


OHIO DEPARTMENT OF TRANSPORTATION

**CREATING A MODEL "ROAD USE AND MAINTENANCE AGREEMENT"
FOR THE UPCOMING SHALE EXPLORATION BOOM**

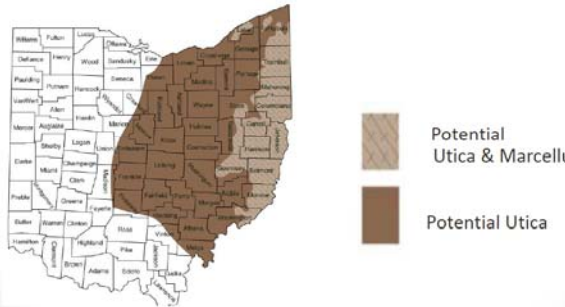
LLOYD V. MACADAM, P.E., P.S., CPM
DISTRICT 11 DEPUTY DIRECTOR



JOHN R. KASICH, GOVERNORJERRY WRAY, DIRECTOR

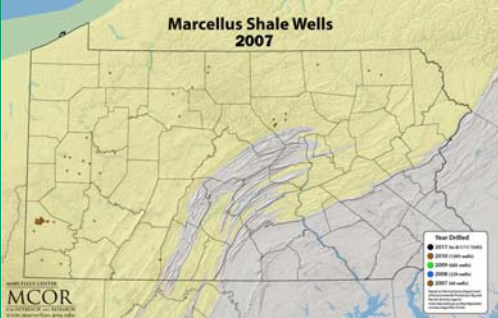
[WWW.TRANSPORTATION.OHIO.GOV](http://www.transportation.ohio.gov)

Why?

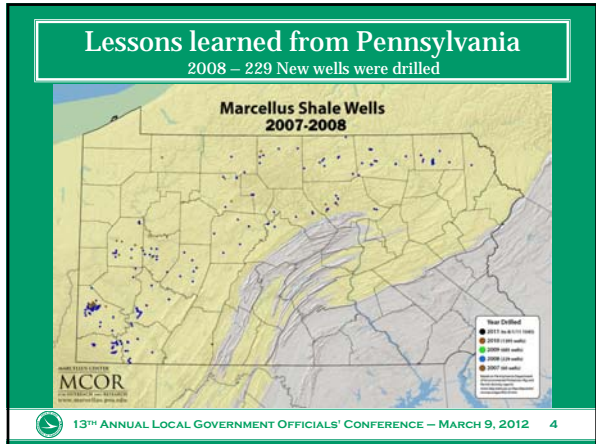


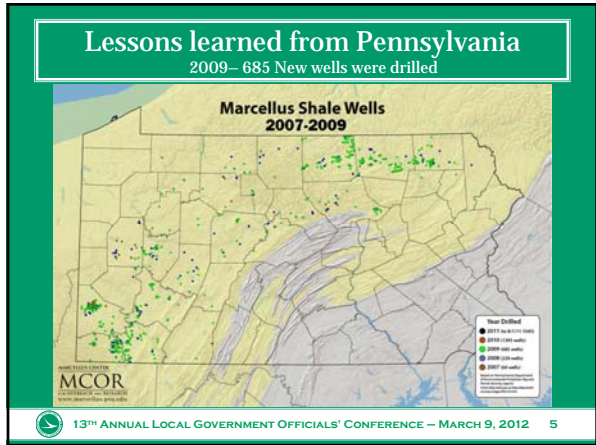
13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 2

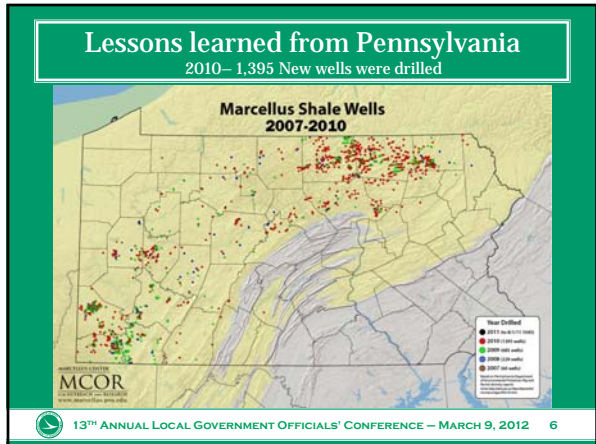
Lessons learned from Pennsylvania
2007 – 60 wells were drilled



