

THE FLOWER MOUND PLANNING & ZONING COMMISSION MEETING HELD ON THE 14TH DAY OF DECEMBER, 2009, IN THE FLOWER MOUND TOWN HALL, LOCATED AT 2121 CROSS TIMBERS ROAD IN THE TOWN OF FLOWER MOUND, COUNTY OF DENTON, TEXAS, AT 6:30 PM

The Planning & Zoning Commission met in a regular session with the following members present:

Nick Hollingshad	Chairman
Tom Goss	Vice Chairman
Brian Millichamp	Commissioner, Place 2
Mike Walker	Commissioner, Place 4
Bryan Webb	Commissioner, Place 5
Mike McCall	Commissioner, Place 6
David Johnson	Commissioner, Place 7
Jim Ward	Commissioner, Place 8
Jeff Whittaker	Commissioner, Place 9

Constituting a quorum with the following members absent:

(Places 8 and 9 of the Commission do not vote on items unless they sit in place of one of the regular members, Places 1-7.)

And the following members of Town staff present:

Tom Hayden	Town Council Liaison
Doug Powell	Executive Director of Development Services
Alan Lathrom	Town Attorney
Edith Marvin	Town Engineer
Mike Smith	Fire Marshal
Tommy Dalton	Planning Manager
Amy Mathews	Senior Planner
Monica Leal	Planner
Cindi Price	Administrative Assistant

A. CALL TO ORDER – REGULAR SESSION

Chairman Hollingshad called the regular session to order at 6:30 p.m.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Commissioner Webb led the invocation. Commissioner Millichamp led the Pledge of Allegiance.

C. CITIZENS/VISITORS COMMENTS

There were none.

D. CONSENT AGENDA

1. Consider approval of the minutes of the November 9, 2009, Planning and Zoning Commission Work Session and Regular Session.

RECOMMENDATION: Approve minutes of the November 9, 2009, Planning and Zoning Commission Work Session and Regular Session.

Vice Chairman Goss moved to approve by consent, Item 1. Commissioner McCall seconded the motion.

VOTE ON THE MOTION

AYES: Johnson, McCall, Goss, Millichamp, Webb

NAYS: None

ABSTAIN: Walker

ABSENT: None

The motion passed with a vote of 5-0-1.

E. REGULAR ITEMS

2. Public Hearing to consider a request for a Specific Use Permit (SUP/SP 387-09 – Bridlewood Stables) to permit a caretakers' residence within an existing structure. The property is located at 4400 Withers Avenue.

Staff Presentation

Monica Leal, Planner, said the 10.72-acre site was located within the Bridlewood Farms residential subdivision. It was zoned Agricultural with SUP 39 for a boarding stable and planned for estate density within the Cross Timbers Protection Area. She showed the site plan and elevations for the 1,594-square-foot caretakers' residence. She said they would punch into the metal of the existing utility barn to add doors and windows, but the main changes would be in the interior. They would be sprinkling the building.

In Opposition - None

In Favor - None

Close Public Hearing

Commission Deliberation

Vice Chairman Goss moved to recommend approval of Specific Use Permit SUP/SP 387-09 – Bridlewood Stables – to permit a caretakers' residence within an existing structure, subject to the following conditions: a) The attached site plan and elevations, labeled Exhibit "A," an exhibit to the Specific Use Permit, shall be developed as approved,

except that certain minor changes outlined in Section 82-37 of the Town's Land Development Regulations may be approved as set forth in that section; and b) If a building permit application has not been submitted to the Town's Building Inspections Division for consideration within six months of approval of the ordinance, the Specific Use Permit described herein will be a matter that will be automatically placed upon a subsequent Planning and Zoning Commission agenda for consideration as a Town-initiated zoning change under normal zoning amendment procedures. Commissioner Millichamp seconded the motion.

Chairman Hollingshad asked the applicant if they understood and agreed to the conditions attached to the motion.

Shannon Pearcey, Cross Timbers Architects, answered yes.

VOTE ON THE MOTION

AYES: Webb, Walker, Millichamp, Goss, McCall, Johnson

NAYS: None

ABSTAIN: None

ABSENT: None

The motion passed with a vote of 6-0.

- 3. Public Hearing to consider an amendment to the Land Development Regulations (LDR 04-09), by amending Section 98-2 (Definitions), Sections 98-952 (Use Classifications), and 98-273 (Agricultural District Specific Uses), to provide for a Centralized Natural Gas Production Facility definition, use regulations, and special use conditions.**

Staff Presentation

Doug Powell, Executive Director, pointed out that a few emails, received after the packet went out, had been placed at their seats. He said after speaking with some of the folks in attendance that evening and reading some of the emails, he wanted to reiterate what was actually before them. It seemed like there might be some confusion. As they were aware, the Town Council had discussed several issues regarding gas well production, and made decisions on some things, such as seismic testing. This was a narrow item which did not involve location of gas wells, pipelines, air quality, or any regulations in the Town's gas well drilling ordinances.

Mr. Powell said this item was to address an issue that had come up over the last several months related to centralized production facilities. There were some single compression stations within the Town that had been approved through the permit process, but those were not subject to the Town's zoning regulations. It was believed that the nature of centralized facilities, meaning ones used for gas production for several pads across different properties, and their size, scale, and impact, raised them to the level of being a land use. There was also the issue of produced water coming into a centralized facility, so there would not be tanks at the well head, but tanks at a centralized facility.

Again, it was felt the conglomeration of that use at one site was cause for looking at those as a land use. The zoning code in Section 98-952 stated that if a use was not in the land use code, it could not be allowed. They had to allow those uses someplace, so then the discussion was how to define them and what zoning category to place them in.

Mr. Powell read the definition proposed to be added to Section 98-2, which would cover centralized produced water storage and collection facilities, natural gas compression facilities, and natural gas lift facilities. He said those things had been in the Town before, but not as centralized facilities. The use would only be allowed as a specific use within the Agricultural zoning district, and would require that a Specific Use Permit (SUP) be approved by the Town Council after recommendation by the Planning and Zoning Commission through the public hearing process.

Mr. Powell said since there were other regulations affecting those types of uses that were not in the zoning code, as part of Section 98-273, which was the specific use permit within Agricultural, there would be language saying the facilities not only were required to get a SUP to go through the process, but also had to meet all of the other requirements in Chapter 34, "Environment," Article 7, which was the Oil and Natural Gas Well Drilling and Operations, and Article 8, which was the Oil and Gas Pipeline Standards. The pipelines were not subject to the SUP, but were covered under the pipeline standards. They were referenced to make sure everyone would know looking at the Town's ordinances that they still had to meet all of the other standards in the Code. This was a Town-initiated request, based on discussion by the Town Council. It did affect one aspect of gas production, but it was fairly narrow in scope, and did not involve a lot of the other topics being discussed by the Town over the last few months.

Questions and Answers

Commissioner Webb asked which section covered the setback requirements, etc.

Mr. Powell said they were contained in the Oil and Natural Gas Well Drilling and Operations.

Commissioner Webb said, and they were not varying from that.

Mr. Powell said correct. Someone could go to the Oil and Gas Board of Appeals to seek a variance to one of those standards, but they would need to do that before coming through the SUP process.

Commissioner Walker said that was important. Now they were adding another requirement for permitting, in addition to the oil and gas ordinance requirements, under the special use category in Agricultural zoning. He thought there was still some confusion about that, but it would in effect add another layer of review, if indeed the criteria, landscaping, screening, etc., would be considered during their review at P&Z. The oil and gas appeals board would look at, if necessary, the other requirements.

Mr. Powell said that reminded him of another point he wanted to make. This item was just laying the groundwork for processing those types of applications; their action was

not approving a specific SUP for a location in town. As evidenced by the emails, some people thought they were going to approve one of those facilities that evening.

Commissioner Whittaker said it looked like they were making such an important, complicated issue look pretty simple. He asked if this definition said that anything tying two facilities together, be it a well or water filtration facility, qualified under this definition.

Mr. Powell said it included produced water storage and collection facilities, natural gas compression facilities, and natural gas lift facilities. Those types of functions would be covered under the definition, and two or more pad sites connected would fall under the definition.

Commissioner Whittaker asked if there was anything that limited the number that could be collected and brought to one location, or that limited the distance different points could be brought together.

Mr. Powell said no, the distance was a function of the pipeline, which was covered under another provision of the Code. There had been some discussion at Council about the pipeline standards, but that was not part of the discussion that evening.

Commissioner Whittaker asked if there was anything that limited those to points in Flower Mound or within Town premises, so they would not have points being connected that were outside the Town.

