



Drilling for Money

A look at the investors behind the Marcellus Shale gas boom

Shadbusb Environmental Justice Collective



Introduction

Behind the Marcellus Shale Gas Boom

This document is the first in a series of reports from the Shadbush Collective Corporate Research Project on the gas drilling industry. Hundreds of pages have been written comprehensively critiquing shale gas drilling practices and taking politicians to task for their ongoing involvement in the gas drilling industry. The Shadbush Collective Corporate Research Project hopes to augment this other valuable research by taking a slightly different approach. We hope to start to unravel some of the power structures behind the gas industry and identify some of the major power brokers at all levels of the industry.

In each work product we will to explore a different aspect of the industry—investors, creditors, individual executives, contractors, and so on. We hope to start to illustrate some of the important connections behind the gas drilling industry and identify strategic interventions for people organizing against shale gas drilling. Some documents may take a journalistic approach, naming and shaming some of the most powerful and deceptive actors in the gas drilling industry, but much of our work will focus on developing a stronger strategic analysis of the industry and starting to help organizers stop drilling in our communities.

This report—Drilling for Money—takes a look at the shareholders in the gas drilling industry. On page 2 we take a broad view of stockholdings among the industry and identify some of the major players, on pages 4-8 we take a slightly deeper look into four of the largest investors in the industry, then on page 9 “Keeping BlackRock Out of Our Shale,” we take a look at what people living in the Marcellus Shale region can do to confront these major investors and start to hold them accountable.



Shadbush Environmental Justice Collective

*For more information on this project or to get involved in the
Shadbush Collective's Corporate Research Project e-mail us at
info@shadbushcollective.org - www.shadbushcollective.org*

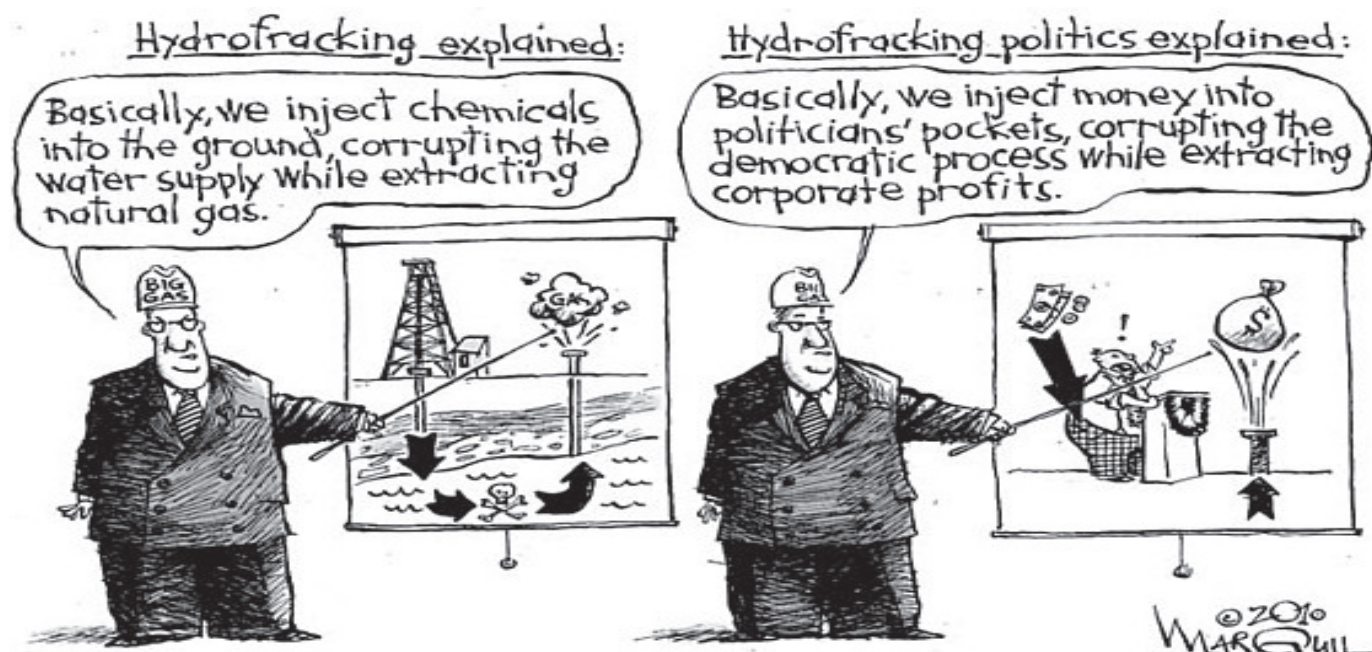
The Investors Behind the Marcellus Shale Gas

Over the past several years, energy companies have been swarming to Upstate, New York, Pennsylvania, West Virginia and Ohio to stake their claims in the Marcellus Shale gas play. Estimates vary widely about exactly how much gas there is in the Marcellus Shale, but many major investors are betting that there are more than 300 trillion cubic feet of recoverable natural gas, which is about enough to supply the US for nearly 15 years.

