



CITY COUNCIL COMMUNICATION

June 22, 2010

SUBJECT: HOLD PUBLIC HEARING FOR GAS WELL PAD SITE PERMIT-
CASE NO. 10-03-CC

SUBMITTED BY: Chris Barker, Director of Planning and Development

REFERENCE NO: 10-03-CC

ACTION REQUESTED:

Approve a request for a Gas Well Pad Site Permit proposed to be located on Samuel Tucker Survey, A-1512, Tract 4B at 2271 State Highway 360 (northwest of the intersection of State Highway 360 and Mid-Cities Boulevard).

ALTERNATIVES:

1. Approve the request – *simple majority*
2. Approve the request with modifications – *simple majority*
3. Deny the request – *simple majority*

SUMMARY OF SUBJECT:

Chesapeake Operating, a gas well operator, has applied for a Gas Well Pad Site Permit for a 13.87 acre parcel located northwest of the intersection of State Highway 360 and Mid-Cities Boulevard. The Operator intends to complete a gas well pad site and drill fifteen (15) gas wells on the site. The pad site is titled the Bear Creek Pad Site and is intended to accommodate three separate pooled lease units from the single pad site. Chesapeake Land Development Co owns the parcel in which the Operator is requesting the pad site permit.

The City Council approved Ordinance No. 1852 in June 2009 modifying the Gas Well Drilling Ordinance to separate the permitting process into a Gas Well Pad Site Permit and a Gas Well Operations Permit. The ordinance dictates that if the proposed wellheads are intended to be located within six hundred (600') feet but greater than four hundred (400') feet of any residential structure, public building or commercial structure intended for human occupancy and the Operator was not able to provide signed and recorded waivers from all of the affected property owners, then a simple majority City Council decision is required in order to issue the permit for the pad site.

Setback Distances

The fifteen wells intended for drilling are located within six hundred (600') feet of five structures intended for human occupancy on three adjacent parcels. A further parcel to the north of the pad site contains self-storage warehousing structures which do not meet the definition of a protected structure for setback distances. Of the three parcels containing protected structures, the Operator was able to obtain signed and recorded waivers from two of the three. The remaining property owner, Paran Vision Investment Inc – which owns the retail strip center and car wash to the south of the site, did not sign the waiver. Due to the inability of the Operator to provide signed and recorded waivers from all of the affected property owners, a simple majority City Council decision is required in order to issue the permit for the pad site.

The proposed production layout of the pad site indicates that all final production equipment including containment layout and storage tanks will be in compliance with the required setbacks from property lines and adjacent protected structures.

Transportation Route

The Operator intends to utilize State Highway 360 frontage road to access the site. The transportation route into and from the site through the City of Euless does not indicate any usage of City-maintained street system, therefore a Road Maintenance Agreement is not required for this pad site. The pad site will be accessed through a Texas Department of Transportation (TxDOT) approved location on the frontage road. A concrete access driveway and road designed to City Emergency Access, Drainage and Utility Easement (EADUE) standards will be constructed from the frontage road to the primary entrance of the pad site. A security gate will be located at the end of the drive.

Noise Mitigation

At the request of staff, the Operator has, through computer modeling, shown the potential impact nuisance noise generated by the drilling operation may have on the surrounding property as well as measured the existing pre-drilling average ambient noise level. The Gas Well Drilling Ordinance requires that the drilling operations not generate any noise greater than 78 dB (decibels) as measure at a distance three hundred (300') feet from the source of the noise. The computer modeling shows that with distances involved with the drilling operations the decibel levels would not exceed 65 dB at the property line of the pad site – thereby the processes would be in compliance with the Ordinance.

The Inspection Services Provider, Mr. David Lunsford, employed by the City of Euless to review and inspect all pad sites and operations in the City, has provided a recommendation to the City Council that noise mitigation procedures be installed on the rig operations and fracturing processes on this pad site in order to ensure continuous compliance with the noise performance standards of the ordinance.

