

**MINUTES OF A REGULAR MEETING
OF THE
EULESS CITY COUNCIL
TUESDAY, JUNE 22, 2010**

A regular meeting of the Euless City Council was called to order by Mayor Mary Lib Saleh at 4:00 p.m. on Tuesday, June 22, 2010, in the Precouncil Conference Room of City Hall, 201 North Ector Drive. Those present included: Mayor Mary Lib Saleh, Mayor Pro Tem Linda Martin, Council Members Tim Stinneford, Leon Hogg, Donna Mickan, Glenn Porterfield, and Perry Bynum.

During the Precouncil meeting:

- Mayor Mary Lib Saleh advised that she recently attended the 78th Annual Meeting of the United States Conference of Mayors in Oklahoma City, and the major topics of discussion included the oil spill in the Gulf of Mexico and immigration. She also commented that the Town Hall meeting held the previous evening had been one of the best ever.
- Council Member Perry Bynum reported that he is currently serving as Chair of the North Central Texas Council of Governments Emergency Preparedness Planning Council, an organization composed of elected officials who make recommendations on how the region can most efficiently and effectively utilize state and/or federal financial assistance made available for emergency and disaster planning, mitigation, and recovery.
- City Manager Gary McKamie introduced Boyd London, Managing Director, First Southwest. Mr. London addressed the City Council regarding the possibility of bond refunding, which would reduce the debt payment associated with the Dr. Pepper Star Center by reducing the interest rate. City Manager McKamie advised that an item will be brought forward in August for consideration by the City Council.
- Representing Capital Realty, Richard Myers, Chief Executive Officer, and Tim Coltart, Vice President, reviewed the corporate history of Capital Realty and presented their vision and potential development opportunities for the Bennett Tract (southwest corner of State Highway 183 at State Highway 360).
- Director of Planning and Development Chris Barker presented the development update to the City Council, and reported an increase in the number of high grass and weed cases when compared to last year.
- Finance Director Vicki Rodriguez presented the financial report for the period ending May 31, 2010. She advised that sales tax revenue was up in May by 11.6 percent and in June by 7 percent.
- City Manager McKamie discussed possible operational cuts for the upcoming budget year.
- City Manager McKamie reviewed the Regular Agenda items.

CLOSED SESSION

The City Council convened into closed session at 6:42 p.m. for deliberation regarding economic development incentives related to 1363 West Eules Boulevard as authorized by Section 551.087 of the Texas Government Code. The City Council reconvened into open session at 6:50 p.m.

COUNCIL CONSIDERATION OF SCHEDULED ITEMS – COUNCIL CHAMBERS

The Eules City Council continued their meeting in the Council Chambers at 7:00 p.m. for consideration of scheduled items.

STAFF MEMBERS PRESENT

City Manager Gary McKamie
Deputy City Manager Loretta Getchell
City Attorney Bob McFarland
City Secretary Susan Crim
Deputy City Secretary Kim Sutter
Director of Planning and Development Chris Barker
Police Chief Mike Brown
Director of Economic Development and Administrative Services Mike Collins
Director of Parks and Community Services Ray McDonald
Director of Public Works and Engineering Ron Young
Director of Finance Vicki Rodriguez
Fire Chief Robert Isbell
Assistant Chief of Police Bob Freeman
Fire Division Chief Jeff Morris
Assistant Director of Finance Jackie Theriot
Public Works Manager J.T. Ackerman
Communications/Marketing Manager Betsy Deck
Texas Star General Manager Glenda Hartsell-Shelton
Library Administrator Kate Lyon
Human Resources/Risk Administrator Carolyn Marshall
Fleet and Facility Administrator Kyle McAdams
Information Services Administrator Dan McLain
City Engineer Robert Barker
Parks Manager Randy Smith
Computer Support Specialist Jake Dilliplane
Firefighter II Rusty Cade
Fire Lieutenant Allan Cavender
Police Sergeant David S. Chaney
Senior Planner Stephen Cook
Police Lieutenant Steve Eskew
Fire Division Chief Dale Skinner
Fire Division Chief Jeff Morris
Firefighter II/Paramedic Jon Evans
Firefighter II/Paramedic Scott Evans
Senior Librarian Susan Neal

