

June 16, 2015

Study Session Information

Oil and Gas Ordinance

CITY COUNCIL STUDY SESSION MINUTES

June 16, 2015

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:30 p.m. in the Municipal Building Conference Room on the 16th day of June, 2015, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT:

Councilmembers Allison, Castleberry, Heiple, Holman, Jungman, Lang, Miller, Williams, Mayor Rosenthal

ABSENT:

None

Item 1, being:

CONTINUED DISCUSSION REGARDING POTENTIAL REVISIONS TO THE CITY'S OIL AND GAS ORDINANCE.

Ms. Leah Messner, Assistant City Attorney, said the City Council Oversight Committee has been discussing amendments to the oil and gas ordinance since November 2013 and City Council discussed the draft ordinance in a Study Session in January and February 2015. In the Study Session on February 17, 2015, Council requested more information regarding insurance policy limits as well as appropriate limits for environmental/pollution coverage and general liability coverage. They also requested a modification of the proposed waiver procedure to mirror Oklahoma City's ordinance.

Ms. Messner said staff spoke with another insurance provider who recommended \$1 million in general liability coverage, \$1 million in pollution and seepage coverage, \$1 million in workers compensation coverage, and an umbrella policy. Pollution and seepage coverage, as opposed to pollution coverage, covers sudden spills and accidents as well as leaks that may go undetected for period of time.

Councilmember Castleberry asked if most oil and gas operators have umbrella coverage and Ms. Messner said the \$1 million coverage was pretty consistent across the board and environmental policies are also standard; however, the workers compensation coverage and umbrella policy limits seem to vary more. The \$2 million umbrella policy would require operators to have more insurance and some would already be over insured. She said staff is trying to find a middle ground of a good coverage limit that would provide enough coverage, but not be too onerous for operators that do not have that policy currently in effect.

Ms. Messner said staff modified the draft ordinance to incorporate Oklahoma City's process for granting waivers. When a well is permitted in Oklahoma City for multiple well bores the waiver covers all the well bores requested in the application; however, if additional well bores are requested at the same site after the initial application is approved, a new waiver is required.

Councilmember Jungman asked if the operator would be able to re-use the same permitted well bore years later without a new waiver and Ms. Messner said yes. Councilmember Jungman asked if it is common to re-use a well bore several years later and Mr. Jeff Bryant, City Attorney, said sometimes the operator will re-work the well or do maintenance on the well, but unless the well is plugged there is no need to drill again. Councilmember Jungman asked if, historically, operator's drill in existing bores or create new bores and Mr. Bryant said they use the same bore. Councilmember Jungman felt that because the same well bore can be used without acquiring a new waiver, the waiver is not meaningful and that concerned him. Councilmember Castleberry said if someone is allowed to bore five holes, the process used to do that is not a major deal, but if the waiver is granted for five bores and the operator later wants to add additional bores then they would have to come back and request a new waiver. Councilmember Jungman said if someone obtains a waiver and decides to re-bore in that site again 20 years later, how would that affect property owners who may not have owned that property when the waiver was approved. Mr. Bryant said the ordinance requires waivers be filed of record at the County so property owners are aware of the

waiver. Councilmember Miller said this is no different than a property owner selling their easement for a gas or oil line then someone purchasing that property 20 years later. She said as long as the purchaser has a way of knowing about the waiver before they purchase the property then the City has done due diligence. Mayor Rosenthal said the Geographical Information Systems (GIS) Division is updating the City's maps to show all existing and plugged wells in Norman so the public will have that information. She agrees with Councilmember Miller that the City can only do so much and the rest is up to the buyer to become aware.

Councilmember Castleberry said the City creates recoupment districts for road projects and asked if that information is available on properties so purchasers know there is a cost attached to the property and Mr. Bryant said yes, they are filed of record with the County. Councilmember Castleberry asked if the assessment districts are currently depicted on the GIS maps and Mr. Bryant said no they are not.

Ms. Messner said the Governor signed Senate Bill 809 on May 29, 2015, which goes into effect August 21, 2015. The bill allows cities to enact reasonable ordinances concerning road use, traffic, noise, and odors incidental to oil or gas operations within its boundaries provided those regulations are not inconsistent with the Oklahoma Corporation Commission (OCC) regulations. In addition, municipalities may establish reasonable setbacks and fencing requirements for oil and gas well sites to protect health, safety, and welfare of its citizens. Cities *may not* effectively prohibit or ban any oil or gas operations, including fracking. Ms. Messner said the draft ordinance is fairly consistent with OCC current regulations and in compliance with Senate Bill 809.

Councilmember Castleberry asked if the City's ordinance can be more restrictive as long as the City is addressing the issues of road use, noise, etc., and Mr. Bryant said there are a wide variety of opinions on what the language in Senate Bill 809 means. He said staff has tried to be very diligent about comparing OCC rules and regulations with the draft ordinance and, if litigated, the City's rules and regulations are "not inconsistent" with OCC regulations. He said some would argue that not inconsistent does not mean more restrictive while others would argue that not inconsistent does not mean less restrictive. He said there may be some areas OCC has chosen not to regulate at this time so there is good faith argument that if OCC has chosen not to regulate it then the City is not inconsistent. He said staff has had discussions with oil and gas representatives that operate in Norman regarding the language and how it might be interpreted and there are differences of opinion, but staff and the representatives were able to agree to work together to make sure the purposes of what OCC is trying to address and the purposes of what the City is trying to address are being achieved such as noise, odor, roads, clean water, health and safety issues, reasonable setbacks, etc. Representatives felt the proposed ordinance is not inconsistent with OCC regulations.

Ms. Messner said staff added appeals language to the draft ordinance which would allow operators relief from the City's ordinance in the unusual occasion that the ordinance might operate to effectively ban drilling in a particular location. She said appeals will be heard by the Board of Adjustment for the following reasons:

- Appeal from the decision of the Oil and Gas Inspector or for relief from the requirements of Sections 13-1501 to 13-1522
- Appeal from a decision or interpretation of the Oil and Gas Inspector shall be made in compliance with Chapter 22, Section 441.2 to 441.6
- Appeal for relief from the requirements of Sections 13-1501 to 13-1522 as a request for variance – such variance shall be granted upon a finding that a literal interpretation of the provisions of the ordinance would effectively ban the applicant from accessing subsurface minerals

Ms. Messner said if the Board of Adjustment were to deny an appeal under Chapter 13, the appeal would go directly to District Court regarding compliance with Senate Bill 809.

Councilmember Miller felt the appeal process was fair and asked if language was drafted because staff was concerned about some of the watershed areas where setbacks would not allow drilling. Mr. Bryant said yes, an oil and gas representative gave an example of concern about some of the City's regulations that included stream planning corridors, setbacks, certificate of survey plats, un-platted property, etc. He said when you start laying these regulations on top of each other there are areas in Norman, particularly southeast areas, where drilling would be prohibited under the City's regulations and an appeal could help find a solution to that.

Mr. Bryant said the particular example regarded one owner who owned 40 acres with one residential structure and the prior owner had filed the certificate of survey plat so that certificate of survey plat prevented an oil well from being drilled on the property under current City regulations; however, the original owner owned the mineral rights, but with all the regulation overlays the owner had no way to access their minerals. Mr. Bryant said in a case like that, an appeal could be made to the Board of Adjustment that a literal application of the City's rules and regulations on oil and gas permits effectively banned drilling, but if the purposes of why those regulation were put in place could still be met and follow the literal application then perhaps there would be room for a variance. He said the Board of Adjustment would look at the application and help find a way for an exception while still satisfying what the ordinance is trying to protect.

Councilmember Jungman asked what, in that example, is preventing the drilling and Mr. Bryant said the certificate of survey plat. Councilmember Jungman asked if operators cannot drill on platted ground and Mr. Bryant said no, not under the current ordinance. Councilmember Jungman asked in that example the owner and mineral right owner are different people and Mr. Bryant said no, they are the same. Councilmember Jungman asked if the property owner could just take the plat away and Mr. Bryant said that could be an option, which is a District Court process requiring notice and vacation of the plat. Councilmember Jungman asked what would stop that process from being successful and Mr. Bryant said he was not sure without going through all the steps of the process, but it would be more costly to go that route as opposed to seeking a variance.

Councilmember Castleberry said a certificate of survey plat is a property right and in order to vacate the plat the property owner would have to give up their current property right and Mr. Bryant said that is true if the property owner owns all the property in the certificate of survey plat. Councilmember Castleberry said if the property owner and mineral owner were different the mineral owner could claim the City is not allowing access to their minerals. Mr. Bryant said if the oil and gas operator is not able to work out some type of lease arrangement with the property owner then they may argue that. Mr. Bryant said in a situation where the mineral owner is not the same as the surface owner the first step an oil and gas company takes is to contact the surface owner to try to work something out and if that cannot be done they move onto the mineral owner to try to work something out.

