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January 27, 2009

League City Secretaries Office
300 West Walker
League City, TX 77535

Ref: Combined Request to Rezone and Request for Special Use Permit
Forza Operating, LLC
16801 Greenspoint Park Drive, Suite 140
Houston, TX 77060

On behalf of Forza Operating, LLC (Forza), T. Baker Smith (TBS) requests a Special Use Permit from the City of League City for a proposed project (South Hammock) on the property located east of the intersection at Texas Avenue and Power Street, see Figure 1. Additionally, we request a zoning change to Light Industrial for the subject property.

The proposed project involves the construction of a well pad, the drilling of an oil and natural gas well, and the restoration of the site once the well is completed. The total time to complete the project is estimated to be 65 days, with approximately 25 days of actual drilling and the remaining days for ancillary work before and after drilling. Once drilling has commenced it will be a 24-hour operation until drilling is completed. It is anticipated that approximately 5 tractor/trailer trucks per day will visit the site during this operation, with approximately 35 tractor/trailer trucks the first and last day of the operation. If the well is successful, one tractor/trailer truck and one pickup truck per day would visit the site as part of normal operations.

The proposed site will be accessed by traveling from Highway 518 (Main St.), south on Texas Avenue approximately 9,500 feet to the proposed site. The access roads are all paved and dust will not be an issue. Access road conditions will be documented before the beginning of operations and again at the conclusions of operations to accurately characterize impacts associated with the project.

Forza and TBS have reviewed the requirements of League City as specified in Article III Oil and Gas Wells and Article IV with regard to Temporary Use Permits and General Site Standards, and will adhere to those requirements with regard to the proposed project. The paragraphs below contain details of how the proposed project will meet the requirements of each section. The requirements of each section are addressed in the order that they appear in the city ordinances.

Article III. OIL AND GAS WELLS
Division 2. Drilling Permit

Sec. 42-81. Required.

Through meetings and submittals to League City, Forza has initiated the process of obtaining all necessary paperwork and permits required to drill the proposed well. No drilling activities will be commenced until the time that all permits necessary have been obtained.

Sec. 42-82. Application.

The application provided by the city containing the date of application, name and address of the applicant, proposed location of the well, names of the fee and lease owner, and a description of the land has been filled out and is included as Attachment 1. Details on the derrick to be used are included on the application, and detailed information on the specific derrick has also been included as Attachment 2. A plat showing the location of the proposed well is included as Attachment 3. As discussed with your city planner, Dausha Moore, copies of the railroad commission forms will be provided to the city once approved by the railroad commission.

Sec. 42-83. Establishment and approval of well location.

The well location will be staked out before approval of the application and will not be changed without prior approval from the city council.

Sec. 42-84 and 42-85. Investigation and Recommendation by city engineer.

The location will be staked and ready for investigation by the city engineer by February 13, 2009.

Sec. 42-86 Fee.

Forza is prepared to pay the \$7,500 fee to defray expenses associated with the issuance of the requested permit.

Sec. 42-87. Denial.

Forza understands the authority of the city to refuse application of the permit.

Sec. 42-88. Insurance and Bond

- (a) Forza carries liability insurance in excess of the requirements outlined in this section.
- (b) Insurance will be carried by a company acceptable to the city, and a certificate of insurance will be provided as evidence of coverage. At least 10 days notice will be given to the city prior to any change or cancellation of this coverage, and coverage will be in place for the duration of operations at the site.
- (c) If required, Forza will furnish the city with a good and sufficient license and permit bond in the amount of \$2,500, and conditioned that Forza will drill and operate wells for oil and gas production in accordance with the terms and provisions of Article III.

- (d) If required the bond will be renewed annually and kept in full force and effect as long as operations for drilling or production of oil and gas wells in the city continue.

Sec. 42-89. Issuance.

We are confident in our ability to comply with the provisions of this article, and our qualifications to conduct this work. However, if the city would like any additional information to assist in this determination please let us know.

Sec. 42-90. Revocation.

