



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: O-1415-7**

**File ID:** O-1415-7

**Type:** Ordinance

**Status:** Non-Consent Items

**Version:** 1

**Reference:** Item No. 36

**In Control:** City Council

**Department:** Planning and  
Community  
Development  
Department

**Cost:**

**File Created:** 06/18/2015

**File Name:** Proposed Oil and Gas Ordinance Amendments

**Final Action:**

**Title:** CONSIDERATION OF ORDINANCE O-1415-7 UPON SECOND AND FINAL READING:  
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.

**Notes:** ACTION NEEDED: Motion to adopt or reject Ordinance O-1415-7 upon Second Reading section by section.

ACTION TAKEN: \_\_\_\_\_

ACTION NEEDED: Motion to adopt or reject Ordinance O-1415-7 upon Final Reading as a whole.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 07/14/2015

**Agenda Number:** 36

**Attachments:** O-1415-7-Annotated, O-1415-7-Clean, January 20,  
2015 Study Session, February 17, 2015 Study  
Session, June 16, 2015 Study Session

**Project Manager:** Susan Connors, Director of Planning and Community Devel

**Entered by:** jayme.rowe@normanok.gov

**Effective Date:**

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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## Text of Legislative File O-1415-7

Body

**BACKGROUND:** 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. City Council met again in a Study Session on June 16, 2015. At that meeting, Staff presented information to respond to the remaining questions from the Councilmembers as well as information regarding Senate Bill 809 that passed in this year's legislative session. Based on Council's feedback as the June 16, 2015 Study Session, the City Oil & Gas Ordinance revisions are being forwarded for Council consideration.

**DISCUSSION:** Regarding insurance limits, Staff spoke with another local insurance provider. The representative 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, Staff amended 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.

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 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 City's current and proposed regulations are not inconsistent with OCC regulations or regulate within areas specifically mentioned 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.

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 operations or activities.

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.

**RECOMMENDATION:** If Council wishes to amend the City of Norman's regulations on oil and gas drilling, as discussed beginning in November 2013, Staff recommends adoption of Ordinance O-1415-7.