

CITY ORDINANCE
SNOOK, TEXAS
NO. 8-26-91

BE IT ORDAINED by the City Council of the City of Snook, Texas:

I.

This ordinance shall amend an original ordinance being Ordinance No. 5-26-80 passed by the City Council of the City of Snook on May 26, 1980, regulating the drilling of oil and/or gas wells within the city limits of the City of Snook.

II.

All of the terms, conditions, and regulations as set out in said original Ordinance shall also apply to the drilling, operation and maintenance of horizontal wells in which the well bore enters the city limits of the City of Snook.

III.

All bonds and liability insurance policies required by said original Ordinance shall also be required for the drilling and operation of horizontal wells, and all of the required bonds and liability insurance policies shall be maintained and kept in force so long as the subject well is being operated and maintained with a well bore within the city limits of the City of Snook.

IV.

The amount of the bond deposited and described in the Original Ordinance, in paragraph section 11, Bond, shall be raised from Twenty Five Thousand (\$25,000.00) Dollars to Fifty Thousand (\$50,000.00) Dollars.

V.

This Ordinance shall be effective on the date that it is passed.

ORDINANCE PASSED AND ADOPTED on this the 26th day of August, 1991.

Richard P. Kovar
MAYOR, City of Snook, Texas

ATTEST:

Betty Hulbert
CITY SECRETARY

DRILLING PERMIT
ORDINANCE 5-26-80
AMENDMENT
ORDINANCE 8-26-91

This permit shall be good for six months from the date of issuance and as long thereafter as the permittee is engaged in drilling operations with no cessations of such operations for more than ninety days.

1. Date -
2. Name -
3. Address -
4. Proposed Site -
 - a. Name of fee Owner -
 - b. Name of lease Owner -
 - c. Description of Land -
5. Type of Dreeick -
6. Proposed Debth -

This permit application shall include a filing fee of \$2,000.00 (cashier's check.)
The City Council shall act on this permit within twenty days after the filling date of _____.

The Cash Bond principal shall be \$50,000.00, and all of the required bonds and liability insurance policies shall be maintained and kept in force so long as the subject well is being operated and maintained with a well bore within the city limits of the City of Snook.

The insurance principal shall be _____.

It is understood and agreed that for any legal action as undertaking venue for all suits shall be in Burleson County under any provisions of this ordinance.