We acknowledge and understand that the city may revoke any permit issued, if the permit was obtained through fraud, if the recipient is shown to be incompetent, or if the recipient willfully, negligently, or arbitrarily violates the provisions of Article III or the rules and regulations of the state railroad commission.

Division 3. Drilling Regulations

Sec. 42-111. Compliance with applicable regulations

Forza has and will continue to comply with all applicable provisions of this Code, state law, rules and regulations of the state railroad commission and city ordinances.

Sec. 42-112. Obstruction of public ways

No street, alley, or other public way within the city will be blocked or encumbered as a result of the proposed project, unless temporarily by special permit by order of the city engineer.

Sec 42-113. Construction of lines for conveyance of materials.

No lines will be excavated or constructed for any purpose, under or through the streets of the city without express permission of the city council, in writing, and in compliance with all applicable provisions.

Sec. 42-114. Escape of unburned gas into the air.

It is not anticipated that any gas will be released into the air as a result of the proposed project, if however it appears that gas will be released it will be routed through an industry standard flare and burned.

Sec. 42-115. Removal of equipment from dry hole.

If completion of the well results in a dry hole, the drilling rig and derrick will be removed from the premises within 60 days of the completion date.

Sec. 42-116. Premises to be kept clean and free from combustible materials.

The premises will be kept clean and sanitary, and free of combustible materials during drilling operations and as long as oil or gas are being produced from the site.

Sec. 42-117. Disposal of impurities resulting from drilling operation, and
Sec. 42-118. Slush Pits.

A closed loop system will be utilized for the drilling of the proposed well. No slush pits will be excavated, and all material brought to the surface will be contained within a steel pit and will have no impact to soils or vegetation at the proposed site. As necessary, material will be removed from the steel pit by a backhoe and placed in dump trucks to be disposed of with an approved contractor.

Sec. 42-119. Open earth storage of oil prohibited.

Any oil stored at the proposed site will be within closed tanks.

Sec. 42-120. Construction of oil tanks near gas hazard.

Any oil tanks at the proposed site will be gastight and provided with the proper gas vents.

Sec. 42-121. Control equipment generally.

A suitable type blowout preventer, control head and other connections for keeping the well under control at all times will be installed as soon as the surface casing is set. The blowout preventer will be tested against pump pressure at least once every 24 hours. All control equipment will be maintained in good working order.

Sec. 42-122. Mufflers required for motors.

All machinery will be equipped with a muffler in good working order.

Sec. 42-123. Fences: firewalls.

Prior to commencing drilling operations, a chain link fence with slats will be erected around the proposed project area and will contain all project related activities. If the well is successful, a fence will be erected around the well location. Forza understands that the city council may decide the type of fence to be erected and maintained.

Sec. 42-124. Swabbing or bailing restricted to certain hours.

Swabbing and bailing activities will only be conducted between sunrise and sunset.

Sec. 42-125. Drilling out cement plugs.

No cement plugs at the bottom of the surface casing will be drilled out without having set at least 24 hours unless approved by a qualified representative of the city.

Sec. 42-126. Distance of tanks from other structures; maximum capacity of tanks.

Upon the completion of a successful well, all tanks erected on the site will be at least 200 feet from any residence, building or structure and 250 feet from any public or parochial school, hospital, church, theater, or public building. All tanks proposed for the site are less than 500 barrels.

Division 4. Well Location

Sec. 42-141. Distance between wells.
See Sec. 42-142.

Sec. 42-142. Applicability of section 42-141.

The proposed site has not been subdivided into tracts of one acre or less, and therefore Sec. 42-141. is not applicable.

Sec. 42-143. Distance from other structures; distance from property used for place of public assembly.

The nearest residence is over 300 feet from the proposed well location, and written permission will be obtained if necessary.

**Article IV
Division 3**

Sec. 125-130. Temporary Use Permits (Planning and Zoning Commission)
The proposed drilling of an oil and gas well would require a temporary use permit to be issued by the Planning and Zoning Commission, as an “other temporary use”. We are in contact with Wanda Martin to determine what if any fire permits will be required prior to the commencement of activities. The drilling site will be set back a minimum of 50 feet from any adjacent, occupied residential lot or parcel. All parking will be within the subject property, and any signage will comply with the requirements of Division 7. Adequate sanitation, water, traffic control, parking, and public health measures will be in place for the duration of operations at the site.

