



Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road, MS 3588
Tallahassee, Florida 32399-2400

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

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

Applicant: Spooner Petroleum Company 625 Highland Colony Parkway, Suite 101 Ridgeland, MS 39157 Agent: Lampl Herbert Consultants P.O. Box 10129 Tallahassee, Florida 32302-2129	File No. OG_1370
	PA No. 353414
	County: Calhoun

NOTICE OF INTENT TO ISSUE OIL & GAS DRILLING PERMIT

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-26 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 project is located in Section 7, Township 3 South and Range 10W (Sec. 7, T3S, R10W), approximately 3.4 miles south-southwest of Kinard and approximately 20 miles southwest of Blountstown.

II. PROJECT DESCRIPTION

The proposal is to drill a vertical exploratory well to a depth of approximately 12,900 feet. The planned working area of 2.8 acres will be surrounded by a containment berm and includes a board and rock drilling pad and closed-loop drilling mud 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 1370, considered the applicable criteria in Section 377.241, F.S., and consulted with the Florida Fish and Wildlife Conservation Commission, the Florida Department of State Division of Historical Resources, the Northwest Florida Water Management District, the Department's Northwest District Office Environmental Resource Permitting Program, the Department's Office of Emergency Response and Calhoun County.

NOTICE OF INTENT TO ISSUE DRILLING PERMIT

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 payment into the Minerals Trust Fund.

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). Because such “notice to substantially affected persons on applications for Department permits or other authorizations is an essential and integral part of the state environmental permitting process . . . 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. The petition must contain the following information required by Rules 28-106.201 and 28-106.301, F.A.C.

- (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

NOTICE OF INTENT TO ISSUE DRILLING PERMIT

(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 agency_clerk@dep.state.fl.us . 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 who have asked the Department in writing to receive notice of this action pursuant to Section 120.63, 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.

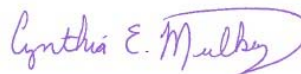
The failure to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S., or to intervene in this proceeding and participate as a party to it. Any subsequent intervention (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 or at agency_clerk@dep.state.fl.us , 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 Drive, Tallahassee, Florida 32399-2400, and online at <https://depedms.dep.state.fl.us/Oculus/servlet/login> . (Public Users may use the Public Oculus Login and search under Oil & Gas, Property, and Facility-Site ID for OG_1370.)

Executed on October 6, 2017, in Tallahassee, Florida.

STATE OF FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION



Cindy Mulkey, Program Administrator
Oil & Gas Program

Attachments: Public Notice of Intent to Issue Drilling Permit
Draft Permit OG-1370

NOTICE OF INTENT TO ISSUE DRILLING PERMIT

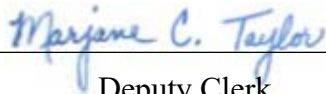
CERTIFICATE OF SERVICE

The undersigned duly designated deputy clerk hereby certifies that this final order was mailed electronically before the close of business on October 6, 2017, to Mr. Harry Spooner, Vice President of Spooner Petroleum at hspooner@spoonercompanies.com . This notice was also mailed electronically, on the same date, to the following persons:

Michal Spooner, President, Spooner Petroleum: mspooner@spoonercompanies.com
Wes Quinton, Deseret Ranches of N. Florida: wquinton@deseretranches.com
Linda Lampl, Lampl-Herbert: Llampl@lampl-herbert.com
Timothy Riley, Esq., Hopping Green Sams: TimothyR@hgslaw.com
Tom Herbert, PhD., PG, Lampl-Herbert: therbert@lampl-herbertconsultants.com
Greg Hitz, PG, Lampl-Herbert: ghitz@lampl-herbertconsultants.com
Carla Hand, Clerk of Court and Comptroller, Calhoun County: chand@calhounclerk.com
Nick Wooten, Northwest Florida Water Management District: nick.wooten@nwfwater.com
Fish & Wildlife Conservation Commission: FWCConservationPlanningServices@myFWC.com
Shawn Hamilton, Director, DEP NWD: Shawn.Hamilton@dep.state.fl.us
John Johnson, Director, Office of Emergency Response, DEP: John.S.Johnson@dep.state.fl.us
Dan Tonsmeire, Apalachicola Riverkeeper: dan@apalachicolariverkeeper.org
Mary Gutierrez, Earth Ethics, Inc.; earthethicsaction@gmail.com

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

October 6, 2017

Date

Florida Department of Environmental Protection
Oil & Gas Program
Drilling Permit No. 1370
Spooner Petroleum Company
Calhoun County, Florida

The Department of Environmental Protection gives notice of its intent to issue an oil and gas drilling permit to Spooner Petroleum Company (Spooner), 625 Highland Colony Parkway, Suite 101, Ridgeland, Mississippi 39157. The permit authorizes the applicant to locate, drill and test a vertical, exploratory well in unincorporated Calhoun County to a depth of approximately 12,900 feet.

