

BOARD OF ADJUSTMENT MINUTES

JANUARY 24, 2018

The Board of Adjustment of the City of Norman, Cleveland County, Oklahoma, met in Regular Session in City Council Chambers, 201 West Gray, at 4:30 p.m., on Wednesday, January 24, 2018. Notice and agenda of said meeting were posted in the Municipal Building at the above address and at www.normanok.gov/content/board-agendas at least 24 hours prior to the beginning of the meeting.

Item No. 1, being:

CALL TO ORDER

Chairman Andrew Seamans called the meeting to order at 4:30 p.m.

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Item No. 2, being:

ROLL CALL

MEMBERS PRESENT

Brad Worster
Curtis McCarty
Mike Thompson
James Howard
Andrew Seamans

MEMBERS ABSENT

None

A quorum was present.

STAFF PRESENT

Susan Connors, Director, Planning & Community
Development
Wayne Stenis, Planner II
Roné Tromble, Recording Secretary
David Woods, Oil & Gas Inspector
Kristina Bell, Asst. City Attorney

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Item No. 3, being:

ELECTION OF OFFICERS FOR 2018

Brad Worster nominated the following slate of officers for 2018: Andrew Seamans as Chairman; Curtis McCarty as Vice Chairman; and James Howard as Secretary. Curtis McCarty seconded the nomination.

There being no further discussion, a vote was taken with the following result:

YEAS	Brad Worster, Curtis McCarty, Mike Thompson, James Howard, Andrew Seamans
NAYS	None
ABSENT	None

Ms. Tromble announced that the slate of officers for 2018 was unanimously elected: Andrew Seamans, Chairman; Curtis McCarty, Vice Chairman; James Howard, Secretary.

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Item No. 4, being:

APPROVAL OF MINUTES OF THE DECEMBER 6, 2017 REGULAR MEETING

Mike Thompson moved to approve the minutes of the December 6, 2017 Regular Meeting as presented. Curtis McCarty seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS	Brad Worster, Curtis McCarty, Mike Thompson, Andrew Seamans
NAYS	None
ABSTAIN	James Howard

Ms. Tromble announced that the motion to approve the December 6, 2017 Minutes as presented passed by a vote of 4-0.

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Item No. 5, being:

BOA-1718-6 – ARROWHEAD ENERGY, INC. REQUESTS A VARIANCE TO SECTION 13-1509(a)(4) WHICH PROHIBITS ISSUANCE OF AN OIL AND GAS EXPLORATION PERMIT WITHIN ANY AREA DESIGNATED AS A STREAM PLANNING CORRIDOR OR WITHIN 300 FEET FROM THE TOP OF THE BANK, FOR PROPERTY LOCATED NEAR THE NORTHEAST CORNER OF EAST ROCK CREEK ROAD AND CABIN ROAD.

ITEMS SUBMITTED FOR THE RECORD:

1. Location Map
2. Postponement Memo
3. Request for Postponement

DISCUSSION AND ACTION BY THE BOARD OF ADJUSTMENT:

Curtis McCarty moved to postpone BOA-1718-6 to the February 28, 2018 meeting. Brad Worster seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS	Brad Worster, Curtis McCarty, Mike Thompson, James Howard, Andrew Seamans
NAYS	None
ABSENT	None

Ms. Tromble announced that the motion, to postpone BOA-1718-6 to the February 28, 2018 meeting, passed by a vote of 5-0.

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Item No. 6, being:

BOA-1718-9 – TOM AND MARY WORTHING REQUEST A VARIANCE OF APPROXIMATELY 3' TO THE FRONT YARD SETBACK AT THE WEST CORNER OF A PROPOSED COVERED FRONT PORCH, TAPERING TO 0' AT THE EAST CORNER, FOR A TOTAL ENCROACHMENT OF 18 SQUARE FEET, FOR PROPERTY LOCATED AT 2421 WHITE OAKS DRIVE.

ITEMS SUBMITTED FOR THE RECORD:

1. Location Map
2. Staff Report
3. Application with Attachments
4. Plat

PRESENTATION BY STAFF:

Mr. Stenis reviewed the staff report, a copy of which is filed with the minutes. Staff supports the variance request because of the encumbrances on the lot, the minor amount requested, and it should not create hazardous conditions for the owner or adjacent properties.

PRESENTATION BY THE APPLICANT:

Tom Worthing, the applicant, was available to answer questions.

Mr. Worster asked if the porch will extend further than the front of the garage. Mr. Worthing indicated it will be flush with the garage and square; the yard is curved.

AUDIENCE PARTICIPATION:

None

DISCUSSION AND ACTION BY THE BOARD OF ADJUSTMENT:

Curtis McCarty moved to approve the Variance as requested. Brad Worster seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS	Brad Worster, Curtis McCarty, Mike Thompson, James Howard, Andrew Seamans
NAYS	None
ABSENT	None

Ms. Tromble announced that the motion, to approve the Variance as requested, passed by a vote of 5-0.

Mr. Seamans noted that there is a 10-day appeal period before the Board's decision is final and a building permit can be issued.

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Item No. 7, being:

BOA-1718-7 – MAGNUM ENERGY, INC. REQUESTS A VARIANCE FROM THE REQUIREMENT TO CARRY AN UMBRELLA INSURANCE POLICY OF NOT LESS THAN TWO MILLION DOLLARS (\$2,000,000.00), OVER AND ABOVE ADDITIONAL INSURANCE REQUIREMENTS FOR PROPERTY GENERALLY LOCATED SOUTH AND WEST OF THE INTERSECTION OF ROCK CREEK ROAD AND 36TH AVENUE N.W.

ITEMS SUBMITTED FOR THE RECORD:

1. Location Map
2. Staff Report
3. Application with Attachments

PRESENTATION BY STAFF:

Ms. Connors reviewed the staff report, a copy of which is filed with the minutes. Staff does not support this request for a variance from the requirement to carry an umbrella insurance policy of not less than \$2,000,000.00, over and above additional insurance requirements.

Mr. McCarty – Back in 2016, we had a number of these before us. Everybody has complied but two of the wells that are operating within our city limits?

Ms. Connors – This one was granted a variance in 2016. All our operators are in compliance, but if these variances are not granted today, they will be required to pay the \$2 million or will not be in compliance.

Mr. McCarty – How many active wells do we have, approximately, right now?

Ms. Connors – 155.

Mr. McCarty – So all of them that are in the city limits, except for – how many are in compliance right now?

Ms. Connors – They're all in compliance right now with the insurance requirements. These policies come up at different times, and that's when we renew them, at the time that their policy runs out. It's not always at the exact same date for all the wells at the same time.

