

**STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

PERMITTEE: Dan A. Hughes Company, L.P. 208 E. Houston Beeville, TX 78102	PERMIT No: 1353H	PA No: 318522-001
	WELL: 22-3H Collier	
	SECURITY: Performance Bond No. RLB0014778	
	PROJECT: Collier County Wildcat Well	
This permit specifically does not authorize new land disturbance, new wetland impacts, or hydraulic fracturing.		

**FINAL ORDER
OIL & GAS WELL DRILLING PERMIT**

FINDINGS OF FACT: Dan A. Hughes Company, L.P., filed a complete application on July 2, 2013, with the Florida Department of Environmental Protection (the Department) to drill the 22-3H Collier well in Collier County, Florida. The proposed exploratory well will be drilled within a 402.9-acre horizontal well drilling unit in accordance with Rule 62C-26.004(5)(b), Florida Administrative Code (F.A.C.). All mineral ownership within the unit has been leased by the applicant. The permittee has provided all documentation required under Chapters 62C-25 through 62C-30, F.A.C. The application was reviewed and deemed consistent with requirements of Sections 377.241, 377.242, and 377.243, Florida Statutes (F.S.), and implementing Chapters 62C-25 through 62C-30, F.A.C.

This permit authorizes the Dan A. Hughes Company, L.P., to drill an exploratory well with a vertical pilot hole and a horizontal completion. A drilling pad will be constructed in the Camp Keais Strand Agricultural Development, which is located in the Big Cypress Swamp watershed, but there will be no new wetland impacts and no new disturbance of previously undisturbed lands. ~~Collier Enterprises Management, Incorporated~~ ^{Collier Land Holdings Ltd.} owns the surface property where Camp Keais Strand is located. Access to the proposed drilling pad will be from existing roads: DeSoto Boulevard and 24th Avenue SE. No new utilities will be brought into the site. The surface hole location (SHL) is 1959 feet from the south line and 950 feet from the west line of Section 22, Township 49 South, Range 28 East in Collier County. The proposed bottom hole location (PBHL) will be 1017 feet from the ~~south~~ ^{North} line and 543 feet from the east line of Section 27, Township 49 South, Range 28 East.

The procedure calls for the operator to drill a pilot hole to a total vertical depth (TVD) of 13,900 feet to evaluate the geology of the lower Sunniland Formation as the primary target. If the target is considered economically viable and the applicant chooses to continue drilling operations, the bottom of the pilot hole will be plugged back with cement to a depth of approximately 9,300 feet TVD and then drilled out to a landing depth of 12,500 feet Measured Depth (MD)/12,064 feet TVD. At that depth a steerable drill bit

assembly will begin building angle while drilling 8½ inch hole. Upon reaching an inclination angle of 90 degrees at a depth of 12,500 feet MD/12,064 feet TVD horizontal drilling will proceed to a final depth of 16,600 feet MD/12,064 feet TVD. The procedure calls for drilling a 6 ½ inch open hole horizontally a distance of 4,100 feet to the proposed bottom hole location.

The site plan includes a two-foot earthen berm constructed around the perimeter of the drilling pad. A secondary containment area within the perimeter of the site will be covered by high-density polyethylene to contain and collect any minor accidental spills from drilling operations and to prevent storm water runoff from leaving the site. There will be no earthen mud pits. Drilling mud and well fluids will circulate through a closed system of portable steel tanks and plumbing lines. The operator has obtained a water use permit from the South Florida Water Management District (SFWMD). The SFWMD permit will allow Hughes to withdraw fresh water from onsite wells for milling, drilling, and cementing operations.

The application includes an H₂S contingency plan, with predefined responses in the event of an accidental gas release. The plan calls for coordination with other governmental agencies in the unlikely event of an emergency. Safety equipment including blowout preventers will be installed and routinely tested during drilling operations. The wellhead and flow lines are required to be maintained, monitored, and tested by the operator's personnel. Best industry practices will be incorporated into the operator's daily work routine with compliance monitored by inspectors from the Department's Ft. Myers Oil and Gas Office. The Department is satisfied that, in the event of an accident, the safety equipment to be utilized by the permittee and the requirements imposed by the Department's rules will protect the public and natural resources surrounding the drill site. This application is consistent with the Department's regulatory programs for human safety, water, and wildlife resources.

CONCLUSION OF LAW: This application as approved complies with the standards and criteria of Chapter 377, Part I, F.S., and Chapters 62C-25 through 62C-30, F.A.C.