Librarian Donna Gooch
 Police Corporal Michael Privitt
 Firefighter/Paramedic Jeremy Goodman
 Firefighter II/Paramedic George Grim
 Firefighter II/Paramedic Robert Hopkins
 Firefighter/Paramedic Michael Jones
 Firefighter/Driver/Paramedic Lance Judd
 Firefighter II/Paramedic Ken Kelly
 Firefighter/Driver Steve Mayo
 Parks Office Technician Lloyd Marlowe
 Human Resources/ Benefits Technician Anniece McKanna
 Librarian Assistant Paula Myers
 Fire Battalion Chief/Paramedic John O'Brien
 Firefighter/Paramedic Adam Parkhurst
 Fire Lieutenant Danny Phillips
 Firefighter/Driver/Paramedic Tommy Rush
 Firefighter/Paramedic Aaron Schmidt
 Firefighter/Paramedic Josh Schnitzius
 Firefighter II/Paramedic Brad Schupback
 Parks Field Tech Matt Shelley
 Fire Captain/Paramedic Jerry Sutton
 Firefighter II/Paramedic Tom Tyre
 Firefighter II/Paramedic Kenny Wrobski

VISITORS

Carol Agee	Jerrie Keller	Carroll "Scotty" Scott
Mitch Bell	Paige and Shea Kirkman	Barbara Shelley
Rick Brooks	Keith Koraska	Candace Shelley
Charles Cinquemani	Sang Kwon	Tiffany Shelley
Mark Compton	David Lowry	LeAnn Smith
Naomi Cox	Tommy Long	Todd and Nancy Smith
Steve Cox	David L'Roy	Spencer Smith
Marilyn Crutsinger	Jerrie Keller	Stephanie Smith
Beth and Tim Cusack	Sang Kwon	Barney Snitz
Daniel Delph	Mark Massey	Jennifer Sparesus
Loretta Doty	Don Martin	Faye Stinneford
Iris Elliott	Carmen McKinney	Jake Thomasson
Darl Easton	Reggie McMullin	Dale Turns
Robin Edwards	Brian Min	Susan Vest
Benjamin Eyster	Marilyn Mulvany	John Voss
Iris Elliott	Dawn Nisbet	Bernie Wadsworth
Robert Hearst	Cathy O'Brien	LaDonna Wadsworth
Shelly Hearst	Lula Marie Odom	Kathryn Williamson
Cristal Hernandez	Kenny Olmstead	M. Scott Wilshussen
Elizabeth Jamison	Tushar Patel	Zach Wiseman
Greg Jamison	Tom Peterson	Keith and Jan Yackey
Julie Jones	John Schleeter	Harry Zimmer

and others as noted in the visitor register.

INVOCATION

City Manager Gary McKamie gave the invocation.

PLEDGE OF ALLEGIANCE

Council Member Tim Stinneford led the Pledge of Allegiance.

ITEM NO. 1. PRESENTATION OF EMPLOYEE OF THE MONTH FOR JULY

Director of Parks and Community Services Ray McDonald and Parks Manager Randy Smith introduced Matt Shelley, Field Tech I, Parks Department. Matt was accompanied by his wife, Barbara, daughters Tiffany and Candace, and granddaughter Carmen.

Mayor Saleh presented Matt with a certificate and plaque in recognition of his selection as employee of the month for July 2010.

ITEM NO. 2. PRESENTATION OF EMPLOYEE SERVICE PINS

Library Administrator Kate Lyon introduced Senior Librarian Susan Neal. Susan was accompanied by Librarian Donna Gooch, and Librarian Assistant Paula Meyers. Susan has completed five years of service with the City.

Police Chief Mike Brown introduced Police Corporal Michael Privitt. Michael has completed 25 years of service with the City. Michael was accompanied by Assistant Chief of Police Bob Freeman, Police Lieutenant Steve Eskew, and Police Sergeant David S. Chaney.

