Complicit: Bank of America's Role in Fossil Fuel Expansion and the Violation of Human Rights

Disclaimer

The authors believe the information in this report comes from reliable sources and that the data analysis is sound, but do not guarantee the accuracy, completeness, or correctness of any of the information or analysis. In the event you find factual errors in this report, please contact us at shawna@ran.org. The authors disclaim any liability arising from use of this report and its contents. Nothing herein shall constitute or be construed as an offering of investment advice. You should determine on your own whether you agree with the content of this document and any information or data provided.

Complicit: Methodological Note

Unless otherwise noted, all finance figures in *Complicit* are sourced from Banking on Climate Chaos 2023 (BOCC). BOCC reports on the lending and underwriting services provided by banks to up- mid- and downstream fossil fuel companies. Data is derived from commercial finance databases combined with information gathered from company reports and data reported in the Global Oil and Gas Exit List and the Global Coal Exit List, produced by BOCC co-authoring organization Urgewald. Banks are credited for their participation in syndicated lending and underwriting based on Bloomberg's League Credit allocation methodology. Transactions are adjusted to reflect the extent of each issuer's fossil fuel activities. Further methodological details are available in the BOCC23 Methodology FAQ.

Bank of America was given an opportunity to comment on the finance data published in BOCC23 prior to that report's launch in April 2023. The bank was given a second opportunity to review the new data and analysis in *Complicit* prior to publication.

Bank of America's Net Zero Overshoot

In 2021 the International Energy Agency (IEA) published a scenario for achieving net zero greenhouse gas emissions by 2050. That scenario includes "no new oil and gas fields approved for development; no new coal mines or mine extensions" from 2021 onwards. The IEA updated the scenario in September 2023, reiterating that no new expansion is needed. In order to maintain even a slim chance of keeping global warming below 1.5˚ C, fossil fuel expansion must cease. Bank of America selected the IEA NZ 2050 scenario to guide their net zero target setting.

To estimate how much Bank of America's clients are contributing to overshooting the IEA's NZ 2050 scenario, we used a metric reported in the Oil & Gas Exit List (GOGEL) 2022, developed by Urgewald. The GOGEL IEA NZE Expansion Overshoot metric quantifies in million barrels of oil equivalent (mmboe) all oil and gas resources approved for development after December 31, 2021 or currently under field evaluation for a given fossil fuel company. We sorted the list of Bank of America's fossil fuel clients from BOCC23 according to the GOGEL IEA NZE Overshoot

metric and totalled the financing the bank provided to the 40 companies on that list. We also totalled the overshoot for those companies in order to create a minimum estimate of how much oil and gas Bank of America's clients are expected to produce that will overshoot of the net zero scenario the bank has adopted. This does not include coal production figures.

Polluting without Consequences

Air pollution estimates for Callon Petroleum were drawn from the U.S. Environmental Protection Agency's (EPA) Civil Enforcement Case Report dated June 20, 2023. Estimates of the emissions equivalents of those air pollutants were created using the EPA's Greenhouse Gas Equivalencies Calculator.

Callon's statements about environmental compliance were sourced from the public filings with the U.S. Securities & Exchange Commission (SEC) on its EDGAR portal. RAN staff filed a Freedom of Information (FOIA) Request with the SEC on September 5, 2023 seeking to identify any additional documentation about Callon's environmental compliance, including the Schedule 7.06 related to environmental matters, an attachment to Form 8-K filed by Callon Petroleum Company on October 24, 2022 and the Time of Sale Information and Offering Memorandum, of Callon Petroleum Company, especially the sections detailing environmental compliance matters, as described on p. 10 section hh of the purchase agreement dated June 9, 2022. The SEC answered the FOIA on September 28, 2023, indicating that these documents were unavailable.

Data on inactive, uncapped wells attributable to Callon Petroleum and Diamondback was sourced from publicly available data available on the website of the Texas Railroad Commission (TRRC), the state regulatory agency that oversees the oil and gas industry in Texas. The TRRC publishes the Inactive Well Aging Report (IWAR). The IWAR was downloaded on 7/13/2023, with data current as of June 10, 2023. The IWAR includes an estimation of the plugging costs, which it updates annually. Data on the length of time the well has been inactive was sourced from the IWAR.

According to Texas Administrative Code Title 16, Part 1, Chapter 3, Rule §3.14, "Plugging operations on each dry or inactive well shall be commenced within a period of one year after drilling or operations cease and shall proceed with due diligence until completed unless the Commission or its delegate approves a plugging extension." The IWAR indicates whether a company has filed an extension for plugging. Some of the included wells have extensions approved while others have had their extensions denied.

Methane emissions from the unplugged, inactive wells were calculated based on an estimate of a mean 35.6g/hour or 312 kg/year, a figure reported by Marc L. Fischer, "Quantifying Methane from California's Plugged and Abandoned Oil and Gas Wells," California Energy Commission. Publication, August 2020, Report Number: CEC-500-2020-052. Estimates for methane emissions from uncapped wells vary, as described in James P. Williams, Amara Regehr, and Mary Kang, "Methane Emissions from Abandoned Oil and Gas Wells in Canada and the United States," *Environmental Science & Technology* 55, no. 1 (January 5, 2021): 563–70. It should be noted that current evidence suggests that methane emissions have been widely underreported

and underestimated. For a recent literature review on methane emissions from orphans oil & gas wells, see, Mary Kang et al., "Environmental Risks and Opportunities of Orphaned Oil and Gas Wells in the United States," *Environmental Research Letters* 18, no. 7 (June 2023).