

## Two Gas Well Drill Sites Proposed by Chesapeake

February 8, 2010

Greetings to CandleRidge homeowners and especially to gas lease holders. Chesapeake has recently determined that it must have TWO separate drill sites in our area to service ALL of CandleRidge. We need your vote on this issue. Because BOTH sites are needed to reach all of CandleRidge, we will vote on them as one package, yes or no. If these two sites are ultimately approved by the State and by the City of Fort Worth, all lease holders in CandleRidge will be included in a "unit." That means they will be eligible to receive royalties when wells are drilled and there is a commercial level of production.

We have known for quite some time about the "Valkyrie" site at the NE corner of West Cleburne Rd. and McCart St. We presented a briefing and handouts about this site at the CHA General Membership Meeting on October 27, 2009. That 2.45-acre site would initially have three wells drilled and could ultimately have as many as sixteen wells. About 43 CHA homes are within 600' of the pad site (the operational area). The nearest home is about 180' from the pad site and 350' from the actual well bore (see attached maps). We have known that the other site was a possibility, but we learned only recently that Chesapeake definitely plans to use it if possible. It is called the "Pear" site, located behind the old Tom Thumb supermarket at Sycamore School Rd. and McCart St.

The Pear site is a 3.5-acre site and would have only four or possibly five wells. There are about 66 homes (none in the CHA area) within 600' of the site. The nearest home is about 75' from the pad site but about 314' from the actual well bore. The Pear site is located in the Far Southwest Neighborhood area, about half a mile from the CHA area. Our homeowners association, along with two others affected by these drill sites, has been negotiating with Chesapeake for the last two months to obtain the most favorable terms for the drilling operations. Chesapeake has been extremely cooperative and agreed in writing to meet every condition we have requested.

### CONDITIONS AGREED TO BY CHESAPEAKE (for both drill sites)

- Electric Powered Drilling Rigs. Much quieter than diesel power and no emissions. Oncor has approved this for the Valkerie site and is expected to approve it for the Pear site. (This is believed to be the first time to use electric powered drilling rigs in Tarrant County except for at DFW airport and a testing operation in Burleson.)
- Light Mitigation. Lights will be directed downward to reduce affect on neighbors.
- Security. Security fencing and guard on each drill site 24 hours per day during drilling process.
- Flaring. Wells will be connected directly to a pipeline. Flaring not required. This "green completion" further reduces or eliminates emissions.

- Limited Truck Traffic Hours. During the rig up and down period, 18-wheeler trucks will be prohibited from 7:30 to 9 am and from 4 to 6 pm.
- Compressor Stations. No compressor stations at either property. (This greatly reduces the noise level because compressors run 24 hours a day and are loud.)
- Sound Absorbing Walls. Will use 32' high walls on sides facing neighborhoods. These walls greatly reduce the amount of sound going outside the walls.

#### CONDITIONS FOR Valkyrie Drill Site

- Site Access. All truck traffic will enter and exit from McCart St.
- Frac Pond. No fresh water frac pond required.
- Landscaping. Installed on the south and west sides during the padsite construction process. (Normally this is not done until all the wells are completed.)

#### CONDITIONS FOR Pear Drill Site

- Frac Pond. One pond here to serve both drill sites (connected by pipeline).
- Landscaping. On north and west sides during the padsite construction process.
- Truck Routes. The actual routes will be determined by the City.  
Proposed entrance: I-35, Altamesa, south on McCart, west on Sycamore School Rd, to drill site.  
Proposed exit: west on Sycamore School Rd., north on Hulen, west on Altamesa, north on Granbury to I-20. (The big trucks cannot cross the traffic on Sycamore School Rd, and make a left turn out of the drill site).

#### WHAT IS THE PROCESS AND PROJECTED TIMELINE?

- Chesapeake submitted its application for the Valkyrie pad site to the City in early February and will probably submit one for the Pear site in March.
- The Valkyrie application will be reviewed by the Gas Drilling Review Committee (GDRC) on Feb. 25 and they will make their recommendations to City Council. The Pear site application will probably go to the GDRC in March.
- The City Council will probably address the Valkyrie permit at their first evening meeting in April and the Pear site application possibly in May.
- Start pad site preparation in late April and actual drilling in July. Operations will probably start at the Valkyrie pad site several weeks earlier than at the Pear site.
- Most CandleRidge gas leases were signed in the May 12- May 22, 2008, time period and are for a three-year primary period. Chesapeake must start its drilling operations within that three-year period to keep the lease in force.

## WHAT IS THE POSITION OF THE CANDLERIDGE BOARD?

We recommend that you approve the proposed drilling in both locations. These are not good locations but they are the only ones available. Chesapeake, XTO, and our drilling committee have expended much effort trying to find better locations. A very high percentage of CandleRidge homeowners signed gas leases and we believe most homeowners want the drilling to proceed. We also believe that Texas laws strongly protect mineral rights owners to have access to their minerals (gas in this case).

We have negotiated very favorable terms and conditions for Chesapeake to drill in these two areas. They obviously can not change the basic nature of their drilling operations, but they have done everything that they can within reason to minimize the impact on the neighborhood both during the drilling operation and the later production phase. The planned use of electric powered drilling rigs and the absence of compressor stations at both locations are very significant favorable factors. The pipeline connections will have minimal impact on the neighborhood because they will be bored under McCart St., then east under or along Sycamore School Rd. to existing pipelines near Crowley Rd.