The site is located in agricultural/timberlands, approximately 3.4 miles south-southwest of Kinard and approximately 20 miles southwest of Blountstown. The planned working area of 2.8 acres will be surrounded by a containment berm. The new well will be designated as Hunt Well 7-3.

The permit does not authorize the permittee to conduct the proposed activities without first obtaining any required additional authorizations from other local, state and federal entities. If the well is successful and the applicant subsequently chooses to commercially produce oil, a separate oil and gas operation permit would be required from the Department.

This permit does not authorize the permittee to perform high-pressure well stimulation activities sufficient to cause hydraulic fracturing of the oil producing formation.

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 <https://depedms.dep.state.fl.us/Oculus/servlet/login>. (Public Users may use the Public Oculus Login and search under Oil & Gas, Property, and Facility-Site ID for OG_1370.)

The Department will issue the 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, the petitioned 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;

(Notice to be Published in Newspaper)

- 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 agency_clerk@dep.state.fl.us . 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 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.



Florida Department of Environmental Protection

Oil & Gas Program
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Tallahassee, Florida 32399-2400

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Secretary

#

Oil & Gas Drilling Draft Permit

Permittee: Spooner Petroleum Company 625 Highland Colony Parkway, Suite 101 Ridgeland, MS 39157	Permit No.:	1370
	PA No:	353414
Well Name: Hunt 7-3	Date of Issue:	Month Day, 2017
Security: Minerals Trust Fund Participation	Expiration Date:	Month Day, 2018

PROJECT DESCRIPTION

This permit authorizes Spooner Petroleum Company (Spooner) to drill a vertical exploratory well within agricultural lands in unincorporated Calhoun County, Florida to a depth of approximately 12,900 feet (ft.) below ground level (BGL).

The permit application includes well control procedures, preventative measures, and contingency plans for responding to potential accidents and spills. All produced fluids (crude oil, formation water and wellbore cleanup fluid) during well drilling and testing will be hauled by contractor(s) to approved handling facilities. Associated natural gas will be flared on site. Drilling operations will use water from nearby wells for which a separate authorization is required.

PROJECT LOCATION

The well site lies approximately 3.4 miles south-southwest of Kinard and approximately 20 miles southwest of Blountstown. It is located in Section 7 of Township 3 South, Range 10 West. The well is designated as Hunt 7-3. A 350 by 350 foot (2.8 acre) square pad will be constructed on privately owned agricultural lands. The pad will include a system of berms, swales and retention areas capable of containing spills and rain water on site.

FINANCIAL SECURITY

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

AUTHORIZATIONS

The activities proposed in the application for Permit 1370 are consistent with the applicable statutes and rules governing drilling operations under Part I of Chapter 377, Florida Statutes (F.S.), and Rules 62C-25 through 62C-29, F.A.C. The Department hereby issues Permit 1370 to Spooner Petroleum Company. 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-26 through 62C-29, 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), dated July 7, 2017, which is attached and incorporated as **Exhibit 1** of this permit;
- c. The Application narrative (report) and Attachments 1 through 23, received by the Department (including revisions through July 10, 2017), 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 850-675-6558 or 850-393-6309.
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 Rule 62-780.500, F.A.C., and 62-780.550 or 62-78-.560, F.A.C., as applicable, [Sections 377.34 and 377.371, F.S.]
6. **Updated Contingency Measures to Protect Water Resources:** As early as practicable, and no less than 30 days prior to commencing drilling operations at the project site, the permittee shall provide the Department's Oil and Gas Program with updated contingency measures to protect water resources including ground waters and Stone Mill Creek and Right Prong Stone Mill Creek in the event of an accident or blowout. For the purposes of this condition, commencement of drilling operations shall be the spud date of the well. At a minimum, the updated measures to protect water resources shall include the following:
 - a. A copy of the approved Spill Prevention, Control, and Countermeasure (SPCC) Plan for the selected drilling rig, as prepared by the rig owner and approved pursuant to 40 Code of Federal Regulations (CFR) Part 112, Oil Spill Prevention. The SPCC can be submitted electronically by email or it can be uploaded and a link provided to an accessible file transfer protocol (ftp) site such as <ftp://ftp.dep.state.fl.us/pub/incoming/OGP/SPCC/>.
 - b. A listing of permittee's available emergency resources, contractor(s), protocol(s), and notification procedures for handling spills beyond the immediate control of the rig operator. At a minimum, the listing shall include:
 - i. The name of the contracted field services company, the site representative, email address, phone numbers, and a statement of credentials indicating relevant experience or training in handling spills and in emergency response for performing as the permittee's designated Response Action Contractor(s), as defined in accordance with Chapter 62-780, F.A.C.
 - ii. The name of Spooner's project representative, email address, phone numbers, and statement of credentials indicating experience or training in handling spills and in emergency response.
 - iii. The name of one or more experienced contractors that Spooner would contact for use in case of a large spill, accident, or blowout that is not contained on and within the berm surrounding the drilling pad.
 - iv. A project-specific emergency response diagram indicating the roles of the drilling company, Spooner, and onsite emergency coordinators and responders that the permittee would use to provide for emergency response actions, in accordance with

DRAFT PERMIT

Chapter 62-780, F.A.C., including providing emergency notifications and, if applicable, coordination with directions from the Department's Office of Emergency Response (OER) and the National Emergency Response Center.

