

Without Funding, MD Fracking Could Face Delay

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ANNAPOLIS, Md. (AP) — Failure to pass legislation that would have forced energy companies to fund gas drilling studies could mean more delays for those wanting to tap in the natural gas lurking in western Maryland.

Members of a commission created to determine whether and how natural gas should be extracted from the Marcellus Shale, a swath of sedimentary rock stretching through the Appalachian basin, said it is unclear how long studies to assess the potential environmental impacts of drilling will be tied up without the money.

The state government doesn't have enough money to complete the studies that Gov. Martin O'Malley tasked the commission with conducting, said the group's chairman David Vanko, a geologist and Dean of the Jess and Mildred Fisher College of Science and Mathematics at Towson University.

The group will discuss how to proceed at their post-General Assembly session meeting Friday morning in Hagerstown. The legislature concluded its 90-day session last week.

"We're going to ask the question, what can be done with resources that are already in place and to what extent are these regional baseline studies that we feel are so important going to be delayed?" Vanko said. "And there may be significant delay."

One piece of legislation would have imposed a severance tax on gas extracted from Maryland wells to monitor the impact of drilling. Another, which supporters said was necessary to move gas drilling forward would have charged a \$15 per-leased acre fee to gas companies to fund an environmental impact study.

The research would in part analyze existing water quality to determine if future gas wells pollute water supplies once drilling begins.

Delegate Heather Mizeur has led the charge in the legislature to limit and regulate drilling into the shale through hydraulic fracturing or fracking, a process of blasting away bedrock with a combination of water and chemicals in order to reach the gas.

Fracking has already begun in states like Pennsylvania where some say it has contaminated water sources.

Mizeur, D-Montgomery, said her attempt to charge companies for the study will likely return in the 2013 session. She blames gas company lobbyists for holding up a state Senate vote on her legislation.

"The industry threw every block they could to prevent that bill from moving

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forward," Mizeur said. "If we were to proceed with drilling and there's some sort of clean up and damage that takes place, can we expect the industry to pay for any of the cleanup and the remediation costs if they're not willing to pay for the studies in the first place?"

She said she is content to sit on the sidelines until gas companies are made to make the payments.

"(The industry) might consider this legislative session a victory, but it will be short lived," Mizeur said. "We are going to come back and get the industry funding for the study or their going to have to be satisfied knowing the Maryland is not open for business in the fracking world."

Maryland Department of the Environment officials said they are looking at ways to conduct the studies with existing staff and resources, said deputy director for communications Jay Apperson.

"It will likely result in reduction of scope ... we're considering sort of how to proceed," Apperson said

Industry representatives say asking them to pay for the studies is an unprecedented move that serves to delay an already held-up process and turn business away from Maryland.

The state put a hold on issuing drilling permits in 2010 and in 2011, after Mizeur's legislation to effectively ban the practice failed, Gov. Martin O'Malley issued an executive order creating the commission.

The group issued a preliminary report in December and is expected to complete their work in 2014.

Meanwhile, drilling remains at a standstill in Garrett and parts of Alleghany County where some landowners have already struck deals to tap their property for gas.

Whether that timeline is extended to accommodate a prolonged study is "a matter of whether the honchos want that or not," said Sen. George Edwards, R-Garrett, who serves on the commission alongside Vanko and Mizeur

The commission should be expected to finish its work with existing state resources said Drew Cobbs, executive director for the Maryland Petroleum Council.

"I think it's just a tactic by the opponents to do anything they can to make it more expensive, more burdensome, more inconvenient," Cobbs said.

Edwards points out that it is unusual to ask businesses to fund their own impact studies and the state's maneuvers could mean gas companies never come to Maryland.

There are no guarantees that investment would be rewarded with opportunities to

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drill, he said.

"If you make them too overly burdensome, no one is going to come and that's what some of these people want," Edwards said.

While gas companies had already begun leasing land to drill on in western Maryland, there isn't much interest in Maryland natural gas drilling right now because the payout for crude oil and liquid natural gas is higher, Cobbs said.

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