

Motion was made by George Parker, seconded by Donald Pratorius, that the following Ordinance be passed:

NO. 147

AN ORDINANCE BY THE TOWN OF STAGECOACH, TEXAS, REGULATING THE DRILLING AND OPERATION OF OIL AND GAS WELLS AND THE PRODUCTION AND STORAGE OF OIL AND GAS WITHIN THE TOWN OF STAGECOACH; DEFINING CERTAIN TERMS; ESTABLISHING AN OIL AND GAS INSPECTION COMMITTEE, AND PRESCRIBING ITS DUTIES; REQUIRING THE POSTING OF CERTAIN BONDS AND LIABILITY INSURANCE COVERAGE BY AN OPERATOR; REQUIRING THE ISSUANCE OF A PERMIT PRIOR TO COMMENCEMENT OF OPERATIONS WITHIN THE TOWN, AND PROVIDING FOR A FEE THEREFOR; SETTING OUT CERTAIN CONDITIONS AND REQUIREMENTS RELATIVE TO THE ISSUANCE OF SUCH PERMIT; PROVIDING FOR CERTAIN RULES AND REGULATIONS GOVERNING THE LOCATION, OPERATION, MAINTENANCE AND ABANDONMENT OF OIL AND GAS WELLS AND THE PRODUCTION OF OIL AND GAS WITHIN THE TOWN; DECLARING CERTAIN ACTIVITIES TO BE A PUBLIC NUISANCE; PROHIBITING CERTAIN ACTS IN CONNECTION WITH OIL AND GAS OPERATIONS WITHIN THE TOWN; PROVIDING PENALTIES FOR THE VIOLATION HEREOF; PROVIDING FOR SAVINGS CLAUSE; REPEALING ALL ORDINANCES IN CONFLICT; DECLARING AN EMERGENCY; AND PROVIDING EFFECTIVE DATE.

WHEREAS, it has been determined by the Town Council that there is a need for the creation of an Oil and Gas Well Ordinance in the Town of Stagecoach, Texas, and

WHEREAS, the rules and regulations hereinafter established and adopted are a lawful exercise of the police powers of the Town of Stagecoach, as established by law, and are promulgated for the purpose of protecting the health, safety, welfare and property of residents of the Town of Stagecoach, and of the public in general, from the inherent threats, hazards and dangers of oil and gas operations.

THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF STAGECOACH, TEXAS:

ARTICLE I - GENERAL

Section 1: Purpose

This Ordinance regulates the drilling, completion and operation of oil and/or gas wells within the Corporate Limits of the Town of Stagecoach, Texas. These operations are regulated because of the hazards created by such operations, as well as the menace of falling derricks, unsanitary conditions, contaminated water supply and all

similar and like threats to the lives, property, health, safety and welfare of the public in general. The police power of the state delegated to this Town is to be and is hereby invoked in aid of the enforcement of this Ordinance.

Section 2: Conflicting Ordinances, etc.

- (a) All Ordinances and parts of Ordinances in conflict with any of the provisions of this Ordinance are hereby expressly repealed. If ever and whenever in this Ordinance , restrictions, prohibitions or provisions conflict, and if ever and whenever restrictions, prohibitions or provisions in this Ordinance conflict with laws of the state, or with regulations of state or federal regulatory bodies having jurisdiction, in each instance the more restrictive restriction, regulation, prohibition or provision shall apply.
- (b) This Ordinance shall not be construed as repealing, altering or otherwise affecting the validity and binding force of any Ordinance pertaining to fire prevention, health, noise, sanitation or safety of persons or property heretofore enacted by the Town, except as specifically repealed hereby.

Section 3: Definitions

For the purpose of this Ordinance, and for all purposes under this Ordinance, the following words or terms, wherever and whenever used or appearing in this Ordinance shall have the scope and meaning hereinafter defined and set out in connection with each:

Block. The word "block" shall not be misconstrued to mean drilling block, but block of land only.

Lease. The word "lease" shall mean any tract of land subject to an oil, gas and mineral lease or other oil and gas development contract, or any unit composed of several tracts and leases but operated as one lease, and any tract of land in which the minerals are owned by an operator or someone holding under it or him, but which, due to the fee royalty ownership, is developed and operated as a separate tract.

Commission. The word "Commission" shall mean the Texas Railroad Commission.

