

# STATE OF FLORIDADept. of Environmental ProtectionDEPARTMENT OF ENVIRONMENTAL PROTECTIONOffice of General Counsel

#### APALACHICOLA BAY AND RIVER KEEPER, INC. d/b/a APALACHICOLA RIVERKEEPER,

Petitioner,

v.

DEP File No.: 11388 PA No. 367919-001 OGC Case No.: 24-1705

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION,

Respondent

and

CLEARWATER LAND AND MINERALS FLA, LLC,

Applicant/Respondent.

#### APALACHICOLA RIVERKEEPER'S PETITION FOR FORMAL ADMINISTRATIVE HEARING

COMES NOW, Petitioner, APALACHICOLA BAY AND RIVER KEEPER, INC. d/b/a APALACHICOLA RIVERKEEPER ("Petitioner" or "Apalachicola Riverkeeper"), pursuant to Sections 120.569 and 120.57(1), Florida Statutes, and Rules 28-106.111 and 28-106.201, Florida Administrative Code, and hereby files this petition for a formal administrative hearing ("Petition"), and in support thereof states as follows:

#### THE AFFECTED AGENCY, AGENCY FILE NUMBER AND THE PARTIES

1. The affected agency is the Florida Department of Environmental Protection ("DEP" or the "Department"). The Department's main address is 3900 Commonwealth Boulevard, Tallahassee, FL 32399. The agency's file number related to this case is Oil and Gas Permit No. 11388, PA No. 367919-001 (the "Permit File").

2. Petitioner, Apalachicola Riverkeeper, is a Florida not-for-profit Corporation whose principal place of business is 301 Market Street, Apalachicola, Florida 32320. For purposes of this proceeding, Petitioner's address is that of its undersigned attorneys: Timothy J. Perry and John T. LaVia, III; Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry and Harper, P.A.; 1300 Thomaswood Drive, Tallahassee, Florida 32308; tperry@gbwlegal.com; jlavia@gbwlegal.com; 850-385-0070 (office); 850-385-5416 (fax).

3. The Applicant in this case is Clearwater Land and Minerals FLA, LLC, a Florida Limited Liability Company with a principal place of business located at 416 Travis Street Suite 715, Shreveport, LA 71101 ("Clearwater" or "Applicant"). Clearwater seeks to drill a directional exploratory oil and gas well in Calhoun County, Florida, within the floodplain of the Apalachicola River (the "Project").

#### **NOTICE OF THE AGENCY'S DECISION**

4. On April 26, 2024, the Department gave notice of its intent to issue an Oil & Gas Drilling Permit to Clearwater in the above referenced Permit File pursuant to Part I of Chapter 377, Florida Statutes, and Chapters 62C-25 through 62C-30, Florida Administrative Code (the "Draft Permit"). A copy of the Draft Permit is attached as Exhibit A.

5. On May 16, 2024, within 21 days of issuance of the Draft Permit, Petitioner timely requested an extension of time, pursuant to Rule 62-110.106(4), Florida Administrative Code, to determine whether to file a petition for administrative proceeding concerning the Draft Permit. An agency may, for good cause shown, grant a request for an extension of time for filing an initial pleading. Rule 62-110.106(4), F.A.C., and Draft Permit at Section VI, Notice of Rights. Requests for extension of time must be filed with the agency prior to the applicable deadline. The Draft Permit provided that the applicable deadline is within 21 days of receipt of the Draft Permit. On

May 22, 2024, the Department granted Petitioner a 15-day extension of time, until Thursday, June 6, 2024, to file a petition for administrative proceeding concerning the Draft Permit.

6. This Petition was filed on June 6, 2024, and therefore is timely filed.

#### **STANDING AND BACKGROUND**

7. Petitioner, Apalachicola Riverkeeper, is a not-for-profit Florida corporation established in 1998, and formally incorporated in 1999. Petitioner was formed for the purpose of protection of the environment, fish and wildlife resources, and works on the protection of air and water quality of the Apalachicola River, its tributaries, watershed and the adjacent inland coastal waters of St. Vincent Sound, Apalachicola Bay, St. George Sound, and Alligator Harbor. Petitioner has more than 25 current members residing in Calhoun County, Florida, the county where the Project is proposed. Accordingly, Section 403.412(6), Florida Statutes, expressly authorizes Petitioner to initiate this hearing pursuant to Sections 120.569 and 120.57, Florida Statutes.

8. Apalachicola Riverkeeper is dedicated to the protection, restoration, and stewardship of the Apalachicola River, its floodplain, and the Apalachicola Bay region. Apalachicola Riverkeeper's mission is to protect the watershed and ecosystem of the Apalachicola River system and is committed to restoring and protecting the Apalachicola River to preserve it for future generations. In advancing that mission, Apalachicola Riverkeeper engages in education and advocacy to the public and to executive, legislative and adjudicative bodies. Apalachicola Riverkeeper also engages in grant-funded restoration projects along the Apalachicola River and participates in litigation in furtherance of its mission. Apalachicola Riverkeeper (along with many others) submitted comments to the Department in opposition to the proposed Project on December

22, 2023, and April 29, 2024. A copy of Apalachicola Riverkeeper's comments are attached as Composite Attachment A to this Petition.

9. Apalachicola Riverkeeper is a membership-based organization. Apalachicola Riverkeeper has over 1,000 individual, family, business and organizational dues-paying memberships that include a substantial number of members who use and enjoy the waters and watershed of the Apalachicola River for boating, fishing, swimming, recreating, and observing birds and other wildlife. Apalachicola Riverkeeper organizes monthly hiking and kayak outings, as well as river cleanup drives, for its members and citizens to engage in the preservation of the Apalachicola River and to learn more about the ecology of the River and its significant cultural history.

10. Apalachicola Riverkeeper also is actively managing a multi-year slough restoration project funded by the National Fish and Wildlife Foundation's Gulf Environmental Benefit Fund. Two of the three slough restoration sites (located at Spiders Cut and at the East River) are located downstream of the Project site. As part of the slough restoration projects, Apalachicola Riverkeeper is conducting water quality monitoring in the river at multiple monitoring stations. Additionally, Apalachicola Riverkeeper organizes clean up events in and around the Apalachicola River and its floodplain, as well as outreach programs to bolster community involvement in issues relating to the River. Apalachicola Riverkeeper is also a member of Waterkeeper Alliance, an international environmental organization uniting 160 Waterkeeper groups in 42 states and 307 Waterkeeper affiliates globally. Apalachicola Riverkeeper also routinely collaborates with other interested organizations, such as the Apalachicola National Estuarine Research Reserve ("ANERR"), the Apalachicola-Chattahoochee-Flint Stakeholders ("ACFS"), Riparian County Stakeholder Coalition, Waterkeepers Florida, the Partnership for a Resilient Apalachicola Bay, the Water Protection Network, and the Florida Shellfish Aquaculture Association.

11. Petitioner's substantial interests are or reasonably could be affected with sufficient immediacy to entitle it to participate in this proceeding and are the types of interests that this proceeding is designed to protect. To participate as a party in this proceeding, Petitioner must demonstrate that its substantial interests will be affected by the proceeding. Specifically, Petitioner must demonstrate that it will suffer a sufficiently immediate injury in fact that is of the type the proceeding is designed to protect. AmeriSteel Corp. v. Clark, 691 So. 2d 473 (Fla. 1997); Agrico Chemical Co. v. Department of Environmental Regulation, 406 So. 2d 478 (Fla. 2d DCA 1981), rev. denied, 415 So. 2d 1359 (Fla. 1982). Florida case law makes clear that the Agrico test is not intended as a barrier to participation in proceedings under chapter 120 by those who are affected by the potential and foreseeable results of agency action. Rather, "[t]he intent of Agrico was to preclude parties from intervening in a proceeding where those parties' substantial interests are totally unrelated to the issues that are to be resolved in the administrative proceeding." Mid-Chattahoochee River Users v. Department of Environmental Protection, 948 So. 2d 794, 797 (Fla. 1st DCA 2006) (citing Gregory v. Indian River County, 610 So. 2d 547, 554 (Fla. 1st DCA 1992)) (emphasis added). Standing is a "forward-looking concept" and "cannot disappear" based on the ultimate outcome of the proceeding .... When standing is challenged during an administrative hearing, the petitioner must offer proof of the elements of standing, and it is sufficient that the petitioner demonstrate by such proof that his substantial interests "could reasonably be affected by ... [the] proposed activities." Palm Beach County Environmental Coalition v. Florida Department of Environmental Protection, 14 So. 3d 1076, 1078 (Fla. 4th DCA 2009); Peace River/Manasota Regional Water Supply Authority v. IMC Phosphates Co., 18 So. 3d 1079, 1084 (Fla. 2d DCA

2009); St. Johns Riverkeeper, Inc. v. St. Johns River Water Management District, 54 So. 3d 1051, 1054 (Fla. 5th DCA 2011); see also Reily Enterprises, LLC v. Florida Department of Environmental Protection, 990 So. 2d 1248, 1251 (Fla. 4th DCA 2008).

12. Here, Petitioner's purpose and mission is the protection of the Apalachicola River and Bay as a natural resource, and its principal activities include the use and enjoyment of the river by its members for fishing, oystering, hunting, recreation, swimming, and enjoying the scenic beauty of the Apalachicola River and Bay. The economic values associated with sustaining the environmental health of Apalachicola River and Bay ecosystems are locally significant and are of great importance to the State of Florida. Commercial and recreational fishing, tourism, and boating are among the most important industries in northwest Florida. Each generates millions of dollars per year. In fact, this mostly undeveloped basin supports a multi-billion dollar seafood industry in the Gulf of Mexico. Each are inextricably linked to the long-term protection and conservation of the ecosystems associated with the Apalachicola River and Bay.

13. In 1983, the United Nations Educational, Scientific, and Cultural Organization ("UNESCO") designated the Apalachicola Biosphere Region making it part of an extensive global network of extraordinary places that work to conserve natural and cultural resources, empower local decision making, improve human livelihoods, and promote economic development in sustainable ways. Biosphere regions make up an extensive global network of protected areas covering 701 sites in 124 countries. This international network protects examples of the world's major ecosystems and is devoted to conservation of nature and scientific research. The United States has 47 biosphere regions; 23 are associated with the National Park System. Biosphere regions are globally-recognized areas where management seeks to achieve sustainable use of natural resources while ensuring conservation of the biological diversity. Local communities, state

and national officials, businesses, scientific and educational institutions work together to develop integrated conservation management for the biosphere region. In addition to the conservation and restoration work done by Apalachicola Riverkeeper, many other state and federal entities work on conserving the Apalachicola Basin including the Florida Fish and Wildlife Conservation Commission, Northwest Florida Water Management District, Florida Department of Environmental Protection, Florida Forestry Service, Board of Trustees of the Internal Improvement Trust Fund, US Dept. of the Interior, Fish and Wildlife Service, and US Department of Agriculture Forest Service. The location of the Project in this area is antithetical to these conservation and restoration efforts.

14. The Apalachicola River flows from the confluence of the Flint and Chattahoochee rivers at the Georgia-Florida border, where those rivers join to form Lake Seminole behind the Jim Woodruff Dam. From there, the River travels 107 miles through the high bluffs of Grand Ridge and Cody Scarp to the Gulf coastal lowlands. The largest flow of any river in Florida then reaches Apalachicola Bay creating a rich estuary.

15. The Apalachicola River Basin and Apalachicola Bay comprise one of the most ecologically diverse natural areas with state, national and international significance. The Apalachicola River and Bay are among the nation's few remaining relatively undeveloped and near pristine systems. It has a significant variety of species of plants and animals, many of which are rare, many of which are found only in this area, and some of which are designated as listed threatened or endangered species.

16. Apalachicola Bay is widely recognized as an exceptionally valuable estuarine system, one of the most outstanding remaining in the Northern Hemisphere. This River and Bay System is truly an American treasure —unique and matchless in its diversity and concentration of

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aquatic and land species, including rare, listed, threatened and endangered species of flora and fauna. An estuary is a partly-enclosed body of water where freshwater from rivers and streams meets and mixes with salt water from the ocean. Many different habitats are found in and around estuaries, including shallow open waters, freshwater and salt marshes, swamps, sandy beaches, oyster reefs, tidal pools, and seagrasses. These habitats within the River and Bay system provide essential feeding and nesting grounds for a diverse assemblage of upland, coastal and estuarine wildlife, including more than 300 species of birds, 1,300 species of plants, 40 species amphibians and 80 species of reptiles, 50 species of mammals and 180 species of fishes.

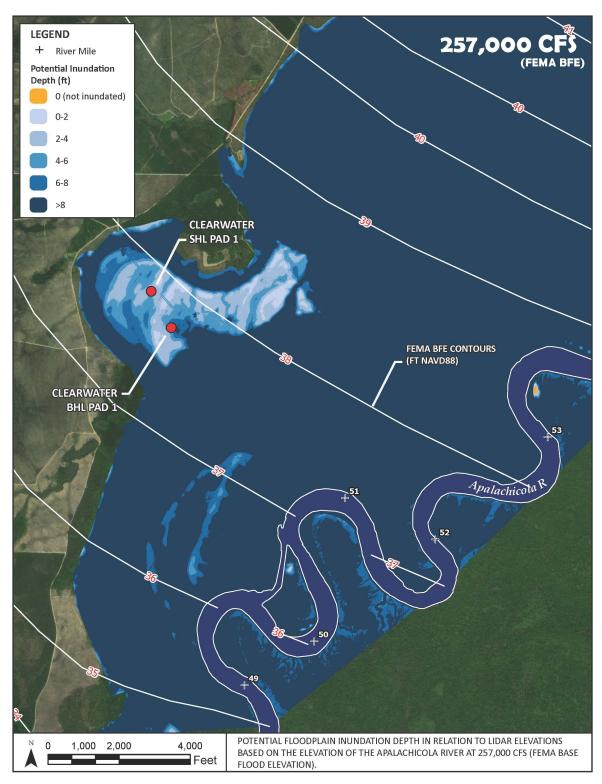
17. The Apalachicola River is designated as an Outstanding Florida Water ("OFW") under Rules 62-302.700(9)(i)1. and (9)(m)1, Florida Administrative Code. The Apalachicola River flows directly into Apalachicola Bay, which, itself, is also designated as an OFW under Rule 62-302.700(9)(f)2, Florida Administrative Code, and a State Aquatic Preserve under Rule 62-302.700(9)(h)2, Florida Administrative Code. The Apalachicola National Estuarine Research Reserve, an Outstanding Florida Water pursuant to Rule 62-302.700(9)(m)1, Florida Administrative Code, includes the Apalachicola River, Apalachicola Bay, East Bay, St. Vincent Sound and St. George Sound. All or portions of Apalachicola Bay, East Bay and its tributaries, St. George Sound, and St. Vincent Sound are designated Class II - Shellfish Propagation or Harvesting Waters pursuant to pursuant to Rule 62-302.400(17)(b)19, Florida Administrative Code. Other special waterbodies associated with the Apalachicola River system that are downstream from the Project include the Chipola River (a "Special Water" OFW pursuant to Rule 62-302.700(9)(i)6, Florida Administrative Code) and the Port St. Joe Canal (designated a Class I-Treated Potable Water Supply pursuant to Rule 62-302.400(17)(b)23, Florida Administrative Code).

