


## AGENDA INFORMATION SHEET

AGENDA DATE: May 8, 2012  
DEPARTMENT: Planning & Development  
ACM: Fred Greene 

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**SUBJECT** – SI12-0005 – *Denton's Gas Well Task Force and Gas Well Inspections Division Update*

Receive a report, hold a discussion and give staff direction regarding activities relating to the City's Gas Well Inspections Division; Phase II amendments relative to the City's drilling and production regulations; and the enacted gas well moratorium.

**BACKGROUND**

**Gas Well Task Force**

On January 31, 2012, the staff updated City Council regarding the make-up, status, and progress of the Gas Well Task Force. Since that time, the Task Force held eight (8) additional weekly meetings to continue discussing the identified Focus Area topics. Meeting minutes, presentations, comment cards, and additional resources are all currently posted on the City's website at: <http://www.cityofdenton.com/gaswellinspections>. The Task Force meetings served as a means to further engage the citizens of Denton regarding the pending Phase II updates to the City's drilling and production regulations.

In addition to the Task Force meetings, the University of North Texas' Department of Philosophy and Religion Studies Professor, Dr. Adam Briggie, and the Denton Stakeholders Drilling Advisory Group (DAG) also held a series of gas drilling related meetings. Via panel discussions, DAG presented pertinent drilling and production information to the public. The DAG process assisted the City by serving as an additional forum for capturing public input that will greatly contribute to the Phase II revisions. City Staff met with Dr. Briggie on November 10, 2011 to share and discuss information and core principles that should be considered during the Phase II draft. Public input received via comment cards and verbalized comments during the multiple Task Force meetings, written statements, technical publications, industry participation, and research papers were also used by staff to draft revised ordinance language.

City staff is currently in the drafting, editing, and revising stage of the Phase II ordinance amendments. The final Task Force meeting to discuss the Focus Area topics concluded on Monday, March 26, 2012. After that meeting, staff accepted the task of drafting the ordinance amendments to capture the Task Force's recommendations, comments provided by Denton's citizenry, state and federal governmental policies, and City staff's knowledge and research findings in accordance with City Council's previous leadership and direction.

The next stage of the Phase II ordinance amendment process will be to generate a draft that can be sent for review by the legal and scientific advisory members of the Task Force. The legal and scientific advisory members will review the draft ordinance and offer suggested language changes to ensure the proposed ordinance draft maximizes acceptable technical and scientific standards, could pass legal challenges, and was drafted in accordance with current state and federal rules, laws, and regulations. The timing of review by the outside legal and scientific advisory members is anticipated to take approximately three to four (3-4) weeks. If the legal and scientific reviews produce additional language changes, City staff will once again meet to incorporate those suggestions into a draft that will be presented to the voting members of the Task Force.

The Task Force will hold another public meeting to review the draft generated by staff and scrutinized by the outside legal and scientific advisory members. This meeting will provide City staff with an opportunity to present the draft ordinance to the voting Task Force members and describe the processes used during each stage of the Phase II ordinance amendment process. This upcoming meeting will once again be scheduled in the City Council Chamber and open to the public. Advertisement and announcements of the final Task Force meeting will be conducted in advance of the meeting to ensure attendance and participation by both the public and voting Task Force members. Some language revisions reviewed by the Task Force during this meeting may not capture the anticipated draft language of each member. To provide City Council with multiple options for revision, Task Force members will be encouraged to provide substitute recommendations to address the issue. The proposed draft ordinance, along with any substitute Task Force recommendations, will then be scheduled for public hearings by the Planning and Zoning commission and City Council to review, amend, and/or approve the Phase II amendments.

### **Gas Well Inspections Division Update**

The Gas Well Inspections (GWI) Division inspects each Drilling and/or Production Site and every well under the City's jurisdiction. The GWI Division currently maintains records for 267 producing, drilled, or permitted wells within the corporate city limits (COD), and 188 wells within the Division 1 area of Denton's extraterritorial jurisdiction (ETJ). The GWI Division is currently working with Technology Services to create an interactive web-based mapping system for each Drilling and/or Production Site and every well. The map will be available online once the system is developed. Frequent updates to the map will be performed by the GWI Division to ensure the public map viewer provides the most up-to-date information to the general public.

In 2011, the City began the annual inspection program to ensure on-site physical inspections of each Drilling and/or Production site and administrative reviews of each well are performed at a minimum of twice per year. This annual program helps the GWI Division maintain accurate records of each facility and provides the means to field verify well status and condition, site layout, and regulatory compliance.

The annual inspection fee amount was established at \$850 for wells within COD, and \$580 for wells within the Division I ETJ. The City billed operators half of the respective fee amounts per well in 2011 since the City only had the capability to conduct one of the two annual inspections. In addition to the reduced fee, additional wells were voided due to multiple factors such as

plugged wells, wells permitted and not drilled, or permitted dry holes. The City mailed invoices totaling \$175,750, voided \$27,105 worth of fees, and collected \$148,645. The collection percentage, accounting for voided invoices, equated to a one-hundred (100) percent collection rate.

In February 2012, the City mailed the 2012 invoices to the respective operators. The 2012 original invoiced total was \$336,260. Additional invoices totaling \$123,760 were sent to various operators to account for corrected and voided invoices. The voided amount is currently \$132,530. As of May 3, 2012, the amount remitted was \$279,190, which equates to an approximate eighty five (85) percent collection rate. The outstanding balance of \$48,300 remains unremitted. The majority of the outstanding balance, \$44,550, is carried by one operator, Eagleridge Operating. If Eagleridge submitted full payment, the 2012 collection rate would increase to approximately ninety nine (99) percent. The increase in voids from 2011 to 2012 was mainly the result of removing six (6) permitted Devon wells that were not drilled as of the original invoice date. To correct the six (6) wells, Devon's entire invoiced amount, \$102,540, was voided and re-invoiced at the corrected total of \$97,980. Devon's corrected invoice accounts for approximately seventy eight (78) percent of the total voided in 2012. The GWI Division is working with the respective operators to account for the outstanding balance.

The GWI Division commenced the City's inspection program in April 2011. From April to June, the Division performed well identification inspections to field verify the RRC data. Beginning in July 2011, inspectors performed compliance checks of each Drilling and/or Production Site. In 2011, the GWI Division performed 1,592 inspections and issued 2,344 notices of violation. The Division's webpage includes the attached 2011 inspection summary. In addition, the monthly inspection results for January, February, and March are also available online and included in the exhibits. The GWI Division performed 296 total inspections in January, 224 in February, 331 in March, and 299 in April.

### **Gas Well Moratorium**

On February 7, 2012, the City Council approved Ordinance 2012-024, which imposed a moratorium on the receipt, processing and approval of applications for oil and gas well permits that would authorize Mineral Activities within the corporate limits of the City of Denton, and any applications for specific use permits, site plans, development plans and plats of any nature or type, pursuant to the Denton Development Code as they relate to Mineral Activities, or any part thereof, in the City of Denton. The purpose of the moratorium is to maintain the status quo within the corporate limits of the City.

Per the aforementioned ordinance, the moratorium shall remain in full force and effect upon its passage and for a period not to exceed 120 days, unless terminated prior to that time by action of the City Council. During the moratorium, City staff was directed to complete those studies and analyses necessary to determine what, if any, regulatory changes to the ordinances of the City of Denton are reasonable and necessary to permit the Mineral Activities without disproportionately impacting the interest of surface estate owners and citizens within the City.

One objective of the moratorium was to afford time for the City staff to complete their work and make their recommendations to the City Council within one hundred twenty (120) days. If staff

determined the one hundred twenty (120) day time period was not feasible, they were directed to report back to the City Council with a proposed calendar in which they will complete their work. This agenda item provides the opportunity to report back to City Council with a proposed calendar.

## **CONCLUSION**

Staff is actively involved in drafting, editing, and revising the Phase II ordinance amendments. The final Gas Well Task Force meeting to discuss the Focus Area topics concluded on March 26, 2012. The next steps in the Phase II process will enable staff to work with the outside legal and scientific Task Force advisory members to devise a draft ordinance that will be presented to the voting Task Force members during an upcoming public meeting. The proposed draft ordinance will then be scheduled for public hearings by the Planning and Zoning commission and City Council to review, amend, and/or approve the Phase II amendments. In addition, the GWI Division will continue inspecting the drilling and production facilities located within the City's jurisdiction. The accepting and processing of oil and gas well applications will continue in accordance with the adopted moratorium as long as it remains in effect.

## **EXHIBITS**

- Exhibit 1 – Gas Well Task Force Voting Summary
- Exhibit 2 – 2011 Annual Inspection Invoice Summary
- Exhibit 3 – 2012 Annual Inspection Invoice Summary
- Exhibit 4 – GWI Division 2011 Inspection Summary
- Exhibit 5 – January 2012 Inspection Summary
- Exhibit 6 – February 2012 Inspection Summary
- Exhibit 7 – March 2012 Inspection Summary
- Exhibit 8 – April 2012 Inspection Summary
- Exhibit 9 – PowerPoint Presentation

Prepared by:



Mark A. Cunningham, AICP, CPM  
Planning and Development Department Director

Respectfully submitted:



Fred Greene, Assistant City Manager

## **ACTION ITEM VOTING RESULTS**

5 Voting members: Don Butler (DB), John Siegmund (JS), Vicki Oppenheim (VO), Tom La Point (TL), and Ed Ireland (EI)

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### **FOCUS AREA TOPIC 1**

#### **AIR QUALITY**

(1-9-12 and 1-23-12 meetings | 17 Items)

- 1. No electricity generation on-site**
  - a. Approved, 4-1 vote (AYE – DB, JS, VO, and TL | NAY – EI)
- 2. Vapor recovery units**
  - a. Approved, 5-0 vote
- 3. Green completions**
  - a. Approved, 3-2 vote (AYE – DB, VO, and TL | NAY - JS and EI)
- 4. Best practices for gas drilling and production**
  - a. Approved, 5-0 vote
- 5. Air monitoring as a compliance tool through a monitoring program**
  - a. Approved, 5-0 vote
- 6. Reference other applicable local, state, and federal rules, laws, and regulations**
  - a. Approved, 5-0 vote
- 7. Incorporate compliance timetables**
  - a. Approved, 5-0 vote
- 8. Appropriate valves and fittings, plus pipeline pressure monitoring and shut-off valves**
  - a. Motion to include under “Best practices for gas drilling and production”
  - b. Approved: 5-0 vote
- 9. Regulate compressor stations, collection stations, or tank farms in City**
  - a. Motion to not follow DAG’s recommendation as originally presented – “No compressor stations, collection stations, or tank farms in City”
  - b. Approved: 4-1 vote (AYE – DB, JS, TL, and EI | NAY – VO)
  - c. *Second vote with modified language, as written*
  - d. *Approved: 5-0 vote*
- 10. Air quality analysis and monitoring**
  - a. Motion to include under “Air monitoring as a compliance tool through a monitoring program”
  - b. Approved: 5-0 vote

- 11. Outfit City staff with necessary equipment to carry out Task Force goals and ensure they are trained properly to utilize the equipment**
    - a. Approved: 5-0 vote
  - 12. Proper actions for regulatory infractions regarding emissions**
    - a. Motion to include under "Reference other applicable local, state, and federal rules, laws, and regulations"
    - b. Approved: 5-0 vote
  - 13. Consider requiring operators to submit evidence of compliance with state and federal air permitting regulations, upon request**
    - a. DB motioned to combine the presented "Baseline analysis for air" and "Summarize impact pathways" AIs.
    - b. VO seconded; motion presented for vote
    - c. Approved: 5-0 vote
  - 14. EIAs for each site, plus TIAs required and Ongoing air quality monitoring**
    - a. Motion to take no action
    - b. Approved: 5-0 vote
  - 15. Environmental Defense Fund (EDF) recommended emission reduction measures**
    - a. Motion to include under "Best practices for gas drilling and production"
    - b. Approved: 5-0 vote
  - 16. Updates to ordinance document**
    - a. Motion to include under "Reference other applicable local, state, and federal rules, laws, and regulations"
    - b. Approved: 5-0 vote
  - 17. Best available technology, monitor VOC emissions, fewer drill sites in City and ETJ, pipeline pressure monitoring and shut-off valves, vapor recovery units, and eliminate flaring**
    - a. Motion to move past all six action items
    - b. Approved: 5-0 vote
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**FOCUS AREA TOPIC 2  
WATER**

(1-30-12 and 2-6-12 meetings | 17 Items)

- 1. Require closed-loop systems in the City and ETJ.**
  - a. Approved: 5-0 vote

