

February 28, 2012

Good afternoon,

Since 2001, the Chamber's focus on economic development has been based on evaluating the relative health of the industries that generate wealth and jobs in our community, and to evaluate both current and proposed regulations based on whether they enable the industry to grow, or inhibit or hinder growth. After reviewing the latest proposal from the Fire Department to add a fee to the costs already imposed on the gas drilling industry in Arlington, we would respectfully ask that you take some additional time to evaluate the consequences of imposing greater – and possibly unnecessary – costs on one of the most significant contributors to our local economy, particularly during these economically difficult times.

From an industry perspective, the additional proposed cost comes quickly on the heels of the ordinance changes enacted last Fall, the costs of which may not yet be completely absorbed by the affected companies. We understand that there was a general discussion about this proposal several months ago, but that no additional meetings were conducted involving industry representatives before the specifics were presented to the City Council. We would suggest that it's appropriate that this specific dialogue between the city and the industry occur before there is a council vote.

Although the proposed \$2,400 cost per well is the basis of the proposal, it is not the only cost in the proposal. A requirement that on-site security be present all day, every day, is an additional charge to the industry that is not acknowledged in the \$800,000 annual program. We therefore respectfully ask that you give the following issues your consideration:

- Have there been incidents or near-incidents that have given the City this level of concern?
- Which operators have refused to cooperate with the city and how have they failed to cooperate?
- How will this additional manpower and equipment make the city safer from anticipated well incidents?
- Are other industries required to pay the city for this type of targeted response?

We are aware that the gas and oil industry maintains significant response plans to control incidents at their sites, plans that include very specialized training and equipment. We are not in a position to judge where the line is between what the industry is already prepared to do and what additional measure of safety, if any, this proposal adds to those safety provisions.

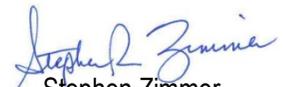
A single well creates \$2 million in revenue to the local economy over its active life, along with local and state tax revenue exceeding \$700,000. A recent economic study by the Perryman Group estimates that one of every 11 jobs in our North Texas region is related to the natural gas industry.

If it is the City Council's judgment to move forward with this proposal, we would at least suggest that its provisions, and the imposition of the fee, be phased in over a period of time rather than assessed all at once.

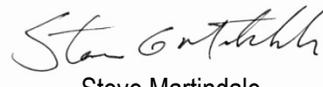
We fully understand and respect the City Council's responsibility to provide adequate health and safety protections, and appreciate the difficult balancing act that is sometimes required to achieve that end while allowing productive business activity. For that reason, we would respectfully request the Council's review of the issues raised here, as well as other, more technical issues the industry wishes to address, before considering action on these additional fees.

Thank you for your consideration, and for your service to our community.

Sincerely,

  
Stephen Zimmer  
Chairman of the Board

  
David Tesmer  
Foundation Chairman of the Board

  
Steve Martindale  
Chamber Chair-Elect

  
Wes Jurey  
President & CEO