



# BIG GREEN FRACKING MACHINE

How gas industry insiders are funding and overseeing the environmental groups behind the *Center for Sustainable Shale Development*



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## Acknowledgements

The Public Accountability Initiative (PAI) is a non-profit, non-partisan research and educational organization focused on corporate and government accountability. In addition to publishing research on critical public accountability issues, PAI maintains LittleSis.org, an involuntary facebook of powerful people and tool for power research that was used to compile data for this report. PAI's work is funded by a variety of non-profit sources (all funding sources are listed at <http://public-accountability.org/about/funding>). PAI's research on the oil and gas industry and fracking is funded by the 11<sup>th</sup> Hour Project of the Schmidt Family Foundation, the Park Foundation, and the HKH Foundation.

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# Executive Summary

Much has been made of the recently announced Center for Sustainable Shale Development (CSSD), a Pittsburgh-based partnership between 11 fracking companies and non-profit groups. The CSSD bills itself as a Leadership in Energy and Environmental Design (LEED) for the gas industry, putting forward a set of 15 standards for fracking and certifying drillers that voluntarily comply with those standards.

Press reports have hailed CSSD as a “peace treaty” between the drilling industry and environmentalists in an “unlikely partnership.” Some of the headlines surrounding the CSSD’s announcement:

- “Environmentalists, drillers unite to regulate ‘fracking’” (*Associated Press*)
- “Shale developers, environmentalists unite” (WFMJ-TV)
- “Marcellus Shale peace treaty a start” (*York Dispatch*)

The CSSD press release and the accompanying news articles tout the group’s independence in certifying drillers, but the group appears to be less a guarantor of fracking’s sustainability than a “greenwashing” campaign controlled by the natural gas industry with the cooperation of a few industry-linked environmentalist organizations.

This report documents the considerable ties between the Center for Sustainable Shale Development and the natural gas industry. The following are PAI’s major findings:

- **The major philanthropic force behind CSSD, The Heinz Endowments, has significant, undisclosed ties to the natural gas industry.** The foundation has contributed more than \$250,000 to CSSD, providing funding to every environmental group involved as well as to CSSD itself. Heinz Endowments president Robert F. Vagt is currently a director at Kinder Morgan, a natural gas pipeline company, and owns more than \$1.2 million in company stock. This is not disclosed on the Heinz Endowments website or the website of CSSD, where Vagt serves as a director. Kinder Morgan has cited increased regulation of fracking as a key business risk in recent corporate filings. A director of the Heinz Endowments, James E. Rohr, is also a board member at EQT Corp, which is playing a central role at CSSD (see below).
- **Environmental sponsors with CSSD board seats are closely linked to the natural gas industry.** Although five environmental groups were involved in the discussions leading to CSSD’s creation, only three have seats on the Center’s board of directors. One of the groups on the CSSD board, the Pennsylvania Environmental Council, is controlled by fracking interests: half of the Pennsylvania Environmental Council’s board comes from Marcellus Shale Coalition member companies and all but two directors come from companies with a stake in the natural gas industry. Another group on CSSD’s board, the Environmental Defense Fund (EDF), has significant board and funder ties to the natural gas industry and has lent its name to studies proclaiming fracking to be environmentally safe that were later discredited. The third, the Clean Air Task Force, has ties to the industry through several board members.

The national debate about fracking has seen the use of a variety of tactics to portray the natural gas industry as safe and friendly to the environment. Gas companies have set up front groups such as the American Clean Skies Foundation to push for natural gas, paid for “frackademic” research that asserts that fracking is safe and beneficial, and co-opted environmental organizations to further their message.

The Center for Sustainable Shale Development combines several of these tactics, and appears to be the latest industry effort to paint fracking as a sustainable and environmentally sensible extraction process.

# Introduction

Since gas production from the Marcellus Shale began around 2008, the fracking industry has fought a near-constant battle over its public image. The movie *Gasland* made “fracking” a household word in America, and a grassroots movement to rein in and stop the practice has swelled in the past few years.

The drilling industry has engaged in a multifaceted campaign to counter these efforts. At a gas industry conference in Houston in 2011, Range Resources director of corporate communications Matthew Pitzarella described employing “psy ops” tactics to take on fracking opponents, which another executive at the conference described as “an insurgency.”<sup>1</sup> The industry has created faux grassroots public relations campaigns, sponsored university research downplaying fracking’s environmental effects and extolling its economic benefits, and founded green-sounding non-profit front groups to give the appearance of environmentalist support for natural gas.

The Center for Sustainable Shale Development appears to be a recent development in this campaign, combining elements of other industry efforts to assuage public fears about fracking. A brief review of several of these elements:

- **Front Groups:** In 2009, the Independent Petroleum Association of America (IPAA) created Energy In Depth, described in an internal announcement as an “online resource center to combat new environmental regulations,” with funding from El Paso Corporation (now owned by Kinder Morgan), Chevron, and Shell, among other companies and groups. Energy In Depth (EID) hires locals in gas-producing areas to write pro-drilling commentary as “public outreach” to give the appearance of public support, while acknowledging industry funding, but not publicly disclosing donors.<sup>2</sup>

Through EID, the gas industry crafted a response to *Gasland*, a short film called *Truthland*, a 35-minute compilation of interviews with fracking proponents narrated by Shelly DePue, “a Susquehanna County mom, dairy farmer and teacher.”<sup>3</sup> While the film is framed as an independently planned road trip for DePue to find out “the truth” about fracking, it was in fact conceived as a “full-scale website and social media campaign” by Energy In Depth, its website even originally registered to Chesapeake Energy.<sup>4</sup>

- **Frackademia:** The industry has also worked to quell public concerns by sponsoring university research that paints the practice in a positive light. These studies, released with much media fanfare, often do not stand up to scrutiny. The trend, which has come to be known as “frackademia,” seems to have begun in Pennsylvania in 2009 when Penn State published an industry-funded report that touted the economic benefits fracking would bring to the state and advocated against a tax on gas production.

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<sup>1</sup> Eamon Evers, “Oil Executive: Military-Style ‘Psy Ops’ Experience Applied,” CNBC (November 8, 2011). Accessed at: <http://www.cnbc.com/id/45208498>

<sup>2</sup> EID operates initiatives in the Marcellus Shale, Ohio, and California, drawing its staff for each from those areas. EID employees are listed with their “home formations” on its “Meet the Team” page at: <http://www.energyindepth.org/meet-the-team/>. The EID’s website lists the Independent Petroleum Association of America and its assorted state-level affiliates as supporting members, but not the oil and gas companies that make up those groups. “What’s EID?”, Energy In Depth. Accessed at: <http://www.energyindepth.org/whats-eid/>

<sup>3</sup> Tom Shepstone, “Truthland, The Gasland Antidote, Arrives!”, Energy In Depth (June 12, 2012). Accessed at: <http://eidmarcellus.org/marcellus-shale/truthland-the-gasland-antidote-arrives/9834/>

<sup>4</sup> Ben Nelson, “Fracking Industry’s Answer to “Gasland”: Devised by Astroturf Lobbying Group and Political Ad Agency,” Public Accountability Initiative (June 13, 2012). Accessed at: <http://blog.littleis.org/2012/06/13/fracking-industrys-answer-to-gasland-devised-by-astroturf-lobbying-group-and-political-ad-agency/>

Pro-fracking studies were produced by the University of Texas at Austin and the State University of New York at Buffalo with industry involvement, as well, though 2012 brought headlines to all three universities when the studies came under fire for their undisclosed conflicts of interest, poor scholarship, and gas industry bias.

- **Co-opting environmental groups:** The natural gas industry has also donated significant sums to various not-for-profit organizations, apparently in the hopes of cultivating the appearance of environmentalist support. In 2007, then-Chesapeake Energy CEO Aubrey McClendon and others affiliated with the company began donating what amounted to \$26 million to the Sierra Club for their “Beyond Coal” campaign. During that time, the Sierra Club backed natural gas as a “bridge” fuel to alternative energies.<sup>5</sup>

## Background on CSSD

The Center for Sustainable Shale Development was founded by a coalition of four gas companies, five environmental groups, and two philanthropic foundations, now listed as “strategic partners” on the group’s website (see table). Though it was planned over the course of two years, the initiative was not formally launched until March 2013.

The Center was originally incorporated as the Institute for Gas Drilling Excellence (IGDE) by former Pennsylvania Secretary of Environmental Protection John Hanger.<sup>6</sup> IGDE is registered as a charity at Eckert Seamans Cherin & Mellott, the law firm where Hanger has worked as special counsel since 2011.<sup>7</sup> Eckert Seamans is a member of the Marcellus Shale Coalition, which advocates for the gas industry, and Hanger supports the firm’s energy practice.

CSSD is overseen by a 12-member board of directors. According to a governance document on its website, this board is supposed to be “equally made up of representatives of environmental organizations, industry, and the government, academic or other unaligned sectors.”<sup>8</sup> CSSD is headquartered in the same building as its sponsors, EQT Corporation and Heinz Endowments, and an EQT employee is currently president. CSSD’s \$1 million budget will be split between environmental groups and industry, though the foundations involved will support the environmental groups’ involvement.<sup>9</sup>

CSSD initially announced 15 standards related to various environmental concerns. Drillers can seek LEED-style certification from CSSD for about \$30,000.<sup>10</sup> Two outside consulting firms, ICF International and DNV, will execute certification audits.

