



**Jack N. Gerard**  
President and Chief Executive Officer

1220 L Street, NW  
Washington, DC 20005-4070  
USA  
Telephone (202) 682-8500  
Fax (202) 682-8110  
Email [gerardj@api.org](mailto:gerardj@api.org)  
[www.api.org](http://www.api.org)

May 12, 2015

The Honorable Lawrence J. Hogan, Jr.  
Governor of Maryland  
State House  
100 State Circle  
Annapolis, MD 21401

Dear Governor Hogan:

On behalf of API and our membership, we are writing to express our opposition to HB 449/SB 409 Environment – Hydraulic Fracturing – Regulations. This legislation would further delay the development of the Marcellus Shale in Western Maryland for up to two years.

The American Petroleum Institute (API) is the only national trade association that represents all aspects of America's oil and natural gas industry. Our more than 600 corporate members, from the largest major oil company to the smallest of independents, come from all segments of the industry. They are producers, refiners, suppliers, pipeline operators and marine transporters, as well as service and supply companies that support all segments of the industry. We are represented in Maryland through our Maryland Petroleum Council.

The Maryland Department of Environment has been looking at hydraulic fracturing and horizontal drilling for over five years. Governor O'Malley's Marcellus Shale Safe Drilling Advisory Commission studied hydraulic fracturing for 3-1/2 years and concluded that it could be safely done with certain safeguards and proper regulatory oversight and proposed rules in January, 2015 to implement their conclusions. The measure pending before you contradicts this exhaustive long term study. HB 449/SB409 will further delay the economic benefits presented by natural gas production and sends the wrong signal to capital investors prepared to create high paying jobs in Maryland.

As you know, Marylanders have already significantly benefitted from unconventional oil and natural gas development in the United States. It has saved each of their households thousands of dollars, enabled them to breathe cleaner air, created jobs and increased their energy security. An IHS report concluded in 2012 that shale gas production indirectly supported 11,800 jobs and \$1.2 billion in economic activity in Maryland. Unfortunately, the portion of your state that needs the most help and could realize the greatest economic benefits directly from natural gas development has not been given an opportunity to participate in this energy revolution.

The Honorable Lawrence J. Hogan, Jr.  
May 12, 2015  
Page 2

Nationally, we are realizing the benefits of domestic natural gas development (economic, environmental and energy security). In Maryland, the almost \$4 billion Cove Point LNG Export Facility project is a direct result of this abundant supply of natural gas due to the use of hydraulic fracturing and horizontal drilling. This facility will be one of the largest capital projects in the history of Maryland bringing thousands of construction jobs and much needed additional revenue to Calvert County and the State of Maryland. HB 449/SB 409 run counter to providing a clean fuel source to Maryland, building additional revenues for government coffers and ensuring our nation's energy security.

A study conducted by the Sage Policy Group for the Maryland Petroleum Council estimated that middle range of development of the Marcellus would generate as many as 1,800 jobs and produce \$441 million of total positive fiscal impact for Western Maryland.

We urge you to move forward with finalizing safe, balanced and reasonable regulations to allow unconventional drilling in Western Maryland. Furthermore, we request you make clear that you will strongly oppose any further delay or proposal that would harm efforts to develop Western Maryland's natural gas resources. Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Gerard", with a long horizontal flourish extending to the right.

Jack N. Gerard  
President & CEO