

## Range Resources: A Commitment to Transparency

The public relations department at Range Resources delivered two alternate draft press releases to the desk of John Pinkerton, Range's CEO: one expressing support for a new regulatory bill, and the other expressing concern. As Pinkerton peruses the two documents, he considers the ramifications of the message delivered by each press release. Supporting the new regulatory bill in Congress, the Fracturing Responsibility and Awareness of Chemicals (FRAC) Act, could lead to increased industry regulation and undermine Range's ability to drive growth through the use of hydraulic fracturing to develop shale gas resources. Given the company's lagging financial performance in recent years, Range may not be able to survive in an environment of stricter regulations. Further, publicly supporting the regulation could put pressure on the company to uphold its commitment to transparency and make it a target for harsh criticism by citizens and environmental groups and expose it to potential liabilities should it blunder. A few months earlier, Range publicly disclosed the contents of the fracking fluids—a combination of water, sand, and trace amounts of other chemicals used to extract gas and oil from underground rocks—used in its Marcellus shale wells, and the company was still trying to gauge the response by different stakeholders to this initiative. In contrast, by opting not to express its support of the bill, Range could lose the social and political goodwill it had built with citizens, regulators, and environmental groups from its voluntary disclosure.

Pinkerton looks up at the poster hanging on his office wall depicting the natural gas resources in the Marcellus shale and considers how his choice between the two press releases would influence Range's future.

### Background: Natural Gas

#### Geology and Natural Gas Shale Formations

A 2008 study undertaken by the Energy Information Administration (EIA) estimated that there were 2,587 trillion cubic feet (Tcf) of recoverable natural gas in the United States.<sup>1</sup> This figure accounted for undiscovered, unproved, and unconventional natural gas (see **Figure 1**).

Historically, the discovered natural gas reserves in North America were concentrated in distinct geographical areas or basins, including Texas and the Gulf of Mexico.<sup>2</sup> More recent discoveries of unconventional natural gas reserves, including the Marcellus shale in the Appalachian region, changed the face of these sources (see **Figure 2**).<sup>3</sup>

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