

ORDINANCE 88

AN ORDINANCE REGULATING OIL AND GAS DRILLING

WHEREAS, the City Council finds it is necessary to preserve and maintain the public health, safety, and welfare of the citizens of Coahoma, Texas, and;

WHEREAS, the City Council finds that oil and gas exploration inside the city limit may have a negative impact on other surface property use and valuation, therefore, certain regulations related to oil and gas explorations in the city limit of Coahoma, Texas are hereby adopted by the City of Coahoma;

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

THAT THE FOLLOWING REGULATIONS SHALL BE EFFECTIVE ON THIS DATE:
FEBRUARY 1, 2011.

ARTICLE I. OIL AND GAS WELLS

Section 1. Definitions.

The following words, terms and phrases, when used in this ordinance, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Lease means any tract of land subject to an oil, gas and mineral lease or other oil and gas development contract, or any unit composed of several tracts and leases but operated as one lease, and any tract of land in which the minerals are owned by an operator or someone holding under him, but which, due to the fee royalty ownership, is developed and operated as a separate tract.

Permittee means the person to whom a permit is issued for the drilling and operation of a well under this ordinance and his administrators, executors, heirs, successors and assigns.

Person means and includes both the singular and the plural; and it shall mean and include any person, individual, firm, partnership, association, corporation, club, society, cooperative, trust, municipal corporation or political subdivision whatsoever.

Well means and includes any hole or holes, bore or bores, to any sand, formation, strata or depth for the purpose of producing and recovering any oil, gas or other mineral. ~~Well shall include any secondary recovery of oil or gas. Well shall also include any salt water (brine) disposal operation.~~

All technical or oil and gas industry words or phrases used in this ordinance and not specifically defined in this section shall have that meaning customarily attributable thereto by prudent operators in the oil and gas industry.

Section 2. Permit required.

It shall be unlawful and an offense for any person acting either for himself or acting as agent, employee, independent contractor or servant of any other person, to commence to drill, to drill, or to

operate any well within the city limits or to work upon or assist in any way in the prosecution or operation of any such well, without a permit for the drilling and operation of such well having first been issued by the authority of the City Council in accordance with the terms of this ordinance.

Section 3. Streets and alleys.

No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is within any of the streets or alleys of the city. No street or alley shall be blocked, encumbered or closed by any drilling or production operation except by special permit by order of the City Council and then only temporarily.

Section 4. Well location.

No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is closer than 200 feet to any residence or 50 feet to any commercial building without the applicant having first secured the written permission of the owners thereof. The required distance shall be measured from the nearest wall of such residence or commercial building and not from the property line of the property. The required distance applies only to the main residence or commercial building on such lot and does not apply to any or all garages, sheds, or outbuildings.

Section 5. Minimum acreage for drilling permit.

- (a) No permit shall be issued and no well shall be drilled on a tract of less than ten acres.
- (b) No well shall be drilled within 500 feet of another drilling or producing well or as otherwise regulated by the Texas Railroad Commission.

Section 6. Application and filing fee.

Every application for a permit to drill and operate a well shall be in writing, signed by the applicant or by some person duly authorized to sign same on his behalf, and it shall be filed with the city secretary and shall be accompanied with a filing fee of \$800.00 in cash. No application shall request a permit to drill and operate more than one well. The application shall include the full information, including the following:

- (1) The date of the application;
- (2) Name of the applicant;
- (3) Address of the applicant;
- (4) Proposed site of the well, including:
 - a. Name of the fee owner;
 - b. Name of the lease owner and drilling operator;
 - c. Brief description of the land;
 - d. Type of derrick to be used;
 - e. Proposed depth of the well
- (5) Copies of all Texas Railroad Commission drilling permits.

Section 7. Issuance or refusal of permit.

(a) The City Council, within 30 days after the filing of the application for a permit to drill and operate a well, shall determine whether or not the application complies in all respects with the provisions of this ordinance, and if it does, the Council shall then issue a permit for the drilling and operation of the well applied for. Each permit issued under this ordinance shall:

- (1) By reference have incorporated therein all the provisions of this ordinance with the same force and effect as if this ordinance were copied verbatim in the permit;

- (2) Specify the well's location with particular attention given to lot number, block number, name of addition or subdivision or any other available and correct legal description;
- (3) Contain and specify that the terms of such permit shall be for a period of one year from the date of the permit and as long thereafter as the permittee is engaged in drilling operations with no cessation of such operations for more than 90 days, or oil or gas is produced in commercial quantities from the well drilled pursuant to such permit, provided that if at any time after discovery of oil or gas, ~~including secondary recovery~~ the production thereof in commercial quantities shall cease, the term shall not terminate if the permittee commences additional reworking operations within 90 days thereafter, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced in commercial quantities from that well;
- (4) Contain and specify such conditions as are authorized by this ordinance;
- (5) Specify the total depth to which the well may be drilled.

(b) The permit, in duplicate originals, shall be signed by the Mayor and prior to delivery to the permittee shall be signed by the permittee (with one original to be retained by the city and one by the permittee). When so signed the permit shall constitute the permittee's drilling and operating license and the contractual obligation of the permittee to comply with the terms of such permit and this ordinance.

(c) If the permit for the well is refused, or if the applicant notifies the City Council in writing that he does not elect to accept the permit as tendered and wishes to withdraw his application, then the cash deposit to be filed with the application shall be returned to the applicant, except that there shall be retained therefrom by the City \$200.00 as a processing fee.

Section 8. Termination of permit.

