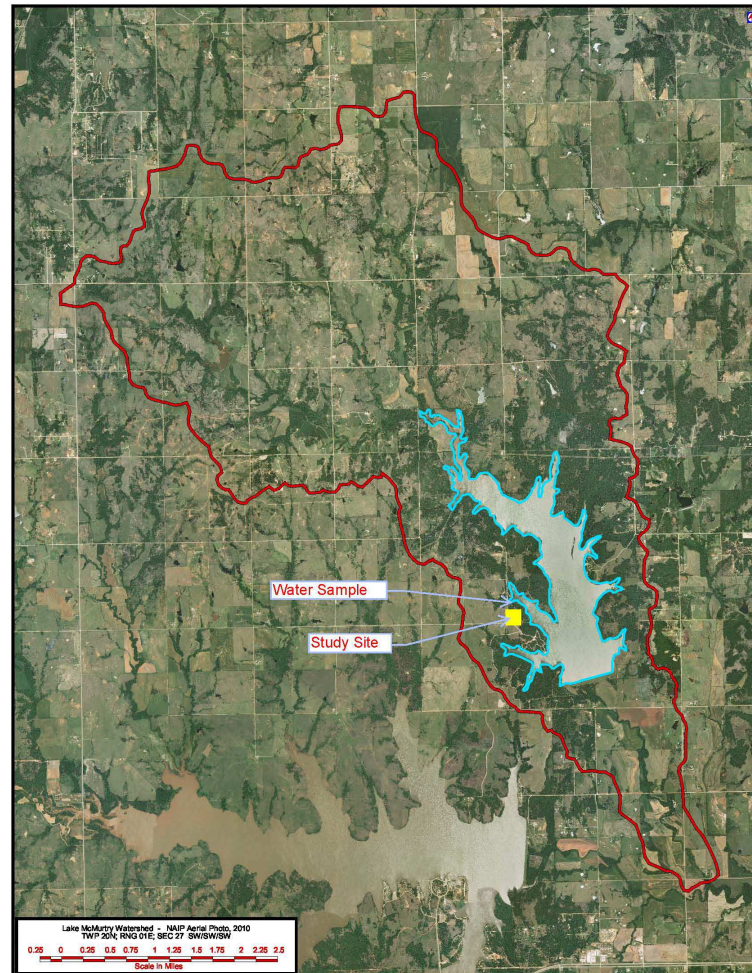


4. Find out what the locals are drinking

- In addition to identifying, locating and sampling area water wells, find out the source of drinking water in the area:
 - Private water wells
 - Public water supply
 - Ground water
 - Surface water
- Could your operations adversely impact any of these?



Potential problem?



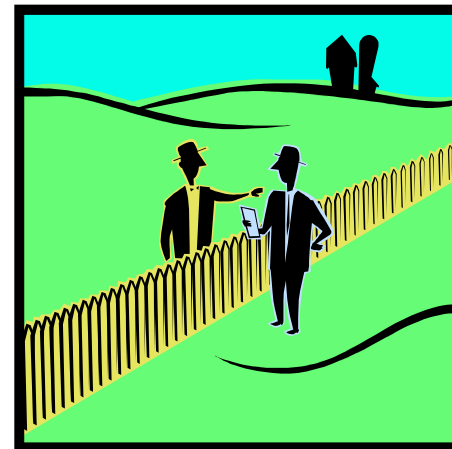
5. Get the dirt on ... how it's being used

- What are current and historic land uses
 - Crops
 - What kind
 - How long
 - Grazing
 - Specialized use
 - Wildlife habitat
 - Hunting
 - Fishing
 - Aquaculture
 - Ecotourism



6. Don't be a stranger

- Don't be cast in the role of a stranger
 - Develop a consistent presence in the community
 - Establish and maintain a familiar face
 - Use local labor wherever possible



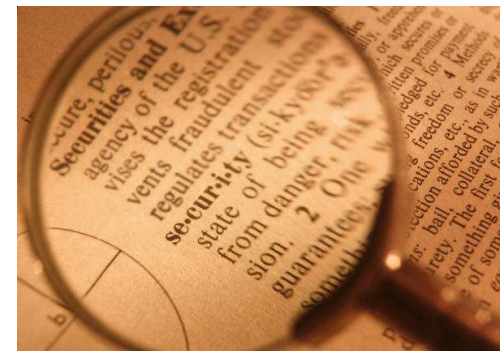
7. Find out if your landowner looks good in a suit

- It is easy to determine, but most companies never research a landowner's litigation history at the local courthouse.
- **REMEMBER** – nothing predicts future behavior like past behavior



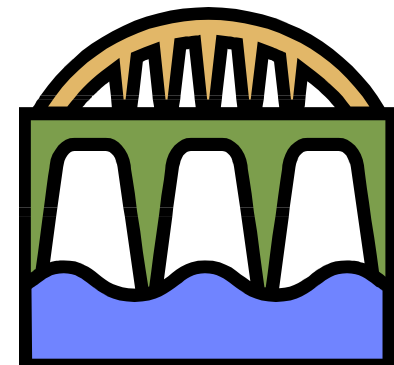
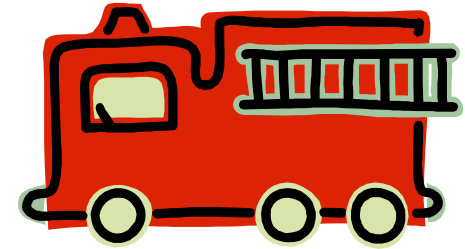
8. All politics is local

- Learn about local governance and local elected officials and their public positions on oil and gas development
 - Municipal and county officials are typically most important
 - Identifying state legislators and congressional representatives may also be helpful
- Learn about and understand any relevant statutes or ordinances



