

Variances Requested for the Stewart Title #1 Drilling Permit Application

Variance No. 1 – 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 it has taken months to review its application and the process can be time-consuming. 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.

Variance No. 2 – 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 review.

Variance No. 3 – 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 pressurecontrol 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.

Condition: Noise will be monitored continuously at two locations, one on the west side and one on the north side.

Variance No. 4 – Section 42-131.(b). Compliance with applicable regulations.

Requirement: Requires violation 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 (wrong section quoted in code).

Variance No. 5 - 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 that screening and fences shall be installed prior to commencement of drilling operations.

Condition: Staff recommends that screening and fencing shall be installed as a condition of the drilling permit and prior to the rig being brought to the site.

Variance No. 6 - 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 during drilling operations in the event of a well control event and as part of blowout prevention procedure or similar avoidance of danger to health, welfare and safety of the public and onsite personnel. 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 in the following conditions:
 - a) In the event of any emergency flaring, notification is to be made immediately.
 - b) In the event of completion and testing of the well, notification is to be made 24-hours in advance of the flaring period.
- 3) No other flaring shall be conducted on-site for any other times except in the events of:
 - a) An emergency as part of blowout prevention procedures or similar avoidance of danger to health, welfare and safety of the public and onsite personnel.
 - b) Normal completion and testing of the well.
- 4) The site plan shall show the location of the flaring stack.

Variance No. 7 - 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 b, e, h, and i. The applicant indicates the requirement of once per year certification for blowout equipment along with 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 function and pressure testing be conducted every seven (7) days which is industry standard. The applicant requests that the drilling operation be allowed to follow accepted industry standards for blowout protection associated with land-based drilling.

Conditions: 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 use a 2 RAM BOP stack that includes one set of pipe rams, one set of blind rams, and one annular type preventer, provided that the Blowout prevention equipment will provide sufficient safety for this specific well considering the anticipated depth and working pressures of the well in compliance with API Standard 53: Recommended Practices for Blowout Prevention Equipment Systems for Drilling Wells.

Variance No. 8 - 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 that work related activities related to the drilling operations be allowed on the drill site 24 hours per day. Applicant will restrict all site preparation, truck deliveries, and pick-up of equipment/materials to daytime only.

Condition: Only necessary activities and emergency operations will take place at night.

Variance No. 9 - 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 due to safety and liability concerns.

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.

Variances No. 10 - Section 42-151.(b) Hours of operation.,

11 - Section 42-153.(a) Watchman., and;

12 - Section 42-153.(b) Watchman

Requirement: 42-151. The Operator shall have a guard on location during the drilling operation from dusk until dawn, regardless of other staffing. The guard shall walk the fence line perimeter a minimum of once per hour. 42-153. The Operator must keep a watchman or security personnel on site for 24 hours during the drilling and/or workover of a well until such time the well is complete, tested and considered ready for production. The perimeter for the site shall be patrolled every two (2) hours.

Request: Applicant points out that the two sections conflict with each other regarding the watchman and patrol. Applicant requests that watchman be required from dusk until dawn and that the perimeter be patrolled every two (2) hours.

Condition: Staff recommends this variance request be approved.