

## **TIDWELL #1 DRILLING PROJECT**

### **2016 OIL & GAS DRILLING VARIANCE REQUESTS**

(Legistar ID# 16-0913; CC Date 03/22/2016, Item 13A) – Pulled by Applicant

(Legistar ID# 16-0950; CC Date 04/12/2016, Item 13B) – Approved with amended language

#### **Sections 42-81. Application fee. and 42-106.(b) Amended Permit Applications.**

Requirement: Requires a fee as established by the City's fee resolution for the services of a technical expert to review the application, plans and documentation.

Request: The applicant has requested a maximum cap of \$7,500 for the services of the technical expert.

Conditions: 1) The applicant's responsibility for the expense of utilizing a technical expert shall be limited as follows: (1) the technical expert's scope of work shall be limited to reviewing the permit application, plans, and associated documentation; (2) the technical expert's hourly rate shall not exceed \$200; and (3) the total cost for the technical expert's services shall not exceed \$15,000. The forgoing limits shall not apply to any change to the permit conditions, plans, or documentation caused or requested by the applicant.  
2) Section 42-81(4) regarding the inspection and field verification requirement. The City is going to have to hire an expert to go in and verify things that were required on the drilling rig and documents are as what they have been represented, which requires field verification and that the selected expert renders an opinion that the proposed configuration provides an equal measure of safety barriers as the BOP requirements in the current city ordinance and represents the best available technology.

#### **Section 42-83. Operator or Production Representative information.**

Requirement: Requires the applicant to provide the names, addresses, and contact information for limited partners in addition to the operator, production representative, corporate officers, registered agents and general partners.

Request: Applicant requests not to provide information of limited partners.

#### **Section 42-93. Lighting plan.**

Requirement: Requires the applicant to provide a Lighting Plan with additional information such as type of lighting used, location, height and degree of illumination up to 1,000 feet as demonstrated by a photometric survey.

Request: Applicant proposes that all lighting shall be directed inwards and away from surrounding residences subject an inspection by the Oil & Gas Compliance Officer to verify the lighting does not reasonable interfere with neighboring residences.

Condition: Upon the filing of a citizen complaint, the Operator must provide documentation of how the issue was mitigated within 24 hours of said complaint.

#### **Section 42-95. Environmental management - noise.**

Requirement: Requires a pre-drilling ambient noise level report required by the Drilling ordinance.

Request: Applicant indicates that there does not appear to be a clear definition of the general noise requirements in Chapter 42, Sections 31 thru 39. In addition, the requirement that sound levels are to be continuously monitored is not commercially reasonable and proposes that the control point be at the nearest residence. In reference to the Tidwell #1 project, the nearest residence is approximately 1,000 feet in which there is no logical need to have a 600-foot limitation.

Conditions: 1) The drilling contractor will adhere to the noise regulations established except the required to continuously monitor the area within 600 feet; and,

- 2) Upon the filing of a citizen complaint, the Operator shall only provide documentation of how the issue was mitigated within 24 hours if noise level of said complaint exceeds 70 decibels.
- 3) This standard shall be applied uniformly by the city throughout administration of the drilling operation.
- 4) Draw works shall not be equipped drum brakes.

**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 that it has taken weeks to resolve matters as the process can be time consuming due to the issue. 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.

**Section 42-111. Permit fee.**

- Requirement: A fee shall be rendered prior to the issuance and each renewal of the permit and describes that the permit fees shall be for the enforcement, monitoring and inspections associated with the operations described in this article to ensure compliance. The amount shall be calculated by applying a daily cost for service times the estimated time to complete; and, if the time of completion exceeds the initial estimated duration, additional amounts will be billed monthly.
- Request: The applicant proposes not to pay fees for the enforcement, monitoring and inspections associated with the operations described in this article to ensure compliance.
- Condition: This variance is limited to the fees established by resolution for the issuance or renewal of a drilling permit.

**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.

**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 pressure control 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.

**Section 42-131.(b) Compliance with applicable regulations.**

- Requirement: Requires violations 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.

**Section 42-132. Water Supply Source.**

- Requirement: Requires all drilling and workover operations to receive their water from the municipal water system.
- 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.
- Condition: The applicant shall provide a letter from the water provider indicating that they can provide the amount of water necessary for the applicant.

**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 the fence should be installed prior to the start of production operations. The applicant indicates that the drill site is located on a fenced-in ranch with no public access. Access will be provided for the drill site where it will be surrounded by dense vegetation and undergrowth. The drill site will be manned around the clock during drilling operations.

