

ORDINANCE #317-2006

AN ORDINANCE PRESCRIBING REGULATIONS PERTAINING TO THE DRILLING OPERATION, MAINTENANCE, AND SERVICING OF OIL AND GAS WELLS AND TRANSMISSION PIPE LINES WITHIN THE CITY OF VENUS, TEXAS: PROVIDING FOR THE COLLECTION OF AN ADMINISTRATIVE FEE; PROVIDING A PENALTY FOR VIOLATION; CONTAINING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Venus, Texas, (hereinafter referred to as "the City") is a general law city located in Johnson and Ellis Counties, Texas, and is a municipality organized under the laws of the State of Texas;

WHEREAS, the City is authorized and empowered to enforce ordinances necessary to protect welfare of its inhabitants (Texas Local Government Code Section 51.02);

WHEREAS, the City Council has determined that it is necessary to enact this ordinance to protect the health and welfare of its residents; and

WHEREAS, the City desires to repeal Ordinance 283-2004 in full and adopt a new ordinance regulating the construction, operation, maintenance and servicing of oil and gas wells and pipelines within the corporate limits of the City; now therefore,

BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF VENUS, TEXAS

SECTION 1. PETROLEUM AND NATURAL GAS DRILLING AND PIPELINES

A. Purpose of Ordinance

1. The drilling of petroleum and natural gas wells and the placement of related pipelines is regulated by the State of Texas Railroad Commission. Neither the City nor this Ordinance seek to change, over-ride, modify or affect those state regulations. It is the intent of this Ordinance to add supplemental regulations that will protect the health and safety of the citizens of Venus.
2. The purpose of this Ordinance is to provide rules and regulations concerning the location, maintenance and servicing routes, screening and landscaping of petroleum and natural gas wells and pipelines in the City. The City by this Ordinance seeks to allow owners of mineral rights to drill and produce petroleum or gas but to do so in a manner that is not detrimental or hazardous to neighboring business or residential areas.
3. Main transmission pipeline cooling or compression facilities are not allowed in any zoning district in the City.
4. Air or pneumatic drilling is not allowed in the City.

5. Water wells drilled to assist or support gas well drilling must be drilled at least to the depth of the Trinity Aquifer. Use of sands or aquifer above the Trinity Aquifer is strictly prohibited.

B. Definitions.

For the purposes of this Ordinance the following words and terms wherever and whenever used or appearing herein shall have the scope and meaning hereafter defined and set out in connection with each:

1. "Abandonment" means "abandonment" as defined by the Texas Railroad Commission and includes the plugging of the well and the restoration of any well site as required by this Ordinance.
2. "Blowout preventer" means a mechanical, hydraulic, pneumatic or other device or combination of such devices secured to the top of a well casing, including valves, fittings and control mechanisms connected therewith, which can be closed around the drill pipe, or other tubular goods which completely close the top of the casing and are designed for preventing blowouts.
3. "City" means the City of Venus and shall include any duly authorized representative of the City.
4. "Commission" means the Texas Railroad Commission.
5. "Drill site" means any of the land area used in the drilling of wells or other related operations, specifically including, but not limited to, rig locations, portable or permanent structures, steel mud pits, storage of pipe or other materials, and the parking or maneuvering of vehicles, except roadways used for ingress or egress to the drill site.
6. "Inspector" means the Petroleum and Gas Inspector designated by the City Council.
7. "Lightning Arrestor" means a device to protect a tank battery from lightning.
8. "Operator" means, for each well, the person listed on the Railroad Commission Form W-1 or Form P-4 for a gas well that is, or will be, actually in charge and in control of drilling, maintaining, operating, pumping or controlling any well, including, without limitation, a unit Operator. If the Operator, as defined herein, is not the lessee under a petroleum or gas well of any premises affected by the provisions of this Ordinance, then such lessee shall also be deemed to be an Operator. In the event that there is no petroleum or gas lease relating to any premises affected by this Ordinance, the owner of the fee mineral estate in the premises shall be deemed an Operator.
9. "Park" means a public area where children would play, such as a playground with playground equipment, or an area for organized sports such as a

baseball or soccer field. For the purpose of this definition and this ordinance, jogging, walking, or running paths or trails are not considered to be a park.

