

EXECUTIVE SUMMARY

Article IV - Oil and Gas Well Drilling and Production Ordinance (Ordinance 880- B)

On October 18, 2011 the City of Southlake adopted revisions to Article IV – Oil and Gas Well Drilling and Production (Ordinance 880-B). This ordinance revised ordinance (880-A) which was adopted in 2008. Ordinance (880-B) was adopted in 2011 to address City Council’s concerns and issues that were brought to light as a result of the consideration of two (2) Specific Use Permit applications for gas drilling production and operations. After the consideration of these applications by City Council, which included over 20 hours of public hearings and testimonies, it was determined that it was reasonable and necessary to update the 2008 oil and gas drilling ordinance (880-A) to provide for a fair and equitable system of regulations relating to oil and gas exploration and mineral extraction, development and transportation so as to protect the property interest of mineral estate owners while also protecting the rights, opportunities and property interests of surface estate owners.

As a result, in July of 2011 the City Council directed staff to review and revise the current ordinance (880-A) to determine the state of regulations applicable to oil and gas exploration and other forms of mineral extraction and transportation and propose revised regulations to the City Council.

Below is a timeline for the review and approval of the Ordinance (880-B)

- August 2, 2011- City Council held a work session on the proposed ordinance.
- August 16, 2011 - City Council held a work session on the proposed ordinance.
- August 23, 2011- City Council held a work session on the proposed ordinance.
- September 6, 2011 - City Council reviewed an overview of all proposed ordinance revisions to date; followed by a public comment session.
- October 4, 2011 - City Council reviewed comments received from third-party professional consultants and approved the 1st Reading of proposed ordinance with additional revisions.
- October 18, 2011- City Council approved the ordinance on second reading with changes.

Prior to adoption of the ordinance (880-B) the City engaged the services of William M. Cobb & Associates, Inc., “Worldwide Petroleum Consultants”, to review and evaluate the Oil and Gas Well Drilling and Production Ordinance from a petroleum engineering perspective. Also, the City engaged the services of Modern Geosciences, a Texas

Registered Geoscience Firm in order to evaluate the Oil and Gas Well Drilling and Production Ordinance from an environmental and geosciences perspective.

A summary of the major changes to the ordinance (880-B) are below:

- Added or amended the following definitions (Section 9.5-222): Blind/shear ram; Christmas Tree; Drill Site; Environmentally Sensitive Areas; Fresh Water Intermittent Stream; Freshwater Perennial Stream; Freshwater Pond or Lake; Green Completion; Leak Detection and Compliance Plan; Lightning Arrester; and Supervisory Control and Data Acquisition.
- Amended the variance procedure section to provide clarifying language regarding the processing of a request (Section 9.5-223).
- Added a Taking Determination Section (Section 9.5-225).
- Prohibited drilling activity within a public park (Section 9.5-232).
- Added regulations and submission requirements associated with a seismic survey permit (Section 9.5-233).
- Added regulations and submission requirements associated with a well permit including (Section 9.5-234):
 - The City may engage a third party consultant or engineer to review information submitted;
 - Color renderings of all equipment;
 - Storm water prevention plan (SWPPP);
 - Hazardous material plan be filed with the appropriate city officials and include HAZMAT and fire department response times.
 - Current material safety data sheets detailing all hazardous and non-hazardous materials and chemicals and include all types, quantities, volumes and concentration of all additives used in drilling, completion and fracturing.
 - Outlining the required components (submission information) of the emergency response plan;
 - Outlining the required components (submission information) of the noise management plan;
 - Proposed schedule detailing the timing of all landscaping, screening, fencing be provided;
 - Landscape irrigation plan shall be designed by a State of Texas licensed landscape architect and that all trees be irrigated by a bubbler system;
 - A detailed evacuation plan for assisted living or nursing care facilities;
 - Leak Detection Compliance Plan;
 - Green Completion Plan;
 - Gas Dispersion Model and Risk Assessment;
 - Blast Study;
 - Cement Casing Program;
 - Continuous Air Quality Monitoring Plan;
 - Continuous Water Testing Plan;

- Traffic Impact Analysis Study;
 - Color renderings and a line of site analysis of the site as viewed from the adjacent right-of-way;
 - A list of green compounds that will be employed;
 - Supervisory Control and Data Acquisition Plan;
 - Soil Sampling Plan; and
 - Site Lighting Plan.
- Require a deposit into an account with the City for \$50,000 for each drill site containing a well permit from which the City may reimburse itself for actual administrative expenses, consulting fees, contracting fees or the funding of inspector position(s) (Section 9.5-234).
 - Increased insurance amounts as follows (Section 9.5-237):
 - Bodily injury and property damage coverage of the annual general aggregate from \$20,000,000 to \$25,000,000;
 - Environmental impairment coverage for a minimum combined single limit coverage from \$10,000,000 to \$25,000,000;
 - Automobile liability for a minimum combined single limit coverage from \$10,000,000 to 20,000,000; and
 - Excess (or umbrella) liability coverage increased from \$10,000,000 to \$25,000,000.
 - Require that a quarterly extended gas report be provided to the City (Section 9.5-239).
 - Added or amended the following on-site operation requirements (Section 9.5-242):
 - Added a setback distance of 500' from any City owned public park;
 - No permanent equipment shall be visible from adjacent rights of way or residential property;
 - Air quality testing including baseline testing, continuous air monitoring, and field inspection monitoring ;
 - Blow-out prevention;
 - Chemical and materials storage;
 - Secondary containment system;
 - Water testing including base-line testing of all wells and surface water features within 2,000' and continuous quarterly testing once construction of the first well begins;
 - Vapor recovery system;
 - Fracturing process shall not be completed until a sales line is in place to service the well;
 - Green completion methods;
 - Exhaust muffler or an exhaust muffler box must be used on internal combustion engines;
 - Tanks must be placed a minimum of 300' from any other fuel source;

- Operator must provide the City with ninety-six (96) hours prior notice to setting the well casing and permit the City's inspector or consultant access to the site during installation;
 - Thermal oxidizer shall be required if deemed necessary;
 - Provide a \$60,000 bond for surface restoration;
 - Automated Audible Alarm System;
 - 24-hour operating security cameras with at least 672 hours of continuous video;
 - Lightning arrestor;
 - Deleted the three pipe system requirement; and
 - Soil sampling pre-and post-drilling and periodic sampling.
- Added requirements that exterior noise levels including pure tones and low frequency data be continually monitored (Section 9.5-243).
 - Require that noise reduction blankets be a minimum of 30 feet in height (Section 9.5-243).
 - Fracturing and completion of wells is prohibited during the months of June, July and August regardless of the source of water used (Section 9.5-243).
 - Fracturing operations shall be scheduled to occur in the daytime hours. The operator shall add non-radioactive tracing or tagging additives into fracturing fluids (Section 9.5-244).
 - Casing string pressure testing (Section 9.5-245).
 - The operator shall notify the city inspector in writing twenty (20) days prior to starting completion procedures such as fracturing (Section 9.5-245).
 - At least three (3) business days before operations, the operator shall post a sign on the access road entrance of the well site advising the public of the date that operations will commence (Section 9.5-245).

The City's Oil and Gas Well Drilling and Production Ordinance is available on the City's Website (www.cityofsouthlake.com) or at the Planning and Development Services Department (1400 Main Street). If you have any questions regarding the ordinance please contact the Department of Planning and Development Services at 817.748.8621.