

**REPORT AND ORDER  
OF  
UTAH PUBLIC SERVICE COMMISSION**

**DATED DECEMBER 31, 1981**

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -  
-----

IN THE MATTER OF THE PETITION OF )  
THE DIVISION OF PUBLIC UTILITIES )  
TO CONSIDER THE PROPOSED TRANSFER )  
OF CERTAIN WELLS, LEASES, LANDS AND )  
RELATED FACILITIES AND INTERESTS )  
OF MOUNTAIN FUEL SUPPLY COMPANY )  
TO WEXPRO COMPANY ON REMAND FROM )  
THE UTAH SUPREME COURT. )

CASE NO. 76-057-14

IN THE MATTER OF THE APPLICATION )  
OF MOUNTAIN FUEL SUPPLY COMPANY )  
FOR A GENERAL INCREASE IN RATES )  
AND CHARGES INCIDENT TO NATURAL )  
GAS SERVICE RENDERED WITHIN THE )  
STATE OF UTAH. )

CASE NO. 77-057-03  
(Count II)

IN THE MATTER OF THE APPLICATION )  
OF MOUNTAIN FUEL SUPPLY COMPANY )  
FOR A GENERAL INCREASE IN RATES )  
AND CHARGES INCIDENT TO NATURAL )  
GAS SERVICE RENDERED WITHIN THE )  
STATE OF UTAH. )

CASE NO. 79-057-03

REPORT AND  
ORDER ON  
STIPULATION  
AND  
AGREEMENT

IN THE MATTER OF THE APPLICATION )  
OF MOUNTAIN FUEL SUPPLY COMPANY )  
FOR A GENERAL INCREASE IN RATES )  
AND CHARGES INCIDENT TO NATURAL )  
GAS SERVICE RENDERED WITHIN THE )  
STATE OF UTAH. )

CASE NO. 80-057-01

IN THE MATTER OF THE APPLICATION )  
OF MOUNTAIN FUEL SUPPLY COMPANY )  
FOR A GENERAL INCREASE IN RATES )  
AND CHARGES INCIDENT TO NATURAL )  
GAS SERVICE RENDERED WITHIN THE )  
STATE OF UTAH. )

CASE NO. 81-057-01

IN THE MATTER OF THE INVESTIGA- )  
TION OF THE TRANSFER OF CERTAIN )  
WELLS, LANDS, LEASES AND RELATED )  
BUILDINGS AND INTERESTS OF )  
MOUNTAIN FUEL SUPPLY COMPANY )  
AND/OR WEXPRO COMPANY TO CELSIUS )  
ENERGY COMPANY OR ANY OTHER )  
ENTITY OR PERSON. )

CASE NO. 81-057-04

---

Submitted: November 25, 1981

Issued: December 31, 1981

---

Appearances:

For:

Stephen H. Anderson, Esq.  
Merlin O. Baker, Esq.  
A. Robert Thorup, Esq.  
RAY, QUINNEY & NEBEKER  
Special Assistant  
Attorneys General

Utah Department of  
Business Regulation,  
Division of Public  
Utilities

Thomas A. Quinn, Esq.  
RAY, QUINNEY & NEBEKER  
Special Assistant  
Attorneys General

Utah Committee of  
Consumer Services

Edward W. Clyde, Esq.  
CLYDE, PRATT, GIBBS & CAHOON  
Robert S. Campbell, Jr., Esq.  
Gregory B. Monson, Esq.  
WATKISS & CAMPBELL  
R. G. Groussman, Esq.

Mountain Fuel Supply  
Company

Calvin L. Rampton, Esq.  
JONES, WALDO, HOLBROOK  
& McDONOUGH

Wexpro Company

Donald B. Holbrook, Esq.  
Robert S. McConnell, Esq.  
JONES, WALDO, HOLBROOK  
& McDONOUGH

Utah Utility  
Shareholders  
Association

Bruce Plenk, Esq.  
Ronald E. Nehring, Esq.  
UTAH LEGAL SERVICES, INC.

Utah Coalition of  
Senior Citizens

F. Robert Reeder, Esq.  
PARSONS, BEHLE & LATIMER

Kennecott  
Corporation

---

By the Commission:

The above cases are now before the Commission as the result of a motion of the Utah Department of Business Regulation, Division of Public Utilities (Division), the Utah Committee of Consumer Services (Committee), Mountain Fuel Supply Company (MFS when referring to Mountain Fuel Supply Company including its affiliates and the Company when referring only to the Distribution and Transmission Divisions of MFS), and Wexpro Company (Wexpro) for this Commission to adopt and approve a Stipulation and Agreement (Settlement) entered into by the moving parties to resolve all issues outstanding in these cases with the exception of rate design and residential conservation service issues in Case No. 81-057-01. Wherever utilized in this Report and Order the words "subsidiary" or "affiliate" of MFS shall be understood to refer to any corporation or other business entity which is owned or controlled either directly or indirectly by MFS.

The Commission's Report and Order on Rehearing dated April 11, 1978 in Case No. 76-057-14 was reversed and remanded by the Utah Supreme Court in Committee of Consumer Services v. Public Service Commission of Utah, 595 P.2d 871 (Utah 1979) (Wexpro Case). The Settlement resolves all issues on remand in that case. During the pendency of Case No. 76-057-14, the Commission entered orders granting general rate increases in Case Nos. 77-057-03 (Count II), 79-057-03, 80-057-01 and 81-057-01. Each of those orders was conditioned in some way on further proceedings in Case No. 76-057-14. The conditions in those orders are resolved by the Settlement. The issues in Case No. 81-057-04 relate to issues in Case No. 76-057-14 and are also resolved by the Settlement.

The Staff of the Public Service Commission of Wyoming is also a party to the Settlement. On October 28, 1981, the Wyoming Commission, after hearing, entered an order approving the Settlement concluding that it is in the public interest. P.S.C.W. Docket No. 9192 Sub 68.

The Commission has held several public hearings in Case No. 76-057-14 during 1980 and 1981 since reversal and remand of its Report and Order on Rehearing. At the time scheduled and noticed for evidentiary hearings in the remand portion of the case to commence, the moving parties advised the Commission that they had almost reached agreement on a settlement of the above cases and related cases, and requested that the hearings be continued to allow them to complete negotiations. On August 31, 1981, the parties presented to the Commission a summary of the Settlement and requested a continuance to draft definitive documents setting forth the detailed terms of the Settlement. The Commission set the matter for hearing on October 14, 1981 for the purpose of reviewing the Settlement and receiving testimony and public statements with respect to it. The Utah Coalition of Senior Citizens (Coalition) and Utah Utility

Shareholders Association (Shareholders) also entered their appearances but took no position on the Settlement at the August 31, 1981 hearing.

Hearings were held on October 14, 15, 16, 19 and 20, 1981, during which the Commission received evidence, argument and public statements with regard to the Settlement. The Settlement was received in evidence as Exhibit S-1. The Division and Committee called four witnesses: Herman G. Roseman, an economist with National Economic Research Associates; Howard Ritzma, a geologist and Assistant Director and Chief of the Petroleum Section of the Utah Geological and Mineral Survey; Merrill R. Norman, a certified public accountant with the firm of Fox & Company; and Lyle Hale, an independent consulting geologist. MFS called four witnesses: John Crawford, its Executive Vice President and Chief Financial Officer; R. D. Cash, its President and Chief Operating Officer; James A. Harmon, an investment banker with Wertheim & Co. and a member of the Board of Directors of MFS; and Richard Walker, a certified public accountant with the firm of Arthur Andersen & Company. Wexpro called Ralph M. Kirsch, its President and Chief Executive Officer. The Shareholders called John O'Leary, an independent energy consultant formerly serving in a variety of federal and state government positions relative to energy matters. Each of these witnesses recommended that the Commission approve the Settlement as being in the public interest. The Coalition called no witnesses but indicated that it might wish to call witnesses after a recess in hearings.

The Commission also received the statement of Phillip Morace, a spokesman for Stand United for Rate Fairness (SURF), a utility consumer group which expressed reservations regarding the Settlement.

At the conclusion of the evidence and argument on October 20, 1981, the hearings were continued to November 23, 1981 to allow further opportunity for the public to examine the Settlement and prepare statements and for the Coalition to prepare any evidence it wished to offer. Notice of the

hearing and the opportunity to review the Settlement and present statements or evidence concerning it was timely published in a newspaper of statewide distribution and general circulation for two consecutive days. In addition, the news media have given extensive coverage to the hearings in these cases on the Settlement and particularly publicized the opportunity for public comment on November 23, 1981.

At the hearing on November 23, 24 and 25, 1981, the Coalition called Richard D. Rosenberg, a staff counsel to the Public Utilities Commission of California who appeared in his individual capacity for the Coalition and not as a representative of the California Commission or its staff. Mr. Rosenberg testified regarding the Gas Exploration and Development Adjustment (GEDA) exploration program of Pacific Gas & Electric Company, as established by the California Public Utilities Commission. He took no position on the merits of the Settlement, but rather expressed the view that in his opinion an alternative that the Commission might consider could be based on California's GEDA program. He testified that this program has been successful in California as indicated by the California PUC Order which is an exhibit in this case. He further testified as to the availability of experts who could put a dollar value on gas and oil properties both explored and unexplored. Sworn statements were made by Robert B. Hansen, Justin Stewart, Representative Blaze Wharton, Chester Bellows, and Karen Feldman. Unsworn statements were presented by Representative Jeff Fox, Stanley Wangsgaard, Norma Nation and by W. H. Jensen, General Manager of the Utah Copper Division of Kennecott Minerals Company, a division of Kennecott Corporation, through counsel F. Robert Reeder. The testimony and statements of public witnesses expressed some concerns about various provisions of the Settlement, the public's awareness of the Settlement and general concerns about utility rates. Several of the public witnesses were of

the opinion that the Commission should determine the fair market value of the unexplored Account 105 properties transferred under the Settlement. Kennecott supported the Settlement. James L. Barker, Assistant Attorney General of the State of Utah and former counsel for the Committee in Case No. 76-057-14, was called as a rebuttal witness by the Division. He testified that the Settlement was in the public interest in his opinion.

On November 24, 1981, the Commission heard the motion of the Coalition to order an appraisal of the Account 105 properties to be transferred to Celsius Energy Company (Celsius) under the Settlement. Following argument of all parties, the Commission denied the motion.

On November 25, 1981, all parties presented closing arguments to the Commission. In addition to oral arguments, the parties to this proceeding have filed extensive memoranda on the issues presented. The Coalition opposes the Settlement; all other parties support it.

Before reciting the evidence, testimony, statements and arguments of counsel on which the Commission relied to make its Findings, Conclusions and Order, the Commission believes it is appropriate to discuss its philosophy and understanding of regulation as it relates to these issues, however, we are not intending that the Findings, Conclusions or Order herein will be based on this discussion.

