

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF GRANBURY, TEXAS, ADOPTING REGULATIONS TO PROTECT THE WATERSHED AREA OF LAKE GRANBURY LYING WITHIN THE EXTRATERRITORIAL JURISDICTION OF THE CITY (AETJ@); PROVIDING FOR A GAS WELL PERMITTING PROCESS IN THE ETJ; PROVIDING FOR DEFINITIONS; PROVIDING FOR INSURANCE AND INDEMNIFICATION REQUIREMENTS; PROVIDING FOR SECURITY; ESTABLISHING PROVISIONS FOR PERIODIC REPORTS; PROVIDING FOR NOTICE OF ACTIVITIES; ESTABLISHING PROVISIONS FOR ABANDONMENT OF WELLS AND PIPELINES; SETTING FORTH CRITERIA FOR AMENDED GAS WELL PERMITS; PROVIDING FOR THE TRANSFER OF GAS WELL PERMITS; ESTABLISHING REMEDIES OF THE CITY; PROVIDING FOR ENFORCEMENT AND RIGHT OF ENTRY; PROVIDING A CUMULATIVE CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY FOR VIOLATIONS HEREOF; PROVIDING FOR PUBLICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Granbury, Texas (the ACity@) is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, the City Council of the City of Granbury heretofore adopted Ordinance No. 05-84, amending Ordinance Number 01-819, as amended, the Zoning Ordinance of the City of Granbury, which regulates gas drilling and production within the corporate limits of the City; and

WHEREAS, gas drilling and production activities are potentially hazardous to the public health safety and general welfare and the City Council finds that such activities may pose a risk to the source of water supply to the City; and

WHEREAS, Section 401.002(b) of the Texas Local Government Code provides that the City may provide for the protection of and may police any watersheds; and

WHEREAS, the Texas Legislature has found, pursuant to Section 231.221 of the Texas Local Government Code, that all of Hood County is located within the watershed that drains into Lake Granbury and the Brazos River; and

WHEREAS, in order to protect the watershed that drains into Lake Granbury and pursuant to the authority set forth in Section 401.002 of the Texas Local Government Code, the City Council now deems it necessary to enact comprehensive provisions governing the operation and impact of oil and gas wells within the City=s Extraterritorial Jurisdiction; and

WHEREAS, the City Council desires to enact the regulations set forth herein to protect the public health, safety and general welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRANBURY, TEXAS:

SECTION 1.

That the Code of Ordinances, City of Granbury, Texas is hereby amended by amending Chapter 13 to add a new Article 13.16, which shall read as follows:

Amended by Ordinance 18-82, December 4,2018

Article 13.16 WATERSHED PROTECTION; GAS WELL DRILLING & PRODUCTION IN ETJ

Sec. 13.16.001 Purpose and intent

The Texas Legislature has found, pursuant to Section 231.221 of the Texas Local Government Code, that all of Hood County is located within the watershed that drains into Lake Granbury and the Brazos River. In order to protect the watershed that drains into Lake Granbury and pursuant to the authority set forth in Section 401.002 of the Texas Local Government Code, the City Council deems it necessary to regulate the operation and impact of oil and gas wells within the City=s Extraterritorial Jurisdiction. It is hereby

declared to be the purpose of this Article to establish reasonable and uniform limitations, safeguards and regulations for operations related to the exploring, drilling, developing, producing, transporting and storing of gas, hydrocarbons and other substances produced in association therewith within the City's Extraterritorial Jurisdiction in order to protect the health, safety and general welfare of the public, minimize the potential impact to the watershed of Lake Granbury and protect the quality of the environment.

Sec. 13.16.002 Definitions

Definitions. All technical industry words or phrases related to the drilling and production of gas wells not specifically defined shall have the meanings customarily attributable thereto by prudent operators in the industry. For the purposes of this Article, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

Abandonment. AAbandonment@ as defined by the Railroad Commission and includes the plugging of the well and restoration of the drill site as required by this Article.

Applicant. A 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 Article, including, but not limited to, his or her heirs, legal representatives, successors or assigns.

Drill Site. The area used for drilling, completing, or re-working a well.

Drilling. Any digging or boring of a new well to develop or produce gas or to inject gas, water, or any other fluid or substance into the earth. Drilling means and includes the re-entry of an abandoned well. Drilling does not mean or include the re-entry of a well that has not been abandoned.

Environmentally Sensitive Area. An area under the jurisdiction of the U.S. Army Corps of Engineers where scientific, ecological, cultural or aesthetic features have been identified by the Corps of Engineers.

Exploration. Geologic or geophysical activities, including, but not limited to, surveying and seismic exploration, related to the search for gas or other sub-surface hydrocarbons.

Gas. Gas or natural gas, as such terms are used in the rules, regulations, or forms of the Railroad Commission.

