

OHIO DEPARTMENT OF TRANSPORTATION

WORKING WITH LOCAL GOVERNMENT: RUMA

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



JOHN R. KASICH, GOVERNOR

JERRY WRAY, DIRECTOR

WWW.TRANSPORTATION.OHIO.GOV

Why?

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



31 wells drilled in Ohio in 2011
(**27** in District 11)

Statistics for **2012** (12/29/2012 ODNR data)

	<u>Statewide</u>	<u>District 11</u>
Producing	45	32
Drilled (no prod)	124	105
Drilling	21	13
Permitted	276	203
Totals	466	353



Potential Utica

Chesapeake Energy Utica Shale Drill Site in Carroll County



Initial Drilling Activity on a 3 to 5 Acre Pad



Hydraulic Fracturing Activity



Water Impoundment for Hydraulic Fracturing

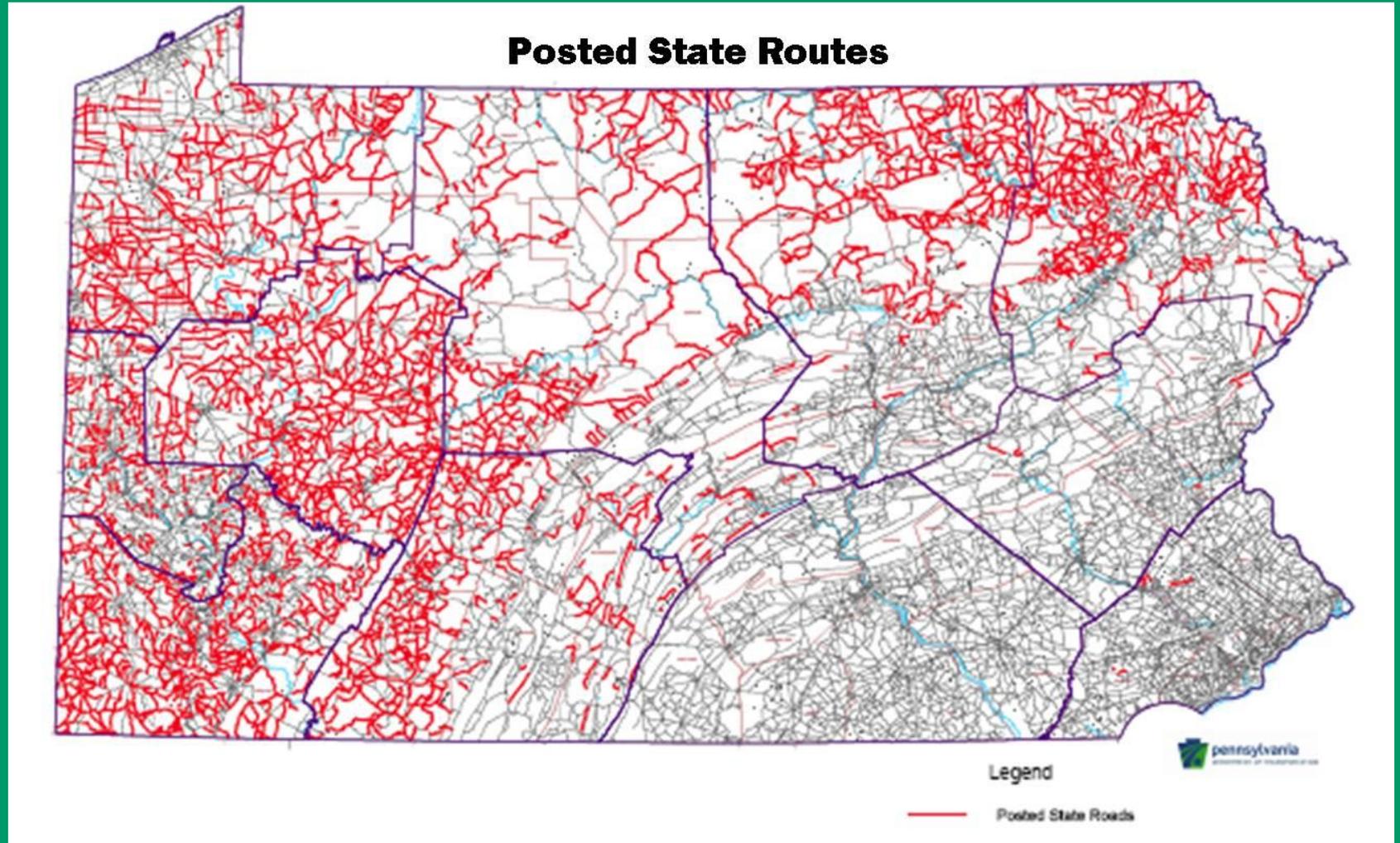


Excess Use Agreement in Pennsylvania



- ⦿ The State of Pennsylvania is not a “Home Rule” state like Ohio.
- ⦿ PennDOT has jurisdiction over nearly all paved 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.