PRESENTATION BY THE APPLICANT:

1. Bob Campbell, the applicant – I'm with Magnum Energy; I own the company and I'm President. Let me start off, because there's a lot of people who don't know me. I was born and raised in Norman, Oklahoma, back when Norman was a town of about 20,000 people. Berry Road was the city limits. I put four kids through school here. I have served on a number of boards for the City of Norman. I attended Norman High School. Don't let appearances fool you; I wasn't a jockey. I played basketball at OU. Been here my whole life. Put four kids through school. Ran the Optimist Club, which is a youth sports organization here in Norman for probably 40 years, keeping grade school and junior high kids active and fit and playing games. Ran the Reeves Park baseball complex when there was nothing out there for five years – donated my time for that. So I've been around Norman my whole life, know a lot of these people, went to school with many of them. So this is not an out-of-town person coming here from Houston or Dallas or anything. I live here. I drink the water here. I do everything here, just like you do.

My background, if you don't know, I'm a petroleum engineer. I have a bachelor's degree, a master's degree, written five textbooks, I'm an adjunct professor. I've taught

petroleum engineering techniques all over the world for all the big companies. I've worked for OPEC and done projects for them. I've operated wells – currently operate about 200 wells for courts, receiverships, bankruptcies, and of course my own account. I have, in the 40 years of my career, spent lots of time in court. I've worked for the Justice Department on oil and gas matters dealing with Carlsbad Caverns, Lechugilla Canyon, the WIPP waste nuclear disposal sites, off-shore California, the Gulf of Mexico, and those are all for just the Justice Department. So I know the legal side of all these actions well. So I guess what I'm telling you is I'm not coming here as an outsider who doesn't care about this community, who hasn't been involved in the community forever.

I can tell you right now the requirements by the City are not adding to the safety of the citizens of Norman. There's only two ways a well can cause a problem to water. One is the subsurface water in the Garver-Wellington. The way that wells are constructed, there's a continuous concrete cement protection from the base of fresh water to the surface. That is regulated by the Oklahoma Corporation Commission. They've had very strict rules for 70 years. And you should know there's probably been over 1,100 wells drilled in the City of Norman and they've been here for 100 years and there's not one incident – not one – of any release of saltwater or oil or any other incident that would cause a problem to either the surface water or the subsurface water. There's no basis for requiring these burdensome costs on operators. It's going to cause no damage – it never has, never will – it's just a fear people have.

Now, my arguments a year and a half ago were that the City of Norman is the only city at this point that is not in compliance with Senate Bill 809, I think it was, passed a year and a half ago. And, basically, that bill – let the attorneys answer the question – I'm not a lawyer – said specifically that cities could not regulate the oil and gas business. I'll read you the quote. The only ways it can regulate are issues concerning road use, traffic, noise, and odors incidental to oil and gas operations within its boundaries, provided such ordinances, rules and regulations are not inconsistent with any regulation established by Title 52. They can also establish reasonable setbacks and fencing requirements – and it says specifically, All other regulations of oil and gas operations shall be subject to the exclusive jurisdiction of the Oklahoma Corporation Commission. Now, since that time, in November of '16, or '15, the Attorney General of Oklahoma gave an opinion, which is binding. And in the conclusions it says what the law says – The power of political subdivisions to regulate oil and gas activity is limited to those areas enumerated in the bill I just mentioned, specifically enacting reasonable ordinances, rules and regulations concerning road use, traffic, noise and odors incidental to oil and gas operations and establishing setbacks and fencing requirements. That's it. That's all the city has the power to regulate in its ordinances. Now the Board of Adjustment members may be aware already that an Attorney General Opinion that came out last week that dealt with the liabilities of city employees and whatnot and for those who violate known rules. The problem with all this is really insurance is not going to keep an incident from occurring if it were to occur. Insurance is nothing more than a risk management tool of corporations or individuals to manage who pays for an incident should something occur. It's not going to stop it. It's not going to keep it from happening. So, by requiring the insurance, all you're saying is if an incident occurred and there was some damages to be compensated for, will it be an insurance company or will it be the company? What difference does it make? The damages occurred. This is not stopping anything from happening.

What will stop surface pollution are the rules established under the Clean Water Act in 1972. I know those rules, because the EPA requires all oil and gas operators to have what's called an SPCC Plan – and that stands for Spill Prevention Control and Countermeasure plan. The primary part of that plan is to have adequate diking around your tanks, so if a tank ruptured or hit by lightning or some other thing happened, the dikes around the tank will hold the volume

– all the volume in the tanks. Water or oil will never leave the location. Now those rules are written by the EPA and they're very specific. As a registered engineer, I've prepared probably 25,000 of these plans for over 900 companies in every state of the Union. The EPA has gotten these plans down to an art, far more qualified than anybody in the City of Norman. They have considered all the factors and requirements they have under the Clean Water Act. That is what's going to cause – or keep from an incident occurring that would affect anything outside the location of the oil and gas well. Not insurance. Not these other things. So if the City wants to be in compliance and worry about the water problems, just make sure the operators are in compliance with the SPCC Plan. That's all it takes. You don't have to overburden people with all these extra costs and regulations that are burdensome and don't even accomplish the objective. For those of you that own homes, would you want the City all of a sudden to decide that you've got to carry \$3 million of insurance on your house because you might have a fire? Do you want them to come in and tell you you've got to do that? It's going to keep nothing from happening. Every city in the State of Oklahoma has acquiesced to this bill – every city, including Oklahoma City that has thousands and thousands of wells. Every city except the City of Norman. The City of Norman is defiant. It's saying we don't like that rule and we don't want to abide by it and we're going to uphold all these standards and we're going to force them on you. I don't think you'd want them on you. I don't think you'd like to come up with an extra \$10,000 on property you own just because the city decides that you should.

So I'm asking for a waiver from this insurance requirement for all those reasons.

2. Mr. Howard – How old is that well out there?

3. Mr. Campbell – 1979 is when it was drilled.

4. Mr. Howard – What was around there at that time?

5. Mr. Campbell – Don Cies had a horse pasture. That's about it.

6. Mr. McCarty – How often are your SPCC Plans updated and reviewed and inspected?

7. Mr. Campbell – The law requires that an operator get an SPCC Plan in place within 30 days after first production. That plan is valid for five years, and at the end of five years it has to have a five-year review. If nothing has changed, either in the law or the requirements, and the equipment hasn't changed, he can note that he's reviewed it and it's still in force and effect. The law also requires that each well have an annual inspection by somebody other than the pumper. We perform that service, again, for hundreds of companies. We'll go out and make sure they're in compliance with what their plan said that they would do. In other words, the dikes are the right height and provides the protection that the plan provides for. It provides for pumper training once a year – all pumpers have to be trained on how to prevent spills, how to look for leaks, how to look for corrosion, things that could lead to an incident. So it's an annual on-going process. It's an annual inspection and then five-year reviews. And, to me, if the City just makes sure that people are doing this, that's all that needs to be done to make sure, should there be an incident, of which there's been none for 100 years here in town, that at least the potential pollutants would be contained within the diking system.

