

CHAPTER 16

OIL AND GAS DRILLING

Article 1. Administrative Provisions.

Article 2. Regulatory Provisions.

Article 3. Penalty.

ARTICLE 1. ADMINISTRATIVE PROVISIONS

Section 16-1. Intent and Purpose.

Whereas the imprudent operation of an oil and gas facility can constitute a menace to the public health, safety and welfare of the City of Elk City, it is the intent and purpose of the Chapter that oil and gas operations be reasonably regulated for the public good.

Section 16-2. Definitions.

For the purposes of this Chapter, the following definitions shall apply:

1. "City" shall mean the City of Elk City, Oklahoma;
2. "State" shall mean the State of Oklahoma, its branches, departments, agencies, boards or the officers thereof;
3. "Person" shall mean and include any person, firm, partnership, association, corporation, trust, cooperative, or other type of organization;
4. "Permittee" shall mean the person to whom is issued permit or permits under the terms of this Chapter;
5. "Well" shall mean, unless specifically qualified, any hole or holes, bore or bores, to any depth for the purpose of producing and recovering any oil, gas or liquefied matter, or for the injection or disposal of any of the foregoing;
6. "Natural production" shall mean the raising to the surface of the earth, by natural flow, petroleum or natural gas;
7. "Artificial production" shall mean the raising to the surface of the earth, by means other than natural flow, petroleum or natural gas;
8. "Deleterious substance" shall mean any chemical, salt water, oil field brine, waste oil, waste emulsified oil, basic sediment, mud or injurious substances produced or used in the drilling, development, producing, transportation, refining and processing of oil, gas or

condensate;

9. "Pollution" shall mean 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 to livestock, animals or aquatic life;

10. "Water" or "waters of the City" shall mean all streams, lakes, ponds, marshes, watercourses, waterways, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, public or private, which are contained within flow through or border upon the City or any portion thereof;

11. "Pressure maintenance" shall mean an operation by which gas, water or other fluids are injected into an oil or gas reservoir to maintain pressure or retard pressure decline therein for the purpose of facilitating recovery therefrom, and which has been approved by the Corporation Commission after notice and hearing;

12. "Enhanced Recovery" means a well producing in an enhanced recovery operation in accordance with Commission order.

13. "Corporation Commission" shall mean the Oklahoma Corporation Commission;

14. All technical or oil and gas industry words or phrases used herein and not specifically defined herein shall have that meaning customarily attributable thereto by prudent operators in the oil and gas industry;

15. "Abandoned well" shall mean any well inside the City Limits for which City bonds, insurance requirements or annual inspection fees have not been kept current; or which does not have on file State Corporation Commission Form 1003A which allows wells to remain shut-in; or those wells which are not exempt from plugging under State Corporation Commission rules; or a well which has not had operations for one (1) year, except that for purposes of Section 16-4, no filing fees shall be required for a previously drilled well which is an abandoned well because it has not had operation for one (1) year;

16. "Plugged and abandoned well" shall mean any well plugged and abandoned in compliance with municipal and/or Oklahoma Corporation Commission regulations at time of plugging.

Section 16-3. Compliance With Applicable Laws.

No person shall drill an original well or re-enter an abandoned well or a plugged and abandoned well for any purpose, or permit to exist any well, structure, equipment, pipeline, machinery, tank or other appurtenance, in violation of any of the provisions of this ordinance or other City ordinances as may be applicable, or the laws, rules, regulations, operative standards or

directives of the State.

Section 16-4. Oil and Gas Permits.

It shall be unlawful and an offense for any person acting for himself or acting as agent, servant, employee, subcontractor, or independent contractor of any other person, to commence to drill an original well or re-enter any abandoned well or plugged and abandoned well within this City, or to work upon or assist in any way in the production or operation of any such well, without an oil and gas permit having first been issued by the authority of the City Manager or his designee in accordance with this Chapter.

Section 16-5. Application and Filing Fee.

1. Every application for an oil and gas permit to drill an original well or to re-enter an abandoned well or plugged and abandoned well shall be in writing, signed by the applicant or by some person duly authorized to sign same on his behalf, and it shall be filed with the City Manager or his designee and be accompanied by a filing fee of Five Thousand Dollars (\$5,000.00). No application shall request an oil and gas permit to drill more than one well. The application shall contain full information required by the City Manager or his designee, including the following:

1. Name and address of applicant and date of application;
2. Where applying for a proposed original well;
 - A map of the drill site and proposed surface facilities, including thereon the location of the proposed well, and distance therefrom to all existing dwelling houses, buildings, or other structures designated for the occupancy of human beings within a one thousand foot (1000') radius of the well bore, and the location of all existing oil, gas or fresh water wells within said one thousand foot (1000') radius.
3. A copy of the approved Drilling or re-entry Permit from the Corporation Commission and a copy of the staking plat;
4. A statement of the provisions for water for the drilling rig, from private pond, stream or City water and a copy of approved water resources board permit. A water tap, approved by the City, is required if City water is to be utilized; provided, that such water tap shall be underground and include a flow measurement gauge and backflow preventer, utilizing a sole use gate valve;
5. The name and address of the person within the State of Oklahoma upon whom service of process upon applicant may be made within this State; and in the case of any non-resident person who has no such service agent within this State, there shall be attached to the application the designation

of such a service agent resident in Beckham County, Oklahoma, and a consent that service of summons may be made upon such person in any action to enforce any of the obligations of the applicant hereunder.

