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*The following case study is a fictionalized version of an actual situation encountered by experts in the field. While it is based on real experiences, it is not intended to depict any particular location or company.*

**Addressing Concerns Proactively**

NextOil is a small oil and gas exploration company developing unconventional resources in North America. NextOil has very tight timeframes to drill exploration wells on private land leased from farmers and does not have the resources to withstand any delay in the drilling program, because it has a very small capital reserve.

The drilling program is in an area where there is a fair amount of opposition to oil and gas development, particularly when it involves hydraulic fracturing. Other operators have had access roads blocked and equipment vandalized by local farmers who are concerned that drilling will impact water quality.

The Chief Executive Officer (CEO) of NextOil is aware of the experience of other companies in the area and feels that companies do not spend enough time engaging with community members and listening to their concerns, and that this is giving the whole industry a bad name. He learned about grievance mechanisms from an industry colleague who recommended that he take a look at guidance from the oil and gas industry association for social and environmental issues.

**Setting up the Grievance Mechanism**

The CEO tasked his field manager with implementing a grievance mechanism. The field manager used the templates from the industry guidance to develop a simple procedure and began telling his field crews about the grievance mechanism during weekly project meetings. He stressed that since they were a small operation with few resources, the grievance mechanism could be successful only if each of them understood how it worked and served as a point of contact with the community. After all, the field staff interacted with community members every day, while on the job and after hours in town.

The field manager held a town hall meeting in the main village to introduce a proposed design for the grievance mechanism, to gain feedback and buy-in on the process and communicate to community members that they could talk to any NextOil staff member if they had a concern. He also published information on billboards in town and contracted with a call center to field calls from a toll-free number.

The drilling program started the next week, with the mobilization of trucks and equipment to the drilling site. The field manager informed the subcontractor conducting the drilling that there was a grievance mechanism in place and how it worked. He also informed the subcontractor that community members could approach her crew if they had a concern and that she should then pass the concern and contact details on to the field manager.

The grievance mechanism successfully handled numerous community complaints, principally concerning noise, light, traffic, and dust. NextOil’s drilling campaign went smoothly and it was able to meet targets and timeframes without the disruption that had occurred for other operators in the area. The exploration manager attributed much of this success to the grievance mechanism.

Through the complaints data collected during the drilling campaign, the field manager developed a thorough understanding of community concerns, all of which were related to tangible issues from the exploration program. He provided a summary report to the CEO, who was pleased to have a thorough and detailed description of the types of issues resulting from the project. Some board members had expressed skepticism about the grievance mechanism when the CEO had suggested it, fearing that introducing a grievance mechanism would lead to a flood of complaints from distant parties and nongovernmental organizations regarding the oil and gas industry. The grievance mechanism data showed the opposite: complaints were related to real community concerns that the company and its subcontractors needed to address.

Furthermore, the grievance mechanism data provided the basis for clauses the CEO and field manager wanted to include in future contracts with drilling subcontractors. These clauses would set expectations from the beginning around how contractors were expected to manage issues such as traffic, noise, and dust that could result in negative community impacts and community complaints.