

# KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

Phone (406) 259-8440 • Fax (406) 259-2124

Thomas M. Hauptman, President

November 6, 2013

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

Re: KGH - Meagher #3-3H  
Sec. 3 - TIS-R104W  
Rio Blanco Co., Colorado

Ladies & Gentlemen:

KGH Operating Company is proposing the drilling of the above captioned well during the 2013-14 drilling seasons. A copy of the survey plat is enclosed.

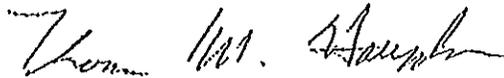
As required by the State of Colorado, we are to settle surface damages with you prior to commencing drilling operations. It has been agreed that KGH will pay a total damage payment of ~~\$1,000.00~~. This will be for all surface activities required during drilling, completion and producing operations, 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.

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.

This agreement is identical to the agreement you signed in March of 2012 for the Meagher 14-2H well. Should you have any questions, please contact our office at your convenience.

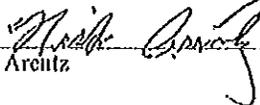
Yours very truly,  
KGH OPERATING COMPANY



Thomas M. Hauptman  
President

TMH:ko  
Encs.

Accepted and agreed to this 13<sup>th</sup> day of Nov, 2013  
By: Mahogany Resources, LLC

  
Nick Arentz

# KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

Phone (406) 259-8430 • Fax (406) 259-2124

Thomas M. Hauptman, President

November 6, 2013

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

Re: KGH -- Meagher #3-3H  
Sec. 3 -- T13-R104W  
Rio Blanco Co., Colorado

Ladies & Gentlemen:

KGH Operating Company is proposing the drilling of the above captioned well during the 2013-14 drilling seasons. A copy of the survey plat is enclosed.

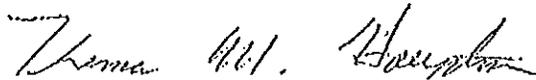
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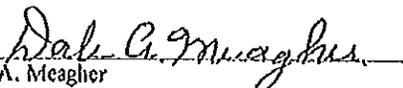
Yours very truly,  
KGH OPERATING COMPANY



Thomas M. Hauptman  
President

TMH:ko  
Encs.

Accepted and agreed to this 15<sup>th</sup> day of November 2013  
By:

  
Dale A. Meagher

# KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

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

Thomas M. Hauptman, President

November 6, 2013

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

Re: KGH - Meagher #3-3H  
Sec. 3 - TIS-R104W  
Rio Blanco Co., Colorado

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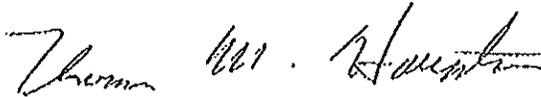
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Yours very truly,  
KGH OPERATING COMPANY



Thomas M. Hauptman  
President

TMH:ko  
Encs.

Accepted and agreed to this 13<sup>th</sup> day of November, 2013  
By: The Preas Family Limited Liability Company

Mary Light

