

**City Council
Agenda Memo**



**City Council
Meeting Date: 01/22/15**

TO: David A. Vela, Interim City Manager
FROM: Megan R. Santee, Director of Public Works
**SUBJECT: Oral Resolution – Application/Permit to Drill and/or Operate an Oil and/or Gas well –
Bullet Development, LLC: “Beam #6”, Permit No. 795006**

GENERAL INFORMATION

Chapter 21, Oil and Gas, of the City Code requires a permit for drilling and operating oil/gas wells within the city limits. As part of the review process, the City Council is to conduct a public hearing and then approve or deny the permit.

Bullet Development, LLC of Abilene, Texas has submitted an application to drill the “Beam #6” well on property owned by Bill Beam, located at 834 Colony Hill Road, south of the south end of the Abilene Regional Airport runway, as shown on the attached map. Because of the proximity to Abilene Regional Airport, a Federal Aviation Administration (FAA) Aeronautical Study was required for this well. This aeronautical study is attached to, and made part of the application/permit. The study concluded that the drilling rig for this well does not exceed obstruction standards and would not be a hazard to air navigation, and that marking and lighting are not necessary for aviation safety. However, if marking/lighting is accomplished on a voluntary basis, it is recommended that it be installed and maintained in accordance with the FAA regulations specified in the aeronautical study.

This application has been reviewed and approved by City Staff. All owners of real property within 500 feet of the proposed drill site have been notified of this application and of the City Council meeting to consider its approval, as required by City ordinance.

STAFF RECOMMENDATION

Because all prerequisites and requirements of Chapter 21, Oil and Gas; have been met, including no anticipated adverse effect on the health, safety and welfare of the public, staff recommends that the City Council vote to approve the application for this drilling permit and authorize the Mayor to execute permit no. 795006 for Bullet Development, LLC.

ATTACHMENTS

Aerial Site Map

The Application/Permit to Drill and/or Operate an Oil and/or Gas Well, including all supporting documentation, is on file with the City Secretary.

<p>Prepared by: Name: Travis McClure Title: City Land Agent</p>	<p align="center">Item No. <u>7.6</u></p>	<p>Disposition by City Council</p> <table><tr><td><input type="checkbox"/> Approved</td><td>Ord/Res# _____</td></tr><tr><td><input type="checkbox"/> Denied</td><td>_____</td></tr><tr><td><input type="checkbox"/> Other</td><td>_____</td></tr></table> <p align="center">_____ City Secretary</p>	<input type="checkbox"/> Approved	Ord/Res# _____	<input type="checkbox"/> Denied	_____	<input type="checkbox"/> Other	_____
<input type="checkbox"/> Approved	Ord/Res# _____							
<input type="checkbox"/> Denied	_____							
<input type="checkbox"/> Other	_____							



APPLICATION/PERMIT TO DRILL AND/OR OPERATE AN OIL AND/OR GAS WELL

Bond/Letter of Credit # _____ RRC Permit # 795006

1. Date 11/3/14 Lease Name & Well No. : BEAM #6

2. Applicant/Permit Holder BULLET DEVELOPMENT, LLC
Address 402 CYPRESS ST., SUITE 130
ABILENE, TX 79601
Phone 325-701-7805

3. Local 24 hour phone contact, in case of emergency:
Name LARRY WELHAUSEN
Phone 325-829-0357

4. Legal description of drill site including copy of survey by licensed surveyor: Survey plat should show the locations of any buildings, type of construction and use, including residences, within 200 feet of proposed drill site, and flood zone elevation lines (lines of 100 year floodplain and floodway) in relation to the proposed drill site.

5. Applicant _____ IS/ IS NOT requesting a variance, per sections 21-26 and 21-27 of Chapter 21 of the City of Abilene Code of Ordinances, Oil and Gas, to drill within 200 feet of any existing building or buildings.

The proposed well location _____ IS/ IS NOT within 200 feet of any residence or residences. If the proposed well location IS within 200 feet of any residence or residences, applicant should attach a list of the names of the owners of each residence corresponding to each address lying within a 200 foot radius of the proposed well location, indicating their approval/disapproval of the proposed well location.