Permittee. The word "permittee" shall mean the person to whom is issued a permit for the drilling and operation of a well under this Ordinance and his administrators, executors, heirs, successors and assigns.

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

Well. The word "well" shall include and mean any hole or holes, bore or bores, to any sand, formation, strata or depth in excess of three hundred (300) feet, including but not limited to wells for the purpose of producing and recovering or injecting any oil, gas, liquid hydrocarbons, waste water, waste chemicals or geothermal energy.

The word "well" shall be further defined as any hole or holes, bore or bores, as defined above and whose bottom hole or producing zone is located within the Corporate Limits of Stagecoach, Texas, even though the surface location may be outside the Corporate Limits.

Section 4: Oil and Gas Inspection Committee

- (a) The Town Council may appoint an oil and gas inspection committee and members of such committee may be removed at the will of the Town Council.
- (b) It shall be the duty of the Town Council and/or the oil and gas committee to enforce the provisions of this Ordinance.

Section 5: Permittee's Cash Bond

(a) In the event a permit is issued by the Town Council under the terms of this Ordinance for the drilling and operation of a well, no actual drilling operations shall be commenced until the permittee shall file with the Town Secretary a cash bond in an amount determined by the Town Council, such amount not to be less than twenty thousand dollars (\$20,000). Such bond shall be for the benefit of the Town and all persons concerned and shall be conditioned upon compliance with the provisions of this Ordinance in the drilling and operation of the well. Such bond shall be further conditioned:

- (1) That the permittee will promptly pay all fines, penalties and other assessments imposed upon him by reason of his breach of any of the terms, provisions and conditions of this Ordinance;
- (2) That the permittee will promptly restore the streets, sidewalks, culverts, drainage ditches, and other public property of the Town, which may be disturbed or damaged in the operations, to their former condition;

- (3) That the permittee will promptly clear all premises of all litter, trash, waste and other substances used, allowing or occurring in the drilling or producing operations, and will, after abandonment, grade, level and restore said property to the same surface, condition, as nearly as possible, as existed when operations for the drilling of the well were first commenced. Specifically, all subsoil that remains on the surface shall be covered with not less than six inches of topsoil. Trees and grasses shall be planted to the satisfaction of the Town Council.
 - (4) That the permittee will indemnify and hold the Town harmless from any and all liability growing out of or attributable to the granting of such permit, including but not limited to the payment of any expenses incurred by the Town as reasonable attorney's fees for representation of the Town for any legal action which may be filed by any party seeking the recovery of damages from the Town.
- (b) The bond required by this section shall become effective on the date the same is filed with the Town Secretary and shall remain in force and effect and on deposit for at least a period of six (6) months subsequent to the expiration of the term of the permit issued under this Ordinance.
 - (c) If at any time the Town Council shall deem any permittee's bond to be insufficient for any reason, it may require the permittee to make an additional cash bond. If, after completion of a well, the permittee has complied with all of the provisions of this Ordinance, the permittee may apply to the Town Council to have his cash bond reduced to a sum of not less than two thousand dollars (\$2,000.00) for the remainder of the time the well produces without reworking, and be given a refund of the amount of the reduction. During reworking operations, the amount of the bond shall be increased to the original amount.
 - (d) It shall be unlawful for any person to violate any condition of the bond filed by a permittee pursuant to this section. The violation of each separate provision of such bond shall be considered a separate offense, and each day's violation of each separate provision thereof shall be considered a separate offense. Each day's violation for each offense shall be subject to two hundred dollars (\$200.00) per day fine.

Section 6: Permittee's Performance Bond

- (a) Prior to the issuance of any permit hereunder, the applicant shall furnish the Town Secretary with a performance bond in the principal sum of EIGHTY THOUSAND AND NO/100 (\$80,000) DOLLARS per drill site. Such bond shall be executed by an insurance company authorized to do business in the State, as surety, and with the applicant as principal naming the Town as beneficiary for the benefit of the Town conditioned that the permittee will comply with the terms and conditions of this Ordinance and the requirements of the Commission. In addition, the bond shall be conditioned that the applicant will promptly pay fines, penalties and other assessments imposed upon the applicant by reason of the breach of any of the terms, provisions and conditions of this Ordinance, and that the applicant will promptly restore to their former condition any streets, alleys, easements, curbs, gutters, sidewalks, fire hydrants and other public property which may be damaged in drilling operations; and that the applicant will comply with all fencing, screening and site restoration requirements of this Ordinance; and that the applicant will comply with all requirements of the Commission with respect to drilling, producing, maintenance of health and safety, abandonment and site restoration.
- (b) If at any time the Town Council should find the applicant's bond to be insufficient for any reason, it may require the applicant to file a new bond.
- (c) Failure to keep the bond in full force and effect, in accordance with the terms hereof, shall cause a revocation of the permit and shall be unlawful. It is intended that the bond be kept in full force and effect until the drill site is abandoned in compliance with the requirements of this Ordinance and the requirements of the Commission.