10. "Permittee" means the person to whom a permit or certificate for the drilling, operation and production of a well, or the installation or operation of a pipeline, is issued under this ordinance, or his or her heirs, legal representatives, successors, or assigns.
11. "Person" means any individual, corporation, association, partnership, receiver, trustee, guardian, executor, administrator or a fiduciary or representative of any kind.
12. "Pipeline" means any pipeline which carries petroleum or natural gas, regardless of the size of the pipeline, the owner of the line, or the owner of the petroleum or natural gas within the pipeline.
13. "Property owner" means the real property surface record owner(s).
14. "Right-of-way" means all public rights-of-way of streets or other public property within the City.
15. "Start of construction" means moving earth or assembling equipment for well drilling or pipeline installation.
16. "Street" means any street, highway, sidewalk, alley, avenue, public parking area, or other public right-of-way, including the entire right-of-way.
17. "Well" means any hole or holes, bore or bores, to any sand, horizon, formation, strata or depth, for the purpose of producing any oil, gas, liquid hydrocarbon, brine, water or sulfur water for use as an injection well for secondary recovery, or any of the above singularly or jointly.
18. All technical or oil and gas industry words or phrases used herein and not specifically defined shall have that meaning customarily attributable thereto by prudent operators in the oil and gas industry.

C. Petroleum and Gas Inspector

1. The City Council shall designate a Petroleum and Gas Inspector who shall enforce the provisions of this Ordinance. The Petroleum and Gas Inspector shall have a degree in petroleum engineering with a background in drilling and production or demonstrate a proven background in the drilling, production, and operation of petroleum and gas wells. The Petroleum and Gas Inspector shall have the authority to issue any orders or directives required to carry out the intent and purpose of this Ordinance and its particular provisions. Failure of any person to comply with any such order or directive shall constitute a violation of this Ordinance.

2. The Petroleum and Gas Inspector shall have the authority to enter and inspect any premises covered by the provisions of this Ordinance to determine compliance with the provisions of this Ordinance and all applicable laws, rules, regulations, standards or directives of the State. Failure of any person to permit access to the Petroleum and Gas Inspector shall constitute a violation of this Ordinance. The Petroleum and Gas Inspector may conduct periodic inspections at least once a year of all permitted wells in the City to determine that the wells are operating in accordance within proper safety parameters as set out in this Ordinance and all regulations of the Commission. Such inspections will be billed to the operator in accordance with the City Fee Schedule.
3. The Petroleum and Gas Inspector shall have the authority to request and receive any records, including any records sent to the Commission, logs, reports and the like, relating to the status or condition of any permitted well necessary to establish and determine compliance with the applicable Permit. Failure of any person to provide any such requested material shall be deemed a violation of this Ordinance.

D. Operator's Agent

Every Operator of any well shall designate in writing to the City Secretary, an agent, who is a resident of the State of Texas, upon whom all orders and notices provided in this Ordinance may be served in person or by registered or certified mail. Every Operator so designating such agent shall within ten (10) days notify the City Secretary in writing of any change in such agent or such mailing address unless operations within the City are discontinued.

E. Permit Required

1. In accordance with this Ordinance, drilling for petroleum or natural gas or installation of petroleum or natural gas pipelines in the City is only allowed by the issuance of a Permit issued as provided herein. A Permit is required for each well to be drilled and for each pipeline to be installed. In the case where a property owner, mineral rights lessee or other party is seeking to drill multiple wells, a concept plan showing the location of all envisioned wells and pipelines planned shall be submitted to the City with the initial request for a Permit. A Permit must be obtained from the City prior to the start of any earthwork, construction or drilling activities. A Permit Fee must be paid in accordance with the City Fee Schedule before a Permit can be issued.
2. An owner, lessee, or other party must acquire a Permit from the City prior to re-entering any producing or abandoned well if the intent is to drill deeper.
3. When a Permit has been issued for the drilling or re-entering of a well, such permit shall constitute sufficient authority for drilling, operation, and production of any petroleum or gas produced by the well, maintenance, repair, testing, plugging, and abandonment of the well, and for the construction and use of all

facilities reasonably necessary or convenient in connection therewith shown on the Permit application.