Fire Chief Robert Isbell introduced Battalion Chief John O'Brien. John was accompanied by his wife, Cathy O'Brien as well members of the Fire Department "B" shift, including Firefighter II Rusty Cade, Fire Lieutenant Allan Cavender, Firefighter II/Paramedic Jon Evans, Firefighter II/Paramedic Scott Evans, Firefighter/Paramedic Jeremy Goodman, Firefighter II/Paramedic George Grim, Firefighter II/Paramedic Robert Hopkins, Firefighter/Paramedic Michael Jones, Firefighter/Driver/Paramedic Lance Judd, Firefighter II/Paramedic Ken Kelly, Firefighter/Driver Steve Mayo, Firefighter/Paramedic Adam Parkhurst, Fire Lieutenant Danny Phillips, Firefighter/Driver/Paramedic Tommy Rush, Firefighter/Paramedic Aaron Schmidt, Firefighter/Paramedic Josh Schnitzius, Firefighter II/Paramedic Brad Schupback, Captain/Paramedic Jerry Sutton, Firefighter II/Paramedic Tom Tyre, and Firefighter II/Paramedic Kenny Wroblski.

Mayor Saleh presented Susan, Michael and John each with a service pin commemorating their years of service with the City.

ITEM NO. 3. RECOGNIZED RECIPIENT OF EAGLE SCOUT AWARD FROM THE BOY SCOUTS OF AMERICA

Mayor Saleh presented Spencer Thomas Smith, Boy Scout Troop No. 28, with a certificate in recognition of achieving the rank of Eagle Scout. Spencer shared pictures of his community service project. He cleaned and reconstructed a garden at Bedford Heights Elementary with drought tolerant planting. Spencer is the son of Texas State Representative Todd Smith and Nancy Smith.

ITEM NO. 4. PRESENTATION OF CENSUS DATA

Government Partnership Specialist Christie Hernandez, U.S. Census Bureau, provided an update on the census data for the City of Euless. She stated that the mail participation rate for the city was 71 percent, and is in line with the national response rate of 72 percent. Additionally, she stated that the process to contact those residents who did not participate in the mail process is 98 percent complete. She advised that the data is scheduled to be released in the first quarter of 2012.

She expressed her appreciation to Mayor Saleh, City Manager McKamie, Geographic Information Systems Manager David Allen, Marketing and Communications Manager Betsy Deck, as well as the community members who served on the Complete Count Committee.

CONSENT AGENDA (items 5, 7 and 8)

Mayor Saleh advised that item #6 would be pulled from the consent agenda for discussion.

Mayor Pro Tem Martin motioned to approve Consent Agenda items number 5, 7 and 8.

Council Member Stinneford seconded the motion.

Ayes: Mayor Saleh, Mayor Pro Tem Martin, Council Members Stinneford, Hogg, Mickan, Porterfield, and Bynum

Nays: None

Mayor Saleh declared the motion carried.

ITEM NO. 5. APPROVED AWARD OF REQUEST FOR PROPOSAL NO. 011-10

Approved award of Request for Proposal No. 011-10, and authorized the City Manager to negotiate and execute a contract with Weaver, LLP, Fort Worth, for services of an independent audit firm for an initial term of three years beginning Fiscal Year 2010 and ending Fiscal Year 2012, with an option to extend the agreement for an additional two years.

The estimated expenditure is \$72,300.00.

ITEM NO. 7. APPROVED RESOLUTION NO. 10-1343

Approved Resolution No. 10-1343, moving the August 10, 2010, City Council meeting to August 17, 2010, and moving the August 24, 2010, City Council meeting to August 31, 2010.

ITEM NO. 8. APPROVED CITY COUNCIL MINUTES

Approved the minutes of the regular City Council Meeting of June 8, 2010.

REGULAR AGENDA

ITEM NO. 6. APPROVED AWARD OF REQUEST FOR PROPOSAL NO. 012-10

City Manager Gary McKamie stated that the City requested proposals for services related to the City's health insurance plan including third party administration, utilization management, large case management, and network access. Providers were evaluated based on service delivery, costs, and references, and staff is recommending award to WEB-TPA, our current carrier. In addition, the Aetna network is being recommended for both medical and dental coverage.

The estimated annual expenditures are \$95,040 for administration, utilization and case management and \$67,200 for network access.

Council Member Bynum motioned to approve the award of Request for Proposal No 012-10 for third party administration, utilization management and large case management to Web-TPA, Irving, Texas, and network access to Aetna.

Council Member Stinneford seconded the motion.

Ayes: Mayor Saleh, Mayor Pro Tem Martin, Council Members Stinneford, Hogg, Mickan, Porterfield, and Bynum

Nays: None

Mayor Saleh declared the motion carried.