The notarized written consent of the owner of each residence within a 200 foot radius of the proposed well location should be attached to this application.

Applicant should also attach copies of documentation of any granted exceptions to the Railroad Commission's statewide spacing rules that apply to the proposed well.

6. Proposed date to commence drilling JAN 2015

The height of the rig used to drill/re-enter this well will be approximately 60 feet.

7. Proposed depth of well 1999'

This well is planned/anticipated to be primarily an OIL or GAS _____ well.

8. Attached as EXHIBIT 1 the names of the (a) Surface owners
(b) Mineral owners
(c) Royalty owners

9. Attached as EXHIBIT 2 approved Railroad Commission Form W-1 including required plat of lease and approval letter from Texas Water Development Board.

10. Attached as **EXHIBIT 3** a Certificate of Insurance evidencing the applicant as insured under the following:

<u>Type</u>	<u>Amount</u>
(1) Workers Compensation (where Required by State law) Employer's Liability	Statutory \$100,000
(2) Comprehensive General Public Liability to include (but not Limited to):	\$1 million – per Occurrence for Property Damage OR Combined single limit million – Per Occurrence
a) Premises/Operations	
b) Independent Contractors	
c) Personal Injury Liability	
d) Products/Completed Operations	
e) Contractual Liability	
f) Coverage for Explosion, Collapse, and Underground Property Damage (to include seepage, pollution and contamination coverage)	

Said Insurance Policy must insure all activities contemplated under this permit application and must be in effect at all times during production operations. The City must be notified 30 days prior to cancellation of insurance coverage and City shall be named as additional insured.

11. Indemnity

A. Definitions

For the purpose of this section the following definitions apply:

“Applicant/Permit Holder” includes the corporation, company, partnership, or other entity, its owners, officers, and/or partners, and their agents, successors, and assigns.

“Applicant/Permit Holder’s employees” shall mean any employees, officers, agents, subcontractors, licensee and invitees of Applicant/Permit Holder.

“City” shall mean all officers, agents and employees of the City of Abilene.

“Claims” shall mean all claims, liens, suits, demands, accusations, allegations, assertions, complaints, petitions, proceedings and causes of action of every kind and description brought for damages.

“Damages” shall mean each and every injury, wound, hurt, harm, fee, damage, cost, expense, outlay, expenditure or loss of any and every nature, including but not limited to:

- (i) injury or damage to any property or right
- (ii) injury, damage, or death to any person or entity
- (iii) attorneys fees, witness fees, expert witness fees and expenses, and
- (iv) all other costs and expenses of litigation

“Premise Defects” shall mean any defect, real or alleged, which now exists or which may hereafter arise upon the premises.

“Proven” shall mean that a court of competent jurisdiction has entered a final unappealable judgment on a claim adjudging an entity or person liable for a monetary judgment.

“Sole negligence” shall mean negligence of a party that is unmixed with the fault of any other person or entity.

B. Indemnity

The Applicant/Permit Holder must indemnify, hold harmless, and defend the City from and against liability for any claims arising out of the Applicant/Permit Holder's work and activities conducted in connection with this Contract.

The Applicant/Permit Holder is an independent Applicant/Permit Holder and is not, with respect to its acts or omissions, an agent or employee of the City.

Applicant/Permit Holder must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of Applicant/Permit Holder's employees while in the vicinity where the work is being done. The City is not liable or responsible for the negligence or intentional acts or omissions of the Applicant/Permit Holder or Applicant/Permit Holder's employees.

The City assumes no responsibility or liability for damages which are directly or indirectly attributable to premise defects. Responsibility for all such defects is expressly assumed by the Applicant/Permit Holder.

The City and Applicant/Permit Holder must provide the other prompt and timely notice of any covered event which in any way affects or might affect the Applicant/Permit Holder or City. The City has the right to compromise and defend the same to the extent of its own interests.