First, the Commission considers the use of negotiated settlements to be helpful in arriving at a solution to the cases it hears. The practice was recognized and sanctioned by the legislature (see Utah Code Annotated § 54-7-10[1], [1981 Supp]), and has often been used by the Commission in the past. In a recent Mountain Bell general rate case (Case No. 80-049-01), the Commission expressed the following:

The Commission encourages parties to negotiate their differences and enter into stipulations, particularly in cases of the complexity presented

here; such efforts may expedite the regulatory process, and aid the Commission in effecting determinations which are equitable. Nevertheless, no party can or ought to be compelled to participate in such negotiations, nor is a non-stipulating party barred or estopped from urging that a stipulation be rejected or its terms modified. Parties who choose to negotiate a stipulated settlement of a case cannot, by their own agreement, divest the Commission of its statutory authority. While parties to a case may agree that a particular result is desirable, any proposed stipulation must be found by the Commission to achieve a result which is just, reasonable, and in the public interest. Should the Commission reject a proposed stipulation, in whole or in part, the parties are at liberty to withdraw the stipulation or accede to the Commission's modifications.

Second, the Commission recognizes the advantages and disadvantages which may follow utility investment in non-utility ventures. Some of the problems which concern us are noted in the 1972 Report of the Ad Hoc Committee on Non-Utility Investments - Diversification by Utility Companies, of the National Association of Regulatory Utility Commissioners:

The crucial question is whether diversification by public utilities poses a threat to the basic investment-revenue cycle. For now, only the most obvious aspects need be noted. If utility resources are devoted to non-utility operations, no major problem is presented if either: (1) The non-utility enterprise is as profitable as the utility enterprise; or (2) the non-utility enterprise is of insignificant scale in comparison with the utility enterprise. In either event, utility revenues will support new utility investments which will generate new utility revenues to support new utility investments, in a continuing cycle. The utility's investors may gain some extra profits in the first instance, and may sustain some losses in the second instance, but the interest of the public is not adversely affected in serious degree in either case. On the other hand, if the non-utility investment is both substantial and unprofitable, there is risk of disruption of the investment-revenue cycle. An enterprise with a substantial and unprofitable non-utility operation has only two options: (1) it can increase revenues of the utility business sufficient to cover the losses on the non-utility business and thereby maintain the flow of needed capital; or (2) it can



refuse to support the unprofitable non-utility operation by such a subsidy from the utility operation which would mean that the enterprise as a whole would be unprofitable and unable to attract capital on reasonable (or perhaps any) terms.

The end result is precisely the same as in those situations in which utility investments were diverted to promoters' pockets or utility revenues were diverted to affiliated interests.

It should be noted that even if non-utility operations are profitable, there may be political difficulties in retaining an effective investment-revenue cycle. Confronted with an enterprise with good overall profitability (resulting from its non-utility ventures), the public may be unusually resistant to permitting rate increases, even if they clearly are warranted by the investment and revenue requirements of the utility operation. An analogy is the apparent expectation of consumers of some AT&T operating subsidiaries that the parent, through its nationwide operations, should support losing operations of the subsidiaries.

The Commission believes the utility business of MFS to be the cornerstone of its operations and that other activities must enhance and not jeopardize that cornerstone. It is for these reasons that the Commission is vitally interested in company restructuring which is in effect diversification or functional separation, and we believe Utah statutes authorize Commission review of such proposals, and the setting aside or modification of same if, after a hearing, the scheme itself, or its logical or intended consequences, are found to be detrimental to the utility cornerstone or injurious to the public interest.

Third, the Commission believes the no-profits-to affiliates rule discussed in the Utah Supreme Court's decision and the potential for a conflict of interest or sweetheart relationship within the structure of MFS and its subsidiaries require continued and ongoing scrutiny by the Commission of MFS and all of its subsidiaries whether or not they are subject to a regulated rate of return. The Commission further notes that the Supreme Court has appeared to elevate management responsibility to utility customers to a form of "trust" relationship which also requires such ongoing scrutiny.

Fourth, while the Commission accepts the concept that MFS should be allowed to earn an unregulated rate of return on some of its non-utility investments, we believe that such proposals should be presented in advance so that the Commission might be advised of and analyze such investments and/or reorganization as to any potential risk to the public utility or its customers. The Commission notes that the decision to create Celsius has not been brought before it and the Commission trusts MFS will do so. The Commission does not find it necessary to require a formal hearing on this matter before accepting the Stipulation.

Fifth, the Commission believes that exploration for and development of energy resources are an appropriate activity for MFS, both as part of its regulated activities and those which are not subject to a regulated rate of return. The Commission recognizes the past success of MFS's exploration and development program and believes that MFS should continue in the future such programs both for the benefit of its utility operations and those which are not subject to a regulated rate of return. The Commission notes that while exploration and development of gas has historically been a utility activity conducted by MFS pursuant to Commission orders as a joint regulated/non-regulated venture, the decision by MFS to abandon exploration as a utility undertaking has been implemented unilaterally and without Commission sanction. The Commission at this time and for the purpose of this settlement finds it unnecessary to determine if MFS's utility activities, which are subject to a regulated rate of return, should include an exploration and development program.

Sixth, the Commission is extremely concerned that the Utah customers of MFS are not well-served by the Federal Energy Regulatory Commission (FERC) taking jurisdiction over any of MFS's operations and by MFS's attempt to supplant State regulation with Federal regulation and pricing policies which could make natural gas significantly more costly to Utah customers. The thrust of the FERC applications has been to avoid Utah policies favoring cost-of-service gas pricing (rather than sharply rising "market" pricing favored by the Federal Congress as an incentive for producers to search for new gas supplies) on old as well as new gas. The applications have evoked a classic, and ironic, confrontation between company interests seeking higher profits through an expansion of federal regulation, and regulators seeking to preserve State prerogatives to regulate utility affairs in the interest of keeping costs to customers as low as practicable while allowing a reasonable rate of return to investors. While the Commission will not condition this order on the withdrawal by MFS and its subsidiaries of pending FERC applications the Commission feels a more appropriate procedure and a showing of good faith by MFS and its subsidiaries would be to voluntarily continue said applications until the Commission has been fully apprised of the effect of such applications.

Seventh, consistent with the Commission's concern that Utah customers of MFS are better served and protected by State regulation, it is noted that the recent case, Mid Louisiana Gas Co. v. Federal Energy Regulatory Commission, Consolidated Gas Supply Corporation v. Federal Energy Regulatory Commission, (5th Cir, Dec. 23, 1981 Slip Opinion at 13818 to 13826) casts further doubt on cost of service gas and State regulatory jurisdiction. The Commission feels the Settlement would contractually bind the parties and therefore avoid the adverse effects to Utah customers it foresees if Mid-Louisiana is finally construed adversely to State regulatory interests. We also note that the facts

involved in the present case are far different than those in Mid-Louisiana. The Natural Gas Policy Act of 1978 was established to provide incentives for investment and in the present case the Utah Supreme Court has found that ratepaying customers have made the investment. This concept that gain follows risk, even under Mid-Louisiana reasoning, may well result in profits to MFS which then would flow to the benefit of customers.

Having expressed its general regulatory philosophy as it relates to the matters before it, the Commission will outline evidence, testimony, statements and argument of counsel upon which the Findings, Conclusions and Order are made.

(1) Notwithstanding any language which might be construed to the contrary in either the agreement or stipulation all parties have agreed on the record that acceptance of the settlement by the Commission in no way limits or affects the Commission's jurisdiction or regulatory authority and further is not to be construed as limiting the Commission in its future regulation of MFS.

(2) MFS, since its organization in 1935, and some of its predecessors, for many years prior to that date, have explored for hydrocarbons in the Rocky Mountain Region. MFS, Wexpro and the Shareholders contend that this Commission has historically considered part of the exploration program to be subject to utility regulation and part of the program to be nonutility and that while this treatment of the program has resulted in benefits to Company customers, it has also caused conflict over the years regarding whether the benefits received were sufficient. The Division, the Committee and Consumer groups have contended that in addition to cost of service gas the profits from oil discoveries, which have not been subject to a regulated rate of return by this Commission, should be utilized to reduce gas prices. This position was in part prompted by the

inclusion in rates of exploration as an expense item and that the exploration and development of hydrocarbons were all financed largely from retail gas sales in Utah. On the other hand, MFS, Wexpro and the Shareholders have maintained the view that recovery of exploration expenses in rates did not constitute a ratepayer investment and that customers had no interest in exploration properties profits.

(3) Wexpro was created in late 1976 as a subsidiary of MFS. The oil properties then in the nonutility account were transferred to Wexpro under the Agreement of Purchase and Sale; the Joint Exploration Agreement (JEA) was established to govern drilling activities on properties of joint interest between the Company and Wexpro.

(4) Case No. 76-057-14 (Wexpro case) was commenced in December of 1976 when the Division requested that the Commission investigate the Agreement of Purchase and Sale and the JEA. The Commission entered an order on July 20, 1977, holding that it had no jurisdiction over the transfer. Thereafter, the Commission granted a rehearing to consider certain modifications to the Agreement of Purchase and Sale and JEA. The rehearing was held over a period of several weeks. On April 11, 1978, the Commission entered its Report and Order on Rehearing approving the Agreement of Purchase and Sale and JEA if certain amendments were made. The amendments were agreed to by the Company and Wexpro.

(5) The Division and Committee sought review of this order before the Utah Supreme Court. On May 10, 1979, the court rendered its decision reversing the order and remanding the case to the Commission for further hearings. Committee of Consumer Services, supra, 595 P.2d 871. MFS and Wexpro petitioned for rehearing which was denied and petitioned by writ of certiorari to the United States Supreme Court which was also denied.

(6) MFS's exploration program prior to the creation of Wexpro since January 1, 1977, has been successful. MFS and Wexpro currently own a number of properties as a result of that program. Proper exploitation of these properties for the benefit of all parties requires their exploration. At least \$40,000,000 should be spent during the next five years in development drilling to productive gas reservoirs; larger sums are needed for exploratory drilling on the properties to avoid lease expirations and develop their potential. The testimony of management and members of the Board of Directors is that MFS investors will not support a regulated exploration program on these properties; these witnesses also believe that a regulated exploration program has the potential to cause problems with partners in the field and with scientific and technical employees who are essential to an exploration program and are in high demand in the Rocky Mountain Region. Witness Rosenberg testified that a regulated exploration program has been approved in California and has resulted in extensive drilling in the Rocky Mountain Area with major oil companies.

(7) Witnesses for the Division and Committee on the one hand and MFS and Wexpro on the other testified that they have vigorously pursued claims with respect to the proper treatment of the properties. Litigation has already cost the parties substantial amounts in direct costs and has involved proceedings in multiple agencies and courts. If the litigation which to date has cost a total of approximately \$4,000,000 is not resolved by Settlement, it is possible that it will proceed for several years in several forums with costs to the parties of additional millions of dollars.

(8) The Wyoming Public Service Commission and its staff began proceedings dealing with the same issues as the Wexpro case which have now been concluded by approval of the Settlement by the Wyoming Commission.