4. A separate application for a gas or petroleum pipeline will be required when its proposed location becomes defined, but prior to the start of work to construct the pipeline. The fee for pipeline applications will be as stated in the City Fee Schedule.

In addition to the application fee, the authorized agent for the pipeline must enter into a right-of-way license agreement with the City prior to the beginning of operation of the pipeline if the pipeline will occupy any public thoroughfare or property of the City.

5. Any existing well or pipeline brought into the City through annexation will be grandfathered and no Permit will be required for continued operation of that well or pipeline. Within 30 days of the well or pipeline being annexed into the City, the owner or authorized agent must deliver in writing the following information to the City:
 - a. The name, address, and contact phone number of the owner or authorized agent of the well or pipeline.
 - b. The name, addresses, and phone numbers of persons to be notified in case of an emergency.
 - c. The name, address and phone number of the surface rights owner(s).
 - d. A Statement certifying the well or pipeline complies with all the requirements of the Texas Railroad Commission.
 - e. An accurate map of the location of the well or pipeline showing relationship to property lines, lot lines, right-of-ways or public easements.

F. Application for Permit

An application for a Permit for petroleum or gas drilling or pipelines shall contain the following information:

1. The date of the application.
2. The name and signature of the applicant.
3. The address of the applicant.
4. The name, address, and phone number of persons to be notified in case of an emergency at the well site or pipeline site.

5. The names and addresses of all property owners who own property within 600 feet of the proposed well site or pipeline site.
6. The name of the lease owner or pipeline owner.
7. The name of the surface rights owner.
8. A Statement certifying the lease or pipeline owner complies, or will comply, with all the requirements of the Texas Railroad Commission.
9. Location of the well site or pipelines with respect to property lines, lot lines, right-of-way or public easement boundaries and the location and owner(s) of any residence, commercial structure, or public building if located within 600 feet of the proposed well or pipeline site.
10. The proposed depth of the well, bore size, and type of casing or in the case of pipelines, the type, size, estimated operating pressure and location depth of any such pipelines.
11. A drill site plan showing the location and layout of all associated equipment such as separators and tanks to be located on the well or pipeline site during the production phase of the well or pipeline and also showing well or pipeline site access and drive approaches with distances to the nearest intersections and adjacent or cross-drives and off site traffic access routing plan.
12. A traffic routing plan showing off site equipment and truck access to well site and tanker fill location(s) if within the City.
13. A copy of approved Texas Railroad Commission Form 1 for the well shall be furnished to the City Secretary prior to the beginning of actual drilling operations.
14. A drawing or other written instrument showing the type, height, design and location of proposed screening to hide the producing well from view.
15. In the case of a pipeline that utilizes public thoroughfares, a right-of-way license agreement from the City signed by the authorized agent for the pipeline.

G. Where Well Drilling or Pipelines Will Be Allowed.

1. Under this ordinance, petroleum or gas wells may be drilled in any area or zoning district of the City if a Permit has been granted to authorize such use.
2. In no case shall a well or tank battery be located within one thousand feet (1000') of a school or park, or one thousand feet (1000') from a residence. In no case shall a school, park, or residence be located within five hundred (500') feet of an existing well or tank battery.

3. A well may not be drilled when the center of which, at the surface of the ground, is located within 75 feet of any right-of-way, or existing public thoroughfare or any future public thoroughfare shown on the City Thoroughfare Plan.

H. Bonds, Indemnity and Insurance

1. Bonds

A surety bond in a form acceptable to the City, irrevocable letter of credit approved in the amount of \$50,000, or cash escrow shall be filed with the City prior to the issuance of a Permit. The bond shall be issued by an insurance company authorized to issue bonds in the State of Texas by the Texas State Department of Insurance. The bond, in favor of the City, shall be surety that the applicant will comply with all of the terms, conditions, and requirements of this Ordinance and any permit issued pursuant to the application. Further, the bond is surety that the applicant will repair any damage to City thoroughfares or public or private property caused by the drilling operations or by the applicant's vehicles or personnel based on determination of damage by the City. The bond or letter of credit must remain in force until 90 days after the well starts producing or after the pipeline starts transporting petroleum or natural gas.

