



July 7, 2014

The Board of County Commissioners
Attn: Chairman Tom Henning
3299 Tamiami Trail East
Suite 303
Naples, FL 34112

Dear Chairman Henning:

In recent months, Collier Resources Company (CRC) has closely followed the public debate regarding the activities of the Dan A. Hughes Company of Texas (Hughes), which is one of our lessees, not a contractor as some have reported.

The public debate was initially focused on Hughes's plans to drill an exploratory well in a farm field adjacent to eastern Golden Gate Estates. More recently, much attention has been paid to a well that was completed by Hughes in an area south of Lake Trafford. DEP has publicly stated that Hughes was "caught" using a new and unapproved exploration method when it completed this well. It is our understanding that Hughes has denied any wrongdoing, and that it asserts that it has not broken any laws. It is important to note that neither the cease and desist order or the consent order issued by DEP have asserted any illegal activity.

Regardless, during the months following DEP's initial announcement, we have been highly concerned by a flurry of inaccurate and misleading media reports regarding a business that CRC has operated without any issues whatsoever since World War II. The resulting public confusion has created an environment where a number of groups, well intentioned or otherwise, have made unsubstantiated and inaccurate claims about unplugged oil wells, oil drilling in the Everglades, threats to the Florida panther and, most recently, the safety of our drinking water.

When we learned of these allegations – particularly as it relates to clean drinking water -- we were the first to raise our hands and volunteer to immediately undertake water quality testing and groundwater modeling in the area adjacent to the Hughes well. We agreed to pay for the testing, and we also agreed to utilize an independent subject matter expert that has been vetted and approved by Collier County staff. We would expect the subject matter expert to evaluate all reasonable recommendations, including recommendations from The Conservancy of Southwest Florida, regarding the nature and scope of any necessary testing. We only insist that the testing is to be based on sound science, and that it is guided by modeling and is independently verifiable. We wholeheartedly endorse DEP's decision to begin its own testing on June 24, 2014, and we look forward to learning of the results as they become available.



In general, it seems that much of the recent controversy stems from the fact that in its first (and only) exploratory well, Hughes apparently used a well completion method that is new to Florida. Although this method is very common in other parts of the country, it is a method that DEP has requested additional time to study. At the June 24, 2014 meeting of the Collier County Board of Commissioners, Commissioner Hiller requested that CRC meet with Hughes and seek agreement that this method would no longer be used until such time as DEP has done whatever it needs to do to determine whether it is an acceptable method or not. CRC agrees with this request, and Hughes has agreed as well. Additionally, until such time as DEP has issued clear regulations regarding these new well completion methods, CRC will make sure that any future leases with third party exploration companies are limited to oil exploration using a "conventional" approach that has been well accepted and understood in Florida since 1943.

CRC is a dedicated community partner that has been involved in oil exploration and development in Collier County, Florida for decades. We trace our roots to the founder of Collier County. This is our home – it is where we live and work and raise our children – and we take the issue of clean water and public safety very seriously.

Sincerely,

A handwritten signature in blue ink that reads "Tom Jones". The signature is written over a horizontal line.

Tom Jones
Sr. Vice President

Cc:

Commissioner Fred W. Coyle
Commissioner Donna Fiala
Commissioner Georgia Hiller, Esq.
Commissioner Tim Nance
County Manager Leo Ochs, Jr.