Section 16-6. Sale of Well Site Permittee.

Whenever a well is to be sold by permittee, the permittee shall notify the City Manager or his designee in writing a minimum of 30 days after the date of sale.

Section 16-7. Notification by Operator of Certain Operations.

Any person operating a well within the City shall give at least three days advance notice to the City Manager or his designee before taking any of the following actions with regard to such well: removal of any casing, including removal for purposes of replacement; completing or recompleting the well in a different formation; or placing the well on artificial production.

Section 16-8. Forms Filed With the Corporation Commission.

Copies of all applications, notices, forms, records, logs and the like filed by permittee with the State Corporation Commission shall be filed with the City as well. The City Manager shall keep confidential all submitted material which the State allows to be kept confidential.

Section 16-9. Service Companies.

Service companies will adhere to disclosure rules as outlined by state statute. Upon request, materials shall be made available by service companies and shall remain confidential where such confidentiality is granted by the State. Failure to provide any such requested material shall be deemed a violation of this Chapter.

Section 16-10. Issuance or Refusal of Permit.

1. Each oil and gas permit issued under the terms of this ordinance shall:
 - a. By reference have incorporated therein all the provisions of this ordinance with the same force and effect as if this ordinance were copied verbatim therein;
 - b. By reference have incorporated therein all the provisions of applicable State law and the rules, regulations and standards adopted in accordance therewith relating to the protection of human beings, animals, and natural resources;
 - c. Specify that the term of such permit shall be a period of one (1) year from the date of issuance thereof, and for like periods thereafter upon the inspection and approval of the permittee's well and operations; provided that the term of such permit may be extended for an additional 6 months

upon the request of permittee, approval of the City Commission and the payment to the City of a sum of Two Thousand Five Hundred Dollars (\$2500).

- d. Specify such conditions imposed by the City Manager or his designee as are by this ordinance authorized;
- e. Specify that no actual operations shall be commenced until the permittee shall file and have approved the required bonds and certificate of insurance in the appropriate amounts as provided for elsewhere herein.

2. Upon the consideration of any application for an oil and gas permit required by the terms of this Ordinance, the City Manager or his designee shall recommend approval or disapproval thereof to the Mayor and City Commission, who shall review the matter at a regularly scheduled meeting, and thereupon uphold or reverse the recommendation with or without the addition of any conditions thereto.

3. If the permit is issued, it shall, in two (2) originals, be signed by the City Manager or his designee and the permittee, and when so signed shall constitute the permittee's license to drill and operate in the City and the contractual obligation of the permittee to comply with the terms of such permit, such bonds as are required, and applicable State law, rules regulations, standards and directives. One executed original copy of said permit shall be retained by the City Manager or his designee; and the other shall be retained by the permittee and shall be kept available for inspection by any City or State law enforcement official who shall demand to see same.

4. If the permit is refused, or if the applicant notifies the City Manager or his designee in writing that he does not elect to accept the permit as tendered and wishes to withdraw his application, or if the bonds of the applicant are not approved, then upon the happening of any of said events the cash fee filed with the application shall be refunded to the applicant, except that there shall be retained therefrom by the City the sum of Two Hundred Dollars (\$200.00) as processing fee.

5. If the City Manager or his designee finds that, in his judgment, a hazard to life or natural resources exists, he shall order immediate rectification of the cause. If the permittee takes no immediate measure to reduce the hazard, or if the situation be so perilous as to constitute an imminent threat to safety, then in either of these events, he may order the prompt cessation of activity, and if necessary, the clearance of the premises. If there is no hazard, fire or otherwise, existing, then if the permittee desires, he may continue circulating the hole with drilling fluids in order to protect the drilled hole from being lost.

6. A hearing shall be scheduled before the City Manager within twenty-four (24) hours after the issuance of said order. The City Manager shall determine if proper cause existed, and, if not, shall order the permittee's activity to resume without delay. If the City Manager determines that proper cause did exist for the order to cease activity to be issued, then he shall make whatever ruling is proper to assure rectification of the cause of the peril. Such ruling and

compliance with it by the permittee shall not be construed to absolve the permittee of any liability for any violation of this Chapter or for any damage or injury caused thereby.

7. Any permittee aggrieved by any order, directive or ruling issued by the City Manager or his designee may appeal the same to the City Commission. Such matter shall be placed on the next council agenda for consideration by the City Commission, in accordance with the requirements of the State Open Meeting Act. The lodging of such appeal shall not stay the enforcement of any of the provisions of this Chapter. The City Commission, upon hearing the matter, may issue whatever ruling or order is appropriate.

Section 16-11. Permittee's Insurance and Bonds.

In the event a permit shall be issued by the City, no actual operations shall be commenced until the permittee shall file with the City a site restoration bond and insurance certificates as follows:

1. Permittee shall file with the City certificates of said insurance as stated below, and shall obtain the written approval thereof of the City Manager or his designee who shall act thereon promptly after the date of such filing.