- 2. Used drilling fluids should be temporarily stored and reused for drilling, when possible. Surplus uncontaminated drilling mud may be applied to surface of agricultural land which is not subject to run-off.**
  - b. Motion to include items with closed-loop recommendation
  - c. Approved: 4-1 vote (AYE – JS, VO, TL, and EI | NAY – DB)
- 3. No saltwater disposal wells allowed in the City or its ETJ.**
  - d. Approved: 4-1 vote (AYE – DB, JS, VO, and TL | NAY – EI)
- 4. Expand best management practice requirements to minimize sediment runoff.**
  - e. Approved: 4-1 vote (AYE – DB, JS, VO, and TL | NAY – EI)
- 5. Use existing Action Item language for similar newly proposed actions.**
  - f. Approved: 5-0 vote
- 6. The City gas well inspector, or his representative, should be given joint inspection/enforcement jurisdiction over existing and future City water quality ordinances, that are under the purview of other City Departments or inspectors.**
  - g. Approved: 5-0 vote
- 7. Require operators to submit private water well testing results of those wells within a 1,500-foot radius for property owners who agree to the tests and that the costs shall be borne by operator and testing conducted by independent, certified third party.**
  - h. Approved: 5-0 vote
- 8. Require proximity maps to surface waters and surface drainage assessments with the emergency response plan.**
  - i. Approved: 3-1-1 vote (AYE – DB, VO, and TL | NAY – EI | Abstain – JS)
- 9. Require operators to provide verification that site personnel are trained in and in compliance with the submitted emergency response plan.**
  - j. Approved: 5-0 vote
- 10. Investigate additional casing monitoring inspections and regulate findings accordingly.**
  - k. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
- 11. Establish a methane monitoring program as well as isotope testing and regulate accordingly.**
  - l. Failed; no second to approval motion
- 12. Require water recycling technologies, where applicable.**
  - m. Approved: 5-0 vote
- 13. Postpone possible action regarding setting water use limits until after the City Council vote on the water plan.**
  - n. Motioned to postpone
  - o. Approved: 5-0 vote

- 14. Update water quality and quantity standards as best practices and laws change.**
    - p. Motion to include with previously approved Action Item
    - q. Approved: 5-0 vote
  - 15. Provide the City information on impact pathways for water quality on at each site and the practices and measures that will be implemented to address these impacts.**
    - r. Motion to include with previously approved Action Item
    - s. Approved: 5-0 vote
  - 16. The operator must disclose how much water it will require, what source of water it plans to use, and options for reducing water use.**
    - t. Motion to include with previously approved Action Item
    - u. Approved: 5-0 vote
  - 17. The operator must use municipal water and no municipal water may be transported to any pad site not specified in the plan. No municipal water may be transported outside of Denton and its ETJ.**
    - v. Motion to not forward as a recommendation
    - w. Approved: 5-0 vote
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**FOCUS AREA TOPIC 3**  
**COMPLIANCE/INSPECTION FOLLOW-UP**  
(2-13-12 meeting | 9 Items)

- 1. Establish procedures and a timeline for bringing unpermitted/platted wells and related facilities into compliance based on legal review.**
  - a. Approved: 5-0 vote
- 2. Operator shall provide testing data as required by the City of Denton.**
  - a. Approved: 5-0 vote
- 3. Motion to combine three Action Items to state: Establish reasonable time period for operators to respond to City after receiving notice of violations from the City and clarify enforcement penalties for non compliance.**
  - a. *Action Item Number 1:* If a gas well does not meet City standards for location or other issues, what happens to well?
  - b. *Action Item Number 2:* Establish reasonable time period for operators to respond to City after receiving notice of violations from the City.
  - c. *Action Item Number 3:* Establish deadlines for correcting violations for different types of violations (depending on type, threat to public safety, seriousness, and threshold level).
  - d. Approved: 5-0 vote



4. **Motion to combine two Action Items to state: the City will investigate trigger mechanisms for compliance modifications.**
  - a. *Action Item Number 1:* Establish trigger mechanisms that require non-conforming gas wells to upgrade to conformance based upon current ordinance. These mechanisms may be based upon the types of changes made to a facility or by percentage.
  - b. *Action Item Number 2:* Establish trigger mechanisms for requiring upgrades to existing conforming gas wells.
  - c. Approved: 5-0 vote
5. **Disclose inspection results to residents and public on City website either in list or on map; possibly establish a report card system.**
  - a. Approved: 5-0 vote
6. **Require plan on how operator will respond to violation and the time period.**
  - a. Approved: 5-0 vote
7. **From DAG Report – Take the recommendations of the Task Force and see if DDC Sections 35.1.10.4 and 35.22 could be revised to be specifically tailored as applicable to gas drilling and production.**
  - a. Approved: 5-0 vote
8. **Revise code by inserting a paragraph that acknowledges Denton's appreciation of the benefits of gas production.**
  - a. Motioned to not consider the proposed Action Item at this time
  - b. Approved: 5-0 vote
9. **Delete the portion of the ordinance that state shall be screened by 8' high or other opaque decorative masonry wall.**
  - a. Motion to include with On-Site Requirements Focus Area
  - b. Approved: 5-0 vote

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**FOCUS AREA TOPIC 4**  
**OTHER GAS DRILLING RELATED FACILITIES**

(2-20-12 meeting | 9 Items)

1. **Encourage the City review the pipeline ordinances from The Town Flower Mound and Grand Prairie for applicability, to the City of Denton in regards to public health safety and welfare.**
  - a. Approved: 4-1 vote (AYE – JS, VO, TL, and EI | NAY – DB)
2. **Require enhanced emergency preparation for City departments and coordination with pipeline companies, as well as emergency drills.**
  - a. Motion to move past the item
  - b. Approved: 5-0 vote

3. **Require GIS as built drawings for flow lines and gathering lines and others related to Gas Drilling Facilities that are permitted by the City.**
    - a. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
  4. **Require soundproof enclosures for all compressor stations (later clarified to mean all compressors).**
    - a. Motion to postpone noise discussions until the On-Site Requirements Focus Area
    - b. Approved: 5-0 vote
  5. **Restrict compressor stations to industrial and/or exclusively commercial zoning districts and require enhanced setbacks from residential districts.**
    - a. Action Number 1: Motion to move this Action Item to the On-Site Requirements Focus Area; failed without second
    - b. Action Number 2: Motion to move past this proposed Action Item
    - c. Action Number 2: Approved: 5-0 vote
  6. **Require reporting to the City on equipment testing and maintenance programs for these facilities.**
    - a. Action Number 1: Motion to include this Action Item with previously approved Action Items and not consider individually
    - b. Action Number 1: Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
    - c. Action Number 2: Motion to move past this proposed Action Item
    - d. Action Number 2: Approved: 5-0 vote
  7. **Require BTEX units on all dehydration systems.**
    - a. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
  8. **Review requirements in Flower Mound and other cities with enhanced requirements for compressor station locations.**
    - a. Motion to move past proposed Action Item
    - b. Approved: 5-0 vote
  9. **Enhanced review of gas storage facilities.**
    - a. Motion to move past proposed Action Item
    - b. Approved: 5-0 vote
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**FOCUS AREA TOPIC 5**  
**INSURANCE AND BONDING**  
(2-27-12 meeting | 2 Items)

1. **The amount of the security instrument (irrevocable letter of credit or payment bond) should be increased to \$100,000 for a single well and \$200,000 for multiple wells on the same pad site.**
  - a. Proposal credited to the DAG group
  - b. Motion to postpone
  - c. Approved: 5-0 vote

2. **Require all items for discussion and vote must be presented and explained by a Task Force member.**
    - a. Approved: 5-0 vote
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**FOCUS AREA TOPIC 6  
PUBLIC INPUT PROCESS**

(2-27-12 meeting | 5 Items)

1. **Require operators to meet with the public prior to the Planning and Zoning Commission meeting for any SUP applications. Require notification (via regular U.S. mail) to residents, property owners, and businesses within 1500 feet.**
    - a. Approved: 5-0 vote
  2. **Require notification to surrounding neighborhood of any re-fracing activities. Require notification via regular us mail to residents, property, owners, and businesses within 1500 ft.**
    - a. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
  3. **Require operators to notify surrounding neighborhood for any new drilling activity or gas related facility, even if only requiring a gas drilling development plat or site plan. Require notification (via regular U.S. mail) to residents, property owners, and businesses within 1500 feet.**
    - a. Approved: 4-1 vote (AYE – DB, VO, TL, and EI | NAY – JS)
  4. **The City shall hold at least two public meetings, advertised in local media and paid for by the operator, for purposes of answering citizen questions prior to the solicitation of signatures on gas lease documents.**
    - a. Motioned to not take action on this item
    - b. Approved: 5-0 vote
  5. **Request that City hold candid public meeting by senior City staff, council member, and/or mayor to outline for Denton citizens the positive benefits and negative problems experienced to date resulting from gas well operations in the City of Denton and the ETJ.**
    - a. Motion that staff prepare an annual report summarizing Denton’s gas drilling history
    - b. Approved: 5-0 vote
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**FOCUS AREA TOPIC 7  
LEASE PROCESS AND PROPERTY ACQUISITIONS**

(3-5-12 meeting | 1 Items)

1. **No Action Items presented for this Focus Area.**

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**FOCUS AREA TOPIC 8**  
**ON-SITE REQUIREMENTS**  
(3-5-12, 3-12-12, and 3-19-12 meetings | 13 Items)

1. **Evaluate current gate and security requirements for gas drilling and production sites.**
  - a. Approved: 5-0 vote
2. **Evaluate creating maximum levels for low frequency outdoor noise levels at building walls of protective uses, possibly at 65db, and equipment that would be needed and testing procedures.**
  - a. Approved: 3-2 vote (AYE – JS, VO, and TL | NAY – DB and EI)
3. **Require an ambient noise study for every site and a noise mitigation plan demonstrating compliance with the study site, but allow for 3 dB nighttime exceedances and 5 dB daytime exceedances over ambient when measured 300 feet from the boundary of the gas well drilling or production site or 100 feet closer than the nearest receptor.**
  - a. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
4. **Evaluate requirements for a reclamation plan at the time of application and incorporate future requirements and identify the current condition.**

*This action combined two proposed Action Items into one recommendation.*

  - a. Two Proposed Action Items:
    - 1) Require a Surface Reclamation Plan for all gas drilling and production sites. The Surface Reclamation Plan shall include:
      - i. Proposed stages and projected timing of operations, including phasing of drilling and production operations, and phasing if more than one pad site on subject property;
      - ii. The proposed stages of reclamation, including a reclamation plan illustrating and outlining the stages;
      - iii. Elements in reference to the City of Fort Worth ordinance; and
      - iv. The plan shall also reference all other site closure requirements at the State and Federal level. The State and Federal plans shall be provided to the City at each stage of reclamation.
    - 2) When an Operator decides to abandon a gas well and associated facility, a Reclamation Plan must be approved by the proper authorities of the City of Denton. The Reclamation Plan must include all State and Federal requirements in effect at that time as well as specific additional requirements imposed by the City of Denton at that time to accommodate specific situations related to the well and facility to be abandoned. If a Salvage Company is owner of the facility at the time of abandonment, identical requirements remain in effect excepting that the required insurance coverage is reduced to \$10 million. Any well casing remaining in place after abandonment shall be cut and removed to a depth of at least five feet below surface.
  - b. Approved: 4-0 vote (DB absent)

- 5. Require screening at all gas well production sites, in accordance with DDC Section 35.13.** *This action combined three proposed Action Items into one recommendation.*
- a. Three Proposed Action Items:
    - 1) Require screening walls at all gas drilling and production sites in the City.
    - 2) Require landscape screening buffers at all gas drilling and production sites.
      - i. The landscape screening buffer of 30 feet shall be installed within 30 days of spudding of the first gas well or within 30 days of the gas-related facility being installed. There may be an exception to this time period if the plantings would occur during the extreme heat of summer months, and as determined by the Director of Planning.
      - ii. The landscape screening buffer of 30 feet shall be a combination of evergreen and deciduous trees and bushes from the approved plant list.
      - iii. The trees and bushes must be planted according to current landscaping standards in the Denton Development Code. Some of these screening requirements may be installed along the right-of-way of the pad site property instead of immediately around the pad site. The street buffer may be reduced to 10 feet. This determination will be done on a case-by-case basis, as deemed appropriate by the Director of Planning in evaluating current right-of-way conditions and site characteristics.
    - 3) Remove the current Ordinance requirement that wellheads and related equipment be screened with an 8-foot opaque masonry wall and substitute the requirement that the facilities be enclosed with good quality rust protected chain link or metal stake fencing of 8-foot height that permits sight of the enclosed equipment. Such transparency is important for effective monitoring of activities inside the enclosed area. Landscape screening should not be permitted for the same reason as well as the fact that such landscape plantings will require significant water resources at a time of water conservation. In addition, the surface where such landscaping would be located is private property.
  - b. Approved: 4-0 vote (DB absent)
- 6. The operator shall paint and maintain all production equipment at all times, including wellheads, pumping units, tanks, and buildings or structures. When requiring painting of such facilities, the director of planning and development services shall consider the deterioration of the quality of the material of which such facility or structure is constructed, the degree of rust, and its appearance.**
- a. Motion to move past item
  - b. Approved: 4-0 vote (DB absent)
- 7. Require operators to bring drilling and production sites up to current equipment and operational standards when re-fracturing a well.**
- a. Motion to move past item
  - b. Approved: 4-0 vote (DB absent)