BOTH CITY AND APPLICANT/PERMIT HOLDER EXPRESSLY INTEND THIS CONTRACT'S INDEMNITY PROVISION TO REQUIRE APPLICANT/PERMIT HOLDER TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE WHILE CITY IS PARTICIPATING IN THIS CONTRACT, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE DAMAGES. THIS CONTRACT'S INDEMNITY PROVISION DOES NOT APPLY TO ANY CLAIM WHERE DAMAGE IS PROVEN TO RESULT FROM THE SOLE NEGLIGENCE OF THE CITY.

12. Attached as **EXHIBIT 4** - \$10,000 performance bond or an Irrevocable Letter of Credit from a Federally insured bank to meet the performance payment, penalty, abandonment and other provisions as required by City Council and by the Oil/Gas Ordinance, Chapter 21 of the City Code of Ordinances (This amount may be raised in appropriate circumstances).
13. Special requirements for this permit, if any, as set by City Council (drill site lighting, pits/tanks, hours of operation, fencing, buried lines, approved truck routes, noise buffers, pump type, etc.). Attachment **EXHIBIT A**.
14. The City of Abilene has required standards for drilling and production as provided by Chapter 21 of City Code, Oil and Gas Ordinance. Applicant/Permit Holder shall observe and obey all federal, state, and local laws and regulations. Violation of these or any requirements imposed by ordinance or the City Council will result in the termination of the permit.
15. By signing this application/permit, Applicant/Permit Holder certifies that he has received and read City code provisions, Chapter 21, Oil and Gas Ordinance.
16. THIS PERMIT EXPIRES SIX (6) MONTHS FROM THE DATE OF CITY COUNCIL APPROVAL. Actual drilling must commence within six (6) months from that date. Cessation of drilling or production for thirty (30) days shall cancel this permit.

17. If the City owns any mineral interest in the location of the proposed well, this permit is subject to compliance with an oil and gas lease obtained from the City.
18. The City Land Agent's office shall be notified prior to commencement of drilling operations.
19. If operation of the well is transferred, the City shall be notified in writing thirty (30) days prior to the transfer of the lease.
20. Applicant/Permit Holder shall make full payment for any and all damages or losses to City's Surface Lessee if the property is City owned, which shall include but not be limited to damages to and/or loss of crops, livestock, or improvements or a part thereof which loss may be the result of the Applicant's/Permit Holder's negligence or use of land.
21. This Application, upon approval, shall become the Drilling Permit.

THIS PERMIT IS NOT TRANSFERRABLE OR ASSIGNABLE

Signature:

Date:

<u>[Signature]</u>	Review & Approval of Planning Director	<u>12-22-2014</u>
<u>[Signature]</u>	Review & Approval of Airport Director	<u>12/17/14</u>
<u>[Signature]</u>	Review & Approval of City Engineer	<u>12/22/2014</u>
<u>[Signature]</u>	Review & Approval of Water Director	<u>12-19-14</u>
<u>[Signature]</u>	Review & Approval of Stormwater Administrator	<u>12/22/2014</u>
<u>[Signature]</u>	Review & Approval of Risk Manager	<u>12/22/14</u>
<u>[Signature]</u>	Review & Approval of City Attorney	<u>12/29/14</u>
<u>[Signature]</u>	Review & Approval of Land Agent	<u>12/16/14</u>

This permit issued this _____ day of _____ 20__.

CITY OF ABILENE

ATTEST:

MAYOR

City Secretary

City Seal:

BULLET DEVELOPMENT, LLC
Applicant/Permit Holder
By: [Signature]
MEMBER
Title

ATTEST: (If Corporation)

Secretary
Corporate Seal

EXHIBIT A

SPECIAL REQUIREMENTS

BULLET DEVELOPMENT, LLC

BEAM #6:

1. BECAUSE OF THE PROXIMITY OF THIS WELL LOCATION TO ABILENE REGIONAL AIRPORT, A FEDERAL AVIATION ADMINISTRATION (FAA) AERONAUTICAL STUDY WAS REQUIRED FOR THIS LOCATION. FAA AERONAUTICAL STUDY NO. 2014-ASW-7343-OE, ISSUED DATE 10/21/2014, IS ATTACHED TO AND MADE PART OF THIS PERMIT. THIS AERONAUTICAL STUDY CONCLUDES THAT THE TEMPORARY STRUCTURE (DRILLING RIG FOR THIS WELL) DOES NOT EXCEED OBSTRUCTION STANDARDS AND WOULD NOT BE A HAZARD TO AIR NAVIGATION PROVIDED THE FOLLOWING CONDITIONS ARE MET:
 - A. BASED ON THIS EVALUATION, MARKING AND LIGHTING ARE NOT NECESSARY FOR AVIATION SAFETY. HOWEVER, IF MARKING/LIGHTING IS ACCOMPLISHED ON A VOLUNTARY BASIS, IT IS RECOMMENDED THAT IT BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH FAA ADVISORY CIRCULAR 70/7460-1 K CHANGE 2.
 - B. ANY CHANGES TO COORDINATES AND/OR HEIGHT WILL VOID THIS DETERMINATION AND REQUIRES SEPARATE NOTICE TO THE FAA.
- ALL CONDITIONS AND REQUIREMENTS OF FAA AERONAUTICAL STUDY NO. 2014-ASW-7343-OE, ISSUED DATE 10/21/2014, MUST BE MET AND FOLLOWED AT ALL TIMES.
2. IF THE TEMPORARY STRUCTURE/RIG HEIGHT MEETS/EXCEEDS 65 FEET, THE APPLICANT/PERMITTEE/OPERATOR MUST CONTACT THE CITY OF ABILENE PLANNING & DEVELOPMENT DEPARTMENT TO APPLY FOR AN AIRPORT DEVELOPMENT PERMIT, PER THE AIRPORT ZONING ORDINANCE.
3. THE MANAGER OF ABILENE REGIONAL AIRPORT MUST BE NOTIFIED AT LEAST FIVE BUSINESS DAYS PRIOR TO THE TEMPORARY STRUCTURE BEING ERECTED AND AGAIN WHEN THE STRUCTURE IS REMOVED FROM THE SITE.
4. THE CITY OF ABILENE LAND AGENT (325-676-6491) MUST BE NOTIFIED AT LEAST TWO BUSINESS DAYS PRIOR TO THE COMMENCEMENT OF DRILLING OPERATIONS.



Mail Processing Center
Federal Aviation Administration
Southwest Regional Office
Obstruction Evaluation Group
2601 Meacham Boulevard
Fort Worth, TX 76193

Aeronautical Study No.
2014-ASW-7343-OE

Issued Date: 10/21/2014

Larry Wellhausen
Bullet Development, LLC
402 Cypress St
Suite 130
Abilene, TX 79601

****DETERMINATION OF NO HAZARD TO AIR NAVIGATION FOR TEMPORARY STRUCTURE****

The Federal Aviation Administration has conducted an aeronautical study under the provisions of 49 U.S.C., Section 44718 and if applicable Title 14 of the Code of Federal Regulations, part 77, concerning:

Structure:	Drilling Rig Beam 6
Location:	Abilene, TX
Latitude:	32-22-34.72N NAD 83
Longitude:	99-40-43.50W
Heights:	1772 feet site elevation (SE) 60 feet above ground level (AGL) 1832 feet above mean sea level (AMSL)

This aeronautical study revealed that the temporary structure does not exceed obstruction standards and would not be a hazard to air navigation provided the following condition(s), if any, is (are) met:
Based on this evaluation, marking and lighting are not necessary for aviation safety. However, if marking/lighting are accomplished on a voluntary basis, we recommend it be installed and maintained in accordance with FAA Advisory circular 70/7460-1 K Change 2.

This determination expires on 04/21/2016 unless extended, revised, or terminated by the issuing office.

It is required that FAA Form 7460-2, Notice of Actual Construction or Alteration, be e-filed within 5 days after the temporary structure is dismantled.