Natural gas in the Marcellus Shale formation is not a new discovery. Scientists have known that gas was trapped in the formation for decades. But until recently there was no economical way to extract the gas—which is trapped in tiny pockets within the shale between two and nine thousand feet below the earth's surface. Over the past decade, however, advances in drilling technology—particularly the rise of horizontal drilling and hydraulic fracturing—as well a federal move to exempt this type of gas drilling from many key environmental regulations, have created a rush to drilling in the Marcellus region as well as other shale plays.

This type of gas drilling is already having a devastating impact on communities across the Marcellus Shale. Drilling trucks and equipment are invading communities and destroying roads, farmers are seeing their farmland destroyed by well pads, rural communities are seeing their well water poisoned, and major urban areas are fighting tooth and nail to keep their water supplies from being contaminated. Meanwhile, someone is making a lot of money.

Local newspapers are plastered with stories about how much money there is to be made in gas drilling and many of the major drilling companies have become household names around the region—Chesapeake Energy, Range Resources, and Cabot Oil and Gas. But very few people are talking about the investors who will be raking in billions from gas drilling.



So, who are the investors behind the Marcellus Shale gas boom?



The biggest, most powerful investors are a very small handful of very influential investment firms with billions invested in the gas companies. They don't have billboards or run TV ads like the gas companies that they own and they don't have storefront branches or ATM's like traditional savings banks. They are BlackRock Inc., T. Rowe Price Associates, Wellington Management Company, and the Vanguard Group.

Major Shareholders in Oil and Gas Companies Operating in the Marcellus Shale

Firm	Location	Number of Companies Heavily Invested In	Approximate Amount Invested in Gas Companies
BlackRock Inc.	New York, NY	11	\$35.8 billion
T. Rowe Price Associates	Baltimore, MD	5	\$3.5 billion
Wellington Management Company	Boston, MA	3	\$1.9 billion
The Vanguard Company	Valley Forge, PA	4	\$1.4 billion

None of these companies own any one of the gas companies outright. But they each hold significant chunks of several different companies. BlackRock, by far the largest investor in the Marcellus Shale doesn't own more than 15% of any single company. But the firm is a major play in 11 different drilling companies with more than \$40 billion invested in oil and gas companies.

The nameless, faceless traders at these investment firms are poised to have a huge impact on our lives. They don't live in our communities and most of them will never come to gas land. They're playing with huge sums of money and most of it is other peoples' money. Each of these firms manages hundreds of billions of dollars of investments for union pension funds, public employee pension funds, university endowments, charities, cities and states, and even foreign governments. They try to be accountable to no one and they insist that their only responsibility is to maximize returns on investment.

It's time to bring these investment firms out of the shadows and expose the real money behind the Marcellus Shale gas boom.



The Investors

BlackRock Inc.

55 E. 52nd St.
New York, NY 10055
www.blackrock.com

The BlackRock logo consists of the word "BLACKROCK" in a bold, white, sans-serif font, centered within a solid black rectangular box.

Shares of BlackRock are traded on the New York Stock Exchange under the symbol BLK.

With more than \$3.5 trillion under management, Blackrock is the world's largest money manager.¹ BlackRock invests on behalf of institutional and retail investors world wide—pension plans, governments, insurance companies, mutual funds, endowments, foundations and charities.

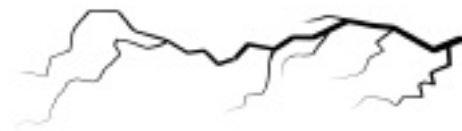
BlackRock was started by two top executives from First Boston—Larry Fink and Robert Kapito as an umbrella for the BlackStone Private Equity Fund in 1988. The company spun off from BlackStone in 1992, changing its name to BlackRock. PNC Bank bought BlackRock in 1995 and then took the company public with an IPO in 1999. Since 1999, the company has been steadily growing, State Street Research and Management in 2005, merging with Merrill Lynch Investment Managers in 2006 and taking over Barclays Global Investors amid the financial crisis in 2009.