City of Snook
P. O. Box 10
Snook, Texas 77878
(409) 272-3021

CITY ORDINANCE

NO. 5-26-80

AN ORDINANCE OF THE CITY OF SNOOK, TEXAS, REGULATING THE DRILLING, COMPLETION AND OPERATION OF OIL AND GAS WELLS WITHIN THE CORPORATE LIMITS OF THE CITY OF SNOOK, TEXAS, DECLARING IT UNLAWFUL TO DRILL, COMPLETE OR OPERATE SUCH WELL OR WELLS WITHIN SAID CORPORATE LIMITS WITHOUT A PERMIT; PROVIDING FOR THE CONDITIONS UNDER WHICH APPLICATIONS AND PERMITS FOR DRILLING, COMPLETION AND OPERATION MAY BE MADE AND FOR THE ISSUANCE OF SUCH PERMITS; PROVIDING PAYMENT OF A FEE OF TWO THOUSAND (\$2,000.00) DOLLARS TO ACCOMPANY EACH APPLICATION FOR PERMIT; PROVIDING FOR FILING AND APPROVAL OF PROPER BOND IN THE AMOUNT OF TWENTY-FIVE THOUSAND (\$25,000.00) DOLLARS; PROVIDING FOR THE POSTING OF NOTICE OF THE FILING OF ALL APPLICATIONS AND FOR HEARING THEREON; PROVIDING FOR MINIMUM AREA ON WHICH ANY WELL MAY BE DRILLED; PROVIDING FOR THE SPACING OF WELLS WITHIN THE AREA COVERED BY THIS ORDINANCE, WITH PROVISION FOR MINIMUM DISTANCES BETWEEN WELLS AND BETWEEN WELLS AND DRILLING UNIT LINES; PROVIDING FOR THE PREREQUISITES TO THE GRANTING OF A PERMIT AND THE OBLIGATION OF THE PERMITTEE THEREAFTER; PROVIDING FOR THE GRANTING OF PERMITS FOR DEEPENING OPERATIONS; PROVIDING FOR INSURANCE REQUIREMENTS; PROVIDING THE MANNER OF ISSUANCE OF PERMITS AND THE CONTENTS THEREOF; PLACING LIMITS UPON THE LOCATIONS OF WELLS, AND RESERVING TO THE CITY COUNCIL POWER TO REFUSE ANY APPLICATION FOR A PERMIT BY REASON OF THE LOCATION, CHARACTER AND VALUE OF IMPROVEMENTS ALREADY ERECTED ON THE DRILLING UNIT IN QUESTION OR ADJACENT THERETO AND THE USE TO WHICH THE LAND AND SURROUNDINGS ARE ADAPTED FOR CIVIC PURPOSES, OR REASONS AFFECTING SANITATION, HEALTH, MORALS OR WELFARE OF THE CITY; PROVIDING FOR THE TERMINATION OF PERMIT WITHIN NINETY (90) DAYS FROM THE DATE OF ITS ISSUANCE UNLESS DRILLING OF A WELL IS COMMENCED WITHIN SAID PERIOD AND PROVIDING THAT SAID PERMIT SHALL EXPIRE NINETY (90) DAYS AFTER ABANDONMENT OF A WELL OR OPERATIONS THEREON WHETHER PRODUCTION HAS BEEN HAD THEREON OR NOT; PRESCRIBING RULES UNDER WHICH DRILLING, COMPLETION AND/OR OPERATIONS MUST BE CONDUCTED; PROVIDING THAT VIOLATIONS OF ALL LAWS OF THE STATE OF TEXAS, OR ANY REGULATIONS OF ANY STATE OR FEDERAL REGULATORY BODY HAVING JURISDICTION IN CONNECTION WITH OIL AND GAS OPERATIONS SHALL BE A VIOLATION OF THE ORDINANCE; PROVIDING THAT VIOLATION OF ANY PORTION OF SUCH ORDINANCE SHALL BE DEEMED A MISDEMEANOR AND FOR A FINE NOT EXCEEDING TWO HUNDRED (\$200.00) DOLLARS, AND PROVIDING THAT EACH DAY OF CONTINUANCE OF SUCH VIOLATION SHALL BE CONSIDERED A SEPARATE OFFENSE, AND EACH PERSON, AGENT OR EMPLOYEE ENGAGED IN SUCH VIOLATION SHALL, ON CONVICTION, BE PUNISHED THEREFOR; REPEALING ALL ORDINANCES IN CONFLICT HERewith; PROVIDING THAT IF THIS ORDINANCE OR ANY PART THEREOF CONFLICTS WITH RESTRICTIONS, PROHIBITIONS OR PROVISIONS ESTABLISHED BY LAW OF THE STATE OF TEXAS, OR BY REGULATIONS OF THE RAILROAD COMMISSION OF THE STATE OF TEXAS, THE MORE RESTRICTIVE RESTRICTION OR PROHIBITION SHALL APPLY; AND PROVIDING THAT IF ANY PART OF THE ORDINANCE IS HELD INVALID, SUCH INVALIDITY SHALL NOT AFFECT THE VALIDITY OF ANY OTHER PART, AND THAT THE ORDINANCE SHALL TAKE EFFECT AND SHALL BE IN FORCE AFTER PUBLICATION IN THE BURLISON COUNTY CITIZEN TRIBUNE, A NEWSPAPER PUBLISHED IN THE CITY OF CALDWELL, BURLISON COUNTY, TEXAS, OF THE CAPTION HEREOF, AS PROVIDED BY LAW.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SNOOK, TEXAS, DULY ASSEMBLED IN REGULAR MEETING:

SECTION 1. Title. The title of this ordinance and the name by which it shall be known is the "Snook Oil and Gas Ordinance."