2. Said insurance policy or policies shall not be cancelled without written notice to the City Manager or his designee at least thirty (30) days prior to the effective date of such cancellation. In the event said policy or policies are cancelled, the permit granted shall immediately thereupon terminate without any action on the part of the City Manager or his designee, and permittee's rights to operation under said permit shall cease until permittee files additional insurance as provided herein.

3. A site restoration bond shall be required in the principal amount of Fifty Thousand Dollars (\$50,000.00). Any person who drills or operates any well for the exploration, development or production of oil or gas within this City, shall furnish on forms approved by the City and maintain at all times a blanket site restoration bond or a blanket site restoration irrevocable letter of credit in the principal sum of Fifty Thousand Dollars (\$50,000.00). The bond or letter of credit must be executed by a reliable insurance company or bank authorized to do business in the State of Oklahoma, as surety or creditor, with the permittee as principal or debtor, running to the City for the benefit of the City and all persons concerned, conditioned that the permittee will comply with the terms and conditions of this Chapter in the drilling and operation of all oil or gas wells drilled or operated with the City. The bond or letter of credit must become effective on or before the date same 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 must be conditioned that the permittee must promptly pay all fines, penalties, and other assessments imposed upon the permittee by reason of his breach of any of the terms, provisions or conditions of this Chapter, and that the permittee, after negotiation with the City, will financially support the restoration of the streets, sidewalks and other public property within the City which may be disturbed or damaged during the permittee's operations, to their former condition; and that the permittee must promptly clear all premises of

all litter, trash, waste and other substances, and must, after plugging and abandonment, grade, level and restore said property to the same surface condition, as far as possible, and existed prior to commencing operations; and further that the permittee shall indemnify and hold harmless the city from any and all liability attributable to granting the permit and that the permittee shall promptly pay all sums with respect to deductibles on covered losses under insurance policies required by this Chapter; and that the permittee shall comply with all of the terms of this Chapter concerning the plugging and abandonment of all such wells. Each bond or letter of credit submitted shall cover all wells drilled or operated by said person within the City as specifically described all wells covered by name, legal description, and oil and gas permit number, if any. For good cause shown, the City, after notice to a permittee and opportunity for hearing may require the filing of a blanket bond letter of credit for all wells within the City in an amount higher than Fifty Thousand Dollars (\$50,000.00), but not to exceed One Hundred Thousand Dollars (\$100,000.00). "Good cause" shall include, but shall not be limited to, a showing that the operator or permittee has previously violated the provisions of this Chapter, or that the operator has multiple wells such that in the exercise of ordinary prudence, the City shall require an additional amount.

4. In addition to the bond required in paragraph 3. of this Section, the permittee shall obtain Five Million Dollars (\$5,000,000.00) See page and Pollution Insurance per well for the benefit of the City and all persons concerned, conditioned that the permittee will comply with every applicable Federal and State Law, rules, regulations, standard or directive relating to the maintenance of the safe and beneficial physical, chemical and biological properties of any natural waters of the City; that the permittee shall obtain the necessary permits from the City and State with regard to any operations which have the potential of rendering such waters harmful or detrimental or injurious to the public health, safety and welfare; that the permittee shall bear all the cost necessary and incidental to the correction of any pollution to such waters caused by the permittee or permittee's agents, servants, employees, subcontractors or independent contractors; that the permittee shall pay all fines, penalties, assessments or judgments resulting directly or incidentally from the permittee's activities which result in pollution of City waters; that the permittee shall indemnify and hold harmless the City from any and all liability attributable to granting the permit where such liability results from the pollution of City waters.

5. In addition to the bond and insurance required in paragraphs 3. and 4. of this Section, the permittee shall carry a policy or policies of standard comprehensive public liability insurance, including contractual liability covering bodily injuries and property damage, naming the permittee and the City, issued by an insurer authorized to do business within the State, such policy or policies in the aggregate of Five Million Dollars (\$5,000,000) per occurrence.

Section 16-12. Testing of Water Wells.

Baseline testing of producing fresh water wells within a one thousand foot (1000') radius of a proposed well may be required by City Commission as a provision of the oil and gas permit, upon agreement of the property owner.

Section 16-13. Conversion From Natural or Artificial To Enhanced Recovery.

1. No person shall convert any well from natural or artificial production to a use for enhanced recovery without first obtaining an oil and gas permit.
2. No person shall re-enter any abandoned or plugged and abandoned well or drill an original well to be used for enhanced recovery without first obtaining an oil and gas permit.

Section 16-14. Enhanced Recovery

1. An application for such permit as is required by the preceding section shall be in the same form as that required for a permit to drill an original well, and shall contain complete information required by the City Manager or his designee, including the following:

- a. A map of the well site, showing all equipment to be used there, location of pipelines, access road, and distances from the well to any and all fences, public roadways, and buildings within a radius of one thousand feet (1000');
- b. A map of the project showing: the location of all supply, disposal, injection and producing wells; all conduits; tank battery, pumping station and appurtenant equipment; all other wells in the project area and those located in the sections immediately adjacent to include producing, abandoned, plugged and abandoned, disposal and public or private fresh water supply wells.