### CSSD Strategic Partners

#### Foundations

The Heinz Endowments  
William Penn Foundation

#### Environmental Groups

Clean Air Task Force  
Environmental Defense Fund  
Group Against Smog and Pollution  
PennFuture  
Pennsylvania Environmental Council

#### Gas Companies

Chevron  
CONSOL Energy  
EQT  
Shell

<sup>5</sup> Also in 2007, McClendon founded the American Clean Skies Foundation to act as a natural gas advocate. Until McClendon’s departure from Chesapeake, the Clean Skies board was almost entirely composed of people tied to the gas driller. Clean Skies was the primary funder of a MIT study that encouraged fracking and natural gas exports.

<sup>6</sup> Timothy Puko, “New ‘certification’ group to look closely at gas drillers,” *Pittsburgh Tribune-Review* (February 11, 2013). Accessed at: <http://triblive.com/news/allgheny/3446162-74/industry-environmental-gas#axzz2Kb2iMJR2>

<sup>7</sup> *Id.*

<sup>8</sup> “CSSD Governance,” Center for Sustainable Shale Development. Accessed at: <http://037186e.netsolhost.com/site/wp-content/uploads/2013/04/CSSD-GOVERNANCE-MEMO-041013.pdf>

<sup>9</sup> Erin Schwartzel and Don Hopey, “New initiative sets standards for Marcellus Shale drilling in Pa. and Appalachian basin,” *Pittsburgh Post-Gazette*, March 21, 2013. Accessed at: <http://www.post-gazette.com/stories/local/marcellusshale/new-initiative-sets-standards-for-shale-drilling-in-pa-and-appalachian-basin-680226/>

<sup>10</sup> *Id.*

Though hailed in the media as an unprecedented partnership between the drilling industry and environmentalists, CSSD appears to be the latest salvo in the gas industry's public relations campaign, a new effort to "greenwash" fracking and win over an increasingly distrustful public. This is especially clear after a review of the industry ties of the foundations and environmental groups involved in the effort.



# I. Major Sponsors

The following section details the industry ties of the philanthropic and environmental partners of the Center for Sustainable Shale Development, and also offers context about the initiative's four industry sponsors. In order to focus on the most important players at CSSD, the report focuses on organizations with board seats at the organization, or organizations that are providing significant funding.

## A. Philanthropic Foundations

The Center for Sustainable Shale Development's strategic partners include two philanthropic foundations, the Heinz Endowments and the William Penn Foundation. Of the two, the Heinz Endowments appears to be playing the most central role at CSSD, and perhaps a more central role than any other organization involved: in addition to having two board seats, the philanthropy has funded all of the environmental partners of CSSD to participate in the project. The William Penn Foundation will reportedly be providing funding in the future, as well.

The Heinz Endowments role as a driving force behind CSSD is troubling in light of its strong ties to the natural gas industry. This section details those ties, in addition to reviewing the William Penn Foundation's ties to the industry.

### The Heinz Endowments

The Heinz Endowments, a Pittsburgh-based foundation with over \$1 billion in assets, appears to have spearheaded the CSSD initiative. In addition to being a founding partner, its president, Robert F. Vagt, is on CSSD's board of directors, and one of its board members, Carnegie Mellon president Jared Cohon, is on CSSD's board as well. The philanthropy has also funded the participation of every environmental group involved with CSSD, in addition to donating \$45,000 to CSSD itself, contributing a total of \$282,726 to the project, according to its website.<sup>11</sup>

CSSD members without board seats, Citizens for Pennsylvania's Future and the Group Against Smog & Pollution, received \$38,026 and \$7,700 respectively, while the industry-tied environmental groups with seats on the CSSD board received considerably more. PEC received a \$42,000 grant, EDF received \$50,000, and CATF received \$100,000 to fund their involvement with CSSD in 2012.<sup>12</sup> Heinz has also given significant amounts of funding to these organizations for programs and efforts that are not CSSD-related. PennFuture, for instance, received \$700,000 in operating support in 2012 (the Heinz Endowments funded PennFuture, along with the Pew Charitable Trusts).

At the same time, key leaders of the Heinz Endowments have significant, undisclosed ties to the natural gas industry:

- Heinz Endowments President **Robert F. Vagt** sits on the board of directors of **Kinder Morgan, Inc.**, a natural gas midstream company, where he made \$136,016 in 2012 and owns more than \$1.2 million in stock.<sup>13</sup> This conflict of interest is not disclosed in Vagt's Heinz Endowments or

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<sup>11</sup> CSSD is referred to as "IGDE," an early name for the project, in Heinz Endowments grant records.

<sup>12</sup> "Grant Recipients," Heinz Endowments. Accessed at: [http://www.heinz.org/grants\\_recipients.aspx](http://www.heinz.org/grants_recipients.aspx)

<sup>13</sup> Schedule 14A, Kinder Morgan Inc. (March 28, 2013). Accessed at:

<http://www.sec.gov/Archives/edgar/data/1506307/000150630713000022/kmi2013annualproxystatement.htm> and "Vagt, Robert F," United States Securities and Exchange Commission. Accessed at: <http://www.sec.gov/cgi-bin/own-disp?action=getowner&CIK=0001018196> (Kinder Morgan stock was valued at \$41.05 per share at the market's close on May 20, 2013)

CSSD bios, though Vagt's financial interests as a Kinder Morgan board member and significant shareholder are clearly relevant to the foundation's work as a driving force behind CSSD. In its 2013 annual report, Kinder Morgan warned investors that increased regulation of fracking posed a threat to company profits:

*Increased regulation of exploration and production activities, including hydraulic fracturing, could result in reductions or delays in drilling and completing new oil and natural gas wells, which could adversely impact KMP's and EPB's revenues by decreasing the volumes of natural gas transported in their pipelines.*<sup>14</sup>

According to Kinder Morgan's proxy statement, as a board member, Vagt has "oversight responsibility with regard to assessment of the major risks inherent in the business of the company and measures to address and mitigate such risks."<sup>15</sup> Vagt is also one of three members of Kinder Morgan's audit committee, which is responsible for "monitor[ing] [Kinder Morgan's] compliance with legal and regulatory requirements," among other duties.

Vagt joined the Heinz Endowments in 2008, just as Pennsylvania's fracking boom was beginning. Prior to that, he was president of Davidson College. Before that, however, Vagt spent much of his career in the oil and gas industry. According to his board biography at Kinder Morgan, Vagt worked in various positions in the Adobe Resources Corporation, serving as its president & CEO from 1989 to 1992. Through a series of mergers, Adobe Resources is now part of Devon Energy. In 1992, Vagt became President & CEO of Global Natural Resources until its 1996 merger with Seagull Energy, at which point he became President and Chief Operating Officer. Vagt joined the board of the El Paso Corporation in 2005, while he was President of Davidson College, and retained that seat until 2011, when El Paso was purchased by Kinder Morgan.

- PNC Bank chairman **James E. Rohr**, a member of the Heinz Endowments board of directors, is also on the board of **EQT Corp.**, where he earned \$225,064 in 2012.<sup>16</sup> Rohr also had 25,387 deferred stock units at the end of 2012 worth \$2,067,263 at the close of the market on May 20, 2013.<sup>17</sup> Rohr's position on the EQT board is not disclosed on the Heinz Endowments' website. EQT and Heinz are headquartered in the same building.

The foundation's vice chair, James M. Walton, also has historical ties to the industry. Walton is an heir to the Mellon family fortune through his great-grandfather William Larimer Mellon, the founder of the Gulf Oil Corporation.<sup>18</sup> According to his Heinz Endowments profile, Walton worked for Gulf Oil from 1958 until 1967 and became a director of the company in 1970.<sup>19</sup> Gulf Oil collapsed in the mid-1980s and eventually merged with Chevron, which sold some of Gulf's assets to BP and Cumberland Farms in order to comply with antitrust laws.

The Heinz Endowments has other ties to the industry as well. The foundation is headquartered in the same building as CSSD, the EQT Plaza in Pittsburgh. The building's main tenant and namesake is the EQT Corporation, a natural gas company that is also a founding sponsor of CSSD. The Heinz

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<sup>14</sup> Form 10-K, Kinder Morgan, Inc. (February 28, 2013). Accessed at:

<http://www.sec.gov/Archives/edgar/data/1506307/000150630713000015/kmi-20121231x10k.htm>

<sup>15</sup> <http://www.sec.gov/Archives/edgar/data/1506307/000150630713000022/kmi2013annualproxystatement.htm>

<sup>16</sup> Schedule 14A, EQT Corporation. Accessed at: [http://www.sec.gov/Archives/edgar/data/33213/000110465913017012/a13-1782\\_1def14a.htm](http://www.sec.gov/Archives/edgar/data/33213/000110465913017012/a13-1782_1def14a.htm)

<sup>17</sup> *Id.* (EQT stock was valued at \$81.43 at the market's close on May 20, 2013).

<sup>18</sup> "Paid Notice: Deaths, WALTON, RACHEL MELLON," *New York Times* (March 14, 2006). Accessed at:

<http://query.nytimes.com/gst/fullpage.html?res=9B04E7DC143AF937A25750C0A9609C8B63>

<sup>19</sup> "James M. Walton," Heinz Endowments. Accessed at: [http://www.heinz.org/about\\_board\\_bio.aspx?BoardID=8](http://www.heinz.org/about_board_bio.aspx?BoardID=8)

Endowments also has an investment stake in the natural gas industry, disclosing stock in more than a dozen fracking and related services companies including shares of equipment company National Oilwell Varco worth \$1.3 million, a stake in driller Devon Energy worth \$1.1 million, and equity in the pipeline company Williams worth \$1 million in its 2011 IRS filing.<sup>20</sup> In all, the Heinz Endowments has \$12 million in equity in oil and gas companies, totaling 6% of its U.S. equities holdings.