18. In 2001, the Northwest Florida Water Management District ("District") assisted the City of Port St. Joe in the acquisition of the Port St. Joe Canal as a public water supply source, and a regional alternative water supply source to groundwater which was threatened by saltwater intrusion. The District also contributed funding to construct a \$21 million dollar surface water treatment facility to draw water from the canal by the City of Port St. Joe. The City of Port St. Joe owns the canal and began using this surface water source to meet public supply needs in 2009. The Port St. Joe Canal (also known as the Gulf County Fresh Water Supply Canal) draws water from downstream of the Project, and could reasonably be affected by the Project.

19. The entirety of the magnificent Apalachicola River-Bay system is being threatened on multiple fronts, causing it to be named the most endangered river in America in 2016. The proposed Project at issue here is another attack on this precious system. The Draft Permit would authorize installation and operation of an exploratory oil well (known as a "Wildcat Well"), within the Apalachicola River floodplain and adjacent to the Apalachicola River. Figure 1 below shows the location of the project within the environmentally sensitive Apalachicola River floodplain and inundated by water by the 100-year flood — the same flood projection that FEMA uses to develop its flood maps. In fact, the Project is in a FEMA "AE" Flood Zone.

[Figure 1 appears on the next page]

#### FIGURE 1:



Note: the point labeled Clearwater SHL Pad 1 is the surface location of the proposed well and the point labeled Clearwater BHL Pad 1 is the bottom location of the proposed well.

20. For the reasons stated in the Statement of Disputed Issues of Fact, the Applicant has failed to demonstrate that the proposed oil and gas exploration and production activities will cause no permanent adverse impact to the water resources and sheet flow, or to the vegetation or wildlife (including rare listed threatened and endangered species) of the Apalachicola River and Bay. A substantial number of Petitioner's members actively use and enjoy the Apalachicola River and Bay. Petitioner's members' use and enjoyment of the Apalachicola River and Bay is dependent on the health of the River and Bay, and those interests would be adversely affected by reduced water quality and adverse impacts to the vegetation and wildlife in the Apalachicola River, its sloughs, floodplain, and Bay. Those adverse impacts of the Project will cause immediate injury to Petitioner and its members and are within the zone of interest of this proceeding.

21. Under Florida law, to establish standing as an association representing its members' substantial interests, an association such as Apalachicola Riverkeeper must demonstrate three things:

a. that a substantial number of its members, although not necessarily a majority, are substantially affected by the agency's decisions;

b. that the intervention by the association is within the association's general scope of interest and activity; and

c. that the relief requested is of a type appropriate for an association to obtain on behalf of its members.

*Florida Home Builders Association v. Department of Labor and Employment Security*, 412 So. 2d 351, 353-54 (Fla. 1982). Petitioner satisfies all of these "associational standing" requirements. A substantial number of Petitioner's more than 1,000 members actively use and enjoy the Apalachicola River. Petitioner exists to represent its members' interests by advocating for the

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protection of the river. Finally, the relief requested — denial of the Draft Permit — is of the type that is appropriate for an association to obtain on behalf of its members.

#### STATEMENT OF DISPUTED ISSUES OF FACT<sup>1</sup>

22. Whether the Application for the Draft Permit should be denied. Apalachicola Riverkeeper contends it should be denied.

23. Whether the Applicant has demonstrated that its application complies with all applicable Florida statutes and rules. Apalachicola Riverkeeper contends the Applicant has not demonstrated that its application meets all applicable criteria in Chapter 377, Florida Statutes and Chapter 62C-25 through 62C-30, Florida Administrative Code.

24. Whether the Applicant has demonstrated that its application complies with Section 377.241(2), Florida Statutes regarding the "nature, type and extent of ownership of the applicant, including such matters as the length of time the applicant has owned the rights claimed without having performed any of the exploratory operations so granted or authorized." Apalachicola Riverkeeper contends that the Applicant has not demonstrated that it has an ownership interest in the property associated with the Project as only a Memorandum of Option Agreement has been provided.

25. Whether the Applicant has demonstrated that its application complies with Section 377.241(3), Florida Statutes regarding the "proven or indicated likelihood of the presence of oil,

<sup>&</sup>lt;sup>1</sup> Riverkeeper reserves the right to amend and supplement these disputed issues of material fact, as necessary. Applicant has claimed an exemption for certain documents as trade secrets exempt from disclosure pursuant to Sections 377.22(h) (sic), 377.2405 (sic), 377.2408(3), 812.081, and 815.045 Florida Statutes. [N.B. It should be noted that there is no Section 377.22(b, Florida Statutes, there is a Section 377.22(2)(h) related to public records exemptions. Applicant does not cite to Section 119.0715, Florida Statutes related to "trade secrets held by an agency."] To the extent that additional information relevant to this Petition is contained in documents that the Applicant has claimed are exempt from public records laws based on an allegation that the documents of these documents. Further, Riverkeeper reserves the right to amend this Petition after it has gained access to, and has reviewed, documents that Applicant alleges are exempt from the public record file posted online by DEP.

gas or related minerals in such quantities as to warrant the exploration and extraction of such products on a commercially profitable basis." Apalachicola Riverkeeper contends that the Applicant has not provided sufficient evidence of proven or indicated likelihood of the presence of oil, gas or related minerals, and Applicant has failed to provide evidence to warrant the exploration and extraction of such products on a commercially profitable basis. To the extent that additional information relevant to this issue is contained in documents that the Applicant has claimed are exempt from public records laws based on an allegation that the documents contain trade secrets, Apalachicola Riverkeeper has a need to file this Petition to be able to gain access to and evaluate the contents of these documents. Further, Apalachicola Riverkeeper reserves the right to amend this Petition after it has gained access to, and has reviewed, said documents which Applicant claims are exempt from the public records laws.

26. Whether the Project is in a sensitive environment or sensitive area as those terms are used in Chapter 62C-25 through 62C-30, Florida Administrative Code. Apalachicola Riverkeeper contends the Project is in a sensitive environment or sensitive area as it is in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance.

27. Whether the Applicant has made every effort to minimize impacts associated with facilities needed for drilling operations pursuant to Rule 62C-26.003(10), Florida Administrative Code. Apalachicola Riverkeeper contends the Applicant has not made every effort to minimize impacts associated with facilities, and the Applicant could avoid the risk of impacts to this sensitive area and environment by using a different location for its proposed project within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

28. Whether the Project is located to ensure that the exploration and production activities will cause no permanent adverse impact on the water resources and sheet flow of the area, or on the vegetation or the wildlife of the area, with special emphasis on rare and endangered species pursuant to Rules 62C-26.003(10) and 62C-30.005(1), Florida Administrative Code. Apalachicola Riverkeeper contends the Project is not located to insure that the exploration and production activities will cause no permanent adverse impact on the water resources and sheet flow of the area, or on the vegetation or the wildlife of the area, with special emphasis on rare and endangered species as it is in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance. The proposed Project is sited adjacent to the main River channel and within a part of the Apalachicola River floodplain that is a FEMA recognized flood zone. Further, the Applicant could avoid the risk of impacts to this sensitive area and environment by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

29. Whether the Project access corridors and drilling pads would be constructed into or through sensitive resources in violation of the prohibitions in Rules 62C-26.003(10) and 62C-30.005(2)(a)11, Florida Administrative Code. Apalachicola Riverkeeper contends the Project access corridors and drilling pads are constructed into or through sensitive resources in violation of the prohibitions in Rules 62C-26.003(10) and 62C-30.005(2)(a)11, Florida Administrative Code as they are located in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance. Further, the Applicant could avoid the risk of impacts to this sensitive area and environment by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently

optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

30. Whether the Project drilling site is located to minimize negative impacts on the vegetation and wildlife, including rare and endangered species, and the surface water resources consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)1, Florida Administrative Code. Apalachicola Riverkeeper contends the Project drilling site is not located to minimize negative impacts on the vegetation and wildlife, including rare and endangered species, and the surface water resources consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)1, Florida Administrative Code, as it is located in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance. Further, the Applicant could avoid the risk of impacts to this sensitive area and environment by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

31. Whether the Project drilling pad or associated berms will be constructed to a sufficient height to assure year-round usage without site inundation consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)6, Florida Administrative Code. Apalachicola Riverkeeper contends the Project drilling pad or associated berms will not be constructed to a sufficient height to assure year-round usage without site inundation consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)6, Florida Administrative Code as it is located in the floodplain of the Apalachicola River and is not proposed to be constructed in such a way to avoid being inundated by historically documented or FEMA-recognized risk levels of flooding.

32. Whether the Project includes a protective berm or levee of sufficient height and impermeability to prevent the escape of pad fluids to be constructed around the drilling site and

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storage tank areas consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)7, Florida Administrative Code. Apalachicola Riverkeeper contends the Project fails to include a protective levee or berm of sufficient height and consistent with Rules 62C-26.003(10) and 62C-30.005(2)(b)7, Florida Administrative Code as the Project is located in the floodplain of the Apalachicola River and is not proposed to be constructed in such a way to avoid being inundated by historically documented or FEMA-recognized risk levels of flooding.

33. Whether it is foreseeable that the proposed Project could be flooded resulting in pollution in violation of 377.371, Florida Statutes. Apalachicola Riverkeeper contends that it is foreseeable that the proposed Project site could be flooded resulting in pollution in violation of 377.371, Florida Statutes, as the Project is located in the floodplain of the Apalachicola River and is not proposed to be constructed in such a way to avoid being inundated by historically documented or FEMA-recognized risk levels of flooding.

34. Whether the Project will pollute land or water; damage aquatic or marine life, wildlife, birds, or public or private property; or allow any extraneous matter to enter or damage any mineral or freshwater-bearing formation inconsistent with Section 377.371, Florida Statutes. Apalachicola Riverkeeper contends that it is foreseeable that the Project will pollute land or water; damage aquatic or marine life, wildlife, birds, or public or private property; or allow any extraneous matter to enter or damage any mineral or freshwater-bearing formation inconsistent with Section 377.371, Florida Statutes, any extraneous matter to enter or damage any mineral or freshwater-bearing formation inconsistent with Section 377.371, Florida Statutes, as the Project is located in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance. Further, the Applicant could avoid the risk of impacts to this sensitive area and environment by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-

sensitive and less environmentally unique upland areas).

35. Whether the Applicant has demonstrated that, in the event of a blowout or other emergency, it will be able to bring the situation under control as rapidly as possible consistent with Rule 62C-28.005(2), Florida Administrative Code and Section 377.40, Florida Statutes. Apalachicola Riverkeeper contends that the Applicant has not included adequate plans to bring blowouts or other emergencies under control as rapidly as possible consistent with Rule 62C-28.005(2), Florida Administrative Code and Section 377.40, Florida Statutes.

36. Whether the drilling site is located to cause the least surface disturbance and not result in drainage or other environmental problems consistent with Rule 62C-26.004(4), Florida Administrative Code. Apalachicola Riverkeeper contends the proposed Project is not located to cause the least surface disturbance and not result in drainage or other environmental problems as it is in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and an ecologically diverse natural area with state, national and international significance. The proposed Project is to be located in the floodplain of the Apalachicola River, adjacent to the main River channel, making it obvious that the proposed Project entails a substantial risk of drainage and flooding in the area of the proposed Project site. Further, the Applicant could avoid the risk of impacts to this sensitive area and environment by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

37. Whether the Applicant has demonstrated the need for a nonroutine well location consistent with Rule 62C-26.004, Florida Administrative Code. Apalachicola Riverkeeper contends the Applicant did not include the information required in its application to demonstrate

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the need for a nonroutine well location, and the Department did not make the requisite findings of a need for a nonroutine will location, in violation of Rule 62C-26.004, Florida Administrative Code.

38. Whether the Applicant has demonstrated the proposed Project will not violate the antidegradation provisions in Rules 62-4.242 and 62-302.300, Florida Administrative Code. Apalachicola Riverkeeper contends the Applicant has not demonstrated the proposed Project will not violate the antidegradation provisions in Rules 62-4.242 and 62-302.300, Florida Administrative Code, or that the Project is clearly in the public interest. The proposed site is immediately adjacent to the OFWs of the main Apalachicola River channel and is located specifically within the Apalachicola River floodplain.

#### CONCISE STATEMENT OF THE ULTIMATE FACTS ALLEGED<sup>2</sup>

39. The Application for the Permit should be denied because the Applicant failed to demonstrate compliance with all applicable Florida statutes and rules as discussed in the statement of disputed issues of material fact, which is incorporated herein by reference.