Mayor Rosenthal said it is important for the ordinance to have that appeal process.

Councilmember Miller said in Section 13-1513(c) regarding storage tanks language states, "No storage tank shall be located closer than one hundred (100) feet to a street or highway right-of-way, nor closer than six hundred (600) feet to a dwelling, business structure, church or school, unless the distance requirement is waived by the affected landowner." She asked if that meant the landowner could waive the 100 feet to a street or highway requirement and Mr. Bryant said no, the City or State owns the streets and highways so only the City or State could waive the 100 feet requirement.

Councilmember Castleberry said Section 13-1519 regarding plugging of wells states, "The City of Norman requires a minimum of two hundred (200) feet of cement to be set at the end of the surface casing. Of that two hundred (200) foot minimum, at least one hundred (100) feet shall extend above the bottom of the surface casing and at least one hundred (100) feet shall extend below the bottom of surface casing. In addition, at least fifty (50) feet of cement shall be pumped extending from five (5) feet below the restored ground level elevation down into the well bore." He asked if that meant two hundred fifty (250) feet of cement would actually be required and Mr. David Wood, Oil and Gas Inspector, said the surface casing is approximately twelve hundred (1,200) feet deep so when the operator plugs the well they will run thirteen hundred (1,300) feet of pipe into the bore then start

City Council Study Session Minutes

June 16, 2015

Page 4

pumping enough volume of cement to be above a two hundred (200) foot plug that will be one hundred (100) feet into the surface pipe. After the cement has set, the operator will go in with a wire line and tag the top of the plug to make sure the plug is at least one hundred (100) feet in the surface pipe.

Mayor Rosenthal said the ordinance is ready for First Reading on June 23rd with Second Reading on July 14th.

Items submitted for the record

1. Memorandum dated June 15, 2015, from Susan Connors, Director of Planning and Community Development and Jeff Bryant, City Attorney, to Honorable Mayor and City Councilmembers
2. Draft Ordinance
3. Enacted Senate Bill No. 809 – Regulations of oil and gas activities
4. Oil and Gas Regulations Comparison Chart
5. PowerPoint presentation entitled, “Proposed Amendments to Oil and Gas Ordinance,” Norman City Council, dated June 16, 2015

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The meeting adjourned at 6:10 p.m.

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ATTEST:

City Clerk

Mayor



office memorandum

To: Honorable Mayor and City Councilmembers

From: Susan Connors, Director of Planning and Community Development
Jeff Bryant, City Attorney
Leah Messner, Assistant City Attorney

Date: June 15, 2015

Subject: Proposed Oil and Gas Ordinance Amendments

At the February 17, 2015 City Council Study Session, Council continued their discussion on the proposed changes to the City of Norman's oil and gas ordinances. After that discussion, the Council was left with the final issue of insurance policy limits that needed to be resolved. At the February 17, 2015 Study Session, Council had concerns regarding appropriate limits for environmental/pollution coverage and general liability coverage.

As a result, Staff spoke with another local insurance provider. He recommended that the ordinance be amended to require \$1 million in general liability coverage, \$1 million in pollution and seepage coverage, \$1 million in workers compensation coverage, and an umbrella policy. Pollution and seepage coverage, as opposed to pollution coverage alone, covers sudden spills and accidents as well as the leaks that may go undetected for a period of time. Staff has proposed a \$2 million umbrella policy to provide an additional layer of protection over the above discussed limits. In reviewing a sample of the certificates of insurance on file, a \$2 million umbrella policy will require some operators to purchase additional insurance while other operators already have insurance over and above that amount. In addition, industry representatives advised that \$2 million in umbrella coverage is fairly standard in the industry. Wichita, KS currently requires a \$2 million umbrella policy. Oklahoma City, Edmond, Stillwater, Moore, and Tulsa do not currently require umbrella policies.

In addition, Council requested that Staff amend the draft ordinance to incorporate the Oklahoma City process for granting waivers. When a well is permitted in Oklahoma City, if multiple well bores are requested on the application, the waiver, if granted, covers all the well bores requested. However, if additional well bores at the same site are requested after the initial application is approved, a new waiver is required. Staff has made the change to be consistent with Oklahoma City's practice, and they are highlighted in yellow in the attached draft ordinance.

Lastly, this Memo provides a copy of the State Senate Bill 809. It was signed by the Governor on May 29, 2015. It will go into effect on August 21, 2015. The bill allows cities to enact reasonable ordinances concerning road use, traffic, noise, and odors incidental to oil or gas operations within its boundaries provided those regulations are not inconsistent with Corporation Commission regulations. In addition, municipalities may establish reasonable setbacks and fencing requirements for oil and gas well sites to protect health, safety, and welfare of its citizens. Cities may not effectively prohibit or ban any oil or gas operations, including fracking. All other regulations, other than the

To: City Council
Re: Oil and Gas Ordinance Amendments
Date: June 15, 2015

ones discussed above, shall be subject to the exclusive jurisdiction of the Corporation Commission. Staff has prepared and attached a chart that compares the Corporation Commission regulations and the proposed City of Norman oil and gas ordinance for points of inconsistency. The majority of the City's current and proposed regulations are consistent with OCC regulations or regulate within areas permitted by Senate Bill 809. Currently, the OCC has adopted the OWRB water quality standards. In addition, all pollution is prohibited and any amount of discharge into the waters of the state must be reported within twenty-four hours of discovery. The OCC also, upon application of a municipality, can adopt an order creating special field rules to preserve fresh water sources. Because of the City's proposed ordinance contains regulations designed to provide Lake Thunderbird and other freshwater sources, it might be prudent for the City to make application to the OCC for a special field rule. Doing so would provide an opportunity for the City to conform its regulations to that of the OCC and continue to protect the City's water supply.

As a result of the passage of Senate Bill 809, City staff has added a new section to the proposed oil and gas ordinance, Section 13-1524, that allows for oil and gas operators to appeal to the Board of Adjustment. Such an appeal process will allow operators relief from the City's ordinance in the unusual occasion that the ordinance might operate to effectively ban oil and gas drilling in the particular location. That new language is highlighted in yellow in the attached draft ordinance.

Staff proposes two different types of appeals that may be taken to the Board of Adjustment. First, an operator may appeal a decision or interpretation of the Oil and Gas Inspector based on the provisions of 13-1501 et seq. Second, an operator may request relief from the requirements of the Ordinance. The Board of Adjustment will consider that request for relief as a variance to be granted upon a finding that a strict application or literal interpretation of the provisions of this Ordinance would effectively ban the operator from accessing subsurface minerals. These types of appeals will be fairly familiar territory for the Board of Adjustment as they currently hear appeals from Zoning Ordinance decisions or interpretations of the Planning Director and variances from the terms of the Zoning Ordinance. Oklahoma City has a similar process for approving drilling permits through their Board of Adjustment. In addition, any appeal from the Board of Adjustment goes to District Court. Therefore, because of the nature and the structure of the Board of Adjustment, Staff felt they were the most appropriate body to hear and decide these appeals.

The above information, along with the attached draft Ordinance, is provided for the Council's information and discussion at the June 15, 2015 City Council Conference. As there were few issues remaining for discussion, if Council feels the Ordinance is ready, then it can be placed on First Reading on June 23rd and Second Reading on July 14th. If passed, the Ordinance Amendments will go into effect on August 13th. Staff will be available for questions, comments and general direction.

Attachments: Draft Ordinance
SB 809
Comparison Chart

AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA AMENDING ARTICLE XV, SECTIONS 13-1501 THROUGH 13-1519 AND SECTION 13-1522 OF CHAPTER 13 OF THE CODE OF THE CITY OF NORMAN BY ADDING PROVISIONS TO PROVIDE FOR THE HEALTH, SAFETY, AND WELFARE OF THE CITIZENS OF THE CITY OF NORMAN, NOT INCONSISTENT WITH CORPORATION COMMISSION RULES AND REGULATIONS, TO REGULATE THE AREAS OF ROAD USE, NOISE, FENCING, ODORS, AND SETBACKS OF OIL, GAS AND MINERAL PRODUCTION SITES LOCATED WITHIN THE CITY OF NORMAN; AND PROVIDING FOR THE SEVERABILITY THEREOF.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA:

§ 1. That Article XV, Section 13-1501 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1501. Permits required.