GENERAL PERMIT CONDITIONS

1. This drilling permit expires one year from the issuance date. If drilling has not begun within that time then, upon written request by the permittee, the Department shall extend the permit for an additional year. In accordance with Rule 62C-26.003(2), F.A.C., subsequent requests for extensions shall be treated as new applications.
2. This permit authorizes drilling within the state of Florida as designated on the attached location plat prepared by Pickett & Associates, Inc., original release date March 29, 2013.

3. 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.
4. By accepting this permit, the permittee agrees to conduct all operations in accordance with this permit and the application upon which it is based, Chapter 377, F.S., and Chapters 62C-25 through 62C-30, F.A.C.
5. The permittee shall notify the Ft. Myers Oil & Gas Field Office at 239.344.5721 or 239.344.5611 not less than twenty-four hours prior to starting work and thereafter as directed.
6. The permittee shall file Form 8 (Well Record) within 30 days after reaching total depth, Form 9 (Well Completion Report) within 30 days after testing the well, a directional survey within 30 days after logging the well, and Form 16 (Plugging Report) within 30 days after plugging the well. Geophysical well logs, mud logs, samples, core chips, laboratory core analysis reports, etc., must be submitted to the Oil and Gas Section within 30 days after reaching total depth.
7. Any violation of these permit conditions may result in the suspension or revocation of this permit pursuant to Section 120.60, F.S., or may result in penalties, pursuant to Sections 379.407, 377.37, and 403.121, F.S.
8. The data derived from this well shall be used to refine existing prospect interpretations and shall provide the basis for determining whether additional field wells, special field rules, or field unitization will be necessary.
9. If additional wells are necessary before adopting special field rules or unitizing the field, commercial production from this well may be governed by allowables to be set by the Department or the distributable royalty interest shall be escrowed until such rules are adopted or unitization proceedings, as outlined in Section 377.28(4), F.S., are completed.
10. If unitization is required pursuant to Section 377.28, F.S., to prevent waste and protect the coequal and correlative rights of all potentially impacted parties, the operator shall begin unitization proceedings within 60 days after testing is completed, in which case commercial production may be restricted or distributable interests escrowed until a unitization package is approved by the Department. This drilling unit shall be included within the field limits. Any additional areas

subsequently included within the field shall be defined on the basis of not less than quarter-quarter-quarter sections (square blocks of approximately 10 acres) and shall include all blocks below which the oil pool is projected.

11. During the period between well testing and adoption of special field rules or field unitization in accordance with Section 377.28, F.S., the operator shall be allowed to produce the well but shall escrow all undistributed mineral interests' funds for the benefit of any unpaid royalty owners or yet to be determined royalty owners in the case of unitization.

SPECIFIC PERMIT CONDITIONS

1. Dual Induction, Gamma Ray, Sonic and Caliper logs shall be run the total depth of the surface hole in order to establish the depth of the underground source of drinking water (USDW).
2. A directional survey shall be run from at least the surface casing shoe to total depth and shall be filed with the administrator within 30 days after logging pursuant to Rule 62C-26.004(5)(e), F.A.C.
3. If the well is successful and it is configured for production, a modified survey plat based on the directional survey must be submitted prior to issuance of the operating permit.
4. If produced test fluids will be removed from the site by transporter(s) not authorized by the Form 14 on file with the Department for this well, a modified Form 14 designating the transporter(s) must be submitted to the Department prior to removing those test fluids.

RIGHTS OF AFFECTED PARTIES

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 information set forth below and 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.

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. 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. If a request is filed late, the Department may still grant it upon a motion by the requesting party showing that the failure to file a request for an extension of time before the deadline was the result of excusable neglect.

If a timely and sufficient petition for an administrative hearing is filed, other persons whose substantial interests will be affected by the outcome of the administrative process have the right to petition to intervene in the proceeding. Intervention will be permitted only at the discretion of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

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. Under Section 120.60(3), F.S., however, any person who has asked the Department for notice of agency action may file a petition within 21 days of receipt of such notice, regardless of the date of publication.

The petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition for an administrative hearing 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.

A petition that disputes the material facts, on which the Department's action is based, 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, and telephone number of the petitioner; the name, 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. If there are none, the petition must so indicate;
- (e) A concise statement of the ultimate facts alleged, including the 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 the 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.

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.

This permit constitutes an order of the Department. Subject to the provisions of Section 120.68(7)(a), F.S., which may require a remand for an administrative hearing, the applicant 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 Rule 9.110 of the Florida Rules of Appellate Procedure 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 21 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.

