

9 June 2017

By Hand Delivery

Paul Menzies
Director of Planning
City of League City
300 West Walker
League City, TX 77573

Re: Tidwell Permit

Mr. Menzies:

After extensive effort trying to work with the current City of League City Drilling and Production Ordinances we feel that we have gone as far as we can and well beyond what is required in light of the passage of HB 40 by the Texas Legislature. We are fully confident in our Constitutional Rights and, while we have granted various concessions in an attempt to find an amicable solution, we are ready to go to City Council and seek approval to get a drilling permit without further delay.

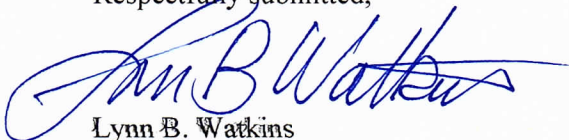
We respectfully request that the City accept the Orion and Mueller safety plans that have been submitted and amended as sufficient to satisfy reasonable and proper safety needs and other aspects of the Drilling Ordinance. In addition we are asking that the City recognize and accept the Well Control equipment requirements that are required by the Texas Railroad Commission per API Standard 53, 4th Edition as referenced by your consultant. We believe both are in line with industry practice and have been deemed sufficient by the state's regulatory body (as evidenced by our Railroad Commission permit granted on March 18, 2016, valid through March 2018).

While we are aware of the standard process to submit a variance request, we do not feel that it is viable to continue along the path that we have been on for the past eight plus years, over two years since the passage of HB 40. Rather than seek specific relief of myriad points and details, we think that the only solution is for Council to direct issuance of a permit based on the whole of the information submitted and to recognize that the continued efforts are not yielding satisfactory results for either party. The ongoing delays and requests for additional information have precluded our ability to develop these assets.

Upon notice of an approved permit the Bond and General insurance requirements will be submitted, a final contract for the alternate water supply will be furnished and the permit fee will be tendered.

We would like to formally request that this item be placed on the City Council Agenda for the June 27, 2017 meeting.

Respectfully submitted,



Lynn B. Watkins

CC: Louis Layrisson, Bill Kroger