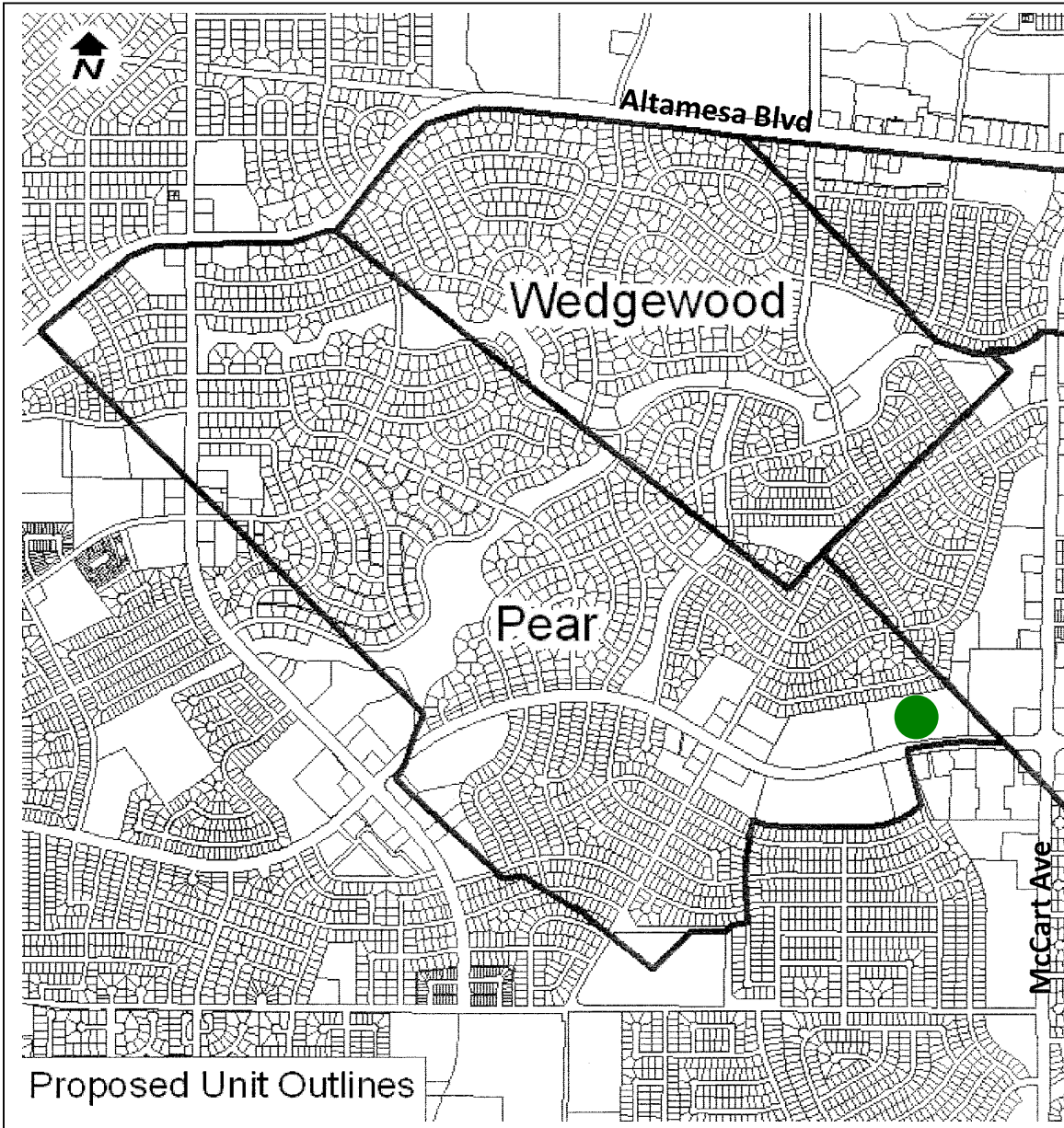
There has been much discussion and concern of late regarding impact on air quality, especially about benzene. The Texas Commission on Environmental Quality (TCEQ) recently released the results of tests they conducted in Dec. 2009 at 126 assorted gas drilling, fracturing, and production sites within Fort Worth. Their samples showed “either non-detection or levels of volatile organic compounds (VOC’s) below levels which would cause any short-term or long-term concerns.” Further testing will be done in six months when temperatures are much higher and the VOC’s will have a greater tendency to evaporate. A later report released on Jan.27, 2010, reported results of testing in a five-county area including Tarrant County. It reported problems with benzene in two separate areas but the problems had already been resolved before TCEQ learned about them. Please check the TCEQ website at [www.TCEQ.com](http://www.TCEQ.com) and our separate article “Air Quality vs Gas Drilling” on this website for more information on this subject.

## WHAT ARE THE PROSPECTS OF THESE APPLICATIONS BEING APPROVED?

Obtaining approval by the City Council will likely be an uphill battle because both sites are close to many homes and parks. The far eastern tip of Candleridge Park is within 600’ of the Valkyrie site. Dabney Park is across Sycamore School Rd. from the Pear site and another undeveloped reserve city park is just north of the drill site. Our neighborhood will need to have a strong “show of force” at the GDRC meeting and especially at the City Council meeting if we expect to get these applications approved. Are you willing to be a part of that show of force?

## PERIODIC UPDATES

We will post the results of the CandleRidge voting on our website and also major additional information as the situation develops.



Pear Pad Site