Posted Routes in Pennsylvania



What About Ohio?



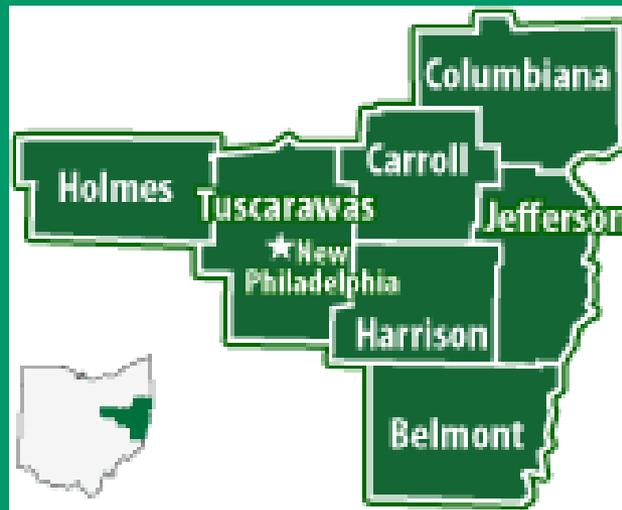
- Ohio **is** a “Home Rule” state.
- ODOT only has jurisdiction over state routes.
- Township Trustees and County Engineers have jurisdiction over many of the roads which will be needed for access to drilling pads.
- No statewide Road Use Maintenance Agreement exists, and the majority of the traffic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

Why a RUMA?

- ④ The development of a Road Use and Maintenance Agreement (RUMA) became apparent as a result of:
 - ④ Regional Government to Government meetings held by ODNR in summer of 2011 in Steubenville, New Philadelphia, Youngstown, Marietta and Zanesville
 - ④ Local Township and County officials had concerns about notification prior to Drilling Activity.
 - ④ 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.
 - ④ ODOT District 11 Quarterly County Engineers meeting
 - ④ May 2011 meeting in Jefferson County Engineer Jim Branagan's office
 - ④ September 2011 meeting in Holmes County Engineer Chris Young's office for Chesapeake Energy presentation
 - ④ 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.

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.

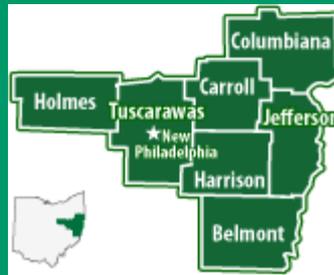


- The intended outcome was to develop a model agreement to be used regionally and perhaps statewide.

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.

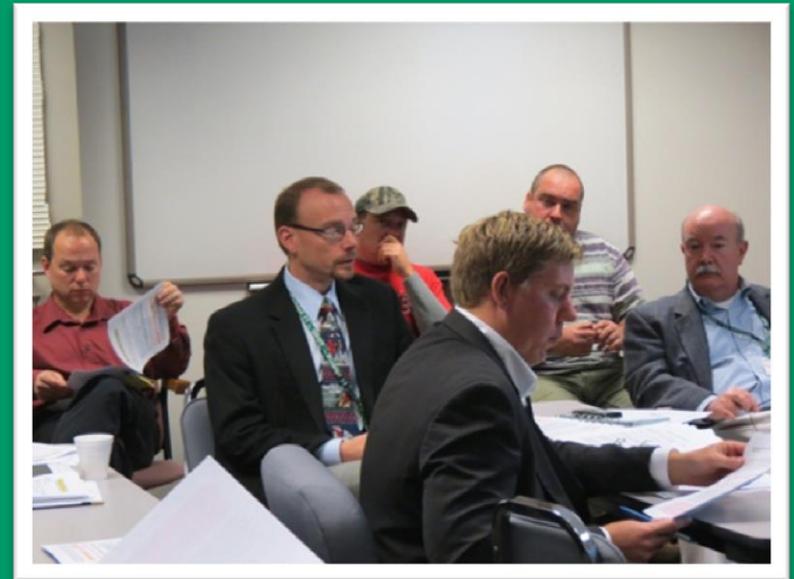
Example of Proactive Maintenance by Drilling Company in Carroll County (Bay Road)



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.



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
 - ⦿ CEO 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.



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.



RUMA Development Process

- ④ Results of the process so far include the following:
 - ④ Coordination with ODNR to change legislation to require applicants to include in the application form either:
 1. a copy of an approved road use maintenance agreement OR
 2. a notarized affidavit demonstrating that a good faith effort was made on the part of the applicant but no agreement could be reached
 - ④ New law will make site review a requirement prior to the issuance of a permit
 - ④ Law went into effect September 2012
- ④ A RUMA that is supported from both the Oil and Gas Industry and Local Governments.

