

Special Utilities Committee Minutes
December 10, 2008 6:30 pm

The Special Utilities Committee meeting was held on December 10, 2008, at North Royalton City Hall, 13834 Ridge Road. The meeting was called to order at 6:34 p.m.

PRESENT: Committee: Chair Gary Petrusky, Dan Kasaris, Don Willey; Council: Larry Antoskiewicz; Administration: First Assistant Prosecutor Donna Vozar, Fire Chief Mike Fabish; Other Attendees: C.J. Cutter, Pat Jones

Ms. Vozar discussed the lease agreement we have with Cutter Oil. She said that although we already have two lease agreements with Cutter Oil, this is the first time there will actually be drilling taking place on city property. Ms. Vozar distributed a revised oil and gas lease and discussed the changes she made. The changes that were made are listed below.

Paragraph 1 – Ms. Vozar added language regarding advance notice and consent when Cutter Oil is on our property. Ms. Vozar said that we want to know when representatives from Cutter Oil will be on site considering the well will be located on the city’s soccer fields.

Paragraph 5 – A modification was made stating that if Cutter Oil does not commence within one month from the date of the lease, the lease can terminate. The reason for this modification is because we need our fields back in time for the soccer season. Ms. Vozar said that there is also language in the lease agreement that states that if for any reason there is some event which makes the fields unusable, the Lessee will have to provide us with an alternate location to play soccer.

Paragraph 7 – Ms. Vozar explained that the language which deals with the Lessor not using the free gas allotted is language which was taken out of the school’s agreement. She pointed out that this is a decision that will have to be made and that there is some risk to using the gas rather than selling the gas. Mr. Petrusky said that his understanding is that we will receive 500,000 cubic feet of gas per year for a period of up to 10 years. Mr. Petrusky asked about the 10 year timeframe and asked how we arrived at that timeframe. Ms. Vozar said that we will receive free gas for 10 years, and royalties for as long as the well produces.

Paragraph 18 - Ms. Vozar contacted Mrs. Fegan to ask her to contact the insurance company to see what the cost will be to have an oil and gas well on our property. Ms. Vozar said that although Cutter Oil will have a policy where we will be named as an insured, we should have this on our own insurance as well. If the cost is significant, Ms. Vozar will talk to Mr. Cutter to see what they can work out.

Mr. Petrusky asked if this policy would cover the entire city or if there would have to be a policy in place for each individual well. Ms. Vozar said that Mrs. Fegan is going to check to make sure the insurance policy will cover all gas and oil wells in which the city is involved.

Mr. Kasaris referred back to Paragraph 5 and asked about the word Lessees noted in the third sentence. He asked if the word should be changed to Lessors. Ms. Vozar said that the word should be Lessors and she will make that change.

Mr. Antoskiewicz referred back to Paragraphs 4 (b) and (c) and asked which one causes us to get paid for the 10 years if we do not use the gas. Ms. Vozar said that 4 (b) is the paragraph that deals with the city being credited for gas we are not using.

Paragraphs 9 and 20 – These paragraphs were added. Paragraph 9 deals with training programs for the North Royalton Fire Department and Paragraph 20 deals with complying with all rules and regulations as set forth by the Ohio Department of Natural Resources.

Paragraph 14 - Ms. Vozar said that normally our ordinance requires that the oil companies post a \$5,000 bond in the event that there is any damage to the roadway. Due to the amount of wear and tear that could potentially be placed on our soccer road, Cutter Oil is going to purchase the right of the easement for \$10,000. Ms. Vozar said that committee members need to discuss what type of bond they want in place and how much they want to insure in case the roadway is damaged. Mr. Willey suggested talking with the Engineering Department to determine what type of road we currently have and what materials we will need to replace it should that become necessary.

Mr. Antoskiewicz asked if this project will conclude prior to soccer starting in the spring. Ms. Vozar said that if Planning Commission approves the site plan at their first meeting in January, it will go back to Council for approval, and if approved, work can begin mid-January.

Ms. Vozar said Council will have the addendum by the Council meeting in January. Mr. Antoskiewicz asked if Planning Commission will approve the site plan without the final addendum. Ms. Vozar said they will have the recommendations by the January meeting, and although it will not yet be approved by Council, they will have the information.

Mr. Antoskiewicz referred to Paragraph 3 and asked when we will see revenue. Mr. Cutter said the city will receive monthly checks, but gas is always about three months behind.

Mr. Kasaris asked Chief Fabish what type of emergency we are equipped to handle if the need arises. Chief Fabish said that in the case of a gas leak or fire, the process is that the well would have to be shut down which would have to be done by a technician from the oil company. Chief Fabish said the Fire Department is able to protect and defend exposures in the area.

Chief Fabish said that the State of Ohio is looking into a more accurate way to track how many gas and oil well incidents occur within the state. The reporting form that is currently used does not have a place to check for gas and oil wells, therefore the information collected is somewhat skewed. The state is working on improving this so more accurate information can be obtained.

Chief Fabish said that he believes Cutter Oil Company is a very good contractor. He said they have been more than willing to perform any safety measures requested.

Mr. Kasaris discussed the \$5,000 fee we will receive from Cutter Oil when they begin drilling. He asked what we will be doing with that money. Ms. Vozar said that money will be placed in the General Fund. Ms. Vozar said she spoke to Mrs. Fegan and she suggested discussing what to do with these funds in the Finance Committee.

Mr. Antoskiewicz asked Mr. Cutter how often he will collect his gas and oil. Mr. Cutter said that every oil well is different, but it could be as often as three times a week. Mr. Cutter said that he will collect during the day, not on the weekend. Mr. Antoskiewicz is concerned that his collection dates could conflict with soccer games. Ms. Vozar said that Mr. Cutter will have to coordinate his timing with Mr. Swim.

Chief Fabish said his concern with having this oil well on Heasley Field is that a child might kick a soccer ball into an enclosed area and try to enter that area to get the ball. Chief Fabish said that we need to educate the kids so that they know to stay out of those areas. Mr. Cutter said that the area will be fenced in.

Mr. Petrusky asked how many parking spots the well will take up at Heasley Field. Mr. Cutter said the well will take up two parking spots.

Chief Fabish said that a Reverse 911 call went out to residents to inform them of drilling at Valley Vista. Chief Fabish said that they did not receive any negative feedback from that call. Ms. Vozar said that we should inform the Councilperson when drilling is taking place in their Ward. Chief Fabish said this can be done but it

will have to be done manually. Mr. Cutter said he has also sent out letters to residents to inform them of the drilling.

Mr. Cutter distributed a map which marks two locations where drilling will take place. The drilling site off of Wallings Road is where Mr. Cutter has most of his leases. Ms. Vozar asked Mr. Cutter what streets he is interested in. Mr. Cutter said that due to a resident who has no interest in being part of the drilling unit, he is interested in gaining access to our portion of the roadway on Vista Drive and Foxwood Drive. Ms. Vozar asked Mr. Cutter to get the information to her and she will review it.

Moved by Mr. Kasaris, seconded by Mr. Petrusky **to adjourn the meeting.** Yeas:3. Nays:0. **Meeting adjourned at 7:49 p.m.**