Gas Well. Any Well drilled for the production of gas or classified as a gas well by the Texas Natural Resources Code or the Railroad Commission.

Gas Well Permit. A permit applied for and issued or denied pursuant to this Article authorizing the drilling, production, and operation of one or more gas wells.

Gathering Station. The site where the gathering lines for all the wells converge.

Hazardous Materials Management Plan. The hazardous materials management plan and hazardous materials inventory statements required by the Fire Code.

Inspector. An independent qualified gas consultant familiar with and educated in the gas industry who has been retained by the City.

New Well. A new well bore or new hole established at the ground surface and shall not include the re-working of an existing well that has not been abandoned unless the re-working involves drilling to a deeper total depth.

Operation Site. The area used for development and production of gas and all related operational activities after drilling activities are complete.

Operator. 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, for any gas well is not the lessee of any premises affected by the provisions of this Article, then such lessee shall also be deemed to be an operator. In the event that there is no gas lease relating to any premises affected by this Article, the owner of the fee mineral estate in the premises shall be deemed the operator.

Pipeline Easement Map. A map indicating all gathering line easements. The easements must be located separately from other utility easements.

Railroad Commission. The Railroad Commission of Texas.

Watershed. The area consisting of the Extraterritorial Jurisdiction of the City of Granbury, all of which constitutes the watershed that drains into Lake Granbury.

Well. A hole or bore to any horizon, formation, or strata for the purpose of producing gas or other hydrocarbons.

Sec. 13.16.003 Gas well permit required

(a) No person shall engage in the drilling and production of gas wells within the City's Extraterritorial Jurisdiction without first obtaining a gas well permit.

(b) A single (blanket) gas well permit may be obtained for multiple wells on the same lot or tract.

(c) When a gas well permit has been issued covering a well, the permit shall constitute authority for the following, so long as conducted in strict accordance with this Article: drilling, operation, production, gathering of production, maintenance, repair, re-working, testing, site preparation consisting of rigs or tank batteries, plugging and abandonment, and any other activity authorized by this Article associated with drilling or production by the operator or its employees, agents, contractors, subcontractors or representatives. A gas well permit shall also constitute authority for the construction and use of all facilities reasonably necessary or convenient in connection therewith, including gathering lines and discharge lines, by the operator or his employees, agents, contractors, subcontractors or representatives, so long as constructed and used in strict accordance with this Article.

(d) An original gas well permit shall not, however, constitute authority for the re-entering and drilling of an abandoned well. Re-entry and drilling of an abandoned well shall require a new gas well permit.

(e) A gas well permit may be issued for any lot, tract, described property, or other parcel of property. The activities as outlined in the gas well permit application shall be contained within the areas described and issued under such permit.

(f) In addition to obtaining a gas well permit and before establishing a drill site and access road, the operator must obtain a grading permit from the City Engineering Department. The grading permit application shall include a storm water pollution prevention plan and a drainage plan unless the City Engineer determines that they are not necessary.

Sec. 13.16.004 Application and review of gas well permit

(a) Applications for gas well permits shall be submitted in writing on forms provided by the City and signed by the operator and shall at a minimum contain the following:

- (1) The total number of wells to be drilled.
- (2) The location of the drill site and a layout of the site showing all related facilities, including, but not limited to, drilling rig, pipe rack, water and sanitary sewer facilities, electrical supply, camper/office trailers, reserve pit, and fracturing pits.
- (3) The location of the operation site and a layout of the site showing all related facilities, including but not limited to wellheads, separators, dehydrators, tank batteries, compressors, and metering stations.
- (4) Size, location and purpose of any shared facilities, including, but not limited to, centralized tank batteries or fracturing pits for multiple wells or drill sites.

- (5) The design, location, and arrangement of all access roads.
- (6) A map of the public streets to be used by truck traffic to the drill site.
- (7) The location of any floodplain, drainage or flowage easement.
- (8) A Pipeline Easement Map indicating the location of the nearest Gathering Station and the alignment of the pipeline(s) connecting the Operation Site to the Gathering Station.
- (9) A detailed Emergency Response Plan addressing well blow-outs, environmental spillage and other potential catastrophic occurrences. The Emergency Response Plan must also demonstrate the existence and nature of firefighting apparatus and supplies on-site and said Plan must be filed with the City's Fire Inspector and the County Volunteer Fire Department.
- (10) Such additional information as is reasonably required by the Inspector or City staff to prevent contamination of the watershed.

(b) Applications for gas well permits shall be filed with the Community Development Department. The following fees shall be charged for each application:

- (1) an administration fee of Five Hundred Dollars (\$500), and
- (2) an inspection fee of Five Thousand Dollars (\$5,000) for each well covered by the permit.

