

CITY COUNCIL OVERSIGHT COMMITTEE MINUTES

December 18, 2014

The City Council Oversight Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:05 p.m. in the City Council Conference Room on the 18th day of December, 2014, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray 48 hours prior to the beginning of the meeting.

PRESENT:	Councilmember Holman, Jungman, and Chairman Miller
ABSENT:	None
TARDY:	Councilmember Williams
OTHERS PRESENT:	Mayor Cindy Rosenthal Mr. Jeff Bryant, City Attorney Ms. Susan Connors, Planning & Community Development Director Mr. Terry Floyd, Development Coordinator Mr. Steve Lewis, City Manager Ms. Leah Messner, Assistant City Attorney Mr. Shawn O'Leary, Director of Public Works Mr. Scott Sturtz, City Engineer Mr. David Woods, Oil & Gas Inspector Ms. Karla Chapman, Administrative Technician III

Item 1, being:

CONTINUED DISCUSSION REGARDING POSSIBLE ORDINANCE AMENDMENTS TO CHAPTER 13, SECTION 13-1501, ET. SEQ., OIL AND GAS WELL REGULATIONS.

Ms. Susan Connors, Planning and Community Development Director, said the Council Oversight Committee met several times over the past year to discuss oil and gas well regulations and highlighted the discussions as follows:

- November 13, 2013: The Committee began discussing oil well site security and requested Staff prepare information on the City's well site safety policy.
- December, 2013: Staff prepared and distributed a report on the City's well site safety policy.
- May 14, 2014: Staff presented background information on the history of the City's oil well site security and fencing language and discussed possible changes to existing Code language. The Committee requested Staff draft an Ordinance incorporating the requested changes supporting fencing around well sites; to include a phasing-in period requiring older well sites to comply; average costs for fencing; and gather feedback from those in the affected industry.
- August 26, 2014: Council discussed oil and gas well fencing at a Council Conference and requested Staff seek additional input from oil well operators and mineral interest owners.
- September 18, 2014: The Committee's main discussion was oil and gas well regulations in the Lake Thunderbird Watershed and requested Staff research the following topics, to include meeting with industry representatives, and bring back information to the Committee as follows:
 - ✓ Research other cities insurance requirements;
 - ✓ Provide specific language on location distance from ground water;
 - ✓ Spill contingency plans with permit – may consider engineering solutions in Water Quality Protection Zone (WQPZ) if meeting additional requirements,
 - ✓ Look at entire floodplain, not just floodway;
 - ✓ Consider only steel containment for tank batteries;
 - ✓ Storage of chemicals in original containers;
 - ✓ Water diversion during the drilling process; and
 - ✓ Best practices.

Item 1, continued:

- October 23, 2014: Staff met with 13 companies in the oil and gas industry to discuss the proposed amendments. The City Attorney's office received a Memorandum of Law from legal representatives of Norman well operators which represents their view of municipal regulatory authority over the oil and gas industry and the Legal Department provided a confidential memorandum to Council on that subject.
- November 13, 2014: Committee discussed proposed changes to the draft Ordinance, primarily focusing in five areas to include: fencing; water testing; Water Quality Protection Zones (WQPZ); waivers; and insurance requirements.

Staff distributed a draft ordinance incorporating the changes suggested by the Committee at the November 13, 2014, meeting, to include the following:

Fencing: Section 13-1508(c)

Fencing be constructed with heavy gauge chain-link and steel posts set in concrete with 12' removable panel(s) so operators could access the well sites to perform maintenance. At the request of the Committee, Staff also incorporated language allowing property owners outside the Current Urban Service Area to waive the requirement for fence, adding the language to Section 13-1508(c)(3). Section 13-1508-(c) (4) was amended to clarify that both existing oil wells and existing tank batteries must be fenced according to the provisions of the ordinance when a dwelling or business is constructed within 600 feet of such oil well or tank batteries. Previously, tank batteries were not specified in this section. Staff also amended Section 13-1508 to require fencing of oil wells located within 600 feet of the centerline of a public roadway, due to operators expressing concerns with language requiring oil wells that are "visible from a public roadway" to comply with the fencing requirements. The ordinance also allows a one year "phasing-in" period for older wells sites to comply with fencing requirements.

Water Testing

Chemicals test for bromide, chloride, total dissolved solids, methane, iron, manganese, arsenic, boron, and lithium. One test prior to drilling, three tests post-drilling in years 1, 3, and 5. No testing is access by property owner; test results filed with City upon completion; cost per test ranges from \$350 to \$400. Staff provided a map depicting permitted water wells within the City of Norman and contacted Ana-Lab Corp, a water testing firm, and they quoted a fee of \$365 to collect and test a water sample. Samples can also be taken to ODEQ for testing, but they do not collect the samples. ODEQ quoted a price of \$350 to \$400 for testing a water sample. Water testing accomplishes two things: engenders public trust and provides protection to oil and gas industry.

WQPZ

Drilling prohibition on land designated as a "Stream Planning Corridor" and Stream Planning Corridors are watershed areas that drain into Lake Thunderbird. Staff said the Committee may also need to consider amending Chapter 22 (Floodplain Ordinance) to clarify that floodplain permits for drilling will not be granted in Stream Planning Corridors. Staff provided a map depicting Stream Planning Corridors within the City limits to the Committee.