2. Upon the completion of the application required hereunder, the City Manager or his designee shall have thirty (30) business days to review same and make a recommendation of approval or disapproval to the Mayor and City Commission.

3. A fee in the sum of One Thousand Dollars (\$1,000.00) shall be submitted along with every application required hereunder.

4. Fresh water wells located within a radius of four hundred feet (400') of any enhanced recovery well shall be tested semi-annually for the presence of deleterious substances, such as chloride, sulphates and dissolved solids. If any enhanced recovery well is in compliance with OCC Rule 3-305, (Testing and Monitoring Requirements for Enhanced Recovery Injection Wells and Disposal Wells), the City Manager or his designee may wave the testing of fresh water wells located within a radius of four hundred feet (400') of the inactive well. Such testing is the responsibility of the permittee and permittee's expense. The City Manager or his designee shall be notified five (5) days in advance of such testing and may be present therefore. Test results shall be filed with the City upon completion.

Section 16-15. Deepening and Sidetracking Wells From Existing Well Bores.

re-entry of a well from an existing well bore is permitted upon proper approval from the

Corporation Commission and requires City Commission approval.

Section 16-16. Annual Fee to Operate.

An annual inspection fee is hereby levied upon each well operated or maintained under a permit issued by the City. Such fee shall be in the amount of Five Hundred Dollars (\$500.00).

Sections 16-17 through 16-24. (Reserved for future use.)

ARTICLE 2. REGULATORY PROVISIONS.

Section 16-25. Compliance With Applicable Laws.

No person shall drill an original well or re-enter an abandoned well or a plugged and abandoned well for any purpose, or allow to exit any well, structure, equipment, pipeline, machinery, tank or other appurtenance, in violation of any of the provisions of this ordinance or other City ordinances as may be applicable, or the laws, rules, regulations, operative standards or directives of the State.

Section 16-26. Well Location.

1. No permit shall be issued for the drilling of an original oil and gas well or the re-entry of an abandoned well or plugged and abandoned well if the well or the exterior of any tank or pressure vessel is nearer than four hundred feet (400') of any residence, commercial building, or producing fresh water well.

2. This four hundred feet (400') separation can be reduced to a three hundred feet (300') separation if written consent from the property owners within the reduced distance has been submitted with the drilling application. The 400' minimum separation from a water well cannot be reduced.

Section 16-27. Streets and Alleys.

No well shall be drilled, and no permit shall be issued for any well to be drilled, at any location which is within any of the streets or alleys of the City; and no street or alley shall be blocked or encumbered or closed in any drilling or production operation except with the written approval of the City Manager his designee, and then only temporarily.

Section 16-28. Movement of Heavy Equipment.

1. Vehicles associated with drilling and/or production in excess of three tons shall be restricted to such streets designated by the City as either truck routes or commercial delivery routes wherever capable of being used. The vehicles shall be operated on a truck route wherever capable of being used; they shall be operated on a commercial delivery route only when it is not possible to use a truck route to fulfill the purpose for which such vehicle is then being operated. Commercial delivery route means any street or highway so designated by the City for the use by

any commercial motor vehicle, truck-tractor, trailer, semi-trailer, or any combination thereof. All vehicle truck routes must be approved by the City Inspector before the oil and gas permit is issued. The City Inspector shall have the authority to require an alternate route to minimize the impact to surrounding uses.

2. No person shall move or cause to be moved, over, upon or across any pavement or paved street, or alley within City limits, any piece of machinery of extreme weight which may crack or injure such pavement, except as herein provided.

Section 16-29. Drilling Operations Equipment.

All drilling, re-entry and operations at any well performed under this ordinance shall be conducted in accordance with the best practices of a reasonably prudent operator. All casing, valve, and blow-out preventers, drilling fluid, tubing, bradenhead, christmas tree and well head connections shall be of a type and quality consistent with and best practices of such reasonably prudent operator. Setting and cementing casing and running drill stem tests shall be performed in a manner and at a time consistent with the best practices of such reasonably prudent operator. Any permittee under this ordinance shall observe and follow the recommendations or regulations of the American Petroleum Institute and the State Corporation Commission.

Section 16-30. Fencing, Screening and Landscaping.

Any person who owns, operates or maintains any producing well shall have the obligation to enclose said well, together with its surface facilities, by a sight restrictive fence sufficiently high and properly built to keep persons and animals out of the enclosure. All gates thereto shall be kept locked when authorized persons are not within the enclosure. Provided, however, that the City Inspector, upon written application by a permittee, may designate a different type of fence to be erected if he determines in a particular case that a sight restrictive fence is not necessary to protect the public health, safety and welfare and that a different type of fence would meet those objectives.

Section 16-31. Work Hours, Noise and Other Nuisances.

1. No construction activities involving excavation of , alteration to, or repair work on any access road or well site shall occur between 9:00 P.M. and 6:00 A.M.. Truck deliveries of equipment and materials associated with drilling and/or production, well servicing, site preparation and other related work conducted on the well site shall be limited to such daytime hours except in cases of fires, blowouts, explosions and any other emergencies or where the delivery of equipment is necessary to prevent the cessation of drilling or production. Mobilization and demobilization and advancing the bore hole shall be allowed on a well site on Sunday.

