

ORDINANCE NO. 165

AN ORDINANCE TO SUPERCEDE ORDINANCE NO. 139
PERTAINING TO THE DRILLING AND OPERATION OF GAS AND
OIL WELLS WITHIN THE CITY LIMITS OF WILLOW PARK,
TEXAS.

The fact that there now exists an inadequate regulation governing the drilling and operation of gas and oil wells within the city limits of Willow Park, Texas. An emergency requires that this ordinance shall take effect immediately from and after the date of its passage

ARTICLE I. IN GENERAL

SECTION 16-1. Definitions

For the purpose of this chapter, the following words shall have the meanings respectfully ascribed to them:

Generally, all technical or oil and gas industry words, terms, or phrases used herein and not specifically defined in this section, shall have the meaning customarily attributable thereto by prudent operators in the oil and gas industry.

Drilling Unit means one contiguous body or block or land composed of one or more tracts complying with the spacing regulations promulgated by the state railroad commission.

Fire Zone means any area within the corporate limits of the city designated as a fire zone by any provision of this Code or in an ordinance duly passed and approved by the city commission.

Permittee means the person to whom the city issues a permit to drill and operate a well under the provisions of the chapter, and his or its administrators, executors, heirs, successors, and assigns.

Well means any hole or holes, bore or bores, which is or are drilled, bored, dug, sunk, or put down to any depth, strata, sand, or formation for the purpose of exploring for or ascertaining the existence of any oil, gas, or liquid hydrocarbon or for the purpose of producing and recovering any oil, gas, or liquid hydrocarbon. (Ord. of 8-11-64, §2)

SECTION 16-2. Oil and gas inspector.

The board of city commissioners shall appoint an oil and gas inspector. The inspector may be removed at the will of the commission. It shall be the duty of the oil and gas inspector, together with the other appropriate officers and employees of the city, to enforce the provisions of this chapter. (Ord. of 8-11-64, §12)

SECTION 16-3. Inspection fees.

In addition to all other charges specifically provided for by this chapter, an inspection fee of one hundred and fifty dollars (\$150.00) per well per year is imposed against the owner and producer of each well. Said inspection fee shall be the liability of the producer of oil and gas and shall be due and payable to the city on or before the thirty-first (31st) day of August of each year. If such fee is not paid on or before such date it shall become delinquent and a penalty of five (5) per cent of the amount of said fee shall be added. (Ord. of 8-11-64, §32)

SECTION 16-4. Violation of state, federal laws, rules and regulations.

Any violation of the state laws or any rules, regulations, or requirements of any state or federal regulatory body having jurisdiction in reference to drilling, completing, equipping, operating, producing, maintaining, or abandoning an oil or gas well, or related appurtenances, equipment, or facilities, fire protection, blow-out protection, safety protection, or convenience of persons or property, shall also be a violation of this chapter, and shall be punishable in accordance with the provisions hereof. (Ord. of 8-11-64, §33)

SECTION 16-5. Sanitary maintenance of wells.

The premises of each well shall be kept clean and sanitary, free from rubbish of every character, to the satisfaction of the city health officer at all times drilling operations or reworking operations are being conducted and as long thereafter as oil or gas is being produced from the well. (Ord. of 8-11-64, §22)

SECTION 16-6. When watchman required.

At all times from the start of erection of a derrick, a mast, or a gin pole until the well is completed as a producer and enclosed with a fence or until the well is abandoned and plugged, the permittee shall keep a watchman on duty on the premises. (Ord. of 8-11-64, §13)

SECTION 16-7. Drilling within fire zones.

The drilling of a well within the fire zone of the city will be permitted only under the following conditions and restrictions:

- (a) By first securing the written approval of the city oil and gas inspector.
- (b) By complying with all of the terms and provisions of this chapter.
- (c) No butane or propane gas shall be used in any such drilling or producing operation.
- (d) No tank batteries shall be located or situated within the fire zone. (Ord. of 8-11-64, §31)

Cross reference- Fire Zone, §6-1.

SECTION 16-8. Reworking the well.

Any operator desiring to rework a well shall give the commission written notice of his intent prior to the commencement of reworking operations; provided however, in the event of an emergency an operator may proceed with such reworking without notice. (Ord. of 8-11-64, §31)

SECTION 16-9. Well location - Generally.

