



City of League City, TX

300 West Walker
League City TX 77573

Text File

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In Control: Development Services

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Title

Consider and take action to authorize the City Manager to issue a conditioned drilling permit for Tidwell #2 drill site, southwest of the Brittany Lakes Subdivision, east of Bay Area Boulevard and west of Landing Boulevard, in accordance with Chapter 42, Article III of the League City Code of Ordinances, entitled Oil and Gas Well Drilling (Executive Director of Development Services)

..Background:

Approval of this item authorizes the City Manager to issue a conditional drilling permit for the Tidwell #2 drilling project on the southwest side of League City.

The City of League City has been working with the applicant since 2010 on the project to find a suitable drill site to extract gas and/or oil from deep beneath the Magnolia Creek Subdivision. It is proposed to use the existing Tidwell #1 drill site for the Tidwell #2 project that is currently southwest of the Brittany Lakes Subdivision and directly south of the Magnolia Creek Subdivision. The drill site is approximately 200 feet from the nearest residential property with the proposed bore hole being approximately 440 feet from the nearest structure. The Tidwell #2 project will also use the same production site and pipeline alignment as the Tidwell #1 project.

In April of 2016, July of 2017, and January of 2020, City Council granted approximately 27 variances for Tidwell #1, several conditionally, to facilitate the exploratory drilling and production operations. The proposed Tidwell #2 drilling application is requesting the same variances, which are attached to this data sheet.

Due to issues identified during the Tidwell #1 project as well as changes occurring to the surrounding area since the Tidwell project started, additional variances are being requested below:

Section 42-134.(d). Distancing and setbacks.

Requirement: The proposed well bore shall not be within six hundred (600) feet of any off-site pool, building or structure for the support, shelter, enclosure or partial enclosure of persons or animals unless the Operator or designated representative secured notarized affidavits consenting to the encroachment within the affected radius. The measurement shall be in a direct line from the closest well bore to the nearest portion of the building or structure. The reduction of the distance requirement is subject to the regulations of the Railroad Commission and any other state or federal requirements.

Request: To utilize the same existing drilling site that was used for the Tidwell #1 drilling project.

Staff supports the proposed variance. When the Tidwell #1 project began in 2016, the nearest residences were located to the northeast, beyond the 600-foot setback requirement. However, while the drill site has been active with the Tidwell #1 project, the adjacent Magnolia Creek Subdivision to the north has developed to its southern boundary. The resulting growth of Magnolia Creek has reduced the distance to approximately 200 feet from the northern boundary of the drill site and 435 feet from the bore hole of Tidwell #1. While there are distance regulations limiting oil and gas operations from adjacent features, there are no regulations for the surrounding area from adjacent oil and gas operations.

Section 42-139(b). Illicit Discharges.

Requirement: Prohibits any person from causing or permitting gases to be vented into the atmosphere or to be burned by open flame.

Request: The applicant has requested to be permitted to vent or “flare” the well when necessary to burn off flammable gases.

Conditions: Flaring is the controlled burning of gasses, typically natural gas, into the atmosphere when it cannot be transported and as additional safety measure in an emergency to protect life, and properties.

- 1) The proposed flaring will utilize the same off-site location as was used for the Tidwell #1 project.
- 2) The applicant shall notify the Fire Marshal’s Office no less than 24-hours prior to a schedule flaring and shall immediately notify the League City Police Dispatch of an unscheduled or emergency flaring situation.

Project Summary:

A part of League City’s review of the Tidwell #2 drilling application, the City has contracted with Aberdeen Drilling Consultants, Ltd. (ADC) as a third-party technical advisor to this project. All information submitted by the applicant is shared with ADC for their technical review / analysis in which a response letter is provided.

To advance the project towards the drilling phase of the project, ADC provided a final report showing any outstanding items. The attached report:

1. Identifies missing elements based on their review of documentation.
2. Classifies the missing elements into three categories: Critical, Major and Minor; and,
3. Lists that there are four major and four minor open non-conformances remaining. The non-conformances are listed below.

Major Corrective Action Requests (CARs)

CAR #4 - Section 42-134 Distancing and Setbacks - The site is located within 490 feet of the closest single-family residence. A variance will need to be issued by Council prior to issuance of a permit.

CAR #5 - Section 42-139 Illicit Discharge - A letter of credit is missing that will be provided once the permit is approved.

CAR #7 - Section 42.143 Well control and equipment procedures - The well control equipment and the components of the pressure control system were not covered in the documentation. The well equipment will follow the RRCT guidelines and will be provided once the rig is selected.

CAR #8 - Safety and Environmental Information - Missing rig information, capabilities, and certifications. The applicant indicated these documents will be provided when the rig is selected.

There were also four minor concerns related to the personnel and quality assurance of the rig. The applicant indicated all these documents will be provided when the drilling rig is selected.

It should also be noted that the Drilling Ordinance identifies that appropriate inspections are to be performed prior to final approval to begin drilling operations. Should this item be approved with staff's recommendations, it is anticipated that all of the CARs mentioned above will be resolved as a result of the granting of the variances and the inspection of the drilling rig.

Staff Recommendation:

Staff supports the issuance of a conditioned drilling permit, subject to the following conditions:

1. The variances granted for the Tidwell #1 project be granted to the Tidwell #2 project.
2. Grant variances to Sections 42-134.(d) and 42-139(b), subject to the conditions identified.
3. Satisfy all outstanding non-conformances identified by Aberdeen Drilling Consultants.
4. Authorize the first phase of the drilling operation, which would permit the applicant to mobilize equipment and "rig up" on the drill site in preparation to begin drilling operations; and,
5. Issue permission to begin drilling operations upon receipt of a pass rating from the City's third-party technical advisor as a result of a full inspection survey of the rig and drill site based on industry standards.

Attachments:

1. Data Sheet
2. Supplemental Memo entitled: COLC Permit Application Documentation Review
3. Approved Variance Requests for the Tidwell #1 Project

CONTRACT ORIGINATION:

Development Services

Applicant/Owner: Lynn Watkins of Venture 2, LLC.

FUNDING

{ } Funds are available from Account # _____

{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____

{ x } NOT APPLICABLE

STRATEGIC PLANNING

{ } Addresses Strategic Planning Critical Success Factor # _____ and Initiative # _____

{ x } NOT APPLICABLE