- 8. Require operators to hire third-party companies to conduct baseline soil testing of gas drilling and production sites. If there are any spills or contamination on-site, require the operator to conduct follow-up soil testing at gas drilling and production sites and provide these test results to the City of Denton. The operator must provide post-drilling testing results as well after abandonment.**
    - a. Motion to move past item
    - b. Approved: 4-1 vote (NAY – VO)
  - 9. Require a maintenance plan for hatch seals of storage tanks. The plan must be provided to the City of Denton as well as yearly maintenance reports.**
    - a. Motion to consider hatch seal maintenance already included under previously approved Action Items, as applicable
    - b. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
  - 10. Look into requirements to prevent pooling water and mud on driving surfaces on-site.**
    - a. Approved: 3-2 vote (AYE – JS, VO, and TL | NAY – DB and EI)
  - 11. Review DDC Section 35.22.5.A.2.K to make sure it is adequate to keep mud and rocks off public roads and Rights-of-Way.**
    - a. Approved: 5-0 vote
  - 12. Review and clarify the definition of a lightening arrestor system.**
    - a. Approved: 5-0 vote
  - 13. As a policy recommendation to the City, review and discuss the appropriate location of the ETJ Division I/II boundary line both internally and with Denton County.**
    - a. Failed: 2-3 vote (AYE – VO and TL | NAY – DB, JS, and EI)
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**FOCUS AREA TOPIC 9**  
**CITY INFRASTRUCTURE**  
(3-26-12 meeting | 4 Items)

- 1. Require review fee schedule and road damage remediation agreement, as appropriate.**
  - a. Approved: 4-0 vote (DB absent)
- 2. Review the City’s Drought Plan and provide recommendations on gas drilling and production operators’ water use during the different stages of the plan.**
  - a. Motion to move past item
  - b. Approved: 4-0 vote (DB absent)

3. **Request operators utilize surface waters from private lakes and ponds to the extent feasible for drilling and frac water especially during periods of Denton water-use restrictions.**
    - a. Motion to move past item
    - b. Approved: 4-0 vote (DB absent)
  
  4. **Within the Gas Well Drilling and Production ordinances in Subchapter 22, the City should consider cross-referencing other City ordinances specific to other Departments' requirements that are outside that of the current Gas Well Drilling and Productions ordinances yet are germane to gas well permitting, drilling, operations, abandonment, etc.**
    - a. Approved: 4-0 vote (DB absent)
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**FOCUS AREA TOPIC 10  
SEISMIC TESTING**

(3-26-12 meeting | 2 Items)

1. **Require an Oil and Gas Exploration Permit for seismic surveys.**
  - a. Motion to review the types of seismic surveys to promote the best available technologies and require a permit for impact based exploration.
  - b. Approved: 4-0 vote (DB absent)
  
2. **Request staff to provide hard copy to each DTF member of draft of the complete Drilling City Ordinance III prior to submission to City Council. Following a realistic period of time for DTF members to study the draft, schedule a DTF meeting to discuss.**
  - c. Task Force in consensus of this item and forwarded as a recommendation without vote

APPROVED ACTION ITEMS**Air Quality**

1. No electricity generation on-site
2. Vapor recovery units
3. Green completions
4. Best practices for gas drilling and production
5. Air monitoring as a compliance tool through a monitoring program
6. Reference other applicable local, state, and federal rules, laws, and regulations
7. Incorporate compliance timetables
8. Regulate compressor stations, collection stations, or tank farms in City
9. City staff is outfitted with necessary equipment to carry out Task Force goals and they are trained properly to utilize the equipment
10. Consider requiring operators to submit evidence of compliance with state and federal air permitting regulations, upon request

**Water**

11. Require closed-loop systems in the City and ETJ.
12. No saltwater disposal wells allowed in the City or ETJ.
13. Expand best management practice requirements to minimize sediment runoff.
14. Use existing Action Item language for similar newly proposed actions.
15. The City gas well inspector, or his representative, should be given joint inspection/enforcement jurisdiction over existing and future City water quality ordinances, that are under the purview of other City Departments or inspectors.
16. Require operators to submit private water well testing results of those wells within a 1,500-foot radius for property owners who agree to the tests and that the costs shall be borne by operator and testing conducted by independent, certified third party.
17. Require proximity maps to surface waters and surface drainage assessments with the emergency response plan.
18. Require operators to provide verification that site personnel are trained in and in compliance with the submitted emergency response plan.
19. Approve a well upgrade incentive program for drilling and production sites.
20. Require water recycling technologies where applicable.
21. Consider requiring operators to submit evidence of compliance with state and federal permitting regulations, upon request.

**Compliance/Inspection Follow-Up**

22. Establish procedures and a timeline for bringing unpermitted/platted wells and related facilities into compliance based on legal review.
23. Operator shall provide testing data as required by the City of Denton.
24. Establish reasonable time period for operators to respond to City after receiving notice of violations from the City and clarify enforcement penalties for non compliance.
25. The City will investigate trigger mechanisms for compliance modifications.
26. Disclose inspection results to residents and public on City website either in list or on map; possibly establish a report card system.
27. Require plan on how operator will respond to violation and the time period.
28. Take the recommendations of the Task Force and see if DDC Sections 35.1.10.4 and 35.22 could be revised to be specifically tailored as applicable to gas drilling and production.



**Other Gas Drilling Related Facilities**

29. Encourage the City review the pipeline ordinances from The Town Flower Mound and Grand Prairie for applicability, to the City of Denton in regards to public health safety and welfare.
30. Require enhanced emergency preparation for City departments and coordination with pipeline companies, as well as emergency drills.

**Public Input Process**

31. Require operators to meet with the public prior to the Planning and Zoning Commission meeting for any SUP applications. Require notification (via regular U.S. mail) to residents, property owners, and businesses within 1500 feet.
32. Require operators to notify surrounding neighborhood for any new drilling activity or gas related facility, even if only requiring a gas drilling development plat or site plan. Require notification (via regular U.S. mail) to residents, property owners, and businesses within 1500 feet.
33. Staff will prepare an annual report that summarizes the history of gas drilling in Denton.

**On-Site Requirements**

34. Evaluate current gate and security requirements for gas drilling and production sites.
35. Evaluate creating maximum levels for low frequency outdoor noise levels at building walls of protective uses, possibly at 65db, and equipment that would be needed and testing procedures.
36. Evaluate requirements for a reclamation plan at the time of application and incorporate future requirements and identify the current condition.
37. Require screening at all gas well production sites, in accordance with DDC Section 35.13.
38. Look into requirements to prevent pooling water and mud on driving surfaces on-site.
39. Review DDC Section 35.22.5.A.2.K to make sure it is adequate to keep mud and rocks off public roads and Rights-of-Way.
40. Review and clarify the definition of a lightening arrestor system.

**City Infrastructure**

41. Require review fee schedule and road damage remediation agreement, as appropriate.
42. Within the Gas Well Drilling and Production ordinances in Subchapter 22, the City should consider cross-referencing other City ordinances specific to other Departments' requirements that are outside that of the current Gas Well Drilling and Productions ordinances yet are germane to gas well permitting, drilling, operations, abandonment, etc.

**Seismic Testing**

43. Review the types of seismic surveys to promote the best available technologies and require a permit for impact based exploration.
44. Request staff to provide hard copy to each DTF member of draft of the complete Drilling City Ordinance III prior to submission to City Council. Following a realistic period of time for DTF members to study the draft, schedule a DTF meeting to discuss.

GAS WELL INSPECTIONS  
2011 BILLING

Payor Number	COMPANY NAME	Invoice #	Due Date	Days Delinquent	Original Invoice 9/7/11	Additional Invoices	Outstanding Balance	AMT PAID	VOID AMT	Description	Void Date
2243655	ADKINS, R.L. CORP	52695	10/7/2011							2011 GAS WELL INSPECTION FEES	11/7/2011
2243655	ADKINS, R.L. CORP	52695	10/7/2011		850.00		-		850.00	2 COD WELLS @ \$425 EA	11/7/2011
2243671	ATMOS PIPELINE-TEXAS	52696	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243671	ATMOS PIPELINE-TEXAS	52696	10/7/2011		2,550.00		-	2,550.00		6 COD WELLS @ \$425 EA	
2243680	BEND PETROLEUM CORP	52699	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243680	BEND PETROLEUM CORP	52699	10/7/2011		870.00		-	870.00		3 ETJ-1 WELLS @ \$290 EA	
2244308	BFL, INC	52697	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244308	BFL, INC	52697	10/7/2011		425.00		-		425.00	1 COD WELL @ \$425 EA	1/12/2012
2244308	BFL, INC	52698	10/7/2011				-			2011 GAS WELL INSPECTION FEES	1/12/2012
2244308	BFL, INC	52698	10/7/2011		290.00		-		290.00	1 ETJ-1 WELL @ \$290 EA	1/12/2012
2244308	BFL, INC	52698	10/7/2011				-			2011 GAS WELL INSPEC (REVISED)	
2244308	BFL, INC	52698	2/12/2012	-19		580.00	-	580.00		2 ETJ-1 WELL @ \$290 EA	
2243727	BRADEN EXPLORATION, LLC	52700	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243727	BRADEN EXPLORATION, LLC	52700	10/7/2011	106	425.00		-	425.00		1 COD WELL @ \$425 EA	
2243735	BRAMMER PETROLEUM INC	52701	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243735	BRAMMER PETROLEUM INC	52701	10/7/2011		2,030.00		-	2,030.00		7 ETJ-1 WELLS @ \$290 EA	
2260771	CHAPARRAL NATURAL RESOURCES	52702	10/7/2011							2011 GAS WELL INSPECTION FEES	11/7/2011
2260771	CHAPARRAL NATURAL RESOURCES	52702	10/7/2011		580.00		-		580.00	2 ETJ-1 WELLS @ \$290 EA	11/7/2011
2243858	DARK HORSE OPERATING CO., LLC	53711	11/4/2011							2011 GAS WELL INSPECTION FEES	
2243858	DARK HORSE OPERATING CO., LLC	53711	11/4/2011		850.00	425.00	-	425.00	850.00	1 COD WELL @ \$425.00 - SCRUGGS	
2243874	DEVON ENERGY PRODUCTION	52693	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243874	DEVON ENERGY PRODUCTION	52693	10/7/2011		28,475.00		-	28,475.00		67 COD WELLS @ \$425 EA	
2243874	DEVON ENERGY PRODUCTION	52694	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243874	DEVON ENERGY PRODUCTION	52694	10/7/2011		24,070.00		-	24,070.00		83 ETJ-1 WELLS @ \$290 EA	
2243891	DUNE OPERATING COMPANY	52704	10/7/2011							2011 GAS WELL INSPECTION FEES	10/5/2011
2243891	DUNE OPERATING COMPANY	52704	10/7/2011		1,700.00		-		1,700.00	4 COD WELL @ \$425 EA	10/5/2011
2243903	EAGLE OIL & GAS CO	52705	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243903	EAGLE OIL & GAS CO	52705	10/7/2011		425.00		-		425.00	1 COD WELL @ \$425 EA	1/12/2012
2243911	EAGLERIDGE OPERATING, LLC	52706	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243911	EAGLERIDGE OPERATING, LLC	52706	10/7/2011		15,725.00		-	15,725.00		37 COD WELLS @ \$425 EA	
2243911	EAGLERIDGE OPERATING, LLC	52707	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243911	EAGLERIDGE OPERATING, LLC	52707	10/7/2011		290.00		-	290.00		1 ETJ-1 WELL @ \$290 EA	
2243911	EAGLERIDGE OPERATING, LLC	52707	11/18/2011			2,975.00	-	2,975.00		7 - COD WELLS TRANFERRED FROM TRIO	
2243920	ENCANA OIL & GAS INC	52708	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243920	ENCANA OIL & GAS INC	52708	10/7/2011		15,725.00		-	14,450.00	1,275.00	37 COD WELLS @ \$425 EA	11/18/2011
2243920	ENCANA OIL & GAS INC	52709	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243920	ENCANA OIL & GAS INC	52709	10/7/2011		1,160.00		-	1,160.00		4 ETJ-1 WELLS @ \$290 EA	
2243938	ENDEAVOR ENERGY RESOURCES	52710	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243938	ENDEAVOR ENERGY RESOURCES	52710	10/7/2011		7,225.00		-	7,225.00		17 COD WELLS @ \$425 EA	
2244009	HEP OIL COMPANY	52715	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244009	HEP OIL COMPANY	52715	10/7/2011		3,400.00		-	2,550.00	850.00	8 COD WELLS @ \$425 EA	
2244017	HILLWOOD O & G OPERATING CO	52717	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244017	HILLWOOD O & G OPERATING CO	52717	10/7/2011		11,050.00		-	5,950.00	5,100.00	26 COD WELLS @ \$425 EA	1/12/2012
2244017	HILLWOOD O & G OPERATING CO	52717	1/12/2012							2011 GAS WELL INSPECTION FEES	
2244017	HILLWOOD O & G OPERATING CO	52717	1/12/2012			580.00	-	580.00	-	2 COD ETJ WELLS @ \$290 EA (RE-BILL)	
2244025	JERRY HESS OPERATING CO	52716	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244025	JERRY HESS OPERATING CO	52716	10/7/2011	106	425.00		-		425.00	1 COD WELL @ \$425 EA	

