

**Summary of City Council Consideration of Variance Requests
On April 12, 2016**

APPROVED WITH CONDITIONS:

Sections 42-81. Application fee. and 42-106.(b) Amended Permit Applications.

Requirement: Requires a fee as established by the City's fee resolution for the services of a technical expert to review the application, plans and documentation.

Request: The applicant has requested a maximum cap of \$7,500 for the services of the technical expert.

Condition: The applicant's responsibility for the expense of utilizing a technical expert shall be limited as follows: (1) the technical expert's scope of work shall be limited to reviewing the permit application, plans, and associated documentation; (2) the technical expert's hourly rate shall not exceed \$200; and (3) the total cost for the technical expert's services shall not exceed \$15,000. The forgoing limits shall not apply to any change to the permit conditions, plans, or documentation caused or requested by the applicant; (4) In no event will the consultant's scope of work include field inspection or monitoring, unless the applicant requests such field work.

Section 42-93. Lighting plan.

Requirement: Requires the applicant to provide a Lighting Plan with additional information such as type of lighting used, location, height and degree of illumination up to 1,000 feet as demonstrated by a photometric survey.

Request: Applicant proposes that all lighting shall be directed inwards and away from surrounding residences subject an inspection by the Oil & Gas Compliance Officer to verify the lighting does not reasonable interfere with neighboring residences.

Condition: Upon the filing of a citizen complaint, the Operator must provide documentation of how the issue was mitigated within 24 hours of said complaint.

Section 42-95. Environmental management – noise.

Requirement: Requires a pre-drilling ambient noise level report required by the Drilling ordinance.

Request: Applicant indicates that there does not appear to be a clear definition of the general noise requirements in Chapter 42, Sections 31 thru 39. In addition, the requirement that sound levels are to be continuously monitored is not commercially reasonable and proposes that the control point be at the nearest residence. In reference to the Tidwell #1 project, the nearest residence is approximately 1,000 feet in which there is no logical need to have a 600-foot limitation.

Conditions: 1) The drilling contractor will adhere to the noise regulations established except the required to continuously monitor the area within 600 feet; and,
2) Upon the filing of a citizen complaint, the Operator shall only provide documentation of how the issue was mitigated within 24 hours if noise level of said complaint exceeds 70 decibels.
3) This standard shall be applied uniformly by the city throughout administration of the drilling operation.
4) Drawworks shall not be equipped drum brakes.

Section 42-107. Expiration of Application.

- Requirement: Submitted applications shall expire forty-five (45) days from submittal if the applicant does not show progress towards meeting any of the required regulations.
- Request: The applicant indicates that it has taken weeks to resolve matters as the process can be time consuming due to the issues. The applicant does not see a need to establish a 45-day limit.
- Condition: Permits shall expire 90 days from date of submittal should the applicant no show progress towards meeting any requirements.

Section 42-111. Permit fee.

- Requirement: A fee shall be rendered prior to the issuance and each renewal of the permit and describes that the permit fees shall be for the enforcement, monitoring and inspections associated with the operations described in this article to ensure compliance. The amount shall be calculated by applying a daily cost for service times the estimated time to complete; and, if the time of completion exceeds the initial estimated duration, additional amounts will be billed monthly.
- Request: The applicant proposes not to pay fees for the enforcement, monitoring and inspections associated with the operations described in this article to ensure compliance.
- Condition: This variance is limited to the fees established by resolution for the issuance or renewal of a drilling permit.

Section 42-123.(b). Periodic Reports.

- Requirement: Requires that the International Association of Drilling Contractors (IADC) report shall be submitted daily to the Oil and Gas Compliance Officer in a format required by the City of League City.
- Request: Applicant proposes that the drilling contractor's standard daily reports are submitted in a format that is regularly used by a reasonably prudent operator.
- Condition: The format and content of the standard daily report shall be subject to review and approval by the third-party reviewer.

Section 42-131.(b) Compliance with applicable regulations.

- Requirement: Requires violations to be remedied or removed in accordance with Section 42-245.
- Request: Applicant indicates the referenced section is in the Drilling Production, Plugging and Abandonment (Article IV) of the Oil and Gas ordinances.
- Condition: The referenced section is amended to Section 42-125.

Section 42-132. Water Supply Source.

- Requirement: Requires all drilling and workover operations to receive their water from the municipal water system.
- Request: Applicant proposes to utilize City water if facilities are located within 500 feet. Otherwise, the applicant may procure water from a private or other public water purveyor that is available.
- Condition: The applicant shall provide a letter from the water provider indicating that they can provide the amount of water necessary for the applicant.

Section 42-139.(b). Illicit Discharges.

Requirement: Prohibits anyone from permitting gases to be vented into the atmosphere or burned by open flame (flaring).

Request: Applicant proposes that flaring would be permitted for required testing upon initial completion and testing of the well for a period not to exceed 3 days.

Conditions: 1) The flare stack shall be located the greatest practicable distance from residential uses.
2) The applicant is to notify the Oil & Gas Compliance Officer and Public Safety at least 24 hours prior to the flaring period.
3) No other flaring shall be conducted on-site for any other time except in the event of an emergency as part of blowout prevention procedures or similar avoidance of danger to health, welfare and safety of the public and onsite personnel. In the event emergency flaring is necessary, the Operator or Production Representative shall immediately notify the Oil & Gas Compliance Officer and Public Safety.
4) The site plan shall show the location of the flaring stack.

