

AN ORDINANCE REGULATING THE DRILLING OF OIL OR GAS WELLS WITHIN THE CITY LIMITS OF THE CITY OF TATUM, TEXAS: DEFINING CERTAIN TERMS: PROHIBITING THE DRILLING OR OPERATION OF ANY WELL WITHOUT A PERMIT: PROVIDING FOR A FILING FEE TO BE PAID IN CONNECTION WITH APPLICATION FOR PERMIT: PROVIDING THAT VIOLATION OF CERTAIN LAWS OF THE STATE OF TEXAS AND CERTAIN REGULATIONS OF REGULATORY BODIES SHALL BE A VIOLATION OF THIS ORDINANCE: PROVIDING THAT THE INVALIDITY OR UNCONSTITUTIONALITY OF ANY PARTICULAR PROVISION OF THIS ORDINANCE SHALL NOT AFFECT THE VALIDITY OR CONSTITUTIONALITY OF THE REMAINING PROVISIONS: PROVIDING FOR A PENALTY, REPEALING ALL ORDINANCES IN CONFLICT HEREWITH, AND PROVIDING FOR PASSAGE, APPROVAL AND PUBLICATION AS REQUIRED BY LAW.

BE IT ORDAINED BY THE CITY COMMISSION
OF THE
CITY OF TATUM, TEXAS

Section 1. Definitions: For the purpose 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 the plural; and shall mean and include any person, individual, firm, partnership, association, corporation, club, society, cooperative, 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 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.

(e) The word "lease" as that term is used herein 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 for him, but which, due to the fee royalty ownership is developed and operated as a separate tract.

Section 2. Permit: It shall be unlawful and an offense 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 city limits of the City of Tatum 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 the authority of the City Commission of the City of Tatum in accordance with the terms of this ordinance.

Section 3. Application and Filing Fee: Every application for a permit to drill and operate a well shall be in writing, signed by the applicant or by some person duly authorized to sign same on his behalf, and it shall be filed with the City Secretary and be accompanied with a filing fee of \$200.00 in cash. No application shall request a permit to drill and operate but one well, the said application shall include full information, including the following:

- (a) The date of said application;
- (b) Name of the applicant;
- (c) Address of the applicant;
- (d) Proposed site of the well, including:
 - (1) Name of the fee owner;
 - (2) Name of the lease owner;
 - (3) Brief description of the land.

Applicant for a permit to drill and operate a well shall and is required to furnish satisfactory proof to the City Commission that he is the owner; or, he, together with his associates, are the owners, of leases or mineral rights covering not less than 40 acres, plus or minus 10%, which acreage must be contiguous to and consolidated with the tract on which applicant is requesting a permit so as to form a drilling and producing unit of 40 acres plus or minus 10%.

Section 4. Issuance or Refusal of Permit: The City Commission within seven (7) days after the filing of the application for a permit to drill and operate a well shall determine whether or not said application complies in all respects with the provisions of this ordinance, and if it does, the City Commission shall then fix the amount of the principal of the insurance provided for in Section 6 herein, and after such determination 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 the

provisions of this ordinance with the same force and effect as if this ordinance were copies verbatim in said permit;

(2) Specify the well location with particularity to block number or other available correct legal descriptions;

(3) Contain and specify that the term of such permit shall be for a period of one year from the date of the permit and as long thereafter as the permittee is engaged in drilling operations with no cessations 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 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.

Said permit, in duplicate originals, shall be signed by the City Secretary of the City of Tatum, 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, and this ordinance.

If the permit for the well be refused, or if the applicant notified the City Commission in writing that he does not elect to accept the permit as tendered and wishes to withdraw his application, then upon the happening 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 of Tatum One Hundred (\$100.00) Dollars as a processing fee.

Section 5. Termination of Permit: When a permit shall have been issued, the same shall terminate and become inoperative without any action on the part of the City unless within ninety (90) days from the date of issuance actual drilling of the well shall have commenced. The cessation for a like period of the drilling 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 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 6. Permittee's Insurance: In the event a permit be

issued by the City Commission 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 City Secretary of the City of Tatum a certificate of insurance, as follows:

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 of Tatum, in an insurance company authorized to do business within the State of Texas, said policy or policies in the aggregate shall provide for the following minimum coverages:

- (1) Bodily injuries 100,000.00 one person
 200,000.00 one accident
- (2) Property damage 500,000.00

Permittee shall file with the City Secretary of the City of Tatum certificates of said insurance as above stated. Said insurance policy or policies shall not be cancelled without written notice to the City Secretary of the City of Tatum 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.

If after completion of a well permittee has complied with all of the provisions of this ordinance, such as to removing derrick, clearing premises, etc. he may apply to the City Commission to have said insurance policies reduced as follows:

- (1) Bodily injuries 50,000.00 per person
 100,000.00 one accident
- (2) Property damage 250,000.00

for the remainder of the time said well produces without reworking. During reworking operations the amount of the insurance policy or policies shall be increased to the original amount.

Section 7. Violation of Laws or Regulations: Any violation of the laws of the State of Texas 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, or in reference to fire walls, fire protection, blow-out protection, safety protection, or convenience of persons or property, shall also be a

violation of this ordinance and shall be punishable in accordance with the provisions hereof.

Section 8. Severability: If any section, paragraph, subdivision, clause, phrase, or provision of this ordinance shall, for any reason, be adjudged invalid or held to be unconstitutional, the invalidity or unconstitutionality of such particular section, paragraph, subdivision, clause, phrase or provision so declared shall not affect the validity or constitutionality of the remaining provisions hereof, but the same, and each of them, shall remain in full force and effect.

Section 9. Penalty: It shall be unlawful and an offense for any person to violate or neglect to comply with any provision hereof irrespective of whether or not the verbage of each section hereof contains the specific language that such violation or neglect is unlawful and is an offense. Any person who shall violate any of the provisions of this ordinance, or any of the provisions of a drilling and operating permit issued pursuant hereto, or who shall neglect to comply with the terms hereof, shall be deemed guilty of a misdemeanor and shall, on conviction thereof, be fined in any sum not less than Five (\$5.00) Dollars nor more than Two Hundred (\$200.00) Dollars; and the violation of each separate provision of this ordinance, and of said permit shall be considered a separate offense, and each day's violation of each separate provision thereof shall be considered a separate offense. In addition to the foregoing penalties, it is further provided that the City Commission of the City of Tatum at any regular or special session thereof, may, provided ten (10) days notice has been given to the permittee that revocation is to be considered at such meeting, revoke or suspend any permit issued under this ordinance and under which drilling or producing operations are being conducted in the event the permittee thereof has violated any provision of said permit, or this ordinance. In the event the permit be revoked, the permittee may make application to the City Commission of the City of Tatum for a reissuance of such permit, and the action of the City Commission thereon shall be final.

Section 10: This ordinance shall be effective upon passage, approval and publication as required by law.

Section 11: All ordinances or parts of ordinances in conflict herewith are expressly repealed to the extent of any direct conflict only.

PASSED, APPROVED AND ORDERED PUBLISHED this the 23 day of July, 1956.

ATTEST:

Neal Muller
City Secretary

JOE W. GRAY
Mayor of the City of Tatum, Texas