The permittee shall not commence drilling operations until it has received written notification from the Department that it has received Updated Contingency Measures to Protect Water Resources meeting the requirements of this condition. [Application Form 3; Sections 377.242(1)(a)4. and 377.371, F.S.]

7. **Notification of Rig Schedule:** The permittee shall notify the Department's Oil and Gas Program and the 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 john.s.johnson@dep.state.fl.us. 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 feet.
- [Section 377.371(1), F.S., Pollution Prohibited]
8. **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.]
 9. **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.]
 10. **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 daily basis.
 - 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, 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.]

SURFACE FACILITIES

- 11. 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)” and as depicted in **Exhibit 2** (Location Plat) of this permit”. [Application; Rules 62C-26.003(3), 62C-26.003(7), and 62C-27.010(2), F.A.C.]
- 12. Surface Facilities:** The permittee shall orient and construct the surface facilities as described in **Exhibit 3**, “Site Plan – Rig and Equipment Layout”. Additionally:
- The permittee shall construct berms of sufficient size and strength to prevent rain water 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.]
 - Retention basins and berms shall be designed and constructed substantially as described in Application Attachment 13 to contain and treat the entire 100-year, 24-hour storm event. [Application; Section 377.371, F.S., Pollution Prohibited]
 - The rig shall be assembled and operate within a secondary fluid collection system that consists of a low soil berm and an impermeable liner. All water that comes in contact with the drilling rig equipment shall will be collected and stored onsite in containers for removal to an approved offsite disposal area. [Application; Section 377.371, F.S., Pollution Prohibited]

DRILLING AND FLUIDS

- 13. Drilling Procedures:** The permittee shall adhere to the “Drilling Procedure for the Hunt 7-3 Well” (Application Attachment 15), including a closed-loop mud system without a reserve pit. Additionally:
- 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.]
 - 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.]
 - 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.]
 - The permittee shall not perform operations on this well at a high 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.]

14. **Drilling Fluid Management:** The permittee shall adhere to the “Drilling Fluids Program for the Hunt 7-3 Well” (Application Attachment 19). 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.]

15. **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

16. **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.]
17. **Specific Casing Practices:** Refer to “Wellbore, Casing and Cementing Diagram” attached and incorporated as **Exhibit 4** to this permit. The well shall be cased and cemented in accordance with:
- a. The “Casing Program for the Hunt 7-3 Well” (Application Attachment 16);

- b. The “Cementing Proposal for 9 5/8” Surface Casing for the Hunt 7-3 Well” (Application Attachment 17); and
- c. The “Cementing Proposal for 5-1/2” Hunt 7-3 Well” (Application Attachments 18).

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

18. **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.

<u>Casing String</u>	<u>Minimum Surface Pressure (whichever is greater)</u>
Surface Casing	1000 pounds per square inch (psi)
Production	1500 psi or 0.2 psi/ft. of depth
Tubing and Packer	1000 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

19. **Well Control Program:** The permittee shall adhere to the “Well Control Program for the Hunt 7-3 Well” (Application Attachment 22). 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 blowout prevention (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)

- 20. **Flaring Operations:** The permittee shall install the flare system after setting of the 9 5/8-inch surface casing and before the well reaches 10,000 feet. The permittee shall also:

- 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 (and reignite as necessary) the flare once drilling operations resume below intermediate casing landing point;
- 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.]

- 21. **H₂S Safety and Contingency Plans:** The permittee shall implement the "H₂S Safety and Contingency Plan for Drilling Operations for the Hunt 7-3 Well" (Application Attachment 12). Additionally:

- a. The permittee shall bring a safety contractor to the site to continuously monitor the work area for H₂S, starting when the well reaches a depth of 10,000 ft.
- b. The H₂S contingency plan shall go into effect when the well reaches a depth of 11,000 ft.
- c. In the event of an H₂S release, the permittee shall:
 - i. Dispatch sufficient personnel to immediately warn Deseret Ranch personnel and residents within the calculated radius of exposure;
 - ii. Place required green, yellow, or red flags at the well site entrance and along Forest Road, County Road 9, and County Road 12 within the calculated radius of exposure;
 - iii. Immediately notify proper authorities, including the Calhoun County Sheriff's Office, Florida Highway Patrol, and any other applicable public officials and will enlist their assistance in warning people performing recreational activities within the calculated radius of exposure; and
 - iv. Dispatch sufficient personnel to divert traffic from Forest Road, County Road 9, and County Road 12 and to monitor essential and non-essential traffic to the well site.

