

Workshop on Governance of Risks of Unconventional Shale Gas Development

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Maryland's Proposed Comprehensive Gas Development Plan

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Abstract:

Maryland's Marcellus Shale Safe Drilling Initiative, authorized by Governor Martin O'Malley's Executive Order in June 2011, requires the Maryland Departments of the Environment (MDE) and Natural Resources (DNR), in consultation with an Advisory Commission, to make findings and recommendations to:

1. Address the short-term, long-term and cumulative effects of Marcellus gas extraction, and
2. Assist policy makers in determining whether and how gas production can be accomplished without unacceptable risks of adverse impacts to public health, safety, the environment and natural resources.

The Departments recently issued a Draft Best Practices Report for public comment that provides recommendations for all aspects of natural gas exploration and production in the Marcellus Shale. As a basis for this report, MDE contracted with the University of Maryland Center for Environmental Science, Appalachian Laboratory (UMCES-AL), to survey best practices from several states and other sources, and to recommend a suite of best practices appropriate for Maryland.

The authors of the UMCES-AL report, Drs. Keith Eshleman and Andrew Elmore, suggest that the single most important best practice is the comprehensive drilling plan and recommend that the State should institute a voluntary program whereby a company holding gas rights could prepare and submit for State approval a comprehensive drilling plan for a large geographic area before applying for any permit to drill a specific well. Comprehensive drilling plans provide an opportunity to address multiple aspects of shale gas development from a holistic, broad-scale planning perspective rather than on a piecemeal, well-by-well basis. By considering the entire project scope of a single company, or multiple companies simultaneously, responsible energy development could proceed while minimizing cumulative impacts, public use conflicts, addressing concerns associated with maintaining the rural character of western Maryland, and protecting high value natural resources and resource-based economies. In a separate study contracted by DNR, Mr. John Quigley, former Secretary of the Pennsylvania Department of Conservation and Recreation, describes the distinct need and broad support across government, industry, non-profit and private sectors for comprehensive planning.

MDE and DNR agree that a comprehensive plan offers great advantages, but recommend that the program be mandatory rather than voluntary. As a prerequisite to the issuance of any permit to drill a gas exploration, extension, or production well, the prospective applicant must first submit a Comprehensive Gas Development Plan (CGDP). The CGDP should address, at a minimum, all land on or under which the applicant expects to conduct exploration or production activities over a five year period. The CGDP must address the locations of well pads, roads, pipelines and ancillary facilities related to exploration or production activities from the identified land. The CGDP will undergo state and local government review to ensure compliance with location and setback regulations and local land use requirements and to determine if any alternatives should be analyzed. Upon consideration of government comments, the applicant will initiate a public participation process which may result in the analysis of alternatives and subsequent modifications. DNR is charged with leading and coordinating the CGDP planning and public review process, while MDE has the regulatory authority to approve or disapprove the CGDP plan. Once the plan is approved, applications for individual wells can be processed.

Most members of the Advisory Commission support the CGDP, but some have expressed concern about the criteria for approval, its application to exploratory and extension wells, whether it will be flexible enough to allow companies to adapt as technologies and economies change, whether it can work in the absence of forced pooling, duplication of process between CGDPs and individual well permits and increased expenses related to leases and rights of ways. The Departments believe that the CGDP as structured is workable and reasonable; however, the public comment period is open until September 10, 2013, and a final the Best Practices report will not be completed without consultation with the Commission and consideration of all comments.

Resources:

1. Marcellus Shale Safe Drilling Initiative Home Page:

<http://www.mde.state.md.us/programs/Land/mining/marcellus/Pages/index.aspx>

2. Recommended Best Management Practices for Marcellus Shale Gas Development in Maryland. UMCES-AL.

http://www.mde.state.md.us/programs/Land/mining/marcellus/Documents/Eshleman_Elmore_Final_BMP_Report_22113_Red.pdf

3. Marcellus Shale Safe Drilling Initiative Study. Part II. Best Practices. Maryland Departments of the Environment and Natural Resources.

http://www.mde.state.md.us/programs/Land/mining/marcellus/Pages/MSReportPartII_Draft_for_Public_Comment.aspx

4. The Case for Maryland's Proposed Comprehensive Gas Development Plan Program. John Quigley.

http://www.mde.state.md.us/programs/Land/mining/marcellus/Documents/Case_for_Marylands_CGDP_Program.pdf

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