Pittsburgh-based PNC is still the largest single shareholder in BlackRock, with about 21.7% of the company's stock. The British bank Barclays PLC (former owner of Barclays Global Investors) owns 19.7% of the company's stock.²

The largest portion of assets managed by BlackRock are pensions plans. As of December 31, 2010, the company managed \$1.489 trillion in pension funds for corporations, government and labor unions. The company also managed \$56 billion for charities, foundations and endowments. About half of the company's AUM are in index products but 35% of the company's assets are in actively managed portfolios.³

BlackRock in the Marcellus Shale

BlackRock is by far the largest investor in the drilling industry with more than \$35.8 billion invested in oil and gas companies. BlackRock's influence in the industry is so pervasive that it appeared as a top investor in 11 out of the 12 companies examined for this report. The firm's investments in the Marcellus Shale seem somewhat inflated because of its huge holdings in global energy giants like Atlas Energy parent Chevron and XTO parent ExxonMobil, but even excluding the firm's investments in those global energy giants, BlackRock is the largest investor in the Marcellus Shale.



1 Hoovers In Depth Company Report. Accessed through LexisNexis on 6/4/11.

2 <http://www2.blackrock.com/global/home/AboutUs/AboutBlackRock/index.htm>

3 Datamonitor Company Profiles – SWOT Analysis. December 7, 2010. Accessed through LexisNexis on 6/4/11.

BlackRock Holdings in Oil and Gas Companies Operating in the Marcellus Shale

Company	Parent	Ticker	Shares (as of 2011 Proxy Statement)	Stock Price 12/31/2010	Market Value as of 12/31/10	% of OS Shares
Atlas Energy/						
Chevron AE	Chevron	CVX	113,007,585	91.25	\$10,311,942,131	5.62%
Cabot Oil and Gas	Cabot Oil and Gas	COG	5,647,800	37.85	\$213,769,230	5.40%
Carrizzo Oil and Gas	Carrizzo Oil and Gas	CRZO	2,507,529	34.49	\$86,484,675	6.40%
Chesapeake Energy	Chesapeake Energy	CHK	35,233,426	29.91	\$1,053,831,772	5.30%
CNX Gas	Consol Energy	CNX	24,459,989	48.74	\$1,192,179,864	10.80%
EOG Resources, Inc.	EOG Resources, Inc.	EOG	15,808,867	91.41	\$1,445,088,532	6.20%
EQT Inc.	EQT Inc.	EQT	13,036,710	44.84	\$584,566,076	8.74%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	7,269,669	16.82	\$122,275,833	15.90%
Range Resources	Range Resources	RRC	12,346,527	44.98	\$555,346,784	7.70%
Southwest Energy Company	Southwest Energy Company	SWN	21,275,570	37.43	\$796,344,585	6.14%
XTO Energy	ExxonMobil	XOM	265,791,059	73.12	\$19,434,642,234	5.27

BlackRock has not historically taken an active role in promoting social or environmental responsibility in the companies it invests in. The company does list its proxy voting and engagement policy on its website <http://www2.blackrock.com/global/home/AboutUs/ProxyVoting/index.htm> but BlackRock managers say “We believe that well-managed companies will deal effectively with the social, ethical and environmental (SEE) aspects of their businesses.” They also explicitly state their opposition to investor advocacy. “We do not see it as our role to make social, ethical or political judgments on behalf of clients. We expect investee companies to comply, as a minimum, with the laws and regulations of the jurisdictions in which they operate.”



T. Rowe Price Associates

100 E. Pratt St
Baltimore, MD 21202
www.troweprice.com



Shares of T. Rowe Price are traded on the NASDAQ exchange under the symbol NAS.

T. Rowe Price is a publicly owned investment firm headquartered in Baltimore, MD. The company has \$510 in assets under management, through mutual funds, individual retirement plans and pension funds.

The company is headed by James Kennedy who is well respected in the financial community and has become increasingly close with the Obama administration. Last year the Baltimore Sun reported that Kennedy had been invited to the White House three times and that he had several private dinners with US Treasury Secretary Tim Geithner and Lawrence Summer, the director of the White House National Economic Council.