The administration fee is not refundable regardless of the outcome of the application. Incomplete applications shall be returned to the applicant. The City shall return any application as incomplete if there is a dispute pending before the Railroad Commission regarding the determination of the operator.

(c) No gas well permit shall be issued if the proposed activities are not in conformance with this Article.

(d) A decision to deny an application for a gas well permit shall be provided to the operator in writing, including the reason for the decision. The operator may appeal any such denial to the City Council.

(e) If an application for a gas well permit is denied, nothing herein shall prevent a new application from being submitted to the City for the same well. A new application fee shall accompany each new application.

Sec. 13.16.005 Insurance and indemnification

The operator shall provide or cause to be provided the insurance described below for each well for which a gas well permit is issued, such insurance to continue until the well is abandoned and accepted by the City as having been restored. The operator may provide the required coverage on a blanket basis for multiple wells if the site of each well is sufficiently identified, the limits of coverage are sufficient as determined by the City within its sole discretion, and the blanket policy is otherwise approved by the City. The operator must provide to the City sufficient documentation that the Operator's insurance complies with the requirements of this section before the issuance of the gas well permit.

- (1) General Requirements: Indemnification and Express Negligence Provisions
 - (A) Each gas well permit issued by the City shall include the following language and regardless of whether such language is actually included in the gas well permit it shall be deemed to be included therein: OPERATOR DOES HEREBY EXPRESSLY AND IRREVOCABLY RELEASE AND DISCHARGE ALL CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, AND EXECUTIONS OF ANY AND ALL KINDS WHICH IT OR ITS SUCCESSORS OR ASSIGNS EVER HAD, OR NOW HAS OR MAY HAVE, OR CLAIMS TO HAVE, AGAINST THE CITY OF GRANBURY, TEXAS, ITS DEPARTMENTS, AGENTS, OFFICERS, SERVANTS, EMPLOYEES, SPONSORS, OR VOLUNTEERS, THE GAS WELL INSPECTOR, AND EACH OF THEIR RESPECTIVE HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, AND ASSIGNS (THE CITY OF GRANBURY, TEXAS AND ALL OTHER FOREGOING PARTIES BEING HEREIN REFERRED TO COLLECTIVELY AS THE INDEMNIFIED PARTIES) CREATED BY OR ARISING OUT OF PERSONAL INJURIES, KNOWN OR UNKNOWN, OR INJURIES TO PROPERTY, REAL OR PERSONAL, OR IN ANY WAY INCIDENTAL TO OR IN CONNECTION WITH THE PERFORMANCE OF THE WORK PERFORMED BY THE OPERATOR UNDER A GAS WELL PERMIT. OPERATOR AGREES TO FULLY DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS THE INDEMNIFIED PARTIES FROM AND AGAINST EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION AND ANY AND ALL LIABILITY, DAMAGES, OBLIGATIONS, JUDGMENTS, LOSSES, FINES, PENALTIES, COSTS, FEES, AND EXPENSES INCURRED BY THE INDEMNIFIED PARTIES CAUSED BY OR ARISING OUT OF,

INCIDENTAL TO, OR OTHERWISE IN CONNECTION WITH ANY WORK PERFORMED BY OPERATOR UNDER A GAS WELL PERMIT, INCLUDING, WITHOUT LIMITATION, PERSONAL INJURIES AND DEATH IN CONNECTION THEREWITH WHICH MAY BE MADE OR ASSERTED BY OPERATOR, HIS AGENTS, ASSIGNS, OR ANY THIRD PARTIES. OPERATOR AGREES TO FULLY DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS THE INDEMNIFIED PARTIES FROM ANY CLAIMS, LIABILITIES, OR DAMAGES SUFFERED AS A RESULT OF CLAIMS, DEMANDS, COSTS, OR JUDGMENTS AGAINST THE INDEMNIFIED PARTIES, CREATED BY OR ARISING OUT OF THE ACTS OR OMISSIONS OF THE CITY OF GRANBURY OR ANY OF THE OTHER INDEMNIFIED PARTIES, OCCURRING ON THE DRILL SITE OR OPERATION SITE IN THE COURSE AND SCOPE OF INSPECTING AND PERMITTING THE GAS WELLS INCLUDING, BUT NOT LIMITED TO, CLAIMS, LIABILITIES, AND DAMAGES ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES, INCLUDING THE SOLE NEGLIGENCE OF ANY INDEMNIFIED PARTY, OCCURRING ON THE DRILL SITE OR OPERATION SITE IN THE COURSE AND SCOPE OF INSPECTING AND PERMITTING THE GAS WELLS. IT IS UNDERSTOOD AND AGREED THAT THE INDEMNITY PROVIDED FOR IN THIS SECTION IS AN INDEMNITY EXTENDED BY THE OPERATOR TO INDEMNIFY AND PROTECT THE CITY OF GRANBURY, TEXAS AND THE OTHER INDEMNIFIED PARTIES FROM THE CONSEQUENCES OF THE NEGLIGENCE OF ANY OF THE INDEMNIFIED PARTIES, WHETHER THAT NEGLIGENCE IS THE SOLE OR CONTRIBUTING CAUSE OF THE RESULTANT INJURY, DEATH, AND/OR DAMAGE. THE FOREGOING IS NOT INTENDED TO REQUIRE THE OPERATOR TO INDEMNIFY THE INDEMNIFIED PARTIES FROM THE INDEMNIFIED PARTIES' GROSS NEGLIGENCE OR INTENTIONAL HARM, IRRESPECTIVE OF WHETHER THAT GROSS NEGLIGENCE OR INTENTIONAL HARM IS THE SOLE OR CONTRIBUTING CAUSE OF THE RESULTANT INJURY, DEATH, AND/OR DAMAGE.

