

12 July 2017

Honorable Mayor & City Council  
City of League City  
300 West Walker  
League City, TX 77573

While we maintain that since the passage of HB 40 in 2015 the City is, and has been, expressly preempted from regulating many of the oil and gas operations that are contained in the current ordinance, we have agreed to seek relief from items that are preventing our effectively accessing our minerals by way of variances. We believe that these variances are not necessary to comply with state law because the ordinances seek to regulate the same oil and gas operations that the state already regulates through the Texas Railroad Commission and Texas Commission on Environmental Quality. Under both the Constitution of the State of Texas and of the United States we are firmly convinced that our rights have been infringed upon, and we appeal to you to respect our rights to responsibly develop our mineral estate in accordance with state law. We simply want the same fair treatment that producers across Texas received in 2016 when 10,345 new oil and gas wells were drilled pursuant to state permitting and regulations.

Based on multiple requests and comments from the June 26 workshop, we have researched multiple sources and offer the following facts for consideration:

Safety being the over-riding comment & concern, we have researched the Railroad Commission records for information pertaining to drilling. In the last meeting it was stated that there had been 27 blow-outs in the past year. According to the RRC website, the 27 blow-outs were actually for the period from January 1, 2016 through May 2017, a total of seventeen months. During that same time period, many thousands of wells were successfully drilled and completed without incident and more importantly approximately 260,000 active wells were in operation throughout the state. All of these 260,000 plus wells are subject to the reporting of blowouts. Many people think of a blow out as an explosion or a fire but often it is not that involved. Due to stringent reporting controls by the Railroad Commission incidences as basic as a truck backing into a well head and activities involved in plugging and abandoning of wells must also be reported. According to Schlumberger a blowout is actually defined as:

Uncontrolled flow of formation fluids from a well. An uncontrolled flow of formation fluids from the wellbore or into lower pressured subsurface zones (underground blowout). Uncontrolled flows cannot be contained using previously installed barriers and require specialized services intervention.

A blowout may consist of water, oil, gas or a mixture of these. Blowouts may occur during all types of well activities and are not limited to drilling operations. In some circumstances, it is possible that the well will bridge over, or seal itself with rock fragments from collapsing formations downhole.

Of the 27 incidents from January 2016 through May 2017, there was only one fire reported on the Railroad Commission website. A copy is attached for your review. The 27 incidents are broken down below. At most seven of these incidents where were a blow out preventer was likely to be in use. The

remaining instances were on operating wells or activities such as plugging and abandoning, or even previously capped wells.

- 7 during plugging or work-over operations;
- 4 during completion operations;
- 9 producing wells;
- 5 drilling operations; and
- 2 operations unknown at time of issue.

In summary, we do not take the risk of a blowout lightly and these numbers confirm that they are not a common occurrence given that there are approximately 250,000 plus wells in operation at any given time. We believe these numbers confirm that the state regulations in place are working to ensure safe development.

Another question was whether the 22 wells drilled on the UT Arlington campus utilized casing shears. I visited with Brad Fisher, VP of Operations at Carizzio Oil & Gas, on July 10, 2017. He reported that they did not use casing shears. We have previously furnished a picture showing the proximity to various structures on the property. The well bore is 416' from adjoining homes, 407' from adjoining apartments, 350' to a daycare, and 429' from the nearest University building.

Regarding API Bulletin 75L we offer the following comments. It is a bulletin and the language in the bulletin address guidelines for creating plans, it is simply not a "Safety Plan". When API chooses to recommend a practice they designate their documents accordingly. If API felt that the issue warranted elevating the matter in the past ten years it would be styled API RP75L, thereby designating it as a Recommended Practice.

API's definitions of a Recommended Practice and of a Bulletin are shown below:

Recommended Practices - Documents that communicate recognized industry practices; RPs may include both mandatory and non-mandatory requirements

Bulletins & Technical Reports - Documents that convey technical information on a specific subject or topic and are generally issued on a one time-basis

In summary, we do not feel that the City is risking safety by granting variances to comply with existing state regulations. We appeal to you to help resolve this matter without further delay and costs.

Sincerely,



Lynn B. Watkins