GAS WELL INSPECTIONS  
2011 BILLING

2244033	JOINT RESOURCES	52718	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244033	JOINT RESOURCES	52718	10/7/2011	106	1,275.00			-	1,275.00	3 COD WELLS @ \$425 EA	
2244295	KROCAN ENERGY CORP	52719	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244295	KROCAN ENERGY CORP	52719	10/7/2011	106	425.00			-	425.00	1 COD WELL @ \$425 EA	
2244287	LEGEND NATURAL GAS IV, LP	52720	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244287	LEGEND NATURAL GAS IV, LP	52720	10/7/2011		11,475.00			-	9,775.00	27 COD WELLS @ \$425 EA	
2244287	LEGEND NATURAL GAS IV, LP	52721	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244287	LEGEND NATURAL GAS IV, LP	52721	10/7/2011		290.00			-	290.00	1 ETJ-1 WELL @ \$290 EA	
2244287	LEGEND NATURAL GAS IV, LP	52721	12/7/2011		-	4,060.00		-	4,060.00	RE-BILL 14 ETJ-1 WELL @ \$290 EA	
2244068	LEWIS, WILLIAM T OIL & GAS	52722	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244068	LEWIS, WILLIAM T OIL & GAS	52722	10/7/2011	106	290.00			-	290.00	1 ETJ-1 WELL @ \$290 EA	
2244076	MERIT ENERGY COMPANY	52723	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244076	MERIT ENERGY COMPANY	52723	10/7/2011		2,125.00			-	2,125.00	5 COD WELLS @ \$425 EA	
2244105	PIONEER NATURAL RES USA, INC	52724	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244105	PIONEER NATURAL RES USA, INC	52724	10/7/2011		4,675.00			-	4,675.00	11 COD WELLS @ \$425 EA	
2260754	RAY RICHEY MANAGEMENT CO., INC	53712	11/4/2011							2011 GAS WELL INSPECTION FEES	
2260754	RAY RICHEY MANAGEMENT CO., INC	53712	11/4/2011		1,700.00	425.00		-	425.00	1 COD WELL @ \$425 LONG TERM 1	10/5/2011
2244199	SPINDLETOP OIL & GAS COMPANY	52726	10/7/2011							2011 GAS WELL INSPECTION FEES	10/5/2011
2244199	SPINDLETOP OIL & GAS COMPANY	52726	10/7/2011		290.00			-	290.00	1 ETJ-1 WELL @ \$290 EA	
2244210	TEJAS WESTERN CORP	52727	10/7/2011							2011 GAS WELL INSPECTION FEES	11/7/2011
2244210	TEJAS WESTERN CORP	52727	10/7/2011		425.00			-	425.00	1 COD WELL @ \$425 EA	11/7/2011
2260797	TELEO OPERATING, LLC	52728	10/7/2011							2011 GAS WELL INSPECTION FEES	10/5/2011
2260797	TELEO OPERATING, LLC	52728	10/7/2011		850.00			-	850.00	2 COD WELLS @ \$425 EA	10/5/2011
2244236	TRIO CONSULTING & MANAGEMENT	52729	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244236	TRIO CONSULTING & MANAGEMENT	52729	10/7/2011		9,350.00			-	5,100.00	22 COD WELLS @ \$425 EA	11/18/2011
2244236	TRIO CONSULTING & MANAGEMENT	52730	11/18/2011			425.00		-	425.00	RE-BILL 1 COD WELL @ \$425.00 EA	
2244236	TRIO CONSULTING & MANAGEMENT	52730	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244236	TRIO CONSULTING & MANAGEMENT	52730	10/7/2011		290.00			-	290.00	1 ETJ-1 WELL @ \$290 EA	
2244236	TRIO CONSULTING & MANAGEMENT	52730	11/18/2011			580.00		-	580.00	RE-BILL - 2 ETJ-1 WELLS @ \$290 EA	
2244244	VANTAGE FORT WORTH ENERGY	52731	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244244	VANTAGE FORT WORTH ENERGY	52731	10/7/2011		7,650.00			-	7,650.00	18 COD WELLS @ \$425 EA	
2244244	VANTAGE FORT WORTH ENERGY	52732	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244244	VANTAGE FORT WORTH ENERGY	52732	10/7/2011		1,450.00			-	1,450.00	5 ETJ-1 WELLS @ \$290 EA	
2243997	WAYNE HARPER	52713	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243997	WAYNE HARPER	52713	10/7/2011	106	850.00			-	850.00	2 COD WELLS @ \$425 EA	
2243997	WAYNE HARPER	52714	10/7/2011							2011 GAS WELL INSPECTION FEES	
2243997	WAYNE HARPER	52714	10/7/2011	106	870.00			-	870.00	3 ETJ-1 WELLS @ \$290 EA	
2244279	XTO ENERGY INC	52733	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244279	XTO ENERGY INC	52733	10/7/2011	106	850.00			-	850.00	2 COD WELLS @ \$425 EA	
2244279	XTO ENERGY INC	52734	10/7/2011							2011 GAS WELL INSPECTION FEES	
2244279	XTO ENERGY INC	52734	10/7/2011	106	2,030.00			-	2,030.00	7 ETJ-1 WELLS @ \$290 EA	
<b>TOTALS</b>					\$ 165,700.00	\$ 10,050.00	\$ -	\$ 148,645.00	\$ 27,105.00	Percentage Collected	100.00%

GAS WELL INSPECTIONS  
2011 BILLING

VOID INVOICE INFORMATION									
Payor Number	COMPANY NAME	Invoice #	Due Date	Original Invoice	Re-bill/Collected Amt	VOID Amt	Remark	Void Date	
2243858	DARK HORSE OPERATING CO., LLC	52703	10/7/2011	\$850.00	425 (Re-billed 10/5/11)	\$850.00	Re-billed \$425.00 / NO Re-bill of \$425.00 - 1 Well Not Drilled	10/5/2011	
2243858	DARK HORSE OPERATING CO., LLC	52703	10/7/2011				Re-billed \$425.00 / NO Re-bill of \$425.00 - 1 Well Not Drilled	10/5/2011	
2243891	DUNE OPERATING COMPANY	52704	10/7/2011	\$1,700.00	\$0.00	\$1,700.00	No Re-bill of \$1,700.00/ 4 Wells Not Drilled	10/5/2011	
2243891	DUNE OPERATING COMPANY	52704	10/7/2011				No Re-bill of \$1,700.00/ 4 Wells Not Drilled	10/5/2011	
2260754	RAY RICHEY MANAGEMENT CO., INC	52725	10/7/2011	\$1,700.00	425 (Re-billed 10/5/11)	\$1,700.00	Re-billed \$425.00/NO Re-bill of \$1,275.00/3 Wells Not Drilled	10/5/2011	
2260754	RAY RICHEY MANAGEMENT CO., INC	52725	10/7/2011				Re-billed \$425.00/NO Re-bill of \$1,275.00/3 Wells Not Drilled	10/5/2011	
2260797	TELEO OPERATING, LLC	52728	10/7/2011	\$850.00	\$0.00	\$850.00	No Re-bill of \$850.00 /2 Wells Not Drilled	10/5/2011	
2260797	TELEO OPERATING, LLC	52728	10/7/2011				No Re-bill of \$850.00 / 2 Wells Not Drilled	10/5/2011	
2260771	CHAPARRAL NATURAL RESOURCES	52702	10/7/2011				No Re-bill of \$580.00/ 2 Wells Plugged in 2005	11/7/2011	
2260771	CHAPARRAL NATURAL RESOURCES	52702	10/7/2011	\$580.00	\$0.00	\$580.00	No Re-bill of \$580.00/ 2 Wells Plugged in 2005	11/7/2011	
2243655	ADKINS , R.L. CORP	52695	10/7/2011				No Re-bill of \$850.00 / 2 Wells Not Drilled	11/7/2011	
2243655	ADKINS , R.L. CORP	52695	10/7/2011	\$850.00	\$0.00	\$850.00	No Re-bill of \$850.00 / 2 Wells Not Drilled	11/7/2011	
2244210	TEJAS WESTERN CORP	52727	10/7/2011				No Re-bill of \$425.00 / 1 Well Not Drilled	11/7/2011	
2244210	TEJAS WESTERN CORP	52727	10/7/2011	\$425.00	\$0.00	\$425.00	No Re-bill of \$425.00 / 1 Well Not Drilled	11/7/2011	
2244009	HEP OIL COMPANY	52715	10/7/2011				\$2,550 Collected /No Re-bill of \$850.00/ 2 Wells Not Drilled	11/7/2011	
2244009	HEP OIL COMPANY	52715	10/7/2011	\$3,400.00	\$2,550.00	\$850.00	\$2,550 Collected /No Re-bill of \$850.00/ 2 Wells Not Drilled	11/7/2011	
2243920	ENCANA OIL & GAS INC	42708	11/18/2011	\$15,725.00	\$14,450.00	\$1,275.00	No Re-bill/ 3 COD Wells Not Drilled	11/7/2011	
2244236	TRIO CONSULTING	52729	11/18/2011	\$9,350.00	\$5,100.00	\$4,250.00	Rebilled Eagleridge \$2975.00/Re-bill Trio \$425.00/Paid \$5100	11/7/2011	
2244287	LEGEND NATURAL GAS IV, LP			\$11,475.00	\$9,775.00	\$1,700.00		12/7/2011	
2243903	EAGLE OIL & GAS	52705	10/7/2011	\$425.00		\$425.00	No Re-bill - Well not drilled		
2244308	BFL, INC	52697	10/7/2011	\$715.00	\$580.00	\$715.00	Re-billed for 2 ETJ1 wells \$580.00		
2244017	HILLWOOD O & G OPERATING CO	52717	10/7/2011	\$11,050.00	\$6,530.00	\$5,100.00	Re-billed 2 ETJ1 wells @ \$580.00		
2244076	MERIT ENERGY	52723	10/7/2011	\$2,125.00		\$2,125.00	No Re-bill - Wells not drilled.		
2244076	JESS HESS	52716	10/7/2011	\$425.00		\$425.00	No Re-bill - Wells PLUGGED	2/23/2012	
				\$ 61,220.00	\$31,875.00	\$23,395.00			