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

WELL COMPLETION

22. 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, Spooner 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;
[Application; Rule 62C-29.009, F.A.C.]
- c. All liquids produced from testing, including limited amounts of crude oil, shall be handled and disposed as follows:
 - i. Spent near-wellbore cleanup fluids consisting of neutralized acid and formation water shall be stored in a 7,000-gallon tanker and hauled by a contractor to an out-of-state permitted disposal well.
 - ii. Crude oil shall be collected in a separation tank/vessel and hauled by contractor to an approved handling facility.
 - iii. Associated natural gas shall be separated and flared on-site; and
 - iv. Formation water shall be separated from crude oil and gas and hauled by contractor to an out-of-state approved disposal well.[Application; Section 377.371, F.S., Pollution Prohibited]

WELL OPERATION

23. **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

24. **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. 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 850-393-6309 or 850-393-6312 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 850-393-6309 or 850-393-6312 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.]
[Section 377.371, F.S., Pollution Prohibited]
25. **Waste Disposal Best Management Practices (BMP):** The permittee shall implement the following BMP for disposition or disposal of materials and wastes from drilling, testing, and other on-site activities:
- a. Drilling cuttings and muds, including drilling additives, shall be stored in lined roll-off containers and hauled to an approved disposal facility.
 - b. Drilling water, including drilling additives shall be stored in closed-loop tankers and hauled to an approved out-of-state Underground Injection Control (UIC) disposal well.
 - c. Saltwater generated from near wellbore acid cleanup shall be stored in tankers and hauled to an approved out-of-state UIC disposal well.
 - d. Formation water shall be separated from oil and gas in a separation vessel and then hauled to an approved out-of-state UIC disposal well.
 - e. Natural gas (associated with crude oil) shall be separated from crude oil and formation water in a separation vessel and then flared on-site.
 - f. Crude oil shall be separated from gas and formation water in a separation vessel and then hauled for final sale or disposition.
 - g. Other solid waste (trash) shall be stored in dumpsters and then hauled to an approved solid waste landfill facility.
 - h. Wastewater from housing trailers shall be stored in tanks and then hauled to an approved disposal facility.
 - i. Temporary sanitary facilities (portable toilets) shall be pumped out and the contents shall be hauled to an approved disposal facility.
26. **Plugging and Abandonment:** Operators must obtain Department approval prior to commencing plugging operations. [Rule 62C-29.009, F.A.C.]

DRAFT PERMIT

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 <https://depdms.dep.state.fl.us/Oculus/servlet/login>. (Public Users may use the Public Oculus Login and search under Oil & Gas, Property, and Facility-Site ID for OG_1370.)

Executed on month day, 2017, in Tallahassee, Florida.

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

Cindy Mulkey
Program Administrator
Oil & Gas Program

Attachments:

- Exhibit 1. Application for Permit to Drill (Form 3 and Stream Protection Letter
- Exhibit 2. Location Plat
- Exhibit 3. Site Plan – Rig and Equipment Layout
- Exhibit 4. Hunt Well 7-3 Wellbore, Casing and Cementing Diagram

DRAFT 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 _____, to Mr. Harry Spooner, Vice President of Spooner Petroleum at hspooner@spoonercompanies.com.

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

Date

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

Florida Department of Environmental Protection	<div style="text-align: right; border: 1px solid black; padding: 2px; font-weight: bold;">Oil & Gas Form 3</div> <p>Form Title: APPLICATION FOR PERMIT TO DRILL</p> <p>Date Revised: April 22, 2014</p> <p>Incorporated by Reference in: Section 62C-25.006(4)(a), F.A.C.</p>
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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

Spooner Petroleum Company
625 Highland Colony Parkway, Suite 101
Ridgeland, MS, 39157

(Company's Name and Address)

Phone Number: (601) 969-1831 Fax Number: (601) 353-4117

Well Name and Number: Hunt 7-3

Ground Elevation: NAVD88 = 74.4' Acres Assigned to Well: 160.7 acres Latitude: 30 14 04.6917 N Longitude: 83 16 57.0880 W

SHL: 30 14 04.6917 N, 83 16 57.0880 W or N449851.05, E1721386.98 Sec. 07 T. 3S R. 10W
 BHL: 30 14 04.6917 N, 83 16 57.0880 W or N449851.05, E1721386.98 Sec. 07 T. 3S R. 10W

Field/Area: Exploratory Well County: Calhoun

Distance to nearest drilling unit boundary: 1,090 ft FNL and 705 ft FEL Proposed Depth: 12,900' total depth

Do you have all of the mineral interest in the drilling unit under lease or title? Yes (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 intended for the drilling or production of this well located (See section 377.24, F. S.)