**Section 42-136.(c) Screening and fences.**

- Requirement: Requires that all fences should have at least one gate with specified requirements such as 911 override control, minimum size for gates, and provisions for Fire Department for access to the drill site in case of an emergency.
- Request: Applicant indicates based on the information from Section 42-136, that no gate is needed since a fence has already been provided.

**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 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 at least 24 hours prior to the flaring period.
  - 3) No other flaring shall be conducted on-site for any other time except in the event of an emergency as part of blowout prevention procedures or similar avoidance of danger to health, welfare and safety of the public and onsite personnel. In the event emergency flaring is necessary, the Operator or Production Representative shall immediately notify the Oil & Gas Compliance Officer and Public Safety.
  - 4) The site plan shall show the location of the flaring stack.

**Section 42-142.(e). Fire prevention.**

- Requirement: Prohibits electrical power from being generated on location outside of the duration of the drilling operations.
- Request: Applicant proposes to remove that limitation.
- Condition: Upon the filing of a citizen complaint related to noise, the Operator must provide documentation of how the issue was mitigated within 24 hours of said complaint.

**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 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.
- Condition:** Well control equipment, including Blowout prevention equipment, flowlines and valves, shall be required for all drilling and workover activity.
- The configuration of the BOP stack shall be of the following specifications:
- 1) For drilling depths less than 10,000 feet, one class greater than required by API Standard 53 Section 6, Surface BOP Systems, or;
  - 2) For drilling depths greater than 10,000 feet, a minimum four (4) ram type and one (1) Annular type preventers including:
    - i) A set of blind shear rams with suitable operators shall be installed in the blowout preventer stack capable of shearing all grades of tubulars on location.
    - ii) A set of casing shear rams with suitable operators capable of shearing all grades of casing in the well design must be installed in the stack.
- As part of the conditional approval, Councilman Beck recommended to strike, "In lieu of utilizing a four ram stack equipped with blind shear rams" and add at the end "and that the selected expert renders an opinion that the proposed configuration provides an equal measure of safety barriers as the BOP requirements in the current city ordinance and represents the best available technology."

#### **Section 42-148.(b) Access Management.**

- Requirement:** The requirement sets minimum standards for access roadways to the site prior to beginning of drilling operations.
- Request:** Applicant proposes that a 16-foot wide wooden mat roadway would be permitted in areas with no roadways and that the typical roadway access as required would be provided prior to commencement of production operations.
- Conditions:**
- 1) The temporary mat road must be accessible for the Oil and Gas Compliance Officer, League City Fire Marshal and League City Public Safety vehicles in order to perform required inspections and/or in emergencies.
  - 2) If the all-weather access road is not to be constructed in the same location as the mat road, the land shall be restored to pre-construction conditions within 90 days of the construction of the permanent access road.

#### **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 to not be required to have a guard from dusk until dawn.
- Condition:**
- 1) Access to the site shall be secured at all times.
  - 2) 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.

#### **Section 42-151.(b) Hours of operation., Section 42-153.(a) Watchman. and Section 42-153.(b) Watchman**

- Requirement:** Requires the Operator to have a guard/security personnel on location 24 hours until drilling operations are complete and along with walking the perimeter of the site every 2 hours.

Request: Applicant proposes that the requirement be only implemented if the site and access roads are within 800 feet of any residences. The applicant indicates that the drill site is located on a 1,300 acres ranch that has been in operation for a long time. The access to the drill site will be provided by a gate onto the property that has been maintained. It is proposed to keep the gate closed with posted 'NO TRESSPASSING' signs.

**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 for bore holes greater than nine hundred (900) feet from any residence.

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.

**Section 42-154. Crew Training-drilling contractor**

Requirement: Requires the drilling contractor to have an IADC accredited competency program for all office and rig crew positions.

Request: The applicant indicates that the RRC of Texas has jurisdiction over drilling operations throughout the state and that the drilling contractor complies with the RRC standards. The drilling contractor is to provide additional training specific to drilling in bays and near offshore waters.

Condition: An IADC or OSHA equivalent training program shall be required.

## **2017 OIL & GAS DRILLING VARIANCE REQUESTS**

(Legistar ID# 17-0409; CC Date 06/27/2017, Item 12A) – Postponed to next meeting.

(Legistar ID# 17-0435; CC Date 07/11/2017, Item 11A) – Postponed.

