



Maryland

Department of the Environment

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

October 30, 2020

The Honorable William C. Ferguson
President of the Senate
State House, H-107
Annapolis, MD 21401

The Honorable Adrienne M. Jones
Speaker of the House
State House, H-101
Annapolis, MD 21401

Dear President Ferguson and Speaker Jones:

As required by Section 14-124 of the Environment Article, the Maryland Department of the Environment (the Department) submits this letter as the annual report on the Oil and Gas Fund (the Fund) for FY20. Copies of the report are provided in accordance with Section 2-1246 of the State Government Article.

Sources of money for the Fund consist of fees, funds appropriated by the General Assembly, fines and bond forfeitures collected by the Department that exceed the amount necessary to restore a site, and additional money made available from any source. The Department is authorized to use money in the Fund solely to administer and implement programs relating to oil and gas wells.

The Fund received no revenue and made no expenditures during FY20. The Fund had no balance at the close of FY20. The Department's Mining Program administers the State's oil and gas regulatory program. In FY20, staff reissued 13 permits for existing wells. These permits were not for horizontal drilling and hydraulic fracturing for gas extraction from the Marcellus shale. No new permit applications were received or issued in FY20. There were 21 gas well inspections done in FY20, with no violations found.

In July 2010, the General Assembly authorized the Department to establish and collect fees for permit issuance, permit renewal, and production of oil and gas wells installed after Oct. 1, 2010. At that time, the Department had received applications for wells to extract gas from the Marcellus Shale and expected additional applications. These wells are more complex to review and could require the Department to perform more inspections and engage in more intensive compliance activities. In 2017, Environment Article 14, Subtitle 1 was amended to prohibit any hydraulic fracturing for oil or natural gas exploration or production in Maryland. No such gas or oil applications are pending or expected, so there are no plans to pursue the development of fee regulations.

If we can provide you with any additional information, please contact me at 410-537-3084, or Kaley Laleker, Director of the Land and Materials Administration, at 410-537-3304, or kaley.laleker@maryland.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Grumbles".

Ben Grumbles
Secretary

cc: Kaley Laleker, Director, Land and Materials Management Administration