No well shall be drilled and no permit shall be issued for any well to be drilled at any location which is nearer than two hundred fifty (250) feet to any residence, building, or structure without the applicant for a permit having first secured the written permission of the owner or owners thereof. (Ord. of 8-11-64, §5)

SECTION 16-10. Same - Streets, alleys, public ways.

It shall be unlawful to drill any well and no permit shall be issued for any well to be drilled at any location which is within fifty (50) feet of the boundary line of any of the streets, alleys, or public ways of the city. No street, alley, or public way shall be blocked, encumbered, or closed in any drilling or production operation, except on a temporary basis and then only by special permit issued by the commission. (Ord. of 8-11-64, §4)

SECTION 16-11. Drilling unit to have only one well.

No permit shall authorize the drilling, completion, and operation of more than one well to each reservoir on each drilling unit, as provided by the state railroad commission on such unit, and it shall be unlawful to drill to each reservoir more than one well on each unit; provided however, that in the event a well is lost or abandoned as a dry hole, the permittee may relocate the well on the drilling unit involved and drill and complete such relocated well under the permit for the first well by filing a plat and certificate showing the abandonment of the first well and the location of the second well. (Ord. of 8-11-64, §6)

SECTION 16-12. Abandonment and plugging.

Whenever any well is abandoned it shall be the obligation of the permittee and the operator of the well to set a cement plug in the casing from the base of the Wilcox formation to the inspection of and the approval of the city oil and gas inspector. (Ord. of 8-11-64, §28)

SECTION 16-13. Casing - Generally.

The productive string shall have a mill test of eighteen hundred (1800) pounds for wells six thousand (6,000) feet or less in depth. The surface casing shall be new pipe and shall have a mill test of eleven hundred (1,100) pounds. (Ord. of 8-11-64, §15)

SECTION 16-14. Same - Setting and Cementing.

No well shall be drilled within the city without properly setting surface casing in accordance with specifications to be furnished by the city oil and gas inspector and under his supervision. No well shall be drilled within the city without cementing the surface casing by the pump and plug method with sufficient cement to completely fill all of the annular space behind such casing to the surface of the ground, and without cementing the production string by the pump and plug method with sufficient cement to completely fill the annular space behind the production string to the surface of the ground. The production string shall be centralized from one thousand (1,000) feet to the surface with the use of five (5) centralizers to be placed at depths of one hundred (100), three hundred (300), five hundred (500), seven hundred (700) feet and nine hundred fifty (950) feet. Sufficient cement shall be used so as to insure the circulation of cement from the bottom of the oil string to the surface and shall be subject to the inspection by, and approval of, the city oil and gas inspection. (Ord. of 8-11-64, §16)

SECTION 16-15. Christmas tree and well head connections.

The Christmas tree and all well head connections on each well shall be as follows: On all wells completed at a depth above four thousand (4,000) feet the Christmas tree and well head connections shall be at least a minimum working pressure of one thousand (1,000) pounds per square inch and a minimum test pressure of at least four thousand (4,000) pounds per square inch and on all wells completed to a depth of from four thousand one (4,001) to seven thousand (7000) feet the Christmas tree and well connections shall have at least a minimum working pressure of three thousand (3,000) pounds per square inch and a minimum test pressure of at least six thousand (6,000) pounds per square inch; and on all well head connections there shall be at least a minimum working pressure of five thousand (5,000) pounds per square inch and a minimum test pressure of at least ten thousand (10,000) pounds per square inch. In the event the surface shut-in pressure of any well exceeds two thousand (2,000) pounds per square inch, the flow string of the Christmas tree shall be equipped with an automatic closing safety valve in addition to the regular control valves. (Ord. of 8-11-64, §21)

SECTION 16-16. Derrick and rig.

It shall be unlawful for any person to use or operate any wooden derrick or any steam-powered rig in connection with the drilling or reworking of any well, or to permit any derrick or derricks to remain on the premises or drilling site for a period longer than thirty (30) days after completion or abandonment of the well. (Ord. of 8-11-64, §13)

SECTION 16-17. Disposal of salt water.

