

Technical Paper

Managing Aboveground Risks: Experience from the United States

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Abstract:

It wasn't long ago that oil and gas producers could focus almost entirely on belowground challenges, but fracture gradients and reservoir management aren't the only things on producers' minds anymore. Indeed, the blunt mechanics of harvesting oil and natural gas from deposits several kilometers underground have suddenly become the easy part, while managing aboveground risks has become much more challenging – and similarly much more important. This paper explains the tools and tactics used to manage aboveground risks, primarily drawing from relevant experiences in the United States. In 2009, FTI Consulting teamed up with the Independent Petroleum Association of America (IPAA) to launch a program called Energy In Depth (EID), a research, education and rapid response platform specifically focused on telling the story of unconventional development. EID has grown over the past several years into what many now consider the industry's lead research and rapid response platform on issues relating to onshore oil and natural gas production. Above all, EID serves as a platform for setting the record straight. It has engaged and educated the public and held the opposition accountable. It has protected and preserved the social, political and regulatory license to

operate of many oil and gas producers. And it has delivered the information to the people who needed it in a way that is both relevant and actionable. EID has been so successful that it has been used as a model for other coalitions and public outreach campaigns. Some of the key tools used by EID include a strong internet profile, collateral materials, social media, and accurate media monitoring. But more importantly, a successful rapid response campaign must make a constant effort to interact, educate and assist reporters, identify every case of misinformation and rebut and update the media, the government, regulators and the general public daily with direct, tailored and useful information.

Introduction:

The age of focusing almost exclusively on technical, belowground challenges is over. Now, producers are more concerned with managing aboveground risks, a recent occurrence that has become increasingly challenging and critical to their license to operate.

Aboveground risks are not technical or easily quantifiable but their impact can adversely affect a company's reputation, project completion schedule, and investment status. They can be best described as risks of activist opposition, concern and outright hostility from local communities, regulatory issues, and governmental pressures. These types of risks exist all over the world in one form or another and are not easily contested. In today's world, even the smallest local issue can become global in a matter of seconds.

Everything is connected. If a company has an issue in Rio de Janeiro, Pennsylvania or Neuquén, the impacts can be felt in the company's project over 10,000 kilometers away, in another country or continent. In the time it takes for a company to respond to an incident, a news story has been translated to over 20 languages and has travelled around the world. Social media has changed everything, and has done so virtually overnight.

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Figure 1. Everything is Connected

In an interconnected world, the pace is faster and the stakes much higher. Local problems can become national or global very quickly and projects can go from success to failure in a matter of days, even hours. For this reason, these risks must be dealt with on multiple fronts and on a continuous, near-real time basis. To fully mitigate aboveground risks, an all-encompassing communications and rapid response effort that focuses on education and outreach specific to the issues and crisis at hand is needed. But creating a program of this sort, one that is rapid and successful in meeting objectives, has its own challenges and tactical considerations.

New Risks, New Solutions

New risks require new solutions. Aboveground risks are less predictable than the technical, calculated risks we may encounter when drilling for oil and gas downhole. A key element to efficiently and effectively manage risks aboveground is to establish a program that allows for the company, organization or coalition to promptly debate, rebut and update the media, the government, regulators and the general public on a daily basis.

Over the past several years, FTI Consulting has teamed up directly with several state, regional, national trade associations and companies to help conceive, design and implement strategic communications and rapid response programs that cut through the daily chaos, correct misinformation, and materially influence and eliminate aboveground risks.

Energy in Depth

Perhaps the most prominent example of efforts being executed in this space is Energy in Depth, a program that was created in 2009 and today is considered IPAA's flagship upstream education and advocacy program, and by most metrics, the most successful one it has launched to date. EID is a platform specifically focused on telling the story of unconventional

development, and has served as a model for other outreach programs across the United States and the world.

Possibly the most important activity in which EID engages on a daily basis is its direct interaction with key reporters - cultivating relationships with writers and opinion-shapers across the United States, and then leveraging those relationships with an eye on meaningfully affecting the way issues important and relevant to its members are reported by the media.

EID started as a small website with studies and fact sheets on hydraulic fracturing, and has grown into the industry's lead research and rapid response platform on issues relating to onshore oil and natural gas production and in particular the development of natural gas from shale. Every day, EID spokespeople and surrogates are quoted, cited or referenced in a wide variety of news stories and opinion pieces. The EID teams also help generate and guide stories behind-the-scenes. This year alone the number of news stories influenced was in the hundreds.

EID is also innovative in the way it deals with the opposition. It launched a first-of-its-kind multimedia project around the release of the documentary "Truthland," a film that debunks myths about hydraulic fracturing and that has been viewed more than 100,000 times and mentioned in the press more than 500 times. In addition, EID regularly engages on social networks such as Twitter, Facebook and YouTube, always with the goal of driving the debate, enhancing relationships with supporters and mobilizing campaigns. EID has nearly 23,000 followers on Twitter and 34,000 likes on Facebook.

