

# 3 THINGS YOU MAY NOT KNOW...

1. I went to boarding school in England.
2. I am an avid swimmer.
3. I enjoy reading books listed on the Golden Daggers award list.



**Erin Blanton**   
Senior Research Scholar, Global Natural Gas  
At Columbia SIPA



## Another New Age of an Old Industry

### Would working 100% remote for the long-term impact your success?

We conducted a poll to gauge opinion on one of the most commonly discussed aspects of recruiting in 2020:

- Not at all: 39%
- Somewhat: 27%
- Most likely: 18%
- Definitely: 16%

We hear so many different views on the long term impacts of remote arrangements, with a great deal of variation in voting and supporting comments. On the one hand, ‘Not at all’ did gain the most individual votes, but if we combine the other three responses, it’s a different story - the majority of people feel there would be an impact of some kind, but with varying degree of gravity.

### Management Article of the Month: “Supercharge Employee Engagement & Motivation”

#### What environmental and climate risks are investors most concerned about?

At a recent ESG workshop we held at our center, investors expressed a general sense of urgency and disappointment about the industry’s lack of progress in addressing gas flaring and methane emissions. It is really viewed as a self inflicted wound. Five years ago, it was widely accepted that natural gas was a bridge fuel that would result in only half as much climate warming as coal, and fewer local air pollutants. Gas was seen as a natural complement for variable wind or solar power. Now the climate implications of gas are far less clear and investors are concerned that natural gas will no longer be viewed as a transition fuel due to methane emissions and gas flaring.

#### What are ways the industry could end routing natural gas flaring?

The industry needs to adopt best practices - a good model is the Methane Guiding Principles initiative. Secondly the investment community needs to make this non negotiable in order to be part of an investor’s portfolio or loan book. But third - and most effectively - would be regulation. Operators flare often because there is no penalty for doing so. Local, regional, country level regulations to phase out gas flaring with clear phase out timelines and targets are needed. We just saw this happen in Colorado, when the Colorado Oil and Gas Conservation Commission just voted unanimously to end routing natural gas flaring and venting starting Jan 1, 2021.

#### How can oil and gas firms better position themselves for the energy transition?

The industry needs to raise the bar on their environmental performance. A necessary first step would be for the industry to align around common principles for disclosure. A possible solution could be for the sector to unanimously agree on using Task Force on Climate-Related Financial Disclosures (TCFD) principles and/or aligning around SASB.

And financial investors need to pressure oil and gas companies to pay greater attention to their environmental performance by becoming more active in voting on shareholder resolutions and scrutinizing company proposals to ensure executive compensation is tied to ESG metrics and environmental performance.

#### What are ways that new Satellite technology will impact the industry?

As a result of a number of new satellite launches, in roughly the next five years, data about atmospheric methane emissions will be significantly more plentiful, less reliant on estimates, and more widely available outside the scientific community than in the past.

Research has shown that satellite data can be used to provide emission assessments at a national level, regional level, or the level of large geographical areas. With the arrival of progressively improving satellite-based methane emissions information, the oil and gas industry will face far more scrutiny from stakeholders who will be armed with far more accurate and timely information. New satellite, aircraft and drone technologies in conjunction with ground based systems will provide better emissions data that can be used to hold specific operators accountable for their performance.

The arrival of new satellite capabilities will not only bring new challenges —it will also bring new opportunities. Companies that move aggressively to quantify their true methane emissions and reduce them may have a window of opportunity to differentiate themselves from less proactive competitors.

#### What are you hearing from investors when it comes to the need for climate and environmental regulations, and the oil and gas industry’s lobbying to date?

It is clear that many investors are growing increasingly frustrated when lobbying groups are fighting the very environmental regulations that they believe are necessary for the industry’s long term license to operate and for the investment community to justify having these companies in their portfolio. And they are starting to put less weight on a company’s stated positions on environmental regulations if they are also members of lobbying groups that have been pushing - effectively - to block, or for rollbacks, of those same regulations.

That said - it can be difficult to have a binary designation of whether a specific trade association is good or bad. And many investors see those groups as ultimately going to have to be part of the solution but they need to start reflecting the most forward looking of their members and they need to be bringing the laggards on board to understand that regulations on methane and carbon are necessary for the industry’s long term survival, rather than having these groups often reflecting the views of the lower common denominator.