NATIVE CHAOS HOLDINGS

Independent Transparency Initiative

Pre-Release Courtesy Distribution | Independent Compliance Research

July 10, 2026

VIA CERTIFIED MAIL — RETURN RECEIPT REQUESTED

Railroad Commission of Texas
Oil and Gas Division — Surface Mining and Reclamation
1701 N. Congress Avenue
Austin, Texas 78701

Re: Pre-Release Courtesy Copy — Oil and Gas Regulatory Findings, City of Chandler, Texas Code of Ordinances

Dear Public Information Coordinator:

Native Chaos Holdings, an independent transparency initiative publishing independent compliance research, is pleased to provide a courtesy pre-release copy of a Non-Compliance Findings Report concerning Chapter 4 (Business Regulations) of the City of Chandler, Texas Code of Ordinances, with particular focus on the oil and gas provisions at Articles 4.07 and 4.08. The research reviews publicly available provisions of the City Code against the legal framework applicable to Type A general-law municipalities under Dillon's Rule and the Railroad Commission of Texas's exclusive jurisdiction under Natural Resources Code §81.0523 (2015 HB 40).

The findings within the Railroad Commission of Texas's exclusive jurisdiction are as follows:

- CRITICAL — §4.07.012 and related §4.07.011–.018: Municipal well-construction standards (casing, cementing, blowout preventers, pits, derrick/rig, valves) regulate subsurface 'oil and gas operations' within the Railroad Commission's exclusive jurisdiction. These provisions are not within the narrow aboveground-activity safe harbor of NRC §81.0523(c).
- CRITICAL — §4.07.028: Municipal production tax of $0.02 per barrel of oil. No statutory grant exists for general-law cities to impose severance or production taxes; this is a state-occupied field under Tax Code Chapters 201–202.
- HIGH — §4.07.006: $100,000 municipal bond requirement layered on Railroad Commission bonding risks being found to 'effectively prohibit' oil and gas operations inconsistent with NRC §81.0523(c).
- HIGH — §4.08 (whole article): Pipeline permitting for 'any size' pipe and 'any and all materials' (including oil and gas) reaches oil and gas transportation within Railroad Commission jurisdiction.
- MEDIUM — §4.07.061–.067: Drilling-unit and landowner-contract provisions may edge into spacing, pooling, and mineral leasehold matters within Railroad Commission jurisdiction (NRC Chapters 85–86).

Findings Routed to TX-RRC

Ordinance	Category	Severity	Description
§4.07.012	PREEMPTION (NRC §81.0523)	CRITICAL	Casing, cementing, blowout preventers
§4.07.011–.018	PREEMPTION	CRITICAL	Subsurface well construction (RRC exclusive)
§4.07.028	ULTRA VIRES TAX	CRITICAL	Municipal oil production tax
§4.07.006	PREEMPTION RISK	HIGH	$100,000 bond requirement
§4.08	PREEMPTION	HIGH	Pipeline permitting beyond ROW
§4.07.061–.067	MIXED AUTHORITY	MEDIUM	Drilling-unit / landowner contracts

Native Chaos Holdings intends to make the full audit report publicly available no earlier than 30 days from the date of this letter. Native Chaos Holdings respectfully requests the opportunity for any agency technical review of the oil and gas provisions during this period. Should the Railroad Commission elect to provide guidance on any of the foregoing findings, Native Chaos Holdings would welcome the opportunity to incorporate that guidance into a supplemental findings annotation before public release. Any inquiries may be directed to Native Chaos Holdings using the contact information set forth above.

Respectfully submitted,

Native Chaos Holdings

Independent Transparency Initiative

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Enclosure: Independent Non-Compliance Findings Report (Full Text)

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APPENDIX — AGENCY PROFILE & DISTRIBUTION TRACKING

Agency Contact Information

Field	Value
Agency	Railroad Commission of Texas
Division	Oil and Gas Division — Surface Mining and Reclamation
Main Address	1701 N. Congress Avenue, Austin, TX 78701
Main Phone	(512) 463-7288
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Online Inquiries	https://www.rrc.texas.gov/
Region 6 — East Texas	320 W. Sabine St., Tyler, TX 75702 | (903) 595-1101

Distribution Tracking

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Native Chaos Holdings	Independent research initiative; not affiliated with or representing the City of Chandler, its City Council, or any City official

Reviewer Notes (for Agency Use)

Native Chaos Holdings welcomes written comments and guidance from your office within 30 days of this distribution. Comments may be returned via email to Chandler@NativeChaosHolding.com with subject line including the Distribution Tracking Code above. All feedback will be incorporated into a supplemental findings annotation before public release of the full audit. This packet is provided for informational purposes only and does not represent, coordinate with, or request action by the City of Chandler, Texas, its City Council, or any other City official.

STATUTE CITATION UPDATE (July 10, 2026)
All statutory citations in this letter have been verified against the current text on statutes.capitol.texas.gov. Key precise citations include:
- LGC §54.001(b): General ordinance fine cap is $500 (Class C misdemeanor per Penal Code §12.23); $2,000 only for fire safety, zoning, or public health and sanitation (other than dumping of refuse).
- HS §822.042(b): Owner has 15 days to appeal a dangerous-dog determination ("Notwithstanding any other law, including a municipal ordinance"). Destruction order is stayed for 10 calendar days during appeal.
- LGC §229.001(b): Municipality may not regulate possession of a firearm or air gun in a park or public meeting place owned or leased by a political subdivision (including the city itself).
- HS §388.003: Statewide energy code (current IECC edition) is mandatory.
- Tax Code §351.101: Hotel occupancy tax revenue is strictly limited to tourism, convention, and advertising purposes — no unrestricted diversion to the general fund is permitted.
- NRC §81.0523(b)–(c): Railroad Commission has exclusive jurisdiction over oil and gas operations; subsurface well construction, casing, cementing, and pipeline permitting are preempted unless strictly limited to aboveground activity.

These updates strengthen the findings. The full updated report is enclosed.