

KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

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

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 – T1S-R104W
Rio Blanco County, Colorado

Ladies & Gentlemen:

KGH Operating Company is proposing the drilling of the above captioned wells during the 2012 drilling season. A copy of the survey plats are enclosed.

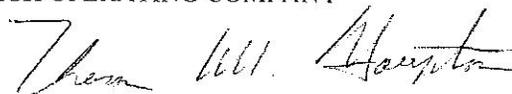
As required by the State of Colorado, we are to settle surface damages with you prior to commencing drilling operations. It has been agreed that KGH will pay a total damage payment of \$1000.00 (\$500 per each well). This will be for all surface activities required during drilling, completion and producing 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 of this letter to this office at your earliest convenience in the enclosed self-addressed envelope. We hope to start the first well in the spring as soon as weather allows.

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 wells, 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 wells.

Should you have any questions, please contact our office at your convenience. Thank you for your continued cooperation and support.

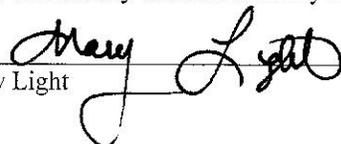
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this Sept day of 15th, 2011.
The Preas Family Limited Liability Company


Mary Light

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

Steven J. Price
2816 Waymon View Court
Salt Lake City UT 84117

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 - T1S-R104W
Rio Blanco County, Colorado

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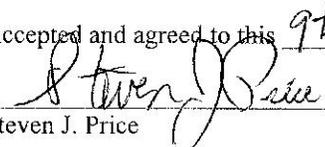
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 9th day of Sept, 2011.


Steven J. Price

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

William J. Price
4616 So. Fortuna Way
Salt Lake City UT 84124

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 – T1S-R104W
Rio Blanco County, Colorado

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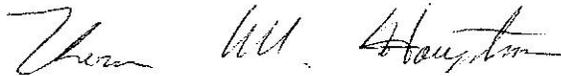
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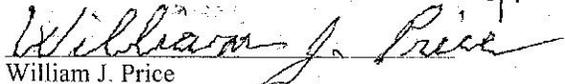
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 16 day of Sept., 2011.



William J. Price

KGH Operating Company

P.O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

Patricia Price Brimley
4616 So. Fortuna Way
Salt Lake City UT 84124

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 – T1S-R104W
Rio Blanco County, Colorado

Ladies & Gentlemen:

KGH Operating Company is proposing the drilling of the above captioned wells during the 2012 drilling season. A copy of the survey plats are enclosed.

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Should you have any questions, please contact our office at your convenience. Thank you for your continued cooperation and support.

Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 19 day of Sept, 2011.

Patricia Price Brimley
Patricia Price Brimley

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

Emerald Phoenix Oil Company
111 East Lincoln Road #4
Spokane WA 99208

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 -- T1S-R104W
Rio Blanco County, Colorado

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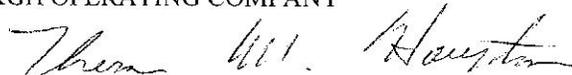
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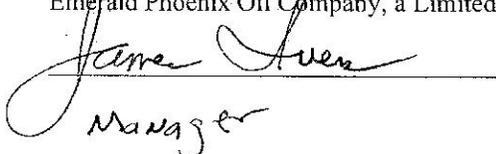
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 9th day of Sept, 2011.
Emerald Phoenix Oil Company, a Limited Liability Corporation



Manager

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

Dale A. Meagher
1163 South 500 West
Vernal UT 84078

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 – T1S-R104W
Rio Blanco County, Colorado

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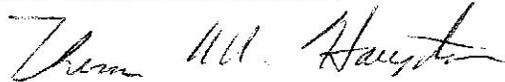
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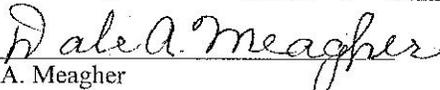
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 12th day of Sept., 2011.


Dale A. Meagher

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

September 6, 2011

Thomas M. Hauptman, President

A-M, Inc.
7350 Island Queen Dr.
Sparks NV 89436

Re: **KGH – Meagher #10-2H**
Lot 1 of Sec. 10 – T1S-R104W

KGH – Meagher #3-1H
Lot 7 of Sec. 3 – T1S-R104W
Rio Blanco County, Colorado

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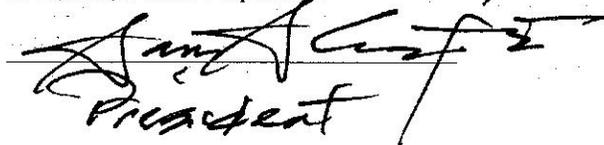
Yours very truly,
KGH OPERATING COMPANY



Thomas M. Hauptman, President

TMH:jb
Encs.

Accepted and agreed to this 13 day of Sept., 2011.
A-M, Inc., a Utah Corporation



President