Division 4. General Site Standards

Applicable sections of Division 4 are addressed below; sections that are not relevant to the proposed project were omitted.

Sec. 125-140.D. Fences, Walls, and Plantings

1. A clear vision triangle shall be maintained for at least 25 feet on either side of an intersecting right-of-way.
2. Walls or fences erected for the proposed project will not be less than 6 feet in height.
3. A 6 foot chain link fence with slats will provide the opaque boundary around the perimeter of the site, and all equipment and vehicles will be stored inside the fence.

Sec. 125-140.E. Fire Protection

We are consulting with Wanda Martin to determine the applicability of this section to the proposed project. We will comply with the standards determined to be applicable to the proposed project.

Sec. 125-140.H. Lighting

All lighting associated with the proposed project will be directed or hooded so that the rays are directed toward the ground and away from adjacent residential property or streets. Drilling will be a 24-hour operation and care will be taken to ensure the necessary lighting does not disturb adjacent properties.

Sec. 125-140.I. Performance Standards

Noise – All measures necessary will be taken to ensure that sound intensity does not exceed the decibel levels as stipulated in Chapter 42, Article H.

Vibration – No noticeable ground vibrations that can be detected without an instrument at the lot line will be generated as a result of the proposed project.

Smoke Emissions – Smoke emissions are not anticipated from the proposed project, however any emissions will be in compliance with all federal, state, and county regulations.

Odors – It is not anticipated that objectionable or offensive odors will be generated by the proposed project, and therefore should not be detectable at or beyond the lot line of the property.

Discharge of Toxic or Noxious Matter – All waste generated by the proposed project will be contained within a closed loop system and disposed of with an approved waste disposal contractor.

No nuclear radiation, electromagnetic radiation and interference, heat or glare will be generated as a result of the proposed project.

Sec. 125-140.K. Refuse Storage Areas

All refuse generated as a result of the proposed project will be contained on site and disposed of with an approved contractor.

Sec. 125-140.L. Screening of Mechanical Equipment

All mechanical equipment will be contained within site fencing.

Thank you for your consideration of our requests, and if you have any questions or require additional information, please give me a call at (225) 270-2558 or email me at travisf@tbsmith.com.