ITEM NO. 9. CONSIDER SITE PLAN NO. 10-03-SP

Planning and Development Director Chris Barker presented the case to the City Council and advised that the applicant is requesting to construct a canopy structure on the north side of the existing bank building in order to provide automated, vacuum drive-through banking services for the existing establishment (My Credit Union) located on Harwood Plaza Addition, Lot 1A, 1014 North Industrial Boulevard. The site plan and architectural details of the canopy show that the applicant intends to utilize two lanes of automated teller service on the north side of the primary building. Queuing of vehicles will be to the rear of the building and around the back side of the structure; striping and directional arrows will guide customers to the proper alignment to the teller service; the canopy will be gabled and painted to match the new copper color scheme of the site; and concrete bollards, which were originally installed to protect the fuel pumps, will be utilized to protect the supporting columns of the canopy structure.

The Development Review Committee has reviewed the site plan application and has found that it complies with the development standards of the City of Euless, and staff recommends approval of the site plan.

Mark Massey, President of My Credit Union, addressed the City Council regarding the request. He expressed his appreciation to City Building Official Kurt Kasson and Senior Planner Stephen Cook for their assistance related to the request.

Council Member Porterfield asked if the applicant would consider encasing the canopy support poles with some sort of masonry exterior, extending from the ground to the roof of the canopy.

Mr. Massey agreed to the modification.

Council Member Porterfield motioned to approve Site Plan No. 10-03-SP for commercial development, permitting the construction of a canopy structure on the north side of the existing bank building in order to provide automated, vacuum drive-through banking services, with one additional condition that the steel posts supporting the canopy be encased with some type of masonry material.

Council Member Mickan seconded the motion.

Ayes: Mayor Saleh, Mayor Pro Tem Martin, Council Members Stinneford, Hogg, Mickan, Porterfield, and Bynum

Nays: None

Mayor Saleh declared the motion carried.

ITEM NO. 10. HELD PUBLIC HEARING AND APPROVED REQUEST FOR GAS WELL PAD SITE PERMIT CASE NO. 10-07-CC

Mayor Saleh opened the public hearing at 7:54 p.m.

Planning and Development Director Chris Barker presented the case to the City Council, and advised that David H. Arrington Oil and Gas Inc., a gas well operator, has applied for a Gas Well Pad Site Permit for a 2.788 acre parcel located at the northeast corner of West Pipeline Road and Westpark Way. The operator intends to complete a gas well pad site and drill two gas wells on the site.

Previous Pad Site Approval

The City Council held a public hearing (Case No. 09-10-CC) relating to this Gas Well Pad Site Permit on October 13, 2009, and approved a Gas Well Pad Site Permit. The Operator was unable to obtain the required Gas Well Operations permit within 180 days of the pad site permit as required by Section 40-7 of the gas well ordinance. The Operator intended to construct an off-site fresh water surface pond on adjacent property to supply the pad site with water to be used during fracturing operations, but was unable to obtain the necessary Federal and State permits to construct this pond in the timeframe required, thus resulting in the expiration of the approved Gas Well Pad Site Permit. The pad site permit application has been modified to reflect on-site storage of water within tanks.

The two wells intended for drilling are located within 600 feet of eight structures intended for human occupancy, four of which are located closer than 400 feet. The operator has procured signed waivers from the ownership of all structures located within 600 feet of the proposed wellheads, with the exception of the City of Euless owned structure located at 1100 Westpark Way (the former Fire Station). The ordinance dictates that if the proposed wellheads are intended to be located between 200 feet and 400 feet of any residential

structure, public building or commercial structure intended for human occupancy, then a simple majority City Council decision is required in order to issue the permit for the pad site.

Setback Distances

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 required setbacks from property lines and adjacent structures.

Transportation Route

The Operator intends to utilize State Highway 10 (Eules Boulevard) and an 865 foot section of Westpark Way as the transportation route to bring construction, drilling and completion equipment and supplies to the site in order to complete the drilling process. Access to the site will be from a drive approach to Westpark Way, designed to City of Eules standards, at the north end of the subject parcel. The transportation route will be part of the conditions of the permit and would prohibit any truck traffic associated with the gas well pad site from utilizing an alternative route north on Westpark Way accessing State Highway 183.

