

## CITY COUNCIL OVERSIGHT COMMITTEE MINUTES

November 13, 2014

The City Council Oversight Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:05 p.m. in the City Council Conference Room on the 13th day of November 2014, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray 48 hours prior to the beginning of the meeting.

PRESENT:	Councilmember Holman, Williams, and Chairman Miller
ABSENT:	None
TARDY:	Councilmember Jungman
OTHERS PRESENT:	Mayor Cindy Rosenthal Mr. Jeff Bryant, City Attorney Ms. Susan Connors, Planning & Community Development Director Mr. Terry Floyd, Development Coordinator Ms. Leah Messner, Assistant City Attorney Mr. Shawn O'Leary, Director of Public Works Mr. David Woods, Oil & Gas Inspector Ms. Karla Chapman, Administrative Technician III

Item 1, being:

CONTINUED DISCUSSION REGARDING POSSIBLE ORDINANCE AMENDMENTS TO CHAPTER 13, SECTION 13-1501, et. seq., OIL AND GAS WELL REGULATIONS.

Chairman Miller said the City Council Oversight Committee met on November 13, 2013, to discuss oil well site security and the Committee requested Staff prepare information on the City of Norman's well site safety policy. Staff prepared a report and distributed to Council in December, 2013. This topic was placed on the Oversight Committee's May 14, 2014 agenda, Staff presented background information on the history of the City's oil well site security and fencing language in the current Code.

The Committee discussed and supported fencing around well sites and directed Staff to draft a revised Ordinance incorporating the requested changes as well as a phasing-in period requiring older well sites to comply. The Committee also requested information regarding the average cost for fencing around well sites and gather feedback from those in the affected industry. Staff met with industry representatives in June, 2014 to get their feedback on the proposed changes to fencing and oil and gas well security.

Council discussed oil and gas well fencing at a council conference on August 26, 2014 and requested Staff seek additional input from oil and gas well operators and mineral interest owners. On September 18, 2014 the Oversight Committee held another meeting to discuss the oil and gas issues. The main topic was oil and gas well regulations in the Lake Thunderbird Watershed. The Committee requested Staff prepare additional information based on the discussion to include:

1. Research other cities insurance requirements;
2. Provide specific language on location distance from ground water;
3. Spill contingency plans with permit – may consider engineering solutions in Water Quality Protection Zone (WQPZ) if meeting additional requirements;
4. Look at entire floodplain, not just floodway;
5. Consider only steel containment for tanks batteries;
6. Storage of chemicals in original containers;
7. Water diversion during the drilling process; and
8. Best practices.

Item 1, continued:

The Committee also requested Staff again meet with industry representatives to discuss ideas and get their feedback. Staff met on October 23, 2014 with thirteen (13) companies represented and went page by page to discuss the proposed amendments. Industry representatives provided a chart to Staff that identifies the issues they raised.

Staff highlighted the topics and the Committee discussed the following to include:

Fencing: the Committee agreed one (1) year fencing requirement is a reasonable standard for operators to install fencing; additional poles in concrete/cement should be added to the requirement; however, a 12 foot removable section can be added for maintenance.

Fencing waiver option: a waiver for *outside* urban service area(s) only. *Outside urban service area(s)* have ability for waiver of fencing requirement, i.e., if landowner lives in agricultural operation, etc., the waiver would be between the landowner (present or future) and Oil and Gas owner until the *outside* urban service area became an urban service area, City sewer and water services. No fencing waiver option for urban service area.

Insurance requirements: Staff said Norman's limits are consistent with other Oklahoma and Texas cities; bodily injury coverage to \$125,000 and local operators prefer limits to remain the same. Mayor Rosenthal felt the insurance liability was lower compared to other cities and Councilmember Jungman agreed. Mayor Rosenthal requested Staff to bring back premium insurance costs.

Spill contingency plan: Environmental Protection Agency (EPA) requires operators to have Spill Prevention Control & Countermeasure Plans for each well as to how to prevent, respond to, and contain any spills; operators are to provide plans and annual inspection sheet for review; and operators agree to this requirements.