2. Indemnity

At all times while any stage of operations are conducted under this Ordinance, the Operator agrees to protect, defend, indemnify, release from liability and hold the City of Venus, Texas, its officers, directors, elected officials, employees and citizens (all hereinafter called Venus) harmless from and against all losses, liabilities, costs, claims, demands and causes of action of every kind and character without regard to the cause or causes thereof or the negligence of any party or parties, provided however; excluding the gross negligence or willful misconduct on the part of the City or any of its employees or agents. This indemnification is without limit; however, if it is judicially determined that monetary limits should apply in certain instances, such indemnities and the limit(s) shall automatically be amended to conform to the maximum limit(s) permitted under law.

3. Insurance

To support the above indemnification, but as a separate and distinct obligation, while operations are conducted under this Ordinance, Operator shall maintain insurance of the types and in the amounts as set out below. Unless indicated otherwise, such insurance may carry reasonable deductibles and such deductibles shall be on a per occurrence basis, with or without annual aggregate deductibles, and shall be for the account of the Operator.

- a. Venus shall be named as Additional Insured on the liability and Control of Well insurance policies. This insurance shall be primary to any insurance carried by Venus, and any such insurance carried by Venus shall not be called upon to participate or contribute in any

manner.

- b. All such insurance shall be carried by an insurer or insurers acceptable to Venus; and shall be maintained in full force and effect during the entire time the Operator is constructing and operating under the terms of this Ordinance; and shall not be altered, amended, cancelled, or non-renewed without 30 days prior written notice having first been furnished Venus by the Operator or Operator's insurance broker. Ten days notice shall be acceptable in the event of nonpayment of premium. Operator agrees to have its insurance carrier furnish Venus certificates of insurance on forms acceptable by Venus evidencing such insurance coverages as required below. The acceptance of a certificate with less than the required amounts and coverages shall not be deemed a waiver of those requirements. Any lapse in coverage shall result in the automatic suspension of the Permit to construct or operate. Such suspension shall remain in effect until new or replacement insurance coverage is approved by Venus
- c. Operator agrees to waive subrogation in favor of Venus on all insurance policies carried, whether or not required by this Ordinance, or to have its insurance carrier(s) waive subrogation if so required by the insurance policy.
- d. Operator agrees to immediately report to Venus all incidents and/or events that could result in claims in excess of \$250,000, including pollution events.
- e. In regard to the preceding insurance coverages, the following shall apply:
 - (1) The insurance company(s) used must be admitted or approved to do business in the State of Texas.
 - (2) The insurance company(s) used must be rated A VII or better by the A.M. Best Key Rating Guide.
 - (3) In the event any such insurance policies are cancelled or not renewed, the Permit shall immediately cease on such date and the Operator's right to operate under such Permit shall remain cancelled until the Operator files proof that such insurance is in force.
 - (4) Operator shall require all contractors engaged in work under this Ordinance to maintain Workers' Compensation and Employer's Liability, Automobile Liability and Commercial General Liability under the same terms and conditions as set out above, including waivers of subrogation. Underground Reservoir Damage is not required of such contractors. This requirement of insurance for contractors shall not affect Operator's indemnification of Venus nor lessen Operator's

obligation to maintain insurance.

(5) Original Certificates of Insurance evidencing all required coverages shall be delivered to Venus at the prescribed address prior to commencing any operations.

(6) In the event of litigation against the City of Venus, certified copies of any or all insurance policies and/or specific endorsements shall be furnished to Venus.

(7) The insurance to be carried shall include the following:

(a) Workers' Compensation insurance in full compliance with all applicable state and federal laws and regulations. If Operator is a qualified self-insuror or if he has rejected the Workers' Compensation Act in Texas, he must notify Venus in writing.

(b) Employers Liability with a limit of \$1,000,000 per accident covering injury or death to any employee who may bring claim outside the scope of the Workers' Compensation statute of the state of Texas.