Permittee shall make adequate provisions for the disposal of all salt water or other impurities which may be brought to the surface from the depth of the well. No salt water pits, vats or other open storage of salt water shall be permitted within the city all movement of salt water from within to without the city shall be by enclosed lines with no

leakage. (Ord. of 8-11-64, §29)

SECTION 16-18. Drilling fluid.

All operators shall be required to drill with fluid of sufficient weight to exceed the formation pressure anticipated by the city oil and gas inspector. (Ord. of 8-11-64, §18)

SECTION 16-19. Drill Stem tests.

It shall be unlawful for any person to take or to complete any drill stem test or tests except during daylight hours and then only if the well effluent during the test is produced through an adequate oil and gas separator to storage tanks, and effluent remaining in the drill pipe at the time the tool is closed is flushed to the surface by circulating drilling fluid down the annulus and up the pipe. (Ord. of 8-11-64, §19)

SECTION 16-20. Fence and firewall.

Any person who completes a well as a producer shall have the obligation to enclose said well, tank battery, and any other surface facilities, by a substantially smooth net wire fence sufficiently high and properly built so as to ordinarily keep persons and animals out of the enclosure. All gates thereto shall be kept locked when the permittee or his employees are not within the enclosure. Tank batteries shall be enclosed by earthen firewalls arranged so that the capacity of the enclosure will be sufficient to contain the volume of oil in the tanks. (Ord. of 8-11-64, §25)

SECTION 16-21. Injection wells.

No water, gas, air or chemicals shall be injected into any oil well for the purpose of forcing oil out of the producing formation or for any other purpose without the prior written approval of the city oil and gas inspector. In applying for such approval, the permittee shall include in his application a detailed statement of the method to be used in injecting said water, gas, air, or chemicals. (Ord. of 8-11-64, §30)

SECTION 16-22. Mufflers.

(a) All engines used in the drilling of any well, derrick or rig shall be equipped with mufflers shall be approved by the city commission.

(b) Motive power for all operations after completion of drilling operations shall be electric or properly muffled gas or gasoline engines. Such mufflers shall be approved by the city oil and gas inspector. All pumping wells shall be equipped with electric motors. (Ord. of 8-11-64, §13, 23)

SECTION 16-23. Pits.

All slush pits, pits or other means of storing mud or water for use in drilling or

reworking operations shall be constructed, dug, or placed at the location and in the manner specified by the city oil and gas inspector, and with his consent having first been obtained. (Ord. of 8-11-64, §14)

SECTION 16-24. Signs.

Printed signs reading "Dangerous, No Smoking Allowed" shall be posted in conspicuous places on each producing unit. (Ord. of 8-11-64, §26)

SECTION 16-25. Storage tanks and pipelines.

All crude oil storage tanks shall be located at the place designated by and in the manner recommended by the city oil and gas inspector. No oil, gas, salt water, or other pipelines shall be installed in the streets, alleys, public ways, or on property owned by the city without prior consent of the city commission. Use of such streets, alleys, public ways, or municipally owned property for such purpose shall be subject to the terms and conditions imposed by the city commission. The depth and location at which such lines shall be laid shall be specified by the commission or its duly designated representative. (Ord. of 8-11-64, §24)

SECTION 16-25. Tubing.

All tubing used in any well drilled to a depth of six thousand (6,000) feet or less shall be J-55 mill tested to three thousand (3,000) pounds per square inch. (Ord. of 8-11-64, §20)

SECTION 16-27. Valves and blowout preventers.

Valves and blowout preventers shall be installed when deemed necessary by the city oil and gas inspector and in accordance with his directions and recommendations. (Ord. of 8-11-64, §17)

SECTION 16-28. Venting, flaring of gas.

No person engaged in drilling or operating any well shall permit gas to escape or be vented into the air within the city. Flaring of gas within the city is prohibited. (Ord. of 8-11-64, §27)

SECTION 16-29 - 16-38. Reserved.

ARTICLE II. PERMIT

SECTION 16-39. Required.

It shall be unlawful for any person acting either for himself or acting as the agent,

servant, employee, or independent contractor of any other person to commence to drill, or to operate any well within the city 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 city commission. (Ord. of 8-11-64, §3)

SECTION 16-40. Application.