- (B) All policies shall be endorsed to read AThis policy will not be cancelled or non-renewed without thirty (30) days advanced written notice to the owner and the City of Granbury, Texas, except when this policy is being cancelled for nonpayment of premium, in which case ten (10) days advance written notice is required@.
- (C) Liability policies shall be written by: (i) carriers licensed to do

business in Texas and with companies with A: VIII or better rating in accordance with the current Best Key Rating Guide, or (ii) non-admitted carriers that have a financial rating comparable to carriers licensed to do business in Texas and which are approved by the City.

- (D) Liability policies shall name as AAdditional Insured@ the City and other Indemnified Parties. Waivers of subrogation shall be provided in favor of all Indemnified Parties.
- (E) Copies of insurance policies must be presented to the City evidencing all coverages and endorsements required by this section before the issuance of the gas well permit, and the acceptance of a policy without the required limits and/or coverages shall not be deemed a waiver of these requirements. The City may, in its sole discretion, accept a certificate of insurance in lieu of a copy of the policy pending the operator=s receipt of the policy. After the issuance of the gas well permit, the City may require the operator to provide a copy of the most current insurance policies for review at any time. An administration fee of \$150 will be charged to cover the cost of such review.
- (F) Claims-made policies shall not be accepted except for excess policies and Environmental Impairment (or Seepage and Pollution) policies.

(2) Required Insurance Coverage:

- (A) Commercial or Comprehensive General Liability Insurance:
 - (i) Coverage should be a minimum Combined Single Limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury and Property Damage, with a Two Million Dollar (\$2,000,000) annual general aggregate. This coverage must include premises, operations, blowout or explosion, products, completed operations, blanket contractual liability, underground property damage, underground reservoir (or resources) damage, broad form property damage, independent contractors protective liability and personal injury.
 - (ii) Underground Reservoir (or Resources) Damage shall be on an occurrence basis, shall not be limited to sudden and accidental occurrences, shall not have a discovery or

reporting limitation and shall not exclude damage to water tables, formation or strata.

(iii) Environmental Impairment (or Seepage and Pollution) shall be either included in the coverage or written as separate coverage. Such coverage shall not exclude damage to the lease site. If Environmental Impairment (or Seepage and Pollution) Coverage is written on a Aclaims made@ basis, the policy must provide that any retroactive date applicable precedes the effective date of the issuance of the permit. Coverage shall apply to sudden and accidental pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, gases, waste material, or other irritants, contaminants or pollutants. Coverage shall be a minimum combined single limit of One Million Dollars (\$1,000,000), per occurrence. A discovery period for such peril shall not be less that 30 days after the occurrence.

(B) Automobile Liability Insurance: Minimum Combined Single Limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury and Property Damage. Such coverage shall include owned, non-owned, and hired vehicles.

(C) Worker's Compensation Insurance: In addition to the minimum statutory requirements, coverage shall include Employer's Liability limits of at least One Million Dollars (\$1,000,000) for each accident, One Million Dollars (\$1,000,000) for each employee, and a One Million Dollars (\$1,000,000) policy limit for occupational disease, and the insurer agrees to waive rights of subrogation against any of the Indemnified Parties for any work performed for the City by the operator.

(D) Excess (or Umbrella) Liability Insurance: Minimum limit of Ten Million Dollars (\$10,000,000) covering in excess of the preceding liability insurance policies.

(E) Control of Well Insurance:

(i) Minimum limit of Ten Million Dollars (\$10,000,000) per occurrence, with a maximum deductible of Two Hundred and Fifty Thousand (\$250,000) per occurrence.

(ii) Policy shall cover the cost of controlling a Well that is out of

control, re-drilling or restoration expenses, and seepage and pollution damage. Damage to property in the operator=s care, custody, and control with a sub-limit of Five Hundred Thousand Dollars (\$500,000) may be added.