(c) Commercial (or Comprehensive) General Liability insurance with a Combined Single Limit for each and every occurrence of \$1,000,000 for Bodily Injury and Property Damage, including loss due to Explosion, Blowout and Cratering, Sudden and Accidental Pollution, Completed Operations, Broad Form Contractual Liability as respects any contract into which the operator may enter under the terms of this Ordinance and Underground Reservoir Damage. (Underground Reservoir Damage must be on an occurrence basis and may have a discovery period of 7 days as respects pollution and, must cover damage to water tables.) If there is a general aggregate on the policy, it shall be on a "Per Location" or "Per Project" basis, or it shall be twice the per occurrence limit, or the Operator shall carry an Umbrella that will "drop down" to replace an exhausted aggregate.

(d) In the event Sudden and Accidental Pollution is not covered under this policy, a separate Pollution Liability policy shall be carried giving coverage for bodily injury and property damage including clean-up costs. Such coverage may be written on a claims-made basis, however, any retroactive date applicable must be effective before the issuance of the Permit. Such insurance shall have a Combined Single Limit for each and every occurrence of \$1,000,000 for Bodily Injury and Property Damage. If coverage is not renewed under a claims-made policy, the discovery period shall be extended for a minimum of seven years.

(e) Commercial Automobile Liability with a Combined Single Limit for each and every occurrence of \$1,000,000 for Bodily Injury and Property Damage. Such insurance shall cover owned, hired and non-owned automobiles.

(f) Operator shall carry Control of Well Insurance covering the costs of controlling a well that is out of control, the expenses involved in redrilling or restoring the well and certain other related costs. The limit for this insurance is a minimum limit of \$10,000,000 per occurrence.

(g) Excess (Umbrella) Liability insurance with a limit of \$10,000,000 covering liability excess of that covered in b., c., d and e. above. Such insurance shall be on a "follow form" basis or have coverage as least as broad as that in the underlying coverage.

(h) Any variance from the specified insurance coverages or from the specified limits must be approved by the Venus City Council.

(8) Operator does hereby indemnify Venus from any loss Venus may suffer due to Operator's failure to comply with all the above Insurance requirements, including the requirements for Contractors and the obtaining of waivers of subrogation, and due to any insurance coverage being invalidated because of Operator's failure to comply with the terms, conditions and warranties of the insurance.

I. Use of Public Thoroughfares

1. No permittee shall make any excavations for any purpose or construct any pipelines under or through public thoroughfares without a right-of-way license agreement from the City, and then only in strict compliance with the ordinances of the City and the specifications established by the Department of Public Works.
2. No permittee shall dig up, break, excavate, tunnel, break up, damage or leave anything on any public thoroughfare without written permission from the City, and then only in compliance with specifications established by the City.
3. For vehicular safety reasons, it is the permittee's responsibility to immediately remove substantial accumulations of dirt, dust, mud or other debris deposited on City thoroughfares by vehicles involved in the well drilling or servicing or pipeline installation process. Removal may be by manual means or by mechanical means such as a street sweeper.

J. Rig Removal

The drilling rig and associated drilling equipment shall be removed from the well site within 30 days of the completion of the well or drilling activities.

K. Blowout Prevention

1. In all cases, blowout prevention equipment shall be used on all wells being drilled, worked-over or in which tubing is being changed. Protection shall be provided to prevent blowout during petroleum or gas operations as required by and in conformance with the requirements of the Commission and the recommendations of the American Petroleum Institute. The Operator must equip all drilling wells with adequate blowout preventers, flow lines and valves commensurate with the working pressures involved as required by the Commission.
2. In the event of the loss of control of any well, Operator shall immediately take all reasonable steps to regain control regardless of any other provision of this Ordinance and shall notify the Petroleum and Gas Inspector as soon as practicable. The Petroleum and Gas Inspector shall notify the City Administrator in writing the condition that exists, briefly describing the same. If the Petroleum and Gas Inspector, in his opinion, believes that danger to persons and property exists because of such loss of well control and that the Operator is not taking or is unable to take all reasonable and necessary steps to regain control of such well, the Petroleum and Gas Inspector may then employ any well control expert or experts or other contractors or suppliers of special services, or may incur any other expenses for labor and material which the Petroleum and Gas Inspector deems necessary to regain control of such well. The City shall then have a valid lien against the interest in the well of all working interest owners to secure payment of any expenditure made by the City pursuant to such action of the Petroleum and Gas Inspector in gaining control of said well.