- (a) No person shall drill, reenter, maintain or operate an oil, gas or disposal well, or otherwise mine or produce other minerals, without having previously obtained an appropriate permit from the Oil and Gas Inspector as provided in this section.
 - (1) An oil/gas well drilling permit fee of five thousand dollars (\$5,000.00) shall be required. The term of said permit shall be for a period of one (1) year from the date of issuance.
 - (2) An annual inspection fee of four hundred fifty dollars (\$450.00) shall be required per year.
 - (3) A re-entry permit fee, to reopen a plugged and abandoned well, of one thousand dollars (\$1,000.00) three thousand dollars (\$3,000.00) shall be required. The term of said permit shall be for a period of one (1) year from the date of issuance.
 - (4) To A convert a producing well to an injection well permit requires a permit fee of one thousand dollars (\$1,000.00)-shall be required. The term of said permit shall be a period of one (1) year from the date of issuance, ~~and~~
 - (5) A plugging permit fee of two hundred fifty dollars (\$250.00) shall be required.
- (b) ~~In addition to the information required in Article I of this chapter,~~ All applicants desiring a permit to drill, reenter, maintain or operate an oil, gas or disposal well shall submit:

- (1) A description of the location of the well, specifying and identifying the well location within a particular ten (10) acre tract within a specific quarter, section, township and range, including thereon the distance to all existing dwelling houses, buildings or other structures designed for the occupancy of human beings or animals within six hundred sixty (660) feet of any such well, and the location of all known existing oil, gas or fresh water wells within said ten (10) acre tract.;
- (2) A list of all equipment that will be utilized in the drilling, operation or maintenance of the particular well.;
- (3) The mud program to be utilized on that particular well.;
- (4) A copy of the approved drilling permit from the Corporation Commission and a copy of the staking plat.;
- (5) The size, depth and quality of surface and production casing.;
- (6) A statement of the provisions for water for the drilling ~~rig~~ and completion operations.;
- (7) At the time of permitting, a ~~A~~ written plan for disposal of deleterious substances produced during the drilling operations shall be submitted. ~~and any deleterious substances produced as a result of production from the well.~~ This plan shall include the method of transportation for the deleterious substances and the name and location of the permitted disposal pit site, ~~including~~ or a copy of the Oklahoma Corporation Commission 'land application' permit for the disposal site and a contract with the owner of the permitted site for the disposal of said deleterious substances. Before commencing drilling operations, this plan must have received approval from the Oklahoma Corporation Commission. ~~or in the alternative, provide proof of ownership of the permitted disposal site. The permittee shall provide monthly reports to the City of the amount of sale water and other deleterious substances produced, along with receipts for disposal of same.~~;
- (8) The names of the surface ~~and surface lease~~ owners.;
- (9) A drilling prognosis, to specify in detail the amount, weight and size of conductor pipe and surface pipe and the procedures to be used for cementing such. Plugging procedures to be used in the event production is not established shall also be specified.;
- (10) A statement of verification by the applicant that all submitted information is accurate.

- (11) Copy of receipts reflecting notice, by certified mail, to all property owners within three hundred (300) feet of the exterior of the entire well site (including all accessory equipment), notifying them of applicant's intention to drill a well.
 - (12) A signed surface owner's statement or letter or a court proceeding allowing drilling on the property.
 - (13) Maps and drawings showing the means to be used for diverting surface water from the drilling/production site.
 - (14) Statement acknowledging the operator's obligation to have a Spill Prevention Control and Countermeasure Plan, as required by the Environmental Protection Agency, and acknowledging a willingness to produce such a plan upon request of the Oil and Gas Inspector.
- (c) An application for the permit to drill or reenter a well for enhanced recovery or substance disposal shall be in the same form as required for a permit to drill an original well and shall contain the following additional information:
- (1) A block map of the well site, showing all equipment to be used at the site, location of pipelines, access road, and distances from the well to any and all fences, public roadways and buildings within a radius of three hundred (300) feet.;
 - (2) A block map of the project, showing the location of:
 - a. All water supply wells within a one-quarter mile radius of each injection or disposal well.;
 - b. All public water supply wells, disposal wells, injection wells, producing wells, and plugged and abandoned wells within the project area and those sections immediately adjacent.;
 - c. ~~All conduits; and~~
 - d. ~~Tank battery, pumping station and appurtenant equipment;~~
 - (3) ~~All wells within the project area and those sections immediately adjacent shall be indicated by status (e.g., plugged and abandoned, injection, salt water, oil, etc.) and show the following additional information:~~
 - a. ~~Footage (surface casing);~~
 - b. ~~Derrick floor and ground level elevation;~~

- ~~e. Drilled total depth;~~
- ~~d. Packer total depth;~~
- ~~e. Size, depth and A.P.I. grade of surface and production casing, including zones from which casing has been removed;~~
- ~~f. Location of all plugs, packers, cement plugs, tubing anchors, etc., with the well bore;~~
- ~~g. Depth and nature of all cement squeeze jobs;~~
- ~~h. Formation name and depth of all open perforations in a producing open hole;~~
- ~~i. Volume and type of cement used on surface and production strings; and~~
- ~~j. Top of cement (measured or calculated);~~
- ~~(4) One (1) copy of all electric, mechanical, sample and driller's logs. These logs shall be held in confidential files for a period not to exceed one (1) year from the date the last submitted formation evaluation type wire line log was run. An extension of six (6) months may be granted administratively by the Oil and Gas Inspector, upon approval of a written request from the current operator of the well;~~
- ~~(5) Operation name for each well;~~
- ~~(6) One (1) copy of all cement bond logs and production logs;~~
- ~~(7) One (1) copy of all work performed on the well;~~
- ~~(3)(8) Copies of all information supplied to the Corporation Commission, and said Commission's approval of the project;~~
- ~~(4)(9) All operators, contractors, drillers, service companies, pipe-pulling and salvaging contractors, or other persons, shall be knowledgeable of and prepared to implement, if necessary, emergency procedures as detailed in the Oklahoma Corporation Commission's "Guidelines for Petroleum Emergency Field Situations in the State of Oklahoma."~~
- (d) An annual inspection fee of four hundred fifty dollars (\$450.00) shall be paid for each well operated or maintained under a permit issued by the City. Such fee is due on or before June 30 of each calendar year. Failure to pay the required permit

fee by June 30 of each calendar year will result in a late charge of four hundred fifty dollars (\$450.00) per well. At the time the annual inspection fee is paid, the inspector may request to view the annual inspection sheet required by the Environmental Protection Agency in conjunction with the Spill Prevention Control and Countermeasure Plan.

- § 2. That Article XV, Section 13-1502 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1502. Blanket bond, blanket irrevocable letter of credit, or cash required.

- (a) Prior to the issuance of any permits, any person who drills or ~~operates~~ ~~operators~~ any well for the exploration, development or production of oil or gas, or as an injection or disposal well, with this City shall furnish on forms approved by the City's Legal Department and maintain at all times a blanket bond, ~~or~~ blanket irrevocable letter of credit or provide a cash payment in the principal sum of at least twenty-five thousand dollars (\$25,000.00). Said bond or letter ~~of~~ ~~or~~ credit must be executed by a reliable insurance company or bank authorized to do business in the state, as surety or creditor, and with the applicant/permittee as principal or debtor, running to the City for the benefit of the City and all persons concerned, conditioned that the applicant/permittee shall comply with the terms and conditions of this chapter in the drilling and operation of oil wells drilled or operated within the City. Said bond, ~~or~~ letter of credit, or cash payment deposited must become effective on or before the date the same is filed with the City and remain in full force and effect for at least twelve (12) months subsequent to the expiration of the permit term and, in addition, the bond, ~~or~~ letter of credit, or cash payment must be conditioned that the applicant/permittee must promptly pay all fines, penalties and other assessments imposed upon the applicant/permittee by reason of his breach of any of the terms, provisions or conditions of this chapter, and that the applicant/permittee must promptly restore the streets, sidewalks and other public property of the City which may be disturbed or damaged during the applicant/permittee's operations to their former conditions; that the applicant/permittee must promptly clear all premises of all litter, trash, waste and other substances and must, after plugging and abandoning ~~abandonment~~, grade, level and restore said property to the same surface condition, as far as possible, as existed prior to commencing operations or a condition agreed to by the property owner in writing; further that the applicant/permittee shall indemnify and hold harmless the City from any and all liability attributable to granting the permit; that the applicant/permittee shall promptly pay all sums with respect to deductibles on covered losses under insurance policies required by this chapter; and that the applicant/permittee shall comply with all of the terms of this chapter concerning the plugging and abandoning ~~abandonment and/or plugging~~ of all such wells. Each bond, ~~or~~ letter of credit, or cash payment submitted shall cover all wells drilled or operated by said person within the City.

- (b) For good cause, the Oil and Gas Inspector, after consulting with and receiving approval from the City's Legal Department, may require the filing of a blanket bond, ~~or~~ letter of credit, or cash payment in an amount higher ~~than that~~ twenty-five thousand dollars (\$25,000.00), but not to exceed one hundred thousand dollars (\$100,000.00) by the permittee. "Good cause" shall include, but shall not be limited to, a showing that the operator or permittee has previously violated any of the provisions of Chapter 13, Article 15 of this Code.
- (c) The blanket bond, ~~or~~ letter of credit, or cash payment required by this section shall be submitted and maintained in full force and effect at all times by all persons drilling, completing, operating, maintaining and/or producing any well located within the limits of the City.
- (d) Upon noncompliance with the above-listed conditions, the cash amount or the blanket bond or blanket irrevocable letter of credit shall be forfeited and shall provide for the plugging of the well and/or restoration of the land's surface.