Section 7: Permittee's Insurance

- (a) In addition to the bonds required by sections 5 and 6, each permittee shall carry a policy of standard comprehensive public liability insurance, including contractual liability, covering bodily injuries and property damage, and naming the permittee and the Town as insureds. Such policy shall be issued by an insurance company authorized to do business within this state and shall provide for coverage in such amount as is prescribed by the Town Council; provided, however, that the minimum coverage shall be as follows:

- (1) Comprehensive general liability insurance:
 - a. Public liability (bodily injury) insurance with limits of not less than two million, five hundred thousand dollars (\$2,500,000.00) for each occurrence.
 - b. Public liability (property damage) insurance with limits of not less than one million dollars (\$1,000,000.00) in the aggregate.
 - (2) Excess liability insurance: An excess liability policy with a limit of liability of at least five million dollars (\$5,000,000.00) coverage in excess of the above required general liability policy.
 - (3) Certificate of Insurance: As proof of compliance with this section a certificate of insurance shall be filed with the Town Secretary setting out the insurance coverage required under this section. Such certificate shall state that thirty (30) days prior written notice of cancellation or material change shall be submitted to the Town Secretary by the insurance carrier. Such certificate shall also show the coverage for property damage; damages arising from blasting or explosion; collapse or structural injury; underground property damage; damage to underground resources and equipment; and hazard and blowout or cratering of any well.
 - (4) Self-insurance: The Town Council may waive the requirements for policies of insurance, which are required under this Ordinance, as to any applicant who is financially responsible and capable of meeting obligations for amounts in excess of six million five hundred thousand dollars (\$6,500,000.00) upon applicant's filing with the Town Secretary, in lieu of said insurance requirements, a bond executed by the operator as principal and a good and sufficient corporate surety company as surety, guaranteeing to the Town that the operator shall be financially responsible for all operations in the same manner and to the same effect as if said operator were fully covered by the insurance requirements set out in Section 7. Said bond shall be approved by the Town Attorney.
- (b) Prior to commencing any drilling operations, the permittee shall file with the Town Secretary a certificate of insurance as above stated, and shall obtain the written approval thereof by the Town Secretary, who shall act thereon within ten (10) days from the date of such filing.

- (c) An insurance policy required by this section shall not be cancelled without written notice to the Town Secretary at least thirty (30) days prior to the effective date of such cancellation. In the event such policy is cancelled, the permit granted under this Ordinance shall terminate and the permittee's rights to operate under such permit shall cease until he files additional insurance meeting the requirements of this section.

Section 8: General Restrictions on Locations

- (a) No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is nearer than six hundred (600) feet to any residence, commercial building, lake or pond.
- (b) No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is nearer than one thousand (1,000) feet to any school or public building.
- (c) No well shall be drilled and no permit shall be issued to drill any well nearer than six hundred (600) feet to Town owned buildings or water wells, without written permission from the Town Council.

Section 9: Location with Respect to Streets or Alleys

No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is within one hundred fifty (150) feet of any street, alley, or easement of the Town. No storage tank shall be located within seventy-five (75) feet of any street, alley or easement in the Town.

Section 10-15: Reserved

ARTICLE II. PERMIT

Section 16: Required

It shall be unlawful for any person, acting either for himself or acting as agent, employee, independent contractor or servant of any other person, to commence to drill, to drill, or to operate any well within the Town limits, or to work upon or assist in any way in the prosecution or operation of any such well, without a permit for the drilling and operation of such well having first been issued by authority of the Town Council in accordance with the terms of this Ordinance.

