



Maryland

Department of the Environment

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

Ben Grumbles, Secretary
Horacio Tablada, Deputy Secretary

November 1, 2021

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

Re: Report Required by State Government Article §14–124 (MSAR #8150)

Dear President Ferguson and Speaker Jones:

As required by Section 14-124 of the Environment Article, the Maryland Department of the Environment (MDE) submits this letter as the Annual Report on the Oil and Gas Fund (Fund) for FY21. Copies of the report are provided in accordance with § 2–1257 of the State Government Article.

The current money sources for the Fund consist of fees, funds appropriated by the Maryland General Assembly (MGA), fines, bond forfeitures collected by MDE that exceed the amount necessary to restore a site, and additional money made available from any source. MDE is authorized to use money in the Fund solely to administer and implement programs relating to oil and gas wells. During FY21, the Fund received no revenue, made no expenditures, and had no balance at the end of the fiscal year.

MDE's Mining Program administers the state's oil and gas regulatory program. In FY21, the Mining Program reissued 20 permits for existing conventional wells. These permits were not for horizontal drilling or hydraulic fracturing for gas extraction from the Marcellus shale. No permits have been issued for such activity in Maryland and there were no pending applications received or issued in FY21. Additionally, there were 35 gas well inspections done in FY21, but with no violations found.

In July 2010, MGA authorized MDE to establish and collect fees for permit issuance, permit renewal, and production of oil and gas wells installed after October 1, 2010. At that time, MDE 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 MDE 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. Therefore, no such gas or oil applications are pending or expected and MDE is not pursuing development of the fee regulations.

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

Sincerely,


Ben Grumbles
Secretary

cc: Sarah Albert, Mandated Reports Specialist, Department of Legislative Services
Kaley Laleker, Director, Land and Materials Management Administration
Tyler Abbott, Director of Legislative and Intergovernmental Relations