§ 3. That Article XV, Section 13-1502.1 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1502.1. Insurance requirements.

- (a) Prior to the issuance of any permit, the applicant shall deposit a copy of the following insurance policies issued by a corporate insurer licensed to do business in the State of Oklahoma:
 - (1) A policy or policies covering seepage and pollution in an amount not less than one million dollars (\$1,000,000.00) for each occurrence, ~~except stripper wells, which may be reduced to five hundred thousand dollars (\$500,000.00) coverage;~~ and such policy shall contain coverage for contamination or pollution of surface or subterranean streams, watercourses, lakes or public or private water supplies.
 - (2) A policy or policies of standard comprehensive public liability insurance, including contractual liability covering, in an amount not less than one million dollars (\$1,000,000.00) for each occurrence:
 - a. Bodily injury: ~~One hundred twenty five thousand dollars (\$100,000.00 \$125,000.00) per person, three hundred thousand dollars (\$300,000.00) per accident or occurrence;~~ and
 - b. Property damage: ~~Two hundred thousand dollars (\$200,000.00) per accident or occurrence.~~
 - c. Automobile accidents.

(3) A policy or policies providing Workers' Compensation coverage in an amount not less than one million dollars (\$1,000,000.00) for each occurrence.

(4) A policy or policies providing umbrella coverage, in an amount not less than two million dollars (\$2,000,000.00), over and above the limits listed above.

(b) All such policies shall be endorsed to include the City as an additional insured.

(c) All policies shall be endorsed to read:

"THIS POLICY WILL NOT BE CANCELLED OR NON-RENEWED WITHOUT 30 DAY ADVANCE WRITTEN NOTICE TO THE OWNER AND TO THE CITY OF NORMAN EXCEPT WHEN THIS POLICY IS BEING CANCELLED FOR NONPAYMENT OF PREMIUM, IN WHICH CASE TEN (10) DAYS ADVANCE WRITTEN NOTICE IS REQUIRED".

~~Thirty (30) days' notice~~ Notice of cancellation shall be provided to the City of Norman, Office of City Attorney/~~Code Enforcement~~ Oil and Gas Inspector, P.O. Box 370, Norman, Oklahoma 73070.

(d) If said insurance policy or policies are cancelled or allowed to expire, the Oil and Gas Inspector may seek termination of electric service to all uninsured wells. In addition, or in the alternative, the City of Norman may seek injunctive relief or any other legal remedy available to cease operations of the well(s) until the insurance coverage is reinstated.

§ 4. That Article XV, Section 13-1503 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1503. Definitions.

The following words and phrases, when used in this article, shall, for the purposes of this article, have the meanings respectively ascribed to them in this section, except where the context otherwise requires:

Abandoned well:

- (1) Each well in which no production casing has been run, and for which drilling or testing operations have ceased for thirty (30) consecutive days; or
- (2) Any other well for which there is no current city permit.

Circulating mud pit: The working pit from which drilling muds are continuously recirculated during the drilling process into and from the drilling hole for the purpose of

flushing therefrom the drill bit cuttings and as a lubricant to reduce torque, drag, heat, friction and differential sticking during the drilling process.

Deleterious substance: Any chemical, salt water, oil field brine, waste oil, waste emulsified oil, basic sediment, mud or injurious substance produced or used in the drilling, development, producing, transportation, refining and processing of oil, gas or condensate.

Disposal or injection well: Any well drilled or actually used for injection of salt water or other substances into the earth different than the point of extraction or production thereof from the earth.

Enhanced recovery: An operation by which fluid or energy is introduced into a source of supply for the purpose of facilitating recovery therefrom.

Lake Thunderbird drainage basin: That land encompassed by the following legal description: Secs. 18, 19, 30, 31 and 32, T10N R1E of I.M.; Secs. 25, 26, 27, 32, 33, 34, 35 and 36, T10N R1W of I.M.; S/2 of Sec. 34 and that part of Sec. 35 annexed by Ordinances 1323, 1324 and 1361, less the portion deannexed by Ordinance No. 1428, T10N R3W of I.M.; Secs. 3, 4, 5, 6, 7, 8, 9, the W/2 of Sec. 10, the W/2 of Sec. 16, Secs. 17, 18, 19, 20, the W/2 of Sec. 21, the NW/4 of Sec. 28, Secs. 29, 30, 31, and the W/2 of Sec. 32, T9N R1E of I.M.; Secs. 1 through 36, T9N R1W of I.M.; Secs. 1 through 18, the E/2 of the NW/4 of Sec. 19, Secs. 20 through 28, the NE/4 of Sec. 29, the E/2 of Sec. 33, and Secs. 34, 35 and 36, T9N R2W of I.M.; Secs. 1, 2, 3, the E/2 of Sec. 4, Secs. 10, 11, 12, 13, and the E/2 and NW/4 of Sec. 14, the NE/4 of Sec. 15, and the NE/4 of Sec. 24, T9N R3W of I.M.; the W/2 and NE/4 of Sec. 6 and the W/2 of Sec. 7, T8N R1E of I.M.; Secs. 1 through 23, and the W/2 of Sec. 24, T8N R1W of I.M.; Secs. 1, 2, 3, the SE/4 of Sec. 9, Secs. 10, 11, 12, 13, 14, the E/2 and the NW/4 of Sec. 15, and the NE/4 of Sec. 16, T8N R2W of I.M.; all in Cleveland County, Oklahoma.

Mud: The drilling fluid used and recirculated through the drilling hole as a lubricant to reduce torque, drag, heat, friction and differential sticking and to flush drill bit cuttings from the hole during the drilling process.

Mud program: The planning usage of drilling fluid lubricants, specifying with particularity the type, name and physical and chemical composition and characteristics of all ingredients thereof, together with such laboratory and other technical data as may be necessary or required by the ~~Public Works Department~~ to evaluate the same as polluting or deleterious, as enumerated in the current EPA Priority Pollutant Series listing.

Oil or gas well: Any well drilled, operated or maintained for the production of oil, gas, casinghead gas, or any of them or their by-products or derivatives.

Plugged and abandoned: Any well which has been plugged per Oklahoma Corporation Commission rules and regulations.

Pollution: The contamination or other alteration of the physical, chemical or biological properties of any natural waters of the City, or such discharge of any liquid, gaseous or solid substance into any water of the City as will, or is likely to, create a nuisance or render such waters harmful or detrimental or injurious: to public health, safety or welfare; to domestic, commercial, industrial, agricultural, recreational or other beneficial uses; or the livestock, animals or aquatic life.

Producing Well: Any well, hole or bore, of any depth, which is not plugged for the purpose of producing oil or gas or disposing of saltwater or any other by-product thereof.

Reserve pit: Any excavation, pit or receptacle designed or actually used to receive, store or hold rocks, drill bit cuttings, shale, sand, fresh water or drilling mud that contains no salt water, oil, oil derivatives, caustics, acids or other deleterious substances harmful to soil or vegetation, or injurious to animal or human life.

Salt water: As used in this ordinance shall mean any water containing more than 500 mg/l chlorides.

Slush pit: An excavation, pit or receptacle, designed or actually used to receive, store or hold waste oil, oil derivatives, sand, salt water or other waste products or deleterious substances produced or used in the drilling, swabbing, cleaning or reworking of any oil, gas or disposal well.

Stripper wells: Any well which produces ten (10) barrels of oil or less per day. To qualify as a stripper well, the operator of the well will have to provide the City Oil and Gas Inspector with copies of the Corporation Commission Production Forms for the previous year, then every year before July 1, thereafter, to qualify for the next fiscal year.

Surface Facilities: Tank batteries, booster pumps or any other surface equipment used in the production of oil or gas or disposal of saltwater or any other by-product thereof, except the pumping units.

Treatable water: Surface and subsurface water in its natural state which may or may not require treatment to be useful for human consumption and contains less than ten thousand (10,000) mg/l total dissolved solids and/or five thousand (5,000) mg/l chlorides.

- § 5. That Article XV, Section 13-1504 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1504. Casing.

- (a) The provisions of this section shall apply to all oil, gas, injection and disposal wells.