Section 17: Application

Every application for a permit required pursuant to this Ordinance shall be in writing, signed by the operator or by some person duly authorized to sign on his behalf; and the original and six (6) copies of same shall be filed with the Town Secretary. A separate application shall be made for each well to be drilled, redrilled or deepened and shall be accompanied by the applicable permit fee. The application shall include the following information:

- (1) The date of the application.
- (2) A copy of the applicable mineral lease, farm-out or operating agreement granting the applicant the right to develop said lease and/or the right to perform oil and gas drilling exploration, development and production operations on said lease.
- (3) The name, address, and telephone number of the applicant and if the applicant is a corporation, the name and address of the person upon whom process may be served for such corporation and, if the applicant is a partnership, the names and addresses of the general or managing partners;
- (4) If applicable, the name, address, and telephone number of a person designated as the agent of the applicant to receive for the applicant all process or citation notices and demands hereunder. If appropriate, more than one telephone number should be furnished;
- (5) A plat prepared by a duly licensed surveyor or engineer showing the proposed surface and bottom hole locations of the well, the boundaries of the drill site area to be utilized, as well as any and all oil/gas facilities on an existing oil/gas operation site including, but not limited to, wells, tanks, dikes, pits, pipelines, compressors, separators and storage sheds. The plat should also show the location of the nearest public road or alley, all residences, commercial structures, churches, hospitals, rest homes, schools, preschools, nurseries and places of public assembly, parks, lakes, streams, power lines, public utility lines, and gas transmission lines within six hundred (600) feet of the well;
- (6) A copy of the wellsite or surface use agreement granting the applicant access to and use of the proposed drill site area.

- (7) The proposed method of production handling and using any product proposed to be developed at the well site and the proposed method of disposing of all waste products anticipated;
- (8) A plat and aerial map showing (in red) the proposed routes of ingress, egress and regress to the proposed drill site area.
- (9) A copy of the Texas Railroad Commission FORM W-1, Application for Permit to Drill, together with all attachments and plats made part of same application. A copy of the Texas Railroad Commission approved permit to drill.
- (10) A copy of the Texas Department of Water Resources' letter of recommendation for the protection of usable-quality ground water at the referenced location;
- (11) Proposed total depth of the well (TVD and MD);
- (12) Proposed casing and cementing program of the well.
- (13) Copies of all permits to drill shall be accompanied by a filing fee and permit fee of ten thousand and no/100 dollars (\$10,000.00) in cashiers or certified check made payable to the Town of Stagecoach.
- (14) Copies of all other local, state and federal licenses, clearances, permits or rights-of-way applied for or obtained by the applicant for the subject well and location, and the approvals thereof;
- (15) Such application shall be signed and the accuracy of the contents thereof shall be sworn to before a notary public by the applicant or some representative of the applicant having legal authority to enter into contracts binding upon the applicant.

Section 18: Fee

- (a) The fee for a permit required by this article shall be ten thousand dollars (\$10,000.00); such fee to be paid in cash or cashiers or certified check made payable to the Town of Stagecoach, at the time the application is filed.

- (b) If the permit required by this article is refused by the Town Council, or if the applicant notifies the Town Council, in writing, that he does not elect to accept the permit as tendered and wishes to withdraw his application, the fee paid under this part shall be returned to the applicant, less and except that there shall be retained therefrom by the Town one thousand five hundred dollars (\$1,500.00) as a processing fee.
- (c) Any fee required under this Ordinance shall be doubled in the event drilling operations are commenced prior to the issuance of a permit as required herein.

Section 19: Issuance or Denial

Upon receipt of an application for a permit to drill and operate a well, the Town Secretary shall date and set up a file for each such application and examine same for compliance with this part. If the application is in compliance with all the provisions of this part, within thirty (30) days she/he shall notify the applicant that the application received was complete in all respects and further advise the applicant of the date and time and place of the next Town Council meeting at which the applicant or his designated representative must appear. If, upon receipt of an application for a permit to drill, the Town Secretary determines that the application is incomplete, the application will be promptly returned to the applicant noting the deficiencies in same.

Upon the appearance of the applicant or his designated representative at the designated Town Council meeting and review of the application and proposed activities by the Council for compliance with this Ordinance, the Town Secretary shall, within ten (10) days of said meeting, advise the applicant of the Council's intent to either issue or deny the applied for permit.

In the event the Council has found good cause to deny the permit, the Town Secretary shall return the original copy of the application to the applicant and inform the applicant, in writing, of the reasons for said denial. The applicant shall have thirty (30) days from date of this letter to revise such application to rectify the reasons for denial. If the reasons for denial are adequately rectified, the Town Secretary shall, within ten (10) days of receipt of the revised application, advise the applicant of the Council's intent to issue such permit. If the reasons for denial are not rectified within the specified 30 days, the Town Secretary shall return to the applicant the permit filing fee, less and except the \$1,500.00 processing fee.