The Heinz Endowments has funded organizations critical of fracking in recent years, suggesting that there are competing pressures and priorities at the organization. The *Associated Press* recently reported that the foundation was funding both “drilling foes and backers.” PAI analyzed its natural gas-related grants between 2009 and 2012 and identified \$11.5 million in natural gas-related spending and operating support of organizations with significant fracking-related activities.<sup>21</sup>

A full classification of the fracking stance of each grantee was beyond the scope of this study, though PAI found that a significant percentage of this amount – close to half – went to organizations critical of fracking. Several, such as Earthworks and Damascus Citizens for Sustainability, are explicitly opposed to fracking. Others, such as Citizens for Pennsylvania’s Future (a CSSD sponsor), are far more moderate in their criticism. Much of this spending was targeted towards measuring, mitigating, and raising awareness about the impacts of natural gas drilling and the need for regulation.

## The William Penn Foundation

The William Penn Foundation, the other foundation acting as a strategic partner of CSSD, has some notable ties to the gas industry, particularly through board member **Howard L. Meyers**. Meyers is a senior partner at Morgan, Lewis & Bockius, a law firm that belongs to the Marcellus Shale Coalition.<sup>22</sup> Meyers has represented numerous companies and partnerships in natural gas transactions, including UGI in its acquisition of PPL Gas Utilities, Buckeye Partners in its acquisition and sale of Farm & Home Oil Company, and Penn Virginia Resource Partners in its revolving credit agreement.<sup>23</sup>

William Penn Foundation director **James Gately** is a managing partner of the Vanguard Group, a financial management firm that manages an \$11.8 billion mutual fund invested in many fracking companies, including Exxon Mobil, Chevron, BP, and Schlumberger as well as a \$2.5 billion exchange-traded fund with similar fracking holdings.

## B. Environmental Groups

The Center for Sustainable Shale Development identifies five environmental groups among its strategic partners: Clean Air Task Force, the Environmental Defense Fund, the Group Against Smog and Pollution, Citizens for Pennsylvania’s Future (PennFuture), and the Pennsylvania Environmental Council.<sup>24</sup> Of these groups, Clean Air Task Force, the Environmental Defense Fund, and the Pennsylvania Environmental Council are the only ones with seats on the CSSD board of directors.<sup>25 26</sup>

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<sup>20</sup> Form 990-PF, The Heinz Endowments (November 14, 2012).

<sup>21</sup> Kevin Begos, “Heinz Endowments funds drilling foes and backers,” *Associated Press* (June 2, 2013). Accessed at: <http://triblive.com/state/marcellusshale/4125609-74/heinz-endowments-drilling>

<sup>22</sup> “Howard L. Meyers,” Morgan Lewis & Brockius. Accessed at: <http://www.morganlewis.com/bios/hmeyers>

<sup>23</sup> *Id.*

<sup>24</sup> “Strategic Partners,” Center for Sustainable Shale Development. Accessed at: <https://www.sustainableshale.org/strategic-partners/>

<sup>25</sup> “About Us,” Center for Sustainable Shale Development. Accessed at: <https://www.sustainableshale.org/about/>

<sup>26</sup> When asked via email (April 1, 2013) about Penn Future’s involvement with CSSD, president George Jugovic replied: “We participated in the first two years of discussion that formulated the initial standards but are not part of the permanent board of

Of the permanent board members, Clean Air Task Force and Environmental Defense Fund (EDF) were characterized as “solutions-oriented” groups (as opposed to groups “committed to an ideology”) by Chris Tucker of Energy In Depth, a public relations campaign of the Independent Petroleum Association of America, in a presentation on “Understanding, Responding to, and Working with Environmental NGOs” at an energy industry conference in Houston.<sup>27</sup>

EDF has significant ties to the oil and gas industry through board members and donors, and the Clean Air Task Force has ties to utility companies and consultancies servicing the industry. The third group with a permanent board seat, the Pennsylvania Environmental Council, is largely controlled by gas industry representatives.

A closer look at these environmental groups and their industry ties suggests that the environmentalists involved in CSSD are deeply conflicted by their ties to the oil and gas industry. These groups lend CSSD the appearance of environmental support, thereby imbuing it with credibility, but they are themselves very closely linked to the industry.

## **Environmental Defense Fund (EDF)**

EDF has been a key environmental ally of the oil and gas industry in the heated debate around fracking. EDF qualifies its support for fracking, arguing that the environmental benefits associated with natural gas outweigh the consequences, as long as the process is regulated properly. But it has also been especially aggressive in aligning itself with the oil and gas industry and providing environmentalist cover for the controversial extraction process.

Though EDF does not disclose its donors, it has strong financial ties to the natural gas industry through board members and backers, including the pioneer of the technique of high-volume horizontal hydraulic fracturing.

### **EDF gas industry ties**

Key EDF board members and donors sit on the boards of natural gas ventures, advise them, or are invested in them, and so have a financial stake in ensuring that natural gas drilling goes forward unimpeded. The following are some of the more significant connections:

- **Katherine Lorenz, president of the family foundation of the “father of fracking.”** Lorenz, president of the Cynthia & George Mitchell Family Foundation, joined EDF’s board at some point during the last year (she is not listed in EDF’s 2011 annual report).<sup>28</sup> The Cynthia & George Mitchell Foundation is the family foundation of George Mitchell, who is credited with pioneering the technique of horizontal hydraulic fracturing for natural gas in the Barnett Shale of Texas.<sup>29</sup> Mitchell is #239 on Forbes’ list of the 400 wealthiest Americans, with a reported net worth of \$2 billion as of March 2013.<sup>30</sup>

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directors.” Jugovic appears on a board list for CSSD dated March 20, 2013 and posted on the Heinz Endowments website, but not on the board of directors listed on the CSSD website. Jugovic stepped down as CEO of Penn Future in June 2013.

<sup>27</sup> Chris Tucker, “Understand, Responding to, and Working with Environmental NGOs,” Energy In Depth (November 1, 2011). Accessed at: <http://www.scribd.com/doc/78189224/Energy-in-Depth-Frack-Talk>

<sup>28</sup> Archive of “Board of Trustees,” Environmental Defense Fund (January 15, 2011). Accessed at: <http://web.archive.org/web/20110124051219/http://www.edf.org/page.cfm?tagID=365>

<sup>29</sup> Jesse Bogan, “The Father of Shale Gas,” *Forbes* (July 16, 2009). Accessed at: <http://www.forbes.com/2009/07/16/george-mitchell-gas-business-energy-shale.html>

<sup>30</sup> “George Mitchell,” *Forbes*. Accessed at: <http://www.forbes.com/profile/george-mitchell/>

The Foundation's assets are almost entirely invested in Devon Energy, which purchased Mitchell Energy in 2002 (the foundation's 2011 tax return reports \$116.4 million in Devon stock). Despite having sold Mitchell Energy, George Mitchell and his family continue to be active in the gas industry. He and his son, J. Todd Mitchell, are currently involved in a gas exploration company named Alta Resources. IRS filings show the foundation giving \$1,500 to EDF in 2009, \$51,000 in 2010, \$100,000 in 2011.<sup>31</sup> Figures for 2012 are not yet available. A board seat on EDF likely requires donations of more than \$100,000 per year from its wealthiest board members. Other EDF board members on the Forbes 400 Wealthiest Americans list give far more than Mitchell's family – board member Stan Druckenmiller, #151 on the list, gave \$3.5 million to EDF in 2011, and board member Julian Robertson, #170, gave \$10.5 million to EDF in 2011.

The Cynthia & George Mitchell Foundation has also funded EDF work through the Energy Foundation. The Mitchell Foundation pledged \$6 million to the Energy Foundation in 2008 for a three-year "initiative to advance a clean-energy future for Texas."<sup>32</sup> The Energy Foundation has, in turn, given EDF \$2 million since 2009, \$940,000 of which was exclusively focused on Texas, according to the foundation's website (the Energy Foundation website lists \$3.6 million in Texas-related grants since 2009).<sup>33</sup>

- **Thomas Kean, Hess board member, beneficial owner of 25.4 million Hess shares.** Former New Jersey Governor Thomas Kean was a board member of energy company Hess Corp, which is active in the Bakken oil shale play and the Utica Shale play, until May 16, 2013.<sup>34</sup> Kean made \$288,190 in cash and stock as a board member of Hess in 2011. Kean is a direct owner of 35,018 shares of Hess stock worth \$2,441,455 as of market close May 20, 2013<sup>35</sup>, and as of March 2012 was a beneficial owner of approximately 25.4 million shares through his board seats on a Hess-related limited partnership, a charitable lead annuity trust under the will of Leon Hess, and the Hess Foundation, all of which own Hess stock.<sup>36</sup>
- **Julian Robertson, investor in natural gas infrastructure.** Robertson is reportedly EDF's top all-time donor<sup>37</sup> and gave \$10.5 million to EDF in 2011 alone.<sup>38</sup> Robertson is a senior advisor to and backer of Tiger Infrastructure Partners, a private equity firm which launched in 2009.<sup>39</sup> The fund is focused on investing in natural gas infrastructure related to the shale gas boom. CEO Emil Henry recently told *Infrastructure Investor* that the firm was focused on shale gas:

"The development of shale gas coupled with the commercialisation [...] to exploit it" ranked as the most important development in the energy sector in the past 20 years, the