40. The drilling site is not consistent with the relevant Department rules and statutes, which require applicants to locate projects to minimize impacts to sensitive areas and environments. Instead, the drilling site selected by the Applicant is in a sensitive area and environment. It is located in the floodplain of the Apalachicola River, which is an Outstanding Florida Water and part of the Apalachicola National Estuarine Research Reserve, a UNESCO Biosphere Region, and an ecologically diverse natural area with state, national and international significance. Further, the Apalachicola River and Chipola River are "Special Water OFWs" listed

 $<sup>^{2}</sup>$  All allegations in this Petition are adopted herein as statements of ultimate facts. Petitioner reserves the right to amend and supplement these ultimate facts, as necessary.

in paragraph 62-302.700(9)(i), Florida Administrative Code. Special Water OFWs receive that designation after the Environmental Regulation Commission makes a finding that the waters are of exceptional recreational or ecological significance and a finding that the environmental, social, and economic benefits of the designation outweigh the environmental, social, and economic costs. The Apalachicola Bay is also designated as an Aquatic Preserve. Several downstream water bodies are designated Class II – Shellfish Propagation or Harvesting Waters. The downstream Port St. Joe Canal is designated a Class I-Treated Potable Water Supply and is the water source for the City of Port St. Joe. The Applicant could avoid the risk of impacts to these extraordinarily sensitive and ecologically valuable areas and environments by utilizing a more suitable location within the approximately 27,150.53 acres it has apparently optioned (much of which contains far less-sensitive and less environmentally unique upland areas).

41. Further, by locating the Project within the floodplain of the Apalachicola River, the Applicant has exposed the Project to the foreseeable risk of flooding from the Apalachicola River and the foreseeable likelihood of pollution from the site being carried away to the surrounding area and beyond by floodwaters, thus affecting this sensitive area and environment. This is particularly the case as the Applicant has not designed the Project in a way to prevent it from being inundated during historical and FEMA-recognized flood risk conditions. And the Applicant has not designed the water quality of the Apalachicola River, an OFW.

42. The Applicant has failed to demonstrate that its application complies with the statutory criteria for the issuance of oil and gas permits in Section 377.241, Florida Statutes. The Applicant has not demonstrated that it has an ownership interest in the property associated with the Project as only a Memorandum of Option Agreement has been provided, and an option

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agreement is not the same as ownership. Nor has the Applicant demonstrated it meets the requirements for a nonroutine well.

43. Also, the Applicant did not provide sufficient evidence in its application of a proven or indicated likelihood of the presence or oil, gas or related minerals, and failed to provide any evidence to warrant the exploration and extraction of such products on a commercially profitable basis. Apalachicola Riverkeeper does not believe that proven oil and gas reserves have been found in Calhoun County where the Project is located. In addition, the type of oil found elsewhere in West Florida must be chemically processed to remove hydrogen sulfide before it is transported by pipeline to Gulf Coast refineries in Alabama and elsewhere. This process requires the construction of a sizable industrial plant, which further militates against the Project being commercially profitable.

#### **APPLICABLE RULES AND STATUTES REQUIRING REVERSAL<sup>3</sup>**

44. In addition to the specifically identified statutes and rules that the Project will violate that are identified throughout this Petition, the following statutes and rules are applicable to this proceeding and require denial of the Draft Permit as discussed in this Petition:

- a. Chapter 120, Florida Statutes, including but not limited to the following:
  - i. Section 120.569, Florida Statutes, and
  - ii. Section 120.57, Florida Statutes.
- b. Chapter 377, Florida Statutes, including but not limited to the following:
  - i. Section 377.241(2), Florida Statutes,
  - ii. Section 377.241(3), Florida Statutes,

<sup>&</sup>lt;sup>3</sup> Petitioners reserve the right to amend and supplement these applicable rules and statutes requiring reversal, as necessary.

- iii. Section 377.371, Florida Statutes, and
- iv. Section 377.40, Florida Statutes.
- c. Chapters 62-4, Florida Administrative Code, including but not limited to the following:
  - i. Rule 62-4.242, Florida Administrative Code.
- d. Chapter 62-302, Florida Administrative Code, including but not limited to the following:
  - i. Rule 62-302.300, Florida Administrative Code,
  - ii. Rule 62-302.400, Florida Administrative Code,
  - iii. Rule 62-302.700, Florida Administrative Code.
- e. Chapter 62C-25 through 62C-30, Florida Administrative Code, including but not limited to the following:
  - i. Rule 62C-26.003(10), Florida Administrative Code,
  - ii. Rule 62C-26.004, Florida Administrative Code,
  - iii. Rule 62C-26.004(4), Florida Administrative Code,
  - iv. Rule 62C-28.005(2), Florida Administrative Code,
  - v. Rule 62C-30.005(1), Florida Administrative Code,
  - vi. Rule 62C-30.005(2)(a)11, Florida Administrative Code,
  - vii. Rule 62C-30.005(2)(b)1, Florida Administrative Code,
  - viii. Rule 62C-30.005(2)(b)6, Florida Administrative Code, and
  - ix. Rule 62C-30.005(2)(b)7, Florida Administrative Code.
- 45. The statutes and rules referenced elsewhere in this Petition.
- 46. The statutes and rules referenced in the Draft Permit.

#### **DEMAND FOR RELIEF**

- 47. Petitioner respectfully requests the following relief:
  - a. That this Petition be referred to the Division of Administrative Hearings for assignment of an independent Administrative Law Judge to conduct a formal administrative hearing under Sections 120.569 and 120.57(1), Florida Statutes, and Chapter 28-106, Florida Administrative Code, on the issues raised herein;
  - b. That following a formal administrative hearing, the Administrative Law Judge enter a Recommended Order recommending the denial of the Draft Permit, and that the Department enter a Final Order denying the Draft Permit; and
  - c. Any such other relief as is just and proper, including attorney's fees, costs and expenses.

48. In addition, Apalachicola Riverkeeper is not opposed to mediation of this dispute pursuant to Section 120.573, Florida Statutes, and Rules 28-106.111 and 28-106.401-.405, Florida Administrative Code, or as otherwise provided by law.

FILED this 6th day of June, 2024.

TIMOTHY J. PERRY Florida Bar No. 496391 JOHN T. LAVIA, III Florida Bar No. 853666 Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry & Harper, PA Address: 1300 Thomaswood Drive Tallahassee, Florida 32308 Phone: 850-385-0070 Primary Email: tperry@gbwlegal.com Primary Email: jlavia@gbwlegal.com Secondary Email: cindy@gbwlegal.com

Attorneys for Petitioner, Apalachicola Riverkeeper

#### VERIFICATION

Under penalties of perjury, I declare that I have read the foregoing, and the facts alleged

are true, to the best of my knowledge and belief.

APALACHICOLA RIVERKEEPER

- Anal By: Susan Anderson

Title: Executive Director

STATE OF FLORIDA COUNTY OF The foregoing instrument was acknowledged before me by means of Physical presence or U online notarization, this day of June, 2024, by DIXnUNderpas UNCK for Apalachicola Riverkeeper. (Signature of Notary Public - State of Florida)

(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally Known OR Produced Identification Type of Identification Produced

Driver license A 534-780-50-744-0





#### **CERTIFICATE OF SERVICE**

I CERTIFY that a true and correct copy of Apalachicola Riverkeeper's Petition for

Formal Administrative Hearing was furnished this 6th day of June, 2024, via email to:

Agency Clerk Florida Department of Environmental Protection 3900 Commonwealth Boulevard, MS 35 Tallahassee, FL 32399-3000 Agency\_Clerk@dep.state.fl.us Lea.Crandall@dep.state.fl.us

Gerald A Walker Administrator Oil & Gas Program Florida Department of Environmental Protection, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400 gerald.a.walker@floridadep.gov Justin Wolfe, Esq. General Counsel Florida Department of Environmental Protection 3900 Commonwealth Boulevard, MS 35 Tallahassee, FL 32399-3000 justin.g.wolfe@floridadep.gov

Timothy M. Riley, Esq. Gregory M. Munson, Esq. Gunster 215 South Monroe Street, Suite 601 Tallahassee, FL 32301-1804 triley@gunster.com gmunson@gunster.com etrammell@gunster.com

ot. Pz

TIMOTHY J. PERRY, ESQ.

# EXHIBIT A DRAFT PERMIT



# FLORIDA DEPARTMENT OF Environmental Protection

Ron DeSantis Governor

Jeanette Nuñez Lt. Governor

Bob Martinez Center 2600 Blair Stone Road Tallahassee, FL 32399-2400

Shawn Hamilton Secretary

In the matter of an Application for a Drilling Permit by:

Permittee: Clearwater Land & Minerals FLA, LLC 416 Travis St. Suite 715	File No.	1388
Shreveport, LA 71101	PA No.	367919-001
Attention: Mr. Edward R. Campbell III, Manager	County:	Calhoun

## NOTICE OF INTENT TO ISSUE DRILLING PERMIT OIL & GAS DRILLING APPLICATION

The Department of Environmental Protection (Department) gives notice of its intent to issue an Oil & Gas Drilling Permit in accordance with Part I of Chapter 377, Florida Statutes (F.S.), and Chapters 62C-25 through 62C-30, Florida Administrative Code (F.A.C). A copy of the draft permit and a notice, to be published by the permittee, are attached.

# I. PROJECT LOCATION

The proposed project would be located in Township 3 South, Range 9 West, Section 10 (T3S/R9W/S10), east of Dead Lakes and approximately 4.5 miles south southwest of Marysville, in unincorporated Calhoun County at a site for a previously permitted well (No. 1374) that was never drilled. The project bottomhole would be at a non-routine well location in the southeast quarter-section of T3S/R9W/S10.

# **II. PROJECT DESCRIPTION**

The proposal is to drill a directional exploratory oil and gas well (designated NLT Royalty Partners 10-4) to a total vertical depth of approximately 13,950 feet (ft) and a measured depth of approximately 14,095 ft. Under the previous permit, a limerock drilling pad was constructed within an approximate 3-acre bermed area between the Chipola River/Dead Lake system and the Apalachicola River on timberlands owned by Neal Land and Timber Company (now owned by Teal Timber, LLC). The ERP permit issued for construction of the previous drill pad and stormwater containment pond was transferred to Clearwater Land & Minerals FLA, LLC, on Dec. 20, 2023. A short access road was built to connect the pad with the existing silviculture access road system.

# **III. AUTHORITY FOR REVIEW**

The Department has permitting authority under Part I of Chapter 377, F.S., and Chapter 62C-26, F.A.C. The activity is not exempt from the requirement to obtain a permit.

#### IV. BASIS FOR ISSUANCE

The Department has reviewed the application for Oil and Gas Permit 1388, considered the applicable criteria in Section 377.241, F.S., and consulted with Calhoun County, the Northwest Florida Water Management District, the Florida Fish and Wildlife Conservation Commission, Florida Department of Transportation, the Department of State Division of Historical Resources, and the Department's Division of State Lands and Northwest District Office Environmental Resource Permitting Program. The applicant has submitted all information required under Rule 62C-26.003, F.A.C., and adequately demonstrated that the activities will be conducted in conformance with the applicable rules. Pursuant to Rule 62C-26.002(5)(c)1., F.A.C. and Section 377.2425(1), F.S., the applicant provided security for the well by joining the Minerals Trust Fund and has obtained permission from the surface owners and the mineral owners per Section 377.2411, F.S.

## V. REQUIREMENT TO PUBLISH NOTICE

The Department has a reasonable expectation that the proposed activities will "result in a heightened public concern or likelihood of request for administrative proceedings" which necessitates publication of a Notice of Intent to Issue the Permit pursuant to Rule 62-110.106, F.A.C., "in the legal advertisements section of a newspaper of general circulation (i.e., one that meets the requirements of Sections 50.011 and 50.031 of the Florida Statutes) in the county or counties in which the proposed activity will take place" (i.e., Calhoun County). No application for a permit or other authorization for which published notice is required, shall be granted until proof of publication of notice is made by furnishing a uniform affidavit in substantially the form prescribed in Section 50.051 of the Florida Statutes."

## VI. NOTICE OF RIGHTS

The Department will issue the final permit unless a timely petition for an administrative proceeding is filed pursuant to the provisions of Sections 120.569 and 120.57, F.S. On the filing of a timely and sufficient petition, this action will not be final and effective until further order of the Department. Because the administrative hearing process is designed to formulate final agency action, this process may result in a modification of the proposed agency action or even denial of the application.

A person whose substantial interests are affected by the Department's action may petition for an administrative proceeding (hearing) under Sections 120.569 and 120.57, F.S. Pursuant to Rules 28-106.201 and 28-106.301, F.A.C., a petition must contain the following information:

- a. The name and address of each agency affected and each agency's file or identification number, if known;
- b. The name, address, any email address, any facsimile number, and telephone number of the petitioner; the name, address, email address, and telephone number of the petitioner's representative, if any, which shall be the address for service purposes during the course of the proceeding, and an explanation of how the petitioner's substantial interests are or will be affected by the agency determination;
- c. A statement of when and how the petitioner received notice of the agency decision;
- d. A statement of all disputed issues of material fact; or, if there are none, the petition must so indicate;

- e. A concise statement of the ultimate facts alleged, including the specific facts that the petitioner contends warrant reversal or modification of the agency's proposed action;
- f. A statement of the specific rules or statutes that the petitioner contends require reversal or modification of the agency's proposed action, including an explanation of how any alleged facts relate to the specific rules or statutes; and
- g. A statement of the relief sought by the petitioner, stating precisely the action that the petitioner wishes the agency to take with respect to the agency's proposed action.

Petitions must be filed (received by the Clerk) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida 32399-3000 or at <u>agency\_clerk@dep.state.fl.us</u>. Also, a copy of the petition shall be mailed to the applicant at the address indicated above at the time of filing.

In accordance with Rule 62-110.106(3), F.A.C., petitions for an administrative hearing by the applicant and persons entitled to written notice under Section 120.60(3), F.S., must be filed within 21 days of receipt of this written notice. Petitions filed by any persons other than the applicant, and other than those entitled to written notice under Section 120.60(3), F.S., must be filed within 21 days of publication of the notice or within 21 days of receipt of the written notice, whichever occurs first. The failure to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (in a proceeding initiated by another party) will be only at the discretion of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

Under Rule 62-110.106(4), F.A.C., a person whose substantial interests are affected by the Department's action may also request an extension of time to file a petition for an administrative hearing. The Department may, for good cause shown, grant the request for an extension of time. Requests for extension of time must be filed with the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida 32399-3000, before the applicable deadline for filing a petition for an administrative hearing. A timely request for extension of time shall toll the running of the time period for filing a petition until the request is acted upon.