If it has been found that the proposed location and drilling and producing of such proposed well will not violate any provisions of this Ordinance, the applicant shall be notified of the Council's intent to issue a permit therefor, as well as of the amount of bond to be posted and further request that the necessary certificate of insurance be forwarded to the Town Secretary. Upon receipt of the bond and insurance certificate, the permit shall be issued in duplicate originals and forwarded to the permittee for signature. Both signed copies of the permit shall be returned to the Town Secretary for countersignature by the Mayor and Secretary. One signed original will be returned to the permittee.

When so signed, the permit shall constitute the permittee's drilling and operating license and the contractual obligation of the permittee to comply with all the terms and conditions of his permit and bond, this Ordinance and all other applicable local, state, and federal laws and rules and regulations governing the authorized activities.

A copy of the permit shall be posted at the location of the well or other facility at all times until abandonment of same.

NOTE: No permit will be issued for the surface location of a well within the corporate limits of the Town of Stagecoach until the applicant has exhausted all possible surface locations outside the corporate limits of the Town of Stagecoach for directionally drilling such proposed well.

Section 20: Contents

Each permit and supplemental permit issued under this article shall:

- (1) By reference have incorporated therein all the provisions of this Ordinance with the same force and effect as if this Ordinance were copied verbatim in the permit.
- (2) Specify the well location with particularity to lot number, section number, name of subdivision, or other available correct legal description.
- (3) Contain and specify that the term of such permit shall be for a period of six (6) months from the date of the permit and as long thereafter as the permittee is engaged in drilling operations with no cessation of such operations for more than ninety (90) days, or oil or gas is produced in commercial quantities from the well drilled pursuant to such permit; provided that, if at any time after discovery of oil or gas, the production thereof in commercial quantities shall cease, the term shall not terminate if the permittee commences additional reworking operations within

ninety (90) days thereafter, and if such reworking operations result in the production of oil or gas, so long thereafter as oil or gas is produced in commercial quantities from the well.

- (4) Specify the total depth to which the well may be drilled, not exceeding the projected depth and,
- (5) Contain and specify that no actual operations shall be commenced until the permittee shall file and have approved the following:
 - (a) Cash bond required by Section 5.
 - (b) Performance bond required by Section 6.
 - (c) Insurance required by Section 7.

Section 21: Supplemental Permit to Deepen Well

- (a) Once any well has either been completed as a producer or abandoned as a dry hole, it shall be unlawful for any person to drill such well to a deeper depth than that reached in the prior drilling operations unless the permittee shall have obtained as to such well a supplemental permit after filing a supplemental application with the Town Secretary specifying:
 - (1) The then condition of the well and the casing therein.
 - (2) The depth to which it is proposed such well be deepened.
 - (3) The proposed casing program to be used in connection with the proposed deepening operations.
 - (4) Evidence of adequate current tests showing that the casing strings in the well currently pass the same tests as are in this Ordinance provided for in case of the drilling of the original well.
- (b) In the event the Town Council is satisfied that the well may be deepened with the same degree of safety as existed in the original well, a supplemental permit may be issued, with an additional fee of two thousand five hundred dollars (\$2,500.00) to the permittee authorizing the deepening and operation of the well to such specified depth as applied for. In any deeper drilling or any deeper completion or any deeper production operation, the permittee shall comply with all other provisions contained in this Ordinance applicable to the drilling, completion and operation of a well.

Section 22: Termination

A permit issued under this article shall terminate and become inoperative, without any action on the part of the Town, unless within ninety (90) days from the date of issuance actual drilling of the well shall have commenced. The cessation of the production of oil or gas from the well after production shall have commenced, shall operate to terminate and cancel the permit, and the well shall be considered as abandoned for all purposes of this Ordinance, and it shall be unlawful thereafter to continue the operation or drilling of such well without the issuance of another permit.

Section 23: Violation of Provisions

It shall be unlawful for any person to violate any of the provisions of a drilling and operating permit issued under this Ordinance. The violation of each separate provision of such permit shall be considered a separate offense and each day's violation of each separate provision shall be considered a separate offense. Each day's violation for each offense shall be subject to two hundred dollars (\$200.00) per day fine.