Executed in Tallahassee, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION



For

Danielle H. Irwin, PWS, Deputy Director
Division of Water Resource Management
Department of Environmental Protection

CERTIFICATE OF SERVICE

The undersigned duly designated deputy clerk hereby certifies that this final order was mailed before the close of business on Sept. 20, 2013, to the above listed persons.

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.

Margaret Monahan
Deputy Clerk

9/20/13
Date

Prepared by: SS/EG.

2 page(s) attached.

Attachment(s):

1. Survey Plat, 22-3H Collier, Pickett & Associates, Inc., original release date March 29, 2013.
2. Form 3, Application for Permit to Drill, dated April 6, 2013.

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION
APPLICATION FOR PERMIT TO DRILL

Form 3
Rule 62C-25.008, -25.006,
-25.003 and -25.001

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 Chief, Florida Geological Survey, 903 West Tennessee Street, Tallahassee, Florida 32304-7700 (phone numbers 850/487-2219 and 488-4191; fax 850/488-8086).

Dan A. Hughes Company, L.P.
(Company's Name and Address)

208 E. Houston Street

Beeville, Texas 78104

Phone Number: 361-358-3752 Fax Number: 361-358-0598

Well Name and Number: Collier 22-3H Permit # 1353

Ground Elevation: 11.3' Acres Assigned to Well: 402.9 acres Latitude: 26°11'16.039"N Longitude: 81°30'13.659"W

SHL: N 674264.75 E 490958.030 Sec. 22 T. 49S R. 28E

BHL: N 756450.12 E 508837.86 Sec. 27 T. 49S R. 28E

Field/Area: Wildcat Field County: Collier

Distance to nearest drilling unit boundary: SL: 685.3' (FNL) BHL: 967.4' (FSL) Proposed Depth: 16600'MD/12084'TVD

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 no consenting 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? NO

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 (attached or on file) with the Florida Geological Survey (see Rule 62C-26.002) and bears Serial Number RLB0014778.

Company's Statement

State: Texas

County: Bee

I, J.H. Kremers, am the Chief Operating Officer/ Vice President of Land

(Name)

(Title)

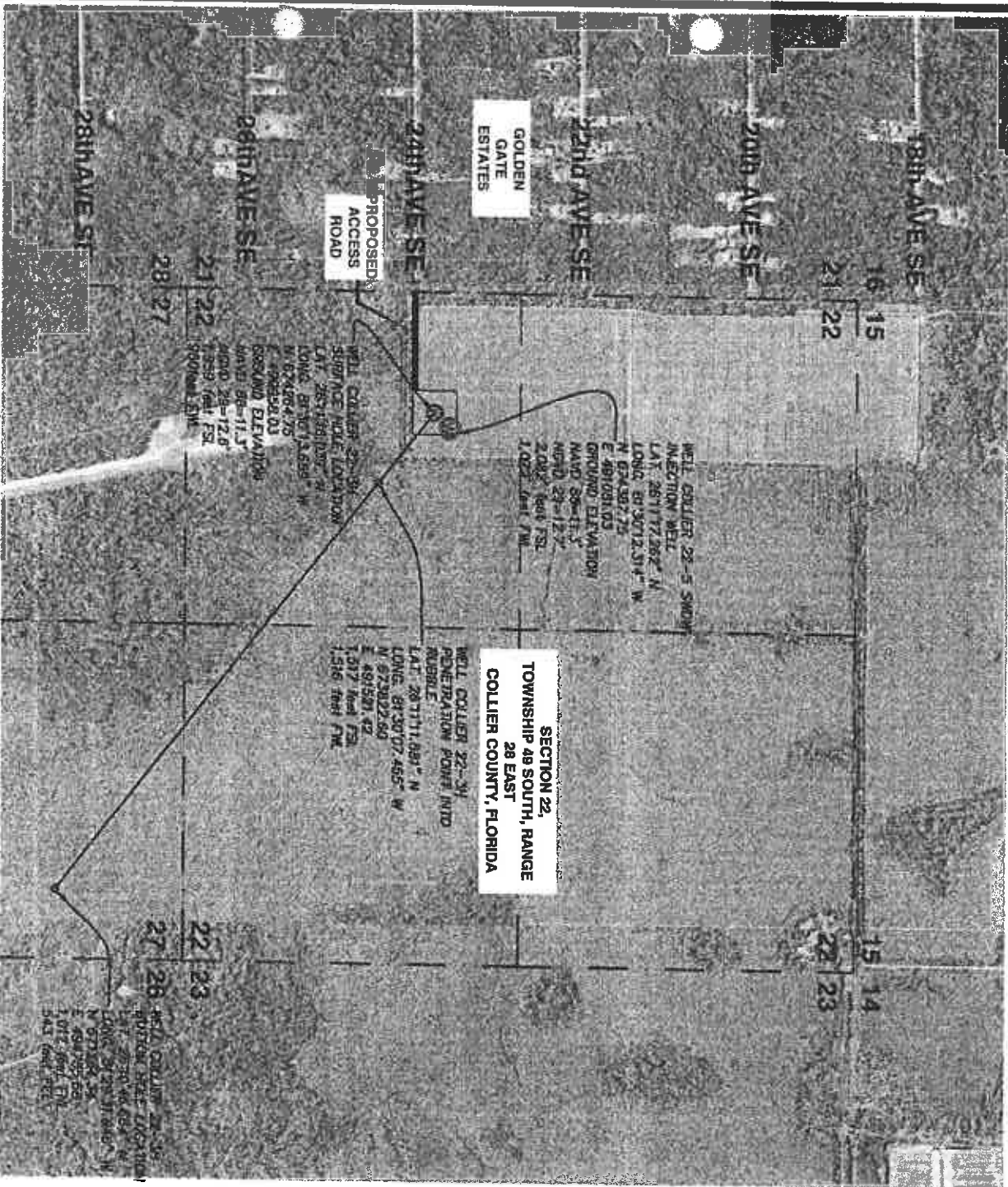
of Dan A. Hughes Company, L.P. and attest to all information contained herein to be true and correct.