- a) in a municipality? No
- b) in tidal waters within 3 miles of a municipality? No
- c) on an improved beach? No
- d) on any submerged land within a bay, estuary, or offshore waters? No
- e) within one mile seaward of the coastline of the state? No
- f) within one mile seaward of the boundary of a local, state or federal park or an aquatic or wildlife preserve? No
- g) On the surface of a freshwater lake, river or stream? No
- h) within one mile inland from the shoreline of the Gulf of Mexico, the Atlantic Ocean or any bay or estuary? No
- i) within one mile of any freshwater lake, river 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 Mineral Trust Fund (attached or on file) with the Oil and Gas Program (see Rule 62C-26.002) and bears Serial Number n/a.

Company's Statement

State: Mississippi County: Madison

I, Harry Spooner, am the Vice-President

(Name) (Title)

of Spooner Petroleum Company and attest to all information contained herein to be true and correct.

(Organization)

Signature: Harry Spooner Residential Address: 166 Caroline Pointe Blvd

Date: 07/07/2017 City/State/Zip: Madison, MS 39110

File Number: _____ Action: _____ Date: _____ A.P. I. Number: _____

(Approved, Denied)



June 19, 2017

Al Linero, P.E.
Engineer
Oil and Gas Program
Florida Department of Environmental Protection
2600 Blair Stone Road M.S. 3500
Tallahassee, FL 32399

Re: **Adequate protection of streams in the event of accident or blowout**
Oil & Gas Permit to Drill Application 1370: Spooner Petroleum Company
Hunt 7-3 Well in Calhoun County, Florida

Dear Mr. Linero:

The Department received the documents for application #1370 for an exploratory well in Calhoun County on April 25, 2017. The well will be drilled from a new pad located in an upland area on surface lands owned by Deseret Land & Cattle Company of North Florida. The well will be a non-routine location within the southwest quarter section of Section 7, Township 3 South, Range 10 West.

Introduction

Florida Statute 377.242 (1)(a)(4) - Permits for drilling or exploring and extracting through well holes or by other means – states that:

*"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."*¹

There are two intermittent streams located within a one-mile radius of the proposed Hunt 7-3 Well (Figure 1). Right Prong Stone Mill Creek, located in the Right Prong Basin, is ±4,400 feet northeast of the proposed surface-hole location. Stone Mill Creek, located in the Stone Mill Creek Basin, is ±4,700 feet west-southwest of the proposed surface-

¹ http://leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0300-0399/0377/0377.html

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Attachment to Exhibit 1 – Stream Protection

hole location.² The proposed surface-hole and drilling pad are located in the Right Prong Basin.



Figure 1 – Streams and hydrologic basins within a one-mile radius of the proposed Hunt 7-3 Well.

Stone Mill Creek and Right Prong Stone Mill Creek are hydrographically categorized as intermittent streams with portions of the stream channel paths occurring naturally or artificially altered and straightened for silviculture operations.³

The USGS topographic series maps obtained from FDEP's Map Direct website⁴ depicts the original conditions of the area before the silviculture improvements were made (Attachment 1 and Attachment 2). Stone Mill Creek was a short connector between the wetland features labeled "Wetappo Swamp" and "Tenmile Swamp" approximately three quarters of a mile to the south with no stream channel extending through the Tenmile Swamp.

² <http://geodata.dep.state.fl.us/datasets/waterbody-ids-wbids>. Waterbodies ID. This is a statewide polygon layer in which each polygon has a unique Water Body Identification number (WBID). The assessment units are drainage basins, lakes, lake drainage areas, springs, rivers and streams, segments of rivers and streams, coastal, bay and estuarine waters in Florida.

³ <http://www.fgdl.org/metadataexplorer/explorer.jsp>. National Hydrography Dataset – Linear Surface Water Drainage Network. This data set contains routes that make up a linear surface water drainage network. This is the fundamental flow network consisting predominantly of stream/river and artificial path vector features.

⁴ <https://ca.dep.state.fl.us/mapdirect/>

“Bear Bay,” located on the east side of the proposed well, is shown on the USGS map as a wetland with no stream delineated e.g. an intermittent system. The topographic map shows the overland sheet flow converging to a stream channel less than two miles to the south. Topographically, the area around the proposed well is 74.9 feet (NGVD 29); Stone Mill Creek and Right Prong Stone Mill Creek, at a distance over $\pm 4,400$ to 4,700 feet, are shown as slightly above 72 feet (or 22 meters) in elevation (Attachment 1).