- (iii) The Control of Well insurance policy shall be endorsed to read
Aln the event of a well out of control, no other payments may be made until all pollution claims by the City of Granbury and its citizens have been settled.@

Sec. 13.16.006 Security

A security instrument that covers each well must be delivered to the City before the issuance of the gas well permit for the well. The instrument must provide that it cannot be cancelled without at least thirty (30) days prior written notice to the City.

- (1) As to each well, the instrument shall secure the obligations of the operator to pay fines and penalties imposed upon the operator by the City for any breach of the gas well permit or to remedy any default under this Article.
- (2) The security instrument may be in the form of an irrevocable letter of credit issued by a bank located in the City of Granbury, Texas and approved by the City or a payment bond issued by a surety approved by the City. The instrument shall run to the City for the benefit of the City, shall become effective on or before the date the gas well permit is issued, and shall remain in force and effect for a period not less than six (6) months after the expiration or termination of the gas well permit or after the well is plugged and abandoned and the site restored.
- (3) A certificate of deposit may be substituted for the letter of credit or payment bond. The certificate shall be issued by a bank located in the City of Granbury, Texas and approved by the City, shall be payable to the order of the City to secure the obligations of the Operator described above, and shall be pledged to the City with evidence of delivery provided to the City and an appropriate control agreement signed by the issuing bank sufficient to perfect the City=s interest in the deposit. Interest on the certificate of deposit shall be payable to the operator.
- (4) The amount of the security shall be One Hundred Thousand Dollars (\$100,000) for any single well and Two Hundred Thousand Dollars (\$200,000) for multiple wells on a Ablanket@ basis under the same gas well permit.

- (5) The form and substance of the documents evidencing the security instruments described above must be acceptable to the City within its sole discretion.

Sec. 13.16.007 Periodic reports

(a) The Operator shall notify the Community Development Director of any change to the following information within one (1) business day after the change occurs.

- (1) The name, address, or phone number of the operator;
- (2) The name, address, or twenty-four (24) hour phone number of the person(s) with supervisory authority over drilling or operations activities;
- (3) The name, address, or phone number of the person designated to receive notices from the City, which person must be a resident of Texas that can be served in person or by registered or certified mail; or
- (4) The operator=s Emergency Action Response Plan including Adrive-to maps@ from public rights-of-way to each area covered by gas well permit.

(b) The operator shall provide a copy of any Aincident reports@ or written complaints submitted to the Railroad Commission or any other state or federal agency within thirty (30) days after the operator has notice of the existence of such reports or complaints.

(c) Beginning on December 31st after each well is completed, and continuing on each December 31st thereafter until the operator notifies the City that the well has been abandoned and the site restored, the operator shall prepare a written report to the City identifying any changes to the information that was included in the application for the applicable gas well permit that have not been previously reported to the City.

Sec. 13.16.008 Amended gas well permits

(a) An operator must submit an application to the Community Development Department to amend an existing gas well permit, to commence drilling from a new drill site that is not shown on (or incorporated by reference as part of) the existing permit, to relocate a drill site or operation site that is shown on (or incorporated by reference as part of) the existing permit, or to otherwise amend the existing permit.

(b) Applications for amended gas well permits shall be in writing on forms provided by the City and signed by the operator, and shall include the following:

- (1) An application fee in the amount of Five Hundred Dollars (\$500). The application fee is not refundable regardless of the outcome of the

application;

- (2) A description of the proposed amendments;
- (3) Any changes to the information submitted with the application for the current gas well permit (if such information has not previously been provided to the City);
- (4) Such additional information as is reasonably required by the Inspector or City staff to demonstrate compliance with the provisions of this Article; and
- (5) Such additional information as is reasonably required by the Inspector or City staff to prevent contamination of the watershed.

(c) If, in the judgment of the City or the Inspector, the activities proposed by the amendment require an inspection, an inspection fee of One Thousand Dollars (\$1,200) shall be charged. The operator must pay the fee before the amended gas well permit will be issued.

(d) Incomplete applications shall be returned to the applicant. The City shall return any application as incomplete if there is a dispute pending before the Railroad Commission regarding the determination of the operator.

(e) If the activities proposed by the amendment are materially different and, in the judgment of the City or the Inspector, might create a risk of imminent destruction of property or injury to persons that was not associated with the activities covered by the existing permit or that was not otherwise taken into consideration by the current permit, the amendment must be processed as a new gas well permit application under the provisions of Sections 13.16.003-004.

(f) A decision to deny an amendment to a gas well permit shall be provided to the operator in writing, including an explanation of the basis for the decision. The operator may appeal any such denial to the City Council.

(g) No amended gas well permit shall be issued if the proposed activities are not in conformance with the provisions of this Article.