8. Mr. McCarty – So you feel that this umbrella policy is against what the Corporation Commission says they can do?

9. Mr. Campbell – Without a question. The law says here's what cities can regulate. I read them to you. It doesn't include anything about insurance and it does not include anything, as you read the law and that would particularly apply here, that results in effective prohibition of having the wells where people can access their minerals. You've got to remember, this generates a lot of income for people like you and I that own the minerals, and they like to have their income, too. You raise these insurance requirements too high – wells are getting plugged. People are losing their income. They're losing access to their resources underneath their land. It's not just the oil companies.

10. Mr. Howard – Is this a high pressure well? Low pressure well?

11. Mr. Campbell – All the wells in the City of Norman – if you see a pump jack going, it's a low-pressure well. They can't even raise the fluid to the surface. It couldn't possibly pollute, if it wanted to, from the well bore. The only source of pollution would be tankage. And keep in mind that one of these oil tanks or water tanks you see out here around town wouldn't even fill a swimming pool if they broke. I mean, we're talking about 200 or 300 barrels, which is 10,000 or 12,000 gallons. That's why the dikes are important. If there's a loss of containment, it's not going to run across the countryside and hit homes like a tsunami or something. It's a swimming pool full of fluids and it's contained within the diking system.

12. Mr. McCarty – You have a \$1 million umbrella already in place, is that correct?

13. Mr. Campbell – That's correct.

14. Mr. McCarty – So is that normal, state by state, city by city that you work in, or is that something that's unique to Norman as well?

15. Mr. Campbell – That's good statewide. We have our wells in Mustang, we have wells in Oklahoma City. None of these areas, cities – Oklahoma City particularly, much more sophisticated, much more knowledgeable about it. They've got these huge water flood units – require anything more than that. In fact, at this point Oklahoma City has no insurance requirements on either the \$1 million liability or even the seepage and pollution. Norman is the only city left, after the Senate Bill, that still is insisting and requiring any of this.

16. Mr. McCarty – Has anybody reached out to find out from the AG's office if this is something the City can do? Has there been any type of legal research done, besides your ...

17. Mr. Campbell – Yes. Again, and all the Council members got a copy of that at the time, and the last time I was here there was an AG Opinion that says specifically here's what you can do and all the rest of it's the jurisdiction of the Commission. That's my interpretation, but I'm not a lawyer.

AUDIENCE PARTICIPATION:

1. Steve Ellis, 633 Reed Avenue – I wonder if we could get an opinion from City Legal about the AG discussion, because the staff does not support this variance, as I understand it. And I assume that they're not just flagrantly violating the law that they know about. So I'm suspecting that there's another interpretation. Again, I'm not a lawyer, but if I understand correctly, the limitation on regulation is actually sort of requirement – the cities are limited from doing is requiring certain kinds of operational requirements, and Norman's code doesn't do that. It

requires merely evidence that the driller have sufficient financial resources to do something to cover their own costs so it doesn't cost the City of Norman if error happens. And that strikes me as something that would be allowed under the AG's report. But, again, I'm not a lawyer. I suspect we should probably consult one before we start making exceptions to our duly authorized code. And let me just say one other thing. I'm a little surprised that the well operator would say that the insurance doesn't do anything to the probability of there being a leak. I would think the point of insurance is you would be more careful if you know you're having to be the person that's on the hook for any possible damage. But I do think that it's also important that, in order to think about this appropriately, we should have someone – maybe our oil and gas people – tell you something about what the cost of amelioration is if the dike does fill up. It's not as though if we keep all of the contents of the well inside the well pad that there are no costs to anyone, including the cost to the City of Norman. So my guess is that you really don't have enough information here to grant a variance, given the finding that you have to find. So I hope you won't.

2. Madison Lovell, 2900 Oaktree Avenue – I had a question specifically about where this water well is located and if any natural gas wells were located nearby.

Mr. Seamans – We don't have a water well in question. You mean an oil well?

Ms. Lovell – The oil well. Is there any water wells? I'm sorry. I got them switched. Water wells nearby?

Mr. Seamans – I'd turn that back over to the applicant. Do they have any water wells on their property that are nearby?

Mr. Campbell – I used to own a property within about 400 feet from here that I drank water from for many years while the well was there. So there is one. There are a couple of old legacy wells in the area. Whether they're still operated or not, I have no idea.

Mr. McCarty – Are you speaking of private wells, or City water wells?

Ms. Lovell – City water wells.

Mr. Seamans – We've got no City water wells.

Ms. Lovell – I want to double check, just in case. Especially because natural gas wells, if they tend to leak and are with nearby water wells, they have problems that can occur, especially with methane seeping into that water supply. But even moreso, I just had a quick question for you guys. If an accident does occur, if a leak does occur and you approve of this variance, are you prepared for the cost for the City of Norman to pay those costs in case they will not cover them?

Mr. Seamans – Well, if it goes past \$1 million, would we turn that back to the applicant to clean up the mess, if it was over a million dollars?

Ms. Connors – The Corporation Commission would be responsible for insuring that the site was cleaned up appropriately and it would be the burden of the owner/operator to do that clean-up.

Mr. McCarty – So, Susan, to be clear, the City of Norman would have no responsibility at all in the clean-up, besides maybe the inspection staff to find it?

Ms. Connors – Right. We would be involved in that clean-up with the Corporation Commission because we do have an oil and gas inspector, but specifically we would not be overseeing that clean-up. It would be the Corporation Commission.

Mr. McCarty – While you're here, could you ask Mr. Woods if he has any experience in what a clean-up like this costs? I think Mr. Ellis had mentioned the cost of something like this. I'm curious, myself, if there was the dike to fill from a ruptured tank, or what have you, what kind of costs are we looking at to clean something like that up? Any idea?

David Woods, Oil and Gas Inspector – We've never had an incident that has ever gotten out. In fact, we have had maybe a couple of incidents that have had small leaks in the tanks that have been caught real quickly. And the cost of the clean-up – I couldn't tell you what the actual cost is, but it is less than what their deductible is for them to turn it in to their insurance. They just clean it up and take care of it and we go on down the road. We've had several incidents where we have done that, but they've been small. The City requires only notification if it's two barrels and more. Corporation requires only if it's ten barrels or more. Corporation Commission and I work closely together and usually any time there's a leak in the City, regardless of the size, we work together on it and we check it out and make sure it's cleaned up regardless of how small or how large it is.

Mr. McCarty – So when the City of Norman decided to raise this to \$2 million, did they get any cost estimates or do any due diligence to see really what a cost is and why they decided to raise it to \$2 million? Was that just arbitrarily done, or was there real data and study put into this?

Ms. Connors – I know that Leah Messner, when she was here, looked and talked to some insurance companies about the cost of these umbrella policies, took that to City Council. City Council was pretty adamant about adding this at that time.

Mr. McCarty – Do you know if there was any studies done as far as what the cost is to clean something like that up with the whole thing full?

Ms. Connors – No, I don't remember any studies of that. Just information about the cost of these policies.