L. Additional Safety Requirements

For safety reasons, if the drilling site is located within 1000 feet of a residence, school, park or public building, the drilling activities must be closed to the public by a secure chain link type fence at least 6 feet tall with razor or barbed wire at the top of the fence with a gate that must remain locked at all times when no one is on the site. If such cannot be economically provided, watchmen must be on duty 24 hours per day, 7 days per week from the beginning of the drilling activities until the well is completed and the drilling equipment removed from the drill site.

M. Waste from Drilling or Pipeline Operations

All wastes from drilling or pipeline installation operations must be contained on the drilling or pipeline site and must be removed within 30 days of the completion of the

well or drilling activities or pipeline installation.

N. Clean Up Activities

Within 90 days of the completion of the well or pipeline or within 30 days of a subsequent fracturing process, the area around the well or pipeline shall be cleaned up and all material associated with the drilling or fracturing activity must be removed. In addition, any land surface or surfaces, other than access roads or permanent facilities, which have been damaged or disturbed by the drilling or excavation or servicing activity shall be brought back to their original pre- excavation, pre-drilling, or pre-fracturing condition.

O. Required Inspections

The following inspections are required:

1. Surface Casing

The Operator's agent shall notify the Petroleum and Gas Inspector in writing (email, fax, or U. S. Postal mail) at least 72 hours prior to running and cementing surface casing. The procedures to be followed in this operation shall be as provided in Cementing, Rule No. 13 of the Commission. In addition the following shall be required:

- a. Centralizers (1 per 100ft. or 10 per 1,000ft.)
- b. New surface casing required
- c. Adequate or proper floating equipment
- d. Class "H" or Class "C" cement with accelerators Example: Class "C" with 3% CaCl₂
- e. Cement circulated to surface. If not, cement with 1" tubing & top off
- f. Wait on cement a minimum of 8 to 12 hrs
- g. Use a minimum of 1000 ft. of surface casing
- h. Test Blow out Preventer before drilling out of surface casing to 1000psi

2. Completion

The Operator's agent shall notify the Petroleum and Gas Inspector in writing at least 72 hours prior to starting completion procedures such as perforating and fracing. The well must be equipped with a blowout preventer before this operation is commenced. Also, if a bridge plug is set over a producing formation prior to additional completion, it must be pressure tested to a sufficient pressure to ensure that it is not leaking.

3. Pipeline Hookup

The Operator's agent shall notify the Petroleum and Gas Inspector in writing at least 72 hours prior to the first sale. The tank battery shall be equipped with a lightning arrester. If a gas well permit has been revoked for any reason by City

of Venus the First Sales is denied.

4. Final Acceptance

Within 30 days of the start of production of a well, or of the operation of a pipeline, the Petroleum and Gas Inspector will inspect and accept or reject the well site or pipeline installation site "clean-up" and permanent provisions for security and screening of the well site. The Petroleum and Gas Inspector will provide the permittee written notification of acceptance within 10 working days. If the "clean-up" or proposed provisions for security and screening are rejected by the City, the permittee will be notified of the rejection and the reasons for the rejection in writing within 10 working days. The permittee must take action to nullify and correct the reasons for rejection within 30 calendar days from the notification. Final inspection violations not being completed timely may result in the gas well permit being revoked and operator's permitted well required to be shut-in until the violation is resolved and gas well permit reinstated.

P. Operations and Equipment; Practices, Standards, and Appearance

1. All drilling and pipeline operations shall be conducted in accordance with the practices of a reasonable and prudent operation in the State of Texas. All material, equipment, and testing used shall be of a quality and type consistent with such practice. Internal combustion engines used on the well or pipeline site must be fitted with exhaust mufflers. For production purposes, only electrically or natural gas powered compressors or motors may be used.
2. Each permittee shall take special care that no ground water is contaminated by the drilling, pipeline installation or production activities. All rules of the Federal Government, the State of Texas, and the City regarding protecting natural resources must be strictly followed.
3. Drilling and pipeline production operations shall be conducted in such a manner as to minimize noise, vibration, dust, odors, or other nuisances.
4. Fire fighting apparatus and supplies approved by the Petroleum and Gas Inspector shall be kept on the well site during the drilling and fracturing processes. A Fire Department safety and training fee must be paid to the City as set in the City Fee Schedule.
5. No refining of any kind, except for gas dehydrating and physical phase separation, shall take place at the well site.
6. The well site shall not be allowed to become dilapidated, unsightly, or unsafe.
7. The well or pipeline site shall not be used to store pipe, drilling equipment or material after the drilling or pipeline installation operation has ceased.