Mediation is not available in this proceeding.

The files associated with this action are available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays, at the Department of Environmental Protection, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400, and online at <u>https://depedms.dep.state.fl.us/Oculus/servlet/login</u>. (Public Users may use the Public Oculus Login and search under Oil & Gas, Property, and Facility-Site ID for OG\_1388.)

Executed on April 26, 2024, in Tallahassee, Florida.

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Gerald Walker, Environmental Administrator Oil & Gas Program

Attachments: Draft Permit OG-1388 Public Notice of Intent to Issue Drilling Permit

## **CERTIFICATE OF SERVICE**

The undersigned duly designated deputy clerk hereby certifies that this Notice of Intent to Issue Drilling Permit was mailed electronically before the close of business on April 26, 2024 to Edward R. Campbell IV, Manager of Clearwater Land & Minerals FLA, LLC, at <a href="mailto:camp@campbellcompanies.net">camp@campbellcompanies.net</a>. This notice was also mailed electronically, on the same date, to the following persons:

Edward Murawski, Kleinfelder: emurawski@kleinfelder.com

Gene Bailey, Chair, Calhoun County Commission: gbailey@calhouncountygov.com

Timothy Riley, Esq., Gunster: triley@gunster.com

Andrew Joslyn, Northwest Florida Water Management District: <u>Andrew.Joslyn@nwfwater.com</u> Fish & Wildlife Conservation Commission: <u>FWCConservationPlanningServices@myFWC.com</u> Kelly L. Chase, Florida Department of State, Division of Historic Resources: <u>Kelly.Chase@dos.myflorida.com</u>

Director, DEP NWD: elizabeth.orr@dep.state.fl.us

Cameron Baxley, Apalachicola Riverkeeper: <a href="mailto:cameron@apalachicolariverkeeper.org">cameron@apalachicolariverkeeper.org</a>

## FILING AND ACKNOWLEDGMENT

FILED, on this date, pursuant to Section 120.52(7), F.S., with the designated Deputy Department Clerk, receipt of which is hereby acknowledged.

April 26, 2024

Deputy Clerk

Date



# FLORIDA DEPARTMENT OF Environmental Protection

Ron DeSantis Governor

Jeanette Nuñez Lt. Governor

Bob Martinez Center 2600 Blair Stone Road Tallahassee, FL 32399-2400

Shawn Hamilton Secretary

# **Draft Oil & Gas Drilling Permit**

Permittee: Clearwater Land & Minerals FLA, LLC 416 Travis St. Suite 715 Shreveport, LA 71101		Permit No.:	1388
		PA No:	442825-001
Well Name:	NLT Royalty Partners 10-4	Date of Issue:	April 26, 2024
Security:	Minerals Trust Fund	<b>Expiration Date:</b>	April 26, 2025

## **PROJECT DESCRIPTION**

This permit authorizes Clearwater Land & Minerals FLA, LLC (Clearwater Land & Minerals) to drill a directional exploratory well in unincorporated Calhoun County Florida to a true vertical depth (TVD) of approximately 13,950 feet (ft) and a measured depth (MD) of approximately 14,095 ft, referenced to the rig Kelly Bushing (KB).<sup>1</sup>

The permit application includes well control procedures, preventative measures, and contingency plans for responding to potential accidents and spills. Best Management Practices will be employed to reuse or dispose of drilling fluids, cuttings and formation water. Test fluids and gas will be recovered, sold, flared or hauled to permitted out-of-state facilities. Drilling operations will use water from a nearby well for which separate authorization is required.

A limerock pad and stormwater containment pond will be constructed within an approximate 440 by 425-ft bermed area. The rig will be located within an interior berm, on oak board mats, over a lined underdrain. A short access road will be constructed to connect the pad with the existing silviculture access road system.

# **PROJECT LOCATION**

The surface hole location (SHL) is between Dead Lakes and the Apalachicola River and is approximately 4.5 miles south southwest of Marysville, in Township 3 South, Range 9 West, Section 10 (T3S/R9W/S10). The bottom hole location (BHL) is in the southeast quarter-section of T3S/R9W/S10. The well is designated as NLT Royalty Partners 10-4 at Pad 1.

<sup>&</sup>lt;sup>1</sup> The KB for the rig is approximately 22 ft above ground-level. The wellbore will be drilled vertically from the proposed SHL to a depth of approximately 8,500 ft (TVD/MD), after which it will be drilled by building and maintaining a directional continuation of the wellbore at an angle of approximately 14 degrees from vertical. The wellbore will enter the Smackover Formation at approximately 12,590/12,694 ft (TVD/MD) and explore to ~13,950/14,095 ft (TVD/MD).

#### FINANCIAL SECURITY

Pursuant to Rule 62C-26.002(5)(c)., Florida Administrative Code (F.A.C.), and Section 377.2425(1), Florida Statutes (F.S.), the applicant provided security for the well by joining the Minerals Trust Fund (MTF).

#### AUTHORIZATIONS

The activities proposed in the application for Permit 1388 are consistent with the applicable statutes and rules governing drilling operations under Part I of Chapter 377, F.S., and Rules 62C-25 through 62C-30, F.A.C. The Department hereby issues Permit 1388 to Clearwater Land & Minerals Petroleum, Inc. The permittee is hereby authorized to drill, complete, and test the well, subject to the following conditions.

Issuance of this permit does not guarantee, imply, nor should it be inferred from such issuance, that future permits or modifications will be granted by the Department. Issuance of this permit does not relieve the permittee of the responsibility to comply with all applicable federal, state, county, municipal, and special district laws, ordinances, and rules; nor is the permittee relieved of the responsibility to obtain any licenses or permits which may be required by federal, state, county, municipal, or special district laws.

This permit does not convey to the permittee or create any property right, or any interest in real property, nor does it authorize any entrance upon or activities on property which is not owned or controlled by the permittee.

#### PERMIT

The permittee is hereby advised to read and understand all permit conditions prior to initiating the activities authorized under this permit, and to ensure that work is conducted in conformance with all the terms and conditions. If the permittee employs a contractor, the contractor should also read and understand these conditions prior to beginning any activity. Failure to comply with these conditions may result in the suspension or revocation of this permit pursuant to Section 120.60, F.S.; injunctive relief pursuant to Section 377.34, F.S.; and penalties or damages pursuant to Section 377.37, F.S.

#### GENERAL CONDITIONS

- 1. Expiration: This drilling permit expires one year from the issuance date. If drilling has not begun within that period, then upon written request by the permittee, the Department shall extend the permit for an additional year. Subsequent requests for extensions shall be treated as new applications. [Rule 62C-26.003(2), F.A.C.]
- 2. Conduct of Operations: By accepting this permit, the permittee agrees to conduct all operations in accordance with Chapter 377, Part I, F.S. and Chapters 62C-25 through 62C-30, F.A.C. [Rule 62C-25.001(1), F.A.C.] Additionally, the permittee shall conduct operations in accordance with:
  - a. The conditions of this permit;
  - b. The Application for Permit to Drill (Form 3, Application Attachment 2), which is attached and incorporated as **Exhibit 1** of this permit;

- c. The Stream Protection Letter (Attachment to Form 3, Application Attachment 10), which is attached and incorporated as **Exhibit 2** of this permit; and
- d. The Application Summary Report, Application Attachments 1 through 23, updated and included with the permittee's January 12, 2024 and January 29, 2024, response to the Department's request for additional information (RAI response), as cited in this permit.

[Rule 62C-26.003(3), F.A.C.]

- 3. Notifications and Submittals: All notifications and submittals required under this permit shall be provided by electronic mail to the Department's Oil and Gas Program at OGP@dep.state.fl.us. Where notification to the Department's Jay Oil and Gas Field Office is required, such notification shall be made to the Department's Field office at 850-675-6558 and the Department's field agents at 850-449-5025 and 850-490-0790.
- 4. Blowouts or Other Emergencies: The permittee shall, in the event of a blowout or other emergency, bring the situation under control as rapidly as possible. The permittee is advised that failure to do so will cause the Department to bring the situation under control at the expense of the permittee. [Section 377.40, F.S. and Rule 62C-28.005, F.A.C.]
- 5. Emergency Response Contingencies. Any accident, blowout or other unauthorized release of produced fluids containing a pollutant or hazardous substance that is not contained on or within the berm surrounding the drilling pad shall be addressed in accordance with Rules 62-780.500, F.A.C., and 62-780.550 or Rule 62-780.560, F.A.C., as applicable. A qualified person shall obtain soil or water samples in accordance with Chapter 62-160, F.A.C., as applicable, and shall comply with the reporting requirements of Rule 62-780.300(2), F.A.C. [Sections 377.34 and 377.371, F.S.]
- 6. Notification of Rig Schedule: The permittee shall notify the Department's Oil and Gas Program and the Office of Emergency Response (OER) as early as practicable and at least seven calendar days prior to entry of the drilling rig onto the project site. Notification to the OER shall be provided by electronic mail to Joey Whibbs at <u>earl.whibbs@floridadep.gov</u>. Similar notification is required for the completion rig. The notification shall include at a minimum:
  - a. The company name and rig number;
  - b. Telephone numbers of responsible company personnel, contractors, and drilling superintendent;
  - c. The planned work schedule, including approximate spud date and estimated date that the drilled depth will reach 10,000 ft TVD.

[Section 377.371(1), F.S., Pollution Prohibited]

7. **Commencement Notification:** The permittee shall notify the Department's Oil and Gas Program not less than twenty-four hours prior to starting work and thereafter as directed. [Rule 62C-25.001, F.A.C.]

8. Identification of Wells: The permittee shall keep a sign that is legible from 100 feet posted in a conspicuous place near the well displaying the name of the permittee, fee owner, well number, Department permit number, county name, section, township, and range. [Rule 62C-27.001(1), F.A.C.]

# 9. Reporting Requirements:

- a. The permittee shall submit to the Department's Oil and Gas Program a copy of the abbreviated driller's log on a dailybasis.
- b. The permittee shall keep at the well site a complete driller's log and a copy of all well logs run on the well. These shall be accessible to the Department's Oil and Gas Program.
- c. The permittee shall submit to the Department's Oil and Gas Program the Well Record (Oil & Gas Form 8) within 30 days after reaching total depth, and the Well Completion Report (Oil & Gas Form 9) within 30 days after testing the well.
- d. The permittee shall provide a cut of all samples and cores taken, a complete set of all well logs, a mud log, a directional survey and any core or sample analysis reports that have been generated within 30 days after reaching total depth. Prior to providing the samples and cores to the Department, the permittee shall consult with the Department's Jay Oil and Gas Field Office regarding the most efficient way to protect and transfer them.

[Rules 62C-27.001(3) and (3)(a), F.A.C.]

- **10. Pollution Prohibited:** In accordance with Section 377.371(1), F.S., the permittee may not pollute land or water; damage aquatic or marine life, wildlife, birds, or public or private property; or allow any extraneous matter to enter or damage any mineral or freshwater-bearing formation. [Section 377.371(1), F.S.]
- 11. Site and Records Access: The permittee shall allow the Department's agents to examine, at any time, all records and facilities related to its permits. Inspections of records and papers shall be conducted during regular operating hours unless an emergency exists; other inspections may be conducted at any time. [Section 377.21, F.S. and Rule 62C-25.001(3), F.A.C.]
- 12. Compliance Required: The failure to comply with any general or specific condition herein is a violation of this permit and may result in the judicial imposition of: an injunction restraining the permittee from continuing such a violation; a civil penalty in an amount of \$15,000 for each day during any portion of which such violation occurs; and/or liability to the State for any damage caused to the air, waters, or property (including animal, plant, or aquatic life) of the State and the reasonable costs and expenses of the State in tracing the source of the discharge, controlling and abating the source and the pollutants, and restoring the air, waters, and property. [Sections 377.34 and 377.37, F.S.]

# SURFACE FACILITIES

13. **Surface and Bottom Hole Locations:** The surface and bottom holes shall conform to the locations specified in **Exhibit 1**, the "Application for Permit to Drill" (Form 3, Application Attachment 2). [Application; Rules 62C-26.003(3), 62C-26.003(7), and 62C-27.010(2), F.A.C.]

- 14. Non-Routine Well Location: The well will be located within the southeast quarter-section of Township 3 South, Range 9 West, Section 10 (T3S/R9W/S10), as depicted in Exhibit 3 (Survey Plat, Non-Routine Well Location, Application Attachment 5) of this permit. The well bottomhole location (BHL) is less than 920 feet (the routine minimum spacing) from the contiguous southwest quarter-section of T3S/R9W/S11. [Application; Rules 62C-26.003(4) and (6), F.A.C.]
- **15.** Surface Facilities: The permittee shall orient and construct the surface facilities as described in Exhibit 4, "Stormwater Management and Containment Berm Systems" contained in Application Attachment 23, Permitted Site Plan for NLT Royalty Partners 10-4 Well at Pad 1. Additionally:
  - a. The permittee shall construct berms of sufficient size and strength to prevent rainwater from washing onto and inundating pads and to contain any spills that may occur during drilling operations around well sites. [Rule 62C-27.001(4)(c), F.A.C.]
  - b. Retention basins and berms shall be designed and constructed as described in Sheets 2, 3 and 4 of the project Site Development Plans. The outer berm surrounding the drilling pad shall be designed and constructed to contain fluids within the work area. The storage capacity of the retention system and perimeter berm shall be designed and constructed to contain site run-off from a 24-hour duration, 100-year storm event. [Application; Site Development Plans; Section 377.371, F.S., Pollution Prohibited]
- **16. Rig Substructure and Ancillary Equipment:** The permittee shall utilize Best Management Practices to prevent pollution in the area around and under the rig substructure and ancillary equipment. Specifically:
  - a. The rig shall be assembled and oriented within a lined, interior berm system (secondary containment system), as shown in **Exhibit 5**.
  - b. The permittee shall install a rig mat secondary containment system comprised of an underdrain with a 60-mils liner to contain stormwater for reuse in drilling operations.
  - c. Runoff from the secondary containment shall be directed by sump pumps into collection tanks placed outside of the rig mat and within the pad limits.