Regards,



Travis Faul
Environmental Project Manager

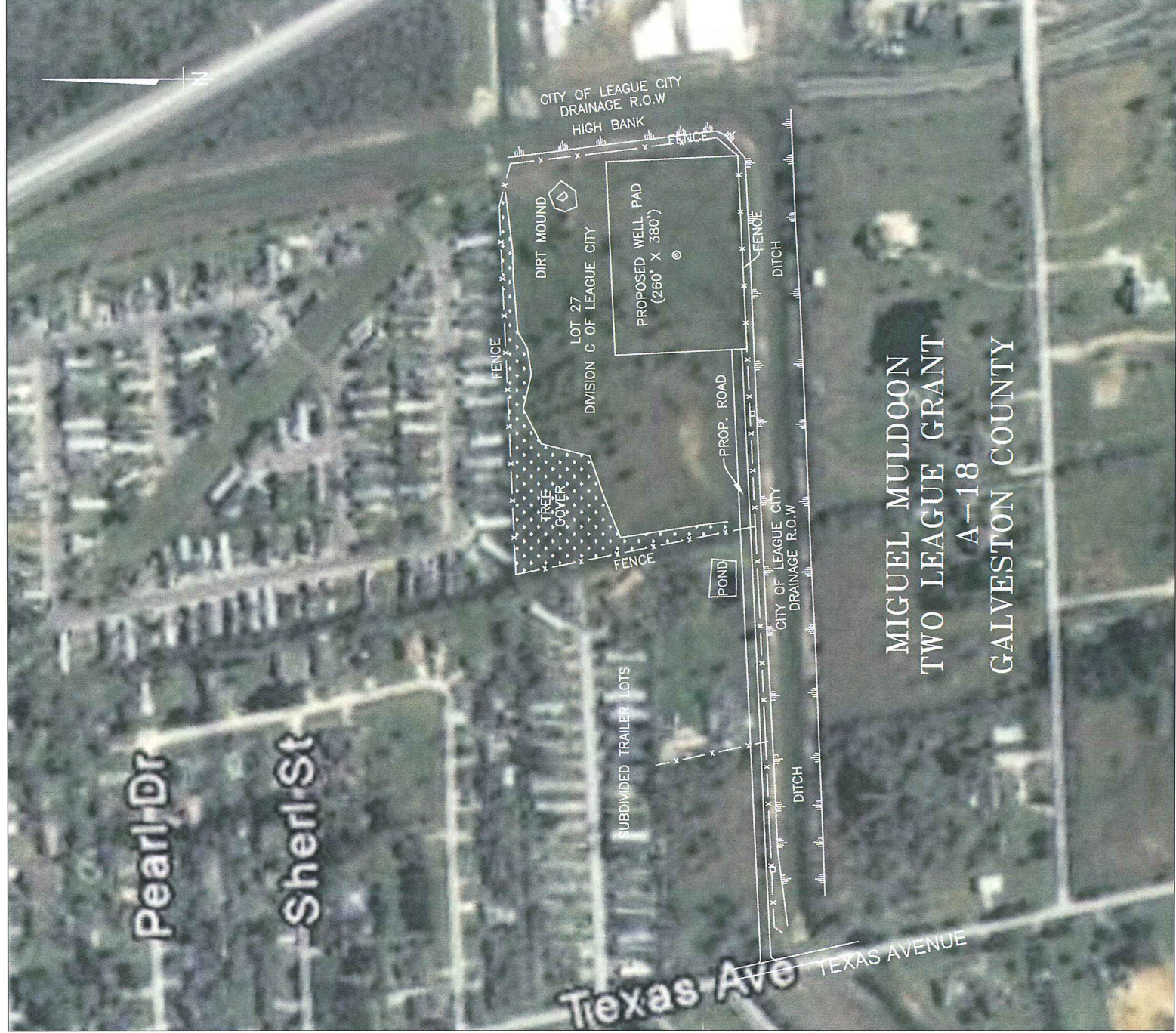


FIGURE 1

FORZA OPERATING, LLC.

SOUTH HAMMOCK
MIGUEL MULDOON
TWO LEAGUE GRANT, A-18
GALVESTON COUNTY, TEXAS

 T. BAKER SMITH PROFESSIONAL CONSULTANTS SINCE 1913 (985) 868-1050 www.tbsmith.com	DRAWN BY:	RV	SHEET	1	OF	1
	APPROVED BY:	TF	DRAWING NAME:	SOUTH HAMMOCK		
	SCALE:	N.T.S.	JOB NUMBER:	2008.2022		
	DATE:	1/26/09	MAP NUMBER:			

**ATTACHMENT 1
LEAGUE CITY GAS & OIL DRILLING
PERMIT APPLICATION**

City of League City
300 West Walker Street
League City, Texas 77573

GAS & OIL DRILLING PERMIT APPLICATION

DATE OF APPLICATION:			
NAME OF APPLICANT (print): ADDRESS OF APPLICANT:			
TELEPHONE #			
NAME OF CONTACT PERSON FOR APPLICANT:			
ADDRESS:			
TELEPHONE #:			
PROPOSED OR PRESENT SITE OF WELL:			
NAME OF FEE OWNER:			
NAME OF LEASE OWNER:			
LEGAL DESCRIPTION OF TRACT OF LAND CONTAINING SITE:			
DETAILED PLAT OF DRILL SITE AND PROPOSED LOCATION OF ALL BATTERY TANKS: ☐ ATTACHED			
TYPE OF DERRICK DESIRED TO BE USED:			
COPY OF TEXAS RAILROAD COMMISSION FORM #1: ☐ ATTACHED	FORM #2: ☐ ATTACHED		
FORM #3: ☐ ATTACHED			
WELL LOCATION STAKED OUT FOR APPROVAL PRIOR TO GRANTING OF PERMIT: ☐ STAKED			
LICENSE FEE: \$7,500.00	☐ PAID	☐ ATTACHED	
APPROVED:			
City Official			Date