2012 GAS WELL INSPECTION FEES

Payor Number	Company Name	Invoice #	Due Date	Days Delinquent	2012 Original Invoice		Outstanding Balance	Amt Paid	VOID Amt	Remark	Void Date
					2/1/12	Additional Invoices					
2243671	ATMOS PIPELINE	56077	3/2/2012							2012 GAS WELL INSPECTION FEES	
2243671	ATMOS PIPELINE	56077	3/2/2012		6,800.00		-	6,800.00		8 COD WELLS @ \$850 EA	
2244308	BEND PETROLEUM CORP	56078	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244308	BEND PETROLEUM CORP	56078	3/2/2012	6	1,160.00		-	1,160.00		2 ETJ-1 WELLS @ \$580 EA	
2243680	BFL INC	56079	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243680	BFL INC	56079	3/2/2012	6	1,740.00		-	1,740.00		3 ETJ-1 WELLS @ \$580 EA	
2243727	BRADEN EXPLORATION	56080	3/2/2012				-		850.00	2012 GAS WELL INSPECTION FEES	
2243727	BRADEN EXPLORATION	56080	3/2/2012	6	850.00		-			1 COD WELL @ \$850 EA	
2243735	BRAMMER PERROLEUM	56081	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243735	BRAMMER PERROLEUM	56081	3/2/2012			4,640.00	-	4,640.00		8 ETJ-1 WELLS @ \$580 EA	
2243858	DARK HORSE OPERATING	56082	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243858	DARK HORSE OPERATING	56082	3/2/2012	6	850.00		-	850.00		1 COD WELL @ \$850 EA	
2243874	DEVON ENERGY	56083	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243874	DEVON ENERGY	56083	3/2/2012		54,400.00		-		54,400.00	64 COD WELLS @ \$850 EA	3/8/2012
2243874	DEVON ENERGY	56084	3/2/2012				-			2012 GAS WELL INSPECTION FEES	3/8/2012
2243874	DEVON ENERGY	56084	3/2/2012		48,140.00		-		48,140.00	83 ETJ-1 WELLS @ \$580 EA	
2243874	DEVON ENERGY	56083	4/8/2012				-			2012 GAS WELL INSPECTION FEES	
2243874	DEVON ENERGY	56083	4/8/2012	-30		51,000.00	-	51,000.00		64 COD WELLS @ \$850 EA	
2243874	DEVON ENERGY	56084	4/8/2012				-			2012 GAS WELL INSPECTION FEES	
2243874	DEVON ENERGY	56084	4/8/2012	-30		46,980.00	-	46,980.00		83 ETJ-1 WELLS @ \$580 EA	
2243911	EAGLERIDGE OPERATING	56085	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243911	EAGLERIDGE OPERATING	56085	3/2/2012	6	41,650.00		-	41,650.00		49 COD WELLS @ \$850 EA	
2243911	EAGLERIDGE OPERATING	56086	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243911	EAGLERIDGE OPERATING	56086	3/2/2012	6	2,900.00		-	2,900.00		5 ETJ-1 WELLS @ \$580 EA	
2243911	EAGLERIDGE OPERATING	56880	4/7/2012				-			2012 GAS WELL INSPECTION FEES	
2243911	EAGLERIDGE OPERATING	56880	4/7/2012	-29		1,160.00	-	1,160.00		2 ETJ-1 WELLS @ \$580 EA(RE-BILL)	
2243920	ENCANA OIL & GAS	56087	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243920	ENCANA OIL & GAS	56087	3/2/2012	6	29,750.00		-	29,750.00		35 COD WELLS @ \$850 EA	
2243938	ENDEAVOR ENERGY	56088	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243938	ENDEAVOR ENERGY	56088	3/2/2012	6	12,750.00		-	12,750.00		15 COD WELLS @ \$850 EA	
2243938	ENDEAVOR ENERGY	56089	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243938	ENDEAVOR ENERGY	56089	3/2/2012	6	1,740.00		-	1,740.00		3 ETJ-1 WELLS @ \$580 EA	
2284457	ENERVEST, LTD	56090	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2284457	ENERVEST, LTD	56090	3/2/2012	6	11,020.00		-	11,020.00		19 ETJ-1 WELLS @ \$580 EA	
2284457	ENERVEST, LTD	57620	5/16/2012	-68		850.00	-	850.00		1 COD WELL - API 1233133 (FROM BRADEN)	
2243946	ENEXCO	56091	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2243946	ENEXCO	56091	3/2/2012	6	580.00		-	580.00		1 ETJ-1 WELL @ \$580 EA	
2244009	HEP OIL COMPANY	56092	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244009	HEP OIL COMPANY	56092	3/2/2012		5,100.00		-	5,100.00		6 COD WELLS @ \$850 EA	
2244017	HILLWOOD O & G OPERATING CO	56093	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244017	HILLWOOD O & G OPERATING CO	56093	3/2/2012	6	11,900.00		-	11,900.00		14 COD WELLS @ \$850 EA	
2244017	HILLWOOD O & G OPERATING CO	56094	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244017	HILLWOOD O & G OPERATING CO	56094	3/2/2012	6	1,160.00		-	1,160.00		2 ETJ-1 WELLS @ \$580 EA	
2244041	JONES ENERGY LTD	56095	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244041	JONES ENERGY LTD	56095	3/2/2012	6	580.00		-	580.00		1 ETJ-1 WELLS @ \$580 EA	
2244287	LEGEND NATURAL	56096	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244287	LEGEND NATURAL	56096	3/2/2012	6	21,250.00		-	21,250.00		25 COD WELLS @ \$850 EA	
2244287	LEGEND NATURAL	56097	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244287	LEGEND NATURAL	56097	3/2/2012	6	9,860.00		-	8,700.00	1,160.00	17 ETJ-1 WELLS @ \$580 EA	3/8/2012
2244181	MARK L SHIDLER INC	56098	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244181	MARK L SHIDLER INC	56098	3/2/2012	6	1,740.00		-	580.00	1,160.00	3 ETJ-1 WELLS @ \$580 EA	
2244105	PIONEER NATURAL RES	56099	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244105	PIONEER NATURAL RES	56099	3/2/2012	6	9,350.00		-	9,350.00		11 COD WELLS @ \$850 EA	
2244105	PIONEER NATURAL RES	56100	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244105	PIONEER NATURAL RES	56100	3/2/2012	6	5,800.00		-	5,800.00		10 ETJ-1 WELLS @ \$580 EA	
2260754	RAY RICHEY MGMT	56101	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2260754	RAY RICHEY MGMT	56101	3/2/2012	6	850.00		-	850.00		1 COD WELL @ \$850 EA	
2244199	SPINDLETOP OIL & GAS	56102	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244199	SPINDLETOP OIL & GAS	56102	3/2/2012			580.00	-	580.00		1 ETJ-1 WELL @ \$580 EA	
2244236	TRIO CONSULTING	56103	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244236	TRIO CONSULTING	56103	3/2/2012	6	11,900.00		-	11,900.00		14 COD WELLS @ \$850 EA	
2244236	TRIO CONSULTING	56104	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244236	TRIO CONSULTING	56104	3/2/2012		2,900.00		-	2,320.00	580.00	5 ETJ-1 WELLS @ \$580 EA	3/8/2012
2244244	VANTAGE FT WORTH ENERGY	56105	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244244	VANTAGE FT WORTH ENERGY	56105	3/2/2012	6	18,700.00		-	18,700.00		22 COD WELLS @ \$850 EA	
2244244	VANTAGE FT WORTH ENERGY	56106	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244244	VANTAGE FT WORTH ENERGY	56106	3/2/2012	6	8,700.00		-	8,700.00		15 ETJ-1 WELLS @ \$580 EA	
2244244	VANTAGE FT WORTH ENERGY	56105	4/26/2012				-			2012 GAS WELL INSPECTION FEES	
2244244	VANTAGE FT WORTH ENERGY	56105	4/26/2012	-48		12,750.00	-	12,750.00		22 COD WELLS @ \$850 EA	
2244244	VANTAGE FT WORTH ENERGY	56106	4/26/2012				-			2012 GAS WELL INSPECTION FEES	
2244244	VANTAGE FT WORTH ENERGY	56106	4/12/2012	-34		11,020.00	-	11,020.00		15 ETJ-1 WELLS @ \$580 EA	
2244279	XTO ENERGY	56107	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244279	XTO ENERGY	56107	3/2/2012		1,700.00		-	1,700.00		2 COD WELLS @ \$850 EA	
2244279	XTO ENERGY	56108	3/2/2012				-			2012 GAS WELL INSPECTION FEES	
2244279	XTO ENERGY	56108	3/2/2012		5,220.00		-	5,220.00		9 ETJ-1 WELLS @ \$580 EA	

\$ 336,260.00 \$ 123,760.00 \$ 48,300.00 \$ 279,190.00 \$ 132,530.00 PERCENTAGE COLLECTED 85.25%

Gas Well Inspections Division  
2011 Inspection Summary

<b>April - June*</b>	
Number of Violations	0
Number of Inspections	590
* Well ID inspections only	

<b>July &amp; August</b>	
Number of Violations	671
Number of Inspections	217

<b>September</b>	
Number of Violations	272
Number of Inspections	143

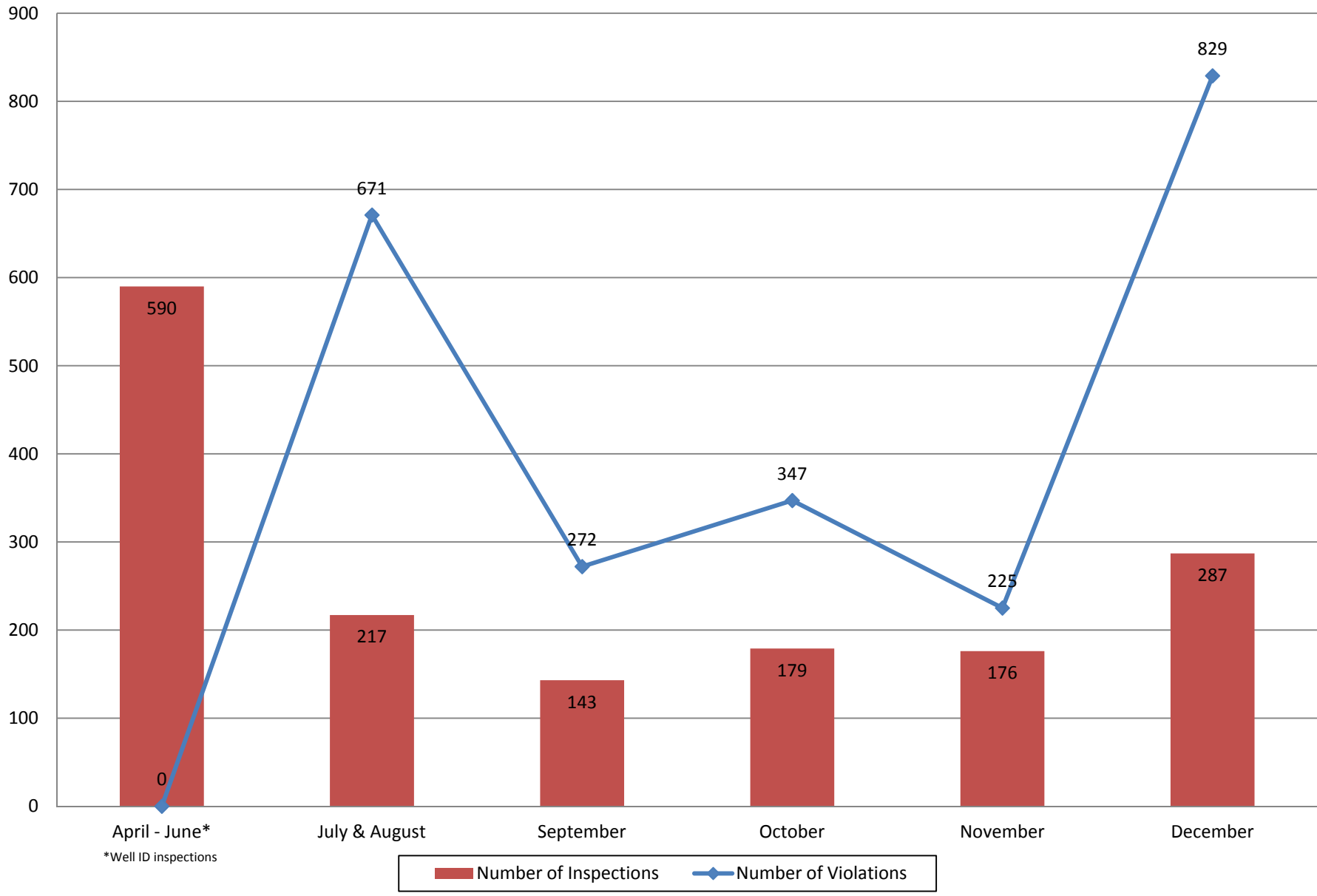
<b>October</b>	
Number of Violations	347
Number of Inspections	179

<b>November</b>	
Number of Violations	225
Number of Inspections	176

<b>December</b>	
Number of Violations	829
Number of Inspections	287

<b>SUMMARY</b>	
Total Violations	2344
Total Inspections	1592

# 2011 Inspection Summary



## Overview Summary of Inspection Findings in City of Denton and ETJ Division I

### Gas Well Inspections (GWI) Division Activities

**590** well identifying inspections to confirm status only, no compliance inspections

	- non-compliant signage
	- equipment not painted
	- unsecure equipment
	- tall weeds and grass
	- non-compliant secondary containment
	- unkempt site
	- unsecure site entry gates
	- access road/site repairs required
	- no level controllers on tanks
	- no drip pots
	- site repairs, e.g., tank leaks, worn seals, no safety equipment, thief hatch open/missing, worn/corroded equipment
	- no HAZMAT plan or MSDS sheets filed with City
	- no flow line markers installed on-site
	- require foam line repairs
	- soil contamination, clean-up required immediately (5 in COD   2 in ETJ DI)
	- ponds require remediation, i.e., frac pond and liners not cleaned after use
	- no site access provided
	- no notification of work
	- ponds not fenced
	- wells being plugged, plugging plan requested
	- unauthorized release
<b>0</b>	- total violations



## Overview Summary of Inspection Findings in City of Denton and ETJ Division I

### Gas Well Inspections (GWI) Division Activities

22 operators received a Notice of Violation (NOV)

217 total notices sent (some notices contained multiple violations, but were issued per inspection)