Stone Mill Creek drains through Tenmile Swamp to the southwest and reforms into Stone Mill Creek to the south. Right Prong Stone Mill Creek drains to Bear Bay to the east and into Stone Mill Creek to the south of the proposed well. Stone Mill Creek drains into the West Arm of Dead Lake. Dead Lake drains into the Chipola River (Attachment 2).

Factors to Adequately Protect Streams

A series of factors are designed to prevent an accident or blowout that would bring pollutants to the surface at the proposed well location and to prevent pollutants from discharging into either Stone Mill Creek or Right Prong Stone Mill Creek.

Geologic Factor in the Smackover Formation

- The Smackover Formation east of the Jay Field area in the Panhandle typically exhibit low bottom-hole pressures.

Engineering Factors Operational during Drilling

- Please see a discussion of Well Control Equipment section at page 24 of the application. The Well Control Program includes a Blowout Preventer Stack System depicted in Attachment 22 of the application.
- The outer berm surrounding the drilling pad (pg. 15 of the application) is designed to contain fluids within the work area.

Topographic Factors at the Surface

- Distances from the proposed well location to intermittent streams (Figure 1).
 - Stone Mill Creek is $\pm 4,700$ feet west-southwest
 - Right Prong Stone Mill Creek is $\pm 4,400$ feet northeast
- The flat gradient of about two-feet per mile across the land surface between pad and streams impedes overland flow that would occur over a $\pm 4,400$ to 4,700 foot distance to connect with the stream systems.

Conclusions

The geologic, engineering, and topographic factors reduce the likelihood of a blowout of fluids from an accident occurring during drilling operations. In the unlikely event that an uncontrolled release did occur at the surface, the fluid volumes would likely be small since downhole pressure are expected to be low based on field reports in other parts of the Smackover east of the Jay Field; these fluids would be expected to be contained

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Attachment to Exhibit 1 – Stream Protection


within the bermed-pad area, reducing the likelihood that fluids from the well site would reach either Stone Mill Creek or Right Prong Stone Mill Creek.

* * * * *

In the event additional information is required, please contact Lampl Herbert Consultants.

Sincerely,

LAMPL HERBERT
LAMPL HERBERT



Thomas A. Herbert, Ph.D., P.G.
Vice President
Agent for Spooner Petroleum
Professional Geologist: Florida #5



Gregory M. Hitz, P.G.
Senior Scientist
Agent for Spooner Petroleum
Professional Geologist: Florida #2155

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Attachment to Exhibit 1 – Stream Protection