SECTION 2. Statement of Purpose and Intent of this Ordinance. The City Council of the City of Snook, Texas, finds that there is a likelihood of drilling and production operations for oil and gas within the City of Snook, Texas, in the very near future. The City Council further finds that the present

and prospective density of population and improvements in said City requires that operations for the drilling and production of oil and gas be regulated because of the fire hazards created by such operations, as well as the menace of falling derricks, exploding boilers, unsanitary conditions, contaminated water supply and all similar and like threats to the lives, property, health, safety and convenience of the public in general, for which the police power of the State, delegated to this City, is to be and is hereby invoked in aid of the enforcement of the provisions of this Ordinance.

SECTION 3. Definitions. For the purposes of this Ordinance, and for all purposes under this Ordinance, the following words and 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:

(a) The word "person" shall include both the singular and plural; and shall mean and include any person, individual, firm, partnership, association, corporation, club, society, co-operative, trust, municipal corporation, or political subdivision whatsoever.

(b) The word "well" shall include and mean any hole or holes, bore or bores, to any sand, formation, strata or depth, which is or are drilled, bored, sunk, dug or put down for the purpose of either exploring for or ascertaining the existence of any oil, gas, liquid hydrocarbon, or any of them, or for the purpose of producing and recovering any oil, gas, liquid hydrocarbon, or any of them.

(c) 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 or its administrators, executors, heirs, successors and assigns.

(d) 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.

SECTION 4. Well Spacing - Minimum Areas and Distances. The area embraced within the corporate limits of the City of Snook having been found by the City Council to be urban in nature and, therefore, subject to regulations for the safety, health and welfare of the citizens of the City of Snook, it is hereby prescribed that no permit for the drilling of any well for oil or gas within said area shall be issued except upon compliance by the applicant with the conditions hereinafter set forth.

(a) Within the area defined no oil well, as classified by the Railroad Commission of Texas, shall be drilled or completed except on a unit comprising not less than forty (40) contiguous acres, plus or minus ten (10%) per cent, nor nearer to any other well for which a permit has been previously issued than the minimum distance hereinafter prescribed.

(b) Within the area defined no gas well, as classified by the Railroad Commission of Texas, shall be drilled or completed except on a unit comprising not less than six hundred forty (640) contiguous acres, plus or minus ten (10%) per cent, nor nearer to any other well for which a permit has been previously issued than the minimum distance hereinafter prescribed.

(c) The location for the well for which permit is sought shall be placed in the center, as nearly as may be, of the drilling unit with regard to the

outside boundaries of such unit.

SECTION 5. Application, and Permit Fee. Any person desiring to drill a well for oil and/or gas within the City of Snook, Texas, shall present an application in duplicate therefor to the City Secretary, which application shall set forth in writing the following facts:

- (1) It shall be addressed to the City Secretary of the City of Snook, Texas;
- (2) The date of said application;
- (3) Name of the applicant;
- (4) Address of the applicant;
- (5) Clear identification of the drilling unit, the exact location thereon of the proposed well location, together with certified or photostated copies of all requisite permissions (if required) from the owners of the surface and improvements thereon;
- (6) The proposed depth of the well;
- (7) Proposed complete casing program;
- (8) Must be accompanied by a map or plat showing the exact and correct acreage or square feet in the drilling unit (including the streets), the exact location of the proposed well, the distance from well location to the exterior boundary lines of the drilling unit, and the distances from the well location to all residences, structures and commercial buildings situated within three hundred thirty (330) feet of the well location;
- (9) Must be accompanied by a cashier's check in the amount of Two Thousand (\$2,000.00) Dollars, made payable to the City of Snook, Texas; same being a permit fee. Should the application for a permit be approved and a permit issued, this Two Thousand (\$2,000.00) Dollars shall be retained by the City as a charge for the permit issued. Should the application be denied and no permit issued this Two Thousand (\$2,000.00) Dollars deposit shall be refunded to the applicant.
- (10) Must be signed by the applicant or some person duly authorized to sign same in his behalf;

and that the application be accepted and filed by the City Secretary and kept as a part of the public records of the City of Snook, Texas.