RUMA Development Process

Results of the process so far include the following:

Results by County:

1. CARROLL County – 140+ RUMA's signed >\$48 million in improvements to County and Township system
2. COLUMBIANA County – 56 RUMA's signed >\$15 million in improvements to County and Township system
3. HARRISON County - 55 RUMA's signed >\$8 million in improvements to County and Township system
4. BELMONT County – 15 RUMA's signed >\$1.5 million in improvements to County and Township system
5. JEFFERSON County - 5 RUMA's signed >\$7.5 million in improvements to County and Township system

Example of RUMA results

Drilling Company in Columbiana County (Trinity Church Road)



Example of RUMA results Drilling Company in Carroll County (Chapel Road)



Example of RUMA results Drilling Company in Carroll County (Buttercup Road)



RUMA Development Process

MODEL ROADWAY USE AND MAINTENANCE AGREEMENT FOR HORIZONTAL DRILLING PROJECTS AND INFRASTRUCTURE

THIS AGREEMENT is entered into at _____, Ohio, by and between _____ COUNTY / TOWNSHIP _____, a political subdivision, whose mailing address is _____ (hereafter "Authority"), and _____, whose address is _____ (Hereafter "Operator"), and shall be as follows:

RECITALS

WHEREAS, Authority has control of the several county/township roads within _____ Township, in _____ County, Ohio and is required by law to keep such roads in good repair; and

WHEREAS, Operator is the operator of certain oil and gas wellhead, and intends to develop and operate the [DEVELOPMENT SITE NAME], including the equipment, facilities, compounds, and pipelines necessary for the operation of the [DEVELOPMENT SITE NAME] (hereafter collectively referred to as "oil and gas development site") located in _____ Township, in _____ County, Ohio; and

WHEREAS, Operator intends to commence use of _____ of _____ and _____ miles of CR/TR (_____) for the purpose of access to a _____ [DEVELOPMENT SITE NAME], for traffic necessary for the purposes of construction, sites and drilling horizontal oil and gas wells, and completion operations of the [DEVELOPMENT SITE NAME] (hereafter referred to collectively as "Drilling Activity"); and

WHEREAS, Authority and Operator desire to enter into an agreement, providing for the repair and maintenance of said roads and bridges the result as a result of such Drilling Activity; and

WHEREAS, if any county or township roads contemplated herein contain a railroad crossings, Section 3a of the Ohio Revised Code shall apply;

NOW THEREFORE, in consideration of the good faith information by each party of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operator agrees to the maintenance and repair of said roads and bridges, to their pre-Drilling Activity condition or as modified pursuant to Appendix A, thereon for any damages thereto, as a result of Drilling Activity caused to such roads.

FURTHER, Operator shall also provide for the strengthening and upgrading of the roads and bridges if mutually agreed to be necessary prior to the start of Drilling Activity. The areas and structures required to be strengthened and/or upgraded shall be determined by an engineer provided by the Operator with the approval of the County Engineer. The report shall be provided within thirty (30) days of a written request submitted by the Operator. Operator's engineer shall provide a written report to the County detailing the condition of the roads and appurtenances covered under this Agreement along with any recommendations, if necessary.

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- ☉ The current RUMA, completed December 6th 2011 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?

- ④ Definition of the needed route from State Route to Pad
- ④ Bonding requirement unless one of the following conditions is met:
 - ④ A geotechnical report shows the road can withstand the expected truck traffic
 - ④ Drilling Operator agrees to pay for or perform upgrade to route
 - ④ A bond or surety covering the Agency is already in place
- ④ Maintenance of the route during the drilling activity
- ④ Notification for the Railroad industry if a crossing is involved
- ④ Requirement for an engineering report, including videotaping of the route prior to drilling activities
- ④ An Appendix for County and/or Township requirements which can be agreed upon with the Drilling company
- ④ Requirement for a list of 24-hour emergency contacts

What is NOT in the Model RUMA?

- 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 overweight, over height, over-width permits (These permits are still required.)

Issues on ODOT's Roadway System

- ① Damage to low volume State Routes not use to seeing significant truck traffic
- ① Narrow roadways in rural areas
- ① Pipeline crossings and construction
- ① Midstream major plant development
- ① Permit volume has more than doubled
- ① Protestors causing sight distance issues

Water Trucks on SR 164 in Carroll County



Narrow Roadways



Narrow Roadways



Pipeline Installation



Pipeline Installation



Pipeline Installation



Midstream Processing Facilities



Protestors



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QUESTIONS?



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