9. Share the wealth

- Invest in the community
 - Local volunteer fire department
 - Local school
 - Community infrastructure
- Invest wisely
 - No tone-deaf, haphazard donations
 - Find out community needs

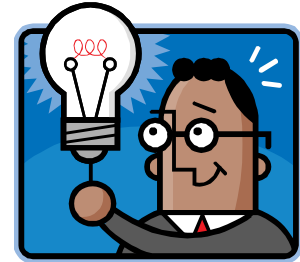


10. Knowledge is power

- From experience – all information is good information
 - If it's bad news (e.g., there is contamination present, a risk has been increased, etc.), then it's news that you would rather know now and have found about yourself, than to have operated in ignorance and have the bad news dumped on you later by hostile forces.
 - If it's good - or innocuous - news, then all the better. "Head-in-the-sand" policies might be temporary avoidance measures, but they are ultimately recipes for disaster



C'est Fini (nearly)



- **Common courtesy and common sense are never out of date** can be the difference between peaceful coexistence and hostile, expensive, protracted litigation.
- **These ten tips cannot guarantee immunity** from unpleasant and perhaps unfounded attacks; but they will go a long way towards minimizing your exposure and defusing those who otherwise are always looking for their next target.

Not Everyone wants to sing Kumbaya

- Spiritual song from the 1930s that became a standard campfire song in Scouting and summer camps, and enjoyed broader popularity during the folk revival of the 1960s.
- Originally associated with human and spiritual unity, closeness and compassion (and it still is)
- BUT more recently alluded to in satirical or cynical ways that suggest false moralizing, hypocrisy, or naively optimistic views of the world and human nature.



Media & Stakeholder Relations: Hydraulic Fracturing Initiative 2011

- **Gas Fracking Industry Using Military Psychological Warfare Tactics and Personnel in U.S. Communities**

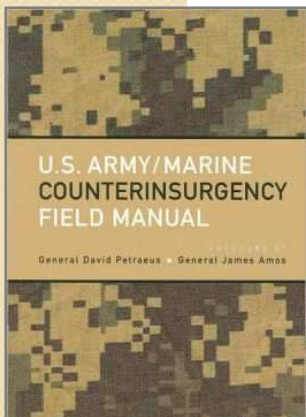
- “What if the same techniques that the Army used to weaken the insurgency in Iraq and Afghanistan are being used by the gas industry to intimidate U.S. citizens in Pennsylvania?”



SEE: <http://www.desmogblog.com/gas-fracking-industry-using-military-psychological-warfare-tactics-and-personnel-u-s-communities>

Media & Stakeholder Relations: Hydraulic Fracturing Initiative 2011

- Matt Carmichael, External Affairs Manager for Anadarko Petroleum
 - “If you are a PR representative in this industry in this room today, I recommend you do three things. These are three things that I’ve read recently that are pretty interesting.
 - “(1) **Download the U.S. Army/Marine Corps Counterinsurgency Manual** [audible gasps from the audience], because **we are dealing with an insurgency**. There’s a lot of good lessons in there, and coming from a military background, I found the insight in that extremely remarkable.
 - (2) With that said, there’s a course provided by Harvard and MIT twice a year, and it’s called ‘Dealing With an Angry Public.’ Take that course. Tied back to the Army/Marine Corps Counterinsurgency [Field] Manual, is that a lot of the officers in our military are attending this course. It gives you the tools, it gives you the media tools on how to deal with a lot of the controversy that we as an industry are dealing with.
 - (3) Thirdly, I have a copy of “Rumsfeld's Rules.” You’re all familiar with Donald Rumsfeld -- that’s kind of my bible, by the way, of how I operate.”



SEE : <http://www.desmogblog.com/gas-fracking-industry-using-military-psychological-warfare-tactics-and-personnel-u-s-communities>

A Few Words From the Chairman

**The guerrilla must swim in
the people as the fish swims
in the sea.**

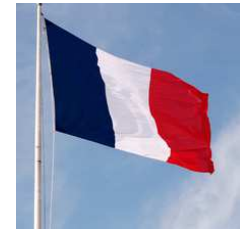
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And a Brief Word from the French

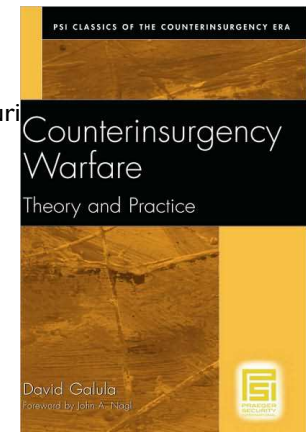
(even though Algeria didn't turn out that well)

“Most of the population will be neutral in the conflict; support of the masses can be obtained with the help of an active friendly minority.”



David Galula (1919–1967): A French military officer and scholar who was influential in developing the theory a practice of counterinsurgency warfare.

Galula, D. 1964. *Counterinsurgency Warfare: Theory and Practice*. Praeger Security International (2006 printing). ISBN 0-275-99269-1
(incongruously this is available from Walmart.



Counterinsurgency (COIN)

- COIN Doctrines

- Understanding of the operations area and environment is essential.
- Ethical behavior is essential.
- Political, social, and economic programs are more valuable than brute force (read **standing on your legal rights**).
- Strategic communications and information operations are the key to victory.



Counterinsurgency: A Competition of Ideas

- A counterinsurgency is a competition of ideas, ideologies, and socio-political movements.
- In order to combat insurgent ideologies one must understand the values and ideology of the insurgents and that of the culture in which they reside.
- Imperative to identify key audiences, communicators, and public leaders to know who to reach out to with information.