SECTION 6. Notice. When application above set forth is filed with the City Secretary of the City of Snook, Texas, said City Secretary shall publish a notice in a newspaper within seven (7) days from the date of said application, addressed to "TO WHOM IT MAY CONCERN," which notice shall state as follows:

"This the _____ day of _____, 19____, Notice is hereby given that _____, acting under and pursuant to the terms and provisions of AN ORDINANCE REGULATING THE DRILLING, COMPLETION AND OPERATION OF OIL AND/OR GAS WELLS WITHIN THE LIMITS OF THE CITY OF SNOOK, TEXAS, dated the _____ day of _____, 19____, filed with the City Secretary of the City of Snook, Texas, an application for a permit as set forth in copy of said application hereto attached. A hearing upon such application before the Mayor and the City Council, will be held in the office of the City Secretary of the City of Snook, Texas, on the _____ day of _____, 19____, at _____ o'clock _____ M."

This notice shall bear the signature of the City Secretary and the seal of the City of Snook, Texas, and shall be accompanied by one of the duplicate copies of said application provided for herein. This notice shall be also served by posting one copy thereof on the public bulletin board at the City Hall in Snook, Texas, for not less than ten (10) days before the day of hearing therein set forth.

SECTION 7. Well Location. No well shall be drilled and no permit shall be issued for any well to be drilled in any location within a drilling unit, which location is nearer than three hundred fifty (350) feet from any residence, building or structure without the applicants having first secured the written permission of the owner or owners thereof.

SECTION 8. Necessity of Contract with Surface Owner. Neither this Ordinance, nor any permit issued hereunder, shall be interpreted to grant any right or license to the permittee to enter upon, use or occupy in any respect for the drilling or operation of any well, any surface land except by the written contract of the surface owner; nor shall it limit or prevent the free right of any owner to contract for the amount of damages, rights or privileges with respect to his own land and property.

SECTION 9. Hearing. At the time fixed in said notice provided for herein, a hearing on such application for a permit shall be held in accordance with said notice. In the event a majority of the members of the City Council are not present at the hearing, or at the discretion of the members of the City Council if a majority of the members thereof are present at the hearing, the hearing may be recessed, continued or postponed from time to time until final disposition of the application; provided that in no event shall final decision on the application be postponed for a longer period than thirty (30) days from the original date of hearing fixed for such application unless a final decision within such time be waived in writing by the applicant.

SECTION 10. Issuance or Refusal of Permit. If after such hearing an application filed pursuant to this Ordinance be found by the City Council to comply in all respects with the terms of this Ordinance, and the drilling and operation of a well on such drilling unit is not prohibited by the terms of this Ordinance, then the City Council shall issue a permit for the drilling and operation of the well applied for. Each permit issued under this Ordinance shall (1) by reference have incorporated therein all provisions of this Ordinance with the same force and effect as if this Ordinance were copied verbatim in said permit; (2) specify the well location with particularity to lot number, block number, name of addition or sub-division, or the available correct legal description; (3) contain and specify that the term of such permit shall be for a period of ninety (90) days from the date of the permit and as long thereafter as the permittee is engaged in continuous drilling operations 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 should cease the term shall not terminate if the permittee commences additional re-working operations within ninety (90) days thereafter, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced in commercial quantities from said well; (4) contain and specify such conditions as are by this Ordinance authorized; (5) specify the total depth to which the well may be drilled, not exceeding the projected depth, and (6) obligate the permittee, in accordance with the leases and contracts held by him and in accordance with this Ordinance, to pay to the owners thereof their portion of the royalties and other payments on oil and gas produced from the drilling unit. Said

permit shall not be issued until the provisions of Sections 11 and 12 be complied with. Said permit, in duplicate originals, shall be signed by the City Secretary of the City of Snook, and prior to delivery to the permittee shall be signed by the permittee (with one original to be retained by the City and one by the permittee); and when so signed shall constitute the permittee's drilling and operating license and the contractual obligation of the permittee to comply with the terms of such permit, of the bond hereafter mentioned and this Ordinance.

