

CITY OF MCALLEN
REQUEST FOR OIL OR GAS DRILLING/RE-ENTRY PERMIT

DATE March 26, 2012

1. Company submitting request: KEBO OIL & GAS, INC.

2. Address: 607 Railroad Avenue

3. City: Portland State: Texas Zip Code: 78374

4. Legal and geographic description of drilling/re-entry site: Drilling Block, Located in Lot 22
Block 3, Hidalgo Canal S/D, Hidalgo County, Texas located within the floodway, East of 23rd
Street approximately 1300'.

5. The following requirements have been satisfied:
 - A) Drilling permit fee submitted to City Secretary in the amount of \$ 2,500.00
 - B) Performance Bond, (clean-up, repairs & replacement) in the amount of \$ 25,000.00
 - C) Insurance as per Drilling Ordinance:

Public Liability – Occurrence \$1,000,000.00
Combined Single Limit (B.I./P.D.)

6. See Exhibit "A" for other requirements.
7. Approval of the following City Officials is required before issuance of permit:

- A) City Secretary: *Annelle Villanueva*
- B) City Attorney: *[Signature]*
- C) Director of Planning: *JR Rankin*
- D) City Engineer: *[Signature]*
- E) City Commission Approval Date: May 29, 2012





ENGINEERING DEPARTMENT
MEMORANDUM

To: Mike R. Perez, City Manager

From: Yvette Barrera, P.E., City Engineer

A handwritten signature in black ink, appearing to read "Yvette Barrera".

Date: April 9, 2012

Subject: **Propose Drilling Block 610**

GOAL:

Consideration and approval of creation of drilling block 610 located on Lot 22 Block 3, Hammonds Co. Subdivision, Porcion 64.

EXPLANATION:

LMS Resources Inc, acting on behalf of KEBO Oil & Gas Inc. is requesting authorization from the City of McAllen to drill an oil/gas well south of the pilot Channel (Mission Inlet) within the Floodway, approximately 1,300 feet east of 23rd Street on Lot 22 Block 3, Hammonds Co. Subdivision Porcion 64. However, the proposed drilling site is not located within an existing drilling block and as such would not be permitted.

In order to consider the drilling request, a new drilling block is proposed on Lot 22 Block 3 Hammonds Co. Subdivision as shown on the attached exhibit.

An existing oil/gas well, (Rio Bravo Well # 1), lies within Drilling Block #602 which is west of the Block 610 proposed area. This oil/gas well is also owned by KEBO Oil & Gas Inc. (See Exhibit "A").

OPTIONS:

- (1) Approval to create drilling block 610 as submitted.
- (2) Disapproval to create drilling block 610 as submitted.

RECOMMENDATION:

Staff recommends approval of creation of drilling block 610.

STANDARDIZED RECOMMENDATION FORM

CITY COMMISSION X
UTILITY BOARD _____
OTHER _____

AGENDA ITEM 5A
DATE SUBMITTED 04/16/12
MEETING DATE 05/29/12

1. Agenda Item: REQUEST TO CREATE A OIL/GAS DRILLING BLOCK 610

2. Party Making Request: LMS Resources Inc. on behalf of KEBO Oil & Gas Inc., 1508 Dove Avenue McAllen, Texas 78504

3. Nature of Request: (Brief Overview) Attachments: X Yes No
Consideration and approval to create and drill on block 610 on Lot 22 Block 3, Hammonds Co. Subdivision, Porcion 64

4. Policy Implication: Chapter 46, Article VI, City of McAllen Code of Ordinance – Oil and Gas Wells and Pipelines

5. Reimbursements Is Applicable X Is not Applicable

6. Alternate Option/Costs N/A

7. Routing:

	<u>NAME/TITLE</u>	<u>INITIAL</u>	<u>DATE</u>	<u>CONCURRENCE</u>
a.)	<u>Yvette Barrera, PE, City Engineer</u>	<u> YB </u>	<u>04.12.12</u>	<u> YES </u>
b.)	<u>Roel Rodriguez, PE, Assistant City Manager</u>	<u> </u>	<u> </u>	<u> </u>

Staff Recommendation: Approval of creation of new drilling block #610

9. Advisory Board: Approved Disapproved X None

10. City Attorney: KP Approved Disapproved None

11. Manager's Recommendation: MRP Approved Disapproved None