(9) During the litigation related to these cases which has arisen following the Utah Supreme Court opinion in Committee of Consumer Services, supra, there has been uncertainty associated with the eventual allocation of costs and benefits of exploration which MFS argues has made it imprudent for exploration to proceed on other than a minimal basis. Witnesses for all parties to the Settlement and the Shareholders expressed concern, that if litigation proceeds, opportunities may be lost to the detriment of all interested parties. MFS witnesses testified that raising the substantial capital needed to explore and develop the properties, because of the current status and uncertainty of the exploration program, if possible, would be difficult and could only be done at a high cost. These witnesses also testified that current uncertainties are impairing the ability of MFS to employ and retain the scientific and technical personnel essential to a successful exploration program. Whatever benefits from the properties are eventually determined to be properly utilized to reduce rates to MFS customers may not be available for several years if litigation continues.

(10) Recognizing the problems associated with litigation, the parties, with the encouragement of the Commission, examined the possibility of settling their disputes. Settlement conferences began in depth in March of 1981. Mr. Roseman, a participant in the Settlement negotiations, and other witnesses testified that the parties vigorously pursued their positions, that negotiations were extremely tough, reaching impasse on several occasions, and that the parties interests were negotiated at arm's-length. The parties retained and utilized well-qualified and eminent experts in connection with decisions made and positions taken in negotiations.

(11) The Settlement contemplates that wholly owned affiliates of MFS will do the exploration of the properties covered by this settlement in the future and will operate production activities on said producing properties although provision is made in the agreement for farmouts.

(12) Expert witnesses and counsel for parties to the settlement all urged that the Settlement's approach to the problem of exploring and developing the properties is an acceptable and reasonable. Mr. Roseman, for the Division and Committee favoring the Settlement, testified, that the cost-of-service gas and oil income from gas properties and transferred properties and royalty income and first call on gas with respect to unexplored properties are fair and compensate the Company (for the appropriate benefit of its customers) for its interest in the properties while at the same time leaving MFS with incentives to explore them. Mr. Roseman testified that he had some doubts about the sufficiency of the incentives. However, Mr. Cash, Mr. Kirsch and Mr. O'Leary were of the opinion that the incentives were sufficient. Messrs. Roseman, Crawford, Harmon and Cash were of the view that MFS investors would support the exploration program proposed by the Settlement; Messrs. Cash and Kirsch testified that exploration department employees would be more willing to stay with Wexpro under the Settlement than without it.

(13) All Division and Committee witnesses, including independent geologists Ritzma and Hale, independent economist Roseman and certified public accountant Norman, testified that the consideration involved in the transfer of properties from MFS to subsidiaries was in their opinion fair to MFS and its customers. No dollar value appraisal was completed on the transferred properties. MFS customers will receive substantial benefits from cost-of-service gas, from future sharing of oil income and from royalties. In addition to these benefits, customers



will have rates reduced by a one-time \$21 million reduction, over a one year period, a \$250,000 annual payment from Wexpro to the Company for twelve years and the elimination of the approximately \$3.1 million annual exploration expense from rates which will occur in approximately one year.

(14) MFS and Wexpro witnesses Crawford, Harmon, Cash and Kirsch testified that the Settlement is fair and reasonable to MFS's shareholders. MFS's consolidated after-tax earnings may suffer an estimated reduction of approximately \$15.5 million in 1981 as a result of the Settlement. If 1982 oil production and income are similar to 1981, after-tax earnings in that year may be down by some \$7 to \$8 million as a result of the Settlement plus the effect of any royalty payments. No witness for the companies attempted to quantify the loss of income associated with the royalty payments and no witness from the Division or Committee attempted to quantify past benefits to MFS or its shareholders of the regulatory treatment afforded MFS prior to the Wexpro decision.

(15) Mr. O'Leary, for the Shareholders, thought the Settlement was costly to present shareholders in terms of the interests they claimed but favored its approval because continued litigation could damage shareholder interests to an even greater extent.

(16) Although the Settlement expressly provides that its terms are an integrated whole and that the benefits flowing to customers is to be viewed in total and not in separable units, the witnesses of parties favoring the Settlement testified that primary individual elements also represent fair market value. For example, the 7% overriding royalty associated with exploratory properties was deemed by Messrs. Roseman, Ritzma and Hale for the Division and Committee, to be fair market value for those assets. The Commission accepts this expert testimony. Witnesses testified that because of the speculative nature of evaluating unexplored properties, they are typically traded

in the industry on the basis of retained interests such as royalty interests. These properties already have on average 16% in royalties; hence, 7% is a figure that could well have been reached in a typical industry transaction. The Company's right to receive gas at cost of service and 54% of net profits from liquids produced on the productive oil properties transferred to Wexpro was deemed by all expert witnesses who addressed the issue to be fair market consideration for those properties.

(17) Witnesses testified one valuable effect of the Settlement is that it resolves many of the issues in the pending litigation in a manner that MFS believes will allow the exploration program to proceed. All witnesses who addressed the issue agreed that without the Settlement all parties have difficulty achieving their objectives.

(18) Some witnesses testified that the Settlement provides a better solution to the treatment of the joint interest properties than did the JEA. All witnesses for the Division, Committee, MFS, Wexpro and the Shareholders urged the Commission to approve the Settlement because it was, in their opinions, in the public interest.

#### FINDINGS OF FACT

Having reviewed the record and having considered the Settlement, the evidence, and having been fully advised, the Commission finds that:

1. MFS is a corporation organized and existing under the laws of the State of Utah, with its principal place of business located at 180 East First South Street, Salt Lake City, Utah. MFS is a "gas corporation" and a "public utility" as those terms are defined in Utah Code Annotated § 54-2-1 (1974).

2. MFS produces and purchases natural gas from fields and pipelines in Wyoming, Utah and Colorado, and transports this gas through two major pipeline systems to markets in southwestern Wyoming and northern and central Utah.

3. MFS provides natural gas service to customers in a Utah service area which includes the Wasatch Front, portions of Carbon and Emery Counties, portions of the Uintah Basin and other areas contiguous to its system. The customers served by the Company in its Utah and Wyoming service area number approximately 400,000.

4. As will be outlined in the following findings, the Commission accepts the Stipulation and Agreement as means of dealing with the "Wexpro" case and related matters. The Commission does not and could not waive any of its jurisdiction, or regulatory power and authority, in so accepting.

5. As stated in finding (1) above, Mountain Fuel Supply Company is a regulated public utility and it cannot escape this by organizing itself into different corporate entities, parent and subsidiary in nature. By approving this Settlement and by past actions this Commission acknowledges and supports the proposition that MFS may have activities which are not limited to a "regulated" rate of return. We do not, however, give up our necessary access to information from the parent or its subsidiaries, or our lawful regulatory control over MFS or any of its parts in accepting this Settlement.

6. The Commission is not entirely persuaded that under attractive circumstances investors will not support a regulated exploration and development program, that such a program will cause problems with partners in the field or with the ability of MFS to keep employees. However, the Commission finds that it is unnecessary to make a final determination on this matter for the purpose of this proceeding.

7. It appears from the statement of counsel and testimony of witnesses that the parties to the Settlement vigorously pursued their positions; negotiations were extremely tough, and at arms length.

8. The Settlements approach to the problem of exploring and developing the properties involved in the Settlement is an acceptable and reasonable basis for exploring and developing said properties and is in the public interest.

9. Resolution of the many issues involved in this proceeding and the related pending litigation is in the public interest.

10. The Settlement will allow the properties to be explored and developed to the benefit of all parties. The interests of MFS and its customers in benefits from the properties are protected and realized in the Settlement. The transfer of properties is for fair market value as that value is typically determined in the industry. Adequate benefits from the Settlement redound to the benefit of customers of MFS.

11. The Settlement approach to properties and the consideration received for the benefit of customers is just and reasonable and represents fair market value. The interests of MFS customers, of citizens of the State of Utah and of MFS shareholders will be served by approval of the Settlement.

12. The Settlement is fair and reasonable and the stipulated facts in the Stipulation are hereby adopted and approved. The Commission takes note of the explanation of counsel as to the parties understanding and intent in regard to the Stipulation and agreement as found in the record in this case in so approving.

13. Wexpro litigation costs to the State of Utah for outside attorneys, consultants and witness fees exceeds \$775,000, and it is in the public interest that the State be reimbursed for some portion from the Settlement. The Commission finds that \$400,000 from the \$21,000,000 provided for in the agreement should be paid to the Commission's Executive Secretary to establish a fund upon which claims for reimbursement can be made by public entities

who have been parties to this proceeding for reimbursement for outside attorney, consultant and witness fees. The Commission will determine the amounts to be distributed

CONCLUSIONS OF LAW

Having made the foregoing findings of fact, the Commission concludes that:

1. These cases are properly before the Commission on motion of the Division, Committee, MFS and Wexpro for an order approving the Settlement. Additionally, the Wexpro case (Case No. 76-057-14) is properly before the Commission on remand from the Utah Supreme Court in Committee of Consumer Services v. Public Service Commission of Utah, 595 P.2d 871 (Utah 1979).

2. All hearings in these cases were held pursuant to timely and proper public notice. All parties and the public were given full opportunity to present evidence and argument with respect to the Settlement.

3. This Commission has jurisdiction to resolve cases before it on the basis of a negotiated settlement which has been entered into by MFS, Wexpro, the Division and the Committee in the case. In reviewing the Settlement, the Commission need not decide the issues disputed between the parties, and although the Commission has considered certain alternatives, it need not consider every conceivable alternative to the Settlement. It is the Commission's duty to determine whether the Settlement reasonably resolves matters about which there is a valid dispute in a lawful manner that comports with the public interest. In addition to the public interest standard, inasmuch as some aspects of these cases have previously been before the Utah Supreme

Court, the Commission must determine whether the Settlement resolves those aspects in a manner consistent with or permitted by the opinion of the court. The Settlement resolves those aspects in a manner consistent with or permitted by the opinion of the court. The Settlement resolves the disputes between the parties and the issues of the remanded case in a reasonable and lawful manner that is consistent with the public interest and with the opinion of the Utah Supreme Court in Committee of Consumer Services, supra.

4. Resolution of the contested issues and litigation involved in the Settlement is in the public interest.

5. This Commission has jurisdiction to review the transfer of properties between MFS and its affiliates which is contemplated by the Settlement to determine whether the customers have an interest in the properties and, if so, whether the transfer is in the public interest whether it is for market value and whether appropriate benefits from the transfer are in the public interest. The Commission concludes that the transfer is for market value, that is in the the public interest and that appropriate benefits redound to the benefit of the customers and MFS.

6. The Commission's findings and conclusions with regard to the transfer of properties and the allocation of benefits contemplated by the Settlement, including the findings and conclusions that the transfer of properties and the allocation of benefits are reasonable and for market value and are in the public interest, are intended by the Commission to be final and not subject to future change (except through an appropriate and timely petition for rehearing or judicial review). The Commission so concludes because to insure the proper development of said properties the parties must be able to rely on the finality of the findings and conclusions in regard to the transfer of

properties and apportionment of benefits. The Commission also entitled to rely on the finality of its order.