During drilling and fracture simulation operations, the Operator intends to construct a thirty-two (32') foot high noise attenuation barrier (sound blanket) along the northern, western, and

southern boundary lines of the pad site. This barrier would surround the entirety of the pad site operations area. The proposed noise attenuation measures will provide significant noise reduction to the adjacent properties and neighborhoods, in excess of the minimum requirements of the ordinance.

Environmental Testing Agreement

The Operator has signed and executed an Environmental Testing Agreement which dictates that the Operator, at their cost and expense, will undertake environmental testing at the well site which may include the use of infrared FLIR cameras to detect VOC omissions. Additionally, in the event on an involuntary spill or release of solids, liquids or gases requiring reporting to a state or federal agency, the Operator shall call 911 to report the incident and report to same to the Deputy Fire Chief. The Operator, after being notified may be required by the City to temporarily terminate all operations on the well-site. The Operator would then reimburse the City any remediation, testing and inspection costs the City may incur regarding the incident. If, after a public hearing, the City Council determines that the site contains conditions as to create an endangerment to the health, safety and welfare of the citizens of the City, the City may require ceasing all operations at the site until the Operator takes action to remediate the cause of the endangerment. Operations at the well site could not be renewed until further authorized by the City Council or their designee. (See attached Environmental Testing Agreement).

Water Usage

The Operator intends to pipe water into the pad site from an off-site source located on the DFW International Airport property. This surface source currently supplies water to several Chesapeake run pad sites on the airport property. The pipeline will be temporary until the wellheads on the pad site are completely drilled and fractured.

Site Appearance

During the drilling and fracturing process of the pad site, the pad will be secured by an eight (8') tall chain link fence. Post-completion of the wells, an eight (8') foot masonry wall will be constructed surrounding the entirety of the pad site. Landscaping and permanent irrigation will be installed primarily along the SH 360 frontage with some shrubs along the internal walls. In order to properly grade the pad site, a spoils mound will be constructed to the south of the pad site contained within the subject property. The mound will be required to be graded, erosion control measures installed and seeded for stabilization of the earth. Temporary irrigation will be used to establish the seeding. The remainder of the parcel to the west and fronting onto Mid-Cities Boulevard will continue to be owned by Chesapeake and could potentially be developed under the C-2 zoning district standards in the future.

Public Notification

In addition to letters of notification to all property owners within one thousand (1000') feet of the pad site boundary, staff has sent approximately 1,200 letters of notice to all of the individual apartment units of the four apartment communities (Stonebridge, Oakmont at Bear Creek, Fountain Wood, The Mandolin) that have property within 1000' of the pad site. The Operator agreed to pay for this additional notification although not required by ordinance. Signs announcing the public meetings were placed on the pad site property as required by ordinance and additionally, at the primary entrances to the apartment communities. Notification of the public hearing was published in the Fort Worth Star-Telegram on June 5 and June 6, 2010.

Next Steps

The Operator has submitted the required information for a Gas Well Operations Permit for nine (9) wellheads. The Gas Well Operations Permit is a technical permit and would be reviewed and approved at the staff level. By ordinance, the City Manager has final approval of the operations permit.

As required by ordinance, the Inspections Services Provider, Mr. David Lunsford with Universal Pegasus International, has completed his review of the application and has provided a letter recommending approval of the Gas Well Pad Site Permit. A copy of this letter has been provided as part of your case packet.

Staff has reviewed the Gas Well Pad Site Permit for technical criteria as required by Section 40 of the City Code of Ordinances and has certified that the documentation submitted by the Operator is in compliance with all applicable City regulations.

FINANCIAL CONSIDERATIONS:

Revenue Sources:

Expenditure Accounts:

Budgeted Fiscal Year(s):

Estimated Expenditure:

Over/Under Projection By:

Other Comments:

SUPPORTING DOCUMENTS:

- Application
- Exhibits
- Unmitigated Sound Graphic
- Executed Environmental Testing Agreement
- Inspection Services Provider Recommendation Letter
- Signed Waivers
- Comments of Approval
- Comments of Protest
- Map 1, Map 2, and Map 3

APPROVED BY:

_____ **LG** _____

City Manager's Office

_____ **SC** _____

City Secretary's Office