NOTE: REQUEST FOR EXTENSION OF THE EFFECTIVE PERIOD OF THIS DETERMINATION MUST BE E-FILED AT LEAST 15 DAYS PRIOR TO THE EXPIRATION DATE. AFTER RE-EVALUATION OF CURRENT OPERATIONS IN THE AREA OF THE STRUCTURE TO DETERMINE THAT NO SIGNIFICANT AERONAUTICAL CHANGES HAVE OCCURRED, YOUR DETERMINATION MAY BE ELIGIBLE FOR ONE EXTENSION OF THE EFFECTIVE PERIOD.

This determination is based, in part, on the foregoing description which includes specific coordinates and heights. Any changes in coordinates and/or heights will void this determination. Any future construction or alteration, including increase to heights, requires separate notice to the FAA.

This determination does include temporary construction equipment such as cranes, derricks, etc., which may be used during actual construction of a structure. However, this equipment shall not exceed the overall heights as indicated above. Equipment which has a height greater than the studied structure requires separate notice to the FAA.

This determination concerns the effect of this temporary structure on the safe and efficient use of navigable airspace by aircraft and does not relieve the sponsor of compliance responsibilities relating to any law, ordinance, or regulation of any Federal, State, or local government body.

Any failure or malfunction that lasts more than thirty (30) minutes and affects a top light or flashing obstruction light, regardless of its position, should be reported immediately to (877) 487-6867 so a Notice to Airmen (NOTAM) can be issued. As soon as the normal operation is restored, notify the same number.

A copy of this determination will be forwarded to the Federal Aviation Administration Flight Procedures Office if the structure is subject to the issuance of a Notice To Airman (NOTAM).

If you have any questions, please contact our office at (817) 321-7752. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 2014-ASW-7343-OE

Signature Control No: 231636875-232208968

(TMP)

Alice Yett
Technician

Bullet Development, LLC wells
previously approved by City Council
(green)

"BEAM #6 LOCATION"

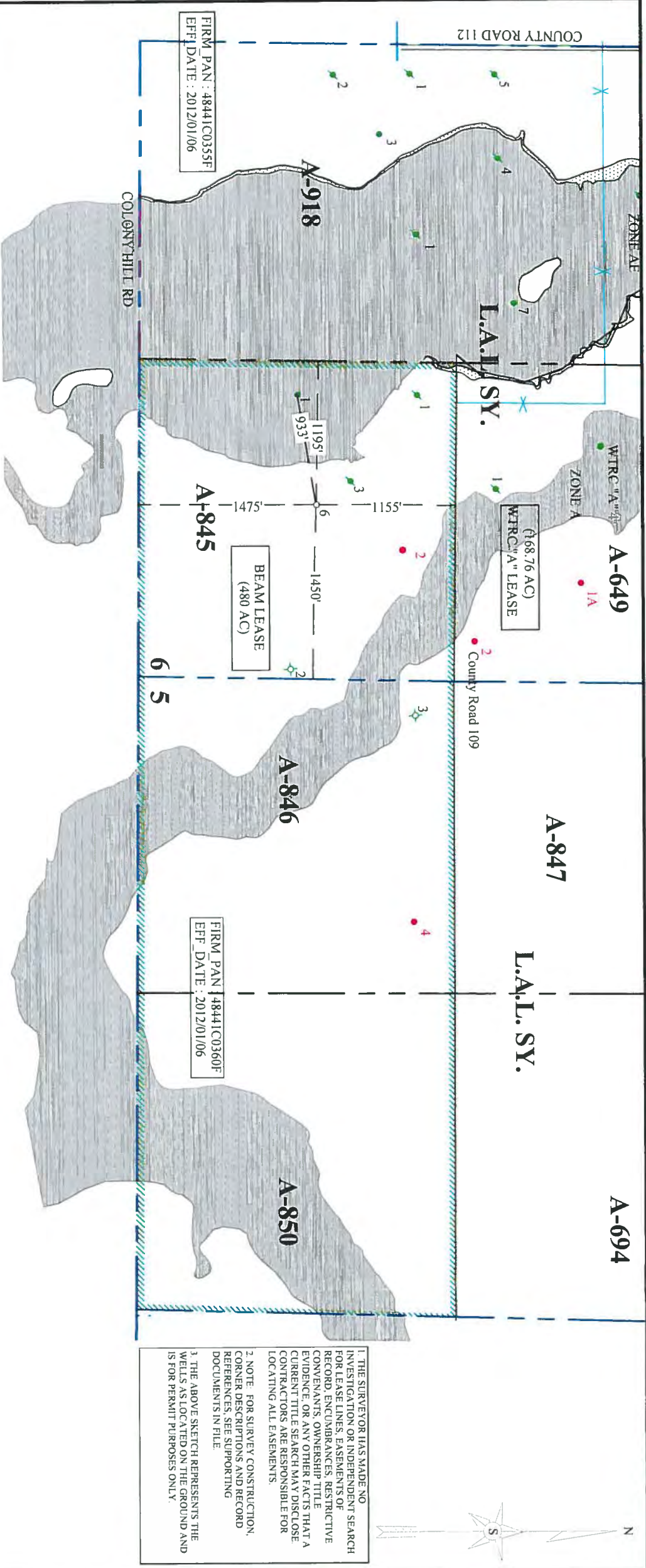
Colony Hill Rd.