As shown in Figure 2, the website houses a wide variety of fact sheets, videos, charts and graphs. Each serving different purposes - some explain the oil and gas development process while others clarifying myths people might have heard about the industry. The site also houses relevant studies on safety and jobs, amongst others, as well as letters from state and federal

regulators testifying to the safety of the hydraulic fracturing process.

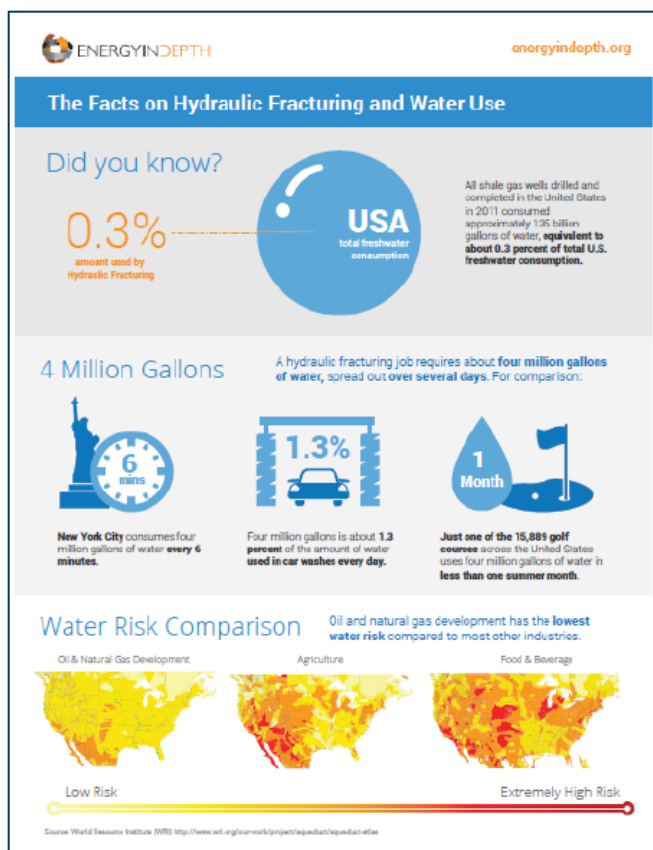


Figure 2: EID Materials

EID is constantly and proactively setting the record straight by engaging and educating the public and consistently holding the opposition accountable. It has installed a system that lets allies be identified and their activities intensified and maximized on a daily basis. It has raised a group of local supporters and been successful in mobilizing the community to advance all the objectives of the industry, no matter if local, national or international.

Oil Sands Fact Check

Having built and refined the basic framework for EID, FTI has had the opportunity to implement that blueprint on a number of different issues over the past several years that extend beyond hydraulic fracturing. One example is the work we do for the American Petroleum Institute (API) on oil sands.

Since TransCanada first submitted its proposal to build the Keystone XL pipeline more than five years ago, opponents have been working overtime to spread misinformation about oil sands and pipelines. During that time, Keystone XL has become the focal point of a massive and expensive anti-fossil fuels campaign. Understanding the need to aggressively and directly dispel the myths the activists were perpetrating, API partnered with FTI to create a rapid response platform, Oil Sands Fact

Check, to debunk opponents' false claims, provide the facts, and highlight the many benefits of oil sands and the infrastructure that transports it.

Oil Sands Fact Check is the platform FTI created in 2012 to launch "Issue Alerts" which debunk any misinformation with myth/fact rebuttals weekly reports, infographics and videos. One of the most important aspects of this campaign is a targeted media strategy to educate key energy reporters in Washington DC and other US states where activists are ramping up anti-oil sands efforts.

Oil Sands Fact Check has become the go-to source for reporters, Capitol Hill staffers, or anyone looking for rapid response items on the numerous false assertions made by Keystone XL and oil sands opponents. In addition to being quoted extensively in numerous press reports, Oil Sands Fact Check rapidly ramped up its presence in social media including Twitter and online videos. As the activists increasingly moved to the local level, Oil Sands Fact Check also works with folks on the ground in states like Maine to ensure they have all the facts they need to counter anti-oil sands efforts there.

LNG Initiative

Another program partly modelled after EID is the LNG Initiative. While the United States is now in the enviable position of having a surplus of natural gas, the nuances surrounding the export of liquefied natural gas (LNG) abroad were virtually unknown before. As the U.S. Department of Energy prepared to conduct a review on whether to permit exports to countries with which the United States does not have free-trade agreements in place, the Center for Liquefied Natural Gas (CLNG) sought to engage stakeholders and educate the public on the widespread economic benefits of exporting LNG. CLNG engaged FTI to develop a communications strategy and platform to reach the media and Capitol Hill staffers, as well as the general public.

FTI worked with CLNG to develop a website that explained the process of exporting LNG, housing key studies, reports and fact sheets and keeping visitors updated daily on the issue as it unfolded. Concurrently, FTI engaged key stakeholders and the media, finding opportunities to position CLNG as a reliable, fact-based resource and its president as the trusted voice as the debate intensified. As CLNG's visibility significantly increased, FTI worked to generate a regular stream of content, including op-eds, letters, issue alerts and fact checks to not only rebut the opposition, but shape and drive the development of the issue itself.