SECTION 11. Bond. If the issuance of a permit be authorized by proper vote of the City Council, same shall not be issued until the applicant shall file with the City Secretary a bond executed by the permittee as principal and by a good and sufficient corporate surety company licensed to do business in the State of Texas, conditioned that the principal obligor will drill and operate said well in strict accordance with the terms of this ordinance; that any and all damages to streets, curbs, gutters, water lines, fire hydrants, sewer lines, manholes, power lines, power poles and appurtenances and any and all other public property, and any and all claims that might arise for damages to any private property, occasioned in any manner by his or its drilling of said well shall be paid by permittee and that permittee will hold and protect the City harmless from any and all liability whatsoever growing out of such permit and/or all activities connected with such permit. Said bond shall be in form and accordance herewith and acceptable to the City Council of the City of Snook, Texas, and shall be in the amount of Twenty Five Thousand (\$25,000.00) Dollars.

Failure to keep said bond in full force and effect, in accordance with the terms hereof, shall be unlawful and shall be punishable in accordance herewith.

SECTION 12. Public Liability and Property Damage. Said permit shall not be issued until the applicant shall also file with the City Secretary of the City of Snook a memorandum copy of a policy or policies of public liability and property damage insurance, issued by a solvent insurance company or companies authorized to do business in the State of Texas, to be approved by the City Secretary of the City of Snook, the amount of which policy or policies of insurance for liability for bodily injury or death of one person shall not be less than Two Hundred Thousand (\$200,000.00) Dollars and for any one accident, not less than Five Hundred Thousand (\$500,000.00) Dollars and the amount of such policy or policies for damage to property of others shall not be less than Five Hundred Thousand (\$500,000.00) Dollars. The terms and conditions of such policy or policies covering such operations are to be such as to assure persons, firms or corporations against loss by liability imposed by law by reason of an accidental personal injury or death to any person other than the assured or his employees, or by reason of any such loss or damage to property of any person, firm or corporation other than the assured or his employees. The applicant shall execute an agreement with the City of Snook to hold said City harmless from any and all liability arising out of the granting of or the applicant's operations pursuant to the drilling permit herein described. The applicant shall insure performance of this indemnity agreement by having contractual liability insurance. Each policy of insurance shall contain a provision obligating the Insurer to give the City Council of the City of Snook written notice of cancellation, not less than thirty (30) days prior to the date of cancellation. Applicant shall, upon request of the Council, submit the original or a certified copy of any policy for inspection at any time.

Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy or failure of any insurance company carrying insurance for any applicant or permittee hereunder, or the failure of any such company to pay claims accruing, shall not be held to waive any of the provisions of this Ordinance. Applicant shall pay promptly all premiums for such insurance in strict

accordance with its obligations to its carrier or carriers and to maintain the above described coverage in full effect so long as the permit shall be valid and alive.

Failure to keep said policy or policies in full force and effect, in accordance with the terms hereof, shall be unlawful and shall be punishable in accordance herewith.

SECTION 13. Permittee to Hold City Harmless Against Liability. The granting of a permit as provided herein and the acceptance thereof by the permittee obligates said permittee to hold the City of Snook harmless from any and all liability of every kind and nature whatsoever which may arise because of any act done or omitted by the permittee or successors thereto.

SECTION 14. Unlawful to Permit Escape of Mud, etc. It shall be unlawful for any person, firm or corporation to permit to escape any mud, water, oil, slush or other waste matter from any slush pit used in the drilling or operating of any oil and/or gas well into any adjoining lots or leases or into the alleys, streets, gutters, or sewers of the City of Snook, Texas; and within thirty (30) days after the completion or abandonment of any oil or gas well, the mud and other similar matter and materials used in connection with the drilling and operations thereon shall be removed from the premises.