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<sup>31</sup> Form 990-PF, The Cynthia & George Mitchell Foundation (June 21, 2010). Accessed at: <http://www.guidestar.org/FinDocuments/2009/742/170/2009-742170127-0620fb17-F.pdf>, Form 990-PF, The Cynthia & George Mitchell Foundation (November 15, 2011). Accessed at: <http://www.guidestar.org/FinDocuments/2010/742/170/2010-742170127-07dfdd19-F.pdf>, and Form 990-PF, The Cynthia & George Mitchell Foundation (November 15, 2012). Accessed at: <http://www.guidestar.org/FinDocuments/2011/742/170/2011-742170127-08e72e4c-F.pdf>

<sup>32</sup> "Foundation Creates \$6 Million Texas Energy and Climate Change Program," Cynthia & George Mitchell Foundation (February 6, 2008). Accessed at: <http://www.reuters.com/article/2008/02/06/idUS196271+06-Feb-2008+PRN20080206>

<sup>33</sup> "Energy Foundation Live Grant Feed," Energy Foundation. Accessed at: <http://hgrants.ef.org/>

<sup>34</sup> Angel Gonzalez, "Hess Sees Tripling of Bakken Shale Output by 2015," *The Wall Street Journal* (October 26, 2011). Accessed at: <http://online.wsj.com/article/SB10001424052970203687504576655151255083930.html>

<sup>35</sup> Thomas Kean, Form 4 (March 8, 2013). Accessed at: <http://www.sec.gov/Archives/edgar/data/4447/000120919113015314/xsIF345X03/doc4.xml>

<sup>36</sup> Schedule 14A, Hess Corporation (March 23, 2012). Accessed at: <http://www.sec.gov/Archives/edgar/data/4447/000119312512128993/d297861ddef14a.htm>

<sup>37</sup> Matthew C. Nisbet, "Environmental Defense Fund Mega-Donor Is Biggest Individual Contributor to Romney Super PAC," Big Think (February 22, 2012). Accessed at: <http://bigthink.com/age-of-engagement/environmental-defense-fund-mega-donor-is-biggest-individual-contributor-to-romney-super-pac>

<sup>38</sup> Form 990-PF, Robertson Foundation (October 12, 2012). Accessed at: <http://www.guidestar.org/FinDocuments/2011/137/068/2011-137068398-089cd0ca-F.pdf>

<sup>39</sup> "Tiger Teams Up to Start Private Equity Firm," *New York Times* "Dealbook" blog (November 3, 2009). Accessed at: <http://dealbook.nytimes.com/2009/11/03/tiger-robertson-and-henry-launch-pe-firm/>

Tiger boss argued.

“The building out of the gathering, transportation and treating infrastructure to exploit this resource are going to continue to be a major opportunity for the foreseeable future,” Henry added.<sup>40</sup>

In June 2012, Tiger Infrastructure Partners announced a \$500 million partnership with Kiewit Corporation to invest in midstream energy assets and “bring much needed turnkey capability to energy producers at the forefront of the shale revolution,” according to Henry.<sup>41</sup>

- **Hannelore Grantham, wife of investor who said “Everyone who has a brain should be thinking of how to make money on [low natural gas prices] in the longer term.”** EDF board member Hannelore Grantham’s husband, Jeremy Grantham, is the founder of asset manager GMO, LLC, which manages \$100 billion in assets and is focused in part on profiting from natural resource scarcity.<sup>42</sup> Of low natural gas prices, Jeremy Grantham recently wrote: “Everyone who has a brain should be thinking of how to make money on this in the longer term.”<sup>43</sup> He recently made a natural gas “buy” recommendation at an investor conference,<sup>44</sup> and called fracking a “rare positive” in a note to investors.<sup>45</sup>

He has expressed some misgivings about methane leakage associated with fracking, stating that “[u]nlike other environmentalists, I worry less about other of the several negative effects of fracking: boiling the planet makes other negatives seem to me relatively inconsequential.”<sup>46</sup> GMO is invested in energy companies such as Chevron and ExxonMobil. The Granthams’ daughter, Isabel Grantham, is a former EDF employee<sup>47</sup> and sits on the board of the Grantham Foundation for the Protection of the Environment, which gave EDF \$3.5 million from 2008 to 2010.<sup>48</sup> EDF president Fred Krupp sits on the advisory board of the Grantham Research Institute on Climate Change and the Environment.<sup>49</sup>

EDF has also received significant funding for natural gas-related work from the foundation of **Michael Bloomberg**. The Bloomberg Family Foundation’s board includes several individuals with strong ties to the oil and gas industry, including Samuel J. Palmisano, who sits on the ExxonMobil board; Sam Nunn, who is a director of Hess and a former director of CSSD sponsor Chevron; and David L. Boren, who is a former director of ConocoPhillips and currently sits on the board of Continental Resources.

## EDF’s work on fracking

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<sup>40</sup> “Tiger on the prowl for first deal,” *Infrastructure Investor*, May 16, 2012.

<sup>41</sup> “Tiger Infrastructure Partners and Kiewit Corporation Create Joint Venture to Invest \$500 million in Midstream Energy Companies and Assets,” Tiger Infrastructure Partners (June 5, 2012). Accessed at: <http://www.prnewswire.com/news-releases/tiger-infrastructure-partners-and-kiewit-corporation-create-joint-venture-to-invest-500-million-in-midstream-energy-companies-and-assets-157277415.html>

<sup>42</sup> Carlo Rotella, “Can Jeremy Grantham Profit From Ecological Mayhem?,” *New York Times* (August 11, 2011). Accessed at: [http://www.nytimes.com/2011/08/14/magazine/can-jeremy-grantham-profit-from-ecological-mayhem.html?\\_r=3&hp](http://www.nytimes.com/2011/08/14/magazine/can-jeremy-grantham-profit-from-ecological-mayhem.html?_r=3&hp)

<sup>43</sup> “A Flaming Buy? Natural Gas Won’t Stay Low Forever,” *The Wall Street Journal* (April 27, 2012). Accessed at: <http://online.wsj.com/article/SB10001424052702303990604577369832446507656.html>

<sup>44</sup> Sam Ro, “GRANTHAM: Buy Natural Gas, Buy Copper Ore, Buy Phosphorus, Short Corn,” *Business Insider* (April 10, 2013). Accessed at: <http://www.businessinsider.com/jeremy-grantham-buy-natural-gas-2013-4>

<sup>45</sup> “Jeremy Grantham Looks At The Future Of America: ‘On The Road To Zero Growth,’” *Zero Hedge* (November 20, 2012). Accessed at: <http://www.zerohedge.com/news/2012-11-20/jeremy-grantham-looks-future-america-road-zero-growth>

<sup>46</sup> Jeremy Grantham, “Welcome to Dystopia! Entering a long-term and politically dangerous food crisis,” GMO (July 2012). Accessed at: <http://f2cfnd.org/wp-content/uploads/2012/09/GMOQ2Letter.pdf>

<sup>47</sup> Archive of “Isabel Grantham,” Environmental Defense Fund (November 11, 2012). Accessed at: <http://web.archive.org/web/20121111081954/http://www.edf.org/people/isabel-grantham>

<sup>48</sup> Form 990, Grantham Foundation for the Protection of the Environment (2008 – 2010). Accessed at: <http://www.guidestar.org/organizations/04-6856456/grantham-foundation-protection-environment.aspx>

<sup>49</sup> “Advisory Board,” London School of Economics Grantham Research Institute on Climate Change and the Environment. Accessed at: <http://www2.lse.ac.uk/GranthamInstitute/whosWho/Other/AdvisoryBoard.aspx>

EDF has lent its name as a reviewer to fracking studies by the University of Texas and the University at Buffalo. In doing so, EDF offered its non-industry, environmentalist authority to seriously flawed pro-fracking reports authored by individuals with industry ties.

One such study, from the University of Texas, made the claim that fracking posed no threat to groundwater. It was retracted by the school in December 2012 after an independent panel slammed it for poor scholarship and undisclosed conflicts of interest. The University at Buffalo closed its recently opened Shale Resources and Society Institute in November 2012 after SUNY trustees opened an investigation into a report that claimed that fracking was becoming safer thanks to improved industry practices. Both of these retracted papers were reviewed before publication by Environmental Defense Fund's "point person on policies relating to natural gas development," **Scott Anderson**.<sup>50</sup> PAI exposed problems with both reports in the summer of 2012.<sup>51</sup>

EDF frequently pops up in media reports as an environmental organization that endorses fracking and supports regulation of fracking that other environmental groups see as ineffective and loophole-ridden. *New York Times* columnists Joe Nocera and Thomas Friedman have both highlighted EDF's work around natural gas, and its endorsement of "responsible" fracking; fracking regulations in Ohio and Texas that were decried by environmental groups were supported by EDF.<sup>52</sup>

In February 2013, EDF went so far as to hire a "Director, Natural Gas Exploration and Production," based out of its Austin office – an unusual staff position for an environmental organization.<sup>53</sup> **Dan Mueller**, the new director, was drawn from the natural gas industry, and previously held positions at industry consulting firms Zephyr Environmental and Camp, Dresser, & McKee.

## Pennsylvania Environmental Council (PEC)

The Pennsylvania Environmental Council (PEC), one of the other environmental groups with a board seat at CSSD, has also positioned itself as a moderate in the fracking debate that supports drilling, asserting on its website: "It is widely considered that the Marcellle [sic] Shale play offers an abundant fuel to help bridge the gap between today's energy portfolio and a future supply that reflects both a reduced carbon footprint and reduce dependence on foregin [sic] sources of energy."<sup>54</sup>

Though the group is not solely dedicated to Marcellus Shale issues (PEC operates "centers of excellence" in water resources, sustainable communities, and energy and climate), the proportion of pro-fracking interests represented in PEC's leadership and the group's activities in the fracking debate suggest that PEC, like EDF, is conflicted by its industry ties – and may have been enlisted to give environmentalist approval to CSSD precisely because it is so close to the gas industry.