Mr. Powell said no. His understanding was that putting a distance requirement or a limitation on what came in was a function the Town could not regulate. The gas well issue in Flower Mound was one that had received a lot of discussion, and he knew there was a lot of concern and a lot of interest, but this item was a specific issue that did not cover the broad breadth of gas well production taking place in town.

Chairman Hollingshad said the Town was proposing this to be an allowed use in the Agricultural district. He asked why not Industrial.

Mr. Powell said in looking at where the existing gas wells were located, a lot were in the western part of town, and that property was currently zoned Agricultural. The Agricultural district, even though there could be houses and different kinds of uses, was largely undeveloped, and the impact of those types of uses better fit into property that had not yet developed versus properties that already had, even Industrial. It was discussed, but he thought it was a function of where they anticipated seeing the gas wells and getting requests for centralized production facilities.

Chairman Hollingshad said typically the different types of SUPs had standard sets of conditions, and then there was some flexibility for P&Z to impose additional requirements. He asked what they were looking at for this use.

Mr. Powell said by definition a SUP did not have standardized conditions. Some did, such as kennels, but others did not.

Chairman Hollingshad said he understood the conditions were a matter of convenience and allowed them to treat everyone consistently on some of the administrative boiler-plate issues, but he wanted to hear what might be covered here.

Mr. Powell said in this case, the standards were already contained in the Town's oil and gas or pipeline standards, and were not specifically listed in the SUP portion of the Code, but were referenced.

Chairman Hollingshad said, so that was the reason for the reference that they must comply with all of the provisions of the oil and gas code. He asked him to give them a general description of the whole oil and gas process in the Town; what portion P&Z had input into; and where all of the other decisions were made as an application or project moved through the system.

Mr. Powell said Town Code set it up as an administrative process. If they met certain standards, the Town issued a permit for gas well drilling and all the uses associated with that, including the fracing and drilling of the gas well, setback requirements, etc. The collection tanks and compressors were all part of a site plan approved by staff. If they did not meet the standards, then the applicant had the ability to ask for a variance from the Oil and Gas Board of Appeals through the public process with notification to the adjacent property owners. If the request included a centralized facility, this item would also require them to go before P&Z to seek a SUP.

Chairman Hollingshad said, so to be clear, the process for getting wells permitted and the process for writing and amending the regulations that controlled all of the drilling and production activities in the Town was ultimately approved by the Town Council. He asked what board or commission handled that.

Mr. Powell said the administration/adoption of those codes was solely the purview of the Town Council. There was not a recommending board. State statute and Town Code required that if they changed the land use code, it had to come before the Planning and Zoning Commission for a recommendation to Council. None of the other regulations came before P&Z. If there were any amendments to those regulations, those would not be seen by P&Z, although staff would be happy to give them a copy.

Chairman Hollingshad said he wanted to make sure everyone was clear on that. The administration of the drilling and production activities in the Town was not changing and was not moving authority to the Planning and Zoning Commission, other than that these particular types of facilities would be required to apply for a SUP, which would specify they had to meet all the other requirements. Actually, Chapter 34, Article 7 and 8, would cover all of the things like setbacks, traffic, fencing, landscaping, etc., they normally did, and that stuff would not be coming to them for review in those cases.

Mr. Powell said that was correct. Staff would give the Commission that information as an FYI as part of a site plan, but it was not something they would need to comment or vote on.

Commissioner Millichamp asked about the likely size of a central collection site, compared to an individual pad site.

Matt Woods, Director of Environmental Services, said the number of tanks would be dependent on the size of the operation and how many well sites would be coming to the centralized facility.

Commissioner Millichamp asked what they looked like.

Mr. Woods said staff had visited one. It had approximately 18-20 tanks fed from multiple well sites, and was maybe two acres in size.

Commissioner Millichamp asked for the likely number of centralized collection units, considering the dynamic of what was currently in town, and whether there would just be one or whether there could be ten.

Mr. Woods said that was very difficult to say. He could not provide an estimate on how many centralized facilities they could have. Currently, there were about 32 completed wells in town on about 13 pad sites.

Commissioner Millichamp asked how many well heads came into the centralized facility they saw.

Mr. Woods said it could be served from 10-20 wells coming into the same number of tanks. It was all based on the capacity those tanks could handle. Once they got more wells online, they could add more tanks, if approved. That was in another jurisdiction.

Paul Stone, 709 Lake Bluff Drive, Flower Mound

Mr. Stone said he was curious what level of discretion the Town would have through its governing bodies, P&Z and Town Council, in reviewing these SUPs. The SUPs for alcohol sales, for example, had come and gone. He asked what if at some point a higher authority took away that discretion, and the governing bodies no longer had the ability to look at everything on a case-by-case basis through the public hearing process and determine if there was a rational reason why something should be denied.

Alan Lathrom, Town Attorney, said it depended on the type of SUP coming before the Commission as to what discretion, if any, the Commission had, much like the area dealing with communication towers. His employer regulated a lot of the areas involving federal communications and also interstate transportation of gas and gas production. There were lots of areas where the Town's discretion would be limited or restricted by federal law. Also, to the extent they were preempted by the state legislature through the railroad commission, they would have problems in some areas there, as well.

Chairman Hollingshad said, still the Commission's consideration of the SUP was little more than a recommendation to Town Council. That recommendation basically took the form of approval, if the proposed facility was in compliance within the narrow purview of what P&Z covered, or denial, if it was not. If they recommended approval, the Town

Council would still look at the big picture and the total compliance with all the other Chapter 34 standards. If they were to recommend denial, the applicant would have the opportunity to appeal to the Town Council in the same way they would any other decision of theirs they disagreed with.

Mr. Lathrom said correct, the applicant would have the ability to appeal the recommendation of P&Z, if it were to deny the requested SUP. There was a recent case out of the northern district of Texas involving the City of Grand Prairie and a centralized facility, which spelled out some limitations on a municipality's ability to regulate those types of uses, but they did have some ability to regulate them. Most of the uses being talked about that evening under a centralized facility were already allowed on an individual site-by-site or well-by-well basis. Individual well sites within the Town were required to have onsite water storage facilities or tank batteries, because the Town required a closed loop drilling system, where the drillers were required to take the fluids and place them into storage tanks rather than releasing them into a pool. The gas well operations were also allowed to have compressor stations and utilize gas lift compression on each pad site. The gas lift process forced water down beneath the area at which the fissures existed in the shell that allowed gas to escape. It was different than when they went back in and re-fractured a well, but it did help the well to produce better. Those uses were already allowed, but when they started taking those to a centralized facility, where they had more than one pad site being served at a central location, then that got into a land use question. Presently, they did not have a land use designation that allowed a centralized facility, and that was why they were bringing this before the Commission for recommendation.

Commissioner Whittaker said the definition included both gas wells and produced water storage. He asked if that was for convenience, or whether there was a purpose involved in that. He then asked, if a vote was conducted to approve, whether that meant it was an all or nothing vote and they were approving both, or if it would be a good idea to break the definition into two and call a separate motion and vote on each item.

Mr. Powell said based on this definition, an application could be for just a centralized compression facility or for all three types of facilities, with all the different permeations. The requirements for those facilities were in another part of the Code. When it came to P&Z, it would either meet those standards or not, so it was felt that it was unnecessary to break them up into component pieces. The SUP would list all of the things that were allowed in the SUP. They had done that for some commercial uses, and could track it that way. They would still review the component pieces, but there would be only one SUP number.

Mr. Lathrom said it did not make a lot of sense to them to try and split those up into multiple SUPs when they had the same screening requirements, same setback requirements, and same process under Chapter 34.

Ed Johnson, 2900 Surveyors Lane, Flower Mound

Mr. Johnson said what was important to him as a citizen, whether he was a participant in the gas or not, was whether it was beneficial to consider a centralized place to put all the tanks and gather the water, so they would not have tanks scattered all over

the city and trucks on the roads hauling water from each one of those stations. He had not heard the other side addressed as to why they would not want to do the centralized thing. They were considering as the P&Z whether this was a benefit and whether this process should take place or not, but from a logical standpoint, having them all in one place and hidden in one building just made sense.

Chairman Hollingshad said he did not know the answer to what was the most effective approach, with everything done at the individual wellheads or centralized. He was sure there were tradeoffs either way. The question that evening was focused on the land use and procedural issue, because when those decisions were made, they would be made by Council and not by this body. That being said, he asked Mr. Powell to go briefly over the pros and cons.

Mr. Powell said there had been discussion at Council about the benefits pro and con, such as whether centralizing reduced truck traffic or made it safer. That discussion would continue. This was to define the land use and create the process by which to approve one.

Chairman Hollingshad said the question was open in the fact that they did not have any applications before them or Council. Approving the item that evening would give Council the opportunity to make a choice and have that discussion, because as it was currently, the centralized option was not available in the Town, so there was no sense to spend time talking about it.