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 3

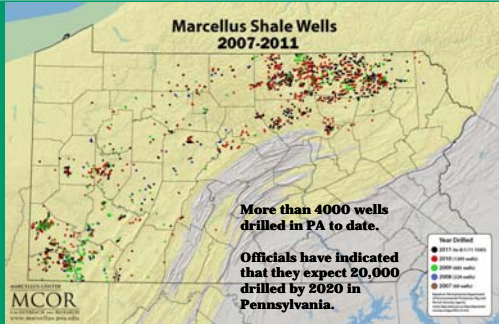






Lessons learned from Pennsylvania

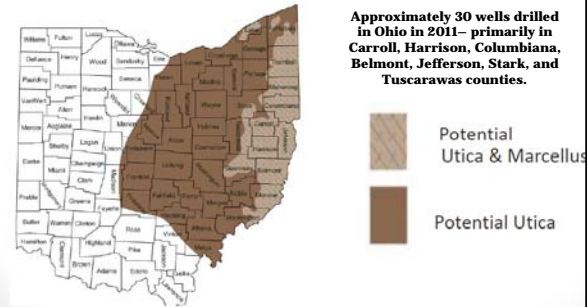
2011– 1,905 New wells were drilled in 2011



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 7

Why?

Potential for 7,000 to 15,000 wells in OHIO!



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 8

Chesapeake Energy Utica Shale Drill Site in Carroll County



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 9

Initial Drilling Activity on a 3 to 5 Acre Pad



Hydraulic Fracturing Activity



Water Impoundment for Hydraulic Fracturing



Excess Use Agreement in Pennsylvania

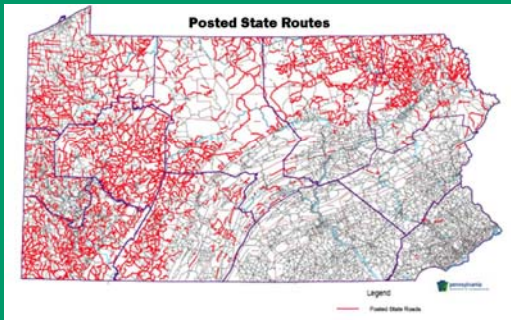


- The State of Pennsylvania is not a “Home Rule” state like Ohio.
- PennDOT has jurisdiction over all roads.
- PennDOT required an Excess Use Agreement for all posted roads, which accounts for 26% of all roads in PA.
- Excess Use Agreement required bonding at \$12,500 per paved mile.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 13

Posted Routes in Pennsylvania



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 14

What About Ohio?



- Ohio *is* a “Home Rule” state.
- ODOT only has jurisdiction over state routes.
- Township Trustees and County Engineers have jurisdiction over many of the roads which will be needed for access to drilling pads.
- No statewide Road Use Maintenance Agreement exists, and the majority of the traffic to the sites are legal loads.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 15

Why a RUMA?

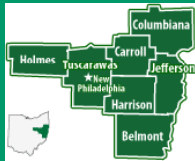
- The development of a Road Use and Maintenance Agreement (RUMA) became apparent as a result of:
 - Regional Government to Government meetings held by ODNR this summer in Steubenville, New Philadelphia, Youngstown, Marietta and Zanesville
 - Local Township and County officials had concerns about notification prior to Drilling Activity.
 - No guarantee of maintenance on Township and County road system which has not been designed for repetitive legal truck loads that the horizontal drilling process requires.
- ODOT District 11 Quarterly County Engineers meeting
 - May 2011 meeting in Jefferson County Engineer Jim Branagan's office
 - September 2011 meeting in Holmes County Engineer Chris Young's office for Chesapeake Energy presentation
- The issue of needing a standardized RUMA was apparent by both the local government side (County and Townships) as well as the shale development industry.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 16

RUMA Development Process

- In response to the County Engineers and the Oil and Gas Drillers request, ODOT District 11 agreed to assist them in the development of a locally-supported RUMA.