7. The Settlement presents a reasonable, viable and lawful resolution of the unresolved issues in all of these cases, except rate design and residential conservation service issues in Case No. 81-057-01, and should be adopted and approved.

8. The Settlement is an agreement between the parties and approval thereof by the Commission does not modify or in any way limit the jurisdiction of the Commission to require information from the parties and to investigate transactions under the Settlement in which the parties are involved.

9. By adopting and approving the Stipulation, the Commission does not relinquish or limit any jurisdiction or statutory authority it possesses.

10. Under the circumstances involved in this proceeding, it is in the public interest to reimburse public entities for a portion of their expenses associated with this and related proceedings.

#### ORDER

Having made the foregoing findings of fact and conclusions of law, the Commission hereby orders that:

1. The motion of the Division, Committee, MFS and Wexpro to adopt and approve the Stipulation and Agreement dated October 14, 1981 and to be effective August 1, 1981, is granted and the Stipulation and Agreement are hereby adopted and approved.

2. Consistent with the Stipulation, MFS shall as soon as is practicable and in no event later than 30 days following the date of this Order submit new schedules of rates and charges which are reflected in the Stipulation and Agreement. These rate reductions shall be effective from and after the date the new tariffs are approved by the

Commission. These rate reductions and payment of the \$400,000 as provided in Order paragraph 5 below will be subject to recovery by MFS in the event this Order is revised or vacated by the Utah Supreme Court.

3. Within 30 days after the reserve for exploration expense account (Account 186-1) deficit balance is eliminated, MFS shall submit new rate schedules which reflect the elimination of the utility exploration expense (approximately \$3.1 million annually system-wide) from the rates then in effect. The rate reduction shall be effective from and after the date the new rate schedules are approved by the Commission. The rate reduction will be subject to recovery by MFS in the event this Order is reversed or vacated by the Utah Supreme Court.

4. This Order shall be the final order of this Commission in Case Nos. 76-057-14 and 81-057-04. This order is also intended to and does resolve any and all contingencies in final orders previously entered by this Commission in Case Nos. 77-057-03, 79-057-03, 80-057-01 and 81-057-01 with the exception of rate design and residential conservation service issues in the latter case. The stipulation of the parties in Case No. 81-057-04 shall be terminated effective August 1, 1981.

5. As soon as is practicable and in no event later than 30 days following the date of this order, MFS shall transmit \$400,000, which amount may be reduced from Utah's portion of the \$21,000,000 reduction in rates, to the Commission Executive Secretary to be handled consistent with the findings herein.



DATED at Salt Lake City, Utah this 31st day of  
December, 1981.

/s/ Milly O. Bernard, Chairman

(SEAL)

/s/ David R. Irvine, Commissioner

/s/ Brent H. Cameron, Commissioner

Attest:

/s/ Jean Mowrey, Secretary

EXHIBIT A

**Cost of Service  
Formulation for Gas  
from Oil Reservoirs**

**EXHIBIT A**  
**COST OF SERVICE FORMULATION**  
**FOR GAS FROM OIL RESERVOIRS**

The monthly cost of service charge directly attributable to the sale to Mountain Fuel Supply Company of natural gas provided by Wexpro Company from certain properties as set forth in the Agreement will include the following costs. (Section references are to the relevant portions of the Agreement to which this exhibit is attached.)

**1. Operating Expenses.** Reasonable and necessary operating expenses incurred by Wexpro and allocated to the production, gathering, treatment and disposition of natural gas. Such expenses will include operating and maintenance expenses, administrative and general expenses, royalties (including compensatory royalties) and fees based on the monthly level of production, and other common business expenses.

**2. Depreciation.** The allocated monthly depreciation expense as computed by the unit-of-production method where applicable or one-twelfth of any annual depreciation expense computed using applicable depreciation methods other than the unit-of-production method as allowed by and computed under the terms of the Agreement.

**3. Amortization and Depletion.** The allocated monthly accrual recorded for the billing month as amortization and depletion of producing lands and land rights, amortization of intangible gas plant and other amortized expenses.

**4. Taxes.**

**(a) Taxes Other than Income Taxes.** Accruals recorded for the billing month with respect to taxes other than federal and state income taxes allocated to natural gas operations, adjustments of such accruals for tax expenses previously billed, and such taxes paid but not previously billed, including any state and local income taxes.

**(b) Federal and State Income Taxes.** Federal and state income taxes for the billing month attributable to the investment of

Wexpro allocated to natural gas production facilities, computed by multiplying the return by the marginal composite income tax rate (section I-38) divided by 1.0 minus the marginal composite income tax rate.

5. **Return.** Return is computed using the base rate of return (section I-44) as adjusted from time to time under the procedure specified in the Agreement. For natural gas that is produced from enhanced recovery facilities to which a 2% adjustment is applicable (paragraph II-6(b)), the 2% risk premium applies to those facilities only. For natural gas that is produced from development gas wells to which a 5% risk adjustment is applicable (paragraph II-8(b)), the 5% risk premium applies to those facilities only.

The investment used as a base to which a rate of return is applied will be computed in total for each category of investment subject to (i) no risk premium, (ii) the 2% risk premium, and (iii) the 5% risk premium, and will be one-twelfth of the sum of:

(a) The allocated, actual original investment including AFUDC in wells, well facilities and plant facilities utilized or held for future use in connection with the production, gathering, treatment and disposition of natural gas and oil, less accumulated reserves for depreciation and amortization of such plant facilities; plus

(b) A general plant allowance calculated by multiplying the amount in paragraph (a) above by 6.3%; plus

(c) A cash working capital allowance for each category of investment (no risk premium, 2% risk premium, and 5% risk premium) equal to  $\frac{45}{365}$  of the allocated operating expenses, identified in section 1 above, less royalties and annualized by multiplying the monthly amounts by 12; plus

(d) A credit for the balance of accumulated deferred income taxes and other tax-timing reserves accrued solely as a result of facilities installed after July 31, 1981, for each category of investment (no risk premium, 2% risk premium, 5% risk premium).

6. Costs, expenses and investments will be allocated only when direct assignment cannot be made to specific products. When any cost, expense or investment is related to the production of joint products and direct assignment cannot be made, the product allocation procedure (section I-47) will be used.

7. Page 4 of this exhibit is an example of the calculations to be used for natural gas that is subject to this cost-of-service determination. The individual numbers are illustrative only and do not represent any actual circumstances.

**EXHIBIT A**  
**SAMPLE COST-OF-SERVICE CALCULATION**  
**GAS SOLD BY WEXPRO TO THE COMPANY**  
**FROM PRODUCTIVE OIL RESERVOIRS<sup>1</sup>**

	Total (1)	Post- July 31, 1981 Facilities (2)	Post-July 31, 1981 Enhanced Recovery Facilities Subject to:		Post- July 31, 1981 Development Drilling Facilities (5)
			Base Rate of Return (r) (3)	(r + 2.00%) (4)	
1. Investment					
2. Net Plant Investment in Productive Oil Reservoirs	\$57,000	\$48,300	\$5,060	\$1,190	\$2,450
3. Gas Production Investment:					
4. Directly Assignable to Gas Production	1,010	800	100	70	40
5. Allocation Based on Product Allocation (\$1-47)	6,200	5,000	460	170	570
6. Net Investment in Gas Production Facilities	\$ 7,210	\$ 5,800	\$ 560	\$ 240	\$ 610
7. Add:					
8. General Plant @ 6.3%	454	366	35	15	38
9. Cash Working Capital: 45/365 x (O&M + A&G) x 12	132	117	8	3	4
10. Deferred Income Tax Accrual	(54)	—	(20)	(9)	(25)
11. Total Investment Base for Return Calculation:	\$ 7,742	\$ 6,283	\$ 583	\$ 249	\$ 627
12. Cost of Service					
13. Total Expenses for Month	\$ 2,500	\$ 2,173	\$ 207	\$ 46	\$ 74
14. Directly Assignable Expenses - Oil & Gas	701	618	57	10	16
15. Directly Assignable Expenses - Gas					
16. Operating & Maintenance Expenses	1	—	1	—	—
17. Administrative & General Expenses	—	—	—	—	—
18. Royalties	94	83	6	2	3
19. Other Taxes	1	1	—	—	—
20. Depreciation	1	—	—	—	1
21. Total - Gas Direct Expenses	97	84	7	2	4
22. Allocable Expenses - Oil & Gas	\$ 1,799	\$ 1,555	\$ 150	\$ 36	\$ 58
23. Allocable Expenses - Gas					
24. Operating & Maintenance Expenses	70	64	3	1	2
25. Administrative & General Expenses	18	15	1	1	1
26. Royalties	—	—	—	—	—
27. Other Taxes	79	66	7	2	5
28. Depreciation	93	75	9	2	7
29. Total - Gas Allocable Expenses	\$ 260	\$ 219	\$ 20	\$ 6	\$ 15
30. Return Computations					
31. Applicable Rate of Return		16.00%	16.00%	18.00%	21.00%
32. Return on Investment (line 11 x line 31)/12	\$ 107	\$ 84	\$ 8	\$ 4	\$ 11
33. Federal Income Taxes (line 32 x .46) / (1 - .54)	91	72	7	3	9
34. Total Monthly Cost of Service (lines 21 + 29 + 32 + 33)	\$ 555	\$ 459	\$ 42	\$ 15	\$ 39

<sup>1</sup>All figures are hypothetical and only for the purpose of demonstrating the method of calculating the cost-of-service price for gas sold by Wexpro to the Company.

EXHIBIT B

**Sample Calculation of  
Productive Oil Reservoir  
Accounting**

**EXHIBIT B  
SAMPLE CALCULATION  
PRODUCTIVE OIL RESERVOIR ACCOUNTING<sup>1</sup>**

	Total	Post- July 31, 1981 Facilities	Post-July 31, 1981 Enhanced Recovery Facilities Subject to:		Post- July 31, 1981 Development Drilling Facilities	Allocated to Cost- of-Service Natural Gas
			Base Rate of Return (r)	(r + 2.00%)		
1 Net Plant Investment in Productive Oil Reservoirs	\$57,000	\$48,300	\$5,060	\$1,198	\$2,450	
2 Allocation of Investment						
2 Directly Assignable to Products		12,000	1,500	50	240	1,010
3 Allocated Based on Product Allocation		30,500	3,000	900	1,600	6,200
4 Allocated Investment		\$42,500	\$4,500	\$ 950	\$1,840	\$7,210
5 Total Revenues for Month from Sale of Oil	\$ 4,520	\$ 3,700	\$ 540	\$ 96	\$ 185	
6 Total Expenses for Month	\$ 2,500	\$ 2,173	\$ 207	\$ 46	\$ 74	
7 Allocation of Expenses for Month						
7 Directly Assignable to Products		534	50	8	12	97
8 Allocated Based on Product Allocation		1,336	130	30	43	260
9 Allocated Expenses		\$ 1,870	\$ 180	\$ 38	\$ 55	\$ 357
10 Operating Income for Month		\$ 1,830	\$ 360	\$ 57	\$ 130	\$ 130
11 Federal and State Income Taxes at 46.828% <sup>2</sup>		856	169	27	61	61
12 Net Income from Oil after Taxes	\$ 1,264	\$ 974	\$ 191	\$ 30	\$ 69	
13 Rate of Return For Investment Recovery		16.00%	16.00%	18.00%	21.00%	
14 Return Allocated to Oil Investment (line 4 x line 13)/12	\$ 673	\$ 567	\$ 60	\$ 14	\$ 32	
15 Amount to Be Divided Between Company and Wexpro	\$ 591	\$ 407	\$ 131	\$ 16	\$ 37	
16 Company Portion at 54%	319	220	71	9	20	
17 Payment to Company (line 16)/(1-.46828)	\$ 600	\$ 413	\$ 133	\$ 16	\$ 37	
18 Restatement of Wexpro's Monthly Oil Net Income						
19 Revenue For Month	\$ 4,520					
20 Expenses for Month - Oil						
21 Previous Expense - Total	\$2,143					
21 Amount to Company	600					
22 Total Restated Expenses for Month	(2,743)					
23 Restated Operating Income	\$ 1,777					
24 Income Taxes at 46.828%	( 832)					
25 Restated Wexpro Net Income After Taxes	\$ 945					

<sup>1</sup> All figures are hypothetical and used only for demonstrating the method of calculating payment to the Company for oil production from the productive oil reservoirs, as provided in Article II of the Agreement.