Mr. McCarty – Do you have any idea how much the deductible is? You said it's pretty minor. These probably have a high deductible, I'm assuming.

Mr. Woods – Most of the policies that I've seen have about \$25,000 to \$50,000 deductible.

3. Terry Stowers, 5115 East Cedar Lane – I wasn't here for this application, but I'm here for the next one actually. But, to your question about clean-up cost of remediation, I'm an oil and gas attorney here in town, represent mineral owners and land owners. We do a lot of pollution litigation throughout the state. Cost of clean-up, depending on the types of clean-up – if it's saltwater can be very expensive – several millions of dollars. I'll give you an example of one case that we're just getting wrapped up out in Western Oklahoma. It was an oil well. The tank battery leaked, seeped from the bottom of the tank. It did not get contained inside the tank

battery. It seeped down to the groundwater, had 18 inches of crude oil sitting on top of the water table, and the cost of clean-up on that is estimated to be well in excess of \$2 million. The damages incurred by the plaintiffs in that case – the case has settled with a clean-up plus the company paying \$1.8 million in damages. So, for somebody to say that the insurance doesn't do any good – in that case, the company did not have insurance. They did not carry insurance. They had deep pockets. If you have a small operator, such as a lot of the ones here in Norman, if they do have a leak and it contaminates the Garber-Wellington, they will not have the funds to clean it up. It will stay polluted. The Corporation Commission doesn't do clean-up. They can order them. The company can file bankruptcy. I see it all the time. You might get the – if they do file bankruptcy, you might get the Energy Resources Board to come in and do topsoil clean-up, but they will not clean up groundwater. So if the company doesn't have the funds to do it, it will not happen, and it will migrate to private water wells or – and continue to migrate throughout the entire aquifer as it dissipates.

With regard to 809, a couple of things there. I was intimately involved in writing 809 as the representative of royalty owners out at the Capitol, and worked with the oil companies to write 809. There are very limited things that cities can regulate as a regulation. It does not say that the city cannot require certain things in order to grant a permit. It does not say – if you read it the way that it's been interpreted here, then you would not be able to even require a permit to drill in the city, because permit wasn't listed in that. That's not what it says. That's not what was meant. I don't think that's what the AG meant. I worked with the AG on the opinion that was written. The city can make reasonable requirements in order to issue a permit. Part of those can be the insurance. I don't think there's been any question – he doesn't seem to be questioning the insurance requirement, in general, it's just the other insurance – the \$2 million umbrella policy. In my opinion, a \$2 million umbrella policy and a \$1 million pollution policy probably isn't enough, not if we have any kind of a significant spill or leak that contaminates the aquifer.

I went over my three minutes, but if you have any questions, I'll answer any questions about 809 or pollution cases.

Mr. Worster – I'll go ahead and pose a question. I really don't want to get too far off topic on all this. But I want to be careful on discussing similar circumstances. Something out in Weatherford didn't have an oil and gas inspector. They didn't have individual inspections annually. That was a long-term leak that went for a long time. I don't know that that type of leak would happen in Norman.

Mr. Stowers – Actually, it was a leak from underneath the bottom of the tank that was not detected by anybody and it wouldn't be detected by your inspector.

Mr. Worster – Then my follow-up to that is, I'm not an engineer. I sit on the Board of Adjustment. We're not here to be able to – going to be able to interpret the technical sides of that. So I don't know that hearing a bunch of examples – I mean, it's good to have some dollar values for sure, because we don't know if it's \$50,000 or \$50 million. But that's a tough task for us to try to understand what examples are relevant and what aren't.

Mr. Stowers – They do vary, depending on the limit of the pollution and the length of it and so forth. The real question here is what was the purpose that the City of Norman enacted the ordinance, and that purpose was to protect itself and its citizens in the event that there was a spill – that there would be funds there to at least remediate in part that leak. And I think that's a reasonable regulation. I do not think that it violates 809. I haven't heard a good reason to grant

a waiver of that requirement. The cost is there – yes, there is some additional cost, but there is a lot of additional involved in operating oil and gas wells.

4. Mary Frances, 850-C Cardinal Creek Condos – I'm curious, first of all, whether – We're talking about clean-up of spills, but insurance often covers other things. Is there – what else would this insurance cover? I've lived here three different times, about a total of 35 years. Back in the '80s I lived here and we had a young man who thought it would be fun to ride that seesaw that he saw – that pump – and was pretty severely injured. Children climb fences all the time. They're very curious. What else does this insurance cover? And, of course, when we're talking about cost of spills, I always think of Kalamazoo. The spill up there in Kalamazoo has already gone over \$2 billion, and they aren't cleaned up yet. Spills vary, of course, depending upon the cost varies depending upon how big a spill it is and what it pollutes. So could I get an answer to what else is covered in this insurance besides spills?

Mr. McCarty – We would have to probably ask the applicant about his specific policy.

Mr. Worster – The ordinance specifies basically a spill pollution policy of \$1 million, a general liability policy of \$1 million, and a workers compensation policy of \$1 million, and then the question here tonight is an umbrella policy, which is a \$2 million policy that goes above all of those, effectively giving a \$3 million in each one of those categories potentially.

Ms. Frances – It would cover all those categories. Right?

Mr. Worster – I think the ordinance was very well-written as far as covering what insurance would have to be done. I'm also not an insurance guy, but I talked to a couple and none of them saw any holes in it, and I know the Council put a lot of time and energy and effort into creating the ordinance. So I think the ordinance is written pretty well. And it seems to cover everything that could happen. I think the question today is – is \$1 million limits for each of those individual categories or a variance for the \$2 million on top.

Ms. Frances – There's a problem, of course, in that granting variances – I don't get a variance on my house insurance or my car insurance or any – I mean, I think it's not appropriate and I hope that you will vote against this variance. Thank you for listening.

5. Cindy Rogers, 633 Reed Avenue – I just have a question about the oil and gas inspection process. It's my understanding that we don't actually do any water testing related to that when our inspector goes out. So it's fine and dandy to say we've not had any water contamination, but I don't know – I don't think we're looking for it. I don't see that in the inspection reports. It's sort of a visual inspection. I know that there have been cases where there have been leaks that don't classify as spills, but, you know, we're required – actually the Corporation Commission requires all materials to be cleaned up, but that doesn't always happen. So I think the concern with neighbors and residents about the leakage into the water wells is something we don't actually inspect or test for. And I don't know what it costs if your well gets some methane in it or something – I don't know what it costs to clean that up. So if you look back at the regulation, and I did just a little bit of reading this afternoon about when the City put this regulation in place, and it was discussed that this was sort of a compromise between protecting citizens who were worried about what would happen – you know, the costs of clean-up and the cost to their personal properties – and to the oil and gas well operators and the mineral rights owners, so this was set intentionally. There was some thought that went into it. It wasn't like a random number.

It was set as a compromise. So I'd like you to keep that in mind. Thank you.