(Organization)

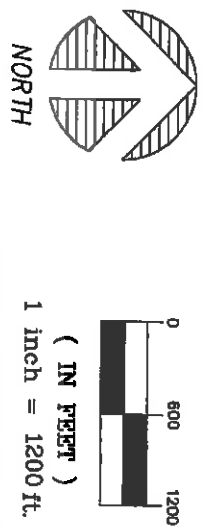
Signature: [Signature]

Date: 4-16-13

File Number: _____ Action: _____ Date: _____ A.P. I. Number: _____
(Approved, Denied)



Oil Well Permit #1353
COLLIER 22-3H
Injection Well Permit # 1354
COLLIER 22-5 SWDW



Legend:
 GRAPHIC & INTENDED DISPLAY SCALE

- SWDW - SALT WATER DISPOSAL WELL
- FSL - From South Section Line
- FWL - From West Section Line
- FEL - From East Section Line
- FNL - From North Section Line
- WELL HEADS & PERMIT NUMBER PROVIDED BY FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION
- DISTANCES ARE IN FEET.

SURVEYOR'S NOTES:

1. This is a specific purpose survey prepared to illustrate proposed well location and the access route for the proposed drilling pad.
2. North and the coordinate values shown hereon are referenced to the East Zone of the Florida State Plane Coordinate System, NAD 83. Vertical values are NAVD 88, the NCVD 29 elevations were converted from NAVD 88 using Corpcosm. Units are in U.S. Survey feet.
3. Section information is based upon a field survey of existing monumentation. THIS IS NOT A BOUNDARY SURVEY.
4. The aerial imagery shown herein are 2012 orthometric images obtained from The Florida Department of Environmental Protection Land Boundary Information System (LABINS)
5. Distances are in U.S. Survey feet.

ACCESS ROUTE

SPECIFIC PURPOSE SURVEY
 LOCATED IN SECTION 22,
 TOWNSHIP 49 SOUTH, RANGE 28 EAST
 PREPARED FOR: DAN A. HUGHES COMPANY, L.P.
 PROJECT: COLLIER HUGHES WELL #2



PICKETT
 SURVEYING & PHOTOGRAMMETRY
 PICKETT & ASSOCIATES, INC.

476 SOUTH FIRST AVENUE
 BARTOW, FLORIDA 34630
 PHONE: (863) 633-8086
 FAX: (863) 634-1464

[Signature]
 JOHN M. CLYDE, P.S.M., REG. SURVEYOR
 PICKETT & ASSOCIATES, INC. REGISTRATION NO. LB 364

02/21/13
 DATE

Project No.:	16925	No.		Date		Approved		REVISION	
Horiz. Scale:	1" = 1200'	O.R.	03/29/13	JMC				Original Release	
DWG. Name:	26925-1-PERMIT								
Drawn By:	GBA								
Field Bk / Pg.:	801								
Drawing No.:	SD #3187								

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.