

KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

Phone (406) 259-8480 • Fax (406) 259-2124

Thomas M. Hauptman, President

October 23, 2013

Dale A. Meagher
1163 South 500 West
Vernal, UT 84078

Re: KGH – Meagher #14-1H
Sec. 14 – T1S-R104W
Rio Blanco Co., Colorado

Mrs.

Dear Mr. Meagher:

KGH Operating Company is proposing the drilling of the above captioned well during the 2013 drilling season. A copy of the survey plat is enclosed.

As required by the State of Colorado, we are to settle surface damages with you prior to commencing drilling operations. It has been agreed that KGH will pay a total damage payment of _____ (this will be for all surface activities required during drilling, completion and producing operations, including road and pipeline access routes. Please acknowledge your receipt of the enclosed funds and your concurrence with this surface damage agreement, by signing in the space below and returning one copy to this office at your earliest convenience in the enclosed self-addressed envelope. We hope to start this well in the Spring of 2013.

Your prompt handling of this letter agreement will be appreciated.

You also agree that, as owners of 100% of the surface and mineral rights under the above proposed well, you hereby agree to waive your thirty (30) day notification rights, prior to spudding, as set out in COGC rule #305 and further agree to waive your ten (10) day notification rights with regard to proposed surface disturbance and drilling plans as set out in COGC rule #306. You also give KGH Operating Company immediate authority to commence operations on the above properties to prosecute the road construction, wellsite location preparation and drilling of the above captioned well.

Should you have any questions, please contact our office at your convenience.

Yours very truly,
KGH OPERATING COMPANY

Kim K. Hauptman

Kim K. Hauptman
Vice President

TMH:ko
Encs.

Accepted and agreed to this 30th day of October, 2012
By:

Dale A. Meagher
Dale A. Meagher

(Mrs. Nicholas J. Meagher Jr.)

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

Phone (406) 259-8480 • Fax (406) 259-2124

Thomas M. Hauptman, President

December 20, 2012

Mahogany Resources, LLC
Nick Arentz
2219 Avenida Platanar
San Clemente, CA 92673

Re: KGH – Meagher #14-1H
Sec. 14 – T1S-R104W
Rio Blanco Co., Colorado

Ladies & Gentlemen:

KGH Operating Company is proposing the drilling of the above captioned well during the 2013 drilling season. A copy of the survey plat is enclosed.

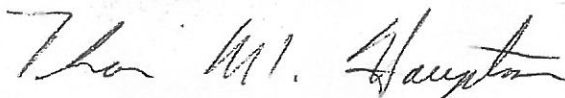
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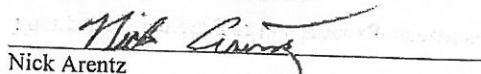
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman
President

TMH:ko
Encs.

Accepted and agreed to this 26th day of Dec., 2012
By: Mahogany Resources, LLC


Nick Arentz

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

Phone (406) 259-8480 • Fax (406) 259-2124

Thomas M. Hauptman, President

December 20, 2012

Mary Light
The Preas Family Limited Liability Company
903 North Jackson Street
Huntingburg, IN 47542-1036

Re: KGH – Meagher #14-1H
Sec. 14 – T1S-R104W
Rio Blanco Co., Colorado

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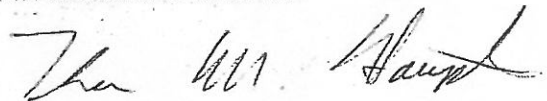
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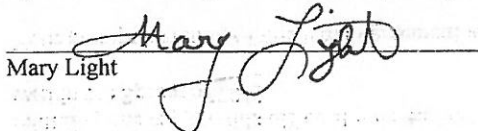
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman
President

TMH:ko
Encs.

Accepted and agreed to this 26th day of December 2012
By: The Preas Family Limited Liability Company



Mary Light