

City Council
September 21, 2010 Work Session



Gas Drilling Program Report
Follow-up to August 24, 2010

Quicksilver
Lake Arlington Drill Site

Presentation Agenda

- Drilling Status
- Summary of Issues
- Discussion of Issues
- Follow-up Direction

Drilling Status

- Total Gas Wells – 277
 - 143 drilled
 - 27 expired or denied
 - 107 pending
- Total Identified Sites – 74
 - 40 drilled
 - 17 expired or denied
 - 17 pending

Outline of Issues

1. Process

- Notifications
- Setback reductions and timing
- Two-step approval approach
- SUP time frame

Outline of Issues

2. Site Issues

- Access drives
- Landscaping and fencing
- Platting

Outline of Issues

3. Operational Issues

- Bonding
- Flowback
- Air Quality
- Road Damage

Process

1. Notifications

- Consistent notification distance
- Notify 200 ft SUP, but 600 ft permit
- Both measured from zoning boundary

Questions from 8-24 Work Session

- Can we increase to 600 feet around zoning boundary for both stages?
- Is there a tenant notification process?

Process

2. Setback reductions and timing

- 600-ft or reduction process

Questions from 8-24 Work Session

- Can we expand protected use definition?
- How can we apply a weighted setback reduction request?

Process

3. Two-step approval approach

- Two required public hearing steps

Questions from 8-24 Work Session

- Do other communities use zoning?
 - ✓ Yes: Mansfield, Grapevine, Southlake, Dallas, Denton, Corinth
 - ✓ No: Fort Worth, Grand Prairie, Flower Mound

Process

4. SUP time frame

- Expire after two years without drilling

Questions from 8-24 Work Session

- Do other cities have zoning time limits?
 - ✓ Mansfield has 5 year limit
- Effects of a shortened time frame?
 - ✓ General rule is reasonable access to minerals
 - ✓ SUP time limit is possible

Site Issues

1. Access drives

- Dust a major concern for drill sites
- Currently gravel, asphalt, or caliche

Questions from 8-24 Work Session

- Can we find alternative materials?
- Any materials more sensible than concrete?
 - Chip seal possibility
 - Used by for some county-type roadways

Site Issues

2. Landscaping and fencing

- Installed after drilling final well
- Blends with surrounding development

Questions from 8-24 Work Session

- Any screening requirements for equipment?
- Should landscaping and permanent fencing be required after drilling first well?
- Is drip irrigation required for landscaping?

Site Issues

3. Platting

- No plat required for drilling
- Other developments on platted property

Questions from 8-24 Work Session

- What are benefits of platting?
- Do other cities require plats?
 - Denton has devised special plat for gas well sites

Outline of Issues

1. Bonding

- Currently \$50K; may reduce to \$10K
- Surety bond for ordinance requirements

Questions from 8-24 Work Session

- Can bonding help incentivize well locations?
 - Supplant per-well with per-site bond

1-5 wells = \$250K	6-10 wells = \$100K	11+ wells = \$50K
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Outline of Issues

2. Flowback

- Phase when fluids flow from the well after a stimulation treatment (fracing)

Questions from 8-24 Work Session

- What was Carrizo's process at UTA?
 - 24/7 operation with subsequent flowback after fracing
 - no incidents reported

Outline of Issues

3. Air Quality

- No comprehensive test in Arlington

Questions from 8-24 Work Session

- What tests have occurred?...in Arlington?
 - TCEQ tests Arlington wells on-call basis and 2009 study included one site (UTA)
 - BSEEC one well site in Arlington (Rose)
 - Fort Worth upcoming study

Outline of Issues

4. Road Damage

- Fee based on formulaic calculation of trip numbers and equivalent single axel loads

Questions from 8-24 Work Session

- What are other cities charging?
 - Mansfield: min \$5K per well, max \$30K
 - Denton: min \$2500 per well, max \$25K
 - Same parameters of calculation

Follow-up Direction

P&Z Findings

Process

- Notice 600 feet
- Setbacks addressed at zoning stage
- SUP time limit of 5 years

Follow-up Direction

P&Z Findings

Site Issues

- Paved access drives
- Initial site landscaping and fencing
- Platting requirement

Follow-up Direction

P&Z Findings

Operational Issues

- Devise a bonding scale
- Flowback 24/7 with safeguards
- Air quality issue better understood
- Road damage fee minimum established

QUESTIONS?