With more than \$3.5 billion invested in major gas drilling companies, T. Rowe Price is one of the largest investors in the Marcellus Shale boom. The company's major holdings include EOG Resources, EQT Inc., the Penn Virginia Corporation, Range Resources and Consol Energy, parent of CNX Gas.

Company	Parent	Ticker	Shares (as of 2011 Proxy Statement)	Stock Price 12/31/2010	Market Value as of 12/31/10	% of OS Shares
CNX Gas	Consol Energy	CNX	11,919,801	48.74	\$580,971,101	5.26%
EOG	EOG Resources INC	EOG	15,526,018	91.41	\$1,419,233,305	5.26%
Resources, Inc.	EOG Resources, Inc.	EOG	15,526,018	91.41	\$1,419,233,305	6.10%
EQT Inc.	EQT Inc.	EQT	10,841,291	44.84	\$486,123,488	7.20%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	3,199,534	16.82	\$53,816,162	7.00%
Range Resources	Range Resources	RRC	21,011,688	44.98	\$945,105,726	13.10%

The Vanguard Group

Valley Forge, Pennsylvania
www.Vanguard.com



The Vanguard Group is a Valley Forge-based investment firm with about \$1.6 trillion in assets under management. The company offers mutual funds and other investment products to individuals and institutional investors. Historically, the company is credited with developing the concept of an index fund, generally driving down the costs of managing mutual funds.

Vanguard funds actually own the company itself so indirectly the company is entirely owned by the investors who are participating in the funds. Many of the company's funds are index funds and Vanguard generally contracts out to other investment managers to operate its active funds.

Vanguard is a major player in the Marcellus Shale with more than \$1.4 billion invested in gas companies operating in the region.

Vanguard Group Investments in Companies Operating in the Marcellus Shale

Company	Parent	Ticker	Shares (as of 2011 Proxy Statement)	Stock Price 12/31/2010	Market Value as of 12/31/10	% of OS Shares
CNX Gas	Consol Energy	CNX	11,391,735	48.74	\$555,233,164	5.03%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	2,289,940	16.82	\$38,516,791	5.00%
Range Resources	Range Resources	RRC	8,140,217	44.98	\$366,146,961	5.10%
Cabot Oil and Gas	Cabot Oil and Gas	COG	11,723,960	37.85	\$443,751,886	11.30%

Wellington Management Company, LLP

75 State St.

Boston, Massachusetts 02109

www.wellington.com

WELLINGTON MANAGEMENT

Wellington Management is a Boston-based investment management firm with more than \$540 billion in assets under management. The company is owned by a small group of limited partners, all of whom work at Wellington.

Wellington's investment clients include central banks, corporations, pension plans, endowments, foundations, insurance companies. The firm's investment minimum is \$5 million.

Wellington is a significant player in the natural gas industry and is a major shareholder at Cabot Oil and Gas, CNX Gas parent Consol Energy, and the Penn Virginia Corporation. The company has at least \$1.9 billion invested in oil and gas companies.

Company	Parent	Ticker	Shares (as of 2011 Proxy Statement)	Stock Price 12/31/2010	Market Value as of 12/31/10	% of OS Shares
Cabot Oil and Gas	Cabot Oil and Gas	COG	13,844,062	37.85	\$523,997,747	13.30%
CNX Gas	Consol Energy	CNX	26,291,821	48.74	\$1,281,463,356	11.61%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	3,842,012	16.82	\$64,622,642	8.40%



Keeping BlackRock out of our Shale

What this means for us

Gas drillers from around the world are converging on the Marcellus Shale looking to make big money while threatening our land and poisoning our water. They will be pumping the gas out of the ground in our region and sending the profits directly to BlackRock in Boston, T. Rowe Price in Baltimore, and Wellington in Boston.

The major shareholders in the drilling companies are big, they're powerful and they're politically connected. They've set themselves up to be insulated from the communities they profit off of—they have no branches for us to picket, they have no brand or public image to be tarnished, and they don't sell us anything that we can boycott. But they aren't completely out of reach.

Unleashing the Power of Pension Funds and Endowments

While most of us don't have millions of dollars invested through BlackRock or another one of these companies, many of us are connected to institutions that do have that kind of financial power. Our labor unions hire these companies to manage pension funds and our universities contract with these companies to invest their endowments. Students and workers can push University Administrators and Union officials to move investments away from companies like BlackRock. And even those of us who aren't connected to major institutions can pressure city, county and municipal pension boards to move money away from these gas drillers and their supporters.