Insurance

Pollution liability can be included via endorsement or separate policy; excess pollution coverage can be expensive and difficult to obtain; because all circumstances are different, no coverage, exposure, or premium will be the same. Staff said Norman is comparable to other cities at \$1 million.

Waiver

Finley Resources requested an amendment to the waiver process allowing for a waiver from a property owner within 600 feet of oil well sites. Staff reviewed pad site application on five (5) of the newer well sites within Norman and those sites ranged from 1.04 acres to 2.34 acres. Each operator tends to configure and manage a well

Item 1, continued:

Waiver, continued

site differently and Staff does not recommend setting a limit on the size of the oil well sites. Staff researched the definition of “well pad”; specifically, multiply wellbores from a single surface location. With pad drilling, up to 20 or more wells can be drilled from a single, more compact, pad location saving time and money for operators as well as smaller impact on area landscape. Staff recommends the Committee consider amending Section 13-1509(b) requiring a waiver to be filed with the County Clerk. This would be a permanent waiver; therefore, if the property owner who signed the waiver sold the property to another person, the waiver would transfer to the new property owner; thus, staying intact to the land/property.

Committee comments

Mayor Rosenthal felt the ordinance should not be limited to Lake Thunderbird watershed but stream corridors within the entire City and the Committee agreed.

Councilmember Jungman said from an environmental liability, the community bears the risk *should* something go wrong with an oil and gas well operation; therefore, the oil and gas companies should be made to pay for an insurance policy to make certain the coverage is met in case of an accident/disaster.

Chairman Miller asked whether a \$1 million insurance coverage requirement for pollution is comparable to other cities and Staff said yes, except to Lawton, which requires \$5 million. Staff felt that \$1 million should remain the requirement for now; however, requested Staff research Lawton’s requirements to see why they require \$5 million.

Comments from the Audience

Ms. Mary Francis, 850 Cardinal Creek Boulevard, Apartment C, said regarding Section 13-504 (Casing), the language states permittee or operator or drilling contractor and asked “who” is on the hook? Staff said the verbiage “or” is in the language rather than the verbiage “and” so that all parties involved are responsible.

Mr. Casey Holcomb, 127 West Acres Street, felt the City is back-pedaling regarding allowing diesel engines and soil farming when Oklahoma City does not. He does not think the proposed language in Section 13-1509(b) needs to be taken out and Staff explained that Section 13-1521 (Motive power) addresses his concern stating that “...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...”

Ms. Cathy Canty, Cleveland County Local Emergency Planning Committee Chairman, requested the Committee/Council consider adding language to the ordinance, Section 13-501(b)(15) requiring the permittee to submit an Emergency Operations Plan to the City of Norman with their permit application.

Mr. Steve Ellis, 633 Reed Avenue, asked who the oil and gas inspector would report to since the job/title had increased responsibility.

Mr. Mike Rainer, 4705 Augusta Drive, asked how a drilling company can be liable if the casing is broken after a long period of time.

Ms. Cindy Rogers, 633 Reed Avenue, thanked Staff and the Committee for their hard work and wondered if the size of oil and gas operations should be comparable to the size of the setback requirements.

Mr. Steve Ramsey, 4817 Woodland Oaks Court, asked whether new or old well sites would be required to follow new requirement for casing and Staff said only new well sites.

Mr. Ron Arvine, 1708 Topeka Drive, suggested galvanized casing versus cement casing would be more effective, cleaner, and safer.

Item 1, continued:

Joy Hampton, The Norman Transcript, said she felt that at the beginning of these discussions, Council wanted to do away with the waivers so now why is the Committee backtracking on this commitment? Chairman Miller asked if she was referring to the fence waiver and Ms. Hampton said yes. Chairman Miller stated it is the property owner's right to waive a fence.

The Committee felt the proposed ordinance should go forward to full Council at a Study Session scheduled in January 2015.

Items submitted for the record

1. Memorandum dated December 11, 2014, from Susan Connors, Director Planning and Community Development, and Leah Messner, Assistant City Attorney, to City Council Oversight Committee
2. Proposed Amendments to City of Norman Ordinance Regulating Oil and Gas Drilling and Operations
3. Substitute Page 14 Section 13-1509
4. Comparison Chart of for Norman and Oklahoma City Ordinances
5. PowerPoint Presentation entitled "Proposed Amendments to Oil and Gas Ordinance," City of Norman, City Council Oversight Committee, dated December 18, 2014
6. Oklahoma Water Survey (OWS) Specific constituents to test
7. Map of Groundwater Wells within the City of Norman, dated December 10, 2014
8. Map of Stream Planning Corridor for the City of Norman, dated December 11, 2014
9. State Baseline Monitoring Programs for PA, WV, CO, OH, ND, NY, CA, IL, WY, MI, and NC
10. Oklahoma State University, Division of Agricultural Sciences and Natural Resources, Oklahoma Cooperative Extension Service Fact Sheet WREC-103, "Hydraulic Fracturing and Domestic Water Issues"
11. Letter dated November 23, 2014, from Peter Mann Guild, The Guild Trust Dated July 23, 2013, to Norman City Council, with attachment Exhibit "A"
12. Letter dated November 24, 2014, from Shannon S. Reed, Sr. Property Manager, on behalf of Jack W. Sutliff Trust, Heritage Trust Company, to Norman City Council

Item 2, being:

MISCELLANEOUS PUBLIC COMMENTS.

None.

ADJOURNMENT.

The meeting adjourned at 6:15 p.m.

ATTEST:

City Clerk

Mayor