[Application; Section 377.371, F.S., Pollution Prohibited]

# **DRILLING AND FLUIDS**

- **17. Drilling Procedures:** The permittee shall adhere to the "Drilling Procedure" (Application Attachment 14), including a closed-loop mud system without a reserve pit. Additionally:
  - a. The permittee shall not use earthen mud pits to contain active drilling fluids. The permittee shall install mud tanks to contain all active drilling fluids at the surface prior to spudding the well. [Rule 62C-27.001(4), F.A.C.]
  - b. Once commenced, drilling operations shall not be suspended except in emergency situations created by hurricanes, flooding, fire, etc. Drilling shall resume as soon as possible. All wells under construction on which drilling activities have been suspended in non-emergency situations shall be considered abandoned and shall be plugged in accordance with Rule 62C-29.009, F.A.C. [Application; Rules 62C-27.001(2) and (4)(b), and 62C-29.009, F.A.C.]

- c. The permittee shall maintain sufficient quantities of mud and mud additives readily accessible for use to ensure well control. The testing procedures, characteristics and use of drilling fluid and the conduct of related drilling procedures shall be such as are necessary to prevent blowouts. Necessary mud testing equipment and mud volume measuring devices shall be maintained at all times, and mud tests shall be performed at a frequency to ensure appropriate well control and recorded in the driller's log. [Rule 62C-27.007(1), F.A.C.]
- d. The permittee shall not perform operations on this well at a pressure, duration, and volume in order to propagate fractures in the oil producing formation without providing written notice to the Department, and receiving prior approval, from the Department for a specific plan for such operations. [Sections 377.22 and 377.371, F.S.]
- **18. Drilling Fluid Management:** The permittee shall adhere to the "Drilling Fluids Program" (Application Attachment 15). Additionally, requirements a. and b., below, apply at all times unless drilling in lost circulation zones.
  - a. Before starting out of hole with drill pipe, the drilling fluid shall be circulated with drill pipe just off bottom until the drilling fluid is properly conditioned to ensure a safe trip. When coming out of the hole with drill pipe, the annulus shall be filled with drilling fluid before the drilling fluid level drops below 100 feet, and a mechanical device for measuring the amount of drilling fluid required to fill the hole shall be utilized. [Rule 62C-27.007(2), F.A.C.]
  - b. The volume of drilling fluid required to fill the hole shall be monitored, and any time there is an indication of swabbing, or an influx of formation fluids, the necessary safety device(s) shall be installed on the drill pipe, the drill pipe shall be run to bottom and the drilling fluid properly conditioned. The drilling fluid shall not be circulated and conditioned except on or near bottom, unless well conditions prevent running the pipe to bottom. [Rule 62C-27.007(2), F.A.C.]

[Application; Rule 62C-27.007, F.A.C.; Section 377.22(2), F.S.]

## **19. Drilling Fluid Testing and Monitoring:**

- a. Drilling fluid testing equipment shall be maintained on the drilling location at all times, and drilling fluid tests shall be performed daily, or more frequently as conditions warrant to ensure appropriate well control. [Rule 62C-27.007(3), F.A.C.]
- b. The following drilling fluid system monitoring equipment, with derrick floor indicators, shall be installed and used throughout the period of drilling after setting and cementing surface casing, if weighted drilling fluid is required:
  - i. Fluid level and mud flow indicators with charts and alarms;
  - ii. A drilling fluid volume measuring device for accurately determining volumes required to fill the hole on trips; and
  - iii. A drilling fluid return indicator to determine that returns essentially equal the pump discharge rate.

[Rules 62C-27.007(4), F.A.C.]

## CASING AND CEMENTING

- **20.** General Casing Practices: The well shall be cased and cemented so as to maintain well control and prevent degradation of other natural resources, including water and petroleum. All casing shall be new pipe or reconditioned so as to be equivalent to new pipe. After cementing, drilling shall be discontinued for 12 hours if float valves are used; 24 hours if such valves are not used or do not hold pressure. [Rule 62C-27.005, F.A.C.]
- 21. Specific Casing Practices: Refer to "Wellbore, Casing and Cementing Diagram" attached and incorporated as Exhibit 6 to this permit. The well shall be cased and cemented in accordance with:
  - a. The "Proposed Wellbore Schematic" depicted in Attachment 20 of the Application Summary Report;
  - b. The "Cementing Plan for the 9 5/8-inch surface casing" (Application Attachment 17); and
  - c. The "Cementing Plan for the 5 <sup>1</sup>/<sub>2</sub>-inch production casing" (Application Attachment 18).

[Application; Rule 62C-27.005, F.A.C.]

22. Casing Pressure Tests: All casing strings except the conductor shall be pressure tested as specified below prior to well completion or drilling out after cementing. These tests shall not exceed the working pressure of the casing.

Casing String	Minimum Surface Pressure (whichever is greater)
Surface	1,000 pounds per square inch (psi)
Production	1,500 psi or 0.2 psi/ft. of depth
Tubing and Packer	1,000 psi or 0.2 psi/ft. of depth

Casing pressure tests shall be thirty minutes long and shall have no more than a 10 percent pressure drop. If there is an indication of a leak, necessary remedial measures will be taken and the casing retested. All pressure tests shall be recorded in the driller's log.

[Rule 62C-27.005(4) and (5), F.A.C.]

#### WELL CONTROL

- **23.** Well Control Program: The permittee shall install and use the well control equipment identified in the Well Control Protocol of the Application (Application Attachment 21). Additionally:
  - a. The permittee shall take all necessary precautions to keep the well under control at all times, shall utilize only contractors or employees trained and competent to drill and operate such wells, and shall use only oil field equipment and practices generally used in the industry. [Rule 62C-27.001(5), F.A.C.]
  - b. The permittee shall pressure-test the BOP and related well-control equipment at the following intervals and as described below:

- i. When installed;
- ii. Before drilling out after each string of casing is set;
- iii. Not less than once each week while drilling;
- iv. Following repairs that require disconnecting a pressure seal in the assembly; and
- v. At such other times as prescribed by the Department.

[Rule 62C-27.006(2), F.A.C.]

- c. Ram-type BOPs shall be tested to the working pressure of the stack assembly or the casinghead, whichever is less. Bag-type blowout preventers shall be tested up to 70 percent of the ram-type blowout preventer test pressure. [Rule 62C-27.006(3), F.A.C.]
- d. A bag-type BOP shall be actuated on the drill pipe or drill collars weekly. Accumulators and pumps shall maintain a pressure capacity reserve at all times to provide for repeated operation of hydraulic preventers. A BOP drill shall be conducted weekly for each drilling crew to ensure that all equipment is operational and that crews are properly trained to carry out emergency duties. All BOP tests and crew drills shall be recorded in the driller's log. [Rule 62C-27.006(4), F.A.C.]
- e. A required weekly BOP test while drilling may be deferred up to one week to avoid unnecessary tripping of the drill string or conditions that would endanger the hole. BOP tests shall be recorded on the driller's log. [Rule 62C-27.006(2), (3) and (4), F.A.C.]

# HYDROGEN SULFIDE (H2S)

- 24. Flaring Operations: The permittee shall install the flare system before the well depth reaches 10,000 ft, TVD. The permittee shallalso:
  - a. Secure all lines by staking down or chaining to a fixed object;
  - b. Install a flare head of sufficient design on the end of the line such that it will remain lit while exposed to high-pressure gas;
  - c. Use propane as the source gas for the flare;
  - d. Ignite the flare and reignite as necessary;
  - e. Maintain a flare pistol on site for backup ignition; and
  - f. Provide notice to the local Fire Department prior to first ignition of flare.

[Rule 62C-27.001(7), F.A.C.]

- **25.** H<sub>2</sub>S Safety and Contingency Plans: The permittee shall implement the "H<sub>2</sub>S Contingency Plan" (Application Attachment 10). Additionally:
  - a. The permittee shall bring a safety contractor to the site to continuously monitor the work area for  $H_2S$ , starting when the well reaches a depth of 10,000 ft, TVD.

- b. The H<sub>2</sub>S contingency plan shall go into effect when the well reaches a depth of 10,000 ft, TVD.
- c. The permittee shall contact hunting lessees in the immediate area and ensure they are instructed on potential H<sub>2</sub>S hazards;
- d. The permittee will place signs along the east shore of Dead Lakes describing drilling operations;
- e. The permittee shall post notices at launch sites for recreational boaters and fishermen regarding the drilling operations;
- f. In the event of an H<sub>2</sub>S release, the permittee shall also:
  - i. Dispatch sufficient personnel to immediately warn residents, hunters, boaters and fishermen within the calculated radius of exposure;
  - ii. Place required green, yellow, or red flags at the well site entrance and the intersection of River Road and Lower Brown Lake Road; and
  - iii. Immediately notify proper authorities, including the Calhoun County Sheriff's Office, Florida Highway Patrol, Scotts Ferry Volunteer Fire Department and any other applicable public officials and will enlist their assistance in warning people performing recreational activities within the calculated radius of exposure.

[Application; Rule 62C-27.001(7), F.A.C.]

# WELL COMPLETION

## 26. Well Testing:

- a. All drill stem tests (i.e., tests of the well with the drill string still in the hole) shall be conducted in accordance with generally accepted industry standards and practices and shall be conducted only during daylight hours. Prefabricated tanks shall be used to contain all produced fluids and a gas flare system with automatic ignition and scrubbers shall be used to safely flare gas and prevent spills. [Rule 62C-27.001(6), F.A.C.]
- b. If there is no oil show or if after testing the well is not commercially viable, Clearwater Land & Minerals shall promptly: plug and abandon (P&A) the well, remove equipment and clean the location; and restore the location per state rules and as agreed with surface owner. [Rule 62C-29.009, F.A.C.]

# 27. Plugging and Abandonment:

- a. Operators must obtain Department approval prior to commencing plugging operations. [Rule 62C-29.009, F.A.C.]
- b. If there is no oil show or if after testing the well is not commercially viable as a production well, the permittee shall promptly submit a proposal to the Department to plug and abandon (P&A) the well.
- c. Any proposal to temporarily P&A the well shall be accompanied by plans and milestones for its future use or to permanently P&A.

d. The permittee shall promptly implement the P&A plan following Department approval. [Application; Rule 62C-29.009, F.A.C.]

[Section 377.371, F.S., Pollution Prohibited]

## WELL OPERATION

**28. Operating Permit:** Before using the well for its intended purpose (produce oil, dispose of saltwater, inject fluids for pressure maintenance, hold for future use, etc.), the permittee shall first obtain a permit to operate that well. [Application; Rule 62C-26.008, F.A.C.]

## **POLLUTION PREVENTION**

- **29.** Spill Prevention and Cleanup: The permittee shall ensure that the rig operator adheres to its current Spill Prevention Control and Countermeasure Plan (Plan) pursuant to 40 CFR 112 while on the project site.<sup>2</sup> [Application Attachment 9] Additionally:
  - a. In the event of a leak or spill the permittee shall take immediate corrective action to rapidly bring any spill under control and to clean up the site without delay.
  - b. Spills or leakage of oil, gas, other petroleum products, or waste material, of any quantity that cannot be immediately controlled, shall be reported immediately to the Department's Oil and Gas Field Office at 850-675-6558 and the Department's field agents at 850-449-5025 and 850-490-0790 and followed up promptly by electronic mail. Such spills or leakage shall also be immediately reported to the State Watch Office at 1-800-320-0519, as applicable. [Section 377.371(2), F.S.]
  - c. Spills or leakage of oil, gas, other petroleum products, or waste material, that can be immediately controlled shall be reported as soon as practicable and within 24 hours of discovery to the Department's Oil and Gas Field Office at 850-675-6558 and followed up promptly by electronic mail. [Section 377.371(2), F.S.]
  - d. In addition to the reporting required by paragraphs b. and c., the permittee shall immediately confirm in writing to the Department all spills of crude petroleum or associated fluids greater than five (5) barrels. [Rule 62C-28.005(1), F.A.C.]
  - e. The permittee shall clean the site of any oil or other contaminants spilled in conjunction with the drilling, production and transportation activities. [Rule 62C-30.005(2)(c)5, F.A.C.]
  - f. Any unauthorized release of produced fluids containing a pollutant or hazardous substance shall be addressed in accordance with Rules 62-780.500, F.A.C., and 62-780.550 or Rule 62-780.560, F.A.C., as applicable. A qualified person shall obtain soil or water samples in accordance with Rule 62-160, F.A.C., as applicable, and shall comply with the reporting requirements of Rule 62-780.300(2), F.A.C.

[Section 377.371, F.S., Pollution Prohibited]

Clearwater Land & Minerals Petroleum, Inc. Exploratory Well

<sup>&</sup>lt;sup>2</sup> SPCC. Drilling Operations, RAPAD Drilling & Well Service Inc. Rigs 31, 32, 33, 34, 35, 36, 38, 40 and 41 operating in Louisiana, Mississippi, Alabama and Florida, Feb 2019.

- **30.** Waste Disposal Best Management Practices: The permittee shall implement the following BMP for disposition or disposal of materials and wastes from drilling, testing, and other on-site activities:
  - a. Drill fluids, comprised of makeup water, drilling muds, drill cuttings and formation water shall be stored in steel tanks on site.
    - i. If the well is completed, drill fluids shall be hauled to a permitted Class II Underground Injection Control (UIC) well or permitted waste disposal facility.
    - ii. In lieu of disposal, drill cuttings may be washed, stored, tested and then beneficially reused following an applicant request and Department approval that ensures that the hydrocarbon content, moisture content, salinity, and clay content of the cuttings are suitable for the intended use of the material.
    - iii. If the well is not completed, drilling fluids shall be disposed as described in i., above or may be pumped downhole into the wellbore after evaluation of surface casing cement logs. <sup>3</sup>
  - b. Test fluids shall be handled and disposed as follows:
    - i. Spent near-wellbore cleanup fluids, consisting of neutralized acid and formation water, shall be stored in tanks or a tanker and hauled by a contractor to an approved Class II UIC well or permitted waste disposal facility.
    - ii. Crude oil shall be collected in a separation tank/vessel and hauled by contractor to an approved handling facility.
    - iii. Associated natural gas from the separation tank/vessel shall be flared on-site; and
    - iv. Formation water from the separation tank/vessel shall be hauled by contractor to an approved Class II UIC well or permitted waste disposal facility.