Holding PNC Accountable for BlackRock's Bad Behavior

While PNC isn't a major direct investor in the gas industry, the company is still the largest single owner of BlackRock. PNC is headquartered in Pittsburgh and this bank shouldn't get a free pass from anti-fracking activists in Southwest Pennsylvania. PNC customers can close their accounts and we can all drop in on the company's hundreds of branches or their Pittsburgh Headquarters to shame them for role in the gas drilling industry.

Find Them on Their Own Turf

These executives and analysts will never show their faces in our communities, but that doesn't mean we can't go and visit them on their own turf. Each of these companies hold regular conferences where they brag to pension fund managers about all the money they're going to make them. Additionally, BlackRock and T. Rowe Price are publicly traded companies and hold meetings of their stockholders every year. These events are a great venue for confronting investors about what they're doing to our communities.

This very small handful of financial institutions is poised to make a whole lot of money off of drilling in the Marcellus Shale. They're trying as hard as they can to separate themselves from the dirty work that Chesapeake, Range Resources and the other drilling companies are doing in our communities. But in reality they have the least to lose and the most to gain from gas drilling in the Marcellus Shale. Holding these financial institutions accountable isn't the only thing that we can do to protect our land and our communities but it's certainly an important piece of the strategy.

Appendix: A

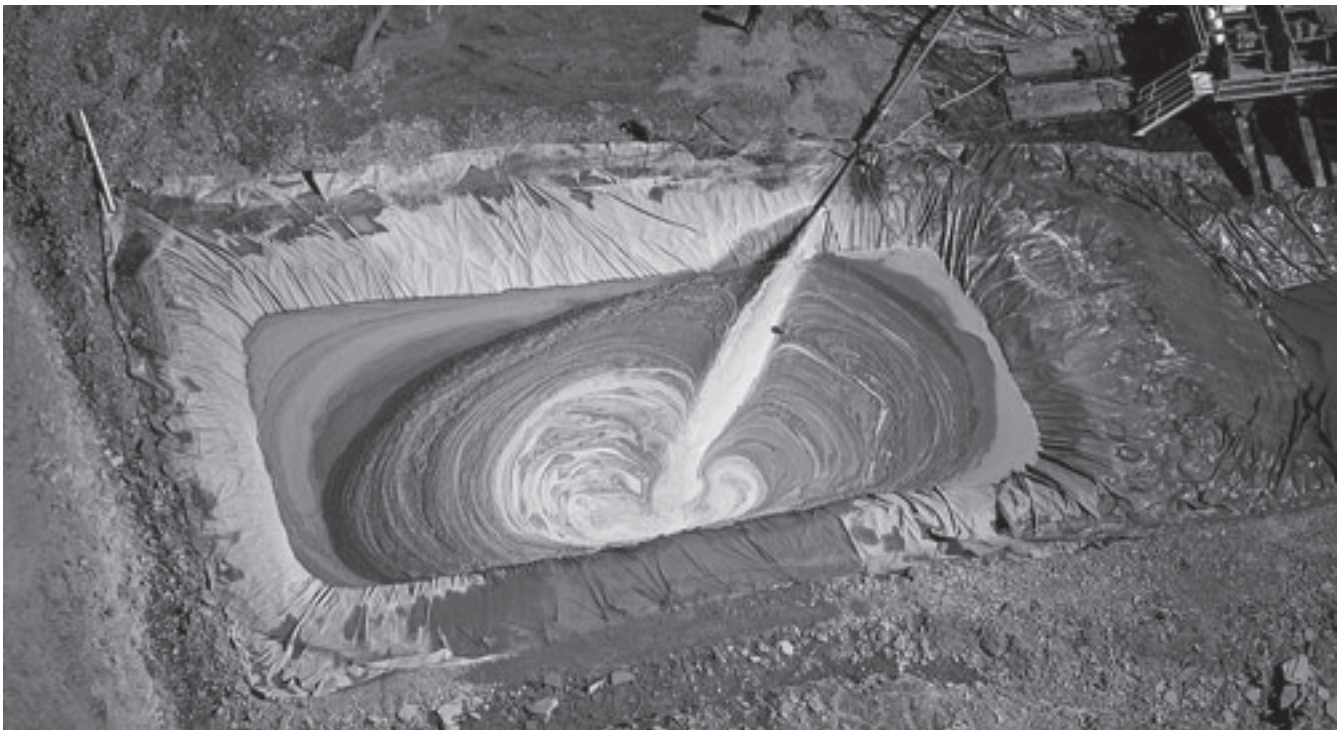
A Note on Methodology

This data was collected by examining the 2011 Proxy statements for 12 major drilling companies operating in the Marcellus Shale—Atlas Energy (Parent Chevron), Cabot Oil and Gas, Carrizzo Oil and Gas, Chesapeake Energy, CNX Gas (Parent Consol Energy), EOG Resources, EQT Inc., Penn Virginia Corporation, Range Resources, Rex Energy Corporation, Southwest Energy Company, XTO Energy. The list, while certainly not exhaustive, includes smaller independent drillers such as the Penn Virginia Corporation as well as diversified global energy companies like Exxon Mobil and accounts for the vast majority of drillers operating in the Marcellus Shale.

Because of limited disclosure requirements, we examined only the shareholdings of major investors in each company--beneficial owners with more than 5% of each company's outstanding stock. Market value for shareholdings was calculated based on the share price for each company as of the close of business on December 31, 2010.