- (b) Suitable and sufficient surface casing or a stage collar shall be installed to a depth of at least one thousand two hundred ~~(1,000)~~ (1,200) feet below the surface or a depth of two hundred (200) feet below treatable water strata encountered in the well, whichever is deeper, and the annular space behind the casing shall be filled with cement from the base of the surface casing, or from the stage collar, to the surface of the ground, by either pump and plug method or by the displacement method. No further drilling shall be accomplished until a the cement bond log has been run, read and approved set for at least eight (8) hours. No braden head cement job shall be performed between the surface casing and any other casing string except by special order of the Corporation Commission.
 - (1) Production casing of a size not less than four and one-half (4 ½) inches outside diameter, in good condition, shall be set no higher than the top of the producing formation and cemented with a sufficient amount of cement to obtain a minimum of five hundred (500) feet of annular fillup about the casing producing zone.
- (c) ~~The~~ Each casing string and blow-out preventer shall be tested before drilling the cement plug, at a minimum pressure of one thousand five hundred ~~(1,000)~~ 1,500 pounds per square inch held for one (1) hour. Whenever the pressure drops five (5) percent within the hour, the casing will be deemed inadequate and shall be repaired and retested until the requirements hereof are met.
- (d) Permittee shall fill out a form provided by the Oil and Gas Inspector showing the results of the casing pressure test. The test results shall be filed with the Oil and Gas Inspector upon completion of such test. The Oil and Gas Inspector shall be notified in advance of the casing pressure test to enable him to be present if he so chooses.
- (e) Rupture in surface casing. In the event a rupture, break or opening occurs in the surface ~~production~~ casing, the permittee or the operator or drilling contractor shall take immediate action to repair it, and shall report the incident to the Oil and Gas Inspector promptly.

§ 6. That Article XV, Section 13-1505 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1505. ~~Earthen circulation pits.~~ Closed Loop System.

- (a) ~~Except in those areas of the Lake Thunderbird basin or Garber Wellington Aquifer recharge area, earthen circulation pits may be constructed or used in connection with the drilling, swabbing, cleaning out or reworking of oil or gas wells. All earthen circulation pits will be vinyl lined, and the contents of such pits will be hauled to a disposal facility. All fluids used or produced as a part of the drilling or completion of a well must be contained in a closed loop system. A closed loop system is a system where all drilling fluids are contained within~~

pipings tanks and pumps. All circulating mud pits utilized shall be exclusively of metal construction.

- (b) For drilling operations initiated prior to the effective date of this Ordinance O-1415-___, earthen pits shall be allowed in areas outside the Lake Thunderbird basin or Garber Wellington Aquifer recharge area. Such circulation pits shall be leveled and the surface of the ground restored as nearly as possible to its original condition within thirty (30) days after completion of said drilling, swabbing, cleanout or reworking operations. All earthen circulation pits will be vinyl lined, and the contents of such pits will be hauled to a disposal facility. However, if such a well is not completed within thirty (30) days of the effective date of this Ordinance O-1415-___, a closed loop system at set out in Section (a) above shall thereafter be required.

§ 7. That Article XV, Section 13-1506 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1506. Earthen ~~retaining wall~~ ditches and/or dikes.

- (a) ~~The applicant shall submit maps and drawings showing the means to be used for diverting surface water from the drilling/production site.~~
- (ba) ~~Each owner and operator is required to construct and maintain dikes or berms surrounding the facility adequate to prevent downward or lateral seepage of deleterious materials. Before drilling operations commence, ditches shall be constructed around the drilling rig, sump pumps shall be installed, and all fluid from the sumps shall be pumped into steel containers for removal. Size and location of ditches and dikes and berms [are] that may be required shall to be determined by the Oil and Gas Inspector.~~

§ 8. That Article XV, Section 13-1507 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1507. ~~Earthen reserve pits.~~ Safety standards and Practices.

- (a) ~~Steel mud or circulating pits shall be used. Such pits and contents shall be removed from the premises and the drilling site within fifteen (15) days after completion of the well. Earthen pits will be allowed only as temporary emergency pits and/or as catch basins. Catch basin pits shall be used only for the purpose of catching any deleterious substance runoff and shall be no greater than three hundred twenty (320) cubic feet in volume. Such catch basins will be equipped with a liquid level activated pump designed to keep fluids pumped out of such catch basin pits. All such earthen pits must be lined and approved in writing by the Oil and Gas Inspector. Emergency pits shall be emptied as soon as the emergency is over and all such pits shall be emptied and then leveled within fifteen (15) days after completion of the well. Approved equipment, standard~~

devices and all ordinary methods commonly known and used in the oil and gas drilling and producing industry for the safety and protection of property from damage due to drilling and operating activities shall be used at all locations. Failure on the part of any owner, driller or operator to utilize such equipment, devices or methods shall be the basis for injunction thereof by the City or any person affected thereby, in addition to any penalties provided in this chapter.

- (b) All waste oil, salt water, liquid with oil content, gasoline or other oil derivatives or by-products, sand, sludge or other waste produced in connection with the drilling, testing, cleaning, swabbing, reworking or operating of any oil, gas or disposal well shall be captured and retained in steel tanks or vessels and transported from the premises to a disposal facility. All drilling rigs shall be equipped with a master gate or its equivalent, adequate blowout preventers, flow lines and valves commensurate with the working pressures involved.
- (c) No person shall permit such substances to escape from the premises owned, leased or controlled by the persons conducting such operations by seepage, overflow or otherwise, nor flow across the surface of the ground or upon any public way, into any storm or sanitary sewer, drainage ditch, upon any gutter or paving or into any Galloway, stream or tributary. All chemicals and/or hazardous materials shall be stored in such a manner to prevent, contain, and facilitate rapid remediation and cleanup of any accidental spill, leak, or discharge of a hazardous material. The operator shall have all material safety data sheets for all hazardous materials on site. All applicable federal and state regulatory requirements for the proper labeling of containers shall be followed. Appropriate pollution prevention actions may be required and include, but not be limited to: chemicals and materials in original containers, raised from the ground, and protected from stormwater and weather elements.
- (d) All drilling and production operations shall be conducted in such a manner as to eliminate, as far as possible, light spillover, dust, noise, vibration, or noxious odors, and shall be in accordance with the best available technology for drilling or production of oil and gas.

§ 9. That Article XV, Section 13-1507 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1508. Premises maintained.

- (a) The premises upon which any oil, gas or disposal well is drilled, operated or maintained shall be kept free of all accumulations of rubbish, litter, unused equipment or materials, excess rotary mud, salt water, waste oil or oil by-products and other waste, insofar as the same may be reasonably done in the conduct of operations.

- (b) The permittee will promptly restore the streets, sidewalks, vegetation and other public property which may be disturbed or damaged in the permittee's operations to their former condition, and the permittee will promptly clear all premises of all litter, trash and waste, and will, after plugging and abandoning the well abandonment, grade, level and restore said property to the same surface condition as practical, and as possible, as existed prior to commencing operations or a condition agreed to by the property owner in writing.
- (c) Any person who owns, operates, maintains, or completes any well as a producer when the well bore is located within six hundred (600) feet of any dwelling or business structure or is closer than six hundred (600) feet from the centerline of a public roadway shall enclose such well, ~~together with and~~ its tank batteries, by a heavy commercial grade chain-link fence at least six (6) feet high with posts set in concrete and constructed of a material and in a manner so as to be impregnable to children and animals under ordinary or foreseeable circumstances; provided, that where the well site is greater than six hundred (600) feet from a dwelling or business structure, the Oil and Gas Inspector may waive the requirement of a fence or may designate the type of fence to be erected. Fences must be kept locked at all times when workers of the permittee are not present. A duplicate set of keys to such lock shall be filed with the Oil and Gas Inspector. with at least three (3) strands of barbed wire secured across the top of the fence around the well and tank batteries. The bottom of the chain-link fence shall have a #9 gauge tension wire running the length of the fence. The maximum opening between the ground and the fence shall be four (4) inches. The fence may be constructed with removable front and side sections built of the same material as the permanent fence. Wells and tank batteries may be fenced separately as long as each separate fence complies with the requirements of this section.
1. The well operator shall be responsible for maintaining the fencing in compliance with the requirements of this section.
 2. Fencing shall not be required on drill sites during initial drilling, completion, or reworking operations as long as twenty-four (24) hour onsite supervision is provided. However, a secured entrance gate on the access road containing a lock shall be provided. All gates shall be kept locked when the well operator or his employees or agents are not on the premises. A duplicate set of keys to all required locks shall be provided to the Oil and Gas Inspector, or some other appropriate means of accessibility for City Personnel.