[Application Summary Report; Section 377.371, F.S., Pollution Prohibited]

<sup>&</sup>lt;sup>3</sup> Surface casing will be set of approximately 3,500 ft (TVD) and cemented back to surface. The lowest USDW is between 800 and 1,500 ft (TVD) and will be protected by the surface casing, cement and tight intervening formations.

This permit constitutes an order of the Department. Any party to this order has the right to seek judicial review of the order under Section 120.68, F.S., by the filing of a notice of appeal under Florida Appellate Rules of Procedure Rules 9.110 and 9.190 with the Clerk of the Department in the Office of General Counsel, 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida 32399 3000, and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice of appeal must be filed within 30 days from the date when the order is filed with the Clerk of the Department.

The files associated with this order are available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays at the Department of Environmental Protection, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400, and online at <u>https://depedms.dep.state.fl.us/Oculus/servlet/login</u>. (Public Users may use the Public Oculus Login and search under Oil & Gas, Property, and Facility-Site ID for OG\_1388.)

Executed on April 26, 2024, in Tallahassee, Florida.

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Gerald A Walker Administrator Oil & Gas Program

Attachments:

Exhibit 1. Application for Permit to Drill (Form 3)

Exhibit 2. Stream Protection Letter

Exhibit 3. Survey Plat, Non-Routine Well Location

Exhibit 4. Stormwater Management and Containment Berm Systems

Exhibit 5. Drilling Rig Layout and Secondary Containment - RAPAD Rig 33

Exhibit 6. NLT Royalty Partners Well 10-4 at Pad 1 Wellbore, Casing and Cementing Diagram

## OIL AND GAS DRILLING PERMIT

## **CERTIFICATE OF SERVICE**

The undersigned duly designated deputy clerk hereby certifies that this final order was mailed electronically before the close of business on April 26, 2024, to Edward R. Campbell IV, Manager of Clearwater Land & Minerals FLA, LLC, at <a href="mailto:camp@campbellcompanies.net">camp@campbellcompanies.net</a>. This notice was also mailed electronically, on the same date, to the following persons:

Shannon Freemon, Kleinfelder: <u>sfreemon@kleinfelder.com</u> Edward Murawski, Kleinfelder: <u>emurawski@kleinfelder.com</u> Gene Bailey, Chair, Calhoun County Commission: <u>gbailey@calhouncountygov.com</u> Timothy Riley, Esq., Gunster: <u>triley@gunster.com</u> Andrew Joslyn, Northwest Florida Water Management District: <u>Andrew.Joslyn@nwfwater.com</u> Fish & Wildlife Conservation Commission: <u>FWCConservationPlanningServices@myFWC.com</u> Kelly L. Chase, Florida Department of Strate, Division of Historic Resources: <u>Kelly.Chase@dos.myflorida.com</u> Director, DEP NWD: <u>elizabeth.orr@dep.state.fl.us</u>

## Cameron Baxley, Apalachicola Riverkeeper: cameron@apalachicolariverkeeper.org

## FILING AND ACKNOWLEDGMENT

FILED, on this date, pursuant to Section 120.52(7), F.S., with the designated Deputy Department Clerk, receipt of which is hereby acknowledged.

Deputy Clerk

April 26, 2024

Date

		Oil & Gas Form 3
Florida	Form Title:	APPLICATION FOR PERMIT TO DRILL
Department of	Date Revised:	April 22, 2014
Environmental Protection		
Incorporated by Reference In:         Section 62C-25.006(4)(a), F.A.C.           For information and fees regarding drilling permits for oil and gas related wells, refer to Chapter 62C-26, Florida Administrative           Code.         File this form with the Florida Department of Environmental Protection, Oil and Gas Program, 2600 Blair Stone Road, MS 3588, Tallahassee, Florida 32399-2400; (phone 850-245-8336) or, Email: OGP@dep.state.fl.us           Clearwater Land & Minerals. Fla LLC		
416 Travis St. Suite 715 Shreveport, Louisiana 71101		
	(Company's Name and Addre	55]
Phone Number:         318-464-6207         Fax Number:           Well Name and Number:         NLT Royalty Partners 10-4         Fax Number:           Ground Elevation:         36         Acres Assigned to Well:         158         Latitude:         30.23475N, Longitude:         85.12548W,		
SHL: <u>N30.2347566; W85.1254806</u> BHL: <u>N30.2319513: W85.1226729</u>		Sec. <u>10</u> T. <u>3S</u> R. <u>9W</u> Sec. <u>10</u> T. <u>3S</u> R. <u>9W</u>
Field/Area: Exploratory well		County: <u>Calhoun</u> Proposed Depth: 14,095' MD/13,950' TVD
Distance to nearest drilling unit boundary: _1026	FSL and 702' FEL	Proposed Depth: 14,095' MD/13,950' TVD
Do you have all of the mineral interest in the drilling unit under lease or title? <u>Yes</u> (Yes or No) If not, attach lease map showing ownership of all mineral acreage within the drilling unit and list the names and addresses of all nonconsenting mineral owners. (See section 377.2411 and .247, Florida Statutes.)		
(Please answer YES or NO) Is the structure intender a) in a municipality?	d for the drilling or produ No	uction of this well located (See section 377.24, F. S.)
<li>b) in tidal waters within</li>	3 miles of a municipalit	y? <u>No</u>
c) on an improved beach? No		
d) on any submerged land within a bay, estuary, or offshore waters? <u>No</u>		
e) within one mile seaward of the coastline of the state? <u>No</u>		
<li>f) within one mile seaward of the boundary of a local, state or federal park or an aquatic or wildlife preserve? <u>No</u></li>		
g) On the surface of a freshwater lake, river or stream? <u>No</u>		
<ul> <li>within one mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean or any bay or estuary? <u>No</u></li> </ul>		
i) within one mile of an	y freshwater lake, river o	or stream? Yes
If the answer to a, b, or c is YES, attach copies of local governing authorities' permits. If the answer to h or i is YES, attach a contingency plan specifying safeguards being implemented to prevent accidents and/or blowouts and to protect the natural resources of such bodies of water and shore areas in the event of an accident or blowout.		
The security for this well is on file and bears Serial Number <u>N/A</u>	(attached or on file) wit	h the Oil and Gas Program (see Rule 62C-26.002)
***************************************	Company's Statemen	
State: Florida	Company's Statemen County: Calhoun	
	, am the Manage	47
(Name)		(Tite)
of <u>Clearwater Land &amp; Minerals Fla LLC</u> (Organization)	and attest to all	information contained herein to be true and correct.
Signature:	Residential Address	416 Travit St Ste 715
Date: 12 4 23	City/State/Zip:	Sheveport, LA 71101
File Number: Action:	Date:	A.P. I. Number:



►□

November 28, 2023 Kleinfelder Project No.: 24001925.001A

Mr. Gerald Walker, Environmental Administrator Oil and Gas Program Florida Department of Environmental Protection 2600 Blair Stone Road M.S. 3500 Tallahassee, Florida 32399

#### Subject: Adequate Protection of Streams in the Event of Accident of Blowout Application for Permit to Drill Clearwater Land & Minerals FLA, LLC – NLT Royalty Partners 10-4 Well at Pad 1 Gulf County, Florida

Dear Mr. Walker .:

The following letter is in support of an Application for Permit to Drill #1374, NLT Royalty Partners 10-4 Exploration Well No. 1 Oil Well Pad (Figure 1), in accordance with the requirements of Florida Statutes 377.242(1)(a)(4) and Application for Permit to Drill – Oil & Gas, Form 3.

Pursuant to Florida Statute 377.242(1)(a)(4),

"No structure intended for the drilling for, or production of, oil, gas, or other petroleum products may be permitted or constructed within 1 mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean, or any bay or estuary or within 1 mile of any freshwater lake, river, or stream unless the department is satisfied that the natural resources of such bodies of water and shore areas of the state will be adequately protected in the event of accident or blowout."

This letter describes all water bodies listed above and within one mile of the proposed well, and details mitigation of risk due to a variety of factors. In summary, the geologic, engineering, and topographic factors present, as well as the operational safeguards and contingencies built into the drilling program, the risk of a well control event leading to a blowout at the surface is extremely low and all bodies of water located within one mile of the proposed well are adequately protected. The following is a description of the site and protection measures that will be implemented.

#### SITE DESCRIPTION

#### Watershed

The proposed well sits within the Apalachicola watershed basin (Figure 2). National Hydrologic Data (NHD) defined perennial, intermittent streams and artificial paths within one mile of the proposed well occur within the Apalachicola watershed basin.

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December 4, 2023

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#### National Hydrologic Data

Within one mile of the proposed well location there is one NHD defined intermittent stream, and three perennial streams, all of which are tributaries to the named Apalachicola River (Figure 2).

#### Topography

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Based on a review of USGS quadrangle map (Figure 3), the proposed well location is located at approximately 40-ft. NGVD. The USGS quadrangle depicts topography surrounding the site as generally sloping towards the north, west, south, and southeast.

#### National Wetland Inventory

National Wetland Inventory (NWI) defined surface waters and wetlands occur within the project boundary as well as within one mile of the proposed well as associated with previously described streams (Figure 4). Two ponds and two streams are located within the one-mile radius of the proposed well site. One of the two ponds is known as Brown Lake and is located approximately 4,950 ft east southeast of the proposed surface hole location. Brown Lake slough connects Brown Lake to Apalachicola River which is approximately 4,820 ft southeast of the surface hole location.

An unnamed pond is approximately 2,300 ft east southeast of the surface hole location. The feature is not connected to any perennial or intermittent feature. There are unnamed channels within the one-mile radius of the proposed well location. The closest channel is approximately 4,680 ft northeast and is an intermittent hydraulic feature that is seasonally inundated.

#### ADEQUATE PROTECTION OF STREAMS

#### Geologic Factors

The shorelines at the Little Cedar Creek / Brooklyn Field System and the Apalachicola Embayment are both controlled by pre-Jurassic mountain ranges of paleozoic basement (the buried foothills of the Appalachian Mountain range). The shorelines are created as the maximum transgression and highstand (the highest ocean water levels) as the Smackover reaches its most Northern push and gets halted by the exposed mountain ranges. These basement mountain ranges were exposed on the highest ridges and peaks and were covered by pre-Jurassic gravels and/or Norphlet Sands on the flanks.

A beach along a shoreline, or a reef - in either case, this 'created on the shoreline' reservoir rock is limited basinward (as the beach or reef doesn't go way out into the deep ocean), and the reservoir rock is limited shoreward (as the beach or reef doesn't extend inland) and now all that is left for a trap is the beach or reef's lateral extent. The lateral break at Little Cedar Creek Field was 17 miles up from the oil water contacts.

After reviewing 100's of lines of 2-D shelf data, we acquired the 2 key 2-D shelf lines and then shot 6 proprietary 2-D lines across the prospective shoreline reefs and bars. The prospect area is on the depositional shelf on the Eastern and protected side of a major basement ridge - being on the Eastern side of the major ridge is another major key, and is similar to what has been observed at the Analogous Little Cedar Creek/Brooklyn Field System (LCCBFS).

During the development of LCCBFS, and in 102 consecutive months, Craft Companies participated in 56 newly completed producing wells which had an average IP Rate of 295 BOPD and 248 MCFPD with an average Cum of 313,956 BO and 544,898 MCF thru 05/2022 with 36 of the 56 wells still producing 37,238

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December 4, 2023 www.kleinfelder.com BOPM. The best IP rate was 627 BOPD and 540 MCF from 12/64 choke with 1850# FTP. The best Cum was 1,783,101 BO and 3,199,961 MCF. In addition to the four fields developed in the LCCBFS, Craft Companies also participated in an additional 19 new field discoveries and/or field extensions in the South Alabama Smackover arena. Of this total of 23 new fields and/or field extensions, 19 were generated by Craft.

#### Engineering Factors

The proposed well will be drilled on a newly constructed 440-ft. x 425-ft. pad designed in accordance with Northwest Florida Water Management District stormwater requirements. Construction will include an outer berm to surround the drill pad and is designed to contain any surface fluids and retard run-off into local water bodies. A secondary containment stormwater management system will contain runoff from the rig mat area and the fuel storage tanks, during the 2-year, 24-hour storm event. This system will collect stormwater runoff and operation fluid volumes that could run off the drill rig during drilling operations (i.e. drilling mud, drill water, etc.); two sump pumps in the containment ditch which will direct the volumes into collection tanks. The storage capacity of the onsite retention system and perimeter berm is designed to mitigate risk of run-off during a 100-year storm event.

Additional operational safeguards are described in documents to be submitted in support of this application. These include the Drilling Program, and Additional Well Control Measures, which outlines practices and mechanical systems, such as the BOP stack, which are designed to meet or exceed FDEP standards and prevent surface blowouts. Also described are contingency plans developed to respond to hypothetical well control events.

#### CONCLUSION

The referenced Application for Permit to Drill #1374, NLT Royalty Partners 10-4 Exploration well No. 1 Oil Well Pad provides for the adequate protection of surface waters pursuant to Florida Statutes 377.242(1)(a)(4). Due to the low-to-normally pressured nature of the Smackover Formation and the implementation of cultural and operational safeguards, the risk of a surface blowout at the proposed well should be considered low. Should a well control event result in surface fluids, the engineered system control including the 3-ft. perimeter berm and secondary containment around the drill rig mitigates the risk of discharge into local water bodies. Well control protocols are in place and blowout preventions are in place for drilling. Equipment for spill cleanup and personnel will be available during drilling.

We trust the attached information is sufficient to provide reasonable assurance for adequate protection of surface waters. If you have any questions or need anything else regarding these responses, please don't hesitate to contact me. Thanks so much, and all the best.