SECTION 15. Unlawful to Drill without a Permit. It shall be unlawful and an offense for any person acting either for himself or as agent, employee, independent contractor, or servant of any other person, to commence to drill, to drill, or to operate, any well within the regulated area of the City of Snook 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 City Council of the City of Snook, Texas, in accordance with the provisions of this Ordinance.

SECTION 16. Deeper Drilling. Once any well has either been completed as a producer or abandoned as a dry hole, it shall be unlawful and an offense for any person to drill such well to a greater depth than that reached in the prior drilling operations without the permittee as to such well obtaining a supplemental permit after filing a supplemental application with the City Secretary specifying (1) the then condition of the well and the casing therein; (2) the depth to which it is proposed such well to be deepened; (3) the proposed casing program to be used in connection with proposed deepening operations; (4) and evidence of adequate current tests showing that the casing strings in said well currently pass the same tests as are in this Ordinance provided for in case of the drilling of the original well. In event the City Council is satisfied that said well may be deepened with the same degree of safety as existed in the original well, a supplemental permit may be issued without additional filing fee 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 operations, the permittee shall comply with all other provisions contained in this Ordinance and applicable to the drilling, completion and operation of a well or wells.

SECTION 17. Violation of Laws or Regulations. Any violation of the laws of the State of Texas or regulations of the Railroad Commission of the State of Texas, or of this or future ordinance of the City of Snook, Texas, pertaining to the drilling of oil, gas or other mineral wells within the regulated area of the City of Snook, Texas, shall be a violation of this Ordinance and shall be punishable in accordance with the provisions hereof.

SECTION 18. Rules for Drilling and Producing Operations. All persons engaged in the drilling and operation of oil and/or gas wells within the regulated area of the City of Snook shall comply with the following rules and regulations:

(a) No person, firm or corporation shall make any excavations or construct any lines for the conveyance of fuel, water or minerals, on, under, and through the streets of Snook, Texas, without the express permission of the City of Snook, Texas, in writing, and then only in strict compliance with the ordinances of said City of Snook, and all such lines must be constructed out of new pipe and buried to a minimum depth as specified in each case by the City, and in no case less than thirty (30) inches below the surface at each and every point. All such lines shall be subject to being moved, lowered or otherwise changed at any time such change would be deemed necessary by the City in carrying out City improvements or other projects, and such change would be at the expense of the person or firm owning such line or lines.

(b) No person engaged in drilling or operating any well shall permit gas to escape or be vented into the air unless said gas be flared and burned. All gas flared or burned from a torch, pipe, or any other burning device, within the City of Snook must be done in such manner so as not to constitute a fire hazard to any property; and the location of the torch, pipe or other burning device, the construction thereof, the maintenance thereof, and the operation thereof, shall at all times be in full compliance with such regulations as may from time to time be issued by the City Fire Marshall of the City of Snook.

(c) It shall be unlawful for any person to use or operate in connection with the drilling or reworking of any well, any wooden derrick or any steam powered rig; or to permit any drilling rig or derrick to remain on the premises or drilling site for a period longer than sixty (60) days after completion or abandonment of the well.

(d) Whenever any well is abandoned it shall be the obligation of the permittee and the operator of the well to set a cast iron bridge plug in the top of all the remaining completion and protection casing sections and a 100 foot cement plug pumped below and above each such bridge plug; and to set a cast iron bridge plug as low as possible in the surface casing and a 100 foot cement plug pumped below and above such bridge plug. No surface string or conductor string of casing may be pulled and removed from a well. The production string of casing may be removed from a point 100 feet or more above the show of the protection string. The protection string of casing may be removed from a point 100 feet or more above the shoe of the surface string of casing. Whenever any such well is abandoned and plugged, it shall be the further obligation of the permittee and the operator of the well to cut the surface casing off at least six feet below the surface of the ground to place at least a 25 foot cement plug in the top of the casing, and to weld the top of the casing completely shut, with the resulting hole being completely filled to the surface of the ground and duly tamped. Any additional provisions or precautionary measures prescribed by the State of Texas or the Railroad Commission of the State of Texas in connection with the abandonment and plugging of a well shall be complied with by the permittee.