3. All wells and tank batteries already in existence within City limits as of the effective date of this Ordinance O-1415-_____ shall be in compliance with all fencing requirements of this section within one (1) year of the effective date of this Ordinance O-1415-_____ unless the well site is located outside the Current Urban Service Area as designated on the Norman 2025 Land Use and Transportation Plan or any subsequently adopted Plans and the fencing requirement is waived in writing by all property owners within six hundred (600) feet of the well bore.
 4. If a dwelling or business structure is constructed within six hundred (600) feet of an existing well bore or tank batteries not subject to fencing requirements prior to said construction, the well operator shall then be immediately subject to and come into compliance with all fencing requirements of this section within sixty (60) days of written notification by the building permit holder of issuance of a building permit for said dwelling or business structure unless the well site is located outside the Current Urban Service Area as designated on the Norman 2025 Land Use and Transportation Plan or any subsequently adopted Plans and the fencing requirement is waived in writing by all property owners within six hundred (600) feet of the well bore. If the fencing requirements of this section have not been satisfied by the well operator within sixty (60) days after said notification, then the well operator's oil and gas permit for the non-compliant well may be subject to revocation. A certificate of occupancy shall not be issued for said dwelling or business structure until the fencing requirements of this section have been satisfied.
 5. If a property where an oil well is located changes designation to Current Urban Service Area, the well operator must fence according to the requirements of this section any existing well or tank batteries, not previously subject to fencing requirements prior to said change of designation within sixty (60) days of written notification by the moving party behind the change in designation.
- (d) All lines installed after of the effective date of this Ordinance O-1415-_____ that leave the premises (drilling pad), whether oil or gas, shall be buried with tracer wire (if non-steel line) and trench tape in a trench so the top of the pipe is no less than three (3) feet deep and shall be pressure tested at a minimum of one hundred fifty (150) percent of the normal working pressure held for one (1) hour. In addition line markers shall be installed and maintained at all roads, streets, fences and property lines (private or public). The Oil and Gas Inspector shall be notified forty-eight (48) hours before the trench is started and in advance of the pressure test and may supervise same.

- (e) All leaks or spills, including, but not limited to, oil and salt water, over two (2) barrels are to be reported to the Oil and Gas Inspector within twenty-four (24) hours.
- (f) The operator shall maintain the premises of the growth of grass and weeds to less than twelve (12) inches in height along the lease road and within the designated well site area.

§ 10. That Article XV, Section 13-1509 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1509. ~~Production prohibitions.~~ Drilling location.

- (a) No person shall drill, mine or produce or cause to be drilled, mined or produced any gas, oil or other materials in the Norman City limits without first obtaining a permit from the Oil and Gas Inspector as provided in section 13-1501 of this chapter. However oil and gas exploration permits shall not be granted on any ~~parcel of land~~:
 - (1) Containing ten (10) acres or less except upon written consent of the surface owner;
 - (2) Contained or described by any approved Final Plat;
 - (3) Contained or described by an approved certificate of survey subdivision as per section 19-607;
 - (4) ~~Unless the applicant is in compliance with environmental criteria and standards as outlined in a Department of Housing and Urban Development guidebook entitled, Siting of HUD Assisted Projects Near Hazardous Facilities (HUD 1060 CPD, second version, April, 1987), which is incorporated herein.~~ Designated as a 'Stream Planning Corridor' as defined in Chapter 19, Section 19-210(PP) or within three hundred (300) feet from the top of bank as defined in Chapter 19, Section 19-210(DDD) whichever distance is greater.
 - (5) Zoned PL, Park Land District or Planned Unit Development District (PUD) by the City Council.
- (b) ~~No steam, gasoline, natural gas, diesel or other internal combustion engine of any kind shall be operated in conjunction with the drilling and/or operation of an~~ No oil or gas well shall be drilled within six hundred (600) feet of any dwelling, or business structure, church, or school unless waived by the landowner, or within three hundred (300) feet of any producing freshwater well. Such a waiver, if

received, shall be written, notarized, and identify the property address. The operator must file the waiver in the Office of the Cleveland County Clerk and produce evidence of such filing prior to the issuance of a permit. Subsequent waivers are required if an operator requests, and receives, a permit to drill additional well bores that were not identified in the original permit application.

~~(e) — No oil, gas or disposal well shall be drilled, operated or maintained, nor shall any operation in connection therewith be carried on or conducted within six hundred (600) feet of any church or school, unless waived by the landowner, or within three hundred (300) feet of any producing freshwater well.~~

~~(d)~~ In granting a permit, the Oil and Gas Inspector may impose requirements for ~~much of the following but not limited to~~ the following non-exclusive list of items as may be reasonably necessary to protect the health, welfare and safety of persons and property:

(1) Protective berms, including landscaping thereof;

(2) Electric motors for pumping a completed well; and

~~(3) Prohibition of earthen circulation pits; and Designating routes and prohibiting traffic access to the well site through residential areas.~~

§ 11. That Article XV, Section 13-1510 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1510. ~~Reserve pits and mud circulation pits in Lake Thunderbird drainage basin.~~ Water Testing.

(a) ~~Circulation pits located in the Lake Thunderbird drainage basin shall be exclusively metal tanks or vessels. Domestic and public water supply wells located within a radius of one-quarter (1/4) mile of any new oil or gas well shall be tested for the presence of deleterious substances. One test shall occur prior to drilling and one test shall occur every other year after completion for five years for a total of three tests post-completion of the well. The substances to be tested for are: bromide, chloride, total dissolved solids, methane, iron, manganese, arsenic, boron, and lithium. Such testing is the responsibility of the permittee and, at the permittee's expense, to be conducted by a person or company approved by the Oil and Gas Inspector. However, testing shall not be required if the water well owner denies access to the water well or waives the testing. The Oil and Gas Inspector and the water well owner shall be notified forty-eight (48) hours in advance of such testing and may be present. Test results shall be filed with the City upon completion.~~

~~(b) — All circulating mud pits utilized within such area shall likewise be exclusively of metal construction.~~

- ~~(e) No chemicals or substances shall be placed in said reserved or circulating mud pits except as indicated in the mud program approved by the Public Works Department at the time of issuance of the drilling permit and all contents of such reserve and circulating mud pits shall, during operation and upon completion of the drilling of said well, be transported from the premises to a disposal facility.~~

§ 12. That Article XV, Section 13-1511 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1511. ~~Safety devices and practices.~~ Reserved.

- ~~(a) Approved equipment, standard devices and all ordinary methods commonly known and used in the oil and gas drilling and producing industry for the safety and protection of property from damage due to drilling and operating activities shall be used at all locations. Failure on the part of any owner, driller or operator to utilize such equipment, devices or methods shall be the basis for injunction thereof by the City or any person affected thereby, in addition to any penalties provided in this chapter.~~
- ~~(b) All drilling wells shall be equipped with a master gate or its equivalent, adequate blowout preventers, flow lines and valves commensurate with the working pressures involved.~~

§ 13. That Article XV, Section 13-1512 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1512. Storage tanks.

- (a) Storage tanks or other types of tanks containing flammable substances used in connection with any oil, gas or disposal well shall have earthen embankments, constructed around them, of sufficient size and height to be able to adequately contain one and one-half (1½) times the volume of such tanks should a rupture occur at the floor of such tanks. Storage tanks or other types of tanks noted above that are installed after the effective date of Ordinance O-1415- shall have steel or concrete containment walls rather than earthen embankments. The inside of the containment shall be lined with a minimum thirty (30) mill seamless liner.
- (b) No drain plugs, openings or siphons shall be placed in the containment walls ~~of or~~ dikes which will permit the escape of any liquids through the same.
- (c) No ~~such~~ storage tank shall be located closer than one hundred (100) feet to a street or highway right-of-way, nor closer than six hundred (600) feet to a dwelling, business structure, church or school, unless the distance requirement is waived by the affected landowner.

- (d) Storage tank areas shall be kept free of all liquids, vegetation and debris.
- (e) All service lines that protrude over or out of the containment dike or wall retaining berm shall be equipped with a valve that can be locked or plugged. This valve will be kept locked or plugged unless the tanks are being serviced. All service lines shall be equipped with a pollution control container at the loading point.
- ~~(f) Stripper storage tanks. Storage and other types of tanks containing flammable substances used in connection with any stripper well shall have earthen embankments constructed around them of sufficient size and height to be able to adequately contain two (2) times the volume of such tanks should a rupture occur at the floor of such tanks.~~

§ 14. That Article XV, Section 13-1513 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1513. Tubing.

- (a) Upon completion of any flowing well, the wellhead equipment shall have, on the tubing, at least one (1) master valve plus a flow valve and a valve on the casing annulus.
- (b) All producing wells shall be equipped with flow tubing, separate from the production casing, extending from not less than fifty (50) feet from the top of the lowest producing formation.
- (c) All disposal/injection wells/~~injection~~ shall be equipped with ~~flow~~ tubing set on a packer and a pressure gauge in good working condition and shall be installed on the ~~flow~~ tubing at all times.

§ 15. That Article XV, Section 13-1514 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1514. Disposal/Injection wells.