8. No refining plant or main line compression station or cooling plant shall be allowed in the City at any time.
9. Flaring or burning of gas or petroleum of any kind after the well is in production is prohibited. Temporary flaring or burning to accommodate public safety may be performed but only when approved by the Petroleum and Gas Inspector.
10. Each well shall have a clearly visible permanent sign, not larger than 9 square feet in size which provides the well name or number, the owner or permit holder and emergency phone number. The sign may be attached to the fence or any screening wall surrounding the well site.
11. Each permittee shall place an identifying warning sign at any point where a pipeline crosses a public thoroughfare.
12. Prior to any pipeline being placed in service, it shall be proof pressure tested in accordance with industry standards.
13. The pressure in flow or gathering pipelines within the City must not exceed 300 psi unless a higher pressure is indicated in the application for permit and special precautions are presented and approved with the application.
14. Pipelines shall be constructed, buried and covered in accordance with industry standards and the regulations of the State of Texas.¹⁵ When measuring the distance between a well or pipeline and the closest residence, school, or public building, the distance shall be measured in a straight line from the nearest equipment at the well site to the nearest part of the structure of the residence or public building or to the nearest property line of a school or park.
16. Multiple "slant drill" wells at one well site are acceptable as long as all other requirements of this Ordinance are met. Consolidation of storage tanks in such cases is encouraged.
17. All associated lighting shall be directed so as not to disturb or be a nuisance to any neighboring business or residential areas. Lighting or glare may not be directed so as to be a safety hazard to vehicles or pedestrians on public thoroughfares.
18. The permittee of a well and/or pipeline must plan and execute the construction of the well site and/or pipeline such that no flood conditions are created or worsened on surrounding land and that no flooding conditions are created or allowed at the well or pipeline site.
19. Once a well is established and producing petroleum or gas, the well head, tank(s) (equipped with a lightning arrester) and all associated equipment must be screened from horizontal view by solid walls on three sides and chain link fencing on fourth side (except doors or entrances) constructed of brick, stone

or masonry, berms, or a combination of these methods; or as approved on the permit. Wood is not an acceptable construction material. Such screening must be tall enough to screen all parts of the wellhead and major pieces of equipment, other than the liquid holding tank, from view. The screening must be visually pleasing and blend with the construction of other structures in the general area. Screening using walls and or berms must be in place 60 days after the last permitted well at a site is in production. Because of the hot Texas summer climate, completion of the landscaping (plants, trees, etc.) may be extended until 6 months after the well is in production with the prior approval of the City Council. Access to well heads and associated equipment must be secured by a six foot tall enclosure and a positive locking device for safety reasons. The landowner may petition the City Council to waive all or part of this paragraph. All tanks shall be painted a shade of a color that has been approved by the City.

20. Where minimum screening is proposed and approved for a well in a currently undeveloped area, if the immediate area later develops into a residential neighborhood, park or school, the permittee of the well shall be required to improve the screening to an acceptable level for the developed area.
21. The area surrounding the wellhead, associated equipment, and screening wall must be landscaped to blend with the local area. Trees and shrubbery used in the landscaping must be of good quality and must be compatible with the soils and climate in the City area. Landscaping must be maintained to keep the trees and shrubbery in good health and pleasing to the eye.
22. All roadways providing access to the completed well or pipeline for servicing or any other reason must be of all weather design and must be constructed of gravel, crushed road base, HMA pavement or reinforced concrete. All associated parking areas must also be of the same or better construction. Drive approaches shall have hydraulically sized CMP or RCP culverts and precast safety end treatment.
23. Vehicles and personnel providing periodic maintenance to a well or pipeline must not impinge upon the health or safety of residents in the surrounding area.
24. The permittee of a well or pipeline must ensure that no environmental or personal hazards are allowed to develop or remain on the site. The detection of any such hazards must be reported to the City immediately. The City may abate the hazard at permittee's expense, if the permittee does not do so within 30 days. The cost of any cleanup operation due to hazards associated with the well shall be the responsibility of the permittee.
25. The permittee of a well must insure that no contaminants associated with the well or pipeline or its operation are allowed to contaminate surface or ground water supplies in the City.
26. Any on-site storage tanks must be surrounded by a containment berm and

shall be fitted with a lightning arrestor. The berm shall be designed to contain an amount of liquid equal to 150% of the capacity of the tank or tanks. .