Sincerely,

KLEINFELDER, INC.

ner Fli

Shannon Freemon Project Manager

Jellant-

Ed Murawski Program Manager

cc: Camp Campbell, Clearwater Land & Minerals FLA, LLC Timothy Riley, Gunster

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December 4, 2023 www.kleinfelder.com

Clearwater Land & Minerals Petroleum, Inc. Exploratory Well

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Attachments: Figure 1 – Location Map

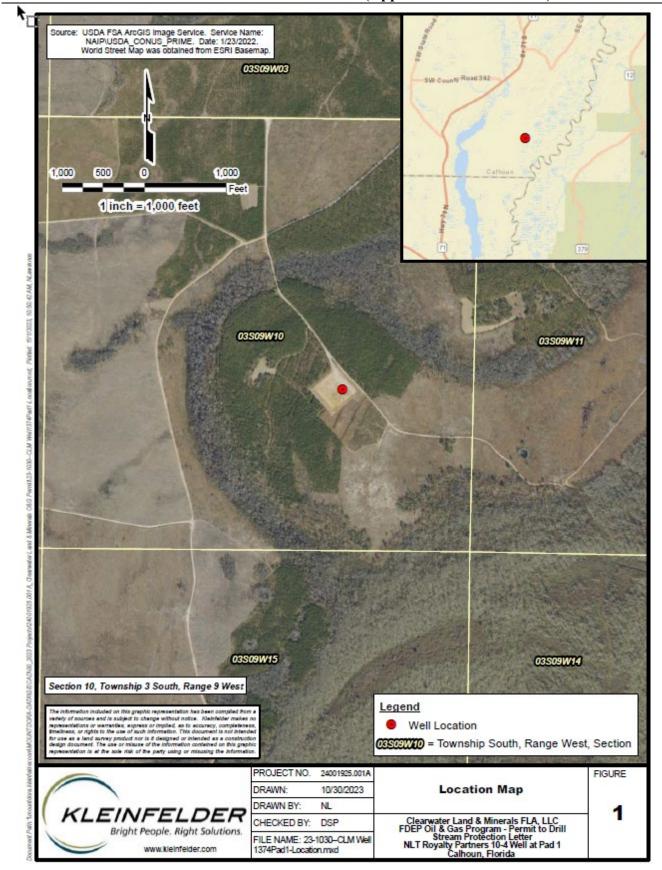
Figure 2 – Watershed Boundary Map

- Figure 3 USGS Topo Map
- Figure 4 National Wetlands Inventory Map

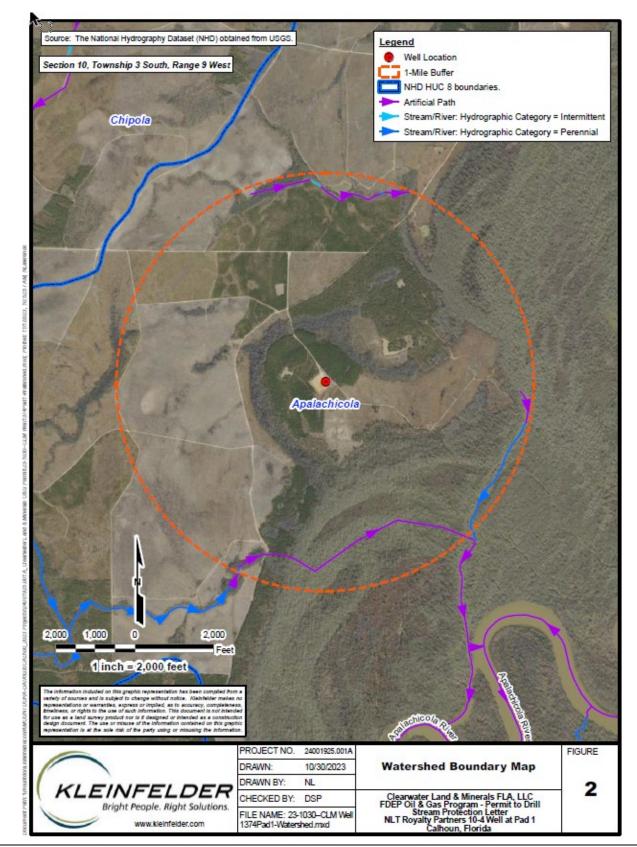
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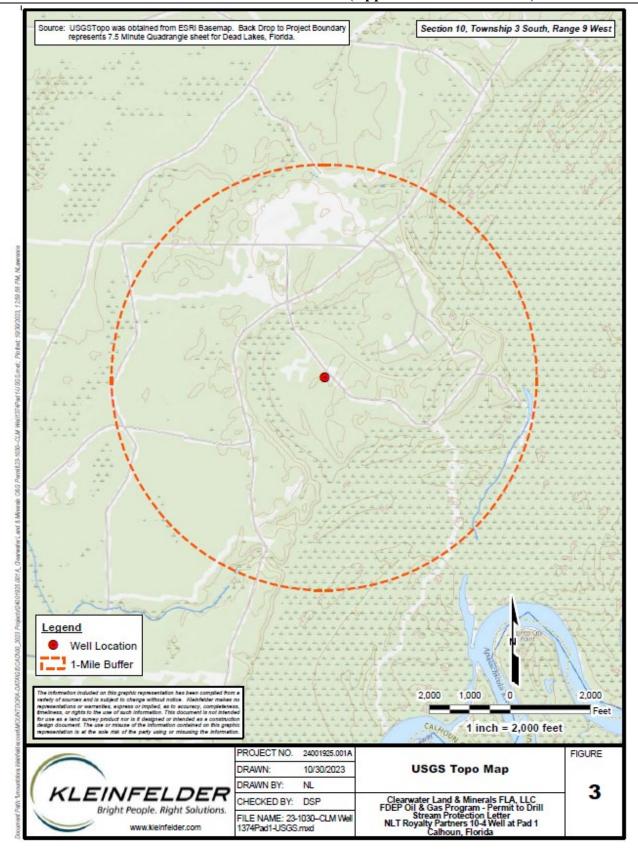
Clearwater Land & Minerals Petroleum, Inc. Exploratory Well



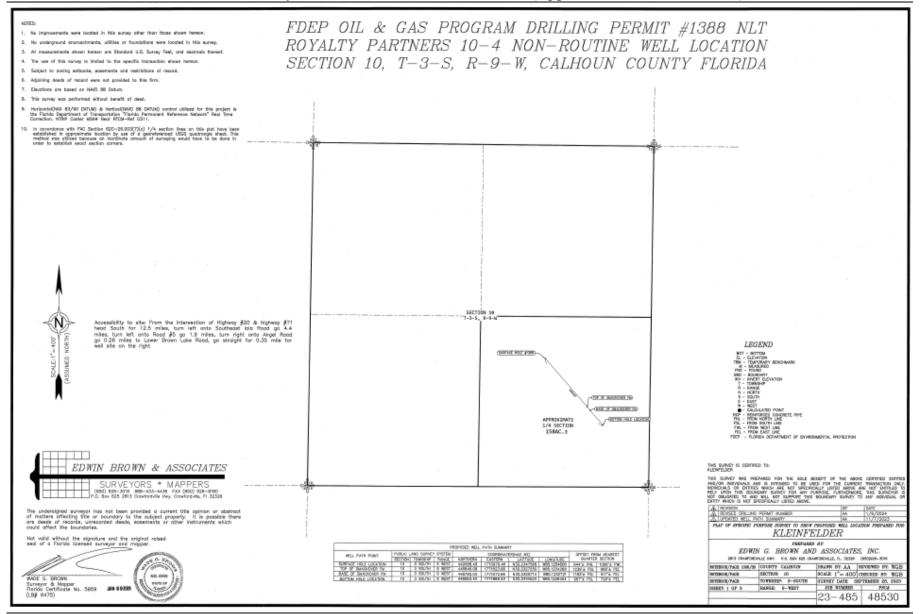
**Exhibit 2. Stream Protection Letter (Application Attachment 8)** 



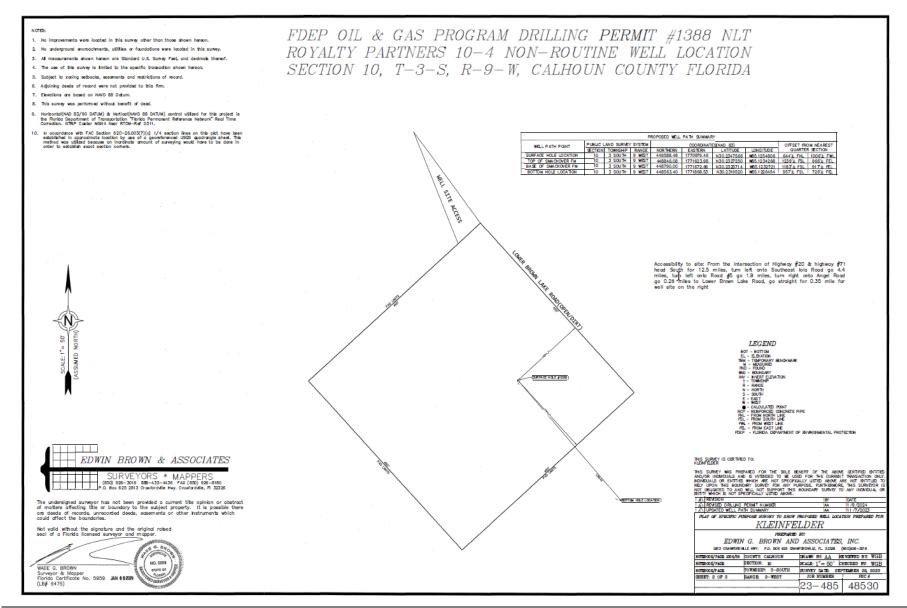
**Exhibit 2. Stream Protection Letter (Application Attachment 8)** 



**Exhibit 2. Stream Protection Letter (Application Attachment 8)** 

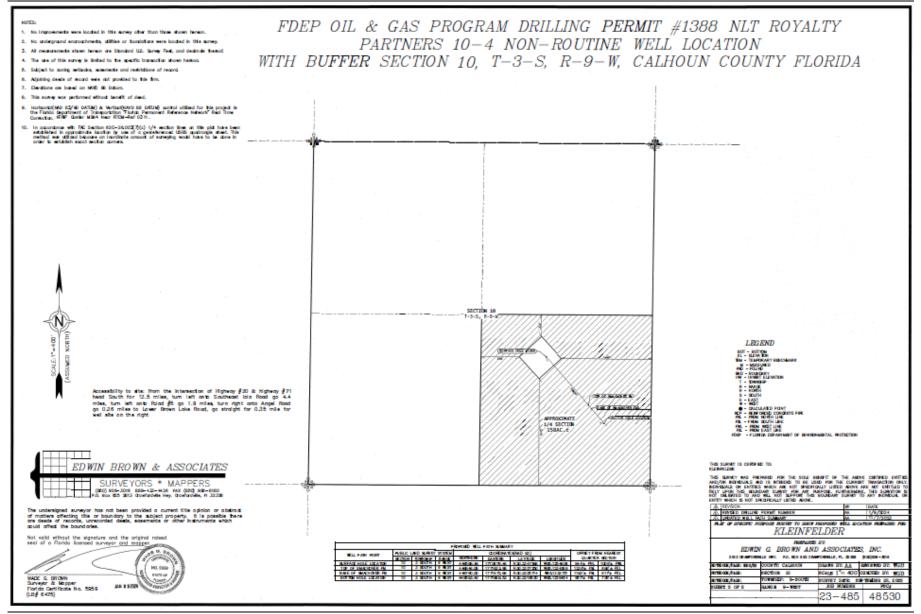


## Exhibit 3. Survey Plat - Non-Routine Well Location (Application Attachment 5 rev)

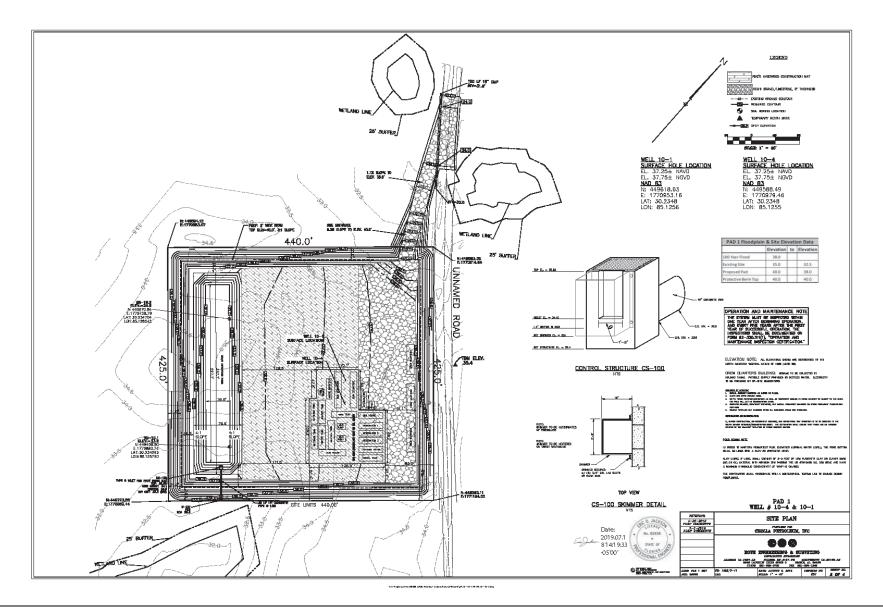


Clearwater Land & Minerals Petroleum, Inc. Exploratory Well

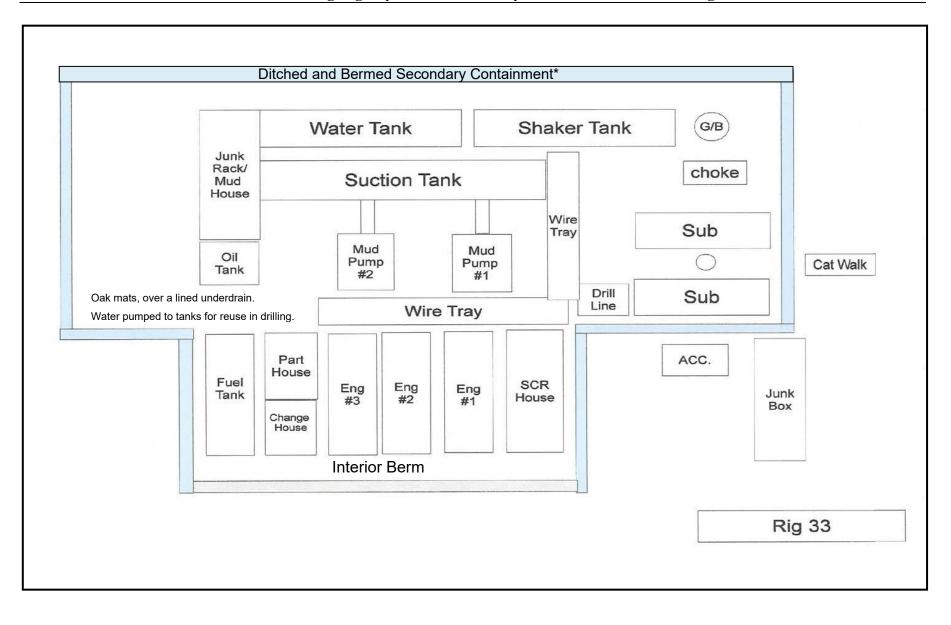
### Exhibit 3. Survey Plat - Non-Routine Well Location (Application Attachment 5 rev)