159	- non-compliant signage
104	- equipment not painted
83	- unsecure equipment
54	- tall weeds and grass
43	- non-compliant secondary containment
42	- unkempt site
38	- unsecure site entry gates
29	- access road/site repairs required
24	- no level controllers on tanks
23	- no drip pots
17	- site repairs, e.g., tank leaks, worn seals, no safety equipment, thief hatch open/missing, worn/corroded equipment
13	- no HAZMAT plan or MSDS sheets filed with City
8	- no flow line markers installed on-site
8	- require foam line repairs
7	- soil contamination, clean-up required immediately (5 in COD   2 in ETJ DI)
5	- ponds require remediation, i.e., frac pond and liners not cleaned after use
4	- no site access provided
4	- no notification of work
3	- ponds not fenced
2	- wells being plugged, plugging plan requested
1	- unauthorized release
671	- total violations

## Overview Summary of Inspection Findings in City of Denton and ETJ Division I

### Gas Well Inspections (GWI) Division Activities

**14** operators received a Notice of Violation (NOV)

**143** total notices sent (some notices contained multiple violations, but were issued per inspection)

<b>44</b>	- non-compliant signage
<b>33</b>	- equipment not painted
<b>18</b>	- unsecure equipment
<b>45</b>	- tall weeds and grass
<b>8</b>	- non-compliant secondary containment
<b>6</b>	- unkempt site
<b>18</b>	- unsecure site entry gates
<b>35</b>	- access road/site repairs required
<b>15</b>	- no level controllers on tanks
<b>5</b>	- no drip pots
<b>12</b>	- site repairs, e.g., tank leaks, worn seals, no safety equipment, thief hatch open/missing, worn/corroded equipment
<b>2</b>	- no HAZMAT plan or MSDS sheets filed with City
<b>16</b>	- no flow line markers installed on-site
<b>2</b>	- require foam line repairs
<b>3</b>	- soil contamination, clean-up required immediately (5 in COD   2 in ETJ DI)
<b>2</b>	- ponds require remediation, i.e., frac pond and liners not cleaned after use
<b>0</b>	- no site access provided
<b>3</b>	- no notification of work
<b>4</b>	- ponds not fenced
<b>0</b>	- wells being plugged, plugging plan requested
<b>1</b>	- unauthorized release
<b>272</b>	- total violations

## Overview Summary of Inspection Findings in City of Denton and ETJ Division I

### Gas Well Inspections (GWI) Division Activities

14 operators received a Notice of Violation (NOV)

179 total notices sent (some notices contained multiple violations, but were issued per inspection)

50	- non-compliant signage
27	- equipment not painted
23	- unsecure equipment
75	- tall weeds and grass
12	- non-compliant secondary containment
8	- unkempt site
21	- unsecure site entry gates
44	- access road/site repairs required
34	- no level controllers on tanks
9	- no drip pots
8	- site repairs, e.g., tank leaks, worn seals, no safety equipment, thief hatch open/missing, worn/corroded equipment
6	- no HAZMAT plan or MSDS sheets filed with City
8	- no flow line markers installed on-site
3	- require foam line repairs
4	- soil contamination, clean-up required immediately (5 in COD   2 in ETJ DI)
3	- ponds require remediation, i.e., frac pond and liners not cleaned after use
0	- no site access provided
5	- no notification of work
4	- ponds not fenced
2	- wells being plugged, plugging plan requested
1	- unauthorized release
347	- total violations

## Overview Summary of Inspection Findings in City of Denton and ETJ Division I

### Gas Well Inspections (GWI) Division Activities

15 operators received a Notice of Violation (NOV)

176 total notices sent (some notices contained multiple violations, but were issued per inspection)

32	- non-compliant signage
15	- equipment not painted
11	- unsecure equipment
44	- tall weeds and grass
10	- non-compliant secondary containment
8	- unkempt site
7	- unsecure site entry gates
23	- access road/site repairs required
20	- no level controllers on tanks
9	- no drip pots
15	- site repairs, e.g., tank leaks, worn seals, no safety equipment, thief hatch open/missing, worn/corroded equipment
15	- no HAZMAT plan or MSDS sheets filed with City
5	- no flow line markers installed on-site
1	- require foam line repairs
2	- soil contamination, clean-up required immediately (5 in COD   2 in ETJ DI)
2	- ponds require remediation, i.e., frac pond and liners not cleaned after use
0	- no site access provided
3	- no notification of work
2	- ponds not fenced
0	- wells being plugged, plugging plan requested
1	- unauthorized release
225	- total violations

<b>SIGNAGE:</b>	14		
<i>Reflective lettering or proper lighting</i>	4		
<b>LETTERS: 2"</b>	4		
<i>Operating Company Name</i>	4		
<i>Site Address -</i>	20		
<i>Well Name</i>	4		
<i>RRC Permit and Well API Numbers</i>	27		
<i>Emergency 911 Number</i>	87		
<i>Company 24-hour Contact Phone Number</i>	14		
<i>"DANGER NO SMOKING ALLOWED" (4" Letters)</i>	4		
<b>STREETS:</b>			
<i>Streets free of dirt and debris from site operations</i>	7		
<i>ROW appears to be in good condition and not damaged</i>	37		
<b>FENCING:</b>			
<i>Secure and locked gate</i>	30		
<i>8-foot masonry wall installed, if required</i>	0		
<i>Security fencing or 24-hour on-site supervision</i>	17		
<b>EQUIPMENT:</b>			
<i>Painted and maintained</i>	87		
<i>Layout as specified per permit, site plan, or plat</i>	0		
<i>Permanent equipment less than 8 feet in height, as applicable</i>	9		
<b>ELECTRICAL LINES:</b>			
<i>Safe distance from site and equipment</i>	0		
<i>Located compatible to surrounding areas or subdivision</i>	0		
<b>PIPELINES:</b>			
<i>Adequate markers for indentified locations</i>	7		
<b>PITS: (Where applicable)</b>			
<i>Liner(s) &amp; fencing in place</i>	0		
<i>Liner(s) free of punctures or other damage</i>	1		
<b>MISCELLANEOUS:</b>			
<i>Erosion control in place</i>	134		
<i>Secondary containment in place - Steel or Concrete with liner</i>	10		
<i>Drip pots at all disconnect points</i>	30		
<i>Accessible emergency shut-off valves</i>	0		
<i>MSDS sheets stored on site, as required</i>	0		
<i>HAZMAT Management Plans on file with City</i>	0		
<i>Storage tanks equipped with a level controller</i>	60		
<i>Lightening arrestor system installed as required</i>	84		
<i>Site lighting does not affect adjacent properties or ROW</i>	0		
<i>Property free of trash, debris, weeds/brush, pools of liquid</i>	134		
<i>Odors, fumes, dust, noise, and vibration controlled or mitigated</i>	0		
<b>Total</b>	829		

Violation Description	Code	COD	ETJ	Total
Street or ROW: not free of dirt and debris from site operations - COD	3			19
Street or ROW: does not appear to be in good condition and not damaged - COE	3			1
Sign: not posted at entry - COD/ ETJ	2			31
Sign: no reflective lettering or proper lighting - COD	1			
Sign: 2" letters not installed	1			
Sign: operating company name not listed - COD/ ETJ	2			
Sign: site address not listed - COD	2			118
Sign: well name not listed - COD/ ETJ	2			
Sign: RRC production number(S) and API number(S) not listed- COD	2			2
Sign: Emergency 911 is not posted - COD	2			4
Sign: company 24-hour contact phone number not posted- COD/ ETJ	2			
Sign: "DANGER NO SMOKING ALLOWED" (4" Letters) not posted - COD	2			
Sign: H2S not posted - COD	2			
Fence: no secure and locked gate - COD	2			17
Fence: 8-foot masonry wall not installed, if required	2			
Fence: no security fencing in place or 24-hour on-site supervision - COD	2			4
Site: trees being removed - COD/ETJ	3			
Site: lighting does affect adjacent properties or ROW - COD	2			
Site: not free of trash, debris, weeds/brush, pools of liquid - COD/ETJ	2			44
Site: odors, fumes, dust, noise, and vibration are not controlled or mitigated - COD	3			
Site: unauthorised discharge of a substance present - COD/ ETJ	3			
Site: gas vented near a residential area - COD	3			
Site: in an ESA or flood way - COD/ETJ	2			
Site: erosion control not in place, rock coverage not adequate - COD /ETJ	2			49
Site: not on less than a 10 percent slope - COD/ETJ	2			
Set backs: requirements are not meet from the site boundary- COD	1			
Equipment: not painted and maintained - COD	3			29
Equipment: layout is not as specified per permit, site plan, or plat - COD / ETJ	2			1
Equipment: not less than 8 feet in height - COD	1			
Equipment: automated emergency valve not present - COD/ETJ	3			
Equipment: emergency shut in valve not present between wellhead and flow line - COD/ETJ	3			
Equipment: heater present on site - COD	1			
Equipment: compressor present on site - COD/ ETJ	1			
Equipment: internal combustion compressor installed - COD	1			
Equipment: lightening arrestor system are not installed - COD/ETJ	1			1
Equipment: foam line connection no tistalled and flow lines not located - COD/ETJ	2			
Tank Battery: tank(s) are not equipped with a level control device - COD/ETJ	2			14
Tank Battery: tank(s) are not anchored for stability - COD/ETJ	2			
Tank battery: drip pot(s) are not at all disconnect points - COD/ETJ	2			
Secondary Containment: not in place with Steel or Concrete with liner - COD/ETJ	2			3
Secondary Containment: does not have adequate capapcity - COD/ETJ	3			
Electrical Lines: not a safe distance from site and equipment - COD	3			
Electrical Lines: not located compatible to surrounding areas or subdivision - COD	1			
Flow & Gatheirng Lines: not adequate markers located where line crosses street or road - COD	1			
Flow or Gathering Lines: flow lines running in a right-of-way - COD	3			
Structures: structures are built above a flow or gathering line - COD	3			
Drilling Mud: not a freshwater-based system - COD/ETJ	3			
Drilling: mufflers are not present on internal combustion engines on drilling site - COD	3			
Drilling: not platted and/ or permitted- COD/ETJ	2			
Pits: located within 200' of water way lined - COD/ETJ	3			
Pits: not fenced and secure - COD/ ETJ	3			
Pit Liner(s): punctures or other damage exist - COD/ETJ	3			
Pit: substances in reserve higher than allowed - COD/ETJ	3			

<i>Pits: not de-watered 30 days after first day of production - COD/ETJ</i>	2			
<i>Pits: not remediated 90 days after first day of production - COD/ETJ</i>	2			
<i>Fracing: not an approved fracing technology being used (if applicable) - COD</i>	2			
<i>Fracing: operations not occurring during daytime hours - COD</i>	3			
<i>Flaring: not occurring during daytime hours - (if applicable) COD</i>	2			
<i>Fracing: fluids stored not encolsed containers - COD/ETJ</i>	2			
<i>P&amp;A: casing was not cut 10 feet below surface - COD/ETJ</i>	2			
<i>P&amp;A: site was not completely remediated 30 days after well plugged- COD/ETJ</i>	2			
<i>Salt water disposal well: located in ETJ - COD/ETJ</i>	2			
<i>Noise: Higher than 75dB 300 feet from boundary of site - COD/ETJ</i>	3			
<b>Total</b>				<b>337</b>

NOTES:

**Response Codes**  
**1 = low, 2 = normal, 3 = immediate**

Violation Description	Code	COD	ETJ	Total
Street or ROW: not free of dirt and debris from site operations - COD	3	0	0	0
Street or ROW: does not appear to be in good condition and not damaged - COD	3	32	7	39
Sign: not posted at entry - COD/ ETJ	2	8	9	17
Sign: no reflective lettering or proper lighting - COD	1	0	0	0
Sign: 2" letters not installed	1	0	0	0
Sign: operating company name not listed - COD/ ETJ	2	0	0	0
Sign: site address not listed - COD	2	0	12	12
Sign: well name not listed - COD/ ETJ	2	0	3	3
Sign: RRC production number(S) and API number(S) not listed- COD	2	0	6	6
Sign: Emergency 911 is not posted - COD	2	3	6	9
Sign: company 24-hour contact phone number not posted- COD/ ETJ	2	5	0	5
Sign: "DANGER NO SMOKING ALLOWED" (4" Letters) not posted - COD	2	2	2	4
Sign: H2S not posted - COD	2	0	0	0
Fence: no secure and locked gate - COD	2	20	8	28
Fence: 8-foot masonry wall not installed, if required	2	0	0	0
Fence: no security fencing in place or 24-hour on-site supervision - COD	2	15	6	21
Site: trees being removed - COD/ETJ	3	0	0	0
Site: lighting does affect adjacent properties or ROW - COD	2	2	0	2
Site: not free of trash, debris, weeds/brush, pools of liquid - COD/ETJ	2	29	33	62
Site: odors, fumes, dust, noise, and vibration are not controlled or mitigated - COD	3	0	0	0
Site: unauthorised discharge of a subastance present - COD/ ETJ	3	3	0	3
Site: gas vented near a residential area - COD	3	0	0	0
Site: in an ESA or flood way - COD/ETJ	2	0	0	0
Site: erosion control not in place, rock coverage not adequate - COD /ETJ	2	33	17	50
Site: not on less than a 10 percent slope - COD/ETJ	2	0	0	0
Set backs: requirements are not meet from the site boundary- COD	1	0	0	0
Equipment: not painted and maintained - COD	3	24	18	42
Equipment: layout is not as specified per permit, site plan, or plat - COD / ETJ	2	0	0	0
Equipment: not less than 8 feet in height - COD	1	0	0	0
Equipment: automated emergency valve not present - COD/ETJ	3	0	0	0
Equipment: emergency shut in valve not present between wellhead and flow line - COD/ETJ	3	4	10	14
Equipment: heater present on site - COD	1	0	0	0
Equipment: compressor present on site - COD/ ETJ	1	0	0	0
Equipment: internal combustion compressor installed - COD	1	0	0	0
Equipment: lightening arrestor system are not installed - COD/ETJ	1	6	14	20
Equipment: foam line connection no tistalled and flow lines not located - COD/ETJ	2	0	0	0
Tank Battery: tank(s) are not equipped with a level control device - COD/ETJ	2	9	5	14
Tank Battery: tank(s) are not anchored for stability - COD/ETJ	2	0	0	0
Tank battery: drip pot(s) are not at all disconnect points - COD/ETJ	2	8	8	16
Secondary Containment: not in place with Steel or Concrete with liner - COD/ETJ	2	7	10	17
Secondary Containment: does not have adequate capapcity - COD/ETJ	3	3	12	15
Electrical Lines: not a safe distance from site and equipment - COD	3	0	0	0
Electrical Lines: not located compatible to surrounding areas or subdivision - COD	1	0	0	0
Flow & Gatheing Lines: not adequate markers located where line crosses street or road - COD	1	2	3	5
Flow or Gathering Lines: flow lines running in a right-of-way - COD	3	2	0	2
Structures: structures are built above a flow or gathering line - COD	3	0	0	0
Drilling Mud: not a freshwater-based system - COD/ETJ	3	0	0	0
Drilling: mufflers are not present on internal combustion engines on drilling site - COD	3	0	0	0
Drilling: not platted and/ or permitted- COD/ETJ	2	0	0	0
Pits: located within 200' of water way lined - COD/ETJ	3	0	0	0
Pits: not fenced and secure - COD/ ETJ	3	2	2	4
Pit Liner(s): punctures or other damage exist - COD/ETJ	3	0	2	2



**Response Codes**  
 1 = low, 2 = normal, 3 = immediate

<i>Pit: substances in reserve higher than allowed - COD/ETJ</i>	<b>3</b>	0	0	0
<i>Pits: not de-watered 30 days after first day of production - COD/ETJ</i>	<b>2</b>	2	0	2
<i>Pits: not remediated 90 days after first day of production - COD/ETJ</i>	<b>2</b>	2	2	4
<i>Fracing: not an approved fracing technology being used (if applicable) - COD</i>	<b>2</b>	0	0	0
<i>Fracing: operations not occuring during daytime hours - COD</i>	<b>3</b>	0	0	0
<i>Flaring: not occuring during daytime hours - (if applicable) COD</i>	<b>2</b>	0	0	0
<i>Fracing: fluids not stored in encolsed containers - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: casing was not cut 10 feet below surface - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: site was not completely remediated 30 days after well plugged- COD/ETJ</i>	<b>2</b>	0	0	0
<i>Salt water disposal well: located in ETJ - COD/ETJ</i>	<b>2</b>	0	1	1
<i>Noise: Higher than 75dB 300 feet from boundary of site - COD/ETJ</i>	<b>3</b>	0	0	0
<b>Total</b>		223	196	419

NOTES:

**Response Codes**  
**1 = low, 2 = normal, 3 = immediate**

Violation Description	Code	COD	ETJ	Total
Street or ROW: not free of dirt and debris from site operations - COD	3	0	0	0
Street or ROW: does not appear to be in good condition and not damaged - COD	3	40	10	50
Sign: not posted at entry - COD/ ETJ	2	10	15	25
Sign: no reflective lettering or proper lighting - COD	1	0	0	0
Sign: 2" letters not installed	1	0	0	0
Sign: operating company name not listed - COD/ ETJ	2	0	0	0
Sign: site address not listed - COD	2	2	8	10
Sign: well name not listed - COD/ ETJ	2	2	0	2
Sign: RRC production number(S) and API number(S) not listed- COD	2	2	4	6
Sign: Emergency 911 is not posted - COD	2	2	4	6
Sign: company 24-hour contact phone number not posted- COD/ ETJ	2	2	0	2
Sign: "DANGER NO SMOKING ALLOWED" (4" Letters) not posted - COD	2	2	2	4
Sign: H2S not posted - COD	2	2	0	2
Fence: no secure and locked gate - COD	2	16	12	28
Fence: 8-foot masonry wall not installed, if required	2	0	0	0
Fence: no security fencing in place or 24-hour on-site supervision - COD	2	10	3	13
Site: trees being removed - COD/ETJ	3	0	0	0
Site: lighting does affect adjacent properties or ROW - COD	2	0	0	0
Site: not free of trash, debris, weeds/brush, pools of liquid - COD/ETJ	2	40	24	64
Site: odors, fumes, dust, noise, and vibration are not controlled or mitigated - COD	3	0	0	0
Site: unauthorised discharge of a substanece present - COD/ ETJ	3	0	0	0
Site: gas vented near a residential area - COD	3	0	0	0
Site: in an ESA or flood way - COD/ETJ	2	0	0	0
Site: erosion control not in place, rock coverage not adequate - COD /ETJ	2	40	14	54
Site: not on less than a 10 percent slope - COD/ETJ	2	0	0	0
Set backs: requirements are not meet from the site boundary- COD	1	0	0	0
Equipment: not painted and maintained - COD	3	28	13	41
Equipment: layout is not as specified per permit, site plan, or plat - COD / ETJ	2	0	0	0
Equipment: not less than 8 feet in height - COD	1	0	0	0
Equipment: automated emergency valve not present - COD/ETJ	3	0	0	0
Equipment: emergency shut in valve not present between wellhead and flow line - COD/ETJ	3	6	6	12
Equipment: heater present on site - COD	1	0	0	0
Equipment: compressor present on site - COD/ ETJ	1	0	0	0
Equipment: internal combustion compressor installed - COD	1	0	0	0
Equipment: lightening arrestor system are not installed - COD/ETJ	1	12	16	28
Equipment: foam line connection no tistalled and flow lines not located - COD/ETJ	2	0	0	0
Tank Battery: tank(s) are not equipped with a level control device - COD/ETJ	2	8	8	16
Tank Battery: tank(s) are not anchored for stability - COD/ETJ	2	0	0	0
Tank battery: drip pot(s) are not at all disconnect points - COD/ETJ	2	6	6	12
Secondary Containment: not in place with Steel or Concrete with liner - COD/ETJ	2	9	12	21
Secondary Containment: does not have adequate capapcity - COD/ETJ	3	4	10	14
Electrical Lines: not a safe distance from site and equipment - COD	3	0	0	0
Electrical Lines: not located compatible to surrounding areas or subdivision - COD	1	0	0	0
Flow & Gatheing Lines: not adequate markers located where line crosses street or road - COD	1	0	4	4
Flow or Gathering Lines: flow lines running in a right-of-way - COD	3	0	0	0
Structures: structures are built above a flow or gathering line - COD	3	0	0	0
Drilling Mud: not a freshwater-based system - COD/ETJ	3	0	0	0
Drilling: mufflers are not present on internal combustion engines on drilling site - COD	3	0	0	0
Drilling: not platted and/ or permitted- COD/ETJ	2	0	0	0
Pits: located within 200' of water way lined - COD/ETJ	3	0	0	0
Pits: not fenced and secure - COD/ ETJ	3	0	1	1
Pit Liner(s): punctures or other damage exist - COD/ETJ	3	0	0	0

**Response Codes**  
**1 = low, 2 = normal, 3 = immediate**

<i>Pit: substances in reserve higher than allowed - COD/ETJ</i>	<b>3</b>	0	0	0
<i>Pits: not de-watered 30 days after first day of production - COD/ETJ</i>	<b>2</b>	2	2	4
<i>Pits: not remediated 90 days after first day of production - COD/ETJ</i>	<b>2</b>	2	2	4
<i>Fracing: not an approved fracing technology being used (if applicable) - COD</i>	<b>2</b>	0	0	0
<i>Fracing: operations not occuring during daytime hours - COD</i>	<b>3</b>	0	0	0
<i>Flaring: not occuring during daytime hours - (if applicable) COD</i>	<b>2</b>	0	0	0
<i>Fracing: fluids not stored in encolsed containers - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: casing was not cut 10 feet below surface - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: site was not completely remediated 30 days after well plugged- COD/ETJ</i>	<b>2</b>	0	0	0
<i>Salt water disposal well: located in ETJ - COD/ETJ</i>	<b>2</b>	0	1	1
<i>Noise: Higher than 75dB 300 feet from boundary of site - COD/ETJ</i>	<b>3</b>	0	0	0
<b>Total</b>		247	177	424

NOTES:

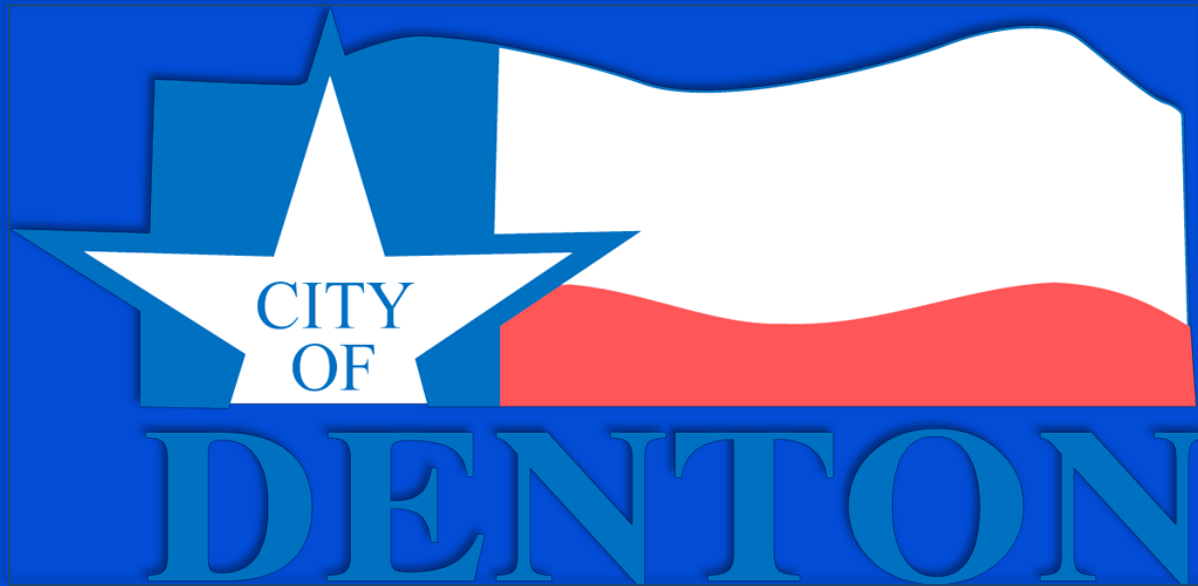
**Response Codes**  
**1 = low, 2 = normal, 3 = immediate**