Since partnering with FTI, CLNG has been featured in key national, trade and regional media outlets, as well as a number of radio and TV appearances. The team's persistent outreach to stakeholders, countless lawmakers, industry and economic experts, and influential editorial boards are not only coming out in support of LNG exports, but utilizing CLNG as a trusted resource.

Shale Gas Europe

FTI worked with a number of prominent oil and gas producers active in Europe to create a platform focused on building public awareness around the technologies at the core of the unconventional development process. The support for natural gas development had continued to erode across Europe simply and almost entirely because the process required to produce these resources – hydraulic fracturing – had become wildly controversial in what otherwise would be a straightforward campaign to secure support for the jobs, revenue and clean energy security.

Using EID as a model, FTI put in place a platform dedicated to explaining the technical details and history of safe use with respect to the fracturing process, advancing and disseminating the facts and messages to a wider European audience. Our team worked with coalition members to build and continuously update the website with key collateral materials, and install new social networking and media tools. Visitors to the site encounter a page with general information and top-line points on shale development in and across Europe, supported by sub-pages housing collaterals tailored and specific to the situation in Europe. The site also directs reporters, stakeholders and members of the public to contact our experts in Brussels, London, Paris and Berlin.

Shale Gas Europe has become a credible, go-to source of news, views and credible information and data all across Europe. The rapid response media team has been knowledgeable, responsive and absolutely relentless in ensuring the proper facts are brought to light.

What makes a successful rapid response program?

EID provided the basic framework for a rapid response program that can be easily translated to any issue and anywhere in the world. Developing a successful rapid response program, while not an exact science and greatly dependent on the issue, the country, region and the opposition environment, requires a few key components and tactics that have been detailed in this section.

Timing

Getting the program in place with enough time to build support and educate stakeholders can be an important differentiator. It allows the program to lay the foundation and set the terms for future debate in advance of the opposition's effort to do the same. It also provides time for extensive research on the issues and gathering of relevant scientific studies (if appropriate).

Website

Having a strong internet profile is an essential part of any rapid response program, but deploying a cuttingedge microsite that serves as the foundation for an outreach and media interaction campaign and a clearinghouse for compelling facts, figures, and information is of particular importance. The site needs to be continuously updated with key collateral materials, social

networking and media tools that establish the platform as a go-to source of news, views and credible information and data on the key issue or issues being addressed.

Media Monitoring and Rapid Response

Another important element is creating and maintaining a rapid response “war room” focused on identifying examples of misinformation, correcting them through direct engagement and generating collaterals such as issue alerts and fact checks, and pairing that up with an aggressive strategy on letters to the editor, comment submissions, and direct story development. Each day, what appears in the media must be compiled and responded to, especially in cases of error or misinformation.

Media Interaction

It is important to interact with and assist reporters, breaking through any confusion with direct, substantive outreach, and delivering timely, useful materials. Left unengaged, some reporters can seek the path of least resistance and file stories on whatever material finds its way into their inboxes.

The way to accomplish this is to have a team in place that is knowledgeable, responsive and absolutely relentless in ensuring the proper facts are brought to light – and provide that team the ability to say, do and write things that individual company employees cannot and should not.

New Media

Using the website as the central platform, it is important to engage key target audiences on the terrain they know, understand and most frequently use. Emerging media opportunities include online social networks such as Facebook and Twitter, RSS, online storytelling and other technologies, as well as dynamic and constantly updated blog outreach.

Stakeholder Engagement

No education and advocacy-focused campaign can be successful without a genuine and continuous effort to reach-out to and educate those people who have the most to gain from resolving the issue, legislation or crisis. It is important to identify opportunities for education, engagement and collaboration, helping to bring together interested parties from across the spectrum to create a “surround sound” effect in disseminating the timely content that is generated.

Compelling Collaterals

The importance of being stocked with quality, tailored collateral materials is often overlooked. Having in hand documents that serve a critical purpose in presenting research and message points in a format that is easy to read, easy to understand, and actionable as a means of direct advocacy is extremely important. In conjunction with the production of collaterals, it is key to actively work to identify opportunities for speeches and educational events at which these collaterals can be properly distributed.

Blog Content

Creating and maintaining a free-flowing blog site is not the best strategy for every association or issue campaign in the world. But done right, a blog can serve as a critical platform to respond to misinformation and communicate directly with stakeholders the success of the initiative or issue management. However it is structured, though, the success of the effort will depend on the extent to which the content is good, current, and produced and posted regularly.

Conclusion

Through our experience managing aboveground risks in the United States and around the world, we have learned that no matter what challenge a company, coalition or organization is facing - whether it is opposition to hydraulic fracking, widespread deception about oil sands and pipelines, or lack of awareness on LNG exports - all risks can be managed and eventually neutralized if addressed early on and with the right set of tools and tactics.

Some of these tools include a strong internet profile, a blog, collateral materials, social media, and accurate media monitoring. But more important, a successful rapid response campaign must make a continuous effort to educate, interact and assist reporters, identify every case of misinformation and rebut and update the media, the government, regulators and the general public daily with direct, tailored and useful information.

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AT THE CRITICAL TIME™

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