

## Five years laterA look back - Denton Record-Chronicle (TX) - November 3, 2019 - page 1

November 3, 2019 | Denton Record-Chronicle (TX) | Peggy Heinkel-Wolfe Staff Writer pheinkel-wolfe@dentonrc.com | Page 1

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Eric Helland stopped assembling pastries after seeing a familiar customer step into his bakery. He walked toward the journalist buying bread and croissants.

"Hey, can I talk to you for a minute?" he said.

He wanted to know more about video gambling machines. A neighboring business had installed eight-liners, and trouble soon followed - illicit drugs, trespassing, loitering - at Elm and Prairie streets.

"I know they're legal," Helland said.

Communities ought to be able to say where eight-liners can go, he added. He wondered aloud why the Texas Legislature had written laws that left local governments with little say in the matter.

"It's like the frack ban," he added.

The analogy means something to Helland and others with scars from **Denton's** epic battle to say where gas drilling can go. Texas cities have zoning powers that can keep a bakery like Helland's out of a neighborhood, but not so with gas wells.

This week marks five years since **Denton** voters banned **hydraulic fracturing**, or fracking, in the city limits.

Frustrated by years of industry maneuvers around zoning powers, residents became activists. They wrote a citizens referendum that tapped the city's police powers in public health and safety to ban **hydraulic fracturing**. Voters made it local law on Nov. 4, 2014.

Mineral owners, operators and related businesses would have none of it. The state and the industry sued **Denton**. Then, in one fell swoop, the Texas Legislature passed a law undoing **Denton's** vote and putting an end to most local rules for urban drillers.

The ban lasted 196 days.

No one has tested in court what House Bill 40 did to the zoning and police powers of Texas cities.

But the community battle for self-determination left wounds. Presuming those deep and complicated scars have healed would be a mistake.

Critics claimed the ban would trigger economic decline in **Denton**. Fracking blasts sand and chemicals down the well hole to release oil and gas from the rock, and when combined with horizontal drilling, boosts productivity in old vertical wells. With a ban, workers would lose jobs. Government coffers would shrink from tax losses. Regional productivity would suffer. A spate of copycat bans would roil the state, creating unpredictability that spooks business investors.

The ban didn't last. The decline came anyway.

Randy Sorrells still has old vertical wells on his land in far west **Denton**. After EagleRidge Energy bought them, the company brass asked Sorrells in 2014 to help with the fight in **Denton**. He and the late Bobby Jones became the faces of land and mineral owners opposing the ban. Sorrells knew a lawsuit against the city was possible, though theirs was never filed.

"They orally promised to redo our wells, with our input and help on the campaign," Sorrells said.

He thought his wells were first on the list to get redone, he said, but the company told him its crews were working elsewhere for now.

"Jones' wells were grandfathered in, so they went right over there and reworked them," Sorrells said. "I told them, 'You guys didn't get to me.'"

Five years later, he's still waiting on that handshake promise.

"I feel a little bit taken advantage of," he said.

Most of the jobs left for the Permian Basin in far West Texas and New Mexico. The Barnett Shale, which covers about 20 North Texas counties, was already dwindling when voters passed the ban. The Texas Railroad Commission - the state agency that oversees the oil and gas industry - issued more than 1,000 new drilling permits in the Barnett in 2014. So far this year, it has issued 42. The city of **Denton** has issued no new gas well permits to operators since November 2014.

Investors left for the Permian, too. Many companies sold their Barnett interests to small operators. Colorado-based Vantage Energy sold its wells after the headline-grabbing drama of local protests when Gov. Greg Abbott signed HB 40. Gas wells near South Lakes Park and along South Bonnie Brae Street have been plugged. The lone gas well at Texas Woman's University got plugged, clearing the way for new sports facilities, dorms and more. Earlier this year, **Denton** ISD officials announced that half the gas wells on the Guyer High School campus would be plugged, too.

Ed Longanecker, president of the Texas Independent Producers and Royalty Owners, called the current market conditions challenging for the Barnett but said the field also offers a strong pipeline

infrastructure and a lower long-term decline rate than some other fields.

"With the right operating methodology, it's possible to make money in the Barnett Shale," he said. "Regardless of economic conditions or anti-oil and gas rhetoric, the Barnett Shale will continue to be a key contributor to domestic production for many years to come."

With the exodus, local tax revenue dwindled. In 2014, oil and gas facilities totaled \$99 million on **Denton's** property tax rolls. That shrunk to \$73 million this year. **Denton** also took in \$5 million less in sales tax from the oil and gas sector this year. The city finance staff isolated the decline to one field services company and doesn't expect the collections to rebound.

The sector's regional productivity declined, too. The oil and gas sector made up less than 10% of the Dallas-Fort Worth region's gross domestic product in 2014. By 2016, the latest year of available data, the sector slipped to 3% of an otherwise healthy and growing \$503 billion GDP.

But no spate of copycat bans followed.

Instead, legislators wrote state laws quashing local ones.

Much of **Denton's** campaign "was based on misinformation about fracking and failed to correctly portray the significant regulations and industry practices designed to protect air and water quality, as well as the safety features of drilling activities," said Todd Staples, president of the Texas Oil & Gas Association, which sued **Denton** over the ban.

"The state appropriately clarified the role of cities to reasonably regulate traffic, noise and lighting, and the appropriate state regulatory agencies regulate the remaining items," he added, referring to HB 40.

Longanecker agreed, saying the law affirmed the state's exclusive jurisdiction over oil and gas mining.

"HB 40 was necessary to prevent the spread of potentially hundreds of local ordinances that would seek to slow or stop the development of hydrocarbons in Texas, which would be devastating for our state and country," Longanecker said.

Sam Burke, a member of the Corinth City Council and the **Denton** County Transportation Authority board of directors, wondered aloud what many local officials have muttered for some time: Was the undoing of **Denton's** ban the state government's opening salvo against local control?

"Was that the start?" Burke asked.

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Editor's Note

This week marks five years since **Denton** voters banned **hydraulic fracturing** in the city limits.

The ban lasted 196 days, but the battle left its scars.

Our weeklong series on the anniversary of the vote begins today. See the interactive timeline online at DentonRC.com.

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