<sup>2</sup> See Exhibit D.

**Sample Overriding  
Royalty Calculation**

**EXHIBIT C**



EXHIBIT C

OVERRIDING ROYALTY CALCULATION

Description	LEASE A		LEASE B		LEASE C		LEASE D	
	Before Back-In	After Back-In	Before Back-In	After Back-In	Before Back-In	After Back-In	Before Back-In	After Back-In
Net Interest								
Farmout - ORR Preserved								
Before Farmout								
After Farmout	100%	40.0%	50%	20.0%	100%	40.0%	50%	20.0%
Less Gross Revenues	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Wetrop's Gross Revenues	\$ 6.25	\$ 40.00	\$ 3.125	\$ 20.00	\$ 6.25	\$ 40.00	\$ 3.125	\$ 20.00
Farmer's Gross Subject to ORR	\$100.00	\$ 60.00	\$ 96.875	\$ 80.00	\$100.00	\$ 60.00	\$ 96.875	\$ 80.00
Wetrop's Gross Subject to ORR	\$ 0	\$ 40.00	\$ 0	\$ 20.00	\$ 0	\$ 40.00	\$ 0	\$ 20.00
Total Gross Subject to ORR	\$100.00	\$100.00	\$ 96.875	\$ 100.00	\$100.00	\$100.00	\$ 96.875	\$ 100.00
Royalty Rate on Gross	7.00%	7.00%	7.00%	7.00%	2.50%	2.50%	2.50%	2.50%
Overriding Royalty on Gross	\$ 7.00	\$ 7.00	\$ 3.50	\$ 3.50	\$ 2.50	\$ 2.50	\$ 1.25	\$ 1.25
Farmout - ORR Not Preserved <sup>1</sup>								
Net Interest								
Before Farmout								
After Farmout	100%	50.0%	50%	25.0%	100%	50.0%	50%	25.0%
Less Gross Revenues	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Wetrop's Gross Revenues	\$ 6.25	\$ 50.00	\$ 3.125	\$ 25.00	\$ 6.25	\$ 50.00	\$ 3.125	\$ 25.00
Royalty Rate on Wetrop's Gross	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
ORR on Wetrop's Gross	\$ 0.625	\$ 5.00	\$ 0.3125	\$ 2.50	\$ 0.625	\$ 5.00	\$ 0.3125	\$ 2.50

<sup>1</sup> The entries represent typical transactions only and are strictly hypothetical.  
<sup>2</sup> Overriding Royalty - 7% ORR, section IV 4 of the Agreement; 2%, section V.3.  
<sup>3</sup> 7% ORR replaced by 10% ORR on gross receipts only; see paragraph IV 4(b).

**Marginal Composite Tax  
Rate Calculation**

**EXHIBIT D**

**EXHIBIT D**  
**MARGINAL COMPOSITE TAX**  
**RATE CALCULATION**

For determining the marginal composite tax rate defined in section I-38, the composite state tax rate  $t_s$  is determined as follows:

$$t_s = \sum r_i \times \frac{Inv_i + Rcpt_i + W_i}{3}$$

where

- $Inv_i$  is the percentage of Wexpro's total-company investment in state  $i$ ,
- $Rcpt_i$  is the percentage of Wexpro's total-company gross receipts from state  $i$ ,
- $W_i$  is the percentage of Wexpro's total-company wages paid to employees residing in state  $i$ ,
- $r_i$  is the marginal state tax rate applicable in state  $i$ .

The summation ranges over all states in which Wexpro has investment or employees or makes sales. (Note that  $\sum Inv_i = 1.0$ ,  $\sum Rcpt_i = 1.0$ , and  $\sum W_i = 1.0$ .)

COMPOSITE STATE TAX RATE CALCULATION - 1981<sup>1</sup>

i State	Inv <sub>i</sub>	Rcpt <sub>i</sub>	W <sub>i</sub>	r <sub>i</sub>	r <sub>i</sub> x $\frac{Inv_i + Rcpt_i + W_i}{3}$
1 Utah	.07735	.02799	.58211	.0400	.00917
2 Wyoming	.77443	.88316	.29687	.0	.0
3 Colorado	.07192	.01613	.06149	.0500	.00249
4 Idaho	.00922	.0	.0	.0650	.00020
5 Montana	.00846	.00131	.0	.0675	.00022
6 New Mexico	.00638	.00144	.05953	.0500	.00112
7 Nevada	.01806	.02862	.0	.0	.0
8 N. Dakota	.03337	.04135	.0	.0850	.00212
9 S. Dakota	.00018	.0	.0	.0	.0
10 Oregon	.00053	.0	.0	.0750	.00001
11 Nebraska	.00010	.0	.0	.04125	.0
Totals	1.00000	1.00000	1.00000		.01533

$t_s = .01533$

$t = t_f (1 - t_s) + t_s$

$t = .46 (.98467) + .01533$

$t = .46828$

<sup>1</sup> All data is for calendar year 1980.

EXHIBIT E

**Operator Service Fee**

**EXHIBIT E**  
**OPERATOR SERVICE FEE**

The monthly operator service fee to be charged to Mountain Fuel Supply Company by Wexpro for the production of hydrocarbons from certain properties as set forth in Article III of the Agreement will include the costs detailed below. Any reference to investment and facilities in this determination will be only to "post-July 1981 facilities" as described in section III-4 of the Agreement. No leasehold carrying costs or exploration and development expenses related to dry holes will be included as costs or expenses in this determination. (The Company's investment in properties described in Article III made prior to July 31, 1981, and other Company investment made after July 31, 1981, pursuant to Article III will be accorded rate-base treatment as a part of the Company's natural gas rate determinations by the Utah and Wyoming Public Service Commissions.

**1. Operating Expenses.** Reasonable and necessary operating expenses incurred by Wexpro and allocated to the production, gathering, treatment and disposition of hydrocarbons. Such expenses will include operating and maintenance expenses, administrative and general expenses, royalties (including compensatory royalties) and fees based on the monthly level of production, and other common business expenses.

**2. Depreciation.** The allocated monthly depreciation expense as computed by the unit-of-production method where applicable or one-twelfth of any annual depreciation expense computed using applicable depreciation methods other than the unit-of-production method as allowed by and computed under the terms of the Agreement.

**3. Amortization and Depletion.** The allocated monthly accrual recorded for the billing month as amortization and depletion of producing lands and land rights, amortization of intangible gas plant and other amortized expenses.

**4. Taxes.**

**(a) Taxes Other than Income Taxes.** Accruals recorded for the billing month with respect to taxes other than federal and state income taxes allocated to natural gas operations, adjustments

of such accruals for tax expenses previously billed, and such taxes paid but not previously billed, including any state and local income taxes.

(b) **Federal and State Income Taxes.** Federal and state income taxes for the billing month attributable to applicable investment in hydrocarbon production facilities, computed by multiplying the return by the marginal composite income tax rate (section I-38) divided by 1.0 minus the marginal composite income tax rate.

5. **Return.** Except for Wexpro's investment in commercial development wells, return on post-July 31, 1981, facilities (section III-4) is computed using the base rate of return (r) (section I-44), as adjusted from time to time under the procedure specified in the Agreement. For investment in commercial development wells, the return is computed on the basis of the base rate of return plus a risk premium of 8.00% ( $r + 8.00$ ).

The investment used as a base to which a rate of return is applied will be computed in total for each category of investment subject to (i) no risk premium, and (ii) the 8% risk premium, and will be one-twelfth of the sum of:

(a) The actual-original investment including AFUDC in wells, well facilities and plant facilities utilized or held for future use in connection with the production, gathering, treatment and disposition of natural gas, natural gas liquids and oil, less accumulated reserves for depreciation and amortization of such plant facilities; plus

(b) A general plant allowance of 6.3% times the sum of the amount in paragraph (a) and the depreciated investment in wells, well and plant facilities related to production of hydrocarbons under Article III of the Agreement as reflected in the Company's Utah and Wyoming Public Service Commission utility rate base (It is understood that the Company will correspondingly reduce its Utah and Wyoming Public Service Commission utility rate base by those investments in general plant that have heretofore been used in carrying out activities in connection with such properties); plus

(c) A cash working capital allowance for each category of investment (no risk premium, and 8% risk premium) equal to 45/365 of the allocated operating expenses, identified in section I above, less royalties and annualized by multiplying the monthly amounts by 12; plus

(d) A credit for the balance of accumulated deferred income taxes and other tax-timing reserves accrued solely as a result of facilities installed after July 31, 1981, for each category of investment (no risk premium, 8% risk premium).