### PEC gas industry ties

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<sup>50</sup> "Scott Anderson," Environmental Defense Fund. Accessed at: <http://www.edf.org/people/scott-anderson>

<sup>51</sup> Kevin Connor, Robert Galbraith, and Benjamin Nelson, "The UB Shale Play: Distorting the Facts about Fracking," Public Accountability Initiative (May 2012). Accessed at: <http://public-accountability.org/wp-content/uploads/UBShalePlay.pdf> and Kevin Connor, Robert Galbraith, and Benjamin Nelson, "Contaminated Inquiry," Public Accountability Initiative (July 2012). Accessed at: <http://public-accountability.org/wp-content/uploads/ContaminatedInquiry.pdf>

<sup>52</sup> See e.g. Joe Nocera, "How to Extract Gas Responsibly," *New York Times* (February 27, 2012). Accessed at: [http://www.nytimes.com/2012/02/28/opinion/nocera-how-to-frack-responsibly.html?\\_r=0](http://www.nytimes.com/2012/02/28/opinion/nocera-how-to-frack-responsibly.html?_r=0) and Thomas Friedman, "Get It Right on Gas," *New York Times* (August 4, 2012). Accessed at: <http://www.nytimes.com/2012/08/05/opinion/sunday/friedman-get-it-right-on-gas.html>

<sup>53</sup> "Dan Mueller, P.E.," LinkedIn. Accessed at: <http://www.linkedin.com/pub/dan-mueller-p-e/0/884/447>

<sup>54</sup> "Marcellus Shale development," Pennsylvania Environmental Council. Accessed at: <http://www.pecpa.org/marcellus-shale-development>

The PEC's board is nearly entirely composed of employees of companies with a stake in the industry, either as a driller or as a service provider. Sixteen of the PEC's 18 board members are representatives of companies with an energy practice and nine of the 18 board members work for companies that are members of the gas industry advocacy group, the Marcellus Shale Coalition. Some of the more notable PEC board ties to the natural gas industry:

- **Anthony Bartolomeo**, the PEC board chair, is President & CEO of Pennoni Associates, an environmental engineering firm and member of the Marcellus Shale Coalition.
- **Carol McCabe**, vice chair, is a partner at Manko Gold Katcher & Fox, an environmental law and lobbying firm with a Marcellus Shale practice and strong ties to Pennsylvania environmental regulatory bodies. Manko Gold is a Marcellus Shale Coalition member and another of the firm's partners, Marc E. Gold, is an attorney for the Marcellus Shale Coalition itself.
- **Gary Brown**, treasurer, is a President of RT Environmental Services, a Marcellus Shale Coalition member environmental engineering and consulting firm.
- **Seth Cooley** is an attorney at Duane Morris, LLP, a law firm with a Marcellus Shale practice that has lobbied for Aqua America, Synagro Technologies, Global Geophysical Services, MicroSeismic Inc., Burleson LLP, Elliot Company, and Pennoni Associates.
- **Brian Grove** is a senior director for corporate development at Chesapeake Energy, a founding Marcellus Shale Coalition member. Grove is also the former chief of staff for Pennsylvania State Senator Lisa Baker.
- **John T. Hines**, who spent 18 years at the Pennsylvania Department of Environmental Protection, is now a government relations advisor to CSSD founding member Shell Oil Company.

Ten other PEC board members have similar ties to the natural gas industry, all of which are detailed in the article "The Pennsylvania 'Environmental' Council" on Eyes on the Ties, the blog on PAI's investigative research website, LittleSis.org.<sup>55</sup> In addition to these ties, many oil and gas and related industry companies are members of PEC according to its website, including Chesapeake Energy, ConocoPhillips, Exelon, and CSSD sponsor Chevron and the charitable foundation of CSSD sponsor EQT Corp.<sup>56</sup>

### **PEC's pro-fracking activities**

In 2012, PEC awarded former Pennsylvania Governor and Marcellus Shale Coalition lobbyist **Tom Ridge** a lifetime achievement award "for his achievements as a champion of the environment."<sup>57</sup> After leaving office, Ridge founded two consulting and lobbying firms, Ridge Global LLC and Ridge Policy group, which were the recipients of a one year \$900,000 contract to lobby for the Marcellus Shale Coalition.<sup>58</sup> Ridge is also on the board of directors of Exelon, a power company and utility that recently purchased Constellation, a natural gas producer and utility headquartered in Maryland.<sup>59</sup>

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<sup>55</sup> Available at: <http://blog.littlesis.org/2013/02/21/the-pennsylvania-environmental-council/>

<sup>56</sup> "Current PEC Members," Pennsylvania Environmental Council. Accessed at: <http://www.pecpa.org/current-pec-members>

<sup>57</sup> "Former Governor Tom Ridge to Receive Lifetime Achievement Award from PEC," Pennsylvania Environmental Council (May 7, 2012). Accessed at: <http://www.pecpa.org/release/former-governor-tom-ridge-receive-lifetime-achievement-award-pec>

<sup>58</sup> Tom Barnes, "Ridge's firms to get \$900,000 for pushing Marcellus drilling", Pittsburgh Post-Gazette (March 29, 2012). Accessed at: <http://www.post-gazette.com/stories/local/breaking/ridges-firms-to-get-900000-for-pushingmarcellus-drilling-257769/>

<sup>59</sup> "Thomas J. Ridge," Exelon Corp. Accessed at:

<http://www.exeloncorp.com/performance/governance/boardofdirectors/ridge.aspx>



PEC maintains a website called Marcellus Facts, which aggregates news stories about the Marcellus Shale from local and national sources.<sup>60</sup> Included among these stories are press releases from the Marcellus Shale Coalition, which is listed as a news source at the bottom of the page, without identifying the releases as coming from the gas industry. The website also streams a feed from the Twitter account of former Department of Environmental Protection Secretary **David Hess** who is now a lobbyist for Aqua America, Exelon, Shipley Energy, Dominion, Interstate Gas Supply, Covanta, and the Pennsylvania Petroleum Association.

## Clean Air Task Force (CATF)

The third environmental group with a seat on CSSD's board, Clean Air Task Force, was identified along with EDF as a potential partner in a 2011 presentation by Chris Tucker of the gas industry front group Energy In Depth.<sup>61</sup> Though it has called for tighter state and federal regulation of fracking, CATF has taken the position that natural gas is a "palliative" (though not a cure) for America's carbon-heavy energy policy.

CATF has ties to the natural gas industry through its nine-member board of directors. Two members of CATF's board, **Bruce Phillips** and **Susan Tierney**, are consultants to the natural gas industry. The Analysis Group, where Tierney is a managing principal, has done consulting work for the Interstate Natural Gas Association of America and the Western States Petroleum Association. Tierney also sat on a U.S. Energy Department panel tasked with studying hydraulic fracturing that was stacked with oil and gas representatives and included EDF president and CSSD board member Fred Krupp as the sole representative of the environmental community.<sup>62</sup> Bruce Phillips is director and co-founder of the Northbridge Group, an economic and strategic consulting firm that serves the electric and natural gas industries.

Further, **Elizabeth Thompson**, the director of governmental affairs for EDF and the president of EDF's lobbying arm the Environmental Defense Action Fund, also serves on CATF's board of directors. CATF board member **Rick Sergel** is a former executive director of the gas and electric utility National Grid, and is a current director of Emera, Inc., a utility in the gas and electric sectors, and the State Street Corporation, a financial services provider and the world's third largest institutional investor. Another board member, **Stephen Brick**, was previously the director of environmental affairs for the now-bankrupt PG&E National Energy Group, an energy transmission, generating, marketing, and trading subsidiary of Pacific Gas & Electric.

**Jane C.S. Long**, a CSSD board member, is on the CATF board as well. Long is a senior fellow at the Breakthrough Institute, a California think tank that has strongly endorsed natural gas, calling shale gas the "'killer app' in the fight against coal."<sup>63</sup>

## C. CSSD Sponsors: Gas Companies

Four of CSSD's founding members are the oil and gas companies Chevron, CONSOL Energy, EQT

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<sup>60</sup> "Marcellus Facts," Pennsylvania Environmental Council. Accessed at: <http://www.marcellusfacts.org>

<sup>61</sup> Chris Tucker, "Understand, Responding to, and Working with Environmental NGOs," Energy In Depth (November 1, 2011).

<sup>62</sup> "Secretary Chu Tasks Environmental, Industry and State Leaders to Recommend Best Practices for Safe, Responsible Development of America's Onshore Natural Gas Resources," United States Department of Energy (May 5, 2011). Accessed at: <http://energy.gov/articles/secretary-chu-tasks-environmental-industry-and-state-leaders-recommend-best-practices-safe>

<sup>63</sup> "Breakthrough's Nordhaus vs. EDF's Krupp," The Breakthrough Institute. Accessed at:

<http://thebreakthrough.org/index.php/programs/energy-and-climate/breakthroughs-nordhaus-vs.-edfs-krupp/>

Corporation, and Shell. The CSSD founders are among the biggest drillers in Pennsylvania; their 1,776 gas wells represent nearly 20% of the active wells in the state according to Department of Environmental Protection data compiled by StateImpact Pennsylvania.<sup>64</sup>

Though the companies affiliated with CSSD are not Pennsylvania's worst environmental violators, they all stand to benefit from projecting a green image. Wells operated by the four CSSD companies racked up a total of 308 DEP violations from 2009 through January 2012, including 22 instances of "discharge of pollutional [sic] materials to waters of the Commonwealth." In total, although the four companies that founded CSSD make up a little more than 5% of the gas drillers in Pennsylvania, they account for nearly 11% of the DEP violations.