Mr. Worster – I may just follow up on that. Water wells – per the application process for a new well involves locating any water wells within a radius and then testing at that point and then ongoing water testing for multiple years afterward. That's at the application.

Ms. Connors – For newly drilled wells, there are now requirements for testing over, I believe, a five-year period and certain distance from the drilling site.

Mr. Worster – So the new wells all get tested for water around.

Ms. Connors – Yes. The City's inspector does not do water well testing.

6. Rayl Wolfson, 1110 W. Main Street #208 – I have property at roughly Cedar Lane and 192nd, so this particular well site is not very close to my property. However, I do have a few things that I would like to share. I don't have anything really prepared. I just made some notes while I was listening to Mr. Campbell give his information.

First off, I want to state that I am not opposed to oil and gas exploration, as long as it's done responsibly and with care given to our environment and our people. My grandfather is a petroleum engineer and I grew up around oil and gas operations and I enjoy what oil and gas provides for us and our economy. I'm not interested in eliminating it in any way. What I am against is allowing oil and gas companies to skimp on insurance and other measures, you know, like BP not putting a blow-out preventer in that underwater well.

Anyway, I would like to express a point of contention comparing insurance on a commercial oil operation to insurance on a private residence. That's just not comparing apples to apples.

I had a question about there not being any cementing failures causing contamination in Oklahoma, so I sent my grandfather a text message at 5:07. It said, Grandpa, in your experience, have you ever known of a cementing failure to occur in an Oklahoma well? 5:14 p.m. Oh, yes. Poor cement jobs are very common. I always ran cement bond logs so that I could know the quality of the cement job. It is stupidly careless not to squeeze a bad job. I asked what it meant to squeeze a bad job. It says if you have void spots – no cement between casing and hole. A prudent operator would perforate the casing adjacent to the void and pump cement with sufficient pressures – squeeze – to fill the void. Many operators pay no attention to poor cement jobs. An accident waiting to happen. Cementing technology is very complex. I have all my grandfather's textbooks. I'm not a petroleum engineer, but I grew up around it so I'm very interested in it. That cementing – well, there's multiple cement books. But cementing technology is a course you take in college. It is extremely complex. You don't go to Home Depot, buy some redi-mix and dump it down the hole. There's all kinds of calculations to take into account, depending on what sort of minerals you're dealing with in the ground, because of all the different reactions that can take place with the different cementing chemicals.

Again, I just want to express that it is my opinion that we should not allow these corporations – these businesses – to skimp on insurance and other protective measures to protect our people and our environment. So that's all I have to say.

Mr. Campbell – He's absolutely right in the context of when you're cementing production casing 8,000 feet in the ground. Surface casing, which protects the fresh water, has none of those problems because you run casing to, one of the Commission rules, 50 feet below the base

treatable water and you circulate cement in a constant stream from the base of that pipe all the way to the surface, so you have solid concrete from the base of your surface pipe all the way to the surface. He is right relevant to production casing down where you're producing, but that's not relevant to surface casing.

7. Sydne Gray, 415 Chautauqua – I live in Ward 4 and I'm a citizen of the Muskogee/Creek Nation. So here in front of me I have a copy of the City Council special session minutes from February 17, 2015 regarding the insurance policy and damages that are covered by them. I have here some minutes that say that Councilmember Jungman said a pollution policy does not cover an incident when a proactive leak is not initially discovered, but rather occurs over time. However, nonetheless, the incident pollutes the lake and the staff said that is correct. So meaning that, regardless of whether or not there is an immediate leak situation, the insurance policy itself doesn't even cover slow leaks, meaning we need that umbrella of having the \$2 million insurance policy if another slow leak happens and we're made unaware of it – which this happens within Oklahoma all the time. So I'm wondering if even the applicant is aware that slow leaks are not covered by the initial insurance policy. Because it doesn't make sense to grant a variance to something that, regardless of how much it was going to cost, still very much is likely to happen, especially with a correlation between the oil and gas industry and the amount of earthquakes that we've been having, which only are going to increase as long as we continue with this – with fracking projects, oil wells, et cetera. So I am just kind of wondering what the point of granting this variance, whenever the initial \$1 million insurance policy doesn't even cover the incidents in which a slow leak occurs. And even if it does leak into our lakes and into our watersheds and into our water supplies, there's still not going to be ample coverage for when this happens. So I would urge that the Board of Adjustment definitely, definitely decline this variance if the potential of pollution of our water sources, especially the citizens' drinking water all here, is going to be at risk. Thank you.

Mr. Campbell – Let me respond to that. Number one, she's right, but she's got her facts wrong. General liability policies do not cover seepage – the slow leaks that you're worried about. That's why all of us in the City of Norman also carry an additional policy that's called the seepage policy to cover those conditions. Now I'll say again, keep in mind that one of these tanks holding saltwater is as much volume as a swimming pool. Right now at my residence, which is not four blocks from this well that I operate, I could empty my entire swimming pool into the street and let it run off and it won't even get to the end of the block. You're talking about a well in the City of Norman polluting a lake that's miles away from a swimming pool volume of water? I mean this is just absolutely just a fear that's just irrational. We're talking about such a limited volume of water in a tank. I mean these wells only produce three barrels of oil and maybe a barrel of water a day. Where is all this going to go? It doesn't make any sense.

8. Mack Burke – I just had a follow-up to that question. If you guys did allow the variance, would this set a precedent for all those to come forward, even those with much larger swimming pools?

Mr. Seamans – Yes. Any time that the Board of Adjustment makes a decision, it could present a precedent.

Mr. Campbell – There are no tanks out here in the City of Norman – David can correct me – over 300 barrels.

9. Mikona Big-Soldier, 3353 Sunflower Street – Regardless of whether it was to leak or anything, my 11 year old daughter, 10 year old daughter, and my 9 year old son can tell you how bad this can affect our communities. Not only does it affect our water, it affects our fish. The spills can – they're crazy. Just like was mentioned before, the Kalamazoo up in Michigan – I don't know if you ...

Mr. Seamans – This well is not the size of any damage that happened in Kalamazoo. He just said we're talking about – what? 30 to 40 barrels or 300 barrels is the largest. I don't want to get into comparing oil tanker spills or any other spills with the amount of oil that's in this well. And we're also talking about the insurance policy of this well.

Ms. Big-Soldier – Okay. Well, the insurance policy – I would like for that to be rejected. A \$2 million insurance policy – I mean, I don't see why he would want it not to be done. I mean, I don't see why he don't think that it should go through.

10. Madison Lovell, 2900 Oaktree Avenue – I would just like to point out that, while this might be just a 300 – how big was it again? 300 barrels. Alright, even saltwater – even salt that we put on our roads to melt snow and ice has ecological and environmental damages. So it doesn't matter that his is just 300 barrels. Even the salt that we put on roads has some effects.

Mr. Seamans – We're talking the dollar amount for the variance. I know that things cause changes to our environment. But we're talking about the dollar amount of \$2 million.