6. Costs, expenses and investments will be allocated where appropriate, but only when direct assignment cannot be made.



SCHEDULE 1

**Base Rate of Return  
Index Companies**



**SCHEDULE 1**  
**"Wexpro Case" Agreement**  
**BASE RATE OF RETURN INDEX COMPANIES**

<u>Company Name</u>	<u>Activity<sup>1</sup></u>	<u>Regulatory Agency</u>	<u>Authorized Base of Return on Common Equity on May 31, 1961</u>
1. Idaho Power Company	Electric Services	Idaho Public Service Commission	14.50%
2. Intermountain Gas Co.	Gas Distribution	Idaho Public Service Commission	14.50%
3. Montana Power Company	Electric Services	Montana Public Service Commission	13.45%
4. Montana-Dakota Utilities Co.	Gas Distribution	Montana Public Service Commission	13.50%
5. Pacific Power & Light	Electric Services	Wyoming Public Service Commission	14.64%
6. Northern Utilities, Inc.	Gas Distribution	Wyoming Public Service Commission	13.50%
7. Nevada Power Company	Electric Services	Nevada Public Service Commission	15.00%
8. Southwest Gas Corp.	Gas Distribution	Nevada Public Service Commission	15.20%
9. Utah Power & Light Co.	Electric Services	Utah Public Service Commission	16.80%
10. Mountain States Tel. & Tel. Co.	Tele communications	Utah Public Service Commission	14.50%
11. Public Service Co. of Colorado	Gas Distribution	Colorado Public Service Commission	15.45%
12. Mountain States Tel. & Tel.	Tele communications	Colorado Public Service Commission	11.90%
13. Arizona Public Service Co.	Electric Services	Arizona Corporation Commission	15.00%
14. Southwest Gas Corp.	Gas Distribution	Arizona Corporation Commission	16.00%
15. Public Service Co. of New Mexico	Electric Services	New Mexico Public Service Commission	15.50%
16. Southern Union Gas Co.	Gas Distribution	New Mexico Public Service Commission	15.50%
17. Colorado Interstate Corp.	Gas Transmission	Federal Energy Regulatory Commission	13.25%
18. Northwest Pipeline Corp.	Gas Transmission	Federal Energy Regulatory Commission	13.75%
19. Kansas-Nebraska Natural Gas Co.	Gas Transmission	Federal Energy Regulatory Commission	13.00%
20. Transwestern Pipeline Co.	Gas Transmission	Federal Energy Regulatory Commission	12.00%

<sup>1</sup> For purposes of calculating the base rate of return, the allowed return only on the indicated operations of each company is to be used.

**Productive Oil  
Reservoirs**

SCHEDULE 2(a)

**SCHEDULE 2(a)**  
**"Wexpro Case" Agreement**  
**PRODUCTIVE OIL RESERVOIRS**

Field Name	State	Formation	Marker Well <sup>1</sup>	Marker Well Location <sup>2</sup>	Productive Oil Reservoir <sup>3</sup>	
					Interval Top	Interval Base
Ace Unit	Colorado	Wasatch	Ace Unit #8	SWSE Sec 28, T12N, R97W	2,703	3,105
East Hiawatha	Colorado-Wyoming	Wasatch	Newberger #6	NWSE Sec 13, T12N, R100W	1,920	2,426
Jacks Draw Unit	Colorado	Wasatch	Jacks Draw Unit #11	SWSW Sec 2, T11N, R97W	3,074	3,130
McClellan	Colorado	Desert Creek	McClellan Basin #2	SWNE Sec 15, T37N, R19W	5,910	5,958
Powder Wash	Colorado	Wasatch Fort Union	H. W. Stewart #4	SWNE Sec 32, T12N, R97W	2,740 5,120	5,120 5,270
Trap Springs	Nevada	Pritchard Station	Trap Springs #1R	NWSE Sec 27, T9N, R56E	3,755	4,170
Bug	Utah	Lwr Desert Cr. Honaker Trail	Bug Well #4	NESW Sec 16, T39N, R26E	6,283 4,570	6,320 4,672
Castle Peak	Utah	Green River	Castle Peak Unit #5	NWSW Sec 24, T9S, R15W	2,898	5,158
Day Wolf Mountain	Utah	Green River-Wasatch	Broadhead #1	CNE Sec 21, T2S, R6W	11,106	13,806
Patterson Canyon	Utah	Lower Ismay	Patterson Unit #1	NENW Sec 5, T38S, R25E	5,492	5,653
Patterson Unit	Utah	Lower Ismay	Patterson Unit #1	NENW Sec 5, T38S, R25E	5,492	5,653
Rich Creek Unit	Wyoming	Wasatch/Almy Mesaverde	Birch Creek Unit #1	NENW Sec 14, T27N, R113W	Surface 2,417	2,417 2,970

<sup>1</sup>The marker well is a representative well in the field (usually the deepest well). A dated mechanical log from such well was used to determine the top and base of the productive interval. Marker wells are not necessarily prior Company wells or prior Wexpro wells, as defined in the Agreement; they may be third-party wells.

<sup>2</sup>Marker well location may not be within a development drilling area, as defined in the Agreement; its selection is related to the productive formation and the reliability and quality of the data to indicate stratigraphic equivalency elsewhere in the formation.

<sup>3</sup>Top and base (feet below the surface) in the marker well. Extent of productive oil reservoir elsewhere is the stratigraphic equivalent of this interval; the areal extent of the productive oil reservoir is defined in the Agreement.

Field Name	State	Formation	Marker Well	Marker Well Location	Productive Oil Reservoir	
					Interval Top	Interval Base
Brady Unit (North)	Wyoming	Entrada	Brady Unit Well #14	SWSE Sec 4, T17N, R100W	11,607	11,756
		Nugget			11,756	12,275
		Weber			13,660	14,535
Brady Unit (South)	Wyoming	Weber	Brady Unit #1	NENW Sec 11, T16N, R101W	13,595	14,400
		Nugget			11,660	12,202
		Phosphoria			13,365	13,595
Bruff Unit	Wyoming	Morgan	Bruff Unit #1	SWSW Sec 22, T19N, R112W	17,290	17,350
Dry Piney Unit	Wyoming	Nugget	Dry Piney Unit #18	NWSW Sec 10, T27N, R114W	10,915	11,517
Feather-Highland-Scott	Wyoming	Upper Parkman	Hannifin Federal #1	NESE Sec 18, T35N, R71W	8,560	8,700
Powell (Spearhead Ranch Part)	Wyoming	3rd Bench- 1st Frontier	Spearhead Ranch Unit #18	SWNE Sec 22, T39N, R74W	12,402	12,435
Powell (Spearhead Ranch Part)	Wyoming	1st Bench- 1st Frontier	U.S.A. Dilts #31-1	NESW Sec 31, T40N, R73W	11,610	11,630
		3rd Frontier			12,165	12,205
Ross (Fox)	Wyoming	3rd Frontier	Moore Federal #1-1	SWNE Sec 1, T40N, R75W	12,700	12,725
South Spearhead (Fox)	Wyoming	1st Bench- 1st Frontier	South Spearhead Fed #1-24	CSE Sec 24, T37N, R75W	12,730	12,782
Spearhead Ranch Unit (Part)	Wyoming	1st Bench- 1st Frontier	Spearhead Ranch Unit #1A	SENW Sec 13, T39N, R75W	12,585	12,595
Trabing (Boonidee)	Wyoming	Frontier	Federal #1-10	NWSE Sec 10, T46N, R80W	12,624	12,664
Yellow Creek	Wyoming	Twin Creek	Yellow Creek #1-36	SWNE Sec 36, T15N, R121W	5,928	6,738

**Prior Wexpro Wells**

**SCHEDULE 2(a)**

**SCHEDULE 2(b)**  
**"Wexpro Case" Agreement**  
**PRIOR WEXPRO WELLS**

FIELD-NAME	PRIOR WEXPRO WELL	FIELD-NAME	PRIOR WEXPRO WELL	FIELD-NAME	PRIOR WEXPRO WELL
Ace Unit (Colorado)	Ace Unit #5 Ace Unit #8	Birch Creek Unit (Wyoming)	Birch Creek Unit #62 Birch Creek Unit #63 Birch Creek Unit #65 Birch Creek Unit #67 Birch Creek Unit #68 Birch Creek Unit #69 Birch Creek Unit #70 Birch Creek Unit #71 Birch Creek Unit #74 Birch Creek Unit #75 Birch Creek Unit #76 Birch Creek Unit #77 Birch Creek Unit #79 Birch Creek Unit #82 Birch Creek Unit #83 Birch Creek Unit #84 Birch Creek Unit #20 Birch Creek Unit #28 Birch Creek Unit #33 Birch Creek Unit #34 Birch Creek Unit #36 Birch Creek Unit #37 Birch Creek Unit #38 Birch Creek Unit #39 Birch Creek Unit #40 Birch Creek Unit #42 Birch Creek Unit #44 Birch Creek Unit #45	Dry Piney Unit (Wyoming)	Dry Piney Unit #20 Dry Piney Unit #21 Dry Piney Unit #24 Dry Piney Unit #25
East Hiawatha (Colorado)	East Hiawatha 17-2 F. Wilson B #4 F. Wilson A #5 F. Wilson A #7 F. Wilson B #8 F. Wilson B #11 F. Wilson B #12 F. Wilson B #13 F. Wilson B #14 F. Wilson B #15 F. Wilson A #17 F. Wilson A #18 F. Wilson B #19 F. Wilson B #21 G. Kuykendall A #1 G. Kuykendall A #3 G. Kuykendall A #6 G. Kuykendall A #7 G. Kuykendall #8	Brady Unit (North) (Wyoming)	Brady Unit Well #14W Brady Unit Well #17N Brady Unit Well #25N Brady Unit Well #26E	Feather-Highland-Scott (Wyoming)	Hannifin Federal #1
Jacks Draw Unit (Colorado)	Jacks Draw Unit #4	Brady Unit (South) (Wyoming)	Brady Unit Well #16W Brady Unit Well #18W Brady Unit #1 (#21-11) Brady Unit #2 (#41-2) Brady Unit #3 (#1-15) Brady Unit #4 (#11-12) Brady Unit #5 (#11-11) Brady Unit #8 (#32-2) Brady Unit #9 (#43-10) Brady Unit #10 (#22-22) Brady Unit #11 (#32-31) Brady Unit #12 (#11-27) Brady Unit #13 (#16-101) Brady Unit #16 (#32-10) Brady Unit #18 (#44-11) Brady Unit #21 (#43-46) Brady Unit #22 (#22-15) Brady Unit #23 (#31-1) Brady Unit #24 (#14-B) Brady Unit #27 (N) Brady Unit #30 Brady Unit #31 (#24-2) Brady Unit #33	Powell (Spearhead Ranch Part) (Wyoming)	Spearhead Ranch Unit #18 Werner #25-1
McClellan (Colorado)	McClellan Basin #2			Powell (Spearhead Ranch Part) (Wyoming)	Powell II Unit #9 U.S.A. Dilts #31-1 Boswell Federal #2-1 Dilts Cooke Federal #1-1 Harvey Federal #6-1 Tonkinson #11-1 Dilts #12-1 Wolf State #13-1 Spearhead Ranch Unit #10 Spearhead Ranch Unit #12 Spearhead Ranch Unit #13 Spearhead Ranch Unit #14 Spearhead Ranch Unit #15 Spearhead Ranch Unit #17 Spearhead Ranch Unit #20 Bustard Federal #24-1
Powder Wash (Colorado)	Carl Allen B #9 Carl Allen B #13 Carl Allen A #16 Carl Allen A #19 B. W. Musser B #15 J. C. Donnel B #4 J. C. Donnel B #7 J. C. Donnel B #6 J. C. Donnel B #10 H. W. Stewart A #3 H. W. Stewart A #4 J. C. Donnel A #6			Ross (Fox) (Wyoming)	Moore Federal #1-1 South Spearhead #1-24 South Spearhead #1- 11 Judson South Spearhead #1-2
Trap Springs (Nevada)	Trap Springs #3 Trap Springs #1 Trap Springs #2 Trap Springs #8 Trap Springs #16 Trap Springs #17 Trap Springs #1R			Spearhead Ranch Unit (Part) (Wyoming)	Spearhead Ranch Unit #1A Spearhead Ranch Unit #4 Spearhead Ranch Unit #6 Spearhead Ranch Unit #7 Spearhead Ranch Unit #8
Bug (Utah)	Bug Well #4 Bug Well #10 Bug Well #12 Bug Well #14 Bug Well #15 Bug Well #16			Trabing (Bonnidee) (Wyoming)	Bouma Zexas #1-3 Federal #1-10 Adamson Eklund #1-14 Porath "A" #1
Castle Peak Uintah Basin (Utah)	Castle Peak Unit #5			Yellow Creek (Wyoming)	Yellow Creek #1-36 Yellow Creek #3-36
Gray Wolf Mountain (Utah)	Broadhead #1				
Patterson Canyon (Utah)	Patterson Canyon #1 Patterson Canyon #3				
Patterson Unit (Utah)	Patterson Unit #1				
Birch Creek Unit (Wyoming)	Birch Creek Unit #48 Birch Creek Unit #50 Birch Creek Unit #52 Birch Creek Unit #58	Bruff Unit (Wyoming)	Bruff Unit Well #1		
		Dry Piney Unit (Wyoming)	Dry Piney Unit #17 Dry Piney Unit #18 Dry Piney Unit #19		