## EQT Corporation

EQT appears to be the main industry driver of CSSD. The Center's president, **Andrew Place**, is EQT's director of public policy research and the Center is headquartered in the same Pittsburgh building as the gas driller, EQT Plaza.

EQT, formerly Equitable Resources, is one of the oldest gas drillers in Pennsylvania, operating for more than 120 years and owning "approximately 540,000 gross acres in the Marcellus Shale play."<sup>65</sup> EQT's website touts the company's "innovative and environmentally-friendly drilling methods."<sup>66</sup> DEP data compiled by StateImpact Pennsylvania shows 376 EQT wells drilled and permitted in the state.

EQT also operates a midstream company with 11,000 miles of gathering and transmission pipeline and an energy marketing operation that "actively encourages the use of this clean, affordable and abundant resource for commercial, industrial and transportation applications."<sup>67</sup> In 2011, EQT opened the first compressed natural gas fueling station in Western Pennsylvania with a \$700,000 grant from the Pennsylvania Department of Environmental Protection.<sup>68</sup>

EQT is a prolific donor. In addition to the \$38,350 the company has made in campaign contributions since 2011<sup>69</sup> and the \$662,539 it has spent on lobbying,<sup>70</sup> the EQT Foundation is also a member of the Pennsylvania Environmental Council, another CSSD co-founder.<sup>71</sup>

## Chevron

Chevron is one of the largest oil and gas companies in the country and worth almost \$233 billion.<sup>72</sup> Chevron has an upstream business exploring for, developing, and producing oil and gas as well as downstream operations refining oil and gas into petroleum products and petrochemicals.<sup>73</sup>

Although Chevron is a relative latecomer to the shale gas business – it did not enter the Marcellus market until 2011 when it purchased Pennsylvania gas driller Atlas Resources – the 713 wells it controls

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<sup>64</sup> "Shale Play: Natural Gas Drilling in Pennsylvania," StateImpact Pennsylvania. Accessed at: <http://stateimpact.npr.org/pennsylvania/drilling/>

<sup>65</sup> "About EQT Production," EQT Corp. Accessed at: <http://www.eqt.com/production/default.aspx>

<sup>66</sup> *Id.*

<sup>67</sup> "EQT Corporation," EQT Corp. Accessed at: <http://www.eqt.com/>

<sup>68</sup> "EQT CNG Filling Station," EQT Corp. Accessed at: <http://www.eqt.com/commOp/ngv/cng.aspx>

<sup>69</sup> "EQT," Marcellus Money. Accessed at: [http://marcellusmoney.org/company/eqt?order=field\\_donation\\_date\\_value&sort=asc](http://marcellusmoney.org/company/eqt?order=field_donation_date_value&sort=asc)

<sup>70</sup> "Lobbyist Disclosure Regulation," Pennsylvania Department of State. Accessed at: <https://www.palobbyingservices.state.pa.us/ACT134/Public/EnhancedSearch.aspx>

<sup>71</sup> "Current PEC Members," Pennsylvania Environmental Council

<sup>72</sup> Form 10-K, Chevron Corporation (February 22, 2013). Accessed at:

<http://www.sec.gov/Archives/edgar/data/93410/000009341013000003/cvx-123112x10kdoc.htm>

<sup>73</sup> *Id.*

through Atlas Resources and Chevron Appalachia make the company the fifth largest driller in the state.<sup>74</sup>

Forty-two environmental violations at those wells have netted Chevron \$6,000 in fines from the DEP. Chevron's violations include six instances of "discharge of polluttional [sic] material to waters of the Commonwealth," one instance of "discharge of industrial waste to waters of the Commonwealth without a permit," seven instances of "failure to properly control or dispose of industrial or residual waste to prevent pollution of the waters of the Commonwealth," and three instances of "failure to report defective, insufficient, or improperly cemented casing w/in 24 hrs or submit plan to correct w/in 30 days."<sup>75</sup>

Chevron is also a Pennsylvania Environmental Council member.

## CONSOL Energy

CONSOL Energy is a coal and gas concern headquartered, like EQT, in the Pittsburgh area. According to DEP data, the company operates 315 gas wells in Pennsylvania under the names CONSOL Gas and CNX. CNX was spun off of CONSOL in 2006, though CONSOL remained a majority shareholder until 2010 when it acquired all remaining publicly owned shares.<sup>76</sup> That year, CONSOL also purchased the gas production capacity of Dominion Resources, a Virginia company, for \$3.48 billion.<sup>77</sup>

Although StateImpact only has 13 recorded DEP violations at CONSOL's combined 315 wells, the company has been hit with \$78,250 in fines since 2009, the most of any CSSD member.<sup>78</sup>

CONSOL also has ties to Pennsylvania government. CONSOL lobbyist Gary Slagel was a member of the Marcellus Shale Advisory Commission convened by current governor Tom Corbett during his first year in office. Further, since 2011, CONSOL has spent more than half a million dollars to influence Pennsylvania's elected officials. CONSOL and CNX have made \$64,310 in campaign contributions since 2011 and have spent \$469,966 on lobbying in the state.<sup>79</sup>

## Shell

Royal Dutch Shell, headquartered in the Netherlands, topped Fortune's Global 500 list in 2012 with \$484.5 billion in revenues.<sup>80</sup> Shell is engaged in every stage of the oil and gas industry, from exploration and production to refining to marketing to petrochemicals. Shell entered the Marcellus play in 2010 with its purchase of East Resources for \$4.7 billion, and it is now the fourth largest gas company in the Pennsylvania Marcellus with 760 wells on record with the Department of Environmental Protection.<sup>81</sup>

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<sup>74</sup> "Chevron Appalachia, LLC," StateImpact Pennsylvania. Accessed at: <http://stateimpact.npr.org/pennsylvania/drilling/operators/chevron-appalachia-llc/>

<sup>75</sup> *Id.*

<sup>76</sup> Elwin Green, "Consol in \$3.5B gas deal," *Pittsburgh Post-Gazette* (March 16, 2010). Accessed at: <http://www.post-gazette.com/stories/business/news/consol-in-35b-gas-deal-237975/>

<sup>77</sup> Ben Casselman, "Coal Giant Consol is Latest to Buy Gas," *The Wall Street Journal* (March 16, 2010). <http://online.wsj.com/article/SB10001424052748703909804575123313584602480.html>

<sup>78</sup> "CNX Gas Co., LLC," StateImpact Pennsylvania. Accessed at: <http://stateimpact.npr.org/pennsylvania/drilling/operators/cnx-gas-co-llc/>

<sup>79</sup> "Consol Energy," Marcellus Money. Accessed at: [http://marcellusmoney.org/company/consol-energy?order=field\\_donation\\_date\\_value&sort=asc](http://marcellusmoney.org/company/consol-energy?order=field_donation_date_value&sort=asc) and "Lobbyist Disclosure Regulation," Pennsylvania Department of State.

<sup>80</sup> "Global 500," CNN Money. Accessed at: [http://money.cnn.com/magazines/fortune/global500/2012/full\\_list/](http://money.cnn.com/magazines/fortune/global500/2012/full_list/)

<sup>81</sup> Fred Pals, "Shell Buys U.S. Gas Assets from East Resources for \$4.7 Billion", *Bloomberg* (May 28, 2010). Accessed at: <http://www.bloomberg.com/news/2010-05-28/shell-agrees-to-buys-subsidiaries-of-east-resources-for-4-7-billion.html> and "Operators With Active Wells In Pennsylvania," StateImpact Pennsylvania. Accessed at: <http://stateimpact.npr.org/pennsylvania/drilling/operators/>