(a) Every application for a permit to drill and operate a well shall be in writing and signed by the applicant or by some person duly authorized to sign the same on his behalf; which such application shall be filed with the city secretary. No application shall request a permit to drill and operate more than one well.

(b) The application shall contain full information, including the following:

- (1) The date of the application.
- (2) The name and the address of the applicant.
- (3) The proposed site of the well, accompanied by a plat of the drilling unit showing the descriptions of the lots, blocks, or tracts owned or controlled by the applicant. Such plats shall be prepared by a registered public surveyor of the state.
- (4) The name or names of the fee owner or owners.
- (5) The name or names of the lease owner or owners and a copy of the lease agreement.
- (6) A brief description of the land.
- (7) The type of derrick to be used.
- (8) Whether the well shall be drilled as an oil well or gas well.
- (9) The proposed depth of the well.
- (10) The motive power of the rig that is to be used. (Ord. of 8-11-64, §7)

SECTION 16-41. Fee.

Every application for a permit to drill and operate a well shall be accompanied by a filing fee of five hundred dollars (\$500.00) in cash. (Ord. of 8-11-64, §7)

SECTION 16-42. Refusal of application.

The city commission shall have the authority to refuse any application for a permit when by reason of the location of the proposed well and the character and value of the permanent improvement already erected on the drilling unit in question or adjacent thereto, or the use to which the land and surroundings are adapted for public or civic purposes, or for sanitary reasons, the drilling of an oil or gas well would be injurious or a disadvantage to the health, safety, morals, or welfare of the city or its inhabitants. (Ord of 8-11-64, §9.03)

SECTION 16-43. Issuance.

(a) Within thirty (30) days after the filing of the application for a permit to drill and operate a well, the city commission shall determine whether the application complies the provisions of this article and, if it does, shall fix the amount of the principle of the bond required by this article. After such determination, the commission shall issue a permit for the drilling and operation of the well described in said permit.

(b) Each permit issued under this article shall:

- (1) Have incorporated therein by reference all the provisions of this chapter with the same force and effect as if this chapter were copied verbatim in said permit.
- (2) Specify the location of the well with particularity as to lot number, block number, name of addition or subdivision, or other available correct legal description.
- (3) Specify that the terms of such permit shall be for a period of six (6) months from the date of the permit and for as long thereafter as the permittee is engaged in continuous drilling reworking operations or oil or gas is produced from the well in commercial quantities. Provided however, if at any time after discovery of oil or gas the production thereof in commercial quantities shall cease, the term of the permit shall not terminate of the permittee commences additional reworking operations within six (6) months thereafter and if such reworking operations result in the production of oil or gas from said well in commercial quantities.
- (4) Specify such conditions as are by this chapter authorized.
- (5) Specify the total depth to which the well may be drilled.
- (6) Specify that no actual drilling operations shall be commenced until the permittee shall file and have approved an indemnity bond in the designated principle amount as determined by the commission and conditions as specified in Section 15-50." (Ord. of 8-11-64, §9.01)

SECTION 16-44. Constitute contractual obligations.

Each permit shall be prepared in duplicate originals and shall be signed by the city secretary and by the permittee prior to the delivery of such permit to the permittee. One original shall be retained by the city and the other delivered to the permittee. When such permit is signed by both parties, it shall constitute the permittee's drilling and operating license and the terms of such permit, such bond, and this chapter. (Ord. of 8-11-64, of §9.02)

SECTION 16-45. Refusal of or withdrawal from permit; partial refund of fee.

If the permit for the well shall be refused by the applicant notifies the city commission in writing that he does not elect to accept the permit as tendered and wishes to withdraw his application, or if the bond of the applicant be not approved, or if the applicant notifies the commission in writing that he wishes to withdraw his application, then upon the happening of any of said events the cash deposit provided for to be filed with the application shall be returned to the applicant, except that there shall be retained therefrom by the city one hundred dollars (\$100.00) as a processing fee. (Ord. of 8-11-64, §9.04)

SECTION 16-46. Permittee must be leaseholder.

A permit to drill and operate a well shall be issued only to the holder of a valid oil, gas and mining lease. (Ord. of 8-11-64, §8)

SECTION 16-47. Nontransferable.