As part of the Gas Well Operations Permit, the Operator will enter into a road damage mitigation agreement to compensate the City of Eules for any damage the additional truck traffic associated with the gas well operations will have on the 865 feet of Westpark Way identified in the transportation route. The Operator has agreed to employ traffic control methods, personnel and appropriate safety equipment during any and all moving of drilling equipment onto and off of the pad site location, and during moving of frac water storage tanks, and for other large multiple load equipment moves. The scope of these traffic control methods, personnel and appropriate safety equipment will be at the discretion of the City, specifically under the direction and approval of the Chief of Police.

The drive approach on the subject parcel will be designed to City Emergency Access, Drainage and Utility Easement (EADUE) standards and installed as a 75 foot long concrete drive. A tier mud shaker (grate) will be located at the junction of the pad site and the concrete drive and the operator will provide street sweeping services as necessary and required by the city during the pre-production period. A manually operated security gate will be located at the end of the drive.

Noise Mitigation

At the request of staff and through computer modeling, the Operator has shown the potential nuisance noise impact generated by the drilling operation to the surrounding property, as well as measured the existing pre-drilling average ambient noise level. Ordinance No. 1852 requires that the drilling operations not generate any noise greater than 78 dB (decibels) as measured at a distance of 300 feet from the source of the noise. The computer modeling shows that the decibel levels would not exceed 78 dB at a distance of 300 feet from the source of the noise.

The Inspection Services Provider, Mr. David Lunsford, employed by the City of Eules 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 implemented in order to ensure continuous compliance with the noise performance standards of the ordinance.

During drilling operations, the Operator intends to construct a 16 foot high noise attenuation barrier (sound blanket) along the northern, western, eastern and southern sides of the rig operations. This barrier would surround the diesel engines used to run the rig's electric generation and the areas surrounding the wellheads where the greatest amount of noise is generated. Post mitigation noise computer modeling has shown the proposed noise attenuation measures to provide significant noise reduction to the adjacent properties and neighborhoods, in excess of the minimum requirements of the ordinance. At this time, the Operator does not intend to provide noise attenuation barriers (sound blankets) on site during fracture stimulation operations.

Environmental Testing Agreement

The Operator has 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 (volatile organic compounds) omissions, if requested by the City. Additionally, in the event of an involuntary spill or release of solids, liquids or gases requiring reporting to a state or federal agency, the Operator shall call 911 and the Deputy Fire Chief to report the incident. 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.

Water Usage

As a modification from the previous approval of the Gas Well Pad Site, the Operator intends to utilize 18 truck-hauled water tanks stored on the pad site during fracture stimulation operations. The Operator intends to move the tanks onto the site empty and fill them on-site, utilizing metered City water resources.

Site Appearance

During the drilling and fracturing process of the pad site, the pad will be secured by an onsite 24-hour watchman. Post-completion of the wells, the Operator will construct a perimeter surrounding wall comprised of a masonry wall to the north, west and a portion of the southern pad site. The remainder of the perimeter wall to the south and to the east of the pad site will be fenced with a steel or aluminum fence in a wrought iron style. The applicant would be required to begin the installation of the required fencing within 30 days of the completion of the wells. It is anticipated that the completion of the wells would occur approximately 90 days from the commencement of work at the location. The Operator has provided a landscape and permanent irrigation plan for the frontage of the site along Westpark Way.

Public Notification

Letters of notification were mailed to all property owners within 1000 feet of the pad site boundary. Additionally, signs announcing the public meeting were placed on the pad site

property. 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 two 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 Inspection 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.

Staff has reviewed the Gas Well Pad Site Permit for technical criteria as required by ordinance and has certified that the documentation submitted by the operator is in compliance with all applicable City regulations.

Scott Wilshusen, 1304 Juncau Court, Fort Worth, representing the applicant, addressed the City Council regarding the request.

The following individual spoke in support of the case:
Kenny Olmstead, 1304 Cliffwood Road, Euless

The following individual spoke in opposition to the case:
Zach Wiseman, 1010 Coyote Drive, Euless

There being no additional proponents or opponents, Mayor Saleh closed the public hearing at 8:30 p.m.

Responding to a question from the Council Member Bynum, Scott Wilshusen advised that the water used during the fracing process will be hauled offsite to a state approved disposal well, and no flaring will take place at the site.

Council Member Bynum stated that he resides in the Wilshire area; however, his property is not a part of the pooled unit for this gas well pad site.

Council Member Mickan motioned to approve Gas Well Pad Site Permit Case No. 10-07-CC, from David H. Arrington Oil and Gas for a Gas Well Pad Site Permit proposed to be located on James M. Matson Survey, A-1080, Tract 3B at 1051 Westpark Way.