2. All oil operations shall be conducted in such a manner as to eliminate, as far as practicable, dust, noise, vibration or noxious odors, and shall be in accordance with the best accepted practices incident to exploration for drilling for, and production of hydrocarbon substances. Proven technological improvements in exploration, drilling and production methods

shall be adopted as they become, from time to time, available, if capable of reducing factors of nuisance and annoyance.

Section 16-32. Motive Power.

Motive power for all well pumping equipment shall be electricity; provided however, the City Manager or his designee may vary the requirements thereof to suit the application before him.

Section 16-33. Facilities.

painted Big Elk brown and white and maintained in a good state of appearance and shall have posted in a prominent place as required by the Oklahoma Corporation Commission, a metal sign no less than two square feet in area upon which the following information shall be conspicuous; permittee's name; 24 hour emergency phone number; lease name; and location of the well bore by reference to the United States survey. In the event of a change in operator, it will be the new operator's responsibility to replace the sign within thirty (30) days after the change is effective.

Section 16-34. Derrick and Rig.

City Manager or his designee. The permitting of any drilling rig or derrick to remain on the premises or drilling site for a period longer than sixty (60) days after completion or plugging and abandonment of a well is hereby prohibited, unless an extension is granted by the City Manager or his designee.

Section 16-35. Reduced Emission.

1. After fracturing or re-fracturing, Operators shall employ appropriated equipment and processes as soon as practicable to minimize natural gas and associated vapor releases to the environment. All salable gas shall be directed to the pipe line as soon as practicable or shut in and conserved. All wells that have a pipe line shall be required to employ reduced emission completion techniques and methods, but Operators may request a variance from the City Inspector if they believe that reduced emission completion techniques or methods are not feasible or would endanger the safety of personnel or the public.

2. Flaring shall be required in some instances as an alternative to venting. If burning of gases by open flame is authorized by the City Inspector then such open flame shall not be located closer than four hundred (400') feet from any building not used in operations on the drilling site and such open flame shall be constructed in such a way as to minimize detrimental effects to adjacent property owners. Site plan showing the location of the flare shall be on file with the Fire Department prior to placement of the flare.

Section 16-36. Fire Prevention.

, including foam producing chemicals of a particular kind and amount, as approved by the City Fire Department shall be maintained on the drilling site at all times during drilling and hydraulic

fracturing operations. All machinery, equipment and installations on all drilling sites within the City Limits shall conform with such requirements as may from time to time be issued by the City Fire Department. Windssocks will be installed on any drilling location or loading site.

Section 16-37. Storage Tanks and Separators.

1. Storage tanks shall be constructed, operated and used in such manner as to protect the health, safety, and general welfare of the public. Storage tanks shall be vapor tight with a vapor recovery system and built to minimize size within state approved safety guidelines. Tank battery facilities shall be equipped with static electricity and lighting arrestor systems.

2. A permittee may use, construct and operate a steel conventional separator and such other steel tanks and appurtenances as are necessary for separating or treating oil or condensate with each of such facilities to be so constructed and maintained as to be vapor tight with a vapor recovery system. Each oil, gas separator shall be equipped with both a regulation pressure-relief safety valve and a bursting head. Site plan shall be on file with the Fire Department prior to placement of such equipment.

3. There shall be a minimum separation distance of at least twenty-five feet (25') between storage tanks (crude and water) and heater treaters or other equipment designed to be heated with burners or electric elements. The provisions of this subsection shall apply only to tanks or equipment installed, placed or replaced.

4. One hundred twenty days (120) after completion of the well, the tank battery, diking, fencing, and other surface equipment must be installed. Site plan shall be on file with the Fire Department prior to placement of such equipment.

Section 16-38. Impounding Around Tanks by Diking.

1. A slope of not less than one percent (1%) away from the tank shall be provided for at least fifty feet (50') or to the dike base, whichever is less.

2. The volumetric capacity of the dike area shall not be less than the greatest amount of liquid that can be released from the largest tank within the diked area, assuming a full tank. To allow for volume occupied by tanks, the capacity of the diked area enclosing more than one tank shall be calculated after deducting the volume of the tanks, other than the largest tank, below the height of the dike.

3. To permit access, the outside base of the dike at ground level shall be no closer than ten feet (10') to any property line that is or can be built upon.

4. Walls of the diked area shall be of earth, steel, concrete or solid masonry designed to be liquid tight and to withstand a fully hydrostatic head. Earthen walls three feet (3') or more in height shall have a flat section at the top not less than two feet (2') wide. The slope of an earthen wall shall be consistent with the angle of repose of the material of which the wall is constructed. Dike areas for tanks containing Class 1 Liquids located in extremely porous soils

may require special treatment to prevent seepage of hazardous quantities of liquids to low-lying areas or waterways in case of spills.

5. A dike shall also be constructed to separate the crude storage tanks and water storage tanks from separators, heater treaters, and other vessels. The height of this dike shall meet the requirements specified above. The provisions of this subsection shall apply only to tanks or equipment installed, placed or replaced on or after the effective date of the ordinance by which this subsection was enacted.