Any permit for the purpose of drilling and operating a well granted by the city shall not be transferable. (Ord. of 8-11-64, §3)

SECTION 16-48. Termination.

When a permit to drill and operate a well is issued, the same shall terminate and become inoperative without action on the part of the city unless within six (6) months from the date of the issuance of such permit actual drilling of the well designated therein shall have commenced. The cessation for a like period of the drilling or reworking operations, or 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 under this chapter. It shall be unlawful thereafter to continue the operation or drilling of such well without the issuance of another permit. (Ord. of 8-11-65, §10)

SECTION 16-49. Financial guarantees - Required.

In the event a permit is issued by the city commission for the drilling and operation of a well, no actual drilling operations shall be commenced until the permittee shall file with the city secretary a bond and a certificate of insurance (Ord. of 8-11-64,

§11)

SECTION 16-50. Same - Bond.

(a) A Bond shall be required in the principal sum of such number of dollars as has been determined by the city commission but not to be less than twenty-five thousand dollars (\$25,000.00) nor more than two hundred thousand dollars (\$200,000.00). Said bond shall be executed by a reliable surety company authorized to do business in the state, as surety, and by the permittee, as principle, running to the city for the benefit of the city and all persons concerned, conditioned that the permittee will comply with the terms and provisions of this chapter in the drilling and operation of the well. Said bond shall become effective on or before the date the same is filed with the city secretary and shall remain in full force and effect for at least six (6) months subsequent to the expiration of the term of the permit issued, and in addition the bond shall be conditioned that the permittee will promptly pay off all fines, penalties, and other assessments imposed upon permittee by reason of his breach of any of the terms, provisions, or conditions of this chapter, and that the permittee will promptly restore the streets, alleys, sidewalks and other public ways and property of the city which may be disturbed or damaged in the operations to their former condition, and that the permittee will promptly clear all premises of all litter, trash, waste, and other substances used, allowed, 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 drilling of the well were first commenced; and that the permittee will indemnify and hold the city harmless from any and all liability growing out of or attributable to the granting of such permit. If at any time the city commission shall deem any permittee's bond to be insufficient for any reason, it may require the permittee to file a new bond.

(b) If, after completion of a well, the permittee has complied with all of the provisions of this chapter, such as removing derrick, cleaning premises, etc., he may apply to the city commission to have said bond reduced to a sum of not less than ten thousand dollars (\$10,000.00) for the remainder of the time said well produces without reworking. During reworking operations the amount of the bond shall be increased to the original amount. (Ord. of 8-11-64, §11a)

SECTION 16-51. Same-Insurance

(a) 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, in an insurance company authorized to do business in the state, said policy or policies in the aggregate shall provide for the following minimum coverages:

- (1) Bodily injuries, one hundred thousand dollars (\$100,000.00) one person; three hundred thousand dollars (\$300,000.00) one accident.

(2) Property damage, two hundred thousand dollars (\$200,000.00).

(b) The permittee shall file with the city secretary certificates of said insurance and shall obtain the written approval thereof by the city commission, who shall act thereon within ten (10) days from the date of such filing. Said insurance policy or policies shall not be cancelled without written notice to the city secretary at least ten (10) days prior to the effective date of such cancellation. In the event said insurance policy or policies are cancelled, the permit granted shall terminate and permittee's rights to operate under said permit shall cease until permittee files additional insurance as provided herein.

(c) If, after completion of a well, permittee has complied with all of the provisions of this chapter, such as removing derrick, clearing premises, etc., he may apply to city commissioner to have said insurance policy or policies reduced as follows:

- (1) Bodily injuries, fifty thousand dollars (\$50,000.00) one person; one hundred thousand dollars (\$100,000.00) one accident.
- (2) Property damage, fifty thousand dollars (\$50,000.00). for the remainder of the time said well produces without reworking operations, the amount of the insurance policy or policies shall be increased to the original amounts. (Ord. of 8-11-64, §11b)

Passed and Approved this 15th day of September, 1980.

ATTEST:

Elizabeth Cupp
Elizabeth Cupp, Secretary

Owen L. Barger
Mayor O.L. Barger