

Mr. David Post  
Director of Research  
Sustainability Accounting Standards Board  
1045 Sansome Street, Suite 450  
San Francisco, CA 94111

Dear Mr. Post:

The Sierra Club is pleased to submit its comments concerning the SASB's Sustainability Accounting Standard for Oil and Gas Exploration and Production (SICS EM0101). These comments are based on a review of the October 2017 Proposed Changes to Provisional Standards ("Provisional Standard"), the SASB Conceptual Framework, SEC Concept Paper *Business and Financial Disclosure Required by Regulation S-K*, Release No. 33-10364 and other materials referenced herein.

For this sector, we generally support the proposed topics and metrics, including, in particular, metrics regarding fracturing fluid disclosure, deterioration in water quality, EM0101-07, TA04-03-01, and the treatment of climate issues in the Reserves Valuation & Capital Expenditures topic. Nonetheless, we recommend changes to the metrics for air quality and water management.

### **1. Air Quality – Impact on Air Quality**

First, as with other sectors, disclosures regarding air quality must do more than merely disclose the amount of pollution emitted.

The proposed standard calls for disclosure of four categories of non-greenhouse gas pollutants: oxides of nitrogen, oxides of sulfur, non-methane volatile organic compounds, and particulate matter. These pollutants are the primary "criteria" pollutants, for purposes of the U.S. Clean Air Act, emitted by the oil and gas midstream sector.

Registrants must take additional available steps to disclose the impact of this pollution on ambient air quality and, thus, human health. Understanding the consequences of these pollutants, and the risks posed by their emission, requires knowing the impact on ambient air quality, which is generally a function of the amount and timing of emissions, characteristics of the source, and the background air quality in the places where the emissions occur. One simple way to shine light on this broader context is to require disclosure of the amount of emissions occurring in places where air quality is already impaired for the pollutant at issue, such as whether the region is in non-attainment. In addition, disclosures should address the role of oxides of nitrogen and volatile organic compounds in ozone formation. Thus, companies must disclose emissions of these pollutants in areas with impaired ozone quality, in addition to addressing areas where levels of these ozone precursors are themselves in violation of existing standards. Such disclosures are analogous to the metrics currently proposed for water management: metric EM0101-05 requires not only disclosure of the total volume of water withdrawn, but also disclosure of the amount withdrawn from particularly sensitive regions.

## **2. Water Quality – Metrics Should Encompass “Usable,” Rather than Merely “Fresh,” Water**

Proposed metric EM0101-05.22 requires disclosure of withdrawal of “fresh” water, defined either under pertinent regulations or, as a default, as water with a total dissolved solids concentration of less than 1000 mg/l. Regulations implementing the federal Safe Drinking Water Act require protection of water that contains fewer than 10,000 mg/l total dissolved solids, ten times the salinity of “fresh” water. Communities around the country are currently using aquifers with levels of total dissolved solids that fall in the 3,000 to 10,000 mg/l range.<sup>1</sup> Some communities already use and desalinate groundwater that exceeds this 10,000 mg/l standard.<sup>2</sup>

### **Conclusion**

The Sierra Club appreciates the opportunity to provide comment on the SASB’s Sustainability Accounting Standards. We believe this is an important project that can, if properly implemented, provide critical information to investors who are increasingly considering sustainability issues in their decision making. Please feel free to contact Mr. Steven Herz at [steve.herz@sierraclub.org](mailto:steve.herz@sierraclub.org) if you have any questions or wish to discuss any of the matters we recommend.

Sincerely,

Steven Herz

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<sup>1</sup> See, e.g., Arroyo, Jorge, Shirazi, Saqib. Costs of Treating Brackish Groundwater Desalination in Texas. (Sept. 2012), <https://www.propublica.org/documents/item/537119-arroyo-cost-of-desalination-in-texas>.

<sup>2</sup> American Water Works Association, Comment on Federal Requirements Under the Underground Injection Control (UIC) Program for Carbon Dioxide Geosequestration Wells, Proposed Rule, p.5 (Dec. 24, 2008), <http://www.regulations.gov/#!documentDetail;D=EPA-HQ-OW-2008-0390-0181>