6. Where provision is made for draining water from diked areas, such drains shall be controlled in a manner so as to prevent flammable or combustible liquids from entering natural water courses, public sewers, or public drains, if their presence would constitute a hazard. Control of drainage shall be accessible under fire conditions from outside the dike.

Section 16-39. Pits.

from the premises and the drilling site within sixty (60) days after completion of the well. No earthen pits shall be allowed. Cement lined haul-off pits may be dug in ground with approval in writing by the City Manager or his designee. A minimum of 8 inches of cement must be poured and verified for approval.

Section 16-40. Open Hole Formation Testing.

1. All open hole formation testing shall be done during daylight hours, with advance notification thereof made to the City Manager or his designee adequate to enable him to be present.

2. All open hole formation testing shall be done into steel tanks, or flared properly in the case of gas.

Section 16-41. Disposal of Salt Water.

1. Every permittee under this Chapter shall make sufficient provisions for the safe disposal of salt water or other deleterious substances which he may bring to or leave on the surface of the earth. Such disposal shall not result in pollution of the waters of the City and shall not result in any other environmental hazard, and shall incorporate the best available industry techniques and equipment.

2. In the event of any leakage or spillage of any pollution or deleterious substance, whatever the cause thereof, the permittee shall cause the City Manager or his designee to be notified thereof promptly. It shall be the responsibility of the permittee to take corrective action immediately, and provide further notification to the city once corrective action is completed.

Section 16-42. Fracturing and Acidizing.

In the completion of an oil and gas or service well, where acidizing or fracturing

processes are used, no oil, gas or other deleterious substances or pollutants shall be permitted to pollute any surface or subsurface fresh waters. All fluids produced shall be put into tankage.

Section 16-43. Swabbing, Bailing and Purging.

In swabbing, bailing or purging a well, all deleterious substances removed from the bore hole shall be placed in appropriate tanks and no substances shall be permitted to pollute any surface or subsurface fresh waters.

Section 16-44. Rupture in Surface Casing.

City Manager or his designee.

Section 16-45. Depositing Oil Products.

No person shall deposit, drain or divert into or upon any public highway, street or alley, drainage ditch, storm drain, sewer, gutter, paving, creek, river, lake or lagoon, any oil or oily liquid with petroleum content or any mud, rotary mud, sand, water or salt water, or in any manner permit by seepage, overflow or otherwise, any of such substances to escape from any property owned, leased or controlled by such person and flow or be carried into or upon any public highway, street or alley, drainage ditch, storm drain, sewer, gutter, paving, creek, river, lake or lagoon, within the City.

Section 16-46. Safety Precautions.

Persons drilling, operating, maintaining or plugging any well shall use all necessary care and take all precautions which shall be reasonably necessary under the circumstances to protect the public. The provisions of this Chapter shall be deemed to be the minimum requirements for the preservation of the public health, safety and welfare, and compliance with terms hereof shall not be deemed to relieve any person of any additional duty imposed by law. A Knox box type emergency switch shall be located on the site with location designated on the site plan on file with the Fire Department. All MSDS sheets for the chemicals on site shall be filed with the Fire Department to be updated and kept current as the chemicals on site change to meet the requirements of the well operations.

Blowout prevention equipment is required and shall be as follows:

1. For drilling operations:
 - a. The BOP stack shall be hydraulically operated BOPs equipped with the following: accumulator bottles capable of closing all rams and keeping them closed. Three (3) type preventers shall be used, one of which shall contain pipe rams to fit the drill pipe in use, one set shall be blind rams, and the third one shall be an annular type. A remote control station is required to operate the BOPs in case of emergency;

- b. The BOP, stack rated at no less than three thousand (3000) psi, shall be installed and pressure tested according to the API Bulletin RP 53 specifications using only water, prior to drilling out the surface casing shoe;
- c. Choke manifolds shall be considered as a part of the BOP system and will be installed, tested and maintained in accordance with specifications contained within API Standard RP 53.

2. For maintenance, remedial, recompletion or plugging operations the BOP requirement may be altered to conform to potential risk if approved by the City Manager or his designee in writing, but the requirement cannot be deleted.

3. A safety valve with appropriate threaded connections to fit any tubular string being moved in or out of the well and having an inside diameter at least as large as the inside diameter of the tubular string and with a working pressure rating equal to at least three thousand (3000) psi or greater than any well pressure that might possibly be encountered during the operations described above must be on the rig floor, in the open position, at all times.

4. Production Operations:

- a. Flowing wells shall be equipped with high-low pressure safety valves with sensing points to be determined by the flowing characteristics of each well;
- b. Beam pumping wells, producing in excess of ten (10) bbls of combined oil and water per day shall be equipped with sensing devices and appropriate equipment to shut down the pump if the stuffing box should develop a leak and to seal the tubing if the polish rod should part and allow the well to flow to the atmosphere;
- c. Other artificial lift methods, if used, should be protected by appropriate safety equipment to prevent accidental discharge of produced oil, gas and/or water to the atmosphere or drainage system;
- d. All pressure vessels should be manufactured in accordance with the appropriate API code in approved manufacturing facilities;
- e. All fired vessels must be equipped with flame arrestor;
- f. Injection and transportation systems must be protected with appropriate high-low safety shut-down equipment with sensing points to be determined according to the individual installation.