- (a) Every such disposal or injection ~~or disposal~~ well shall be constructed so as to seal the injection zone from the upper portion of the casing. The annulus between the injection tubing and the casing shall be filled with a noncorrosive fluid, then sealed, and a one-fourth-inch female fitting with cut-off valve shall be attached so that the pressure in the annulus may be measured by the Oil and Gas Inspector by attaching a gauge having a one-fourth-inch male fitting. A pressure shall be maintained in the annulus of not less than twenty-five (25) psi at all times to insure the integrity of the packer, tubing and casing. Any significant deviation from the established pressure shall be cause to shut down the well and may result

in cancellation of the operating permit until such time as the established pressure can once again be maintained.

- (b) Injection lines installed after the effective date of Ordinance O-1415- shall be buried in a trench of a depth so that the top of the pipe is no less than three (3) feet, and shall be pressure tested (static) annually, at a minimum of one hundred fifty (150) percent of the pressure normally encountered at the injection pump discharge, for a period of one (1) hour. The Oil and Gas Inspector shall be notified forty-eight (48) hours in advance of such test and may supervise same. Test results shall be filed with the City upon completion. All non-steel lines shall have tracer wire installed and all lines shall have signs at all property lines and public and private street crossings.
- (c) Domestic and public water supply wells located within a radius of one-quarter ($\frac{1}{4}$) mile of any enhanced recovery or disposal well shall be tested prior to beginning injection or disposal and thereafter annually for the presence of deleterious substances. The substances to be tested for are: bromide, chloride, total dissolved solids, methane, iron, manganese, arsenic, boron, and lithium. Such testing is the responsibility of the permittee and, at the permittee's expense, to be conducted by a person or company approved by the Oil and Gas Inspector. The Such Oil and Gas Inspector and the water well owner shall be notified forty-eight (48) hours in advance of such testing and may be present ~~therefor~~. Test results shall be filed with the City upon completion.

Sec. 13-1515. Lease roads.

Lease roads shall be maintained in such a manner as to safely allow for ingress and egress of City or state personnel traveling in a common passenger motor vehicle. A duplicate set of keys to the lock of the fence of a lease road shall be filed with the Oil and Gas Inspector.

- § 15. That Article XV, Section 13-1516 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1516. Approaches.

- (a) During the drilling operations a gravel ~~An estimate of the cost of the materials of the work to be done on the temporary~~ driveway approach is required ~~shall be submitted to the Oil and Gas Inspector.~~
- (b) The maximum drive elevation across a ditch shall be at surface. Improper culvert, drainage ditch, or drive installation and/or maintenance may be corrected by the City, if deemed necessary, at the expense of the ~~lease owner~~ operator.

- (c) Culverts shall be laid in the bottom of the ditch at the established grade and have a minimum cover (clay to rock) of six (6) inches.
- (d) The minimum width for an oil or gas lease road approach shall be fifty (50) feet at the throat, with a fifteen-foot radius on each side or as directed by the City Traffic Engineer, except that State requirements shall apply to all approaches on State highways.
- (e) If the well is a producer, the approach will be made like the surface of the abutting street within one (1) year after the date the drilling permit was issued. If the street is black top or concrete, a permanent approach permit will be required and the approach shall comply with the officially adopted specifications of the City.

§ 16. That Article XV, Section 13-1517 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1517. Determination of routes to well sites.

- (a) At least ~~thirty (30)~~ fourteen (14) days prior to the actual commencement of any operations at the well site, the permittee shall notify the Oil and Gas Inspector in writing of the proposed date for commencement of such operations. Such notification shall also contain the following information:
 - (1) The permittee shall identify the maximum length, width and weight of any motor vehicles and the maximum weight of the load to be carried by any motor vehicles to be used in traveling to and from the well site.
 - (2) The permittee shall submit a complete list of the proposed routes to and from the well site for all motor vehicles to be used in travel to and from the well site. Such list shall identify any and all roads ~~highways~~ within the City ~~limits of the City~~ proposed to be used by such motor vehicles in traveling to and from the well site.
 - (3) The Oil and Gas Inspector may also require any additional information which he deems necessary to evaluate the proposed routes.
- (b) Upon receipt of the notification required under subsection (a), the Oil and Gas Inspector shall have ~~twenty-five (25)~~ seven (7) days to review the information submitted by the permittee. In reviewing the proposed routes to the well site, the Oil and Gas Inspector shall consult with the Engineering Department of the City.
- (c) Following review of the information submitted by the permittee, the Oil and Gas Inspector shall ~~prepare a written order~~ provide written confirmation which either approves or disapproves the routes to and from the well site as proposed by said permittee. If the Oil and Gas Inspector disapproves of all or part of the proposed

routes, then such Inspector shall designate alternate routes which are acceptable. If the permittee disagrees with the routes as designated by the Oil and Gas Inspector, then he shall have such right of appeal as provided for by law.

- (d) During all drilling and production activities for the particular well, all motor vehicles used by any person to travel to and from the well site shall be restricted to the ~~roads~~ highway approved by the Oil and Gas Inspector as appropriate routes to and from the well site.
- (e) The Oil and Gas Inspector shall have the power and authority to amend the order designating routes to and from the well site upon his own initiative or upon application by the permittee.

§ 17. That Article XV, Section 13-1518 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1518. Signs.

- (a) A sign will be posted at the entrance of the drilling site in conformance with Oklahoma Corporation Commission sign regulations with the addition of the City permit number. The sign shall be no smaller than two (2) feet by two (2) feet and shall be no larger than three (3) feet by three (3) feet. Stating the operator's name and the City permit number before spudding a well.
- ~~(b) Within thirty (30) days after the completion of any producing oil or gas well, a sign shall be posted and maintained at the location, showing the operator of the well, name of firm, number of the well, legal description of the well, and the identifying number of the permit issued by the City. The sign shall be no smaller than two (2) feet by two (2) feet and shall be no larger than three (3) feet by three (3) feet.~~

§ 18. That Article XV, Section 13-1519 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1519. Plugging of wells.

- (a) The owner and operator of any oil, gas, disposal, injection or other service well, or any seismic core or other exploratory hole, whether cased or uncased, shall be jointly and severally liable and responsible for the plugging thereof in accordance with the rules and regulations of the Corporation Commission of the State of Oklahoma.
- (b) A copy of "Intention to Plug" for each well shall be filed with the Oil and Gas Inspector (Form 1001) at least forty-eight (48) hours prior to the commencement of plugging operations. The plugging operator shall notify the Oil and Gas Inspector of the exact time or times during which all plugging operations will take

place, to enable the Oil and Gas Inspector to be present if he so chooses. The Oil and Gas Inspector may waive or reduce the forty-eight (48) hours' notice requirements whenever a qualified representative of the Conservation Division of the Corporation Commission of the State of Oklahoma is available to supervise the plugging operation.

- (c) A copy of the plugging record (Form 1003) will be sent to the Oil and Gas Inspector no later than thirty (30) days after a well has been plugged.
- (d) The City of Norman requires a minimum of two hundred (200) feet of cement to be set at the end of the surface casing. Of that two hundred (200) foot minimum of cement, at least one hundred (100) feet shall extend above the bottom of the surface casing and at least one hundred (100) feet shall extend below the bottom of surface casing. In addition, at least fifty (50) feet of cement shall be pumped extending from five (5) feet below the restored ground level elevation down into the well bore.

Sec. 13-1520. Completion.

- (a) A copy of the completion report (Form 1002A) will be filed with the Oil and Gas Inspector within thirty (30) days after the well is completed.
- (b) The operator will call the Oil and Gas Inspector for a final inspection of the drilling site after completion of the well and after all reserve pits have been filled and leveled and the well is ready for production.

Sec. 13-1521. Motive power.

Motive power for all well-pumping equipment shall be electricity; provided, however, that in respect to wells in operation with nonelectric pumping equipment and which do not have the capability for electric power, the Oil and Gas Inspector shall have the authority to waive the requirements of this section if he determines in a particular case that electric pumping equipment is not necessary to protect the public health, safety or welfare.

§ 19. That Article XV, Section 13-1522 of Chapter 13 of the Code of the City of Norman shall be amended to read as follows:

Sec. 13-1522. Oil and Gas Inspector.

- (a) The City Manager shall employ a qualified person, persons, firm or corporation as an Oil and Gas Inspector, whose duty it shall be to enforce the applicable provisions of this chapter.
- (b) The Oil and Gas Inspector shall have the authority to issue such orders or directives as are required to carry out the intent and purpose of this chapter and its

particular provisions. This includes issuing an order ceasing operation of a well or well site that is in violation of any of the provisions of this chapter until such time that compliance is achieved. Failure to abide by any such order or directive shall be a violation of this chapter.

- (c) The Oil and Gas Inspector shall have the authority to go upon and inspect any premises covered by the terms of this chapter to ascertain whether [the applicable provisions of] this chapter and the applicable laws, rules, regulations, standards or directives of the state are being complied with. Failure to permit access to the Oil and Gas Inspector shall be deemed a violation of this chapter.
- (d) The Oil and Gas Inspector shall have the authority to request and receive any records, specified in this article, relating to the status or condition of any well or project or the appurtenances thereof within the City. Failure to provide any such requested material shall be deemed a violation of this chapter.