(e) The premises shall be kept in a clean and sanitary condition, free from rubbish of every character, to the satisfaction of the Health Officer of the City of Snook, at all times, during the drilling operations and as long thereafter as oil and/or gas are being produced therefrom.

(f) The person so drilling or operating an oil and/or gas well shall make adequate provision for the disposal of salt water or other impurities which he may bring to the surface of the earth in such a manner as not to contaminate the water supply of the City of Snook or to destroy vegetation.

(g) Open earthen storage for oil is prohibited. All mud tanks and their contents shall be promptly removed from the premises and drilling site as soon as the well is either completed for production or abandoned as a dry hole.

(h) All permanent oil tanks or battery of tanks shall be vapor tight and must be surrounded by a dike or ditch.

(i) Printed signs reading: "DANGEROUS, NO SMOKING ALLOWED", or similar words, shall be posted in conspicuous places on each producing or drilling unit.

(j) All of permittee's premises shall be kept clear of high grass, weeds and combustible trash, or any other rubbish or debris that might constitute a fire hazard, within a radius of one hundred (100) feet around an oil tank, tanks or producing wells, or to limits of premises, whichever is the lesser.

(k) No person engaged in the drilling or operation of any oil or gas well within the City of Snook shall use, set or place in any well any used or re-conditioned casing, pipe or tubing, unless it has been tested and found to conform to A.P.I. specifications. All casing (other than conductor), including surface, protection and production strings, shall be either seamless steel or equivalent quality oil well casing and of sufficient internal pressure rating to withstand and confine any pressures that may be encountered therein.

(l) No well shall be drilled within the City of Snook without properly setting surface casing to a minimum depth of 2000 feet. No well shall be drilled within the City of Snook without cementing the conductor casing and 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 all of the annular space behind the production string to at least 600 feet above the highest oil and/or gas bearing horizon; and in the event a protection string or casing be required under the terms of this Ordinance, without cementing the protection string by the pump and plug method with sufficient cement to completely fill all of the annular space behind the protection string to at least 600 feet above the highest oil and/or gas bearing horizon.

(m) All wells shall be equipped with a Bradenhead and a master valve with working pressure of not less than three thousand (3000) pounds per square inch. The Bradenhead shall be equipped with the proper pipe connection and valve accessible at the surface. No well shall be drilled within the City of Snook without properly equipping the surface casing when set with at least one master valve and at least two blow-out preventers. On each well drilled a valve cock or kelly cock shall be installed on the kelly used. Each blow-out preventer shall be tested at least once every twenty-four (24) hour period and all control equipment shall be in good working condition and order at all times.

(n) No boiler or electric lighting generator or open fire shall be placed or remain nearer than one hundred fifty (150) feet to any producing well or oil tank.

(o) All well heads, pits, tank batteries and pumping units and equipment appurtenant thereto shall be adequately protected with "man-proof" steel mesh fencing.

(p) No oil storage tanks used in connection with the production or operation of a well, other than flow tanks, shall be permitted within the regulated area of the City of Snook, Texas, and no flow tank shall exceed five hundred (500) barrel capacity, and a battery of flow tanks shall not exceed three (3) in number, except by special permission from the City Council. Each flow tank as herein permitted shall be permanently connected to a Foamite, or similar system, generator for fighting fires in a manner to be approved by the Fire Marshall of the City of Snook, Texas.

(q) No well shall be drilled or reworked in the City of Snook without the bore hole at all times being filled with drilling fluid of such weight and viscosity as will keep the well under control at all times.

(r) It shall be unlawful for any person in connection with the drilling or reworking operations of any well within the City of Snook to take and to complete any drill stem test or tests except during daylight hours.