(Legistar ID# 17-0455; CC Date 07/25/2017, Item 12B) – Approved with conditions.

Condition:

Approved the variance to allow for a 3 ram BOP stack that includes a blind shear, provided the applicant can provide certification from a professional engineer that the 3 ram BOP stack that includes a blind shear will provide sufficient safety for onshore drilling for this specific well.

### **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.

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 well in Texas and other states. The ordinance attempts to impose a higher standard than existing state law for oil and gas operation, which would result in an unnecessary hardship and inability to access the mineral estate.”

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

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

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 well in Texas and other states. The ordinance attempts to impose a higher standard than existing state law for oil and gas operation, which would result in an unnecessary hardship and inability to access the mineral estate.”

Condition: Submittal to the City of the complete SEMS plan shall be no later than the time of permit issuance. Such a scenario would push the requirement for the SEMS plan submitted to the City from the permit application process to the point at which the City would issue the permit, pursuant to all other application requirements being met. Other items required at the time of permit issuance include, but are not limited to, submittal to the City of insurance, a bond or letter of credit, and the permit fee. This scenario was previously proposed to the applicant at the administrative level.

### **Section 42-132. Water Supply Source, and Section 42.91. Alternative Water Supply** **(Reconsidered from the 2016 Request)**

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

2017 Request: Executed agreement will be provided once permit is approved but before drilling commences.”

Condition: Further revise 2016 approved variance to include that submittal to the City of executed agreement shall be no later than the time of permit issuance. Such a scenario would push

the requirement for the executed agreement being submitted to the City from the permit application process to the point at which the City would issue the permit, pursuant to all other application requirements being met. Other items required at the time of permit issuance include, but are not limited to, submittal to the City of insurance, a bond or letter of credit, and the permit fee.

**Section 42-143.(h)(i) Well control equipment and procedures. (Reconsidered from the 2016 Request)**

**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 Variance:** Well control equipment, including blowout prevention equipment, flowlines and valves, shall be required for all drilling and workover activity. 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 (1) 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, and (2) that the selected expert renders an opinion that the proposed configuration provides an equal measure of safety barriers as the BOP requirements in the current city ordinance and represents the best available technology."

**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 for which a permit is being sought as governed by the Texas Railroad Commission. Applicant further submits that the proposed configurations are in 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 and unnecessary hardship from both an operational availability (i.e. equipment sourcing and availability) and financial standpoint (i.e. significant increased equipment costs)."

## **2020 OIL & GAS PRODUCTION / PIPELINES VARIANCE REQUESTS**

(Legistar ID# 19-0549; CC Date 10/08/2019, Item 13B) – Failed.

(Legistar ID# 19-0681; CC Date 12/17/2019, Item 10B) – Postponed to next meeting.

(Legistar ID# 20-0009; CC Date 01/14/2020, Item 10A) – Approved with conditions.

### **Condition:**

Add City staff to alert notifications triggered before automatic shutoff, particularly Fire Marshal; monthly inspections with City-selected inspector funded by the Operator; set required response time for alert notifications, essentially our Fire Marshal's will meet someone with the Operator at the site within a certain amount of time; should Federal guidelines require odorant in this type of pipeline within the next 5 years out allowance at this time does not constitute grandfathering for this pipeline.

### **Section 42-254. Landscaping**

**Requirement:** Provides that at least a 50-foot wide landscaped buffer yard be installed in accordance with the City ordinance and approved landscape plan prior to the issuance of a Production permit. The following planting(s), or approved equal by City Arborist, is as follows:

- 1) Southern Wax Myrtle shrubs in 5-gallon containers spaced 30-inches apart.
- 2) Chinese Elm trees with a minimum 3-inch caliper diameter and a minimum height of 12 feet, spaced 20 feet apart.
- 3) Little Gem Magnolia trees with a minimum 3-inch caliper diameter and a minimum height of 12 feet, spaced 15 feet apart.

**Request:** The applicant proposes to delay the installation of the landscaping around the production site until such time that the surrounding Duncan Subdivision is constructed. The land is currently in the middle of an operating cattle ranch in which the animals would destroy the required landscaping material. The required fence would be constructed at this time per the ordinance.

### **Section 42-383. Pipeline Installation. (Listed as 42-283 on data sheet).**

**Requirement:** Provides that odorant be added to non-odorous liquids and gases at the production site as a safety precaution during the all operations.

**Request:** Eliminate the provision for odorizing the gas from the well to the production site. The process company receiving the gas refuses to allow odorizing agents injected into the gas.