City Secretary: Barbara F. Long (281) 554-1030
Building Official: Sean Landis (281) 554-1429
Planning & Development Interim Director: Mary Chambers (281) 554-1030

**City of League City
Gas & Oil Drilling Permit Application
South Hammock**

Date of Application: January 27, 2009

Name and Address of Applicant: Forza Operating, LLC
16801 Greenspoint Park Drive, Suite 140
Houston, Texas 77060

Name of contact person for applicant: Gary Lee

Telephone #: 281-453-8200

Proposed Site of Well: See Figure 1

Name of the Fee and Lease Owner: City of League City

Legal Description of tract of land containing site: LEAGUE CITY OUT LOTS – Lot 27, Division C of League City, Tract 1, and Tract 2, in the Miguel Muldoon Two League Grant, A-18, Galveston County, Texas.

Detailed plat of drillsite and proposed location of all battery tanks: [X] Attached

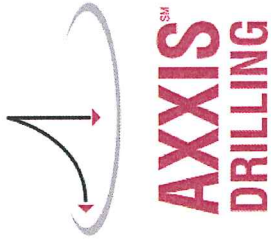
Type of derrick desired to be used: Axxis Rig “Louisiana”; see Attachment 2 for specifics on the derrick proposed to be used.

Copy of Texas Railroad Commission Form #1, Form #2, and Form #3: As discussed with the city planner for League City, copies of Railroad Commission forms will be provided to the city upon approval by the Railroad Commission.

Well location staked out for approval prior to granting of permit: Staked
The location will be staked and ready for investigation by the city engineer by February 13, 2009.

License Fee: \$7,500 - Will be paid upon approval of the location.

ATTACHMENT 2
DERRICK INFORMATION



DRILLING RIG:
“LOUISIANA”

CLASSIFICATION:

1300 H.P. Land Rig rated to 13,500’

CAPACITIES

- Accommodations: 12 man
- Fuel Oil: 10,000 gallons
- Pollution tank: NA
- Liquid mud: 930 barrels
- Process tank: 70 barrels
- Bulk tanks: NA
- Drill Water 18,000 gallons

SUBSTRUCTURE

- Model ZZ225 rated at 500,000 lbs – pull test 580K
- Height – 19.7 feet
- Clear area under beams – 15.7 feet
- Mechanical raise with adjustments for uneven locations
- Floor – 24 feet x 20 feet
- Complete with 2 walkways, emergency slide and trailer walkway ladder

DRAWWORKS

- Model JC28E, max speed 450 rpm – API spec 7K
- Fast line pull 62,107 lbs
- Diameter: 40 inch x 25 inches
- ATD 330H axial thrust disc clutch
- Unit fitted with disc brakes – 14,330 lbs positive pressure per rim
- Disc brakes have separate hydraulic system
- Eaton model 324 auxiliary brake – water cool – separate tankage
- 1 14/” drill line – 6 x 5 traveling system – 0.65 fps to 3.94 fps hoisting speeds
- Crown-O-Matic included

ROTARY DRIVE SYSTEM

- Model ZP 275 – 27 ½ inch opening – API 7K
- Max speed – 300 rpm
- Static loading – 1,000,000 lbs
- Torque – 20,265 foot lbs
- Complete with 1, 2, and 3 bowls
- Pin or square bushing drive available

EQUIPMENT SPECIFICATIONS

DERRICK AND TRAVELING EQUIPMENT

MAST

- Model JJ22 – API 4F Double
- Board heights – 72.2 feet/ 75 feet/ 78.7 feet
- Raising speed – 12 minutes from horizontal
- Hydraulically scoped
- 500,000 lbs capacity
- 13,500 feet 4 ½” pipe racking capacity
- Wind resistance – 110 km/hr
- Complete with explosion-proof lighting
- Complete with Geronimo line, sala block, tong cylinders and 3st rack winch
- 4 inch x 7000 psi standpipe and hose
- Crown Model TC225, 500,000 lbs capacity, 10 lines