- The intended outcome was to develop a model agreement to be used regionally and perhaps statewide.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 17

RUMA Development Process

Working Session #1 – Oct. 3, 2011 at ODOT District 11

- Attendees for initial meeting included:
 - All seven of District 11's County Engineers, plus the Ashland County Engineer



- Josh Hahn, Senior Policy Analyst from the County Commissioners Association of Ohio (CCAO)
- Matt DeTemple, Executive Director of the Ohio Township Trustee Association
- Engineers shared their positive experiences with the first Drilling Companies and brought copies of the RUMA's used.
- After about an hour discussion, the group decided to utilize Columbiana County Engineer Bert Dawson's version as the starting document and added components from other RUMA's as needed.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 18

Example of Proactive Maintenance by
Drilling Company in Carroll County (Bay Road)



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 19

Example of Proactive Maintenance by
Drilling Company in Carroll County (Chapel Road)



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 20

Example of Proactive Maintenance by
Drilling Company in Carroll County (Buttercup Road)



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 21

RUMA Development Process

Working Session #1 – Oct. 3, 2011 at ODOT District 11

- After the first initial draft was complete, all Engineers agreed to share with their Prosecutors, and ODOT agreed to share with the OOGA for their comments.



- ODOT also agreed to meet with ODNR's Oil and Gas Division to get their buy-in for a requirement of a RUMA in place prior to permitting a well utilizing the Horizontal Drilling process.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 22

RUMA Development Process

Working Session #2 – Nov. 8, 2011 at ODOT District 11

- Participants in the process grew to include a total of 25 people from the following agencies in addition to the original group:

- Stark County Engineer
- Coshocton County Engineer
- Jefferson County Commissioner
- OOGA
- Chesapeake Energy/CESO
- Enervest
- ODNR
- Ohio Railroad Association
- CEAO Executive Director
- ODOT District 4



- We went through several pages of comments from the Prosecutors, the Railroads, and the Oil and Gas industry and incorporated changes to the RUMA.



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 23

RUMA Development Process

Working Session #3 – Dec. 6, 2011 at ODOT District 11

- Participants in the process grew to include a total of 31 people from the following agencies in addition to the original group:

- Salem Township Trustee from Jefferson County
- Hess Energy
- Governor's office Reps
- Director of the Office of Appalachia
- Ohio Township Association
- OHIO EMA



- Again, we went through several pages of comments from the Railroads and the Oil and Gas industry and incorporated further changes to the RUMA.



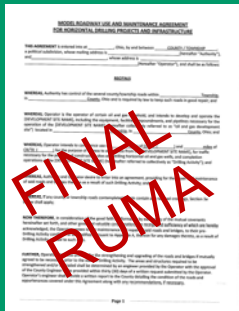
13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 24

RUMA Development Process

- Results of the process so far includes the following:
 - Coordination with ODNR to change legislation to make the requirement of an Active RUMA a check-off in the permitting process for a new Oil and Gas Well (Horizontal Drilling) Permit (expected sometime later this year)
 - A RUMA supported from both the Oil and Gas Industry and the Local Governments



RUMA Development Process



- The current RUMA, completed December 6th and reviewed by ODOT's Chief Legal Office, is available for use and can be found on the County Engineers Association of Ohio Website at: www.ceao.org
- To make sure it remains a useful tool, we will periodically host meetings to invite feedback and modify this agreement as necessary.

What is in the Model RUMA?

- Definition of the needed route from State Route to Pad
- Bonding requirement unless one of the following conditions is met:
 - A geotechnical report shows the road can withstand the expected truck traffic
 - Drilling Operator agrees to pay for or perform upgrade to route
 - A bond or surety covering the Agency is already in place
- Maintenance of the route during the drilling activity
- Notification for the Railroad industry if a crossing is involved
- Requirement for an engineering report, including videotaping of the route prior to drilling activities
- An Appendix for County and/or Township requirements which can be agreed upon with the Drilling company
- Requirement for a list of 24-hour emergency contacts

What is NOT in the Model RUMA?

- ❖ Permitting for development of drilling pad: keep in mind that development of the drilling pad does not require a ODNR permit.
- ❖ Hard and fast bonding ranges. (negotiable)
- ❖ Expiration dates – Gives an “out” to both parties with a 30 day requirement notice.
- ❖ A release of the Operators to get over-weight, over height, over-width permits (These permits are still required)



13TH ANNUAL LOCAL GOVERNMENT OFFICIALS' CONFERENCE – MARCH 9, 2012 28

OHIO DEPARTMENT OF TRANSPORTATION

**CREATING A MODEL “ROAD USE AND MAINTENANCE AGREEMENT”
FOR THE UPCOMING SHALE EXPLORATION BOOM**

QUESTIONS?



JOHN R. KASICH, GOVERNOR

JERRY WRAY, DIRECTOR

WWW.TRANSPORTATION.OHIO.GOV
