

KGH Operating Company

P. O. Box 2235

Billings, MT 59103-2235

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

Thomas M. Hauptman, President

October 25, 2015

Cranford Newell, Land Manager
Robert L. Bayless Producer, LLC
621 17th St., Ste 2300
Denver, Colorado 80293

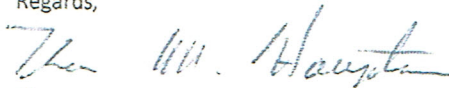
RE: Request for Exception Location Waiver
Rule 318.a
KGH Operating Company
Federal 15-16
NWNW Section 15, T1S-R104W
1154' FNL, 490' FWL
Rio Blanco County, Colorado
API# 05-103-09121-00

KGH Operating Company is proposing to re-enter and deepen this well approximately 1200 feet to test Mancos B. The referenced well was originally named the Federal #16-15-1S-104, drilled and completed in 1984 by Coseka Resources to a total depth of 4560 feet. The well was completed in the Castlegate at a depth of 4220-4236 feet. The well was subsequently plugged and abandoned by Coastal Oil & Gas Corporation in September, 2000.

The location of the well to be re-entered does not meet the Colorado Oil & Gas Conservation Commission statewide spacing requirement (Rule 318.a) as the distance to the western edge of the lease is 490 feet, 110 feet from the 600 foot requirement. Topographic conditions prohibited the original well to be located within the requirements set forth in Rule 318.a.

Please sign below to evidence your waiver and have your signature acknowledged by a Notary Public on the acknowledgement form attached. If you have any questions regarding this matter, please contact me at (406) 259-8509.


Regards,



Thomas M. Hauptman
President
KGH Operating Company

The undersigned hereby waives COGCC Rule 318.a

Cranford Newell

By: 
Cranford Newell

ACKNOWLEDGMENT FOR CORPORATION

STATE OF COLORADO

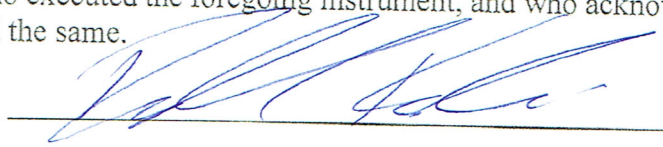
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COUNTY OF

} ss.

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On this 10th day of October, 2015, before me, the undersigned, a Notary Public for the State of Colorado, personally appeared Crawford Newell, known to me to be the _____ of the corporation who executed the foregoing instrument, and who acknowledged to me that such corporation executed the same.



My commission expires:

Notary Public for the State of Colorado
Residing at

