

February 29, 2012

Dear :

I am alarmed by the significant legislative attention being paid to natural gas development in our state, and what appears to be a misunderstanding of the risks and benefits of natural gas in Maryland.

Today, there is no natural gas development underway in the state of Maryland. In fact, there is currently a moratorium on gas development in place until summer 2014 due to an executive order signed by Governor Martin O'Malley. That order tasked Maryland's Departments of Natural Resources (DNR) and Environment (MDE) with a three year study on natural gas development in the state and also created the Governor's Marcellus Shale Advisory Commission (MSAC) to incorporate experts and stakeholders into the state's decision making process. Maryland's DNR and MDE have only just started their work on behalf of the Commission to determine Maryland's potential resources and an appropriate regulatory response.

As the state review process plays out, it's important we recognize how beneficial and important natural gas is to Maryland's economy in general – even when developed outside our state. In 2010, more than forty percent of all natural gas consumption in Maryland was for residential use (Source: [EIA data](#) , accessed February 24, 2011), meaning Maryland consumers gained directly from the plummeting natural gas prices that have resulted from increased US shale gas supplies. There are direct benefits for our state as well. Governor O'Malley has touted Dominion's proposed expansion of its Cove Point liquid natural gas plant in Lusby as a major potential job creator. Dominion plans to invest \$2 billion in the plant in the coming years, which could create thousands of new jobs for Marylanders. (Source: [Southern Maryland Newspapers Online](#) , "Maryland adding jobs, but private growth lags" February 2012).

With so many benefits to our state, no immediate risks, and a state study process just beginning, legislative efforts underway with regards to natural gas are clearly more ideological in nature than substantive. Unfortunately the consequences of legislative action for Maryland consumers could be both substantive and costly.

Introduced by Delegates Heather Mizeur--, Maggie McIntosh and Sheila Hixson the current suite of gas legislation covers everything from tax rates on gas development to creating a registry for a permitting process the state hasn't yet developed. Most notably, Delegates McIntosh and Hixson are seeking to impose a 15% severance tax—an extraordinarily high rate on a resource that we're not yet sure is feasible at all in Maryland. These blind anti gas policies set a dangerous precedent for other states where development is actually underway. Maryland has nothing to gain by diminishing or interfering with the shale gas boon underway elsewhere.

Simply put, the premature debate over natural gas is a waste of the legislature's time and our state's resources. Legislators should allow the Governor's Marcellus Shale Advisory Commission to finish its report, and make informed decisions based on the potential for natural gas production in our state.

Sincerely,

HARRY C. ALFORD

President/CEO