Mr. Powell said they were obligated to put it someplace in town, so what Council asked them to bring forward was a SUP in the Agricultural district, so they could check to make sure the standards were met.

Commissioner Webb asked, if they recommended against doing this, and Council went along with that, what the outcome would be; and if there would not be any of those types of facilities in town, or whether they might come in through another process anyway and they would have lost a point of control.

Mr. Powell said the Town could not limit a use by not allowing it within the zoning code. For example, some towns had tried to exclude sexually-oriented businesses, or bars or restaurants, as part of their zoning code, but they were not allowed to do that by the courts. They had to allow for those uses that were normally found within a town or city. They could say where they could locate, but they could not exclude them from existence.

Commissioner Webb asked, so if they were not allowed to not allow them, but they were not going to allow them, what would happen then and whether that would leave them in court.

Mr. Lathrom said it did place them in court. Mr. Powell was right on point. They were not allowed to zone uses out of existence or prohibit uses they did not want in their community. For example, with sexually-oriented businesses, they could not prohibit their existence, but they could adopt regulations that allowed them to place reasonable time,

place, and manner restraints on those types of businesses and try to make them not as offensive as they might be without those regulations in place.

Commissioner Webb said, so this was an opportunity to exert some control upon those uses, with the control being the things referenced in the ordinances.

Mr. Powell said if a land use was not in their zoning code, then they were either required to say it was akin to something in the zoning code and treat it similarly to that definition, or they had to create a definition for the land use and say what zoning district it went in. The choices were to allow it by right as a permitted use, which meant that someone only needed a site plan or building permit, or allow it with a specific use permit, which required a public hearing process and review by P&Z and Council.

Commissioner Walker said what he was hearing was that this was part of interstate commerce, and it had a federal impact versus the local impact of putting an adult bookstore in town. He asked for confirmation it would be similar to cell phone towers or transmission lines in the Town limits as far as what their limits were on a municipal level.

Mr. Lathrom said it depended on what area they were talking about and the specific facts of the situation. He could not give him a broad answer of yes or no. As with sexually-oriented businesses, there were those folks who argued that first amendment rights were a federal issue and not a local one, so it depended on what the specific facts were in that situation.

Commissioner Walker said, but he mentioned it would be very difficult for the Town to prohibit cell phone towers within the Town limits.

Mr. Lathrom said yes, they were preempted from regulating a lot of areas regarding cell phone towers, particularly respecting the health issues that were a topic of debate around cell towers. The FCC had stated that cell tower transmissions were safe, so they were preempted from regulating cell towers on that basis. Similarly, federal law said that the byproducts from oil and gas drilling were not hazardous waste under RCRA and CERCLA, so they could not be regulated as such. So, there were areas where the federal government stepped in and preempted their ability to regulate some areas, both with respect to oil and gas drilling, cell towers, and regulation of first amendment rights.

Commissioner Walker said the cell tower one was a good example because, although they were not saying 'no' to cell towers, they were however regulating the appearance of them, the screening, buffering, visual impacts, etc. That evening as part of their consideration, they were looking at in Chapter 34 landscaping and screening requirements which were very similar to the kinds of things that were considered with the cell towers. He thought to educate himself and maybe to share with some of the people he knew, they might want to address that issue.

Commissioner Millichamp said they were tying this SUP directly to Article 8, but comparing the scope of an individual pad site to this kind of facility was like comparing a middle school football field to the facility Mr. Jones built in Arlington, so it did not directly correlate. He asked when they had one of these cases, whether they would have the

ability to supplement the screening requirements. He thought the requirement was currently at 50% of the pad site. For something of this magnitude, it might make more sense to have 100% of the site screened.

Mr. Powell said he thought because of the Grand Prairie case, the Town would be limited from increasing those standards as part of the SUP process above what was already in the Code.

Mr. Lathrom said he thought there might be some leeway with respect to aesthetics.

Todd Schreiber, 925 Canongate Drive, Flower Mound

Mr. Schreiber said he was not clear on the size and scope, and would like a better idea of how large this facility might be.

Mr. Powell said they were talking a couple of acres for the operation itself and to fit the equipment. Then they still needed the setbacks from residences, schools, parks, etc.

Laurie Long, 2708 Lake Flower Drive, Flower Mound

Ms. Long said she would like a better idea of the Ag that was available and the amount of change that might occur to the Master Plan's land use with this decision to see how many potential sites there could be and what the size could be. They might not have that information that evening, but could provide it for Council. She thought it had a great impact on the Town's land use. She also questioned whether having everything in one location would change the health, safety and welfare of that section of the community, because there would be more emissions at that location versus spread out. She realized there were pros and cons for every decision, but would like to find out the potential impact for the community that would have to suffer that location. She also thought it would be a good thing if they could do more screening to offset, as Commissioner Millichamp mentioned. Her main concern was about health, safety, and welfare, but they could figure out what the cost and benefits were with regard to land use, since that was their issue.

Mr. Powell said this did not affect land use; it was a zoning issue. The Town's zoning map showed the large acreage was in the central part of town and properties west. Although there were some agriculturally-zoned properties in the eastern portion of town, they were limited by the 1,000-foot setback requirement, with the exception of a few properties in the Lakeside District. So, they were primarily looking at properties in the western part of town that were zoned Agricultural and met those 1,000-foot setbacks. One could debate whether having individual compressor facilities or a centralized facility was better, and that discussion would continue. He was not sure there was any documentation that said one was better than the other. There was discussion that a centralized facility was easier to monitor and enforce things versus several locations, but he was not saying that was a definitive argument. Going back to the truck traffic discussion, there would be truck traffic, even if they had centralized facilities; it was the amount of truck traffic that would be decreased by centralizing it and what those trucks would be carrying. Regardless of whether they were individual or centralized facilities,

they still had to meet the provisions of the oil and gas regulations. That did not answer the question, but he did not have anything that definitively argued one side or the other on the benefit to the Town or the area.

Melissa Northern, 4601 Portsmouth Court, Flower Mound

Ms. Northern said she was a little confused. They allowed the use currently in the community on each pad site, but did not allow a centralized facility. Also, her understanding on the Granbury case was that they were not allowed to deny the request based upon health and safety issues. She asked Mr. Lathrom if that was correct.

Mr. Lathrom said that was correct. In the judge's decision, the judge mentioned that the City of Grand Prairie could not regulate health and safety through its zoning ordinance, but that was that judge, that case, and that court.

Chairman Hollingshad said to answer the first part of her question, it was not the uses; it was the actual activities. The collection of produced liquids, etc., was currently going on everywhere there was drilling going on, and that was allowed under those circumstances. What was not currently an allowed use was the centralization of those activities, and that was what this topic covered. It was the same activities, though.

Laurie Long, 2708 Lake Flower Drive, Flower Mound

Ms. Long said she had heard that when they had a centralized collection site, they still had a collection site on each pad site, so it was really not eliminating that. She wanted that clarified. Her other question was whether this was going to allow for an injection well, which was basically a long-term storage site for the toxic materials. She knew a lot of residents did not want that type of facility. She asked if they were creating the possibility of having long-term storage within the Town.

Mr. Woods said if the centralized facilities were allowed, the individual pad sites would still have a secondary containment tank, maybe one tank for the wells. Normal operation was two storage tanks per gas well, so most of the tanks would be diverted to the centralized facility, which would then divert a majority of the truck traffic.

Chairman Hollingshad said, so there would be fewer tanks at each individual pad site that was serviced by the centralized collection facility.

Mr. Woods said that was correct. There would be a reduction. To the second question about salt water disposal wells, those did not fall under the scope of produced water collection facilities, and salt water injection wells were prohibited by Town ordinance within Town limits.

Ed Johnson, 2900 Surveyors Lane, Flower Mound

Mr. Johnson said it seemed they already had, by the present ordinances, the ability of the drilling operation to gather their products and water at each of these well sites all over the city. What was being requested that evening was a regulation to give them

another option for a centralized, not that it would be passed or approved, but that they would have the right to regulate it by screening or whatever. If this was passed, to him it would make sense. He asked this body to approve that to give them that option, in addition to the present one that was already approved, because the question of whether it was beneficial for the city and all of its residents, from a safety standpoint, an aesthetics standpoint, trucks, etc., was still to be answered by the city council.

Commissioner Whittaker asked if they were really going to see benefit, if they did this, and really reduce truck traffic, truck miles, and truck trips, or whether they were just moving water around and not really doing anything for the benefit of the Town.

Chairman Hollingshad said that was really not the issue that evening. If they were to approve this, it would allow Town Council the flexibility to evaluate that and make a decision based on the merits of the individual case. As it was now, there was no option available to them to consider that legally.

