Workshop of Governance of Risks of Unconventional Shale Gas Development

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Fort Worth, Texas
Photos Courtesy of the Star Telegram
Gas Drillers’ Water Use

2005

- Gas Drilling: 36%
- Residential: 31%
- Commercial: 19%
- Industrial: 7%
- Irrigation: 6%
- Wholesale: 1%

2012

- Gas Drilling: 39%
- Residential: 31%
- Commercial: 17%
- Industrial: 7%
- Irrigation: 6%
- Wholesale: 1%
## Gas Drilling Usage

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Million Gallons</th>
<th>% of All Billed Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005</td>
<td>431.8</td>
<td>0.79</td>
</tr>
<tr>
<td>FY 2006</td>
<td>627.7</td>
<td>0.94</td>
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<tr>
<td>FY 2007</td>
<td>425.7</td>
<td>0.82</td>
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<tr>
<td>FY 2008</td>
<td>337.5</td>
<td>0.56</td>
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<tr>
<td>FY 2009</td>
<td>524.0</td>
<td>0.89</td>
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<tr>
<td>FY 2010</td>
<td>409.7</td>
<td>0.74</td>
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<tr>
<td>FY 2011</td>
<td>680.8</td>
<td>1.03</td>
</tr>
<tr>
<td>FY 2012</td>
<td>538.7</td>
<td>0.89</td>
</tr>
</tbody>
</table>
Pipelines and Compressor Stations

• Pipelines are required to get the gas to market, however:
  – Companies have power of eminent domain creating issues for private property owners; and
  – Pipelines are being placed in front yards of neighborhoods close to homes

• Large compressor stations located in urbanized areas create:
  – Noise issues
  – Aesthetic/incompatibility issues
Compressors and Gas Pipelines

Total sites = 41
Agricultural and Industrial Zoning
State and Federal Oversight: What Citizens Are Saying…

- Give counties enforcement authority
- Need State and Federal controls over environmental issues
- Require setbacks from residential uses for gas wells, compressor stations, tank batteries and gas pipelines
- Consider adopting stringent state rules for the location and use of salt water disposal wells
- Regulate the transportation of drilling mud
- Require property valuation information to be provided for property acquired by eminent domain
- Require permits from the state regulatory agency before condemning property for gas pipelines
- Required notice to adjoining surface property owners, county commissioners and applicable ground water districts of an application for a permit to dispose of oil and gas waste in a commercial disposal well
In Hindsight We Could Have....

- Created a mechanism earlier to provide current information on the status of permits and locations of drilling sites
- Created a proactive city website Q&A page earlier in the process
- Saturated the public with information
- Held more city organized educational public meetings with citizens, the industry and the Railroad Commission
- Engaged the local bar association earlier to educate citizens on the legal impacts of signing leases and mineral ownership
- Required bilingual information to be distributed from gas companies
- Required landmen to register with the city and provide contact information
- Educated gas companies about differences of drilling in urban areas
- Involved local real estate companies and HUD
Could Have / Should Have

Changing the Past for Cities in the Barnett Shale Would Have Required:

– Citizen Awareness and Understanding of Drilling and Leasing Issues Early in the Process
– The Ability to Work Within the City’s Current Land Uses
– County, State and Federal Involvement
– A Perfect World versus the Real One
I'll give you 500 clams to let me drill on your land.

Well, I don't know...

The drill only takes up half an acre— you have 50! You won't even notice it's there!

That sounds reasonable.