

# City of League City, TX

File Number: 17-0409

## REQUESTS FOR RECONSIDERATION (2)

### **Section 42-132. Water Supply Source, and Section 42.91. Alternative Water Supply**

Requirement: Requires all drilling and workover operations to receive their water from the municipal water system, and submit plans for alternative water supply in the event City water supply is unavailable.

2016 Applicant 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.

2016 Approved Variance: The applicant shall provide a letter from the water provider indicating that they can provide the amount of water necessary for the applicant.

Lloyd's 2017 Review: Draft agreement with Gulf Coast Water Authority (GCWA) is provided for use of their canal approximately 300' north of the drill site, but such agreement is not executed.

***Applicant 2017 Request: Approval of draft agreement as compliant with requirement. Executed agreement will be provided once permit is approved but before drilling commences.***

### **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.

2016 Applicant 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.

2016 Approved Variance: 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.

***Applicant 2017 Request: Approval of plan submitted as compliant with existing Texas Railroad Commission rules. Applicant affirms 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 as governed by the Texas Railroad Commission. Applicant further submits that the proposed configurations are in full compliance with Texas Railroad Commission Rule 13(a)(6) concerning minimum required well control equipment, therefore, this variance would not reduce safety standards below what is required by the state***

*regulatory agency for oil and gas operations. However, requiring additional equipment in excess of the state rules and generally accepted industry practice would cause an unnecessary hardship from both an operational availability (i.e., equipment sourcing and availability) and financial standpoint (i.e., significant increased equipment costs).*

Lloyd's 2017 Review: "No additional documentation regarding well control equipment and components was provided"

### **NEW REQUESTS (3)**

#### **Sections 42-99. Environmental Management - risk management assessment**

Requirement: Submit risk management assessment to identify, assess, and prioritize risks including coordination and economical application of resources to minimize, monitor, and control the probability and/or impacts of unfortunate events.

*Applicant Request: Approval of plan submitted as meeting requirements under existing state rules as enforced by the Texas Railroad Commission and Texas Commission on Environmental Quality. Drilling contractor has submitted plan that is regularly utilized for drilling land-based wells in Texas and other states. The ordinance attempts to impose a higher standard than existing state law for oil and gas operations, which would result in an unnecessary hardship and inability to access the mineral estate.*

Lloyd's Review: "The Emergency Response - Risk Management Plan did not cover economical application of resources. Also, there was no prioritization of risks."

#### **Sections 42-103. Safety Management**

Requirement: Both operator and driller shall submit a Safety and Environmental Management System (SEMS) plan.

*Applicant Request: Approval of plan submitted as meeting requirements under existing state rules as enforced by the Texas Railroad Commission and Texas Commission on Environmental Quality. Drilling contractor has submitted plan that is regularly utilized for drilling land-based wells in Texas and other states. The ordinance attempts to impose a higher standard than existing state law for oil and gas operations, which would result in an unnecessary hardship and inability to access the mineral estate.*

Lloyd's Review: "(Lloyd's) found that 4 (Safety and Environmental, Assurance of Quality and Mechanical Integrity of Critical Equipment, Audit of Safety and Environmental Management System Elements, and Record and Documentation) of the 12 SEMS elements were still lacking depth as there was not enough supporting documentation and evidence... These 4 SEMS elements, in addition to the League City Drilling Ordinance, should be followed-up to ensure a complete (SEMS) is in place prior to commencing operations."

#### **Sections 42-142. Fire Prevention**

Requirement: ...All equipment, other than wellheads, shall be equipped with an automated valve that closes or shuts down the equipment in the event of an abnormal change in operating pressure...(and) Only electric motors shall be permitted for the purpose of pumping wells.

*Applicant Request: Approval of plan submitted as meeting requirement. Our understanding is this automated valve is related to production, not drilling and completions. The equipment during production will have this automated valve, and Applicant is willing to provide supplemental confirmation of such after successful drilling and completion of the well for production.*

Lloyd's Review: "Automated valves that close or shut down the equipment in the event of an abnormal change in operating pressure and wellhead automated emergency shut off valves to the well production sale line were not covered in the documentation provided. Electric motors were not covered in the documentation provided."