Commissioner Whittaker asked, but shouldn't they consider whether it was going to really benefit them, if they were going to pass this and enable it to happen.

Chairman Hollingshad said the whole process would be done publicly, and he was sure they would get plenty of input from citizens like the ones in attendance that evening. Council had been working on this, and they would not have assigned staff to write up some language, evaluate the legal issues, and present it to them if they did not see some benefit in at least having the option available. Again, they were not approving one of these facilities; they were giving Council the option to consider them as an alternative to the current way they were doing things that might produce some benefits. If it did not produce benefits, he presumed they would just never approve one.

Commissioner Johnson said his understanding was that they were creating a process for this to have more structure within the Town. A SUP process would require a public hearing, so instead of a broader base discussion in theory, it would break the process down so centralized collection facilities could be reviewed on an individual basis according to the individual locations and individual wells that would be affected.

Josh Morrissey, 3324 Darcey Court, Flower Mound

Mr. Morrissey said as he understood it, currently all of the collection was done at each well site. If they allowed for a centralized collection facility, that would be tantamount to laying lots of pipe throughout the city from those wells to one centralized location. He asked what would happen if somebody's home happened to be in the way of where they wanted to lay a pipe; and if they were talking eminent domain and they could literally rip up a backyard or foundation to lay those pipes.

Mr. Powell said provisions governing the pipelines were in the pipeline ordinance. This item addressed what happened when those pipes terminated; it did not address what happened with the pipelines themselves, so it did not address eminent domain or expand the use of eminent domain. The Council was discussing that, but a utility had the ability to condemn property and place utility lines and pipelines, and they would have that ability

tomorrow and the next day. That ability was derived from the state, based on whether or not a use was a utility, so the discussion had little to do with Town regulations.

Chairman Hollingshad asked if the companies doing the drilling and production were defined as utilities and subject to state law.

Mr. Lathrom said not all of the operators that were drilling wells were utility companies, so it depended on the ownership; where they were in the process; and whether that particular company was registered and identified as being a utility, and what they were trying to do fell within the realm of functioning and operating as a utility, as to whether they had the power of eminent domain. If they did have the power of eminent domain, the Fifth Amendment of the U.S. Constitution and Article 11, Section 5, of the Texas Constitution required that anybody whose property they wanted to acquire had to be provided with just compensation.

Mr. Powell said if they wanted to place a line on private property or within the Town's ROW, they needed an easement, so that process was a negotiation between the company and the landowner to grant that easement. In that case, the property owner would know about a new line going through, unless the easement was already noted on the plat. The distinction was that if it was a utility, they could still try to do it through an easement process, but they also had the ability to do it through eminent domain.

In Favor –

Debi Friedlander, 2700 Rocky Point, Flower Mound

Ms. Friedlander said her concern was they needed a centralized facility to eliminate some of the truck traffic. There was so much truck traffic already on the roads. She lived off Shiloh, and saw numerous trucks go by hauling dirt and construction materials. She felt like that would be an option to protect the citizens of all Flower Mound, because the trucks were going to use 1171, 2499, and 3040, or whatever outlet they needed to service the wells. From what she understood, quite a number of wells were going to go onto the Smith property, and it was going to affect not only the Shiloh Road area, but a lot of Flower Mound that was considered residential and not agricultural, so she thought a central facility would benefit the residents by keeping everything together and eliminating trucks at each individual site.

Sherilyn Flick, 3220 Miracle Lane, Flower Mound

Ms. Flick said she supported a central collection wastewater facility because it just made sense. Shiloh Road was a quiet two-lane road. It was not built to accommodate nor was it suitable for years of heavy tanker truck traffic. In addition, Shiloh Road was a school bus route with frequent stops to pick up and deliver children, including her own. She did not want her children's safety compromised with truck traffic like that. Recently, the Town Council, led by Al Filidoro, passed an ordinance to prohibit drivers from talking on their cell phones in school zones to protect their children. She felt that turning Shiloh into a thoroughfare for tanker trucks was a much greater threat to the safety of those same children. She asked that they please consider how the residents of the Shiloh Road

neighborhoods would be impacted when making their decision. Anything compromising the safety of their children should absolutely be off the table.

Marsha Gavitt, 6501 Meadowcrest Lane, Flower Mound

Ms. Gavitt said she supported the drilling wastewater central collection facility because it would keep thirty years of heavy tanker traffic off of Shiloh Road and reduce infrastructure damage. It would reduce potential pollution source points to one, and reduce surface storage tanks from 76 to 6. This decision must be based on hard facts; however, the barrage of misinformation from those not even impacted had generated panic in those not impacted. They claimed they wanted what was best for the whole community, but this issue was not about the whole community. It was about one rural location. They did not believe the misinformation groups were environmentally informed or concerned at all. They thought they had a political or personal issue with the gas industry, and did not mind providing false, biased, and inapplicable information and listening to unqualified consultants. More importantly, they did not mind sacrificing Shiloh Road area residents, who lived where they did because they loved the land and open space. They were not a political action committee, or HOA with thousands of email addresses of unaffected communities to incite them into appearing at Town Hall. They looked at both sides carefully, because they were actually affected. They, nor anyone, could prevent what had been permitted on private property, but they could work to minimize the impacts on their own property by encouraging approval of the central collection facility, which made sense in every way at this time and this location.

Ms. Gavitt also noted the Town Council had scheduled a vote Thursday with no public hearing to prevent the central collection facility. It was a moratorium vote on any kind of gas drilling-related activity. That was personally disturbing to her to see manipulation to prevent public participation. For a whole year, some in the community had tried to prevent Shiloh Road residents from participating in the discussion about their own welfare. They wanted the existing ordinances to stand and protect them.

Chairman Hollingshad thanked her for her comments. He said, going forward, he did not want anyone impugning the intents or motivations of the people that disagreed with them. His expectation was that they would be courteous and respectful.

Frank Gavitt, 6501 Meadowcrest Lane, Flower Mound

Mr. Gavitt said he lived near the proposed central facility for which they were considering the SUP. This was really about the use of the facility versus the size and what was there, because at an existing pad site for a maximum 15 wells that were going to be drilled there, there would be 30 tanks. At a central facility, there would 30 storage tanks also. For the gas lift compressors, it would be 1 to 2, if it was a central facility; it would be 1 to 1 at a pad site. They had an opportunity here with approving this SUP to not only benefit the entity asking for it, but also the community. The pipelines were proposed to be in the rural area, not near Wellington or Bridlewood or under any homes. They would be in easements and rights-of-way that would be obtained off that rural property. They proposed to use a flexsteel pipe, which was a three-layered pipe that consisted of polyethylene...

Chairman Hollingshad interrupted and explained they did not have a case before them that evening.

Mr. Gavitt said he knew they did not. He was trying to give them some facts to help them in their decision around a SUP for a central facility.

Chairman Hollingshad said, well they were not making a decision on a SUP that evening either.

Mr. Gavitt said that was what the agenda said.

Chairman Hollingshad said no, they were considering changes to the land use code that would enable Town Council to consider centralized collection facilities as an alternative to the way it was being done now.

Mr. Gavitt said he was trying to give them information to support that.

Chairman Hollingshad said okay, but he asked that he be concise. He said it looked like useful information, but he thought he really needed to get it in front of Council.

Mr. Gavitt said alright, but they had decisions to make, too. He was hoping to give them some information they could see, because it was very difficult sitting up there listening to facts and numbers being thrown around.

Chairman Hollingshad said keep going.

Mr. Gavitt said the flexsteel pipe they planned to use came in 1,000-foot lengths and was of welded construction. It was flexible, so it would not be subject to ground movement that would cause any problems. It was currently used in under sea usage, which was much more environmentally sensitive, and there was no leakage allowed in it. The benefits of a central facility were that it minimized future development impact on pad site properties by reducing the number of tanks from about 180 at various sites down to about 17; it eliminated water truck traffic on all but one Town road; and it was an economic benefit in that there was less road wear. The 35,000-pound trucks would only be travelling on about 1,200 feet of Scenic Drive versus several rural roads. Environmentally, it reduced potential spill source points to just one versus at every pad site, and the pipeline would be monitored 24 hours a day. It also lent itself to water recycling, if and when that became practical in the future. The rest he would let them look at to show they already had potentially problematic situations with piping around town and the sanitary sewers. He was sorry if this was not to his liking, but he was trying to give them information to help in their decision.

Chairman Hollingshad said he did appreciate it. He was just trying to manage their time. This would be relevant information when an actual case was being heard.