Sec. 13.16.009 Transfer of gas well permits

(a) A gas well permit may be transferred upon written request by the operator with the consent of the City:

- (1) If the transferee agrees to be bound by the terms and conditions of the current gas well permit;

(2) If all information previously provided to the City as part of the current gas well permit application is updated to reflect any changes; and

(3) If the transferee provides the insurance and security required by this Article.

(b) The insurance and security provided by the transferor shall be released if a copy of the written transfer is provided to the City. The transfer shall not relieve the transferor from any liability to the City arising out of any activities conducted prior to the transfer.

Sec. 13.16.010 On-site operation requirements

(a) No Drill Site or Operation Site shall be located within two hundred (200) feet of a railroad right-of-way.

(b) Erosion control shall comply with the storm water pollution prevention plan approved by the City Engineering Department.

(c) A drill site or operation site may only be allowed in a floodplain with the approval of the City Engineer or, where applicable, the U.S. Army Corps of Engineers, in order to prevent contamination of the watershed.

(d) There shall be a locked entrance gate to the drill site and operation site.

(e) Permanent weatherproof signs reading "DANGER NO SMOKING ALLOWED" in a minimum of four inch (4") lettering shall be posted at the entrance of each drill site and operation site. The sign shall also include the phone number for emergency services (9-1-1), the name and phone number for the operator, and the well designation required by the Railroad Commission in two inch (2") lettering. The information on the sign shall be in English and Spanish. The sign shall be reflective.

(f) All facilities used for parking, loading, unloading, driveways and all other vehicular access shall be constructed of concrete, asphalt or an alternative equivalent strength surface which complies with all Fire Code standards, provided that the drive approach from the street be constructed of concrete. The surface for such facilities and drive approach must always be maintained in good condition and repair.

(g) A temporary six-foot chain link or approved alternative fence with a minimum height of six (6) feet shall be required around a drill site, and any gate to the site shall be locked when no operations personnel are present.

(h) The equipment or facilities on an operation site must be enclosed, individually or collectively, by eight (8) foot high screening. Any gates in the screening enclosure shall remain locked at all times when no operations personnel are present. The operator must

provide the City Fire Marshal with a Knox box with a key to access the operation site in case of an emergency. The screening shall be designed to prevent unauthorized entry.

(i) No refining process, or any process for the extraction of products from gas, shall be carried on at a drill site or operation site, except that a dehydrator and separator may be maintained for the separation of liquids from gas. Any such dehydrator or separator may serve more than one well. All production equipment on an operation site shall be maintained at all times.

(j) No person shall place, deposit, or discharge or cause or permit to be placed, deposited, or discharged any oil, naphtha, petroleum, asphalt, tar, hydrocarbon substance, refuse, wastewater, brine or hazardous substance from any gas operation or the contents of any container used in connection with any gas operation in, into, or upon any public right-of-way, storm drain, ditch or sewer, sanitary drain or sewer, any body of water, or any private property.

(k) Electric lines to the drill site or operation site shall be located underground.

(l) All fire suppression and prevention equipment required by any applicable federal, state, or local law shall be provided by the operator, at the operator's cost, and the maintenance and upkeep of such equipment shall be the responsibility of the operator.

Sec. 13.16.011 Operations and equipment practices and standards

(a) The Operator shall at all times comply with the rules and regulations of the Railroad Commission including but not limited to all applicable Field Rules.

(b) An operator is allowed to construct, use, and operate such storage equipment and separation equipment as shown on the applicable gas well permit. The use of centralized tank batteries is permitted only as shown on the applicable gas well permit.

(c) In parallel to a gas gathering pipeline, a flow back line may be installed to handle water and gas flow back following well fracture treatment.

(d) Vehicles, equipment, and machinery shall not be placed or located on a drill site or operation site or on any public street, alley, driveway, or other public right-of-way in such a way as to constitute a fire hazard or to unreasonably obstruct or interfere with fighting or controlling fires.

(e) Within 60 days of the completion of the well or within 60 days of re-working a well, the area around the well shall be cleaned up and cleared of all material and equipment, holes or excavations filled, and the land graded and returned to its original condition.

Sec. 13.16.012 Flow lines and gathering lines

- (a) An operator shall place an identifying sign, in English and Spanish, at each point where the operator has constructed or caused to be constructed a flow line or gathering line across a public street or road.
- (b) An operator shall place a warning sign, in English and Spanish, for lines carrying Hydrogen Sulfide (H₂S) gas as required by the Railroad Commission.
- (c) All flow lines and gathering lines associated with operations under a gas well permit within the Extraterritorial Jurisdiction of the City that are used to transport oil, gas, and/or water shall be limited to the maximum allowable operating pressure applicable to the pipes installed and shall be installed with at least the minimum cover or backfill specified by the American National Safety Institute Code, as amended.
- (d) Easements must be acquired for all flow lines, gathering lines and flow back lines. The location of easements shall be shown in a Pipeline Easement Map.
- (e) Structures shall not be built over flow lines or gathering pipelines.
- (f) All pipelines shall be located underground. The location of all pipelines must be marked with warning signs in accordance with industry standards. Within the City's Extraterritorial Jurisdiction, the distance between such signs shall not exceed five hundred (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 buried pipeline.