SHIMADU 30A

**Productive Gas  
Reservoirs**

**SCHEDULE 3(a)**  
**"Wexpro Case" Agreement**  
**PRODUCTIVE GAS RESERVOIRS**

Field Name	State	Formation	Marker Well <sup>1</sup>	Marker Well Location <sup>2</sup>	Productive Gas Reservoir <sup>3</sup>	
					Interval Top	Interval Base
Ace Unit	Colorado	FL Union	Ace Unit #2	SWSW Sec 3, T11N, R97W	5,180	7,342
Big Horse Draw (Cathedral)	Colorado	Manaos "B"	Big Horse Draw #262	SESW Sec 26, T2S, R101W	2,897	2,450
Bull Basin-Plateau-Highmore	Colorado	Cocoran	#135	NWNW Sec 35, T10S, R96W	3,708	3,897
Cross Canyon	Colorado	Ismay	Cross Canyon Unit #1	SWNE Sec 7, T38N, R19W	5,860	5,920
Dragon Trail Unit	Colorado	Manaos "B"	Dragon Trail Unit #46	NWSW Sec 21, T2S, R102W	2,600	2,985
East Hiawatha	Colorado	Wasatch Fort Union Lance/Lewis	Newberger #6	NWSE Sec 13, T12N, R100W	Surface 2,426 4,730	1,920 4,730 4,810
Egnar Unit	Colorado	Mississippian	Egnar Unit #1	SENE Sec 30, T44N, R19W	9,100	9,375
Hiawatha Deep Unit	Colorado	Entrada & Nuggett	Hiawatha Deep Unit #1	NENW Sec 22, T12N, R100W	14,337	15,020
Horseshoe Canyon Unit	Colorado	Dakota Cedar Mountain Cocoran-Cozette	Horseshoe Cyn Unit #131	SENE Sec 31, T9S, R97W	6,774 2,295	6,956 2,580
Jacks Draw Unit	Colorado	FL Union	Jacks Draw Unit #15	NENE Sec 21, T12N, R97W	5,118	6,440
Lower Horse Draw Unit (Lower Horse Draw Area)	Colorado	Manaos "B"	MF #10-1	NWSW Sec 10, T2S, R103W	2,828	3,160
Powder Wash Unit	Colorado	Wasatch- For Union	Carl Allen #11	SESW Sec 33, T12N, R97W	Surface	8,410
Rabbit Mountain	Colorado	Manaos "B"	MFS Federal #8-1	NWNE Sec 8, T2S, R103W	3,985	4,265
Sugar Loaf-Talamantes	Colorado	Mesaverde (Almond) Lower Ft Union/Lance	Gov't #1	SENE Sec 15, T11N, R101W	5,458 4,950	5,655 5,340

<sup>1</sup> The marker well is a representative well in the field (usually the deepest well). A dated mechanical log from such well was used to determine the top and base of the productive interval. Marker wells are not necessarily prior Company wells or prior Wexpro wells, as defined in the Agreement; they may be third-party wells.

<sup>2</sup> Marker well location may not be within a development drilling area, as defined in the Agreement; its selection is related to the productive formation and the reliability and quality of the data to indicate stratigraphic equivalency elsewhere in the formation.

<sup>3</sup> Top and base (feet below the surface) in the marker well; Extent of productive gas reservoir elsewhere is the stratigraphic equivalent of this interval; the areal extent of the productive gas reservoir is defined in the Agreement.

**SCHEDULE 3(a)**

Field Name	State	Formation	Marker Well	Marker Well Location	Productive Gas Reservoir	
					Interval Top	Interval Base
West Douglas Creek	Colorado	Manaos "B"	Gov't #306	SENE Sec 30, T2S, R102W	2,703	3,090
West Hiawatha	Colorado	Lance/Lewis Ft. Union Wasatch	W. B. Lashar #5	SWSW Sec 25, T12N, R101W	4,448 2,230 Surface	4,670 4,448 2,230
Ledger (Whiskey Trail)	Montana	Bow Island	Nierenberg #263 Fee	NENW Sec 26, T30N, R1W	1,046	1,090
Milk River	Montana	Eagle White Specks	Oil Resources #19-4	SWNW Sec 19, T35N, R13E	1,069 2,160	1,356 2,180
Sunburst	Montana	Third Bow Island	Kiehbauch #2	NWSE Sec 33, T36N, R4W	1,760	1,796
Jiggs Unit	Nevada	Elko	Jiggs #10-1	SESE Sec 10, T29N, R55E	9,050	9,450
Bisti-Escrito-Verde-Basin Dakota	New Mexico	Basin Dakota Picture Cliff	Mountain Federal #1	NWSW Sec 18, T24N, R9W	1,766 6,405	1,990 6,450
Fruitland	New Mexico	Dakota Menefee	Stevens #1	NWNE Sec 29, T30N, R14W	5,680 3,198	5,913 3,310
Tracy Dome (Carlsbad)	New Mexico	Morrow Wolf Camp	Rifle Federal #2	NENW Sec 28, T21S, R26E	10,854 8,995	11,220 9,155
Clay Basin Unit	Utah	Frontier	Clay Basin Unit #18	NWNW Sec 23, T3N, R24E	5,640	5,850
Island Unit	Utah	Wasatch	Island Unit #9	CSW Sec 11, T10S, R19E	4,880	6,800
Piute Knoll	Utah	Upper Ismay	Piute Knoll #1	NESW Sec 26, T33S, R25E	5,730	5,795
Ute Trail Unit	Utah	Mesaverde Wasatch	Ute Trail Unit #1	NENE Sec 8, T10S, R22E	6,720 5,050	8,110 5,270
Birch Creek Unit	Wyoming	1st Frontier 2nd Frontier Bear River	Birch Creek Unit #1	NENW Sec 14, T27N, R113W	6,267 6,685 7,490	6,325 6,880 7,700
Black Butte Creek	Wyoming	Dakota	Black Butte Creek Unit #44-25	SESE Sec 25, T19N, R103W	3,890	3,910
Brady Unit (South)	Wyoming	Dakota Frontier	Brady Unit Well #1	NENW Sec 11, T16N, R101W	10,870 10,290	11,038 10,400
Bruff Unit-Moira Arch	Wyoming	Dakota 2nd Frontier	Bruff Unit #1	SWSW Sec 22, T19N, R112W	11,900 11,278	12,190 11,500
Butcher Knife Spring Unit	Wyoming	Morgan Dakota	Butcher Knife Spring Unit #1	SWNE Sec 29, T15N, R112W	17,903 12,822	18,410 13,290



SCHEDULE 3(a)

Field Name	State	Formation	Marker Well	Marker Well Location	Productive Gas Reservoir	
					Interval Top	Interval Base
Canyon Creek Area	Wyoming	Fort Union	Canyon Cr. Federal #2-19	NENE Sec 19, T13N, R100W	3,900	4,050
Canyon Creek Dome Unit	Wyoming	Lwr Mesaverde Almond	Canyon Creek Unit #17	NESW Sec 3, T12N, R101W	5,380 4,600	6,798 4,750
Church Buttes Unit	Wyoming	Morgan Dakota Frontier	Church Buttes Unit #19	SENE Sec 8, T16N, R112W	17,740 12,620 12,157	18,302 12,847 12,288
Creston Area (Standard Draw)	Wyoming	Almond	MFS Federal #22-1	NWSW Sec 22, T18N, R93W	8,690	8,790
Dry Piney Unit	Wyoming	Bear River 1st Frontier 2nd Frontier	Dry Piney Unit #18	NWSW Sec. 10, T27N, R114W	8,177 6,477 7,095	8,611 6,695 7,380
Emigrant Springs	Wyoming	2nd Frontier	Harrington Federal #1	SWNE Sec 5, T22N, R111W	10,860	11,015
Farson Cut Off (Gravel Area)	Wyoming	Frontier	Farson Cut Off #1	SWNE Sec 18, T23N, R111W	10,360	10,595
Five Mile Gulch Unit	Wyoming	Mesaverde	Five Mile Gulch #3	CSW Sec 35, T21N, R93W	10,408	11,015
W Fogarty Creek	Wyoming	Bear River 2nd Frontier	Fogarty Creek Fed. #1-32	SWSE Sec 32, T28N, R114W	8,390 7,370	8,500 7,668
Granger	Wyoming	2nd Frontier	Granger #1	CNW Sec 8, T19N, R111W	12,024	12,229
Jackknife Spring Unit	Wyoming	Lower Mesaverde-Blair	Jackknife Spring Unit #2	NENW Sec 2, T16N, R101W	5,300	7,146
Johnson Ridge	Wyoming	Fort Union (Transition Zone)	Johnson Ridge #2	NWSE Sec 17, T30N, R113W	3,450	3,735
Kinney Unit (Pioneer)	Wyoming	Nugget Dakota Frontier Almond Wasatch	Kinney Unit #1	NWNW Sec 18 T13N, R99W	14,670 13,880 13,400 4,810 2,380	14,940 14,082 13,540 4,860 2,780
Leucite Hills Unit	Wyoming	Dakota-Morrison Frontier	Leucite Hills Unit #1	NWSE Sec 29, T22N, R103W	7,010 6,230	7,320 6,350
The Mesa Unit (Pinodale)	Wyoming	Fort Union/Lance	The Mesa Unit #2	SENE Sec 16, T32N, R101W	9,045	11,688
Middle Baxter Basin	Wyoming	Dakota Frontier	Hezler #2	SESE Sec 6 T18N, R103W	2,483 1,925	2,715 2,213
North Baxter Basin	Wyoming	Morrison Frontier Nugget Dakota	Union Pacific #3	SENE Sec 11, T19N, R104W	3,082 2,354 3,998 2,968	3,587 2,444 4,222 3,082

