



August 4, 2016

Michael Skates
Development Services Director
City of Broken Arrow

RE: Crossings at Lynn Lane – Overall Preliminary Plat
Oil Wells and Tanks, Rules regarding oil well setbacks

Dear Mr. Skates,

This letter is to provide you with an overview of the rules governing oil wells and tank setback requirements within subdivisions and the plan of action proposed to comply with these rules for the subject subdivision. In our research of applicable rules, there are four entities to consider: City of Broken Arrow (COBA), Oklahoma Corporation Commission (OCC), Federal Housing Administration (FHA), Tulsa County. Tulsa County rules are for reference only since the subdivision is within City Limits of Broken Arrow. The OCC leaves the rules up to the jurisdiction where the property is located. FHA/HUD restrictions are not mandatory but the conditions must be met for these lots to be eligible for FHA loans. The table below shows the relevant rules pertaining to this project.

Oil and Gas Setback Rules

Agency	Active Well Setback to Residential Structure (ft)	Plugged Well Setback to Residential Structure (ft)	Tank Setback to Residential Structure (ft)
City of Broken Arrow ^{1,2}	165	No listed minimum	300
Oklahoma Corporation Commission ³	N/A	N/A	N/A
FHA/HUD Lending Rules ⁴	75	10	300
Tulsa County ⁵ (Reference Only, BA Rules Apply)	200	No listed minimum	300

¹ Broken Arrow Code of Ordinances – Sec. 16.2-43

² Broken Arrow Code of Ordinances – Sec. 16.2-71

³ <http://www.occeweb.com/og/PubAsst/WebRoyaltyOwnersHandbook3-2015.pdf> "Drilling Near Structures: Commission rules have no restrictions concerning distances of oil and gas wells from a residence. The oil and gas lease, however, may stipulate to how close a well may be located to a house or barn. If you live within the limits of a city, there may be an applicable ordinance.

Title 52 O.S. Section 320.1 provides that it is unlawful to locate a habitable structure within one hundred twenty-five feet of an active well or within fifty feet of any surface equipment without a written agreement between the surface owner and the well operator specifying different distances."

⁴ <http://portal.hud.gov/hudportal/documents/huddoc?id=40001HSGH.pdf> Section II.A.8.vii.(A)(2)

⁵ <http://incoq.org/Tulsa%20County%20Zoning%20Code/Code.pdf> Section 1224(a).3

There are three operating wells (Couch #1, #3, #6) on the tract of land being Preliminary Platted. The lease holder is:

Longhorn Production, Couch Lease
S/2 N/2 SW/4 S/2 SW/4, Section 13-T18N-R14E
Emergency Contact- 307-749-2415, 918-260-1733

The three wells are shown on the accompanying **Oil Well Exhibit**. The developer and the lease holder discussed the future intentions for the operating wells. Couch #1 & #6 are planned to be plugged and closed prior to the development of the NE corner of the Preliminary Plat. Their location within the

Preliminary Plat allows for the required 10' minimum setback to building pad. These lots will be developable while complying with the above oil setback requirements and COBA zoning and subdivision rules. Couch #3 is planned to remain as an operating well until at a future point, if it is no longer desired for production, it will be plugged and closed. If Couch #3 is closed by the time the NE corner is ready for Final Plat development, the five lots that fall within the 165 ft active oil radius per COBA standards will then be shown as lots to develop. If Couch #3 is still active at that time the intent is to label these five lots in the Final Plat as future lots to be developed once closure of the well is certified to avoid having to create another plat for five lots only.

The COBA Code of Ordinances Section 16.2-10 prohibits drilling wells within streets, alleys, and public easements. The three wells on the site are not located in areas to be dedicated as public right of way or easements. Vehicular access to the active well site and tank site will be by the public streets. COBA Code of Ordinances Section 16.2-3 places limits on the movement of heavy equipment of extreme weight on City streets. Vehicular activity on public streets related to the oil wells will conform to these limits.

The oil tank battery is located in the SE corner of the property. Presently, above ground poly pipe is used to transport oil from the producing wells to the tanks. A new 10' wide easement is shown on the Preliminary Plat for the installation of a buried oil pipeline to carry oil from Well #3 to the tanks. Since Well #1 & #6 are planned to be plugged, no easement from those locations to the well will be provided. A 300' buffer area is proposed around the tanks to any residential building pad. In the event that all the wells are plugged, the tanks will be removed and the building pads within that 300' radius may be developed. There are five lots within the 300' radius of the tanks that will be marked as future lots on the final plat if the tanks have not been removed by the time the final plat for that phase is produced. The COBA Code of Ordinances Section 16.2-71 requires a containment volume of 150% of the tank volume in the event of a tank spill. The existing concrete retaining wall around the tanks serves this function. The combined tank volume for the two tanks is 3,525 gallons and the retaining wall storage volume is 6513.5 gallons (18.69 ft x 46.59 ft x 1 ft).

Additionally, the COBA Code of Ordinances in Section 16.2-42 requires fencing and landscaping around the well sites and tanks. These items will be addressed in the Site Plan and Landscape Plans of the proposed phases as they are developed. The developer's intent is to comply with the COBA ordinances and regulations in providing for access, setbacks, and screening of the oil wells and tanks.

Respectfully,



Kyle Sewell, P.E.
Project Manager