Gary Daniels, 6407 Meadowcrest Lane, Flower Mound

Mr. Daniels said he wanted to show his support for the centralized wastewater facility. His property backed up to Shiloh Road, so he had already seen the impact of the tanker trucks. He was surprised at how much traffic there was just to support the wells in action right now. There was the safety issue, too. He definitely wanted to see a centralized facility.

Phil Del Vecchio, 7003 Woodridge Drive, Flower Mound

Mr. Del Vecchio said he leased his oil and gas rights to Williams. He did not work for Williams, and had not received any compensation from them. He was a retired civil professional engineer, who worked in the oil industry for over 30 years. He was a construction engineer for Mobil Oil. He also did independent engineering consultation and acted as an industry expert witness. He understood they did not have a permit in front of them, but they had the right as a governing body to add conditions to a SUP. He wanted to give them some facts to consider and some solutions as to how to maintain control over the gas drilling companies. He disagreed with Town Council and staff's interpretation that this was an industrial use. He believed people were trying to make an integral part of an already permitted operation more efficient, safer, and environmentally sound. The wastewater collection systems at individual gas well pad sites were well beyond the urban areas of the Town. They were in the agricultural areas. Those types of facilities were not going to be built in Bridlewood or Wellington. It was just not practical to do so.

Mr. Del Vecchio said produced wastewater was not toxic; it was not a hazardous waste. It was a benign and slightly brine, aqueous solution with several chemical additives, including surfactants and dispersants. It was not required to be manifested under the Hasmat regulations or RCRA or CERCLA, so people had overstated the issue with regard to the produced wastewater. A sample of typical wastewater had been given to the Town for analysis if they cared to do so. This type of facility cost the operator a lot more money than having a decentralized facility, so there was no economic incentive for the companies to do this. They did it because it made a more efficient operation and was friendlier to the townspeople that lived around them. The installation of a centralized wastewater collection system would minimize the number of above ground tanks. Williams, in particular, would reduce the total number of tanks from 207 to 47, so to say there would not be a reduction of onsite storage tanks was incorrect.

Mr. Del Vecchio said the issue of potential unsafe air quality and benzene emission had been blown out of proportion and politicized by some uneducated local media and interest groups. The amount of benzene emission was minimal. In fact, there was less benzene generated at a well pad site than one would find in a glass of water or in a strawberry. The material used in the pipeline construction was state-of-the-art, noncorrosive stainless steel with Palomar coating on the inside and outside. They were not putting in PVC pipe. Pipelines would not be constructed in close proximity to homes, pools, or other above ground structures. They had the authority as a Commission to tell the pipeline company where to put the pipelines.

Mr. Del Vecchio said the most appropriate industry standard for operating a centralized wastewater collection system was API Standard 2610. It covered the design and construction, operation, inspection, and maintenance of petroleum and tank facilities.

He knew that because he developed that standard when he was Chairman of the Storage Tank Taskforce for the American Petroleum Institute. Williams was a participant on his committee, and was one of the oldest pipeline companies in the United States. They knew what they were doing. He could go on and on, but the point was it was within their purview to add that as a condition to the SUP. Wastewater recycling was proposed by one councilman, but it was not a practical solution. It was too expensive and really did not work. It generated a saline solution that had to be trucked away.

Mr. Del Vecchio said people talked about reducing the number of trucks, but the real issue was the handling of the product. One of the best industry practices was to minimize the handling of the petroleum products. Rather than take it from individual well pad sites, put it in tanker trucks, and haul it out of there, it was much safer and better environmentally to transport it via pipeline away from the site. Humans made mistakes. It happened all the time. The hose got disconnected; product spilled on the ground; and the site was contaminated. He knew because 80% of his time at Mobil was remediating sites that other people contaminated.

Mr. Del Vecchio said he recommended they approve the SUP with conditions that would make them build the centralized collection system in accordance with API Standard 2610 and engineering best practices; and make sure the pipeline construction and installation included details on materials used, types of valves, fittings, etc. They should have 100% x-ray of the wells and pipeline leak detection that was both controlled and allowed them to test for pressure losses and density changes in the product. The tank farm construction should include tanks constructed in accordance with API 650 which was the standard for atmospheric above ground storage tanks. If it was a pressure tank, it was a different standard. Each individual site should be a contained or diked area. The industry required 100% containment of the largest single tank in the tank farm.

Mr. Del Vecchio said he also recommended a centralized vapor collection system. Although the individual pad sites did not have a significant amount of benzene vapor, when collected together, it could generate enough benzene to trigger an air quality issue, where the Clean Air Act would have to be satisfied. He also recommended they make them implement a SPCC plan, which stood for Spill Protection Control and Counter Measures. Every operating petroleum facility in the United States had a SPCC plan. Town staff had not even mentioned SPCC, maybe because they did not understand it. He had recommended that they hire an outside consultant who knew what they were doing. They refused to do so. He did not know why. In summary, he urged them to act prudently and judiciously to ensure these operators, Williams and others that might come down the road, were acting in the Town's best interest, not in their own self interest.

Carl Thunem, 4016 Raintree Drive, Flower Mound

Mr. Thunem said he worked in the oil and gas industry for 25 years in the areas of environmental health and safety. He supported all of the previous statements regarding truck traffic, efficiency, safety of pipeline, gathering of produced water, and the fact that produced water was largely a benign material with additives in it. He also supported the previous speaker on the reduction of tanks. He was speaking as a concerned resident in the western part of Flower Mound that was undergoing this oil and gas development. He

begged them to please consider these residents when considering the changes to the definitions in the Code to allow for a SUP, because it was their neighborhoods that would be affected by either a large number of tanks on each individual site or a more efficient number of tanks at a central collection facility. As far as safety was concerned, it made a lot more sense to have the material safely piped to a central location rather than have the hundreds of tanks and trucks it would take to store it and transport it on all the side streets and residential streets. Those tanks could spring leaks, deteriorate and rupture, and the tank trucks could have accidents themselves and cause spills. So, from an environmental standpoint, it made more sense to have the material piped to a central facility and stored where it could be controlled and the pipelines monitored, and there could be things such as SPCC plans and pollution protection plans.

Mr. Thunem said recently a lot had been made of benzene in the Barnett Shale. They needed to take this information and the fear of benzene seriously, because it was a carcinogen, but he directed them to the EPA's own website in their risk assessment for toxic air pollutants. It stated that breathing toxic air pollutants could increase someone's chance of experiencing health problems. For example, inhaling the benzene fumes while pumping gas into a car could increase their chances of experiencing health effects associated with exposure to benzene, such as leukemia. In their information document on benzene, they describe the sources of potential exposure. Benzene was found in emissions from burning coal and oil, motor vehicle exhaust, and evaporation from gasoline service stations and industrial solvents. Those sources contributed to elevated levels of benzene in the ambient air, which could be breathed by the public. Tobacco smoke contained benzene and accounted for nearly half the national exposure to benzene. So, he could report to them that he had suffered more serious benzene exposure driving on 635 and 35 and in some smoke-filled restaurants and bars than he would ever get on a typical day in ambient air around a gas production facility. He urged the Commission to approve the changes in definitions and place the consideration of this important issue where it should be, and that was before the Town Council, where they could consider the issue of the centralized facility as a whole.

Bill Norris, 3223 Raintree Drive, Flower Mound

Mr. Norris said the Commission and Town Council had a tough job. Flower Mound was both rural and urban, and they had to make a recommendation based on what they felt was best. With regard to the centralized facility, it made sense. They had heard from a lot of folks. He would not go into any of that again. He hoped they would go with making the recommendation, but do something smart for the community and listen to the people who lived in the area that would be impacted.

Jack Allison, 4027 Raintree Drive, Flower Mound

Mr. Allison said he stood in front of the Council a few weeks back and reported that an 18-wheeler had gone out of control and landed in a building at the airport where he worked, and it did significant damage. Last week, one of the news agencies reported an 18-wheeler, actually a water hauling truck, had gone out of control. There were a lot of bicycle people up and down Shiloh all the time. A lot of them were his friends. He did not

want to see one of those 18-wheelers go out of control. He asked that they please give the Town Council the opportunity to make the right decision.

Margaret Beck, 4034 Raintree Drive, Flower Mound

Ms. Beck said she was across the street from the gas well. They were very good neighbors. As a patriot she supported any industry that would free the country from foreign dependency on energy. She suggested they pass the SUP for the centralized natural gas production facility. She thought Williams had both the experience and science to do the right thing.

Chris Tomlinson, 3907 Raintree Drive, Flower Mound

Mr. Tomlinson said he certainly agreed with everything that had been said by his neighbors. They needed only to spend just a little while on Shiloh watching the 80,000-pound tanker trucks interacting with school buses, and elementary children getting off the buses and playing chicken with the tanker trucks, to make the right decision. He asked them to think of their wives, mothers, sisters, and daughters that had to go out every day and make that left-hand turn to go down to Cross Timbers. A few trucks were okay, but there were a lot of trucks. If they passed this SUP, it would allow the opportunity for it to go to the city council where they might have a chance for some of that traffic to go out a less densely populated area, a short area of Scenic Road.