Violation Description	Code	COD	ETJ	Total
Street or ROW: not free of dirt and debris from site operations - COD	3	0	0	0
Street or ROW: does not appear to be in good condition and not damaged - COD	3	17	0	17
Sign: not posted at entry - COD/ ETJ	2	2	2	4
Sign: no reflective lettering or proper lighting - COD	1	2	2	4
Sign: 2" letters not installed	1	0	5	5
Sign: operating company name not listed - COD/ ETJ	2	0	0	0
Sign: site address not listed - COD	2	0	8	8
Sign: well name not listed - COD/ ETJ	2	0	0	0
Sign: RRC production number(S) and API number(S) not listed- COD	2	0	12	12
Sign: Emergency 911 is not posted - COD	2	0	4	4
Sign: company 24-hour contact phone number not posted- COD/ ETJ	2	0	0	0
Sign: "DANGER NO SMOKING ALLOWED" (4" Letters) not posted - COD	2	0	5	5
Sign: H2S not posted - COD	2	0	0	0
Fence: no secure and locked gate - COD	2	6	6	12
Fence: 8-foot masonry wall not installed, if required	2	0	0	0
Fence: no security fencing in place or 24-hour on-site supervision - COD	2	0	4	4
Site: trees being removed - COD/ETJ	3	0	0	0
Site: lighting does affect adjacent properties or ROW - COD	2	0	0	0
Site: not free of trash, debris, weeds/brush, pools of liquid - COD/ETJ	2	11	15	26
Site: odors, fumes, dust, noise, and vibration are not controlled or mitigated - COD	3	1	0	1
Site: unauthorised discharge of a subastance present - COD/ ETJ	3	1	1	2
Site: gas vented near a residential area - COD	3	0	0	0
Site: in an ESA or flood way - COD/ETJ	2	0	0	0
Site: erosion control not in place, rock coverage not adequate - COD /ETJ	2	13	10	23
Site: not on less than a 10 percent slope - COD/ETJ	2	2	0	2
Set backs: requirements are not meet from the site boundary- COD	1	0	0	0
Equipment: not painted and maintained - COD	3	14	8	22
Equipment: layout is not as specified per permit, site plan, or plat - COD / ETJ	2	0	0	0
Equipment: not less than 8 feet in height - COD	1	0	0	0
Equipment: automated emergency valve not present - COD/ETJ	3	16	6	22
Equipment: emergency shut in valve not present between wellhead and flow line - COD/ETJ	3	3	6	9
Equipment: heater present on site - COD	1	3	7	10
Equipment: compressor present on site - COD/ ETJ	1	11	5	16
Equipment: internal combustion compressor installed - COD	1	6	0	6
Equipment: lightening arrestor system are not installed - COD/ETJ	1	6	8	14
Equipment: foam line connection no tistalled and flow lines not located - COD/ETJ	2	0	0	0
Tank Battery: tank(s) are not equipped with a level control device - COD/ETJ	2	6	12	18
Tank Battery: tank(s) are not anchored for stability - COD/ETJ	2	2	0	2
Tank battery: drip pot(s) are not at all disconnect points - COD/ETJ	2	7	4	11
Secondary Containment: not in place with Steel or Concrete with liner - COD/ETJ	2	0	12	12
Secondary Containment: does not have adequate capapcity - COD/ETJ	3	4	8	12
Electrical Lines: not a safe distance from site and equipment - COD	3	0	0	0
Electrical Lines: not located compatible to surrounding areas or subdivision - COD	1	2	0	2
Flow & Gatheing Lines: not adequate markers located where line crosses street or road - COD	1	0	0	0
Flow or Gathering Lines: flow lines running in a right-of-way - COD	3	0	0	0
Structures: structures are built above a flow or gathering line - COD	3	0	0	0
Drilling Mud: not a freshwater-based system - COD/ETJ	3	0	0	0
Drilling: mufflers are not present on internal combustion engines on drilling site - COD	3	0	0	0
Drilling: not platted and/ or permitted- COD/ETJ	2	0	0	0
Pits: located within 200' of water way lined - COD/ETJ	3	0	0	0
Pits: not fenced and secure - COD/ ETJ	3	0	0	0
Pit Liner(s): punctures or other damage exist - COD/ETJ	3	0	0	0

**Response Codes**  
 1 = low, 2 = normal, 3 = immediate

<i>Pit: substances in reserve higher than allowed - COD/ETJ</i>	<b>3</b>	0	0	0
<i>Pits: not de-watered 30 days after first day of production - COD/ETJ</i>	<b>2</b>	0	0	0
<i>Pits: not remediated 90 days after first day of production - COD/ETJ</i>	<b>2</b>	0	0	0
<i>Fracing: not an approved fracing technology being used (if applicable) - COD</i>	<b>2</b>	0	0	0
<i>Fracing: operations not occuring during daytime hours - COD</i>	<b>3</b>	0	0	0
<i>Flaring: not occuring during daytime hours - (if applicable) COD</i>	<b>2</b>	0	0	0
<i>Fracing: fluids not stored in encolsed containers - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: casing was not cut 10 feet below surface - COD/ETJ</i>	<b>2</b>	0	0	0
<i>P&amp;A: site was not completely remediated 30 days after well plugged- COD/ETJ</i>	<b>2</b>	0	0	0
<i>Salt water disposal well: located in ETJ - COD/ETJ</i>	<b>2</b>	0	1	1
<i>Noise: Higher than 75dB 300 feet from boundary of site - COD/ETJ</i>	<b>3</b>	0	0	0
<b>Total</b>		135	151	286

NOTES:



**May 8, 2012**  
**City Council**  
**Work Session**

**SI12-0005 – Denton's Gas Well Task Force and  
Gas Well Inspections Division Update**

# Gas Well Task Force

## Objectives:

- (1) Assist the City in drafting an ordinance that is fair, defensible, appropriate, and does not risk taxpayer resources; and
- (2) Represent the interests of all stakeholders by soliciting public input.

# Public Meeting Dates

- August 25, 2011
- December 8, 2011
- December 20, 2011
- January 9, 2012
- January 23, 2012
- January 30, 2012
- February 6, 2012
- February 13, 2012
- February 20, 2012
- February 27, 2012
- March 5, 2012
- March 12, 2012
- March 19, 2012
- March 26, 2012



# Meeting Outcomes

1. Minutes, voting results, comment cards, and additional resources are posted on the City's website: [www.cityofdenton.com/gaswellinspections](http://www.cityofdenton.com/gaswellinspections)
2. **78** – motions forwarded for vote
3. **44** – approved Action Items

## Action Items Per Focus Area Topic

1	Air Quality	10
2	Water	11
3	Compliance / Inspection Follow-Up	7
4	Other Gas Drilling Related Facilities	2
5	Insurance and Bonding	0

## Action Items Per Focus Area Topic

6	Public Input Process	3
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7	Lease Process and Property Acquisitions	0
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8	On-Site Requirements	7
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9	City Infrastructure	2
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10	Seismic Testing	2
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# Revision Outline

1. Final Task Force Meeting on March 26
2. Available resources: Task Force and public input, technical and industry reports, staff input, governmental policies, and City Council's previous guidance
3. Staff is currently drafting, editing, and revising the draft ordinance

# Revision Outline

4. Draft will be forwarded to legal and scientific advisory Task Force members
5. Review for approximately 3-4 weeks
6. Hold a Task Force public meeting to discuss revisions
7. Proposed ordinance draft, with Task Force recommendations, forwarded to P&Z and Council for public hearings

# Approximate Timeline

1. Staff completes draft – 2 weeks
2. Legal and scientific review – 4 weeks
3. Staff incorporates recommendations and schedules the Task Force public meeting – 4 weeks
4. P&Z public hearing – 2 weeks
5. City Council public hearing – 4 weeks  
[after P&Z hearing(s)]

# **Gas Well Inspections Division Update**

# Annual Inspections

2011

1. Total Invoiced: \$175,750
2. Voided Invoices: \$27,105
3. Amount Remitted: \$148,645
4. Collection percentage: **100%**



# Annual Inspections

- The collection rate divides payments remitted by operators by the net amount billed.
- Net billing subtracts wells voided due to multiple factors—such as, plugged wells; wells permitted and not drilled; or RRC permitted dry holes—from the total invoiced amount.

# Annual Inspections

2012 (as of May 3, 2012)

1. Original Invoice: \$336,260
  - Total invoiced: \$460,020
2. Voided Invoices: \$132,530
3. Amount Remitted: \$279,190
4. Balance Outstanding: \$48,300
5. Collection percentage: **85%**

# Compliance Inspections

1. 2011: 1,592 inspections
2. January 2012: 296 inspections
3. February 2012: 224 inspections
4. March 2012: 331 inspections
5. April 2012: 299 inspections

Inspection data is accessible on the Gas Well Inspections Division's webpage

# Inspection Outcomes



McCutchin 2 site on  
12-27-11



McCutchin 2 site on  
05-02-12

# Inspection Outcomes



McCutchin 2 well on  
12-27-11



McCutchin 2 well on  
05-02-12

# Inspection Outcomes

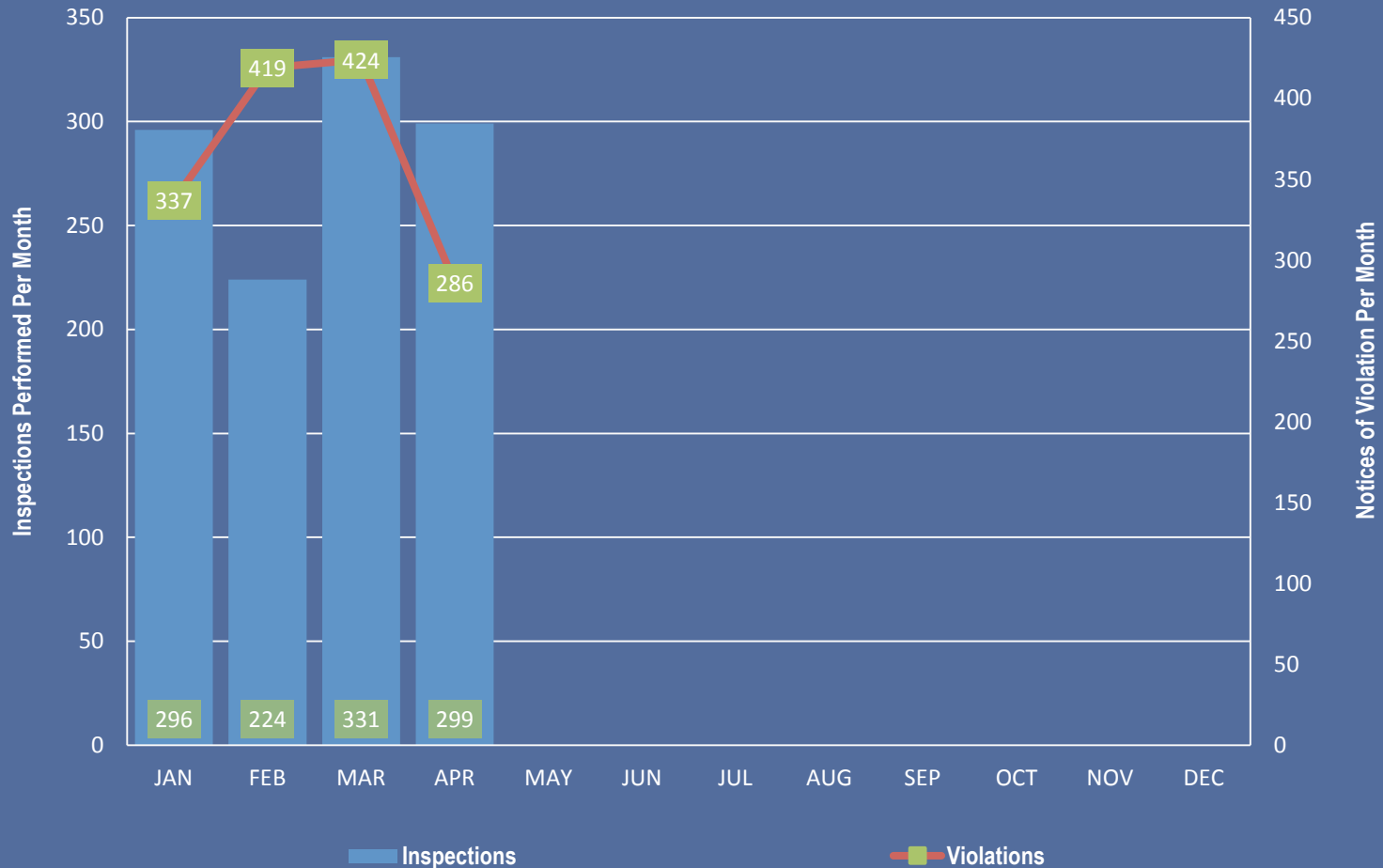


Acme site on  
08-29-11



Acme site on  
09-02-11

# 2012 - Monthly Inspection Tracking



# Moratorium

1. On February 7, 2012, City Council approved Ordinance 2012-024
2. Ord. 2012-024 imposed a moratorium on the receipt, processing, and approval of certain oil/gas applications
3. The current 120-day moratorium expires on June 6, 2012



# Moratorium

1. Approximately 4 months before a newly drafted ordinance would be presented during a City Council public hearing
2. Timeframe may vary based on legal and scientific review length and necessary time to incorporate suggested revisions
3. Task Force public meeting notification period could also alter the schedule

# Approximate Timeline

1. Staff completes draft – 2 weeks
2. Legal and scientific review – 4 weeks
3. Staff incorporates recommendations and schedules Task Force public meeting – 4 weeks
4. P&Z public hearing – 2 weeks
5. City Council public hearing – 4 weeks  
[after P&Z hearing(s)]

# Since February 7, 2012

1. Six (6) gas well development site plan projects pending processing
2. Three (3) gas well development plats approved in ETJ
3. Zero (0) gas well permits submitted
4. Five (5) operator transfers processed