Sec. 13-1523. Penalties.

- (a) Failure to comply with any of the terms and conditions of this article may result in the revocation of the permit issued hereunder and further may result in the forfeiture of any and all amounts deposited with the City in order to repair any damages to public property which may have resulted from the failure to comply with this article.
- (b) Any persons, company or corporation violating any of the provisions of this article, or causing or permitting the same to be done, may be deemed guilty of a misdemeanor and, upon conviction thereof, may be punished by a fine of not less than fifty dollars (\$50.00) nor more than two hundred dollars (\$200.00) per day. Each day of violation shall be deemed a separate offense under this article.

Sec. 13-1524. Appeals.

- (a) Appeals from the decision of the Oil and Gas Inspector or for relief from the requirements of Sections 13-1501 to 13-1522 shall be made to the Board of Adjustment.
- (b) Appeals from a decision or interpretation of the Oil and Gas Inspector shall be made in compliance with Chapter 22, Sections 441.2 – 441.6.
- (c) Appeals for relief from the requirements of Sections 13-1501 to 13-1522 shall be treated by the Board of Adjustment as a request for a variance. Such a variance shall be granted upon of a finding of the Board of Adjustment that a literal interpretation of the provisions of this Ordinance would effectively ban the applicant from accessing subsurface minerals.

* * *

- § 20. Severability. If any section, subsection, sentence, clause, phrase, or portion of this ordinance is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions of this ordinance, except that the effective date provision shall not be severable from the operative provisions of the ordinance.

ADOPTED this _____ day
of _____, 2015

Cindy Rosenthal, Mayor

ATTEST:

Brenda Hall, City Clerk

NOT ADOPTED this _____ day
of _____, 2015.

Cindy Rosenthal, Mayor

ATTEST:

Brenda Hall, City Clerk

Oil and Gas Regulations Comparison Chart

Type of Regulation	Oklahoma Corporation Commission	City of Norman
Permit Required	<ul style="list-style-type: none"> • "Notice of Intent to Drill" must be filed then permit issued 	<ul style="list-style-type: none"> • Permit from Oil and Gas Inspector
Surety Bond	<ul style="list-style-type: none"> • \$25,000 surety bond, irrevocable letter of credit, or cash required • Conditioned on compliance with plugging requirements • May be increased at discretion of Director of Conservation Division 	<ul style="list-style-type: none"> • \$25,000 surety bond, irrevocable letter of credit, or cash required • Conditioned on compliance with plugging requirements • May be increased at discretion of Oil and Gas Inspector with agreement from Legal Department • Funds may also be used for street repairs or to cover any assessed fines or costs
Insurance Requirements	None	<ul style="list-style-type: none"> • Pollution/seepage coverage, comprehensive liability coverage • City endorsed as additional insured • 30 days notice of cancellation to City
Casing Requirements	<ul style="list-style-type: none"> • Notice of Intent must list size, depth and quality of surface and production casing • Casing must be cemented 90 feet below surface or 50 feet below base of treatable water (unless alternate requirement in place, i.e. Commission Order) • Comm. Order No. 90123: 1200 feet of surface casing • Require pressure testing 	<ul style="list-style-type: none"> • Application must list size, depth and quality of surface and production casing • 1200 feet of surface casing or set 200 feet below treatable water strata encountered in the well, whichever is deeper • Require pressure testing
Completion and Operation of Well Site	<ul style="list-style-type: none"> • No oil, gas, deleterious substances shall be permitted to pollute any surface or subsurface freshwater • No surface trash or debris 	<ul style="list-style-type: none"> • All chemicals and/or hazardous materials shall be stored in such a manner to prevent spills/leaks • No accumulations of rubbish, litter, unused equipment or materials, excess rotary mud, salt water, or waste
Signage	<ul style="list-style-type: none"> • 'No Trespassing' signage • Sign must have name and phone number of operator 	<ul style="list-style-type: none"> • Sign posted in accordance with OCC rules
Site Restoration	<ul style="list-style-type: none"> • Within 90 days after lease abandoned, surface equipment shall be removed and surface restored 	<ul style="list-style-type: none"> • Surface conditions must be promptly restored after plugging and abandonment
Pits	<ul style="list-style-type: none"> • Basic sediment pits must be lined • Constructed and maintained to prevent runoff water from entering pit • Must be built, if in flood-prone area, to prevent washing out • Comm. Order No. 90123: no earthen pits 	<ul style="list-style-type: none"> • Closed loop system for all new wells • Vinyl-lined pits for existing wells

Lease Roads	<ul style="list-style-type: none"> Shall be kept in passable condition and accessible to Commission employees 	<ul style="list-style-type: none"> Maintained in such a manner as to safely allow for ingress/egress for City or state personnel
Storage Tanks	<ul style="list-style-type: none"> Constructed so as to prevent leakage Dikes or retaining walls shall be constructed to prevent oil or deleterious substances from causing pollution 	<ul style="list-style-type: none"> Steel or concrete containment walls Lined with seamless liner
Enhanced Recovery Wells	<ul style="list-style-type: none"> Allowed subject to notice and hearing 	<ul style="list-style-type: none"> Allowed with Corporation Commission approval of well
Water Quality	<ul style="list-style-type: none"> Adopted OWRB water quality standards Pollution is prohibited Discharges over 10 bbls to the surface or discharge of any size into waters of the State must be reported within 24 hours of discovery Upon application of municipality, order creating special field rules may be entered to preserve fresh water 	<ul style="list-style-type: none"> Water testing of domestic water wells within ¼ mile of new oil well Water testing of domestic water wells within ¼ mile of enhanced recovery or disposal wells No drilling within stream planning corridors
Fencing	<ul style="list-style-type: none"> 4 foot fences around pits and tanks No other fencing requirements 	<ul style="list-style-type: none"> 6 foot chain link fence with barbed wire around well site
Drilling Location	None (other than spacing requirements)	<ul style="list-style-type: none"> No wells on less than ten acre site, platted property, property within COS, within Stream Planning Corridor, or property zoned PL No wells within 600 feet of dwelling, business, church, or school (unless waiver) No wells within 300 feet of freshwater well
Motive Power	None	<ul style="list-style-type: none"> Must be electric unless waived by Oil and Gas Inspector
Plugging	<ul style="list-style-type: none"> Any working interest owner has joint and several liability and responsibility for plugging 	<ul style="list-style-type: none"> Any working interest owner has joint and several liability and responsibility for plugging 200 feet of cement to be set at end of surface casing

An Act

ENROLLED SENATE
BILL NO. 809

By: Bingman, Crain, Marlatt,
Shortey, Griffin, and Sharp
of the Senate

and

Hickman and McBride of the
House

An Act relating to oil and gas; authorizing regulation by municipalities, counties and other political subdivisions of certain oil and gas operations and establishing setbacks; providing certain limitation; prohibiting certain regulations; making certain operations subject to jurisdiction and regulation of the Corporation Commission; authorizing certain regulation of areas delineated as one-hundred-year floodplains; repealing 52 O.S. 2011, Section 137, which relates to powers of cities and towns to regulate oil and gas drilling or production; and providing for codification.

SUBJECT: Regulation of oil and gas activities

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 137.1 of Title 52, unless there is created a duplication in numbering, reads as follows:

A municipality, county or other political subdivision may enact reasonable ordinances, rules and regulations concerning road use, traffic, noise and odors incidental to oil and gas operations within its boundaries, provided such ordinances, rules and regulations are not inconsistent with any regulation established by Title 52 of the

Oklahoma Statutes or the Corporation Commission. A municipality, county or other political subdivision may also establish reasonable setbacks and fencing requirements for oil and gas well site locations as are reasonably necessary to protect the health, safety and welfare of its citizens but may not effectively prohibit or ban any oil and gas operations, including oil and gas exploration, drilling, fracture stimulation, completion, production, maintenance, plugging and abandonment, produced water disposal, secondary recovery operations, flow and gathering lines or pipeline infrastructure. All other regulations of oil and gas operations shall be subject to the exclusive jurisdiction of the Corporation Commission. Provided, notwithstanding any provision of law to the contrary, a municipality, county or other political subdivision may enact reasonable ordinances, rules and regulations concerning development of areas within its boundaries which have been or may be delineated as a one-hundred-year floodplain but only to the minimum extent necessary to maintain National Flood Insurance Program eligibility.

SECTION 2. REPEALER 52 O.S. 2011, Section 137, is hereby repealed.

Passed the Senate the 21st day of May, 2015.

Presiding Officer of the Senate

Passed the House of Representatives the 22nd day of April, 2015.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____

Approved by the Governor of the State of Oklahoma this _____
day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____
day of _____, 20_____, at _____ o'clock _____ M.
By: _____