Frank Byrd, 3615 Valley View Lane, Flower Mound

Mr. Byrd said he was in favor of a central facility for all of the reasons everybody else had said. It was more productive and more controlled, and although the road would still be used, there would be less wear and tear on the road than with all of the facilities having truck access.

Karen Wanzer, 2925 Hugo Ct., Flower Mound

Ms. Wanzer said she was there to express her support in passing the SUP, for all the reasons mentioned, so they could put it in front of the Town Council.

Todd Thompson, Williams, Tulsa, OK

Mr. Thompson said he was the environmental team leader with Williams. He wanted to take a few minutes to let them know that he had a Masters Degree in Environmental Science from UTD, and had worked in the environmental business his entire career, which was over 30 years, most of it in North Texas. He was part of a larger group of eight environmental health and safety professionals that had over a hundred years of experience. They worked full time ensuring that what they did was in compliance with all federal, state, and local standards, which included over 10,000 pages of federal regulations, hundreds more of state regulations under the railroad commission, TCEQ, Texas Department of Health, and local ordinances, like they had in Flower Mound. They spent a lot of time ensuring they did what was right. He had worked with Williams in the Barnett Shale since 2006, and during that time, they had not had one lost time accident or

notice of violation. They were not perfect, but under their management system, they strived for continuous improvement. That resulted in things such as multiple well pad sites, central facilities that reduced their environmental footprint, green completions, and monitoring of their emissions to reduce their emissions. In closing, he just wanted to say that he had family in the DFW area. He did not want to do anything that would put them at risk, or anyone at risk. He hoped they felt like they did a good job, and hoped they could continue to do business in Flower Mound.

Jeff Stovall, Williams, Fort Worth

Mr. Stovall said he was an environmental specialist, who specifically focused on air quality. He joined Williams this August. Prior to that, he was with an environmental consulting firm in Dallas for eight years, so he saw a wide variety of industry types. From that experience, he could assure them that Williams was one of the good guys. He would not have joined them if that were not the case. With regard to air permits, any facility they constructed was required to have an air permit from the TCEQ. The Sam Wilson site at Cross Timbers and Scenic had been submitted to the TCEQ, and had been approved. The compressors they operated in Flower Mound were some of the best around. They had very few issues with them. They were maintained at least once a month by a technician from the leasing company, and checked more frequently by Williams' employees. They had a strong interest in minimizing emissions, because that represented efficient operation. They were checked for air emissions at least quarterly, and more sophisticated testing done at least once a year. As someone mentioned earlier, there was only dry gas in Flower Mound; there was no condensate. Regardless of their decision on the SUP, Williams stood committed to environmental compliance.

Lucas Smith, Williams, Fort Worth

Mr. Smith said he was the environmental health and safety rep for Williams. He spent a year and a half as a corporate industrial hygienist for Williams in Tulsa before taking the position down here where he covered all aspects of health and safety. Before that, he spent eleven years in the Air Force. Seven of that he worked as a bio-environmental engineering technician at one of the largest rebuild locations for aircraft at Tinker Air Force Base, and continually monitored benzene exposure from fuels, worker exposure to hazardous metals, water analysis, and water quality sampling. The last four years he spent as a logistics officer and safety officer for a logistics squadron. He had a Bachelors Degree in Industrial Safety and Associates Degree in Bio-environmental Engineering Technologies. He was not necessarily in favor or against what they were trying to do that evening, because no matter what decision was made, he would do his best to make sure the centralized facility or specific locations scattered throughout the city were all environmentally friendly and safe. One way they did that was through a fugitive emissions testing program. They rented infrared cameras on a routine basis, traveled to their locations, and videoed and checked their sites to make sure they were in compliance. It was advantageous to them, not just for environmental purposes, but because that was actually lost revenue going up in the air that they could be selling and using to fuel their homes on a daily basis, so the benefits were two-fold. They also used another piece of equipment called a remote methane leak detector device, which used an infrared laser to detect methane emissions from up to 100 feet away all the way down to five parts per

million, which was like five drops of water into an Olympic-sized swimming pool. They scanned their equipment, especially urban equipment, with those devices on a periodic basis. In closing, when he exited the Air Force, he wanted to go to a company he believed had the same qualities of honor and integrity he carried with himself. He thought he made a good choice when he went to Williams.

Matthew Cloutier, 6504 Meadowcrest Lane, Flower Mound

Mr. Cloutier said he wanted to echo the sentiments of previous speakers. He could not say it any better. He was in support of a central wastewater facility and seismic testing. He had no allegiance to Williams. The Town allowed them to come in here and do business. That business would benefit the Town greatly economically, and bring the Town together eventually, because everybody was going to realize how important it was. Whether it be Parker Square, Kroger, the Lawn Guy, or the pet groomer, everybody in the Town was going to benefit from this economically, not just the people who had signed leases. He did not understand why most people could not see that, but it seemed to be the case. It did not stand to reason that Williams would do anything to jeopardize their 100-year image. He had not heard or read anything that indicated they were anything other than a responsible and reputable company, so once again, as a businessman, he had difficulty with why the central wastewater facility and seismic testing had come under such fire. It did not make any sense. He requested that both points of discussion be approved and that everyone move forward.

Tony Morrow, 6809 Ferndale Drive, Flower Mound

Mr. Morrow said he lived in Redbud Point, and had been a resident of west Flower Mound for 12 years. He was in favor of a centralized wastewater facility. The whole west Flower Mound area, around Shiloh Road, Wichita Trail, Scenic, and Cardinal, was a recreational area. If any of them ever went out there on a weekend, they would see people jogging, walking their dogs, and riding horses. It was a beautiful scenic area. One thing he would hate to see would be multiple 80,000-pound tanker trucks driving up and down those roads. If that happened in that area, people would take their recreation elsewhere. So, he was in favor of the central facility and thought it was a great idea. He did not want to see multiple trucks on numerous roads in their community.

Marilyn Rhodes, Williams, Tulsa, OK

Ms. Rhodes said she wanted to answer the question that came up about how many central facilities they might see. In order to have a successful gas drilling program, they had to have three things: a lot of leases together, a pad site, and a way to get the gas out. What made them want to request a central facility or to build what they had here so far was that they had a successful leasing department. They had 4,500 acres on the west side. They bought a piece of land that had a 500-foot buffer all the way around it. They were not developing that; they were using 13 of the 48 acres. She knew that was more specific than what they were interested in, but it might help clear up a couple of things. They were not doing this haphazardly or without thought as to what might happen on the west side of town. They put this program together for the citizens because Flower Mound was a unique and special town that deserved unique and special treatment. They thought

it was already covered under the ordinances, so although she was speaking in favor of this, she might as well speak against it. This was an exercise they did not even need to go through. Williams had been in Flower Mound since 2005 and had concentrated most of its operations on the west side of town. They had done that because unless they had a group of leases together, they could not drill a well. The close proximity of many of their pads allowed for a unique system of underground piping for produced wastewater, which was a byproduct of drilling.

Ms. Rhodes said the Town's ordinances were designed for one way of drilling and producing gas wells, and that was with the water at the tanks at the well sites. That was all well and good, but she asked if they remembered when they had rotary dial phones. She said they did not have those anymore, because they found a better way. This was a better way. It was safe, and the piping was steel. Williams sat on the stakeholder committee and assisted the Town in development of the original gas well ordinance; they worked with the Town on the sound ordinance; they worked on the pipeline ordinance; and now they hoped to work with them on a production ordinance for this facility. Williams was committed to high standards for themselves and the communities they served. They worked tirelessly to implement their plan, not because of a hidden agenda, but because they believed this was a model that would make Flower Mound an example of a community where gas production could go hand in hand with environmentally conscious citizens. Their environmental team was serious about safety and environmental issues. They wanted to address their concerns appropriately and welcomed their questions.

John Todd, 5600 Wichita Trail, Flower Mound

Mr. Todd said he had been around for about 35 years, and was here when they built Shiloh. It was holding up pretty good. He wanted to point out that the trucks they were talking about were 18-wheeled tanker trucks, and they were pretty large. The numbers spoke for themselves. If they could reduce the number of tanks from 245 down to 45 by centralizing all of this water collection, that would be 200 tanks less. Each one of those tanks had to be emptied about once every two days, so that would take 100 trucks. If they did it every four days, that would be 50 trucks a day in this town. So, they would get rid of a lot of trucks.