Council Member Hogg seconded the motion.

Ayes: Mayor Saleh, Mayor Pro Tem Martin, Council Members Stinneford, Hogg, Mickan, Porterfield, and Bynum

Nays: None

Mayor Saleh declared the motion carried.

ITEM NO. 11. HELD PUBLIC HEARING AND APPROVED REQUEST FOR GAS WELL PAD SITE PERMIT CASE NO. 10-03-CC

Mayor Pro Tem Martin and Council Member Stinneford advised that they have filed conflict of interest affidavits and will not participate in the discussion and the vote for the gas well pad site permit request from Chesapeake Energy. Mayor Pro Tem Martin clarified that she is not part of the pooled unit that is being drilled at this time. Mayor Pro Tem Martin and Council Member Stinneford dismissed themselves from the dais.

Mayor Saleh opened the public hearing at 8:40 p.m.

Planning and Development Director Barker presented the case to the City Council, and advised that Chesapeake Energy, 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 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 Company owns the parcel in which the Operator is requesting the pad site permit.

City Code dictates that if the proposed wellheads are intended to be located within 600 feet, but greater than 400 feet of any residential structure, public building or commercial structure intended for human occupancy and the Operator is 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.

The 15 wells intended for drilling are located within 600 feet of five structures intended for human occupancy. Of the three parcels containing protected structures, the Operator was able to obtain signed and recorded waivers from two of the three affected property owners, triggering a simple majority City Council decision to approve the issuance of a gas well pad site permit.

Setback Distances

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 and through computer modeling, the Operator has shown the potential nuisance noise impact generated by the drilling operation to 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 measured at a distance of 300' feet from the source of the noise. The computer modeling shows that the decibel levels would not exceed 65 dB at the property line of the pad site.

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 implemented 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 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 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 (volatile organic compounds) omissions. Additionally, in the event of 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.

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') foot 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 State Highway 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 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 at Bear Creek Apartments, Oakmont of Bear Creek Apartments, Fountain Wood at Bear Creek Apartments, The Mandolin Apartments) that have property within 1000 feet of the pad site. Signs announcing the public meetings were placed on the pad site property and 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.

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.

The following individuals spoke in support of case:

Cristal Hernandez, representing Chesapeake Energy, 100 Energy Way, Fort Worth
Shea Kirkman, 607 Knott Court, Euless
Dale Turns, 1607 North Main Street, Euless
Daniel Delph, 304 Sandlewood Lane, Euless

Tushar Patel, 2600 Kayli Lane, Euless, registered his support for the case, but did not wish to speak.

Cristal Hernandez, Public Affairs Coordinator, and Julie Jones, Permitting Representative, representing Chesapeake Energy, were present to address questions related to the request.

The following individuals spoke in opposition of the case:

Benjamin Eyster, 2525 Highway 360, Apartment 831

Brian Min, representing Mr. Sang Kwon, 801 East Mid Cities Boulevard, Eules
Tim Cusack, 1200 Denton Drive, Eules
John Schleeter, 211 Buckingham Avenue, Eules

There being no additional proponents or opponents, Mayor Saleh closed the public hearing at 9:38 p.m.

Council Member Hogg motioned to approve Gas Well Pad Site Permit Case No. 10-03-CC, from Chesapeake Operating, Inc., 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).

Council Member Mickan seconded the motion.

Ayes: Council Members Hogg, Mickan, Porterfield, and Bynum

Nays: Mayor Saleh

(Mayor Pro Tem Martin and Council Member Stinneford filed Conflict of Interest Affidavits with the City Secretary and did not participate in the discussion or vote related to this item)

Mayor Saleh declared the motion carried.

ITEM NO. 12. PUBLIC COMMENTS

Mr. Daniel Delph, 304 Sandlewood Lane, Eules, provided the city a copy of the Chesapeake Energy lease agreement.

ITEM NO. 13 REPORTS

CITY ATTORNEY

No report given.

CITY MANAGER

No report given.

CITY COUNCIL

No reports given.

ITEM NO. 14. ADJOURN

Mayor Saleh adjourned the meeting at 9:57 p.m.

APPROVED:

ATTEST:

Mary Lib Saleh
Mayor

Susan Crim, TRMC
City Secretary