

HOUSE BILL 1034

M3

2lr0524

By: **Delegates Mizeur, Bobo, Carr, and Frush**
Introduced and read first time: February 10, 2012
Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Environment – Oil and Gas Leases – Risk Disclosures**

3 FOR the purpose of prohibiting a person from entering into a certain oil and gas lease
4 in the State unless a copy of certain language is provided to the lessor and
5 certain risks to landowners are stated conspicuously in the language of the
6 lease; establishing certain grounds for the denial of a certain oil and gas permit;
7 and generally relating to the disclosure of risks to landowners associated with
8 drilling for oil and gas in the State.

9 BY adding to
10 Article – Environment
11 Section 14–113.1
12 Annotated Code of Maryland
13 (2007 Replacement Volume and 2011 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article – Environment**

17 **14–113.1.**

18 **(A) A PERSON MAY NOT ENTER INTO A LEASE FOR THE DRILLING OF**
19 **ANY WELL FOR THE EXPLORATION, PRODUCTION, OR UNDERGROUND STORAGE**
20 **OF GAS OR OIL IN THE STATE UNLESS A COPY OF THE LANGUAGE RELATING TO**
21 **GAS DRILLING RISKS REPORTED ON THE UNITED STATES SECURITIES AND**
22 **EXCHANGE COMMISSION’S FORM 10–K IS PROVIDED TO THE LESSOR, AND THE**
23 **FOLLOWING DRILLING RISKS TO LANDOWNERS ARE STATED CONSPICUOUSLY IN**
24 **THE LANGUAGE OF THE LEASE:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(1) OPERATIONS SUBJECT TO INHERENT HAZARDS, SUCH AS**
2 **FIRES, WELL SITE BLOWOUTS, EXPLOSIONS, OR UNCONTROLLABLE FLOWS OF**
3 **GAS;**

4 **(2) ENVIRONMENTAL HAZARDS, INCLUDING GAS LEAKS, OIL**
5 **SPIILLS, AND USE OF CARCINOGENIC CHEMICALS; AND**

6 **(3) EVENTS THAT COULD CAUSE:**

7 **(I) LOSS OF HYDROCARBONS;**

8 **(II) POLLUTION, INCLUDING CONTAMINATION OF WATER**
9 **AND AIR EMISSIONS;**

10 **(III) CLEANUP RESPONSIBILITIES;**

11 **(IV) REGULATORY INVESTIGATIONS AND PENALTIES;**

12 **(V) SUSPENSION OF OPERATIONS;**

13 **(VI) PERSONAL INJURY CLAIMS;**

14 **(VII) LOSS OF LIFE;**

15 **(VIII) PROPERTY DAMAGE; AND**

16 **(IX) REDUCTION OF PROPERTY VALUES.**

17 **(B) FAILURE TO INCLUDE THE RISK INFORMATION IN THE LANGUAGE**
18 **OF THE LEASE REQUIRED BY THIS SECTION MAY BE GROUNDS FOR DENIAL OF A**
19 **PERMIT FOR THE DRILLING OF ANY WELL FOR THE EXPLORATION,**
20 **PRODUCTION, OR UNDERGROUND STORAGE OF GAS OR OIL IN THE STATE**
21 **ISSUED UNDER THIS SUBTITLE.**

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2012.