Section 42-142.(e). Fire prevention.

Requirement: Prohibits electrical power from being generated on location outside of the duration of the drilling operations.

Request: Applicant proposes to remove that limitation.

Condition: Upon the filing of a citizen complaint related to noise, the Operator must provide documentation of how the issue was mitigated within 24 hours of said complaint.

Section 42-143.(h)(i) Well control equipment and procedures.

Requirement: Provides for a set of approximately 15 criteria for the Drilling Contractor to perform prior to and during drilling operations such as allowable sources of equipment, documentation of pressure control equipment, performance of equipment and procedures testing along with minimum requirements for blowout prevention equipment.

Request: Applicant requests a variance from subparagraphs h and i. The applicant indicates the requirement of blowout equipment including shear rams and pipe rams and a four (4) ram stack are not industry standard for land-based drilling operations and are not commercially reasonable. The applicant requests that the drilling operation be allowed to follow accepted industry standards for blowout protection associated with land-based drilling.

Condition: Well control equipment, including Blowout prevention equipment, flowlines and valves, shall be required for all drilling and workover activity. In lieu of utilizing a four ram stack equipped with blind shear rams, the applicant may provide the city with a written opinion, signed and stamped by a Texas licensed professional engineer with experience in land-based oil and gas drilling operations, that the BOP configurations proposed to be used by the applicant will comply with API Standard 53: Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells, considering the anticipated depth and working pressures of the well for which a permit is being sought.

Section 42-148.(b) Access Management.

Requirement: The requirement sets minimum standards for access roadways to the site prior to beginning of drilling operations.

Request: Applicant proposes that a 16-foot wide wooden mat roadway would be permitted in areas with no roadways and that the typical roadway access as required would be provided prior to commencement of production operations.

- Conditions:
- 1) The temporary mat road must be accessible for the Oil and Gas Compliance Officer, League City Fire Marshal and League City Public Safety vehicles in order to perform required inspections and/or in emergencies.
 - 2) If the all-weather access road is not to be constructed in the same location as the mat road, the land shall be restored to pre-construction conditions within 90 days of the construction of the permanent access road.

Section 42-151.(a) Hours of operation.

Requirement: Requires the site preparation, well servicing, truck deliveries and pick-up of equipment/materials along with other related work conducted on the drill site is limited to daytime hours only.

Request: Applicant requests to not be required to have a guard from dusk until dawn.

- Condition:
- 1) Access to the site shall be secured at all times.
 - 2) Upon the filing of a citizen complaint, the Operator must provide documentation of how the issue was mitigated within 24 hours if noise level of said complaint exceeds 70 decibels.

Section 42-151. (d)(3) Hours of operation.

Requirement: Restricts the use of audible back up alarms to daytime operating hours and requires the use of approved non-auditory signaling system during nighttime hours.

Request: Applicant proposes that this requirement be waived for bore holes greater than nine hundred (900) feet from any residence.

Condition: Upon the filing of a citizen complaint, the Operator must provide documentation of how the issue was mitigated within 24 hours if noise level of said complaint exceeds 70 decibels.

Section 42-154. Crew Training-drilling contractor

Requirement: Requires the drilling contractor to have an IADC accredited competency program for all office and rig crew positions.

Request: The applicant indicates that the RRC of Texas has jurisdiction over drilling operations throughout the state and that the drilling contractor complies with the RRC standards. The drilling contractor is to provide additional training specific to drilling in bays and near offshore waters.

Condition: An IADC or OSHA equivalent training program shall be required.

APPROVED WITHOUT CONDITIONS:

Section 42-83. Operator or Production Representative information.

Requirement: Requires the applicant to provide the names, addresses, and contact information for limited partners in addition to the operator, production representative, corporate officers, registered agents and general partners.

Request: Applicant requests not to provide information of limited partners.

Section 42-123.(c). Periodic Reports.

Requirement: Requires that the IADC daily report address periodic noise level monitoring, air quality and water samplings, the status of the well and current certifications for all pressure control and hoisting equipment.

Request: Applicant proposes that the report not reflect periodic noise level monitoring, air quality and water samplings, and current certifications for all pressure control and hosting equipment.

Section 42-136. Screening and fences.

Requirement: Requires that screening and fences shall be installed on the site prior to issuance of a Drilling Permit.

Request: Applicant proposes to that the fence should be installed prior to the start of production operations. The applicant indicates that the drill site is located on a fenced-in ranch with no public access. Access will be provided for the drill site where it will be surrounding by dense vegetation and undergrowth. The drill site will be manned around the clock during drilling operations.

Section 42-136.(c) Screening and fences.

Requirement: Requires that all fences should have at least one gate with specified requirements such as 911 override control, minimum size for gates, and provisions for Fire Department for access to the drill site in case of an emergency.

Request: Applicant indicates based on the information from Section 42-136, that no gate is needed since a fence has already been provided.

Section 42-151.(b) Hours of operation., Section 42-153.(a) Watchman. and Section 42-153.(b) Watchman

Requirement: Requires the Operator to have a guard/security personnel on location 24 hours until drilling operations are complete and along with walking the perimeter of the site every 2 hours.

Request: Applicant proposes that the requirement be only implemented if the site and access roads are within 800 feet of any residences. The applicant indicates that the drill site is located on a 1,300 acres ranch that has been in operation for a long time. The access to the drill site will be provided by a gate onto the property that has been maintained. It is proposed to keep the gate closed with posted 'NO TRESSPASSING' signs.