When a permit shall have been issued, the same shall terminate and become inoperative without any action on the part of the city unless within 90 days from the date of issuance actual drilling of the well shall have commenced. The cessation for a like period of the drilling operations or the cessation of the production of oil or gas from the well after production shall have commenced shall operate to terminate and cancel the permit, and the well shall be considered as abandoned for all purposes of this ordinance, and it shall be unlawful thereafter to continue the operation or drilling of such well without the issuance of another permit.

Section 9. Appointment of oil and gas inspector.

The City Secretary or designee shall act as an oil and gas inspector. It shall be his duty to enforce the provisions of this ordinance.

Section 10. Derrick and rig.

It shall be unlawful and an offense for any person to use or operate in connection with the drilling or reworking of any well within the city limits any engine not adequately equipped with mufflers approved by the oil and gas inspector, or to permit any drilling rig or derrick to remain on the premises or drilling site for a period longer than 60 days after completion or abandonment of the well. At all times from the start of erection of a derrick, a mast or a gin-pole, until the well is abandoned and plugged or completed as a producer and enclosed with a fence as provided in Section 14, the permittee shall keep a watchman on duty on the premises at all times, provided that it shall not be necessary to keep an extra watchman on duty on the premises when other workmen of the permittee are on the premises.

Section 11. Pits.

Either earthen or steel slush pits shall be permitted in connection with the drilling operation. If a steel pit is used, the pit and its contents shall be removed from the premises and the drilling site within

30 days after completion of the well. If an earthen slush pit is used, the same shall be filled and leveled within 120 days after completion of the well.

Section 12. Premises to be kept clean and sanitary.

The premises shall be kept in a clean and sanitary condition, free from rubbish of every kind, to the satisfaction of the oil and gas inspector at all times drilling operations or reworking operations are being conducted, and as long thereafter as oil and/or gas is being produced therefrom.

Section 13. Storage tanks and separators.

It shall be unlawful and an offense for any person to use, construct or operate in connection with any producing well within the city limits any crude oil storage tanks, except to the extent of two steel tanks for oil storage, not exceeding 500 barrels' capacity each, and so constructed and maintained as to be vapor tight and each surrounded with an earthen fire wall at such distance from the tanks as will under any circumstances hold and retain at least one and one-half times the maximum capacity of such tank. A permittee may use, construct and operate a steel conventional separator, and such other steel tanks and appurtenances as are necessary for treating oil, with each of such facilities to be so constructed and maintained as to be vapor tight. Each oil and gas separator shall be equipped with both a regulation pressure-relief safety valve and a bursting head.

Section 14. Fence Enclosures.

Any person who completes any well as a producer shall have the obligation to enclose the well, together with its surface facilities and storage tanks, by a substantial, slatted chain link fence in a neutral color, sufficiently high and properly built so as to ordinarily keep persons and animals out of the enclosure with all gates thereto to be kept locked when the permittee or his employees are not within the enclosure, except that in non congested areas this requirement may be waived by the City Council.

Section 15. Venting and flaring of gas.

No person engaged in drilling or operating any well shall permit gas to escape or be vented into the air unless the gas is flared and burned. All gas flared or burned from a torch, pipe or any or any other burning device within the city limits must be done in such a manner so as not to constitute a fire hazard to any property. The location of the torch, pipe or any or any other burning device, the construction thereof, the maintenance and the operation thereof shall at all times be in full compliance with such regulations as may from time to time be issued by the Texas Railroad Commission or any other oil and gas industry regulating agency.

Section 16. Abandonment and plugging.

Whenever any well is abandoned, it shall be the obligation of the permittee and the operator of the well to meet such precautionary measures in connection with the abandonment and plugging of a well as are prescribed by the state or the state railroad commission.

Section 17. Disposal of salt water.

The permittee shall make adequate provisions for the disposal of all salt water or other impurities that he may bring to the surface. Such disposal is to be made in such a manner as to not contaminate the water supply, present or future, to injure surface vegetation or to create a nuisance.

Section 18. Violation of laws or regulations.

Any violations of state laws or state laws or any rules, regulations or requirements of any state or federal regulatory agency having jurisdiction in reference to drilling, completing, operating, equipping, producing maintaining or abandoning an oil or gas well or related appurtenances, equipment or facilities, or in reference to fire walls, fire protection, blow-out prevention, safety protection or convenience of persons

or property shall also be in violation of this ordinance. The City may resort to the courts to force the cessation of operations and to issue fines.

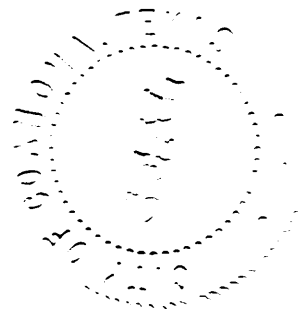
Sections 19-21. Reserved.

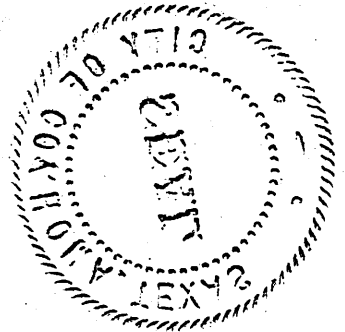
ARTICLE II.

Section 1. Savings and severability.

(a) The provisions of this ordinance are to be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein; provided, however, that all prior ordinances or parts of ordinances inconsistent with or in conflict with any of the provisions of this ordinances are hereby expressly repealed to the extent of any such inconsistency or conflict.

(b) If any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be unconstitutional or invalid, such holding shall not affect the validity of the remaining portions of this ordinance. The Council of the City of Coahoma hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional or invalid.





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