Sec. 13.16.013 Additional safety and environmental requirements

- (a) The drilling and production of gas and accessing the drill site or operation site shall be in compliance with all State and Federal environmental regulations and shall not occur within environmentally sensitive areas.
- (b) Gas wells may have a target location or bottom-hole location that is under an Environmentally Sensitive Area when the gas well is drilled directionally from a location outside the environmentally sensitive area.
- (c) Each producing well shall be equipped with an automated valve that closes the well in the event of an abnormal change in operating pressure. All wellheads shall contain an emergency shut off valve to the well distribution line.
- (d) Each storage tank shall be equipped with a level control device that will automatically activate a valve to close the well or automatically call the operator's response personnel to manually close the well in the event of excess liquid accumulation in the tank.

(e) Storage tank facilities shall be equipped with a secondary containment system including lining with an impervious material. The secondary containment system shall be of a sufficient height to contain one and one-half (1.5) times the contents of the largest tank, and the impervious liner shall be covered with at least one (1) foot of sand. Drip pots shall be provided at pump out connections to contain the liquids from the storage tank.

(f) Tank battery facilities shall be equipped with a remote foam line utilizing a two and one-half (2.5) inch National Standard Hose Thread female inlet connection in locations approved by the Fire Department. A lightning arrestor system shall be installed according to the most current edition of the National Electrical Code.

(g) An approved Hazardous Materials Management Plan shall be on file with the Fire Department. The costs of cleanup operations due to hazards associated with a Well site shall be the responsibility of the operator.

(h) No salt-water disposal wells shall be located within the City's Extraterritorial Jurisdiction.

(i) All pits must have an impervious lining.

(j) The following inspections shall be required:

(1) Surface Casing: An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by state law. The operator shall notify the Inspector in writing at least seventy-two (72) hours prior to setting and cementing surface casing. In addition, the following shall be required:

(A) Centralizers must be used at an interval of one (1) centralizer per one hundred (100) feet, or ten (10) centralizers per one thousand (1,000) feet.

(B) New surface casing is required.

(C) Proper floating equipment shall be used.

(D) Class AH@ or Class AC@ cement with accelerators shall be used.

(E) The operator shall circulate cement to surface; if not, the operator shall cement with one (1) inch tubing and top off.

(F) The operator shall wait on cement a minimum of eight (8) to twelve

(12) hours prior to commencing further drilling operations.

(G) The operator shall test the blowout preventer before drilling out of surface casing to one thousand (1,000) psi.

(2) Completion: The operator shall notify the Inspector in writing at least seventy-two (72) hours prior to starting completion procedures such as fracturing and perforating. The well must be equipped with a blowout preventer before this operation is commenced. 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: The operator shall notify the Inspector in writing at least seventy-two (72) hours prior to the first sale.

(4) Final Inspection: After the site has been cleaned up and screened, the operator shall notify the Inspector for a final inspection. Prior to the final inspection, the operator must provide the City with geographic coordinates of the well bore, using the North American Datum 1983 (NAD 83), Texas State Plane - North Central Zone (4202), in United States feet.

(k) The Inspector may conduct periodic inspections of any permitted wells in the City's Extraterritorial Jurisdiction to determine that the wells are operating in accordance with the requirements of this Article and all regulations of the Railroad Commission. If a violation of the applicable gas well permit is found during an annual inspection, a reinspection fee of \$1,200 shall be charged.

(l) If a gas field in the City's Extraterritorial Jurisdiction is identified as a Hydrogen Sulfide (H₂S) gas field, the operator shall immediately cease operation.

Sec. 13.16.014 Supplemental drilling

(a) Supplemental drilling to deepen or directional drill a well that has not been abandoned shall be conducted in accordance with the conditions of the applicable gas well permit.

(b) The operator shall provide the City with a copy of additional Railroad Commission permits that allow drilling to a deeper depth.

Sec. 13.16.015 Re-working of well; notice

Any person who intends to re-work a well using a drilling rig, to fracture stimulate a well after initial completion, or to conduct seismic exploration involving explosive charges shall

give written notice to the City at least twenty (20) days before the activities begin. The notice shall identify where the activities will be conducted and shall describe the activities in reasonable detail, including but not limited to the duration of the activities and the time of day they will be conducted. The notice must also provide the address and twenty-four (24) hour phone number of the person conducting the activities. The person conducting the activities shall post a sign, in English and Spanish, on the property giving the public notice of the activities, including the name, address, and twenty-four (24) hour phone number of the person conducting the activities. No well shall be re-worked without the approval of the Inspector. If the Inspector determines that an inspection is necessary, the operator must pay an inspection fee of \$1,200 prior to the inspection.

