

**MINUTES
PAYETTE CITY COUNCIL
Work Session
October 24, 2011**

5:15PM – Work Session

ROLL CALL

Members Present: Mayor Jeff Williams, Katherine Dodson, Georgia Hanigan, Mark Heleker & Ivan Mussell.
Members Absent: Lee Nelson and Les Cochran
Staff Present: Mary Cordova, City Coordinator; Bert Osborn, City Attorney, Doug Argo, Holladay Engineering; Rob Woyak, Water Superintendent, and Bobbie Black, Deputy City Clerk

OLD BUSINESS – None Heard

NEW BUSINESS

- A. Discussion of gas & oil drilling within Payette City limits: Mayor Williams stated that this work session was to gather information on the pros and cons for gas & oil drilling with the city limits. It is not a public hearing.
1. **Snake River Oil & Gas:** Mike Christian, attorney on behalf of the Snake River Oil & Gas addressed the Council. He stated that Richard Brown from the Company was in the audience. The company started over 50 years ago. Mr. Christian showed a power point presentation that included the overview of why they are here and what the opportunities are. Discussed what the federal and state regulations are on the horizon. Drilling is in the sands and are vertical wells. He showed geologic history on gas sands in Idaho that are 1800'-2500' below the surface and can deeper. Showed the drilling process and stages. The deepest well for drinking water is at 216' in New Plymouth. The presentation showed the casing to protect wells and energy consumption by fuel needs and who uses the fuel. He listed federal agencies that oversee the oil & gas activities during hydraulic fracturing process. Mr. Christian showed the proposed revision of rules for Idaho and written comments can be made to the Department of Lands. In addition, IPC is proposing additions to the gas & oil rules. He would like to see clarity on the rules to follow. Protecting water which is Idaho's most important resource. The wells are below the fresh water aquifers when drilled. They have worked very hard to provide a set of rules that are protective. The legislators added a line item for the 2013 session to fund the program. Mr. Christian stated that the industry is taxed on their production to help administer the activity. Bert Osborn asked if local authorities get to make decisions and was stated right now, no. Councilor Mussell asked about mortgages on lands with leases. David Hawk stated that wells that were fracked they haven't seen a problem in other states. Discussion followed that the liquid has to be disposed of properly. Councilor Heleker asked about the safety of the aquifer drilling in the delineation zones and how safe are they. The drill rig is on site 1-2 weeks and once gone there is not much there. In drilling in the delineation zone, you will probably go through some kind of wet zone, but as long as rules are being followed there should not be a problem. Each stage where cementing occurs has to be tested. There are no inspectors on site.
 2. **Community Environmental Legal Defense Fund:** Kai Huschke addressed the Council. The Community Environmental Legal Defense Fund was started 16 years ago for municipalities to use for permit appeals and then they have moved to other realms. He talked about what they have done and how they have helped other municipalities in the past. They have dealt with sludge and toxic waste issue and started getting calls from cities on natural

gas. There is very little recourse on the local levels. He will not testify on what natural gas potential is of using water or what to do with it after fracking. Mr. Huschke stated that 8 communities have put bans on natural gas drilling listing safety, health and environmental impact. When you permit something you are allowing it. Usually a fine for a violation can happen, but it still affects the environment. It can't be done safely so cities have prohibited it. Mayor Williams asked about a \$10,000 bond, and won't that be enough to protect our well and what can we do to protect ourselves. Regulatory levels to protect health & welfare are very limited he stated. He hasn't been satisfied that it can be done safely. Asserting our rights through local law and how we protect our community is a priority. Gary Youngberg asked how other cities are protecting their community and Mr. Huschke stated they have pushed back against the regulations. How we define safety that is up to us. He can only relate what other cities have done. It hasn't been challenged yet at the Supreme Court. Mike Phillips asked if the City paid for him to come to this meeting and he stated no, he came on his own. Discussion followed on drilling horizontal versus vertical.

- 3. Bridge Energy:** Steve West from Centra Consulting, representing Bridge Energy addressed the Council. He handed out the rules and regulations from the state level. He told the Council his background. He stated the industry can grow and still protect the environment. Discussed what the appropriate amount of regulations are. The debate whether fracking has caused ground water contamination is difficult to lump under one umbrella. As in every industry there is a risk of concern if rules are not followed. Measures are in place to protect the ground water. He stated that royalty fees are paid for state land and some of that goes to education. The counties and cities would also receive severance revenues once in production. There is an excellent record of waste water disposed of properly. They protect the drinking water by testing. He presented a slideshow that included the status update on drilling activities, regulatory oversight, county regulations, the conditional use permit and environmental assessment. Mr. West stated that we are in a unique position, due to that they are the first one here to bring this into production. The Department of Lands and DEQ has staff assigned to regulate wells being drilled and they want to make sure that the regulations are being done and followed. The slideshow also showed a piece of property in Payette County and the site preparation and what the land looked like after it was reclaimed. Mr. West stated that drilling can take place everywhere including rural land and in downtown areas. He showed the natural gas production, the constructing gathering station to treat natural gas, construction of pipeline from wellhead to the gathering station location, production, and the restart drilling program. He stated that occasionally some water that would need to be discarded is taken to a permitted facility to be disposed. Water usage could be between 22,00 – 26,000 gallons, and that is not an inordinate amount to use to get the job done. He was asked if the fracked water would be disposed in the local sewer plant and he stated no. None is considered to be toxic, it is benign to begin with. He said accidents occur in every industry. Stan Clements asked if drilling will every change to horizontal drilling and Mr. West stated that the formation in drilling decides how to drill. Petroleum engineers look at it and make sure the resource is not wasted and how it is developed. Drilling does occur 24/7 and he would encourage the City to have conversations with other cities that have that operation, take their experience and expertise to decide what is best for your city. Mayor Williams asked what the minimum footprint is and Mr. West stated 1.2 – 1.5 acres are plenty, but they have used smaller footprints. Mr. West was asked how we protect our delineation zone when outside the City limits and Mr. West responded that we go through the process to identity what the capture zone is. Make sure to have input on the buffer zone. Richard Brown stated that he has parents that reside in Idaho and he takes pride in being a good neighbor and pride in his current record.

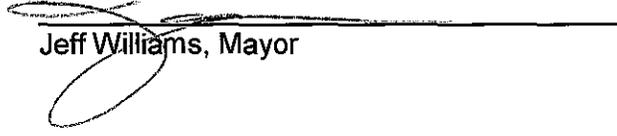
GENERAL DISCUSSION – None Heard

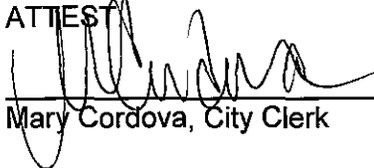
MAYOR'S INFORMATION POINTS TO COUNCIL – None Heard

ADJOURNMENT

The work session was adjourned at 7:25 PM with unanimous approval.

11/1/11


Jeff Williams, Mayor

ATTEST

Mary Cordova, City Clerk