

# Star-Telegram

## Drilling trucks have caused an estimated \$2 billion in damage to Texas roads

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CLEBURNE -- The new wave of oil and gas production, which has created thousands of jobs and plowed big money into the Texas economy in recent years, has also taken a huge toll on the state's roads.

The Texas Department of Transportation told industry representatives and elected officials Monday that repairing roads damaged by drilling activity to bring them up to standard would "conservatively" cost \$1 billion for farm-to-market roads and another \$1 billion for local roads. And that doesn't include the costs of maintaining interstate and state highways.

"Right now there's not a dedicated revenue source," John Barton, the department's deputy executive director, told the *Star-Telegram* after a task force meeting about the problem. "We need \$2 billion, and the shortfall is \$2 billion."

The task force -- made up of county judges, state legislators, state highway and public safety officials, and industry representatives -- plans to forge legislative recommendations this fall to address what has become a statewide infrastructure problem caused by five big energy plays, he said.

In Johnson County, large producers like Chesapeake Energy and Devon Energy were early to voluntarily cover repairs to roads if presented with before-and-after assessments, County Judge Roger Harmon said. But that was when natural gas prices were high and drilling activity in the Barnett Shale was intense, he said.

But even with that cooperation, Johnson County abandoned its program of resurfacing roads every three years and has resorted to a reactive "patch and go" approach to potholes, Harmon said.

Now that drilling activity has slowed significantly, the big operators are gone and small subcontractors are hauling salt water and drilling mud, often making it difficult to get anyone to cover road maintenance costs, said Rick Bailey, Johnson County Precinct 1 commissioner.

"There was a time when they were eager to throw you a bone," he said. "But when it's over, it's over."

Six years ago, 90 percent of the roads in his precinct were in good condition. Now about 60 percent are, he said.

"We'd be better off if they hauled the legal limit," Bailey said of truckers who often carry 10 to 35 percent over their legal capacity.

The county commissioner has had to improvise. To replace a 185-foot bridge worn out prematurely by energy-related hauling, the Transportation Department donated reclaimed steel and county crews did construction work, allowing Bailey to get the job done for \$147,000 instead of \$450,000 from an outside contractor.

Deciding who is responsible for the wear and tear is a major conundrum for the task force.

"Who should pay for it? That's the kind of questions we in the industry are asking ourselves," said Deb Hastings, executive vice president of the Texas Oil and Gas Association, which has a committee dedicated to transportation issues. "We do pay billions in taxes already. How that's funneled to local governments, that's the question."

But, Hastings said, "We're serious and hope to find solutions very soon. From our point of view, we're here to stay."

DeWitt County in South Texas is in the middle of the Eagle Ford Shale. Its county judge, Daryl Fowler, said Monday that drilling trucks are tearing up its rural roads and outstripping the county's ability to maintain them.

"Rural counties do not have limitless income potential just because the tax base is exploding," said Fowler, who released a lengthy engineering report before the task force meeting.

According to the report, DeWitt County -- which projects \$7.2 million in property taxes for the fiscal year ending in September -- will need as much as \$342 million to replace or repair 394 miles of roads.

The study by Corpus Christi-based Naismith Engineering quotes lead engineer David Underbrink Sr. as saying that a typical county road with a base material depth of 4 to 6 inches, and possibly an asphalt seal coat, should have a lifespan of 20 years. But "all it takes is one pass of 6 million pounds of drilling equipment to destroy a road like that," he said.

DeWitt County does get financial contributions from two oil companies -- BHP Billiton and Pioneer Natural Resources -- each time they drill a new well. The county uses the cash to maintain and repair roads. Other companies help with cash or materials on an ad hoc basis, but some drillers do not contribute at all, Fowler disclosed.

Production from wells in DeWitt County yielded \$57.5 million of the \$323 million in state severance tax receipts from the Eagle Ford in the last fiscal year. But Fowler said his county received just \$112,000 from the state comptroller for overweight-axle fees and gasoline tax remittances for the year that ended in September.

All of the 8 percent gain in property tax revenue in the past year has gone into road maintenance, he said.

Fowler is urging legislative changes that will help affected counties cover the extra costs related to exploiting shale gas.

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