

Marcellus Shale Information Update (JQ, 13 Jan. '13)

As announced in the spring 2012 Dispatch, your POA Board established a committee to track Marcellus Shale developments and activities as they relate to potential natural gas recovery in western Maryland. This action was taken in support of the POA's fundamental mission to "---preserve and protect the quality of life, environment, recreational opportunities---on and around Deep Creek Lake---".

As many of you know---

- There is currently a de facto moratorium in place on natural gas drilling. Governor O'Malley imposed this, by executive action, to deny approval of all drilling applications pending further review and study of the relevant considerations.
- The Governor issued an Executive Order in January 2011 which established the "Marcellus Shale Safe Drilling Initiative", tasking the Maryland Departments of the Environment and of Natural Resources (MDE, DNR)---in consultation with an independent advisory commission---to produce a series of 3 studies. Study topics range from potential revenue and liability legislation, through traffic and road impacts, to "best practices" with respect to protecting both ground and surface water. These studies are to be completed by August 2014 and are intended to inform state level decisions and actions.

Our purpose here is to inform you of recent and ongoing developments with an emphasis on potential legislative actions during the now ongoing MD General Assembly session (90 days, 9 January through 8 April). Potential legislation directly related to the de facto moratorium include:

- *Imposition of a "statutorily-required" moratorium*---this would prohibit MDE from approving drilling applications until the studies laid out in the 2011 Executive Order (EO) have been completed and meet the intent of providing a sound, "scientific" basis for decisions/actions on Marcellus Shale natural gas recovery.
- *Budgeting of funds to support the completion of the noted studies and the establishment of relevant baseline information*

(e.g., pre-drilling water quality)---note that specifically-designated funds to support the EO study requirements have, to date, not been allocated.

Potential additional legislative topics of interest address:

- *A state severance tax on natural gas production*---this tax would generate revenue for the state and would be additive to the taxes which currently would benefit Garrett and Allegany counties.
- *A “financial assurance” statute*---this statute would, for instance, set floor amounts for performance bonds and liability insurance to cover responses to pollution incidents, reclaiming of sites, etc.
- *A “Surface Owners Protection Act”*---this act would offer protection to surface property owners who do not own the mineral rights for the same property, dealing with rights pertaining to drilling and other activities with surface impact (e.g., location of well pads and access roads, damage to surface property, etc.).
- *A “landmen” registration requirement*---this would require “landmen”---individuals involved in various aspects of mineral rights leasing and generally operating on behalf of interested companies---to register with the MD Department of labor, Licensing, and Regulation.

It should be noted that none of the above topics have been introduced in specific bills at the time of this writing; they were generally identified as potential legislative topics in a December 2012 Department of Legislative Services product, “Issue Papers; 2012 Legislative Session”.

Further information on the content and status of legislative actions in the above and other areas can be found at

<http://mgaleg.maryland.gov/webmga/frmlst.aspx?tab=home>.

Comments and questions regarding this information are welcome.

[Do we offer a good mechanism for providing such feedback?]