

Drilling Ban in Denton? **Get the Facts.**

ECONOMIC COST

According to recent study¹, a ban on hydraulic fracturing in the City of Denton would...

- Eliminate over **\$250 million in economic output.**
- Wipe out **\$4.6 million in funding** for the Denton Independent School District.
- Destroy over **2,000 jobs** over the next ten years.
- Cost the City **\$5.1 million in lost tax revenue.**

LOSS OF PROPERTY RIGHTS

Mineral owners in Denton have a fundamental right to access their property.

- Texas state law establishes that “the mineral resources of this state be fully and effectively exploited.”²
- Based on average prices and royalty rates, nearly \$14 million was paid to mineral owners in Denton County in March 2014. If drilling is banned, property owners could (and likely would) sue Denton for millions of dollars.
- Fifth Amendment, U.S. Constitution: “nor shall private property be taken for public use, without just compensation.”

LEGAL PROBLEMS

In Texas, state law grants the Railroad Commission exclusive authority to regulate oil and gas activity, including hydraulic fracturing.

- The Texas Constitution states: “no charter or any ordinance passed under said charter shall contain any provision inconsistent with the Constitution...[or] the general laws enacted by the Legislature...”³
- “The Legislature made regulation of the oil and gas industry, including the methods and processes used in mineral production, the province of the Texas Commission on Environmental Quality and the Texas Railroad Commission, depending on the issue. In any event, **cities are preempted from such regulation.**”⁴ —Jerry Patterson, Commissioner, TX General Land Office
- “The ban may be **unconstitutional from the get go.** And if it’s not unconstitutional, then Denton will be exposed to **years of litigation and may be exposed to years of monetary judgments** against it.”⁵ —Tom Phillips, former Chief Justice of the TX Supreme Court

AMERICAN ENERGY INDEPENDENCE

- “This latest energy boom in Texas, the largest since the late 70’s, is keeping energy prices low, improving our national security and ensuring the economic future of the state.” —Bill Hammond, CEO, Texas Association of Business
- “The well-being of the global economy is contingent upon ready access to energy resources.” —Robert Gates, former U.S. Secretary of Defense

¹ Perryman Group, “The Adverse Impact of Banning Hydraulic Fracturing in the City of Denton on Business Activity and Tax Receipts in the City and State,” June 2014.

² Tex. Nat. Res. Code § 92.001.

³ Art. XI, § 5

⁴ Letter from Patterson to Denton Mayor Chris Watts, July 15, 2014. (emphasis added)

⁵ “Stakes are high as Denton frack ban goes to City Council Tuesday,” Dallas Business Journal, July 14, 2014. (emphasis added)