

GARRETT COUNTY CHAMBER OF COMMERCE
Shale Gas Development Whitepaper
May 17, 2012

The Garrett County Chamber of Commerce is the largest professional business association in the Mountain Maryland region representing more than 630 member firms. The Chamber was formed to organize, support and represent Garrett County's business community in advancing common interests and additionally to promote Garrett County's hospitality and recreation industry by attracting visitors to the county through comprehensive marketing. Due to the Chamber's dual role to both support business development and promote Garrett County as a tourism destination, we found it our duty to engage in the shale gas development discussion and take a position.

The Garrett County Chamber of Commerce supports safe and responsible Shale Gas Development in Maryland. We further support the expedited study of Shale Gas development and encourage the Maryland Department of the Environment to authorize the process of allowing for the safe extraction of Shale Gas in our county.

The Marcellus and Utica Shale geologic formation is estimated to be the largest unconventional natural gas field in the world, covering 95,000 square miles and containing trillions of cubic feet (TCF) of extractible natural gas. This energy source is adjacent to the nation's most highly-populous region, the Northeast mega-region, which is home to approximately 50 million people, about one-sixth of the U.S. population.

We recognize the impact that our nation's energy dependency has had in shaping our domestic and foreign policy. Although currently no national energy policy exists, we feel that it is likely that we will see a shift in favor of greater reliance on domestic energy sources, including natural gas. Our county is uniquely positioned to provide to our State and Country the prospect of a substantial and viable energy source to meet our domestic needs now and in the future.

We recognize the opportunity that is present with our natural resources to grow our community, our schools and our employment opportunities and widen our tax base. The responsible drilling of Shale Gas is a necessary vehicle to aggressively move our region and the entire State of Maryland forward.

Natural gas as an energy source offers a number of advantages: when burned, natural gas emits about half the carbon dioxide as coal and about 30% less than oil. Concerns about climate change as well as a possible cap on carbon emissions under pending climate change legislation have allowed natural gas to emerge as a relatively clean energy alternative. In addition, utilization of natural gas as an energy source could reduce America's dependency on foreign oil and promote job creation and economic development in the U.S.

For a community that is so environmentally conscious and touts sustainability, we believe that Garrett County is perfectly suited to be a leader in supplying natural gas to the eastern continental United States.

We further believe that Maryland has the leadership in place to insure that responsible drilling of Shale Gas can take place utilizing known technology and "best practices" in a safe and responsible manner. By pursuing such a philosophy, critical environmental issues can be addressed and the maximum economic benefits achieved.

Natural gas is difficult to extract from shale because the gas is trapped in tiny pores within the rock. Two technological innovations have made extraction commercially viable in recent years: hydraulic fracturing (fracking) and horizontal drilling. In fact, fracking has been used in Garrett County since the 1950s by Texas Eastern with no apparent negative environmental impact.

While the process of fracking has been around for decades, the technique for fracturing shale rock is somewhat new. However, this new drilling technique has been used in the Marcellus in Pennsylvania, West Virginia, and New York. Activity in Maryland has not yet occurred, pending development of regulations, although Garrett and Allegany Counties have been receiving considerable interest by energy companies as a possible source of natural gas from the Marcellus Shale.

In areas where drilling has already occurred, communities have welcomed large increases in employment. Employment increases spur other types of economic growth, including business growth and expansion, increases in tax revenues, and other tertiary activity. Communities are also seeing incredible benefits such as new roads and road enhancements.

Landowners have benefitted financially, including leasing and royalty payments. Where gas drilling has occurred, a number of farmers have used lease &/or royalty money to aid in the sustainability of farming operations. The Garrett County Farm Bureau has voiced their support for responsible, safe development of natural gas from shale and recognizes this development as a potential revenue source that will play a vital role in the agricultural preservation in Garrett County.

The Chamber recognizes that while Shale Gas Development holds tremendous economic development potential, the growth of this industry also presents challenges, including strains on existing infrastructure as well as environmental impact concerns.

The drilling boom in the Marcellus has happened very quickly, with industry leading the effort. It is estimated that the total maximum lifetime value of the Marcellus Shale play in Allegany County is \$15.72 billion and in Garrett County is \$32.44 billion. The Utica Shale play is estimated to be even greater. We cannot miss this incredible development opportunity and by working together we can ensure that Shale Gas Development is handled correctly providing the greatest benefits with only minimal risks.