

Florida Department of Environmental Protection  
Notice of Intent to Issue Permits  
Oil & Gas Program  
Drilling Permit Nos. 1374, 1375, 1376, 1377, 1378 and 1379  
Cholla Petroleum, Inc.  
Calhoun County, Florida

The Department of Environmental Protection (Department) gives notice of its intent to issue six oil and gas drilling permits to Cholla Petroleum, Inc. (Cholla), 6688 North Central Expressway, Suite 1610, Dallas, TX 75206. The permits would authorize Cholla to drill six exploratory wells to vertical depths between 13,600 and 14,300 feet in unincorporated Calhoun County. Each of the six permitting decisions is a separate action by the Department and each is separately governed by the procedures described further below.

Four limerock pads (numbered 1,2,3 and 5) and stormwater containment ponds will be constructed within four respective, approximate 3-acre, bermed areas. The same rig will be employed for each of the six sequentially-drilled projects. The rig will be located within the pad, inside an interior berm, on oak board mats, and over a lined catchment area. Access roads will be constructed to connect each pad with the existing silviculture access road system.

The surface hole location (SHL) for Permit 1374 would be on Pad 1, which would be located between Dead Lakes and the Apalachicola River, approximately 4.5 miles south southwest of Marysville, in Township 3 South, Range 9 West, Section 10 (T3S/R9W/S10). Permit 1374, would authorize a directionally-drilled exploratory well to a true vertical depth (TVD) of approximately 13,950 feet (ft) and a measured depth (MD) of approximately 14,127 ft. The bottom hole location (BHL) would be in the southeast quarter-section of T3S/R9W/S10. The proposed well is designated as NLT Royalty Partners 10-4.

The SHL for Permit 1375 would also be on Pad 1. Permit 1375 would authorize a directionally-drilled exploratory well to approximately 13,680 ft TVD and 14,094 MD. The proposed wellbore would enter the target formations in the northeast quarter-section of T3S/R9W/S10 and would terminate at a BHL in northwest quarter-section of T3S/R9W/S11. The proposed well is designated as NLT Royalty Partners 10-1.

The SHL for Permit 1376 would be on Pad 2, which would be located between Dead Lakes and the Apalachicola River, approximately 4 miles southwest of Marysville, in T3S/R9W/S3. Permit 1376 would authorize a directionally-drilled exploratory well to approximately 13,620 ft TVD and 14,188 ft MD. The BHL would be in the southeast quarter-section of T3S/R9W/S4. The proposed well is designated as NLT Royalty Partners 4-4.

The SHL for Permit 1377 would be on Pad 3, which would be located between Dead Lakes and the Apalachicola River, approximately 1.4 miles south southwest of Marysville, in T2S/R9W/S26. Permit 1377, would authorize a directionally-drilled exploratory well to approximately 13,680 ft TVD and 14,076 ft MD. The proposed wellbore would enter the upper targets in the southeast quarter-section of T2S/R9W/S26 and would terminate at a BHL in northwest quarter-section of T2S/R9W/S36. The proposed well is designated as NLT Royalty Partners 26-4.

The SHL for Permit 1378 would also be on Pad 3. Permit 1378 would authorize a directionally-drilled exploratory well to approximately 13,970 ft TVD and 14,418 ft MD. The BHL would be in the southwest quarter-section of T2S/R9W/S25. The well is designated as NLT Royalty Partners 25-3.

The SHL for Permit 1379 would be on Pad 5, which would be located east of Dead Lakes and approximately 7.5 miles southwest of Marysville in T3S/R9W/S19. Permit 1379 would authorize a vertically-drilled exploratory well to approximately 14,300 ft TVD/MD. The BHL would be in the northeast quarter-section of T3S/R9W/S19. The well is designated as NLT Royalty Partners 19-1.

The BHLs were selected by Cholla based on its 2016 seismic testing program conducted throughout the area. Each exploratory BHL is proposed outside of the routine well spacing requirements, normally within the approximate center of its respective proposed quarter-section. Therefore, each is considered a non-routine well location and would be subject to associated requirements of Rule 62C-26.004, Florida Administrative Code (F.A.C.).

The permits would not authorize the permittee to conduct the proposed activities without first obtaining any required additional authorizations from other local, state and federal entities. If a 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.

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The permits would not authorize the permittee to perform well stimulation activities at a pressure sufficient to cause hydraulic fracturing of the oil producing formation.

The files associated with these permits are available for public inspection during normal business hours, 8:00 a.m. to 5:00 p.m., Eastern Time, Monday through Friday, except legal holidays, at the Department of Environmental Protection, Oil and Gas Program, 2600 Blair Stone Rd., Tallahassee, Florida 32399-2400. In addition, the current applications and permits are available at: [http://www.dep.state.fl.us/water/mines/oil\\_gas/drill-apps.htm](http://www.dep.state.fl.us/water/mines/oil_gas/drill-apps.htm). Click on the corresponding permit number link to obtain the information related to each permit.

The following procedures apply separately to each of the six Department actions covered by this notice.

A person whose substantial interests are affected by the Department's action(s) 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 [agency\\_clerk@dep.state.fl.us](mailto: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.

Under Sections 120.569(2)(c) and (d), F.S., a petition for administrative hearing must be dismissed by the agency if the petition does not substantially comply with the above requirements or is untimely filed.

Mediation is not available in this proceeding.

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