Section 24-35: Reserved

ARTICLE III - DRILLING, OPERATION & SAFETY RULES

Section 36: Derricks

All derricks and portable masts used for drilling, re-drilling, deepening or reworking shall meet the standards and specifications of the American Petroleum Institute as they presently exist or may be amended hereafter.

All drilling, re-drilling, deepening or reworking equipment shall be removed from the oil operation site within thirty (30) days following the completion of drilling, re-drilling, deepening or reworking unless otherwise permitted by the Commission.

Section 37: Well Setbacks

It shall be unlawful to drill any well, the center of which at the surface of the ground is located:

- (a) Within twenty-five (25) feet from any outer boundary line of the drill site or;
- (b) Within twenty-five (25) feet from any oil storage tank, or source of ignition.

Section 38: Lights

No person shall permit or allow any lights located on any oil operation site to be directed in such a manner so that they shine directly on adjacent property or property in the general vicinity of the drill site.

Section 39: Signs

A sign shall be prominently displayed and maintained in good condition near or on the pumping unit or fence of each well whether producing or not. Such sign shall be of durable material and, unless otherwise required by the Commission, shall have a surface area of not less than two (2) square feet nor more than four (4) square feet and shall be lettered with the following:

- (a) Well name and number;
- (b) Name of operator;
- (c) Telephone numbers of two (2) persons responsible for said well who may be contacted in case of an emergency.

In the event the drill site or leasehold is fenced it shall be sufficient if all entrances to said drill site or leasehold are posted with a like sign.

Section 40: "No Smoking" Signs

"No Smoking" signs of a durable material shall be posted and maintained in all locations approved or designated by the Committee or Town Council. Sign lettering shall be four (4) inches in height and shall be red on a white background or white on a red background.

Section 41: Waste Removal

- (a) Rotary mud, drill cutting, oil or liquid hydrocarbons and all other field wastes derived or resulting from or connected with the drilling, re-drilling, deepening or reworking of any well shall be discharged into a portable steel tank. Unless otherwise directed by the Commission, waste material shall be removed from the operation site within thirty (30) days from and after completion of drilling.
- (b) The permittee shall also be responsible for insuring that the drill site be kept free of all domestic type wastes. The operator must supply the Town Council with a plan for disposal of this waste material that, if followed, will provide for the drill site to be kept free of such waste. If such a plan be approved

by the Town Council and not be followed by the operator and his employees, the Town Council may require the operator to obtain commercial waste disposal service.

**Section 42: Unlined Slush, Sump, Sump Pits
or Skim Ponds-Prohibited**

No person shall own, operate, have possession of, be in control of, or maintain any well site, former well site or property on which an unlined slush, sump or sump pit or skim pond is located. The provisions of this Section shall not apply to portable sump tanks.

Section 43: Private Roads and Drill Sites

Prior to the commencement of any drilling operations, all private roads used for access to the drill site and the drill site itself shall be surfaced with boards, crushed rock, gravel or ore, or oiled and maintained to prevent dust and mud. In particular cases these requirements governing surfacing of private roads may be altered at the discretion of the Town Council after consideration of all circumstances including, but not limited to, the following: distances from public streets and highways; distances from adjoining and nearby property owners whose surface rights are not leased by the operator; the purpose for which the property of such owners is or may be used; topographical features; nature of the soil; and exposure to wind.

Section 44: Watchman

At all times during the drilling process until the well is abandoned and plugged or completed as a producer and enclosed with a fence as herein provided the permittee shall keep a watchman on duty on the premises, provided, however, it shall not be necessary to keep a watchman on duty on the premises when other workmen of permittee are on such premises.

Section 45: Blowout Prevention

In all cases, protection shall be provided to prevent blowout during oil operations as required by and in conformance with the requirements of the Commission.