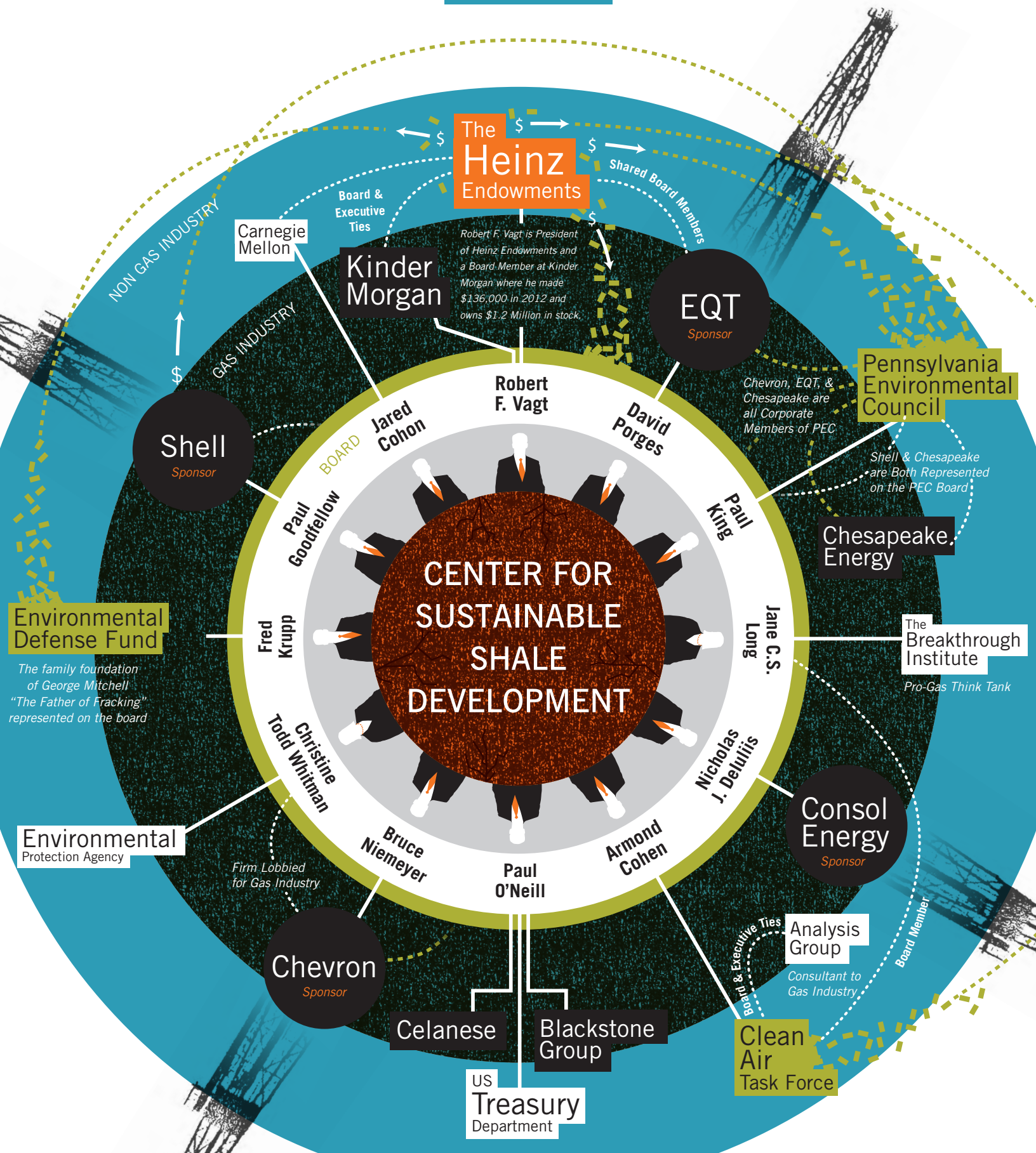
At Shell's 760 wells, the company has accumulated 211 DEP violations, far outpacing other CSSD drillers. Environmental violations at Shell wells make up 7.48% of all violations in the state of Pennsylvania. Shell has been cited 13 times for "improperly lined pit[s]," seven times for "pit and tanks not constructed with sufficient capacity to contain pollutorial substances," six times for "failure to properly store, transport, process or dispose of residual waste," six times for "failure to adopt pollution prevention measures required or prescribed by the DEP by handling materials that create a danger of pollution," and 14 times for "discharge of pollutorial materials to waters of the Commonwealth." Despite all of these citations, according to StateImpact's DEP data, Shell has not been fined by the department.

Of CSSD companies, Shell has also spent the most to influence Pennsylvania politics since 2011. The company has made \$50,925 in campaign contributions and spent \$784,348 on lobbying activities in Pennsylvania.<sup>82</sup>

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<sup>82</sup> "Shell," Marcellus Money. Accessed at: [http://marcellusmoney.org/company/shell?order=field\\_donation\\_date\\_value&sort=asc](http://marcellusmoney.org/company/shell?order=field_donation_date_value&sort=asc) and "Lobbyist Disclosure Regulation," Pennsylvania Department of State.

# BIG GREEN FRACKING MACHINE



The Heinz Endowments

Robert F. Vagt is President of Heinz Endowments and a Board Member at Kinder Morgan where he made \$136,000 in 2012 and owns \$1.2 Million in stock.

Kinder Morgan

EQT Sponsor

Pennsylvania Environmental Council

Shell Sponsor

Robert F. Vagt

David Porges

Paul King

Chesapeake Energy

Environmental Defense Fund

The family foundation of George Mitchell "The Father of Fracking" represented on the board

The Breakthrough Institute

Pro-Gas Think Tank

Environmental Protection Agency

Firm Lobbied for Gas Industry

Consol Energy Sponsor

Chevron Sponsor

Celanese

Blackstone Group

US Treasury Department

Analysis Group

Consultant to Gas Industry

Clean Air Task Force

NON GAS INDUSTRY

GAS INDUSTRY

Jared Cohon

Robert F. Vagt

David Porges

Paul King

Jane C.S. Long

Nicholas J. Delulitis

Armond Cohen

Paul O'Neill

Bruce Niemeyer

Christine Todd Whitman

Fred Krupp

Paul Goodfellow

Jared Cohon

Board & Executive Ties

Shared Board Members

Shell & Chesapeake are Both Represented on the PEC Board

Chevron, EQT, & Chesapeake are all Corporate Members of PEC

Board & Executive Ties

Board Member

## II. CSSD Leadership

The following section reviews CSSD's staff and board, which are dominated by individuals with ties to the natural gas industry.

### A. Executive officers

CSSD lists two corporate officers on its website, both of whom are tied to the oil and gas industry.

**Andrew Place**, CSSD's president, is the director of public policy research for CSSD sponsor EQT Corporation.<sup>83</sup> Before joining EQT, Place was the acting deputy secretary for energy and technology deployment at Pennsylvania's Department of Environmental Protection, where he was responsible for developing state energy policies.<sup>84</sup> Prior to his acting deputy secretary job, Place was special assistant for energy and climate change to John Hanger, at that time DEP Secretary and currently a 2014 gubernatorial candidate and special counsel to Marcellus Shale Coalition member Eckert Seamans Cherin & Mellott.

**Daniel Clearfield** is CSSD's secretary and treasurer and an attorney and executive committee member of Eckert Seamans Cherin & Mellott's energy practice. Clearfield's practice is concentrated on energy and utilities, including "Marcellus shale drilling and mid-stream issues, administrative litigation and government relations," and he is one of the firm's representatives on the Marcellus Shale Coalition.<sup>85</sup> Eckert Seamans also employs former Secretary of Environmental Protection John Hanger, who originally incorporated CSSD (as the Institute for Gas Drilling Excellence) in 2012.

### B. Board of Directors

Seven of CSSD's 12 directors have ties to the gas industry. Some are employed by the companies as executives, some serve on corporate boards of gas companies or companies that serve the gas industry, and one is president of a group that lobbies for the gas industry. CSSD's website and materials, however, only disclose the affiliations of the four directors who are presidents of the Center's drilling industry sponsors. Other board members, ostensibly representing the non-profit and environmental communities, also have ties to the gas industry.

**Paul O'Neill** is identified on CSSD website as "former Secretary of the Treasury Department and retired Chairman and CEO, Alcoa."<sup>86</sup> His biography linked from the Heinz Endowments' CSSD page also identifies him as a director of Qcept Technologies, Inc., Celanese Corp., TRW Automotive Holdings, RAND, The Center for Global Development, and The Peterson Institute for International Economics.<sup>87</sup> Several of the companies O'Neill is connected to have significant ties to the natural gas industry.

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<sup>83</sup> "EQT a Founding Member of New Coalition Established to Encourage Responsible Shale Development," EQT Corp. Accessed at: <http://www.eqt.com/pressRoom/coalitionEstablished.aspx>

<sup>84</sup> David E. Hess, "DEP's Dan Griffiths Retiring, Andrew Place Named Acting Deputy," PA Environment Digest (July 26, 2010). Accessed at: <http://paenvironmentdaily.blogspot.com/2010/07/deps-dan-griffiths-retiring-andrew.html>

<sup>85</sup> "Daniel Clearfield," Eckert Seamans Cherin & Mellott. Accessed at: <http://www.eckertseamans.com/directory.aspx?View=Detail&DirectoryID=709>

<sup>86</sup> "About Us," Center for Sustainable Shale Development.

<sup>87</sup> "Biographies," Center for Sustainable Shale Development. Accessed at: <http://www.heinz.org/UserFiles/File/CSSD/Biographies.pdf>

Alcoa is the world leader in aluminum production and has a subsidiary, Alcoa Oil & Gas, that “offers customized solutions specific to the oil and gas industry.”<sup>88</sup> As of 2004, Alcoa has had a 20% interest in a consortium that owns a natural gas pipeline in Australia “in order to secure a competitively priced long-term supply of natural gas to Alcoa’s refineries in Western Australia.”<sup>89</sup>

Celanese is a chemical company that produces a number of products for the oil and gas industry and uses natural gas for energy and as a raw material. Celanese is also a founding sponsor of the Domestic Fuel Solutions Group (DFSG), “a growing coalition of fuel industry stakeholders who share the common goal of reducing America’s dependence on foreign oil.”<sup>90</sup> DFSG’s board is made up entirely of Celanese employees, including Stephanie Daigle, a lobbyist who has advocated for oil and gas companies Pennsylvania General Energy and BHP Billiton.<sup>91</sup>

From 2003 to 2011, O’Neill served as an advisor at the Blackstone Group.<sup>92</sup> Blackstone is heavily invested in the energy industry. In April 2011, Blackstone and Alta Resources announced a deal to invest up to \$1 billion to acquire and develop unconventional oil and gas assets in North America.<sup>93</sup> In February 2012, Blackstone closed a deal extending a \$1 billion line of credit to GeoSouthern Energy to develop the company’s assets in the Eagle Ford shale.<sup>94</sup> At the time of the GeoSouthern deal, Blackstone had more than \$5 billion invested in energy.<sup>95</sup> In May 2012, Blackstone invested \$1.5 billion with Cheniere Energy to finance the company’s Sabine Pass liquefied natural gas (LNG) export terminal project, which will liquefy natural gas produced in the United States for export to other countries.<sup>96</sup>