Compliance with WQPZ requirements: review of oil well permit applications requires review of oil well permit applications by the City to ensure compliance with WQPZ and operators agree to this requirement. Mayor Rosenthal felt the proposed language regarding the WQPZ compliance requirement is very broad and her recollection was no drilling was to be allowed in the WQPZ area. She requested Staff take a closer look at this requirement, specifically, place the WQPZ language in the proposed oil and gas ordinance so that it is very clear.

Steel containment systems: requires steel or concrete containment systems, with seamless liners, to be constructed around tank batteries at new well sites – Operators agree to this requirement;

Storage of chemicals: chemicals, hazardous materials stored in manner to prevent, contain, and facilitate remediation & cleanup of spill, leakage, etc.; all safety sheets kept on site; take appropriate pollution prevention actions; Operators agree to this requirement;

Best practices for water protection (to protect surface and ground water): require closed loop systems, prohibit earthen circulation pits; construction ditches around drilling rig with sump pumps; and water testing of all water wells within quarter miles of newly drilled well; Operators agree to terms except for some concerns regarding water testing. They do not want proposed testing requirements to be expanded to existing wells; and

Other safety suggestions: increase amount of surface casing in new wells and increase cement to be pumped into plugged wells; and authority for oil and gas inspector to order well to cease operation until well is compliant with terms of ordinance.

Operators requests for amendment: Operators felt the Code should be amended to allow additional wells to be drilled on the same well pad without requiring a new waiver from property owner(s) within 600 feet of the well site every time a subsequent well is drilled; and allow wells, with the permission of the surface owner, to be drilled on property contained in a Norman Rural Certificate of Survey Subdivision. Chairman Miller asked Staff to research whether other Cities allowed this and, if so, what is the impact, if any, to the surrounding neighbors.

Item 1, continued:

Operators expressed areas for further discussion: requested further discussions regarding fencing amendments: costs; retroactivity requirement; burden on operators to fence; size of area to be fenced; conflict between ordinance and surface lease terms; option for a waiver; discretion for the Oil and Gas Inspector; operators do not want insurance costs to increase; and operators are concerned about expanding the requirement to water well testing around existing oil wells. Councilmember Jungman felt existing water wells should be tested and their first water test could be used as a baseline going forward. He asked Staff how many water wells are within a quarter of a mile of the existing oil wells and the cost of a water well test. Mr. David Woods, Oil and Gas Inspector, said water tests can cost as much as \$1,000. Councilmember Jungman asked Staff who owns the water well test and Mr. Jeff Bryant, City Attorney, said the proposed ordinance states it shall be filed with the City; therefore, the test will be public record. Councilmember Jungman asked what remedy exists if the test results reflect contaminants in the well and what steps are taken next? Civil action? He asked what role the City would take?

The City Attorney's Office also received a Memorandum of Law from the legal representatives of Norman well operators which puts forth their view of municipal regulatory authority over the oil and gas industry and the Legal Department is reviewing the Memorandum. Both the industry representative's chart and Memorandum of Law was distributed to the Committee.

Chairman Miller requested Staff to bring back requested information to the next Oversight Committee meeting scheduled December 18, 2014.

Items submitted for the record

1. Memorandum dated November 7, 2014, from Susan Connors, Director Planning and Community Development, and Leah Messner, Assistant City Attorney, to City Council Oversight Committee
2. Draft Ordinance Regulating Oil and Gas Drilling and Operation
3. Draft Amendments to Chapter 19
4. Chart with Comments from Oil Well Operators
5. Memorandum of Law dated November 5, 2014, from Mahaffey & Gore, P.C., to Leah Messner, Assistant City Attorney
6. Comparison Chart of Insurance Requirements for Various Municipal Cities
7. PowerPoint Presentation entitled "Proposed Amendments to Oil and Gas Ordinance," City of Norman, City Council Oversight Committee, dated November 13, 2014
8. Letter dated November 13, 2014, from Law Offices of Behrens, Wheeler, and Chamberlain, to Leah Messner, Assistant City Attorney
9. Letter dated November 7, 2014, from David D. Greer, Royalty Owner, to Norman City Council
10. Letter dated November 7, 2014, from Windfall Oil Investment, Inc., to Norman City Council

Item 2, being:

MISCELLANEOUS PUBLIC COMMENTS.

None.

ADJOURNMENT.

The meeting adjourned at 6:35 p.m.