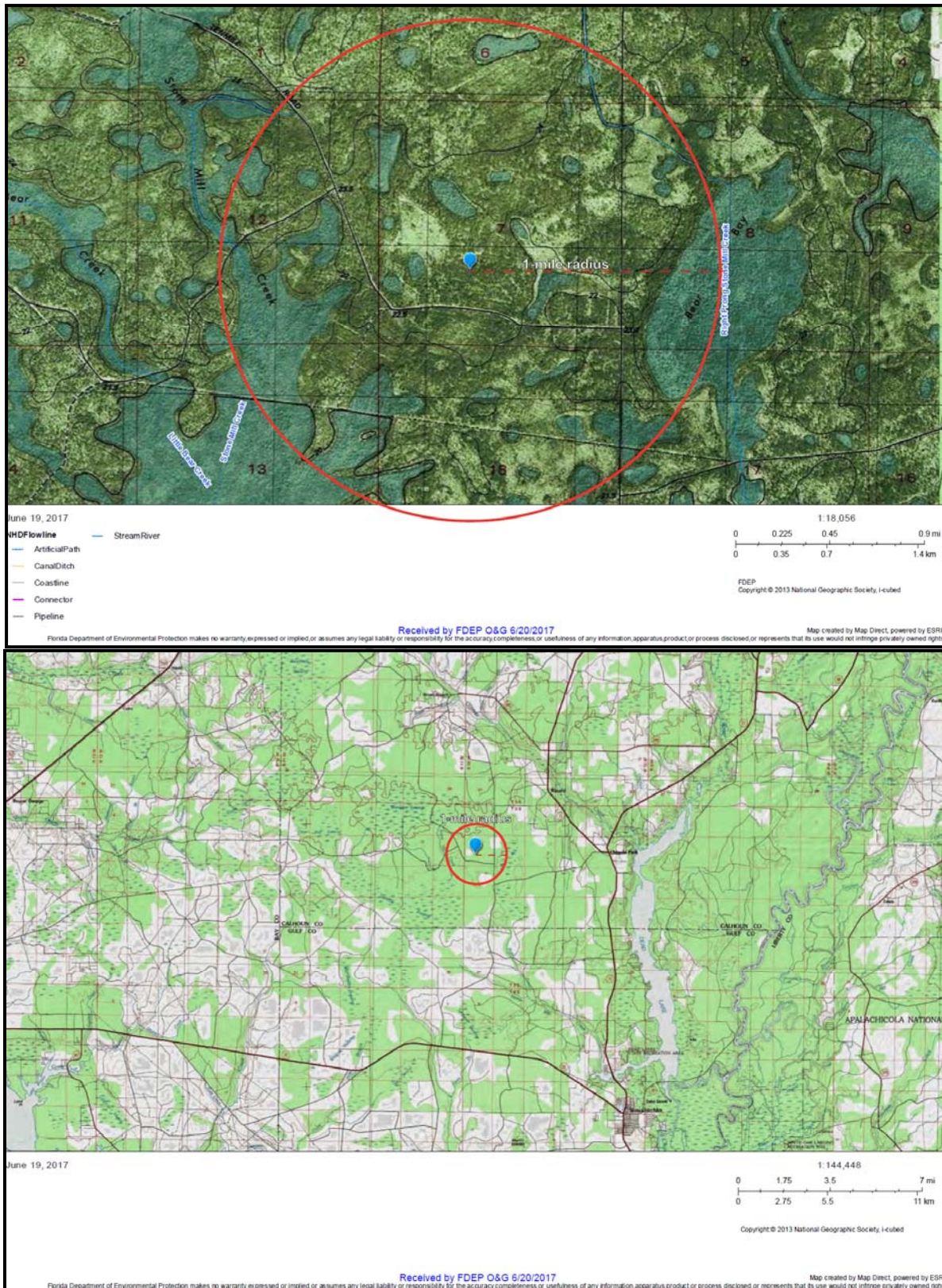


Exhibit 2. Location Plat (Application Attachment 8)