Also worth noting is O’Neill’s former position on the board of Nalco Holding Company. Now owned by Ecolab, Nalco is heavily involved in the energy industry. Its Nalco Energy Services has upstream businesses producing gas and oil field chemicals and fracking additives and downstream businesses serving refineries and petrochemical processors. Nalco produces Corexit, the dispersant used to clean up the oil spill that resulted from the explosion and blowout at BP’s Deepwater Horizon offshore oil rig. When O’Neill left the Nalco board in 2008, he owned 11,377 shares of stock, which would have been worth more than \$400,000 when Ecolab bought the company in 2011.<sup>97</sup>

**Christine Todd Whitman** is identified as president of the Whitman Strategy Group, former governor of New Jersey, and former administrator of the Environmental Protection Agency on CSSD website. The Whitman Strategy Group is a lobbying firm that has lobbied for Chevron; Locus Technologies, an

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<sup>88</sup> “Alcoa Wins Pennsylvania General Energy Contract to Supply Aluminum Alloy Drill Pipe for Marcellus Shale Field Exploration,” Alcoa Inc.. Accessed at: [http://www.alcoa.com/global/en/news/news\\_detail.asp?pageID=20120802006403en&newsYear=2012](http://www.alcoa.com/global/en/news/news_detail.asp?pageID=20120802006403en&newsYear=2012)

<sup>89</sup> Form 10-K, Alcoa Inc. (February 15, 2013). Accessed at:

<http://www.sec.gov/Archives/edgar/data/4281/000119312513062916/d448525d10k.htm>

<sup>90</sup> “About the DFSG,” Domestic Fuel Solutions Group. Accessed at: <http://www.dfgusa.org/our-mission>

<sup>91</sup> “Leadership Team,” Domestic Fuel Solutions Group. Accessed at: <http://www.dfgusa.org/our-mission/leadership-team> and “Query the Lobbying Disclosure Act Database,” United States Senate. Accessed at:

<http://soprweb.senate.gov/index.cfm?event=selectFields&reset=1>

<sup>92</sup> “Blackstone Group Taps Paul O’Neill as Advisor,” *Los Angeles Times* (March 11, 2003). Accessed at:

<http://articles.latimes.com/2003/mar/11/business/ft-wrap11.3>

<sup>93</sup> “Blackstone, Alta partner to develop unconventional oil, gas with \$1B investment,” *Oil & Gas Financial Journal* (April 12, 2011).

Accessed at: <http://www.ogfj.com/articles/2011/04/blackstone--alta-partner.html>

<sup>94</sup> “GeoSouthern Energy & Blackstone Announce \$1.0 billion Credit Facility for the Black Hawk Field in the Eagle Ford,” *Business Wire* (February 9, 2012). Accessed at: <http://www.businesswire.com/news/home/20120209005306/en/GeoSouthern-Energy-Blackstone-Announce-1.0-billion-Credit>

<sup>95</sup> *Id.*

<sup>96</sup> “Cheniere Agrees to Sell \$2B of Equity for Sabine Pass Liquefaction Project,” Blackstone Group (May 15, 2012). Accessed at: [http://www.blackstone.com/news-views/press-releases/details/cheniere-agrees-to-sell-\\$2b-of-equity-for-sabine-pass-liquefaction-project](http://www.blackstone.com/news-views/press-releases/details/cheniere-agrees-to-sell-$2b-of-equity-for-sabine-pass-liquefaction-project)

<sup>97</sup> “O’Neill, Paul H,” United States Securities and Exchange Commission. Accessed at: <http://www.sec.gov/cgi-bin/own-disp?action=getowner&CIK=0001221200> and “Nalco Announces Agreement to Merge with Ecolab,” Nalco. Accessed at: <http://www.nalco.com/news-and-events/5385.htm>

information technology company that serves the energy industry; and Hovensa, a petroleum refinery in the U.S. Virgin Islands that closed in 2012.<sup>98</sup> The group has made no lobbying filings since 2009.

**Robert F. Vagt**, the president of the Heinz Endowments, has ties to Kinder Morgan, which are described in Section I, above.

Other board members belong to groups that are tied to fracking as described in the above section on CSSD's sponsors. All of CSSD board members and their ties to the natural gas industry are detailed in the table below.

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<sup>98</sup> "Query the Lobbying Disclosure Act Database," United States Senate.  
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**Table: CSSD Board Ties to Gas Industry**

<b>Board Member</b>	<b>Affiliations</b>	<b>Fracking Ties</b>
<b>Armond Cohen</b>	Clean Air Task Force (executive director)	Board ties to electric and gas utilities and to EDF
<b>Jared Cohon</b>	Carnegie Mellon (president) Heinz Endowments (board member) Ingersoll Rand (board member) Mellon Financial (former board member)	Board and executive ties to EQT, Kinder Morgan, and Gulf Oil Co. Produces gas compressors Successor BNY Mellon is bond trustee to \$1.3 billion in Chesapeake Energy notes
<b>Nicholas J. Deluliis</b>	CONSOL Energy (president)	Coal & gas company
<b>Paul Goodfellow</b>	Shell (vice president, US unconventional)	Oil & gas company
<b>Paul King</b>	Pennsylvania Environmental Council (president)	Pro-fracking environmental group tied to gas industry
<b>Fred Krupp</b>	Environmental Defense Fund (executive director)	Troubling industry ties – for instance, the family foundation of the so-called “father of fracking” has a seat on EDF’s board
<b>Jane C.S. Long</b>	Lawrence Livermore National Laboratory (former associate director for energy and environment) Clean Air Task Force (board member)	Board ties to electric and gas utilities and to EDF
	The Breakthrough Institute (senior fellow)	Pro-fracking think tank
<b>Bruce Niemeyer</b>	Chevron Appalachia (president)	Oil & gas company
<b>Paul O’Neill</b>	Treasury Department (former secretary) Alcoa (former chairman & CEO) Nalco Holding Company (former board member) Celanese (board member) Blackstone Group (former special advisor)	Produces pipeline for oil & gas industry Produces chemicals for oil & gas industry Produces chemicals for oil & gas industry More than \$3 billion invested in oil and gas assets, including Sabine Pass LNG export facility
<b>David Porges</b>	EQT Corp (president & CEO)	Oil & gas company
<b>Robert F. Vagt</b>	The Heinz Endowments (president) Kinder Morgan Inc. (board member)	Board and executive ties to EQT, Kinder Morgan, and Gulf Oil Co. Natural gas pipeline company
<b>Christine Todd Whitman</b>	The Whitman Strategy Group (president) Environmental Protection Agency (former administrator)	Lobbied for Chevron & Locus Technologies

### III. Accreditation

*“These, then, are the kinds of standards the oil and gas industry are aspiring to. Something that takes the guise of transparency dressed up on a green-looking website, with broad loopholes and no practical enforcement mechanism.”*

– Tom Wilber, “Sustainable Shale Development... hype, hope or hoax? CSSD ‘standards’ reflect chronic transparency problem,” Shale Gas Review (April 6, 2013)

CSSD certification as “sustainable” is based on a gas driller’s voluntary compliance with a set of 15 performance standards formulated by the Center and described by journalist Tom Wilber as “reflect[ing] a chronic transparency problem.”<sup>99</sup>

Many of the standards promulgated by CSSD are already standard industry practice. Others are required by law or environmental regulations. One standard, for example, prohibits discharge of drilling wastewater into waters of the Commonwealth of Pennsylvania. Another prohibits the use of diesel to fracture shale.

Audits of drilling companies applying for CSSD certification will be conducted by the consulting firm ICF International, which has a large energy practice and significant oil and gas industry contracts, including analysis for the report “Tech Effect: How Innovation in Oil and Gas Exploration is Spurring the U.S. Economy” released by the American Clean Skies Foundation, a non-profit group founded by former Chesapeake Energy CEO Aubrey McClendon.

ICF CEO Sudhakar Kesavan told investors in May 2011 that “analysis focused on assessing the mix of fossil fuels, including shale gas, in the overall portfolio of our future energy supply” was a key growth driver in the firm’s energy practice.

ICF also maintains a proprietary analytical tool called the “Gas Market Model,” which “provides clients with analysis and forecasts of regional gas markets throughout North America.” This model was utilized in the gas industry-funded report “The Future of Natural Gas” published by the Massachusetts Institute of Technology Energy Initiative (MITEI), led by current Secretary of Energy nominee Ernest Moniz. Moniz is an ICF board member and has numerous other gas industry ties that have been revealed since his nomination. PAI detailed Moniz’s conflicts of interest and other gas industry ties at MITEI in the March 2013 report “Industry Partner or Industry Puppet?”<sup>100</sup>

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<sup>99</sup> Tom Wilber, “Sustainable Shale Development... hype, hope or hoax? CSSD ‘standards’ reflect chronic transparency problem,” Shale Gas Review (April 6, 2013). Accessed at: <http://tomwilber.blogspot.com/2013/04/sustainable-shale-development-hype-hope.html>

<sup>100</sup> Kevin Connor and Robert Galbraith, “Industry Partner or Industry Puppet?”, Public Accountability Initiative (March 2013). Accessed at: <http://public-accountability.org/2013/03/industry-partner-or-industry-puppet/>