INDUSTRIAL

City of Abilene/
Airport property (green).
Airport perimeter fence
(black dashed line)

Hwy. 36

**BULLET DEVELOPMENT, LLC
BEAM LEASE
480 AC., (YELLOW)**



1. THE SURVEYOR HAS MADE NO INVESTIGATION OR INDEPENDENT SEARCH FOR LEASE LINES, EASEMENTS OF RECORD, ENCUMBRANCES, RESTRICTIVE COVENANTS, OWNERSHIP TITLE EVIDENCE, OR ANY OTHER FACTS THAT A CURRENT TITLE SEARCH MAY DISCLOSE CONTRACTORS ARE RESPONSIBLE FOR LOCATING ALL EASEMENTS.

2. NOTE: FOR SURVEY CONSTRUCTION, CORNER DESCRIPTIONS AND RECORD REFERENCES, SEE SUPPORTING DOCUMENTS IN FILE.

3. THE ABOVE SKETCH REPRESENTS THE WELLS AS LOCATED ON THE GROUND AND IS FOR PERMIT PURPOSES ONLY.

=FLOODPLAIN

LEGEND:

- SURVEY LINE
- LEASE LINE
- FENCE LINE
- GAS WELL
- PROPOSED LOCATION
- DRY HOLE
- OIL WELL
- HOUSE
- BARN



LOCATION IS IN THE CITY LIMITS OF ABILENE, TX
 LOCATION IS 1450' FEL & 1475' FSL OF THE L.A.L. SY., NO. 6, A-845
 LOCATION IS 1195' FNL & 1155' FNL OF THE LEASE
 NAD 83 N-6821889 E-1604598 TX NCZ
 NAD 27 X-1327510 Y-265099 TX NCZ
 NAD 83 LAT. 32.376312° LONG. -99.678749°
 NAD 83 LAT. 32°22'34.72" LONG. -99°40'43.50"
 ELEVATION-1772'

PROPOSED LOCATION IS LOCATED WITHIN THE CITY LIMITS OF ABILENE. THE FLOOD WAYS IS SHOWN ON THIS PLAT AS PER FEMA MAPS. THIS LOCATION IS OVER 700 FEET FROM THE NEAREST HOUSE OR BARN



ERIC BRENNAN, TEXAS
 REGISTERED PROFESSIONAL
 LAND SURVEYOR
 NUMBER 5560

Copyright Reserved
 Dhen Surveying Co. 2014

BULLET DEVELOPMENT, LLC
 BEAM LEASE
 #6 LOCATION

OWEN SURVEYING CO.