Sec. 13.16.016 Abandonment of wells and pipelines

(a) Upon abandonment of a well or well site, within sixty (60) days, the well shall be plugged in accordance with Railroad Commission standards, the site shall be cleaned and cleared of all material and equipment, holes or excavations filled, and the land graded and returned to its original condition including replanting of vegetation to match the surrounding area. All well casings shall be cut and removed to a depth of at least ten (10) feet below the surface.

(b) No structures shall be built within ten (10) feet of an abandoned well.

(c) Upon abandonment of a pipeline, within sixty (60) days of abandonment, a pipeline must be purged and plugged in accordance with the rules and regulations of the State of Texas in effect at that time.

(d) The operator shall contact the City and request an inspection of a restored site. The insurance coverage required herein shall be maintained until the site is accepted by the City.

Sec. 13.16.017 Remedies of the City

(a) If an operator or his officers, employees, agents, contractors, subcontractors or representatives fails to comply with any requirement of a gas well permit (including any requirement incorporated by reference as part of the permit), or any applicable provisions of this Article, the City shall endeavor to give written notice to the operator specifying the nature of the alleged failure and giving the operator a specified time to cure, taking into consideration the nature and extent of the alleged failure, the extent of the efforts required to cure, and the potential impact on the health, safety, and welfare of the community. If circumstances warrant proceeding without notice, no notice shall be required. In any case, failure to give such notice shall not prohibit the City from pursuing any available remedy.

(b) If the operator does not cure the alleged failure or environmental hazard within the

time specified by the City, the City may notify the Railroad Commission and request that the Railroad Commission take appropriate action. In addition, the City may pursue all other remedies allowed by law, including but not limited to the following:

- (1) The City Manager may suspend the gas well permit until the alleged failure is cured; and
- (2) The City Manager may revoke the gas well permit if the operator fails to initiate and diligently pursue a cure; and
- (3) The City Manager may seek recourse against the security delivered pursuant to this Article.

(c) The operator may appeal a decision to suspend or revoke the gas well permit to the City Council.

Sec. 13.16.018 Enforcement, right of entry

City staff and the Inspector are authorized and directed to enforce this Article and the provisions of any gas well permit. Whenever necessary to enforce any provision of this Article or a gas well permit, or whenever there is reasonable cause to believe there has been a violation of this Article or a gas well permit, City staff and/or the Inspector may enter upon any property covered by this Article or a gas well permit at any reasonable time to inspect or perform any duty or requirement imposed by this Article. If entry is refused, the City shall have recourse to every remedy provided by law and equity to gain entry.

**SECTION 2.
CUMULATIVE**

This ordinance shall be cumulative of all provisions of ordinances and of the Code of Ordinances of the City of Granbury, Texas (2005), as amended, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances and such Code, in which event the conflicting provisions of such ordinances and such Code are hereby repealed.

**SECTION 3.
SEVERABLE**

It is hereby declared to be the intention of the City Council that the phrases,

clauses, sentences, paragraphs, and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 4. SAVINGS

All rights and remedies of the City of Granbury are expressly saved as to any and all violations of the provisions of any other ordinances affecting gas exploration, drilling or production that have accrued at the time of the effective date of this ordinance; and, as to such accrued violations and all pending litigation, both civil and criminal, whether pending in court or not, under such ordinances, same shall not be affected by this ordinance but may be prosecuted until final disposition by the courts.

SECTION 5. PENALTY

Any person, firm or corporation who violates, disobeys, omits, neglects or refuses to comply with or who resists the enforcement of any of the provisions of this ordinance shall be fined not more than Two Thousand Dollars (\$2,000.00) for each offense. Each day that a violation is permitted to exist shall constitute a separate offense.

SECTION 6. PUBLICATION IN THE OFFICIAL NEWSPAPER

The City Secretary of the City of Granbury is hereby authorized to publish in the official newspaper of the City of Granbury, the caption, penalty clause, publication clause, and effective date clause of this ordinance one time within ten days.

**SECTION 7.
EFFECTIVE DATE**

This ordinance shall become effective from and after its date of passage and publication and it is so ordained.

PRESENTED AND GIVEN reading, passed and approved on the _____ day of _____, 2006 at a regular meeting of the City Council of the City of Granbury, Texas by a vote of _____ ayes and _____ nays.

—

David L. Southern, Mayor

ATTEST:

Dee Arcos, City Secretary

APPROVED AS TO FORM AND LEGALITY:

City Attorney