While this methodology gives us valuable insight into the size and scope of each of the investors, it almost certainly underestimates stockholdings of many of the investors. For instance if an investor held \$250 million in shares of Cabot Oil and Gas accounting for about 4.5% of the company's stock, that giant sum would not meet the Securities and Exchange Commission (SEC's) 5% reporting threshold and it would not appear in our database.

This means, for instance, that we know that as of December 31, 2010 T. Rowe Price is was heavily invested in at least 5 companies and had at least \$3.5 billion invested in the oil and gas industry. It is also very likely that T. Rowe Price has large amounts of money invested in other drilling companies but did not meet the reporting threshold as well as companies that were not included in our sample.



Appendix B:

Major Shareholders in Gas Drilling Firms

Company	Parent	Ticker	Investor	Shares (as of 2011 Proxy Statement)	Stock Price *	Market Value as of 12/31/10	% of OS Shares
Penn Vir- ginia Cor- poration	Penn Vir- ginia Cor- poration	PVA	Artisan Partners Holdings LP	2,368,300	16.82	\$39,834,806	5.20%
Atlas En- ergy/Chev- ron AE	Chevron	CVX	BlackRock Inc.	113,007,585	91.25	\$10,311,942,131	5.62%
Cabot Oil and Gas	Cabot Oil and Gas	COG	BlackRock Inc.	5,647,800	37.85	\$213,769,230	5.40%
Carrizzo Oil and Gas	Carrizzo Oil and Gas	CRZO	BlackRock Inc.	2,507,529	34.49	\$86,484,675	6.40%
Chesapeake En-ergy	Chesapeake Energy	CHK	BlackRock Inc.	35,233,426	29.91	\$1,053,831,772	5.30%
CNX Gas	Consol Energy	CNX	BlackRock Inc.	24,459,989	48.74	\$1,192,179,864	10.80%
EOG Resources, Inc.	EOG Re- sources, Inc.	EOG	BlackRock Inc.	15,808,867	91.41	\$1,445,088,532	6.20%
EQT Inc.	EQT Inc.	EQT	BlackRock Inc.	13,036,710	44.84	\$584,566,076	8.74%
Penn Vir- ginia Cor- poration	Penn Vir- ginia Cor- poration	PVA	BlackRock Inc.	7,269,669	16.82	\$122,275,833	15.90%
Range Re- sources	Range Re- sources	RRC	BlackRock Inc.	12,346,527	44.98	\$555,346,784	7.70%
Southwest Energy Company	Southwest Energy Com-pany	SWN	BlackRock Inc.	21,275,570	37.43	\$796,344,585	6.14%
XTO En- ergy	ExxonMo- bil	XOM	BlackRock Inc.	265,791,059	73.12	\$19,434,642,234	5.27
EOG Resources, Inc.	EOG Re- sources, Inc.	EOG	Capital Research Global Investors	21,331,200	91.41	\$1,949,884,992	8.40%
CNX Gas	Consol Energy	CNX	Capital World In- vestors	13,556,400	48.74	\$660,738,936	5.98%