FIRM #10069000 WWW.OWENSURVEYING.COM
 110 W. ELLIOTT ST., BRECKENRIDGE, TX 76424
 PHONE (254)559-9898 FAX (254)559-7372 CELL (254)559-0127

LOCATION PLAT: TAYLOR COUNTY
 DRAWN BY: CH CHECKED BY: EB

Scale	Date	Print Number
1"=1000'	08/26/2014	TAY-50L6

EXHIBIT 1

BEAM #6

SURFACE OWNERS

William Beam IV

MINERAL OWNERS

William Beam III

William Beam IV

Jack T. Baldwin

Patricia L. Barnes

Teresa M. Barnes

Kathryn J Barnes

ROYALTY OWNERS

Argus Investments Co. LTD

Tom C. Benson

Bullet Development, LLC

Steve Carter

Jimmy L. Davison

Phillip W Davison

Jimmie Etta Everts

Phyllis Jo Ann Marsh Gran

Alice Chandler Graham

Marcia Wright Hayes

Connie Langley Hembree

Don Johnson

Patricia S. Lehr

Glenn Roy Marsh

Nancy Wright Montgomery

Carla A Pearson

Kathryn B Pritchett

John Wesley Price

Royalty Clearinghouse LT

Russell T Rudy Energy LLC

Wayne A Schoen

Suzanne Starnes

William David Starnes III

Brent David Taylor

Bradley Dean Taylor

Forrest W Tippen Sr.

Imogene Weaver

Betty Carol Wiseman

Jim Wright

Larry Wright

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date **November 3, 2014**

GAU File No.: **8606**

***** EXPEDITED APPLICATION *****

API Number **44134488**

Attention: **LARRY WELLHAUSEN**

RRC Lease No. **015282**

SC_106513_44134488_015282_8606.pdf

Digital Map Location:	
X-coord/Long	99.67880
Y-coord/Lat	32.37630
Datum	83
Zone	

--Measured--

1450 ft FEL

1475 ft FSL

MRL: SECTION

BULLET DEVELOPMENT LLC
402 CYPRESS ST
STE 130
ABILENE TX 79601
P-5# 106513

County TAYLOR	Lease & Well No. BEAM #6&ALL	Purpose ND
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Location SUR-LAL,A-845,SEC-6,--[TD=1999],[RRC 7B],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The interval from the land surface to a depth of 100 feet must be protected.

This recommendation is applicable to all wells drilled in this LEASE IN A-845.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).

If you have any questions, please contact us at 512-463-2741, gau@rrc.state.tx.us, or by mail.

Sincerely,

Mark R. Vining
 Digitally signed by Mark Vining
 DN: c=US, st=TEXAS, l=Austin,
 o=Railroad Commission of Texas,
 cn=Mark Vining,
 email=mark.vining@rrc.state.tx.us
 Date: 2014.11.03 09:16:52 -06'00'

Mark R. Vining, P.G.



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by Mark R. Vining on 11/3/2014
Note: Alteration of this electronic document will invalidate the digital signature.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/10/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Bunkley & Jones Insurance Agency Stubblefield Insurance Agency, LLC 110 W Morris Seymour, TX, 76380	CONTACT NAME: PHONE (A/C, No, Ext): 940-889-3115 FAX (A/C, No): 940-889-5321 E-MAIL ADDRESS: INSURER(S) AFFORDING COVERAGE INSURER A: Hudson Specialty/ Western Surplus INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
INSURED Bullet Development, LLC P.O. Box 2814 Abilene, TX, 79604	NAIC #

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$3500 PD <input checked="" type="checkbox"/> \$3500 Clean up GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	1		WSK14000893	06/25/2014	06/25/2015	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