Section 46: Screening and Fencing-Developed Areas

Within thirty (30) days after production has been established, the permittee shall enclose the well, together with all surface facilities and storage tanks with one of the following screening materials:

(a) Chain link fence with opaque slats - specifications:

- (1) The fence fabric shall be at least (6) feet in height;
- (2) Support posts shall be set in concrete and shall be imbedded into the ground to a depth sufficient to maintain the stability of the fence provided however, so long as stability of the fence is maintained, temporary fence posts shall not be required to be set in concrete;
- (3) The chain link fabric shall be galvanized steel wire or shall be coated with vinyl or plastic material.
- (4) The chain link fence fabric shall have a minimum thickness of eleven (11) gauge;
- (5) Post and rails shall be standard galvanized, welded pipe, schedule forty (40) or thicker; provided, however, that nongalvanized drill pipe may be used if it exceeds schedule forty (40) in thickness;

(b) Masonry wall specifications:

- (1) All masonry walls used to enclose any oil well site or drill site shall be constructed in accordance with standard engineering practices.
- (2) The wall shall be of a design compatible with the facilities, buildings and structures on and adjacent to the site;
- (3) The wall shall be at least six (6) feet in height;

(c) Additional requirements applicable to both chain link fence and masonry wall construction:

- (1) All fences or masonry walls shall have security extension arms at the top and such security extension arms shall be strung with barbed wire.
- (2) All fencing, masonry walls, or opaque slatting for use with chain link fabric, shall be of a solid neutral color, compatible with surrounding uses, and maintained in a neat, orderly, secure condition. Neutral colors shall include sand, grey and unobtrusive shades of green and brown, or other colors approved by the Town Council.

Section 47: Gate Specifications

For oil operations and drill sites, all chain link fences and masonry walls shall be equipped with at least one gated area. The gated area shall meet the following specifications:

- (a) Each gated area shall be not less than twelve (12) feet wide and be composed of two (2) gates, each of which is not less than six (6) feet wide, or one sliding gate not less than twelve (12) feet wide. If two gates are used, gates shall latch and lock in the center of the span;
- (b) The gates shall be of chain link construction which meets the applicable specifications or of other approved material which, for safety reasons, shall be at least as secure as chain link fence;
- (c) They shall be provided with a combination catch and locking attachment device for a padlock, and shall be kept locked except when being used for access to the site;
- (c) Hinges shall be heavy duty malleable iron or steel industrial service type with a one hundred eighty (180) degree swing.

Section 48: Muffling Exhaust

It shall be unlawful for any person, owner or operator to discharge into the open air the exhaust from any internal combustion engine stationary or mounted on wheels, used in connection with the drilling of any well or for use on any production equipment unless it is equipped with an exhaust muffler, or mufflers or an exhaust muffler box constructed of noncombustible materials sufficient to suppress noise and prevent the escape of obnoxious gases, fumes or ignited carbon or soot.

Section 49: Public Nuisance Declared

The foregoing sections notwithstanding, no person shall conduct any oil operation in a manner that would create a noise, odor or vibration detrimental to the health, safety or welfare of the surrounding neighborhood or any considerable number of persons. Such operation is hereby declared to constitute a public nuisance, subject to fine as set forth in ARTICLE II, Section 23.

Section 50: Fire Prevention-Sources of Ignition

All electrical equipment used, installed or maintained within fifty (50) feet of a drilling rig, or within twenty-five (25) feet of any other oil operation shall be installed and maintained in accordance with all applicable state and municipal regulations.

Section 51: Oil Storage Tanks

Unless otherwise directed by the Commission, all tanks used for the storage, production of oil, or the disposal of waste water shall conform to the following:

- (a) A.P.I. Specifications - All tanks conform to American Petroleum Institute (A.P.I.) specifications.
- (b) Dikes and Capacity Requirements - All persons owning, operating or having control of storage tanks, clarifying tanks or tanks used in connection with the production of oil shall construct and maintain dikes around said tanks. Drainage dikes and walls shall be constructed and maintained to meet the standards of the Commission and the National Fire Protection Association as they presently exist or may hereafter be amended.

Section 52: Storage of Equipment

- (a) No drilling, re-drilling, reworking, or other portable equipment shall be stored on the oil operation site which is not essential to the everyday operation of the oil well located thereon. This includes the removal of idle equipment unnecessary for the operation of such wells.
- (b) Lumber, pipes, tubing and casing shall not be left on the oil operation site except when drilling or well servicing operations are being conducted on the site.
- (c) It shall be illegal for any person, owner or operator to park or store any vehicle or item of machinery on any street, right-of-way or in any driveway, or alley.

Section 53: Motor Power

Electric motors shall be used to drive all pumping units.

Section 54: Surface Casing

Surface casing shall be run and set in full compliance with the applicable rules and regulations of the Commission and the Texas Department of Water Resources and in any event, unless otherwise directed in writing by the Commission or the Texas Department of Water Resources, to a depth of at least forty (40) feet below the deepest fresh water producing zone.