Clearwater Land & Minerals Petroleum, Inc. Exploratory Well

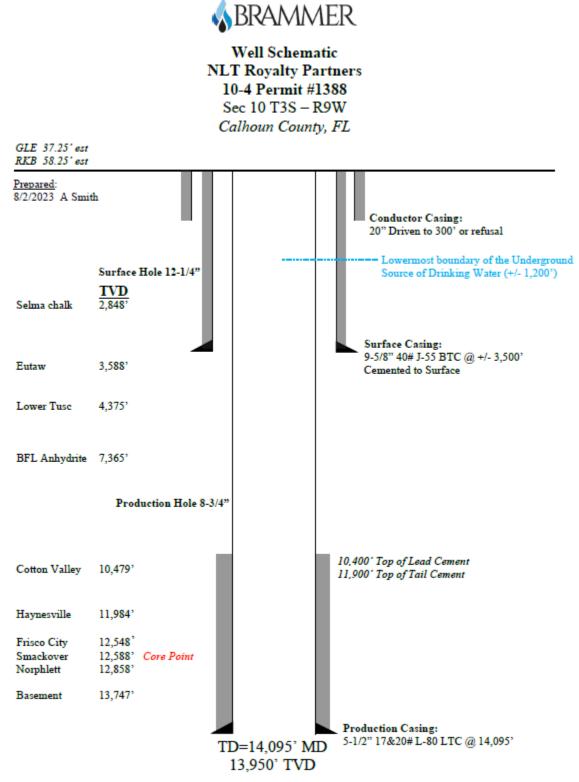


Drilling Permit No. 1388 NLT Royalty Partners Well 10-4 at Pad 1



## Exhibit 6. NLT Royalty Partners Well 10-4 at Pad 1 – Well Schematic and Cementing Proposal

~□



# COMPOSITE ATTACHMENT A APALACHICOLA RIVERKEEPER'S COMMENTS



December 22, 2023

Ms. Jessica Kramer Ms. Cindy Mulkey Mr. Gerald Walker Florida Department of Environmental Protection 3900 Commonwealth Boulevard, MS 49 Tallahassee, FL 32399 Oil and Gas Permit Application 1388, Clearwater L&M

Dear Ms. Kramer, Ms. Mulkey, and Mr. Walker,

This letter constitutes Apalachicola Riverkeeper comments within the 30-day period for the DEP to determine the completeness of an application (Oil and Gas No. 1388) by Clearwater Land and Minerals FLA, LLC (Clearwater L&M) to drill an exploratory (wildcat) oil well between the Apalachicola River, Chipola River, and Dead Lakes. The application was received by DEP on or about December 6, 2023, and we were advised that our comments were required by December 22, 2023, to be considered when determining completeness of the application.

We have also aware that Clearwater L&M intends to submit another application in the same area but, we have no further details.

Apalachicola Riverkeeper, established in 1998, is a non-profit organization dedicated to the protection, restoration, and stewardship of the Apalachicola River, its floodplain, and the Apalachicola Bay. A member of the international Waterkeeper Alliance and Florida Waterkeepers, we are supported by over 1400 members, most of whom use and enjoy the river, its estuary and the Apalachicola Bay. Our mission is to protect the watershed and ecosystem of the Apalachicola River system, and along with our members, are committed to restoring and protecting the Apalachicola River to preserve it for future generations. In advancing that mission, Apalachicola Riverkeeper engages in education and advocacy to the public and to executive, legislative and adjudicative bodies of Federal, State, and local governments.

The Apalachicola River is the largest river in volume in Florida and has the largest and most environmentally sensitive undisturbed floodplain ecosystem in the state. That central feature of the river system is confirmed by the legally recognized status as an Outstanding Florida Water in 1984. Outstanding Florida Waters are a special category of water body set out by section 403.061(27), Florida Statutes. They are waters designated worthy of special protection because of their natural attributes that are of an ecologically outstanding character. For that reason, permits for activities that would degrade them must meet a stringent test – that construction must be "clearly in the public interest," so long as the proposed activity would take place after the designation of the water body as an Outstanding Florida Water. Ms. Jessica Kramers, Deputy Secretary Page 2

This site is located within the Apalachicola River floodplain and close to flowing river waters during normal high flows, such as those in winter months. At those times, about ninety-five percent of the Apalachicola River floodplain is connected aquatic habitat. Moreover, during major flood events, the drilling pad would be surrounded by flowing water.

The Apalachicola River is also connected at high flows to the source of drinking water supplies for the city of Port Saint Joe. Oil drilling and production in the floodplain of any river of this character risks catastrophic damage to the river system.

The Apalachicola River's extensive forested floodplain contains a diverse assortment of aquatic and wetland habitats. About 60 species of trees occur in the bottomland forest of the Apalachicola River floodplain. Mixed bottomland hardwoods are dominated by water hickory, sweetgum, overcup oak, green ash, and sugarberry, and grow in the areas of higher elevation in the floodplain (levees, ridges, and flats). Tupelo-cypress forested wetlands, also called swamps, grow in depressions and areas of lower elevation. Some of these swamps are covered with standing water year-round; others are inundated much of the year but lack standing water during the driest months.

Streams, sloughs, ponds, lakes, and swamps in these floodplains are alternately connected and disconnected from the main river channel as river levels fluctuate. Complex relationships exist between biological communities in floodplain habitats and river flow, with floral and faunal distributions varying spatially, seasonally, and annually. During low-flow periods, shallow waters in the flood- plain provide refuges for fishes from the deep, swiftly flowing waters of the main channel. During flood events, fishes use inundated floodplain forests for food, protective cover, spawning sites and nursery grounds.

As a result, the Apalachicola River's floodplain has the highest species diversity of reptiles (over 80 species) and amphibians (over 40 species) found north of Mexico. It also provides habitat for more than 280 species of birds, over 130 species of fish, over 52 species of mammals, and over 1,300 species of plants – including over 70 different species of trees. Among these species are more than 30 federally threatened or endangered animal species. Listed, rare, threatened, endangered and otherwise imperiled species in the floodplain include Gulf sturgeon, striped bass, spotted bullhead, five species of mussels, Apalachicola dusky salamander, eastern indigo snake, Florida manatee, bald eagle, swallow-tailed kite, Mississippi kite, Barbour's map turtle, and the fox squirrel. Nearly the entire river floodplain is identified by the Florida Natural Areas Inventory as priority rare species habitat.

**The application for this wildcat drilling is incomplete**. Moreover, there is sufficient precedent and reason to deny the application now based on the DEP rules and Statutes. The application and denial thereof would fall squarely within the four corners of the recent DEP decision to deny an application to drill an oil and gas well north of the Immokalee Airport.

DEP stipulated at hearing that the Immokalee application complied with all Oil and Gas Rules at 62C-25 through 30, FAC and Chapter 377, FS, except Section 377.241(3), F.S. This provision regards the "Proven or Indicated *Likelihood* of the presence of oil in such quantities as to warrant the exploration and extraction of such products on a <u>commercially profitable basis</u>".

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At the hearing, a DEP consultant testified, and the Administrative Law Judge (ALJ) found, that "the failure rate for wildcats outside of existing fields is 98.8 percent (%)". The ALJ made the Finding of Fact that "Consistent with [the expert's] testimony and given the failure rate, it is unreasonable to proceed with an oil exploration project in Florida outside of an existing, established field. [The expert's] opinion is credible and persuasive with regard to the Petitioner's proposed project."

Notably, the unsuccessful applicant had been successful at finding and producing oil at a location 7 miles away from the denied site. The applicant was basically suggesting that there were structures at the proposed location like those where he and other companies had succeeded at locations between 5 and 10 miles away.

By contrast, the Clearwater project bases its "likelihood" through analogy with the nearest oil fields that are about 125 miles away in Jay, Florida. For reference, the historical failure rate of wells drilled in Calhoun County and adjacent Gulf, Gadsden, Franklin, Liberty, and Washington counties is 100% (70 dry holes out of 70 wells actually drilled).

Another reason to deny, is that beyond any argument, the nature of the lands involved in the Clearwater L&M application is vastly more sensitive than the degraded land near Immokalee. For these reasons, DEP can and should move straight to denial. This would avoid the unnecessary use of time and resources for the applicant, the DEP, and the public.

At the very least, the application is incomplete. It is unclear if the applicant holds an environmental resource permit (ERP). ERP permitting should be integrated with oil and gas permitting for the proposed application, especially due to the requirement to consider the nature of the lands involved per Section 377.241(1), F.S.

DEP should require that Clearwater L&M submit a Section 404 permit application given the location of the project in the Apalachicola River floodplain, in or near Waters of the U.S (WOTUS). At minimum, there should be a decision in the record as to why such a permit is not required, if indeed it is not required.

DEP should request more information and include it in the public record regarding the applicant's prospects of finding oil in <u>commercial</u> quantities. Presently, it appears that the DEP can decide to issue or to deny a permit using rationale and information outside of the public view or reach. Apalachicola Riverkeeper would be willing to sign a non-disclosure agreement (NDA) to see the geological and economic information that underpins this prospect.

DEP should plan and conduct a public meeting at an early date to explain how the DEP will review this application and to plainly describe how it weighs the factors and determines whether to issue a permit using the three criteria at 377.241(1, 2 and 3), F.S.

Apalachicola Riverkeeper may wish to add more completeness comments by the date (presumably January 5, 2024) DEP sends the applicant any request for any additional information (RAI). We would request that DEP will at a minimum attach our additional comments to a RAI letter to the applicant.

We are heartened by Governor DeSantis' comments during the present campaign on drilling in Florida. We would agree that Florida does not have much onshore oil and has many sensitive

Ms. Jessica Kramers, Deputy Secretary Page 4

environments onshore and offshore. Today, the U.S. is producing more oil than ever. Almost all the additional oil, as noted by the Governor, comes from the vast Permian Basin outside of Florida. In such areas, hundreds of drilling projects conducted year in and year out have success rates in producing oil much greater than 50%. Almost all the oil that is commercially produced comes from such well-known zones.

In summary, there is presently sufficient rationale to deny this application and, clearly, the application is incomplete.

Please call on me for further discussion as needed. Thank you.

Sincerely,

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Cameron Baxley Riverkeeper cameron@apalachicolariverkeeper 850-653-8936



April 29, 2024

Ms. Jessica Kramer Ms. Cindy Mulkey Mr. Gerald Walker Florida Department of Environmental Protection 3900 Commonwealth Boulevard, MS 49 Tallahassee, FL 32399 Oil and Gas Permit Application 1388, Clearwater L&M

Dear Ms. Kramer, Ms. Mulkey, and Mr. Walker,

I am writing on behalf of Apalachicola Riverkeeper to express profound disappointment and grave concerns regarding the recent "Intent to Issue" by the Florida Department of Environmental Protection (DEP) on the Clearwater Land and Minerals oil and gas drilling permit. As stewards of the Apalachicola River system, we believe this decision poses a significant threat to the delicate ecosystem of our region and jeopardizes the health and economic interest of our communities.

Apalachicola Riverkeeper, established in 1998, is a non-profit organization dedicated to the protection, restoration, and stewardship of the Apalachicola River, its floodplain, and the Apalachicola Bay. A member of the international Waterkeeper Alliance and Florida Waterkeepers, we are supported by over 1400 members, most of whom use and enjoy the river, its estuary and the Apalachicola Bay.

As included in our original comments of opposition, the Apalachicola River Basin is a vital resource, supporting a diverse array of wildlife and providing essential habitat for countless species, including endangered and threatened ones. The decision to grant a permit for oil drilling in such a sensitive environment demonstrates a disregard for the long-term health and sustainability of our natural resources.

In addition to the environmental risks, the approval of the Clearwater drilling permit sets a dangerous precedent for the future of Florida. By prioritizing the potential short-term economic gains of an oil company and landowner over the protection of our natural resources, the DEP sends a message that profit for a few trumps environmental stewardship and sustainable economy for the many.

This mindset not only undermines the integrity of our regulatory agencies, but also threatens to perpetuate a cycle of exploitation and degradation of our precious natural heritage.

We urge the DEP to reconsider its decision and take into account the long-term implications of allowing oil drilling in the floodplain of the Apalachicola River. We implore you to prioritize the health of our shared environment which supports communities, over the limited short-term potential profits. The Apalachicola River, its vast forested floodplain, and the Apalachicola Bay are irreplaceable resources of global significance that must be protected for future generations to enjoy.

Thank you for your attention to this matter. We stand ready to work with you to find alternative solutions that promote sustainable development while safeguarding the ecological integrity of our region.

Sincerely,

Cameron Baxley Apalachicola Riverkeeper <u>cameron@apalachicolariverkeeper.org</u> (850)323-0760

\*For reference Apalachicola Riverkeeper's original comments on the permit are below. December 22, 2023

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Camero Big Day

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