27. "Fracturing" of a well may only be performed in accordance with TRC rules and regulations.
28. The location of all pipelines must be marked with the warning signs in accordance with industry standards. Within the City, the distance between such signs shall not exceed 500 feet. In addition, during backfill of pipeline excavations, "Buried Pipeline" warning tape shall be buried one (1) foot above the pipeline to warn future excavators of the presence of a buried pipeline.
29. All producing wells shall be inspected annually by the City Petroleum and Gas Inspector and a formal report shall be filed with the City. The permittee shall pay the inspection fee set out in the City Fee Schedule prior to the Petroleum and Gas Inspector performing the annual inspection. If the fee is not paid in a timely manner, the permittee's permit will automatically be suspended and production shall immediately cease until the fee is paid. The City shall set the scheduled date for the annual inspection of each well and notify the permittee at least 30 days in advance.

Q. Abandonment of Wells and Pipelines.

Upon abandonment of a well or well site, within two months, the well shall be plugged in accordance with the Texas Railroad Commission standards, the site shall be cleaned and cleared of equipment, holes or excavations filled, and the land graded and returned to its original or better condition including replanting of vegetation to match the surrounding area. Upon abandonment of a pipeline, within two months of abandonment, a pipeline must be decommissioned in accordance with the rules and regulations of the State of Texas in effect at that time.

SECTION 2. REPEALER CLAUSE

All ordinances or parts of ordinances, including but not limited to Ordinance 283-2004, not consistent or conflicting with the provisions of this Ordinance are hereby repealed; provided that such repeal shall be only to the extent of such inconsistency and in all other respects this Ordinance shall be cumulative of other ordinances regulating and governing the subject matter covered in this Ordinance. Any cause of action accruing prior to the passage of this Ordinance shall continue as if this Ordinance was not passed or any other ordinance had not been repealed.

SECTION 3. SEVERABILITY CLAUSE

That it is hereby declared that the sections, articles, subsections, paragraphs, sentences, clauses, and phrases of this ordinance are severable and if any phrase, clause, sentence, paragraph, subsection, article, or section of this Ordinance shall be declared void, ineffective, or unconstitutional by a valid judgment or final decree of a court of competent jurisdiction, such voidness, ineffectiveness, or unconstitutionality shall not affect

any of the remaining phrases, clauses, sentences, paragraphs, subsections, articles, or sections of this ordinance since the same would have been enacted by the City Council without the incorporation herein of any such void, ineffective, or unconstitutional phrase, clause, sentence, paragraph, subsection, article, or section.

SECTION 4. PENALTY CLAUSE

Any person, firm, association of persons, company, corporation, or their agents, servants, or employees violating or failing to comply with any of the provisions of this Article shall be fined upon conviction not less than one dollar (\$1.00) nor more than two thousand dollars (\$2,000.00), and each day any violation of non-compliance continues shall constitute a separate and distinct offense.

SECTION 5. ENGROSSMENT AND ENROLLMENT CLAUSE.

The City Secretary of the City is hereby directed to engross and enroll this ordinance by copying the caption, penalty clause (if any), publication clause and effective date clause in the minutes of the City Council and filing the ordinance in the ordinance records of the City.

SECTION 6. PUBLICATION CLAUSE.

The City Secretary is hereby directed to post or publish in the official newspaper of the City, the caption, penalty clause (if any), publication clause and effective date clause of this ordinance in one issue of the official newspaper of the City, provided that the official newspaper is a weekly paper, as authorized by Texas Local Government Code, Section 52.011.

SECTION 7. EFFECTIVE DATE

This Ordinance shall be effective after final passage and publication as required by law.

PASSED AND APPROVED THIS THE 12th day of June, 2006.

MAYOR

ATTEST:

City Secretary