Ms. Lovell – Thank you for pointing that out. I will get to that. So when we go to talk about damage, which is a cost that we will have – that they can avoid by getting this variance, by going bankrupt, as someone previously mentioned and that I would like you to consider even further, is that even small amounts of saltwater can deeply affect our environment and can deeply affect our groundwater. And that's a huge thing. So there will be huge amounts of damages. And when we're talking about the damages that even just 300 barrels of saltwater can cause, we must take into the account the health of our citizens, because we know that even a little amount of saltwater can cause lots of damages to our health, and that's going to cost you. And it's going to cost our health. So you have to consider that as well, and not just think about dollar amounts, but also think about the health of the people that we're talking about. This can do damage, even if it's 300 barrels. And that doesn't require a huge technical amount of knowledge. Thank you.

11. Caitlin Brady, 4221 Willowisp Drive – And I know that insurance is a nuisance, but sometimes it's better to be safe than sorry. And it might be a necessary nuisance in this case.

12. Bridget Burns, 421 Garland Court – I would also like to echo Sydne's concern about what this insurance is guaranteed to take care of. I think that that is a very valid concern. If seepage or a slow leak or whatever we want to call it is not covered, how is that going to be paid for? And if that cost snowballs, how is that going to be paid for? I feel like we're putting a lot of trust in the company – so the City of Norman will insure to \$1 million and then it will go to the owner of the well, but I'm sure that they have a limit as well. I highly doubt that an oil company is going to just keep giving and giving and giving unless they, just out of the goodness of their hearts, like they could go bankrupt and they want to avoid that so there is going to be a limit. And even if they are giving out of the goodness of their hearts, they could go bankrupt, so there's going to be a limit. So I would ask that, as people who are on the Board of Adjustment, you have a

responsibility to protect the people in this community. You have a responsibility to consider this cost, but this could be a very major cost to our health. This could be a cost to our water. This could be a cost across the community and I think it's better to be safe than sorry. I don't think that they have proven that we don't need this insurance policy. So I would ask you to deny the variance. Thank you.

13. Ashleigh McCray, 1004 Townhouse Circle – Ward 4. I am also a proud enrolled member of the Absentee Shawnee Tribe, which does have legal jurisdiction within the City of Norman, so you are supposed to respect a government-to-government relationship with my tribe. So I'm here speaking on behalf of that perspective. I do think that it is important to deny this variance, because, as many have pointed out before, \$2 million – that is not very much in the grand scheme of things if something is to occur, whether it be a small, slow leakage or some sort of abrupt explosion, like what happened in Quinton just a couple of days ago, where five oil workers are actually decimated and killed. I think that, you know, a \$2 million umbrella insurance policy is the least that we can ask. So I would ask you to please deny this variance, and I commend the City staff and I commend the City of Norman for varying and stepping away from what the State of Oklahoma is requiring other people to do, because I think that it's important for us to stand up for our environment. So I am so happy and so proud to come from a city that does care about the well-being of the people that are living there, the water, the land, the air and future generations that will call themselves Normanites as well. So thank you.

14. Rayl Wolfson – I just had a question regarding the insurance amount. I know that we've been talking about the amount of insurance that is required to be carried. But if we did talk about this, I missed it. Have we talked about the actual cost to Magnum Energy for the \$1 million versus \$2 million or \$5 million – whatever it is? We've been talking about the insurance policy, but not the cost to them. Is that relevant at all?

Mr. McCarty – It's listed in our notes. Approximately \$9,000.

Mr. Wolfson – There's a \$9,000 difference from \$1 million to \$2 million?

Mr. McCarty – They have a \$2 million umbrella. That's what's stated to us.

Mr. Campbell – Per year.

Mr. Wolfson – Okay. And how many barrels are you expected to produce?

Mr. Campbell – Three barrels a day is what I'm producing.

Mr. Wolfson – Well, that isn't a lot. Okay, well, that's not a lot of oil to be produced per day with how much oil is today, but someone has a calculator – if we do 3 times – what is oil right now? About \$50-something a barrel? So 3 times 50 times 365. If we figure that out, is \$9,000 enough to deny the increase in insurance coverage? I just wanted to consider that.

15. Joe Shepherd, 14202 Mesquite Road – A few miles from the proposed well. If the aquifer is affected, how will I know that? That the aquifer that supplies my well is not infected or polluted? How often am I going to have to test my water to be sure that it's safe to drink? Interesting thing to think about.

Mr. Seamans – I don't have an answer for that.

16. Mack Burke – I have one more follow-up. If you didn't get the variance, or rather you were required to pay the insurance, would you still continue to harvest those resources?

Mr. Campbell – It's very possible the well might be plugged. It's basically a condemnation.

Mr. Burke – I'm just saying would you?

Mr. Campbell – I don't know. Depends on what the price of oil is.

17. Steve Ellis, 633 Reed Avenue – That was actually the perfect segue to the point that I wanted to make, is that the requirement for a finding in favor of the variance is that it shall be granted upon the finding of the Board of Adjustment that a literal interpretation of the provisions of this article would effectively ban the applicant from accessing subsurface materials. It doesn't sound like the applicant even thinks that that's the case. Whether or not something is sort of an economic decision about how well they would fare under a certain kind of regulatory provision is not the same thing as the City in this case – or whatever the governing body is sort of effectively banning it. It's not asking for the moon. The issue is, is this a reasonable consideration? Does it allow the applicant to continue to access the subsurface materials? And it sounds as though, from what we just heard, that's entirely possible. So I think, by the letter of the oil and gas ordinance, it would be inappropriate for you to find for a variance here today.

DISCUSSION AND ACTION BY THE BOARD OF ADJUSTMENT:

1. Mr. McCarty – I have a question for the City Attorney, if possible, about the comment that was made earlier, just how the City interprets the AG's opinion versus – I've heard both sides today, and I'm just curious how the City interprets the opinion.

2. Kristina Bell, Assistant City Attorney – The City Attorney's office is obviously aware of Senate Bill 809 and obviously aware of the Attorney General Opinions. At this time, there has not been any State Court action determining that the City's ordinance is invalid or exceeds its scope or authority in any way, nor contesting basically the basis of the Attorney General's Opinion. Even the Attorney General's Opinion itself has a specific footnote that states that this opinion does not address the question of whether any particular ordinance or charter provision conflicts with this section or any other state regulation. Answering that question would require parsing the language of both to determine whether they contain either express or implied conditions which are inconsistent and irreconcilable with one another. So basically, to answer your question, basically under our system courts are the ultimate interpreters of state court action and legislation and how those should be applied. You know, the City of Norman is a home rule city that has enjoyed the right to regulate under our charter – to regulate for the public health and safety and welfare of our citizens. The Attorney General's Opinion does not specifically address insurance provisions or any particular items and, as they admit here, that would be basically a fact-specific inquiry. Really, the issue for this body to determine tonight is not necessarily to determine how that statute should be interpreted or how our ordinance should be applied, but rather to just look at the standard for the variance under our ordinance and, you know, there is an appeals process there. As was stated previously, basically your standard tonight is to look at whether or not a literal interpretation application of the ordinance would result in an effective ban on obtaining those minerals. So that's where we are. You know, if a variance is denied, obviously the applicant would have an opportunity to appeal that process

to District Court and give the courts an opportunity to look at our specific ordinance and look at the State question – or look at the State law and make the interpretation – to give us an answer, basically, on what the scope and authority would be.