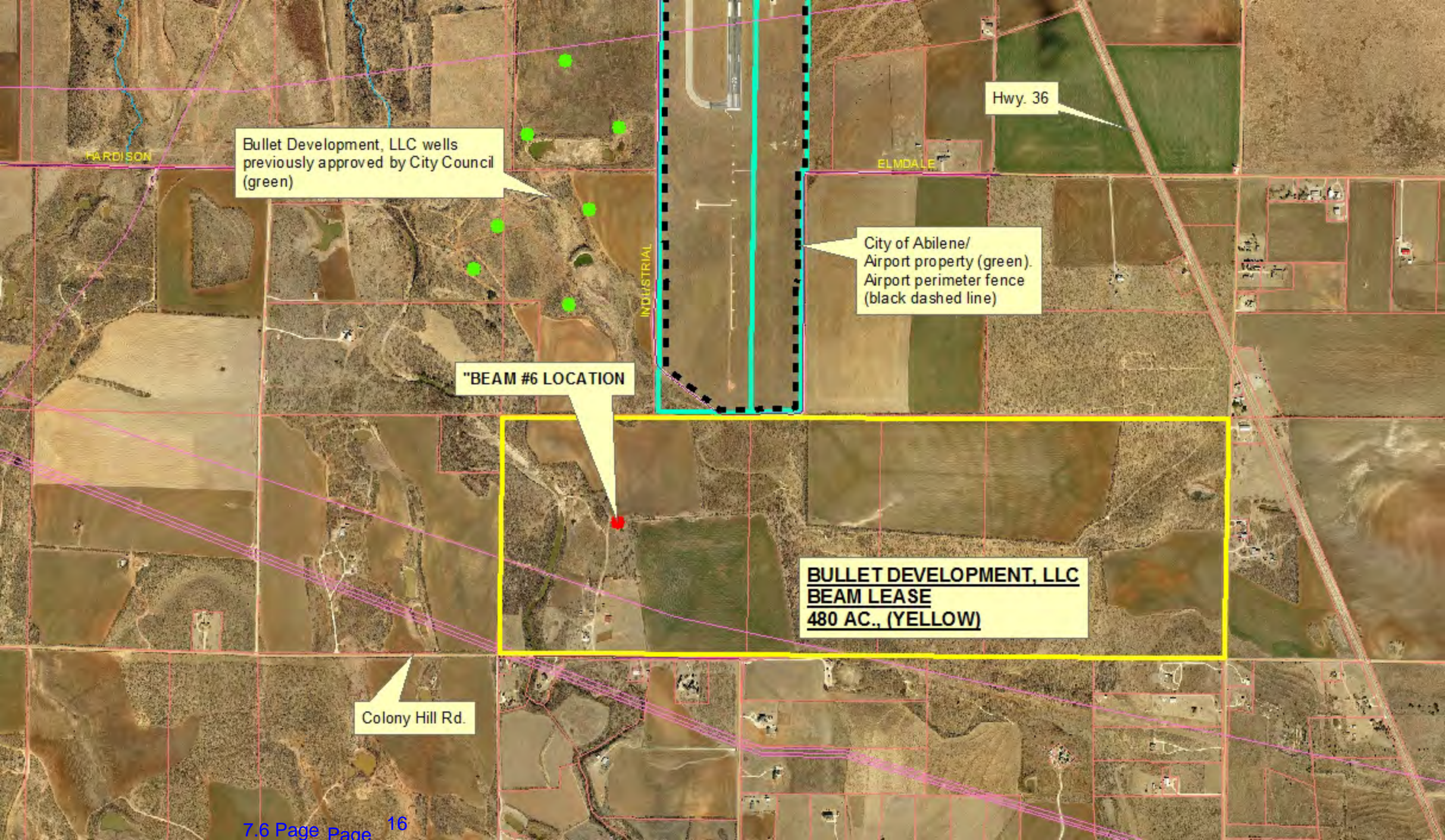
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Certificate holder is named as additional insured

CERTIFICATE HOLDER City of Abilene 555 Walnut Abilene, TX, 79601	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Kirk Stubblefield</i>
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EXHIBIT 4

A \$10,000 Performance Bond or Irrevocable Letter of Credit will be provided by the Applicant/Permit Holder upon approval/granting of the permit by City Council, as allowed by the City's Oil and Gas Ordinance, Chapter 21, Section 21-32. **The drilling permit will not be issued and drilling operations shall not be allowed to commence until the required Performance Bond or Irrevocable Letter of Credit, conditioned to fully comply with Chapter 21, Section 21-32 of the Oil and Gas Ordinance, is provided.**



FARDISON

Bullet Development, LLC wells previously approved by City Council (green)

Hwy. 36

ELMDALE

INDUSTRIAL

City of Abilene/ Airport property (green). Airport perimeter fence (black dashed line)

"BEAM #6 LOCATION"

BULLET DEVELOPMENT, LLC
BEAM LEASE
480 AC., (YELLOW)

Colony Hill Rd.