Section 55: Cleanup After Well Servicing

After completion of well servicing or abandonment operations, the responsible party shall clean the drill site area and repair all damage to public property caused by such servicing or abandonment operations.

Section 56: Cleanup After Spills, Leaks and Malfunctions

After any spill, leak or malfunction, the responsible party shall remove or cause to be removed to the satisfaction of the Town Council all oil and waste materials from any public or private property affected by such spill, leak or malfunction.

Section 57: Releasing of Fluids

No person shall deposit, place, discharge or cause or permit to be placed, deposited or discharged any oil, naphtha, petroleum, asphaltum, tar, hydrocarbon substances or any refuse including wastewater and brine from any oil operation or the contents of any container used in connection with an oil operation in, into, or upon a public right-of-way, a storm drain, natural drainage gully, ditch or sewer; a sanitary drain or sewer; any body of water; or any private property in the Town of Stagecoach.

Section 58: Freedom from Debris

All property on which an oil well site is located shall at all times be kept free of (a) debris; (b) pools of oil, waste or other liquids; (c) weeds; (d) brush; (e) trash, or other waste material.

Section 59: Gas Emission or Burning Prohibited

No person shall allow or cause or permit gases to be vented into the atmosphere or to be burned by open flame except as provided by law or as permitted by the Commission. If the venting of gases into the atmosphere or the burning of gases by open flame is authorized as provided by law or as permitted by the Commission then such vent or open flame shall be located not closer than six hundred (600) feet to any

residence or public building and such vent or open flame shall be screened in such a way as to minimize detrimental effect to adjacent property owners.

Section 60: Abandoned Well Requirements

The responsible party shall furnish the Town Secretary with:

- (a) A copy of the approval of the Commission, confirming compliance with all abandonment proceedings under the state law; and
- (b) A notice of intention to abandon under the provisions of this Section and stating the date such work will be commenced. Abandonment may then be commenced on or subsequent to the date so stated.

Section 61: Abandoned Well-Surface Requirements

Abandonment shall be approved by the Town Council after restoration of the drill site and the subsurface thereof has been accomplished in conformity with the following requirements:

- (a) The derrick and all appurtenant equipment thereto shall be removed from drill site;
- (b) All tanks, towers and other surface installations shall be removed from the drill site;
- (c) All concrete, piping, wood and other foreign materials, regardless of depth, except surface casing, shall be removed from the drill site;
- (d) All holes and depressions shall be filled with clean, compactible soil. All oil, waste oil, refuse or waste material shall be removed from the drill site area;
- (e) In all respects, the drill site or operation site shall be restored as nearly as practicable to its original condition before drilling. Site restoration includes the bringing in of top soil and revegetating the site with grasses and trees to the satisfaction of the Town Council.

Section 62: Producing Well Requirements

Upon completion of any well, the operator shall maintain the site as specified in this Ordinance. The operator shall also furnish the Town Secretary with copies of all well (completion) papers and information filed with the Texas Railroad Commission and other agencies having

jurisdiction over the site and production operations thereon. The requirements of this part apply equally to wells which are temporarily abandoned and/or temporarily off production or shut-in.

ARTICLE IV - VALIDITY OF ORDINANCE

If any section, subsection, sentence, clause or phrase of the Ordinance, or the application of same to a particular set of persons or circumstances, should for any reason be held to be invalid, such invalidity shall in no way affect the remaining portions of this Ordinance, and to such end the various portions and provisions of this Ordinance are declared to be severable.

ARTICLE V - EFFECTIVE DATE

That the public importance of this Ordinance and the fact that it is to the best interest of the inhabitants of this municipal corporation to adopt at the earliest possible date constitute and create an urgent public necessity, requiring that any rule providing for Ordinances to be read more than one time or at more than one meeting be suspended, and requiring that this Ordinance be passed and take effect as an emergency measure, and such rule and provision is accordingly suspended and this Ordinance is passed as an emergency measure, and shall take effect and be in force from and after its passage, and it is so ordained.

PASSED AND APPROVED this the 1st day of May,
1985.

Barbara A. Bray
Mayor

ATTEST:

Edwin M. K.
Town Secretary

APPROVED:

Town Attorney

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Barbara A. Bray
Mayor

ATTEST:

Edna M. K.
Town Secretary

APPROVED:

W. J. Foub
Town Attorney