* 12-31-2010

EOG Resources, Inc.	EOG Resources, Inc.	EOG	Davis Selected Advisers, LP	22,013,052	91.41	\$2,012,213,083	8.70%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	Dimension Fund Advisors, LP	2,450,834	16.82	\$41,223,028	5.40%
Carrizzo Oil and Gas	Carrizzo Oil and Gas	CRZO	Frontier Capital Management Co. LLC	2,675,785	34.49	\$92,287,825	6.90%
Rex Energy Corporation	Rex Energy Corporation	REXX	Frontier Capital Management Co. LLC	3,735,964	13.65	\$50,995,909	8.4
Rex Energy Corporation	Rex Energy Corporation	REXX	Lance T. Shaner	8,295,433	13.65	\$113,232,660	18.70%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	Luxor Capital Partners, LP	2,611,498	16.82	\$43,925,396	5.70%
Cabot Oil and Gas	Cabot Oil and Gas	COG	Mackenzie Financial Corporation	5,550,000	37.85	\$210,067,500	5.30%
Rex Energy Corporation	Rex Energy Corporation	REXX	Manulife Asset Management LLC	2,609,497	13.65	\$35,619,634	5.90%
Cabot Oil and Gas	Cabot Oil and Gas	COG	Neuberger Ber-man Group LLC	6,503,051	37.85	\$246,140,480	6.30%
Carrizzo Oil and Gas	Carrizzo Oil and Gas	CRZO	Piper Jaffray Companies	3,019,923	34.49	\$104,157,144	7.80%
Rex Energy Corporation	Rex Energy Corporation	REXX	Ranier Investment Management, Inc	2,547,720	13.65	\$34,776,378	5.70%
Chesapeake Energy	Chesapeake Energy	CHK	Southeastern Asset Management, Inc	81,848,897	29.91	\$2,448,100,509	12.40%
Atlas Energy/Chevron AE	Chevron	CVX	State Street Corporation	102,700,866	91.25	\$9,371,454,023	5.10%

Cabot Oil and Gas	Cabot Oil and Gas	COG	State Street Corporation	5,342,328	37.85	\$202,207,115	5.10%
CNX Gas	Consol Energy	CNX	T. Rowe Price Associates, Inc.	11,919,801	48.74	\$580,971,101	5.26%
EOG Resources, Inc.	EOG Resources, Inc.	EOG	T. Rowe Price Associates, Inc.	15,526,018	91.41	\$1,419,233,305	6.10%
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CNX Gas	Consol Energy	CNX	The Vanguard Group, Inc.	11,391,735	48.74	\$555,233,164	5.03%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	The Vanguard Group, Inc.	2,289,940	16.82	\$38,516,791	5.00%
Range Resources	Range Resources	RRC	The Vanguard Group, Inc.	8,140,217	44.98	\$366,146,961	5.10%
Cabot Oil and Gas	Cabot Oil and Gas	COG	The Vanguard Group, Inc.	5,314,729	37.85	\$201,162,493	5.10%
Cabot Oil and Gas	Cabot Oil and Gas	COG	Vanguard Specialized Funds	6,409,231	37.85	\$242,589,393	6.20%
Cabot Oil and Gas	Cabot Oil and Gas	COG	Wellington Management Company LLP	13,844,062	37.85	\$523,997,747	13.30%
CNX Gas	Consol Energy	CNX	Wellington Management Company, LLP	26,291,821	48.74	\$1,281,463,356	11.61%
Penn Virginia Corporation	Penn Virginia Corporation	PVA	Wellington Management Company, LLP	3,842,012	16.82	\$64,622,642	8.40%



Shadbush Environmental Justice Collective

The Shadbush Collective formed in the spring of 2010 out of a desire to develop a more radical response to the climate crisis and environmental injustice as they manifest in Pittsburgh and throughout our region. In many ways we came together around the immediate need to organize against natural gas drilling in the Marcellus Shale, which threatens even some of our own neighborhoods in Pittsburgh. This struggle is at the forefront of our work.

But we do not wish to limit our work to a single campaign or issue – the destruction of communities and ecosystems under capitalism will not end with a single practice, nor will the “solutions” offered to us from above lead us to a sustainable future. Regionally, we see the need to work in solidarity with coalfield communities in Pennsylvania and throughout southern Appalachia, affected by longwall mining and mountaintop removal. Connecting struggles against coal and natural gas is critical to showing that no form of fossil fuel extraction, or consumption, is safe or clean. For more information on the Shadbush Collective please visit:

www.ShadbushCollective.org or e-mail us at info@shadbushcollective.org

designed by



www.risingtidenorthamerica.org



Shadbush Environmental Justice Collective