3. Mr. Howard – Just a quick comment. Just looking from the technical aspect of what this body is responsible for, as well as what the City Council's responsibilities are, the City Council is the body that creates the ordinances and approves those. Our responsibility is to apply those accordingly in terms of where there are gray areas that don't necessarily fit specific situations. My personal opinion is that, if we were to approve this variance and set a precedent, it effectively rewrites the ordinance that was set in place by an elected body. So, in those terms, I'm not in favor of approving this.

4. Mr. McCarty – I have one other kind of concern that was brought up, probably for Mr. Woods. A gentleman brought up about a leak under a tank that had been there for a long period of time that seeped into the soil and got down close to the aquifer. Do we have a way to check that, or do you visually dig around and occasionally look at that? How, exactly, is that addressed?

Mr. Woods – When I make visits to these well sites, if there is a leak in under that tank you're going to see signs that there is wet soil out from underneath. It will always spread out – well, most generally, I guess I probably ought to say – spread out on the surface before seeping in. That would depend on how large a leak it actually is. But, yes, I've seen cases to where there's been leaks most generally – it's not the bottom of the tank that leaks, it's just slightly up on the sides of the tank.

Brad Worster moved to deny the Variance. Mike Thompson seconded the motion.

Mr. Seamans – It's my understanding that at this Board we're supposed to make motions to first approve and then deny through the yes/no vote. Is that what we've decided? So just for clarity, we vote to approve it and then we deny it or approve it in the voting process so that it's completely clear. Is that right, Susan?

Ms. Connors – That is, in fact, what has been suggested that you make a motion to approve and then you vote against that motion.

Mr. Seamans – Right. So that the clarity.

Ms. Connors – For those in favor, so a hand would go up in favor; opposed you would raise your hand against that motion.

Mr. Worster – Can I withdraw my motion then?

Mr. Seamans – Yes, we'll withdraw the motion at this time, and entertain a new motion.

Brad Worster moved to approve the Variance as requested. Mike Thompson seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS	None
NAYS	Brad Worster, Curtis McCarty, Mike Thompson, James Howard, Andrew Seamans
ABSENT	None

Ms. Tromble announced that the motion, to approve the Variance as requested, failed by a vote of 0-5.

Mr. Seamans noted that there is a 10-day appeal period before the Board's decision is final.

* * *

Item No. 8, being:

BOA-1718-8 – GREEN RIVER RESOURCES, INC. REQUESTS A VARIANCE FROM THE REQUIREMENT TO CARRY AN UMBRELLA INSURANCE POLICY OF NOT LESS THAN TWO MILLION DOLLARS (\$2,000,000.00), OVER AND ABOVE ADDITIONAL INSURANCE REQUIREMENTS FOR PROPERTY GENERALLY LOCATED SOUTH AND EAST OF THE INTERSECTION OF CEDAR LANE ROAD AND 48TH AVENUE S.E.

ITEMS SUBMITTED FOR THE RECORD:

1. Location Map
2. Staff Report
3. Application with Attachments

PRESENTATION BY STAFF:

Ms. Connors reviewed the staff report, a copy of which is filed with the minutes. Staff does not support this request for a variance from the requirement to carry an umbrella insurance policy of not less than \$2,000,000.00, over and above additional insurance requirements.

PRESENTATION BY THE APPLICANT:

1. Ronald Crowson, representing Green River Resources – I have a similar situation as the gentleman before. It's a 3-barrel a day well; low volume. No gas, to speak of. One barrel of water. I could probably golf on that location if I was a golfer. I'm not; I'm a worker. I'm not really that good with words. I do my work. I've listened to the people today and they speak without knowledge of the oil and gas industry. Oklahoma has a great oil and gas history. I think your variance program is set up to look at wells on a well-to-well basis or look at a well that is not set within the parameters of a dangerous well, if you will. I don't think the people here understand the oil and gas industry. That's our livelihood. I don't need insurance. I'll knock myself out to satisfy a surface owner. I'll knock myself out to do the right kind of job. We, in fact, get in touch with the regulatory agencies. We get in touch with your inspector and say what do we need to do? Yes, I'm asking you for a variance, because I took that as a means of correcting a situation that this was not a wild well or a 300 or 400 barrel a day well. We're talking about 3 barrels a day. But once it's plugged – once it's plugged it will never be redrilled to that zone. The regulatory agencies protect all of us, and the drilling process, and the completion process. And I'm very concerned – I read one of the reports from someone who said run-off from this well – there's no run-off from this well. I see horses and cattle and chickens out there that will give you run-off into the streams that may get into your aquifer – I doubt it. Your aquifer is about 700 feet deep. We're not going to damage your aquifer. We're not going to damage your surface. We're going to protect it because we are very environmentally friendly.

I'm asking you for consideration and I'm also asking you to use good sense. Insurance actually provides – I don't even think about insurance. I'm not an operator in Oklahoma. I'm representing Green River Resources. I'm not a hired gun. I'm not a speaker. I'm not an attorney. I'm not a pencil pusher. I'm a real hand. I don't see anybody in here that knows what they're talking about except the tall gentleman. I am really surprised that people are telling you things that they're trying to tell you without knowledge. They're speaking to oil and gas and have no knowledge. They're speaking to geology and have no knowledge. I don't know if you want to grant a variance, but I can tell you I am surprised, after I listened to this audience, that you were able to come to Texas and steal all of our football players, and you did a darn good job. So I give you credit; you are a smart, smart university city. But please look at unintended consequences. Consider blanket wells – there's no such thing as blanket wells. Wells are just like my girlfriends. Some of them are dark. Some of them are white. Some of them are yellow. Some of them are heavy. Some of them are light. Some of them can cook and some of them

can't. So I'm telling you look at wells on an individual basis and you might gain some knowledge. And I'm asking you for a consideration of a variance on this well. This well is not going to cause you any problem, but once it's plugged, that pumper is not going to get a salary. That pumper is not going to go out in the city and buy groceries. He's not going to buy gas. This well made \$20,000 last year. We spent \$30,000 in this community to people out here that were telling you how bad it was, but they're either buying their groceries in the stores, working in the stores, working wherever it is. There will be no tax benefit to the city. There will be no tax benefit to the state. And that pumper won't pay a federal tax – I mean, pay federal income tax because he won't get that salary. So, yeah, if you look at your background – look at most of these people's background, unless they're western Yankees or northern Yankees, most of all of you people have families that grew up here and actually made their living out of the oil patch.