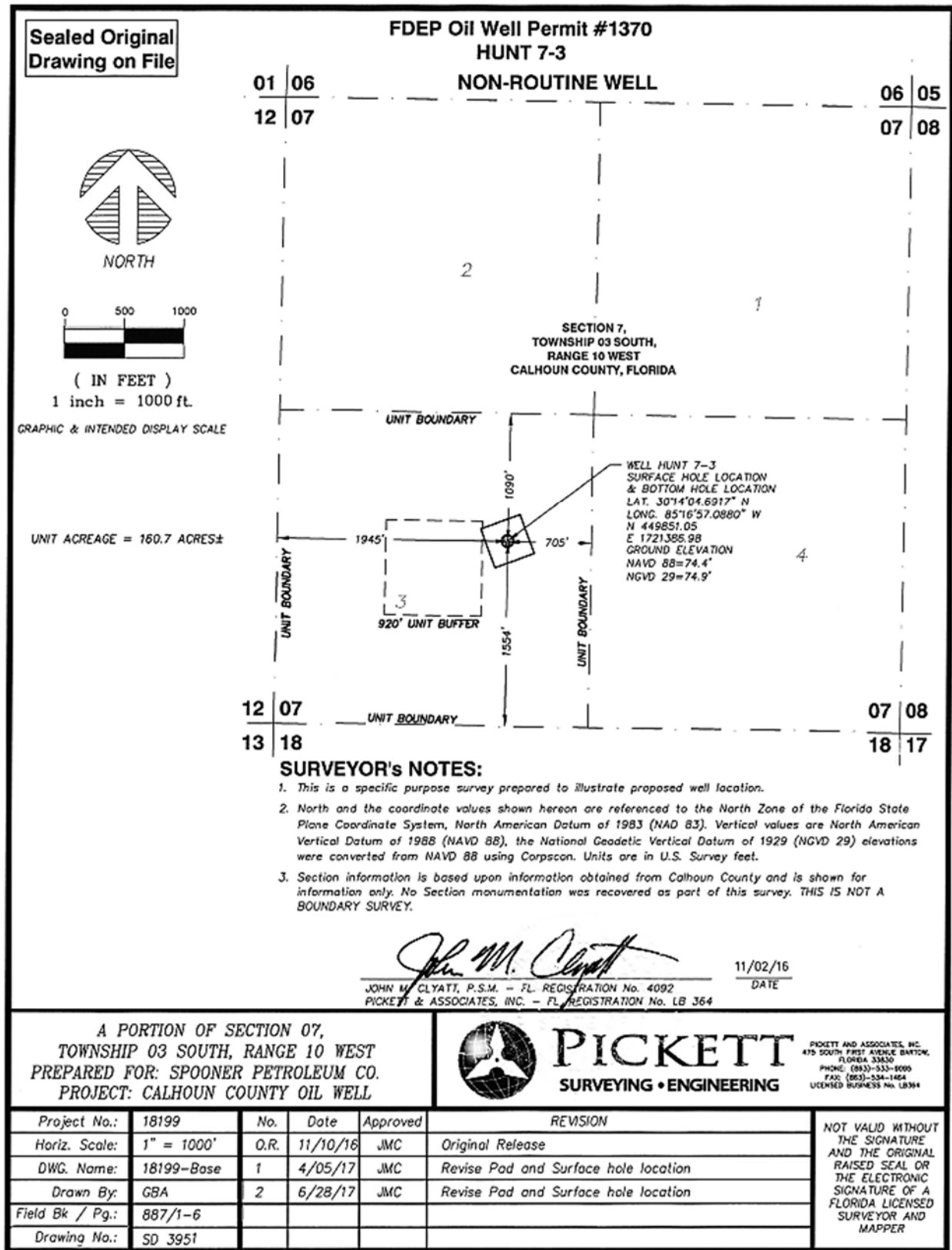


Exhibit 3. Site Plan - Rig and Equipment Layout (Application and Attachment 13)

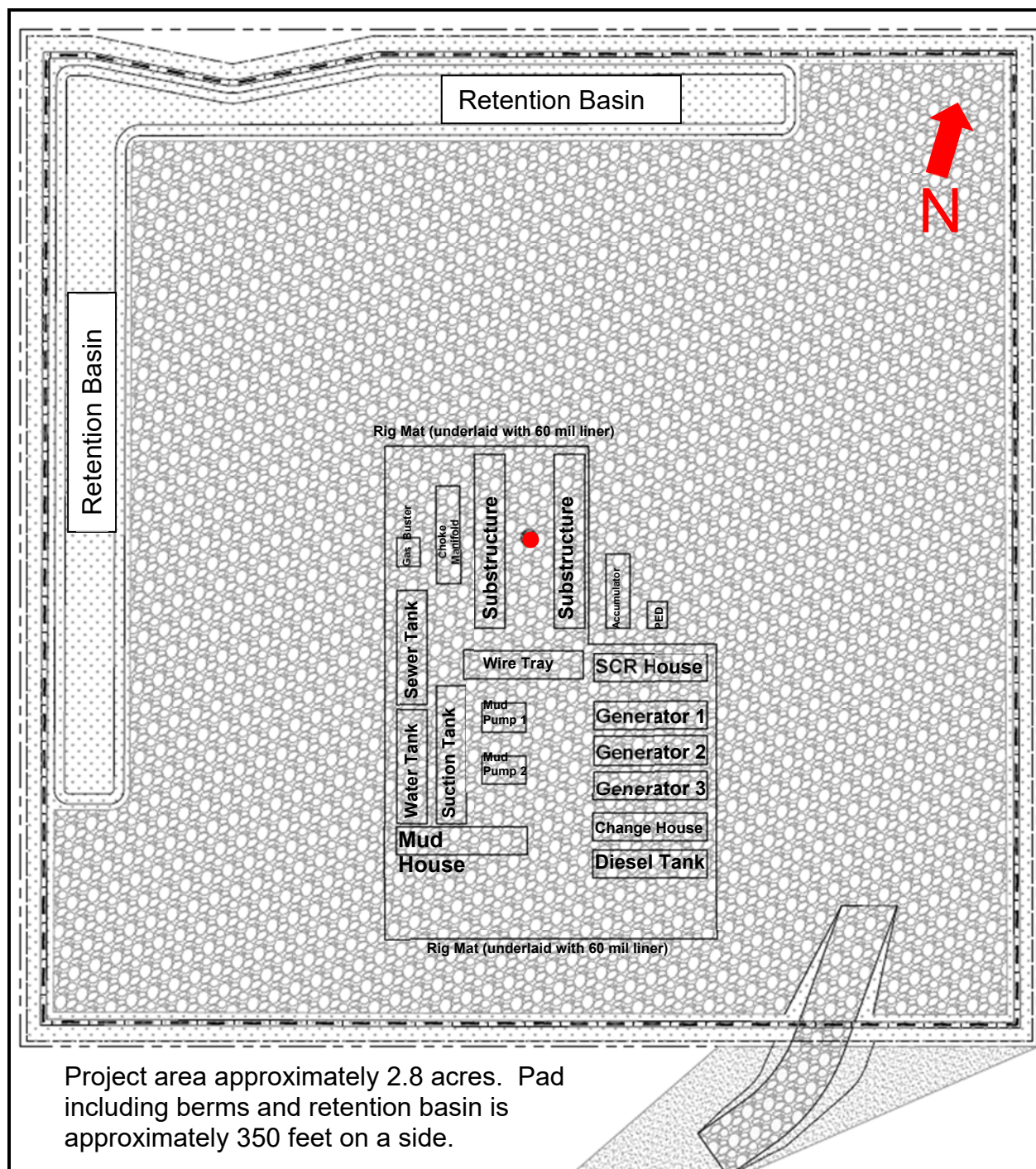


Exhibit 4. Hunt Well 7-3 Wellbore, Casing and Cementing Diagram