Section 16-47. Accumulation of Vapor.

The City Manager or his designee shall have the authority to require the immediate

shutting in or closing of any well if he finds that there exists, within a one hundred foot (100') radius of any well, any gas or gasoline vapor in a quantity sufficient to constitute, in his judgment, or in the judgment of the City Fire Chief, a fire hazard. The well shall remain shut or closed in until the hazard and its cause are removed.

Section 16-48. Inspection of Pressure Lines.

ager or his designee shall inspect all pressure lines in use at any well or at any project to assure that tubing, fittings, equipment or connections are reasonably tight, safe and free from leaks and be a minimum of forty-eight inches (48") below grade. Other lines on the location may be on or near the surface, (i.e. tank battery lines and well to battery flow lines.)

Section 16-49. Ingress and Egress.

Lease roads shall be maintained in such manner as to safely and comfortably allow for ingress and egress of City or State personnel traveling in a common passenger motor vehicle. All mud, dirt, gravel and other debris on City roads must be removed promptly.

Section 16-50. Pipelines.

1. The Public Works Director, or his designee and the Fire Chief, or his designee may exercise constant supervision of the pipelines, meters, valves, gauges, pumps, appliances and equipment located in the City and report to the City Manager all violations of this Section, and all dangerous, defective or unsuitably placed pipelines, meters, valves, gauges, pumps, appliances and equipment, and guard the public at all times from the dangers incident to the erection, maintenance and operation of all pipelines, meters, valves, gauges, pumps, appliances and equipment used in connection with the sale or distribution of natural or artificial gas to consumers in the City and its environs.

2. None of the provisions of this Section shall be construed or operate to prevent or render unnecessary the securing of any franchise for the erection, maintenance or operation of pipelines, meters, valves, gauges, pumps, appliances and equipment in, under or upon any of the streets, alleys or public places if the pipelines and the equipment referred to herein are used in the sale or distribution of natural or artificial gas to consumers in the City and its environs nor shall any provisions or any act or proceeding conducted under this Section be construed as a grant by the City of the right or privilege to use the streets, alleys or public places for the purposes provided. The City does not waive any of its rights to have the charges herein provided upheld as a tax. This Section, or any part of it, may be altered or repealed at any time, and no rights or privileges shall ever be acquired under it which may not be withdrawn, altered or modified by the City.

3. All pipelines, connections and fixtures installed or used for the purpose of the transportations of natural gas shall be equivalent to the specifications of the National Gas Safety Code, adopted and approved by the United States Department of Commerce and now in force, as to thickness, weight, size, strength and general character of material, workmanship and manner of installation. All pipelines used in connection with the drilling of wells, other than gas lines

and lines used for the transportation of petroleum or any of its products, shall be new lap-weld or seamless pipe and shall be equivalent to the specifications as now adopted by the American Petroleum Institute for lap-weld of Grade A seamless pipeline. All such lines shall be operated and maintained in a safe manner at all times so as to prevent all leakage or escape of their contents.

4. Pressure in any line shall not exceed those permitted by the rules, regulations or orders of the corporation commission now in force.

5. All ditches for pipelines shall be excavated in a manner that will make the smallest possible opening in the public property, provided that all ditches shall be constructed six inches (6") wider than the outside diameter of the pipe. The minimum space between the outside diameter of pipes shall be six inches.

6. On streets and alleys, all pipelines shall be buried to a minimum depth of forty-eight inches (48") below grade, the depth to be measured from the top of the pipe, and shall be approved by the Public Works Director.

7. Each owner or operator of a gas pipeline shall perform a leak survey at least once every six months for the purpose of determining whether it is in safe condition and free from leaks, breaks or open spaces, and make a report of the test supported by an affidavit by the person making the test to the Public Works Director. The test may be by the stench method, electrical detection method, or any other method other than a pressure method approved by the City Inspector or his designee; provided that each gas pipeline at the time of its installation shall be tested by the inspector, and a report of the test shall be filed with the Public Works Director before the operation of that line. Testing periods shall end on September 15 and March 15 of each year. No person shall continue the operation of any pipeline after the termination of any testing period provided herein without having it tested and making the required report. For failure to make the test and report, or if the report discloses or it otherwise appears that any line is leaking, defective or unsafe, the City Inspector or his designee may, within five days of such disclosure, or within five days after the closing of any testing period, close and shut the pipeline. These provisions may be replaced with a company pipeline integrity program report that is filed with the city.

8. In lieu of the actual removal of a pipeline or portion thereof located underneath any public or city property, right-of-way, easement or utility reserve, the owner of a pipeline may, upon acceptance by the City, relinquish ownership and abandon that portion beneath any public or city property, right-of-way, easement, or utility reserve by first, pumping the pipe full of water or cement, or material approved by the City Inspector or his designee, then properly disposing of any residue coming out of the pipe, and securely plugging each end of the pipe left beneath any public or city property, right-of-way, easement, or utility reserve. However, before abandoning and plugging the pipe, the owner shall file with the City Clerk a written transfer and assignment to the City of all his interest, possession and title in and to the abandoned pipe, and shall give 48 hours previous written notice to the Public Works Director as to when and where the owner proposes to plug the pipe. The work shall be subject to inspection and approval of the Public Works Director or his designee.