I operate three wells in Kilgore, Texas – the biggest field in the United States up until Prudhoe, Alaska was discovered. I operate wells in town. I have insurance but I'm not required to have insurance. My wells are not as well-protected as your wells here, but they're well-protected. They're clean. They're great. But I just so happen to have a well that makes 700 barrels of water and 7 barrels of oil, so I can't protect it like you can protect these wells here. This is a low-volume 3-barrel a day well. No gas. One barrel of water, and you're treating it like it's a horizontal well that'll make 500 barrels a day, or 1,500 barrels a day. I wish I had one of 'em; I don't. So I'm just asking you for consideration and asking you, first of all, to do the right thing. There is such a thing as the right thing. Most of these people that we come in contact with don't know what the right thing is. The right thing is to view wells on an individual basis. If you've got a problem, let's tackle it as a problem. If it's not a problem, let's treat it right and fair. Just your bulk deal to increase by \$2 million is not right because, when we go to get insurance, and I'm not so sure that the insurance industry isn't represented here. I'm not so sure that people aren't encouraging this for the insurance aspect. When we go to get insurance for this well, they will not insure a single well; we have to insure – raise our insurance premium to \$3 million for all wells, which costs us \$10,000 a year. Thank you very much for your time. See if you can do the right thing for a change.

2. Mr. Howard – I understand the disadvantages of low-volume wells. But with the Council and the way this is written, I don't think we can set a precedent and it's going to have to be taken to a different appeal. I don't think we can make the decision on who gets what. That's going to have to be taken up by a higher court.

AUDIENCE PARTICIPATION:

1. Mary Frances, 850 Cardinal Creek Boulevard – Yes. I notice they keep talking about 3 barrels a day and one barrel of water. But it's not water. And if you know anything about oil wells, you know it's not water; it's actually produced fluid – it is fluid. It contains the toxic chemicals that were put down in the fracking well, if it's a fracking well. And it also contains the water that comes up – the produced fluid that comes up is saline and it's usually 5 and sometimes even 10 times more saline than seawater. If it spills, nothing grows. That's not to mention the toxic effects as well to the land or the water that it may contaminate. The saline fluid that's produced is a real problem. It's not water.

Mr. Crowson – That goes to a saltwater disposal well that's regulated more highly than anything else. In most cases – now, in the field that I personally operate in Kilgore, Texas, we have a gathering system and we reinject that fluid back into the same formation and it's called tertiary recovery. We recover the fluid, pump it back in the same formation, and it washed the oil back

and we catch it. Pump it again, we catch it. And these dear folks get the benefit of that oil. They make gasoline out of it and they get to put it in their cars and they get to come here and not know what they're talking about. Okay.

2. Rayl Wolfson – Well, I may not know everything that I'm talking about – I am not a petroleum engineer, but my grandfather is a petroleum engineer, as I said. My grandfather worked for Grace Petroleum for many years, and then he started his own company, Petromanagement Associates. In defense of these two gentlemen here, yes, there is saltwater that is in some of these wells. And my grandfather – one of his biggest clients was lochem and they produced iodine out of the saltwater that came out of these wells. So, yes, there is saltwater that comes out of some of these oil-producing wells. That is true. However, to say that everything that I'm saying is nonsense is just simply not true. Some of what I'm saying is coming directly from the mouth – well, the word of my grandfather here, who is a petroleum engineer, and who operated many, many wells – he developed many wells here and operated other companies' wells here in the State of Oklahoma. So the information that I relayed to you from him is 100% accurate. And in my grandfather's experience there has been a lot of negligence in other operators that he has gone to correct. So I just wanted to make that point that everything that I said isn't out of complete ignorance. Thank you.

3. Terry Stowers, 5115 East Cedar Lane – I'm the attorney that submitted the written protest. I do want just to address a couple little things. I'm not going to go back over all the stuff we've already talked about. I do take a little bit of offense at the gentleman's characterization that nobody in this room knows anything about oil and gas. I've been in the business for over 30 years. I'm considered one of the experts with regard to policy on oil and gas issues at the Capitol, so I do take offense to that.

But the important issue here, that's different than what we've talked about, is this: my clients that I represent here, including myself, are homeowners immediately adjacent to this property. There are at least seven water wells immediately adjacent – they're private water wells – that if there is a pollution issue, that will be or could be affected by this. And I certainly – if I was Green River and had a well next to me, I would want \$10 million worth of liability coverage frankly. But the other issue is this: I also represent the landowner where the well is located – the Amos Moses, Jr. Living Trust. If a spill does occur, and if Green River is not able to contain that or to clean it up, guess who is legally liable in Oklahoma for that – the landowner. It's a public nuisance and an owner who maintains a public nuisance, even if you didn't create it, is liable if that moves on to a neighbor. That is probably one of the biggest justifications, in and of itself, for the \$2 million policy. Any questions.

Mr. Crowson – Let me address that young man. First of all, I take exception to someone who calls him an expert. I will assure you – I've been in this business 36 years and I have not found one yet. The only expert I found in this business is a person that'll take your money, tell you a lie, and run. So I would not call myself an expert on anything, especially not in oil and gas.

DISCUSSION AND ACTION BY THE BOARD OF ADJUSTMENT:

Curtis McCarty moved to close public discussion. Brad Worster seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS

Brad Worster, Curtis McCarty, Mike Thompson, James Howard,
Andrew Seamans

NAYS	None
ABSENT	None

The motion to close public discussion passed by a vote of 5-0.

Curtis McCarty moved to approve the Variance as requested. James Howard seconded the motion.

There being no further discussion, a vote was taken with the following result:

YEAS	None
NAYS	Brad Worster, Curtis McCarty, Mike Thompson, James Howard, Andrew Seamans
ABSENT	None

Ms. Tromble announced that the motion, to approve the Variance as requested, failed by a vote of 0-5.

Mr. Seamans noted that there is a 10-day appeal period before the Board's decision is final.

* * *

Item No. 9, being:

MISCELLANEOUS COMMENTS

None

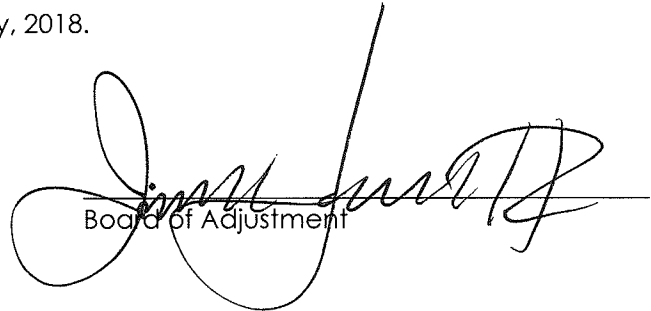
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Item No. 10, being:

ADJOURNMENT

There being no further business and no objection, the meeting adjourned at 6:06 p.m.

PASSED and ADOPTED this 28th day of February, 2018.


Board of Adjustment