Greg Santschi, 6405 Meadowcrest Lane, Flower Mound

Mr. Santschi said he had changed his mind over the course of the meeting. They had covered a lot of ground that evening. From his perspective, it was about getting the truck traffic off the feeder roads. It just made sense. They had already gotten this figured out with all of the different restrictions on the sites themselves. It was just a case of getting it to one central location. He had two kids, and he was thinking about them pulling out onto Shiloh. He saw an accident with a trucker maybe three weeks ago. It was just common sense bottom line.

Robert Wanzer, 2925 Hugo Court, Flower Mound

Mr. Wanzer said he wanted to reiterate his support for the amendment before them. The city just recently voted to protect their infrastructure by not allowing seismic, so he

encouraged them to continue that and have all the trucking go to a central location rather than impacting all of the streets they would be going to otherwise.

Kendall Pretzer, 7015 Woodridge Drive, Flower Mound

Ms. Pretzer said she was a mom and small business owner. They used to own the Baskin & Robbins. She now owned a consulting company. She had two kids that were soon to be driving age. She was involved in the community. There was one way in and one way out of her neighborhood. Shiloh Road was the only north/south road that served them. Some of the other neighborhoods had other ways in. There were times when she was the one in the way of the groups of bicyclers, so to reduce the truck traffic was just common sense. She was in strong support of this.

Joel Loeb, 3404 Raintree Drive, Flower Mound

[Mr. Loeb filled out a card indicating he was in favor, but had to leave before his name was called.]

In Opposition –

Timothy Rees, 3704 Ping Drive, Flower Mound

Mr. Rees said he was the Treasurer of the Board of Directors for the Bridlewood HOA. He was representing the HOA Board and a number of residents who were concerned about the proposed centralized tank facilities associated with gas well water pipeline systems. He wanted to reiterate a statement made to the Town Council by their President on November 2, 2009.

"The Bridlewood Board of Directors has the legal responsibility to own and/or maintain certain common areas throughout Bridlewood as a result of the developer's requirement to dedicate land to the "mandatory homeowners association" per the various filed record plats and the Town's Code of Ordinances. It is with this duty in mind, we have expressed our concern regarding three (3) issues that directly impact our HOA common areas and Bridlewood community:

1) Produced water pipeline gathering system: Since Bridlewood is served by the major thoroughfares of Bridlewood Boulevard and Cross Timbers Road (FM 1171), the likelihood of placing gas well produced water pipelines within or in close proximity to our common areas is high. The fact that these pipelines may transport high saline and other naturally occurring contaminants plus the material additives used for the actual drilling operations causes the Board concern. The staff report lists other constituents that may be present in the produced water such as biocides, acids, benzene, toluene, xylene and other volatile organic compounds. The Bridlewood HOA Board has requested of Town Council that further analysis of similar facilities, within and beyond the DFW Metroplex, be undertaken to examine the anticipated content of the produced water, what designs and standards are being proposed to monitor, prevent and mitigate any leakage of the contained material into or near our common areas, historical contamination incident

reports, operational lessons learned, current technology and indemnification requirements to restore contaminated soils.

2) Centralized collection facility: The Cross Timbers Road (FM 1171) is the major entrance to and from the Bridlewood community. The prior presentations by the Williams Companies centered on creating a centralized collection facility for produced water near their existing operations close to Scenic Drive, and would utilize FM 1171 as the main ingress/egress of tank trucks carrying wastewater out of Flower Mound. The distance from the intersection of Scenic Drive/FM 1171 to our entrances is less than 1.25 miles. The eastbound traffic to and the westbound traffic from our community would share the roadway with the wastewater tank truck movements. The Bridlewood HOA Board requested of Town Council that the Town obtain an estimate of the additional tank truck traffic as a result of a centralized wastewater facility.

3) Air Quality: As indicated in the staff reports, the TCEQ has been contacted to obtain more information about local air quality standards. Since our common areas and some residences are less than one mile from the discussed centralized site, the Bridlewood HOA Board requested of Town Council that more air quality sample data and other governmental input, beyond TCEQ, be obtained to prove that no decrease in air quality has or will occur due to a centralized collection activity."

Mr. Rees said with so many questions unanswered, he respectfully requested that the Commission not amend the Land Development Regulations to accommodate centralized collection facilities at this time. On behalf of the Board of Directors and concerned residents of Bridlewood, he thanked them for their time and consideration.

Barry Hulsey, Williams, Tulsa, OK

Mr. Hulsey said he had worked 28 years in the oil and gas industry, and was a facilities manager for Williams. He had been an employee of Williams for 13 years. He had a degree in chemical engineering, and had worked in the Barnett Shale for about five years. He was not really for or against this particular ordinance. The reason he selected against was that he believed it was already covered in the existing ordinances; however, if the city wanted to go through a SUP, they would gladly work under those regulations. Williams currently had 13 producing wells, seven wells that were drilled waiting on completion. Gas from those wells was gathered by pipeline to the central site located south of the intersection of Cross Timbers and Scenic Drive. Williams owned 48 acres there, zoned Agricultural, and used approximately 10 acres for their service use. The rest served as a buffer or as the freshwater lake on site. At the site, gas was compressed, dehydrated, and water vapor was removed from the gas stream. Gas was then delivered to Atmos. Atmos Pipeline had been in the community for a long time. There were three main uses for the gas that went into that pipeline: 1) it was built primarily to supply natural gas to the power plant northeast of the DFW area, which also serviced Flower Mound; 2) gas was delivered to transmission pipelines near Justin and distributed to other industries and for home use; and 3) gas was delivered to homeowners in communities like Flower Mound, Bartonville, Argyle, and Lewisville for use in furnaces and hot water heaters. They

had approximately 220,000 end users off this pipeline. Essentially, the gas produced in Flower Mound was the same gas being used at 220,000 homes in this area.

Mr. Hulsey said natural gas was the most clean burning fossil fuel in the world. It was the bridge to the future until things like wind, solar, or other alternative energy were out there. A lot of urban areas were converting their fleets to compressed natural gas to reduce undesirable emissions. It was also catching on as an alternative fuel for personal vehicles. Not only was it clean, but it saved approximately a dollar a gallon compared to gasoline. Williams' development plan for this area was designed to minimize the footprint in the Flower Mound community. The water gathering system was designed to redirect water truck traffic and confine it to 1,200 feet on Scenic Drive. It minimized traffic in and near neighborhoods, and minimized wear and tear on roads maintained by the Town. Also, this plan confined the gas lift compressors to one central site versus the various well pads. Their goal was to maintain the high quality of life in Flower Mound. Williams considered it a privilege to work here. Their core values and beliefs demanded that they operate in a safe and environmentally-friendly manner and in a neighborly manner. Whatever the outcome, Williams would continue to work hard to have a constructive relationship with the Town and its citizens.

Steve Schmidt, 2408 Northshore Blvd., Flower Mound

Mr. Schmidt said he had lived in the area for 10 years. He thanked them for giving him the opportunity to speak on a very important issue. This topic was something he wished he did not have to talk about and express his opinion, but he felt he needed to as a citizen and in an attempt to be a good neighbor. A year ago, his four-year-old daughter was diagnosed with leukemia, and although she was doing well and as a family they were handling the situation well, a couple of facts alarmed him as they hung around hospitals and clinics this last year. He had met parents of other children with leukemia in this area. Also, through parent networking, he became aware of others in Flower Mound who had children with leukemia. So, they were already at a point as a population where children under the age of 20 were above the incident rate. That was the medical side. What they were going to do that evening might not affect that situation, but obviously anything they did going forward was important to him as a parent of a child who had an illness that sometimes got associated with this topic. He did not know what the right thing to do was. He came there definitely against approving any special permits to build these types of facilities, because in his mind bigger was a little bit scarier. He heard some good points by those who were for this, which made him feel a little better. He asked that going forward the Commission consider the people element first and foremost in any decisions they made that could affect all of the members of the community.

Jerry Hamilton, 1308 San Jacinto, Flower Mound

Mr. Hamilton said he appreciated the opportunity to share his concerns about this very important issue. He said they might have heard about the frog in the pot of water syndrome. If they had a pot of boiling water and threw a frog into it, the frog would immediately jump out because it sensed the hot water and knew in order to survive it had to do that. If they took the same frog and put it in a pot of water that was at room temperature and slowly turned up the heat, the frog would sit there and sit there until it

died. He was against this proposal because in his mind it was the next step toward drilling for gas in an urban environment here in Flower Mound. As eluded last week, this was about profitability for corporations. In his opinion they could even say it was greed. It all boiled down to risk. The insurance industry was a multi-billion industry that was based on risk. In spite of what had been said, unequivocally there were risks with drilling for natural gas in Flower Mound. He was sure these companies had a lot of integrity and good intentions, but as a veteran of corporate America he could tell them that when people's bonuses were at stake and profitability was on a pedestal, the best decisions for the common good often went by the wayside. He could not believe this was happening. Granted there was an education process that had to take place both ways.