9. The Public Works Director, or his designee or the Fire Chief, or his designee may summarily declare any of the pipelines, meters, valves, gauges, pumps, appliances and equipment declared by this article to be a nuisance immediately upon the order given by the City Commission, or face a two hundred dollar (\$200) penalty.

10. Notification prior to construction, repair or replacement of a pipeline shall require a plan, applicable to federal DOT and OSHA requirements and approved by a professional engineer, which shall be filed with the City Inspector, City Clerk, and City Manager showing in detail the size of the pipeline, the depth and width and the exact location of the excavation or pipeline with particular reference to all structures or lines of the City or any public utility company, sidewalk, pavement or other public improvement.

11. Where a pipeline is laid in any public utility easement, the applicant for a pipeline permit shall first obtain written permission or consent from all owners of property through and over which the public utility easement runs before applying for a permit under the provisions of this division.

Section 16-51. Loading Racks.

1. As used in this article the term "loading rack" shall mean any platform or structure built alongside a railroad track for use in loading crude oil, gasoline, kerosene or other liquid petroleum products into tank cars.

2. No person shall construct a loading rack for crude oil, gasoline, kerosene, or other liquid petroleum products, except as permitted under this article.

3. No person shall commence construction of a loading rack, without obtaining a permit from the Public Works Director. Permits shall be issued only after approval by the Fire Chief. The fees for the permit shall be as established in Chapter 60, the General Schedule of Fees.

4. Only fire resisting materials shall be used in the construction of a loading rack or a building or structure used in connection with or on the same premises as loading racks.

5. All electrical wiring and electrical equipment shall be installed in loading racks in compliance with the electrical code in force in the City. All light outlets used in close proximity to loading racks shall be of a vapor-proof type, approved by the United States Bureau of Mines.

6. All motors used in connection with or near any loading racks shall be of an induction type or eccentrically safe that can be used in connection with an explosive atmosphere.

7. Each loading rack and the railroad track which is to be used with that loading rack shall be bonded and grounded into the same wire.

8. A filler head or dome of a type approved by the Fire Chief shall be used for

loading tank cars from any loading rack. The filler head or dome shall have a vertical vent not less than three inches in diameter and ten feet in height from the dome of the tank car.

9. Fire protection devices shall be maintained at all times at loading racks and approved by the Fire Chief, including:

- a. an adequate water supply;
- b. foam-producing chemicals with a minimum required amount of five pounds for each foot of length of the loading rack;
- c. any other foam equipment specifically required by the Fire Chief.
- d. Windssocks placed on all loading locations.
- e. Sufficient area lighting during operations with restrictive shields towards residential areas.
- f. Dyking and containment areas as required by the Fire Chief.
- g. Site plan shall be on file with the Fire Department prior to operations.
- h. MSDS sheets of all chemicals on site shall be on file and kept current and up to date with the Fire Department.

Section 16-52. Applicability to Existing Conditions.

1. This Chapter shall apply to any person drilling (bit turning) an original well, re-entering an abandoned well, or plugged and abandoned well, conducting natural or artificial production operations within the City Limits on or before the 15th day of May, 2013, and every such person shall have no longer than ninety (90) days to come into compliance with this Chapter; provided that:

- a. No initial permit fees shall be charged such person as would otherwise apply;
- b. No penalties shall be sought against any activity which violates this Chapter where such activity pre-existed the adoption of this Chapter and was otherwise in compliance with the applicable State Law, rules, regulations, standards and directives;
- c. The City Manager or his designee may allow for reasonable extensions or variations for compliance with this Chapter where to do so would be in the interest of fairness.

Sections 16-53. Judgments/Hold Harmless.

In the event of any lawsuits or judgments resulting from the actions, inactions of, or results of any activities by permittee, their designees, or their contractors, the City shall be held harmless pertaining to any such judgments resulting from any activities by the permittee.

Sections 16-54 through 16-62. (Reserved for future use.)

Section 16-63. Penalties.

Any person, firm or corporation who shall violate any provision of this Chapter shall be guilty of an offense and, upon conviction thereof, shall be punished by a fine and costs as provided for in Section 1-40 of the Code, unless a separate and distinct penalty is otherwise specifically set forth in this Chapter. Each day's continuation of any such violation shall constitute a separate offence. In addition to the foregoing penalties, except as to termination of permits and cessation of operations as provided for in this Chapter, which termination or cessation shall be effective without any action by City Commission and only with the notices provided for in those sections, it is further provided that the City Commission at any regular or special session or meeting thereof, may, provided ten (10) business days notice has been given to the permittee that revocation or suspension is to be considered at such meeting, revoke or suspend any permit issued under this Chapter and under which drilling or producing operations are being conducted in the event the permittee thereof has violated any provision of said permit or said bond. In the event the permit is revoked, the permittee may make application to the City Manager or his designee for re-issuance of such permit, and the action of the City shall be final. Any continuing offense shall be considered a public nuisance, the remedies for which under law shall be in addition to those hereinbefore enumerated."