



Legislation Text

File #: 19-0089, **Version:** 1

Consider and take action to authorize the City Manager to deem as satisfied the conditions attached to the Oil and Gas Well Drilling Permit issued on August 28, 2018, to Lynn Watkins of Venture 2, LLC for Tidwell #1 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 (Director of Planning and Development)

Approval of this item authorizes the City Manager to consider as met the conditions attached to the drilling permit issued to the applicant for a proposed drilling site at Tidwell #1 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. A drill site located southwest of the Brittany Lakes Subdivision and directly south of the Magnolia Creek Subdivision is the location currently proposed.

In April of 2016 and July of 2017, City Council granted approximately 25 variances, several conditionally, to facilitate the exploratory drilling operation, however these approvals did not authorize the approval of the drilling permit, nor did it create any precedents. Since the variances were granted, the application for a drilling permit has remained incomplete due to several deficiencies in the documentation submitted the City. After meeting with the applicant in August 2018, the City Manager issued drilling permit with conditions attached, which conditions must be satisfied demonstrating that all applicable regulations are met before actual operations may commence.

Project Summary:

A part of League City's review of the Tidwell #1 drilling application, the City has contracted with Lloyds Register Drilling Integrity Services (LRDIS) as a third party technical advisor to this project. All information submitted by the applicant is shared with LRDIS for their technical review / analysis in which a response letter is provided.

In an effort to advance the project towards the drilling phase of the project, LRDIS provided a summarizing memo, which supplements their most recent final report. The attached memo:

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 them into two actionable sections by which action can be taken and are summarized below.

Section 1

It is identified that 3 critical, 5 major and 1 minor elements could be addressed by performing a full condition survey of the rig, once the rig is on-site and has been assembled and prepared for drilling operations, but prior to beginning of drilling operations.

Section 2

It is identified that 1 critical, 6 major and 4 minor elements could be addressed through the submission of documentation prior to the issuance of a drilling permit.

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.

Staff Recommendation:

Staff supports the recommendations provided by LRDIS in the following order:

- 1) Complete Section 2 as indicated in the letter,
- 2) Authorize the first phase of the drilling operation, which would permit the applicant to mobilize and “rig up” on the drill site in preparation to begin drilling operations; and,
- 3) 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 survey of the rig based on industry standards.

Attachments:

1. Data Sheet
2. Supplemental Memo entitled: COLC Permit Application Documentation Review

CONTRACT ORIGINATION:

Planning and Development

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