Mr. Hamilton said it was not the financial impact or devastating impact of what could possibly happen with seismic activity or the effect it could have on their property values. That was the least of his concerns. His number one concern was the contamination of the air with benzene. He understood the experts were saying they should not worry about it; it was not a concern. Well, he had read that as little as 180 parts per billion could be detrimental to one's health and lead to leukemia. That was a concern for his health, his kids' health, and their financial futures, so a lot was at stake. There would be a day of reckoning and accountability would be given. It was a travesty to drill for natural gas in an urban environment. He was not against natural gas. It should just be drilled in the right places, not in his backyard, not in the parks, and not near schools. The question was whether the Commission wanted to be associated with a group in town that had washed their hands and allowed this travesty to proceed, or not allow it to proceed because the water had boiled. He asked them to consider the concept of group think, which occurred when the tendency to agree interfered with critical thinking.

Josh Morrissey, 3324 Darcey Court, Flower Mound

Mr. Morrissey filled out a card to speak in opposition, but did not come forward when the Chairman called his name.

Close Public Hearing

Commission Deliberation

Commissioner Millichamp said going through this he was trying to decipher the pluses and minuses for the Town. Quite honestly, from what he heard, it sounded pretty even. He did not know if there was any amazingly compelling reason to do this or to be against it. A lot of thoughts had been raised about health and safety, but with the particular item before them that evening that was not a consideration. He also heard it inferred that doing something of this nature might spur future development, but he did not see where this would really spur a boom in drilling in eastern Flower Mound where most of the urban areas were. He definitely wanted to be mindful of those things and address them whenever possible, but even if they were to go against this, he did not think they would have the opportunity to address that. A couple of people alluded that they thought the ability to do this already existed, so if they took the opportunity to address it with the potential they had, they might be able to at least get their arms around it a little bit and do it in a way that would be the most beneficial for the community. A lot of people had

spoken favorably about Williams, and he thanked the one gentleman for his service to their country, but at the same time, that did not guarantee that Williams would be the only operator in town. Other people could come in that might not have their high standards, so that did not speak as a factor as much to him.

Commissioner Millichamp said he could see some positives to a central collection area. He did not know that the truck traffic would be reduced, but thought it would be more uniform. That would be a positive, because anytime they could get uniformity in a process and standardize it more, that added to the potential for safety, and that was huge. That was one of the minor elements they could have some control over with this. The other thing he wanted to be mindful of was the aesthetics of the community. The more pad sites they had the more it potentially could reduce the aesthetics of the community. If they could reduce some tanks, that could help out with some of that. Of course, they would have this new, big facility, so they needed to be careful to make sure that anything like that would be developed in a way that would be appropriate and beneficial for the Town. So, he could support what was proposed here, but in order to support it, and the part specifically tied to the current gas regulations, he would like to see the screening enhanced. The live screening could be bumped up to maybe 100%, and he thought masonry fencing was more appropriate than some sort of chain link fencing. Also, just to pass onto Council, he thought this might be an opportunity to potentially reduce the pad size in the current oil and gas regulations, and that could be a positive for how things developed. To address the cyclists on the roadways, and periodically he was one of them, if their master roadway plan could incorporate some support for strategic bike lanes in different areas, then that might alleviate that problem.

Commissioner Webb said he appreciated everyone who stayed with them throughout, and thanked them for their input. As a few folks said, it was an opportunity to express their opinion and find some answers in a learning process. He had learned a little bit, too. One thing he heard near the end in talking about urban drilling and whatnot, this was not about urban drilling in his mind. It was about moving produced water. The water was being produced today, and it would continue to be produced as drilling continued at already permitted sites. This provided an alternative to moving that water. The companies who would be producing, Williams and others, would have the flexibility to determine the most efficient way to move that water. Within that term efficient, he would include safe and economical, or however they chose to define it. They could decide whether it was better to truck it or put in a pipeline. If they wanted to put in a pipeline and pipe it out, they had to come to the Town and get permitting to have that centralized collection facility. So, they were giving the companies flexibility with which to operate; they still had some control, and he saw it as positive. He thought they would see a reduction in truck miles and a concentration of those truck miles on the major arteries, which were better suited for them, rather than shooting down some of the smaller more rural areas. He did not anticipate a whole lot of centralized collection facilities being asked to be placed inside of Wellington or some other place, but who knew what would happen in the future. At this point, he saw it as a moving water issue, a flexibility issue, and a control issue, and as it stood now, he was in favor of the proposed ordinance.

Commissioner Walker said he knew there was some debate about whether they even needed to address centralized facilities through the specific use permit process. The

Town decided it was appropriate, and as a result, they had the proposed amendment to the Land Development Regulations before them that evening. To him, it required an additional review of the energy development in Flower Mound and provided an opportunity beyond the Oil and Gas Board of Appeals, as well as the administrative review process. Without being an unnecessary burden, it gave P&Z the opportunity to review the activity, and since they were joining the identical language from the oil and gas ordinances to include things like landscaping, screening, noise, etc., they actually got a twofer out of this, as far as he was concerned. So, he was encouraged by this. He also liked the idea that this was being restricted to the Agricultural District in the zoning ordinance, and it made it somewhat easier for the energy company, because instead of trying to understand a second degree of regulation, they were just mirroring what was already on the books on the oil and gas side. So, to him it was rather simple and he agreed with it. It had more eyes looking at it and still in some ways expedited the process because everyone totally understood what was before them. He supported the amendment.

Commissioner Johnson said he also was in support of this. Up until now there had been a lot of emotion and misinformation. They had all come out that evening to make sure their voices were heard. This allowed them to establish a process where they could have a review on individual centralized collection facilities, and it allowed them to take a little more of the emotion out of it and get a little more specific. A lot of them had been to a lot of meetings about this and been very well informed about the different aspects of it, so none of this had gone on inside a vacuum. He believed this was something they needed to move forward with.

Commissioner Whittaker said years ago he was the regulatory advocate, just as the Williams people were here, for a different industry. He used to represent a different utility in front of state and federal regulators. He would just offer his viewpoint. He used to see different utilities take the same set of rules and interpret them very differently. Many would commit the sin and ask for forgiveness rather than follow the rules to begin with, so he was sure when the Commission was considering this, they would want to weigh the history and weigh the other players that might come into this, and give some thought to writing restrictive enough rules so that they would get compliance to start with. Being a regulatory expert as he was, he would probably want to see more definition in this, and would be on the side of seeing a different regulation for gas and different regulation for water collection. Finally, as the Commission and Council were thinking about this, he would want to hear specifics on how many trucks they would see reduced, how many fewer trips, how many fewer miles, and how much less traffic they would really see before an effort like this moved forward.

Commissioner Ward said in their current situation there was a debate as to whether the current regulations allowed for or permitted the centralized collection facilities. He thought they were not there that evening to debate whether the centralized collection facilities were better than the distributed; they were there to decide what type of regulation they were going to put in place for those facilities. He thought that adopting this Land Development Regulation would add more review and more public input when these situations occurred, and it removed the vagueness around the current regulations. He would be very much in favor of this regulation.

Commissioner McCall said he had been in the chemical business for 31 years, and he knew that less handling was good and that process control was paramount. He also knew that aesthetics and screening were vital in Flower Mound. It was their community and where they lived. He knew that less traffic would benefit all of them. He had a problem with the definition of produced water. He knew it was dangerous and would kill vegetation, but with better controls, he was for it.

Vice Chairman Goss moved to recommend approval of a request to amend the Land Development Regulations LDR 04-09 – Centralized Gas Production Facilities by amending Section 98-2 (Definitions), Sections 98-952 (Use Classifications), and 98-273 (Agricultural District Specific Uses), to provide for a Centralized Natural Gas Production Facility definition, use regulations, and special use conditions. Commissioner McCall seconded the motion.

VOTE ON THE MOTION

AYES: Johnson, McCall, Goss, Millichamp, Walker, Webb

NAYS: None

ABSTAIN: None

ABSENT: None

The motion passed with a vote of 6-0.

H. ADJOURNMENT - REGULAR SESSION

Commissioner Millichamp made a motion to adjourn the regular meeting, and Commissioner Webb seconded the motion. All were in favor.

Chairman Hollingshad adjourned the regular meeting at 9:15 p.m.

TOWN OF FLOWER MOUND, TEXAS

DOUGLAS S. POWELL, AICP
Executive Director
Development Services

ATTEST:

Cindi Price, Administrative Assistant