

White linked to company facing pollution probe

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AUSTIN — Democratic gubernatorial nominee Bill White earned more than \$2.6 million serving on the board of a gas well servicing company that now is part of a congressional investigation into possible groundwater contamination.

White, who made cleaning Houston's polluted air a hallmark of his tenure as Houston's mayor, has been on the board of BJ Services Co. since 2003, the year he was elected, earning more than \$627,000.

White also received almost \$830,000 in stock and another \$245,000 in stock options. He will receive an additional \$180,000 in stock and a retirement payout of \$783,000 if the firm's merger with Baker Hughes is approved by shareholders Friday.

The issue of White's involvement with BJ Services came to light after he refused a Houston Chronicle request for his tax returns during his tenure as mayor. The relationship was disclosed in personal financial disclosure statements. White's campaign provided details on his BJ Services earnings Tuesday.

The U.S. House Energy and Commerce Committee is investigating Houston-based BJ Services Co., Halliburton and several other oil field service companies to see if the gas extraction method known as hydraulic fracturing, or fracking, is a hazard to groundwater drinking supplies in Texas, Arkansas, Colorado, New York, Oklahoma and Pennsylvania.

Jeff Smith, chief financial officer for BJ Services, said the company is cooperating with the committee: "This is not a company-specific issue. This is an industry issue."

White responded to questions about the investigation with an e-mail stating: "Hydraulic fracturing is essential to an affordable supply of natural gas — a clean domestic fuel — and can be done in a manner that's safe for both people and the environment."

New interest in method

The oil and gas industry has used hydraulic fracturing for decades with relatively little controversy. The practice has gained renewed attention in recent years as producers began using it more widely as they tapped into natural gas shale formations that are now proving economical to drill. This has been particularly true in Pennsylvania and New York, where a handful of drinking water contamination incidents have been blamed on fracking.

Hydraulic fracturing has been controversial in the Barnett Shale region of North Texas around Fort Worth and Denton. The controversy has centered on concerns that disposal of fracturing waste in injection wells can contaminate groundwater, and benzene emissions from wells. A state representative called for a moratorium on new drilling, which the Texas Railroad Commission has rejected.

In the recently completed Democratic primary, Farouk Shami tried to claim White had a “major stake” in controversial gas well fracturing in the Barnett Shale around Fort Worth because of his ownership of Exxon stock. White’s campaign called Shami’s complaint “off the wall” and told the Fort Worth Star-Telegram that White’s environmental policy is not dictated by “stock that Bill has in a retirement account.”

Dismissed during debate

During their debate, White dismissed Shami’s call for a moratorium on new gas well fracturing in the Barnett Shale.

“If there is excessive benzene emission, we should go after that particular source and not go after that vital industry,” White said.

White never mentioned that a moratorium on gas well drilling in the Barnett Shale could have a direct impact on his personal finances. BJ Services in its promotional material says it has fractured more than 2,000 wells in the Barnett Shale.

The Chronicle has asked White to release his income tax returns for the years he was mayor. White has refused, saying his tax returns would disclose proprietary information on partnerships with other people.

State law does not prohibit a public official from outside employment, as long as no conflicts of interest result.

Gas well fracturing, essentially, is a process of pumping chemicals, water and sand into a gas well to break open deep rock pockets to force the release of natural gas.

U.S. Rep. Henry Waxman, D-Calif., chairman of the Energy and Commerce Committee, last month announced that BJ Services, along with Halliburton and several other oil field services companies will be investigated for the possibility that their gas recovery methods could lead to groundwater contamination.

Waxman noted that between 2005 and 2007, BJ Services admitted to pumping 1,700 gallons of diesel fuel into gas wells in Oklahoma and Arkansas. BJ Services self-reported the incidents, and no pollution has been directly attributed to a BJ services well in Texas. Waxman has asked the company for additional information.

BJ Service’s Smith said the diesel fuel incident occurred because some operators were inadvertently sent the mixture after its use was discontinued. He said the company now uses mineral oil in the process.

Smith said there may be no link between hydraulic fracturing and benzene found in Barnett Shale water wells. He said benzene is naturally occurring in the rock formations. [comment: but not at fresh water well depths]

“There has not been any evidence so far that frac fluids cause groundwater pollution,” Smith said.

Exempted from 2005 act

Waxman noted that gas well fracturing was exempted by Congress from the Safe Water Drinking Act in 2005.

Rep. Lon Burnam, D-Fort Worth, who has called for a Barnett Shale moratorium, said people in western Tarrant, Wise, Parker and Johnson counties where there has been water pollution would be “very disappointed” to learn White has a financial interest in a fracturing company. However, Burnam said he fully supports White.

“He understands the issue, and the incumbent governor does not,” Burnam said. “Bill White recognizes there’s a problem and he has a track record of working with businesses to solve problems.”