(s) All drilling actions, operations and other acts performed in drilling wells must be done in such manner as to fully protect the City of Snook water supply, and the City shall be furnished if so requested by the City, a copy of the electric log along with casing installations, including cementing of casing for study in determining that the sources of the City water supply are being fully protected. Cementing of surface casing shall be to a depth greater than 2000 feet if such is required to fully protect the City water supply.

SECTION 19. Release from Bond. If and when any permit shall terminate and become inoperative as in this Ordinance provided, or if and when the permittee shall file with the City Secretary written notice of his election to surrender his permit and abandon the premises covered thereby, then if no claims under the bond or bonds shall be pending or have been filed within six (6) months after said permit shall have terminated, become inoperative, or written notice of election to surrender has been filed, the City Secretary shall return the bond or bonds furnished by the permittee in connection with such permit; and if claims are pending or are filed within such time, upon the satisfaction or defeat of such claims such bond or bonds shall thereupon be returned to the permittee.

SECTION 20. Revocation of License. It is further provided that in addition to the fines and penalties provided for herein the City Council will revoke the license or permit under which a well for oil or gas is being drilled, produced or operated, upon proof and evidence that any provision of this Ordinance is being violated after the issuance of the permit by the City Secretary of the City of Snook. Notice of revocation shall be in writing and shall be mailed by registered mail to the permittee's address shown in his application. Any permittee whose permit or license has been revoked may, within fifteen (15) days from and after the date of the order of revocation, appeal to the City Council from such order. Within thirty (30) days from the filing of such application, the City Council shall hear the same and shall either sustain or set aside the order.

SECTION 21. Permittees Bound by Regulations. A holder of a permit as provided for herein shall be bound by all regulations herein set forth and by all regulations set forth in amendments hereof.

SECTION 22. Penalties. Any violation of any of the terms of this Ordinance, whether herein denominated as unlawful or not, shall be deemed a misdemeanor; and any person convicted of any such violation shall be fined in a sum not exceeding Two Hundred Dollars (\$200.00); and any natural person so convicted shall be committed to jail until such fine and the costs are paid. Each day of the continuance of such violation shall be considered a separate offense and be punished separately; and any person, agent or employee engaged in any such violation shall on conviction be so punished therefor.

SECTION 23. Conflict with the Laws and Regulations of The State of Texas and Regulatory Bodies. If ever and whenever in this Ordinance, restrictions, prohibitions, or provisions conflict with laws of the State of Texas, or with regulations of the Railroad Commission of the State of Texas, in each such instance the more restrictive restriction, prohibition or provision shall apply.

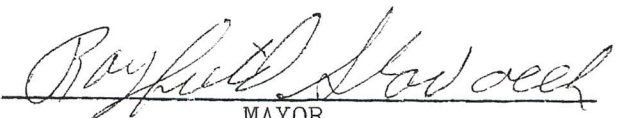
SECTION 24. Amendment. This Ordinance may be changed, altered, modified, or repealed, in whole or in part, at any time by the City Council of the City of Snook.

SECTION 25. Severability. If any section, sub-section, paragraph, sentence, clause, phrase or word contained in the Ordinance shall be held unconstitutional or invalid by the courts, the invalidity of such stricken portion shall not be construed to affect any other part of the Ordinance. It is the declared intent of the City Council that the Ordinance would have been passed without the unconstitutional or invalid portion thereof.

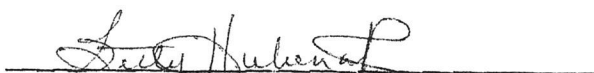
SECTION 26. Action of City Council. All actions of the City Council hereunder shall be in accordance with its established rules of procedure.

SECTION 27. Effective Date of Ordinance. This Ordinance shall effect, and be in force, after its publication in full, or publication of its descriptive caption or title in accordance with the laws of the State of Texas, in the Burleson County Citizen Tribune, a newspaper published in the City of Caldwell, Burleson County, Texas.

PASSED AND APPROVED, this the 26th day of May, A.D. 1980.


MAYOR
CITY OF SNOOK, TEXAS

ATTEST:


CITY SECRETARY