MUD PUMPS (TWO)

- Gardner Denver PZ 9 Pumps 1000HP
- Fully enclosed steel power end
- Oil bath and positive flow lubrication
- Powered by Cat D399 turbo charged diesel engine with Oilworks C300-100 torque convertors
- Manual reset relief valves, 1500 – 5,000 psi rating
- Discharge and Suction Strainers
- Two (2) Super-charged pumps 5 X 6 40 HP motors with mechanical seals and OSHA guards
- Hydril Style Pulsation Dampener (2) model K20-5000 with 20-gallon surge capacity and 4” API gasket connection.

LIQUID MUD SYSTEM

- 2 Each mud tanks and slugging pit 1000 BBLS total capacity
- Process tank 70 BBLS
- One (1) Derrick Mdl 513 - 3 panel linear motion shale shakers
- Variable speed drive with by-pass assembly and self-cleaning brush with explosion proof motors
- One (1) Derrick Mdl 513 - 3 panel Mud cleaner
- Two Dessander Cones – 10”
- 16 each Dessilter Cones – 4”
- Explosion proof vibrating motors and single side tensioning system
- One (1) Drilco circular degasser complete with vent
- Mud tanks fitted with 10 HP Mud Agitators
- Two (2) 6 x 5 x 11 centrifugal Mud Mixing pumps with OSHA guards, 50HP explosion proof motors. Two (2) 6 x 8 x 11 Mud Process centrifugal pumps with OSHA Guards, 75HP explosion proof motors.

POWER GENERATION CARRIER

- Two each Caterpillar C-18 electronic engines complete with Allison 6061 transmissions
- Two redundant hydraulic pumps mounted on transmissions for raising/lowering Mast
- Compound box Model BXJ, input speed max 2500 rpm, output torque 19,176 foot lbs
- Rotary transmission – Model ZX140, 2100rpm max, input torque 10,360 foot lbs

POWER GENERATION RIG

- Two Volvo diesel engines driving 400KW generators.
- Electronic engine control panels (2)
- Fully enclosed house

EQUIPMENT SPECIFICATIONS cont'd

EMERGENCY GENERATOR

- Volvo V300UC Generator set – 300 KW @ 480 VAC 3 phase x 60 hertz

RIG AIR SYSTEM

- Two each 50HP Model LS12-50H helical air compressors
- SRC 220 dryer
- Separator and volume tanks
- Fully enclosed house

BLOW OUT PREVENTION SYSTEM

- One (1) Accumulator System Koomey 8 Station 3000psi working pressure
- One Hydril 11" spherical Annular 5000psi GK
- One Hydril Double Ram 11" with 4" outlets 5000psi Type V
- Rams fitted as 4-1/2" drill pipe and blind
- Oilfield Valve choke and kill manifold – 3 1/8" X 5M working pressure
- Manifold equipped with operating panel for hydraulic choke (optional equipment).

AUXILIARY EQUIPMENT

- Brake cooling tank with pumps and heat exchanger (below Drill House – one skid)
- Two x 8000 gallon fuel tanks – skidded – with transfer pumps
- Two 16000 gallon water pumps – skidded – with transfer and fire pump
- One lubester tank for varying weight oils
- Three sets pipe racks
- Two hydraulic cathed cylinders – 33,708 lbs pull
- Two draworks winches – 3 short tons and 5 short tons
- One swivel Model SL225 – 500,000 lbs x 5000 psi x 6 5/8 Regular LH connection
- One Hook/Block combo – Model YG225 – 500,000 lbs
- One Kelly Spinner
- One Hydraulic Casing tong
- One drill pipe spinner

TRAILER

- Model ES 9660
- Rated Load 147,800 lbs
- Four axle, triple steel board, balanced suspension
- Clearance minimum 14.5 inches
- 12 x 20 double tires

DRILLERS CONTROL HOUSE

- Fully enclosed with explosion proof A/C
- Joystick control of draworks – 6 speeds
- Full instrumentation package – hook, pump pressure, torque, rpm, tong torque and strokes
- Electronic package for pit volumes