SCHEDULE 3(a)

Field Name	State	Formation	Marker Well	Marker Well Location	Productive Gas Reservoir	
					Interval Top	Interval Base
Shute Creek Unit	Wyoming	2nd Frontier	Shute Creek Unit #8	NESW Sec 7, T22N, R112W	10,710	10,917
South Baxter Basin Unit	Wyoming	Dakota Frontier	South Baxter Unit #15	SESE Sec 16, T16N, R104W	2,497 2,000	2,756 2,146
Spearhead Ranch (Fox)	Wyoming	Injari Kara 1st Bench 1st Frontier	Spearhead Ranch #3	SENE Sec 14, T39N, R75W	14,025 12,750	14,120 12,795
Tierney	Wyoming	Allen Ridge (Mesaverde) Almond	Tierney Unit #2	NWNE Sec 15, T19N, R94W	10,980 9,455	11,200 9,990
Trail Unit	Wyoming	Erickson-Trail Zone Erickson Canyon Creek Zone Almond Almond	Trail Unit #2	NWSW Sec 10, T13N, R100W	6,550 5,600 4,335 5,260	7,125 5,940 4,980 5,300
Wamsutter	Wyoming	Lewis	West Wamsutter #136	NWSE Sec 36, T21N, R96W	8,295	8,334
Whiskey Buttes Unit	Wyoming	2nd Frontier	Whiskey Buttes Unit #1	NWSW Sec 24, T22N, R111W	10,920	11,151
Wild Cow (Deep Creek) (Cherokee Creek)	Wyoming	Deep Creek	Ashland Federal #13-22	SWSW Sec 22, T16N, R91W	2,556	2,775



SCHEDULE 3(b)

**Prior Company Wells**

**SCHEDULE 3(b)**  
**"Wexpro Case" Agreement**  
**PRIOR COMPANY WELLS**

FIELD NAME	PRIOR COMPANY WELL	FIELD NAME	PRIOR COMPANY WELL
Ace Unit [Colorado]	Ace Unit #1 Ace Unit #2 Ace Unit #3 Ace Unit #7	Dragon Trail Unit [Colorado]	Dragon Trail #11 Dragon Trail #12 Dragon Trail #13 Dragon Trail #14 Dragon Trail #15 Dragon Trail #16 Dragon Trail #17 Dragon Trail #18 Dragon Trail #19 Dragon Trail #20 Dragon Trail #21 Dragon Trail #22 Dragon Trail #23 Dragon Trail #24 Dragon Trail #25 Dragon Trail #26 Dragon Trail #27 Dragon Trail #28 Dragon Trail #29 Dragon Trail #30 Dragon Trail #31 Dragon Trail #32 Dragon Trail #33 Dragon Trail #34
Big Horse Draw (Cathedral-Brushy Point) [Colorado]	Big Horse Draw #1 Big Horse Draw #28-1 Big Horse Draw #35-1 Big Horse Draw #2-1 Big Horse Draw #3-1 Big Horse Draw #5-34 Big Horse Draw #33-2 Big Horse Draw #26-2 Big Horse Draw #23-2 Big Horse Draw Cathedral N362101S Big Horse Draw #28-3 Big Horse Draw #29-1 Big Horse Draw #28-2 Big Horse Draw #26-1 Mikulich-Mtn. Fuel #28-1 Big Horse Draw Cathedral J362101S	East Hiawatha [Colorado & Wyoming]	W. W. Wilson A #1 W. W. Wilson A #2 W. W. Wilson C #3 W. W. Wilson B #4 Hiawatha Unit #3 Hiawatha Unit #4 Hiawatha Unit #5 Hiawatha Unit #6 M. W. Newberger A #1 M. W. Newberger D #2 M. W. Newberger A #3 M. W. Newberger B #4 M. W. Newberger C #5 M. W. Newberger A #6 Amelia Horrocks #2 East Hiawatha Well 1-17 Florence Wilson A #2 Florence Wilson B #3 Florence Wilson B #6 Florence Wilson A #9 Florence Wilson B #10 Florence Wilson B #16 Florence Wilson A #22 Florence Wilson B #23 Florence Wilson B #24 Florence Wilson B #25 Hiawatha Unit #1 Hiawatha Unit #2 State Land Tract 37 #2 State Land Tract 37 #4 State Land Tract 37 #5 K. S. Whitford #1
Bull Basin - Plateau - Highmore [Colorado]	Bull Basin 1-35		
Cross Canyon [Colorado]	Cross Canyon Unit #1		
Dragon Trail Unit [Colorado]	Dragon Trail Unit #47 Dragon Trail Unit #49 Dragon Trail Unit #50 Dragon Trail Unit #51 Dragon Trail Unit #52 Dragon Trail Unit #53 Dragon Trail Unit #54 Dragon Trail Unit #55 Dragon Trail Unit #57 Dragon Trail Unit #35 Dragon Trail Unit #36 Dragon Trail Unit #37 Dragon Trail Unit #38 Dragon Trail Unit #39 Dragon Trail Unit #40 Dragon Trail Unit #41 Dragon Trail Unit #42 Dragon Trail Unit #43 Dragon Trail Unit #44 Dragon Trail Unit #45 Dragon Trail Unit #46 Dragon Trail #1 Dragon Trail #2 Dragon Trail #3 Dragon Trail #4 Dragon Trail #5 Dragon Trail #6 Dragon Trail #7 Dragon Trail #8 Dragon Trail #9 Dragon Trail #10	Egnar Unit [Colorado]	Egnar Unit #1
		Hiawatha Deep Unit [Colorado]	Hiawatha Deep Unit #1

SCHEDULE 3(b)

FIELD NAME	PRIOR COMPANY WELL
Horseshoe Canyon Unit #2 (Colorado)	Horseshoe Canyon Unit #2
Horseshoe Canyon Unit #3	Horseshoe Canyon Unit #3
Horseshoe Canyon Unit #1-28	Horseshoe Canyon Unit #1-28
Horseshoe Canyon Unit #1-31	Horseshoe Canyon Unit #1-31
Jacks Draw Unit (Colorado)	Jacks Draw Unit #2 Jacks Draw Unit #3 Jacks Draw Unit #5 Jacks Draw Unit #8 Jacks Draw Unit #9 Jacks Draw Unit #13 Jacks Draw Unit #15
Lower Horse Draw Unit (Lower Horse Draw Area) (Colorado)	Lower Horse Draw Unit #11 Lower Horse Draw Unit #12 Lower Horse Draw Unit #14 Lower Horse Draw Unit #15 Lower Horse Draw Unit #16 Lower Horse Draw Unit #17 Lower Horse Draw Unit #18 Lower Horse Draw Unit #19 Lower Horse Draw Unit #20 Lower Horse Draw Unit #21 Lower Horse Draw Unit #22 Lower Horse Draw Unit #23 Lower Horse Draw Unit #24 Lower Horse Draw Unit #25 Lower Horse Draw Unit #26 Lower Horse Draw #12-1 Lower Horse Draw #11-1 Lower Horse Draw #11-2 Lower Horse Draw #11-3 Lower Horse Draw #10-1 Lower Horse Draw #12-2 Lower Horse Draw #10-2 Lower Horse Draw #11-4 Lower Horse Draw Unit #15-1 Lower Horse Draw Unit #26-2A Lower Horse Draw Unit #14-3 Lower Horse Draw Unit #22-4 Lower Horse Draw Unit #27-8
Powder Wash (Colorado)	Carl Allen B #3 Carl Allen B #6 Carl Allen B #7 Carl Allen A #8

FIELD NAME	PRIOR COMPANY WELL
Powder Wash (Colorado)	Carl Allen B #10 Carl Allen A #11 Carl Allen B #15 Carl Allen B #17 Carl Allen B #18 Carl Allen A #19 Carl Allen A #20 Carl Allen A #14 Carl Allen B #12 Carl Allen B #4 E. W. Musser A #1 B. W. Musser A #2 B. W. Musser A #4 B. W. Musser B #5 B. W. Musser B #6 B. W. Musser B #7 B. W. Musser A #9 B. W. Musser B #10 B. W. Musser B #11 B. W. Musser B #13 B. W. Musser A #14 B. W. Musser B #15 B. W. Musser A #16 B. W. Musser B #17 B. W. Musser B #18 B. W. Musser B #19 B. W. Musser B #20 B. W. Musser B #21 J. C. Donnell A #1 J. C. Donnell B #3 J. C. Donnell B #9 J. C. Donnell B #10 J. C. Donnell B #5 J. C. Donnell A #11 J. C. Donnell B #12 H. W. Stewart A #1 H. W. Stewart A #2 Government #1 Government #2 MPS #20-1 J. A. Lee Well #1 MPS Federal #8-1
Rabbit Mountain (Colorado)	
Sugar Loaf-Talamantes (Colorado)	Sugar Loaf-Talamantes-Nightingale Gov't #B1 Sugar Loaf-Nightingale Government #1 Sugar Loaf Gov't #1 Sugar Loaf Gov't #2 Sugar Loaf Gov't #3 Sugar Loaf Gov't #4 Sugar Loaf Gov't #6 Sugar Loaf Gov't #8 Sugar Loaf Gov't #9 Sugar Loaf Gov't #10 Sugar Loaf Gov't #12 Sugar Loaf Gov't #14 Sugar Loaf Gov't #15 Sugar Loaf State Land 4-11-101 #1 Sugar Loaf State Land 3-11-101 #2
West Douglas Creek (Colorado)	West Douglas Creek Unit #30-1 West Douglas Creek Unit #17-2 West Douglas Creek Unit #18-3 West Douglas Creek Unit #31-4

SCHEDULE 3(b)

FIELD NAME	PRIOR COMPANY WELL	FIELD NAME	PRIOR COMPANY WELL
West Douglas Creek (Colorado)	West Douglas Creek Unit #32-5 West Douglas Creek Unit #18-7 West Douglas Creek Unit #30-6	Birch Creek Unit (Wyoming)	Birch Creek Unit #81 Birch Creek Unit #87 Birch Creek Unit #88 Birch Creek Unit #89 Birch Creek Unit #90 Birch Creek Unit #91 Birch Creek Unit #30 Birch Creek Unit #31 Birch Creek Unit #92 Birch Creek Unit #1 Birch Creek Unit #2 Birch Creek Unit #3 Birch Creek Unit #5 Birch Creek Unit #6 Birch Creek Unit #7 Birch Creek Unit #8 Birch Creek Unit #12 Birch Creek Unit #14 Birch Creek Unit #15 Birch Creek Unit #16 Birch Creek Unit #17 Birch Creek Unit #23 Birch Creek Unit #93 Birch Creek Unit #13A Birch Creek Unit #94 Birch Creek Unit #95 Birch Creek Unit #96 Birch Creek Unit #97 Birch Creek Unit #98 Birch Creek Unit #99 Birch Creek Unit #100 Birch Creek Unit #101 Birch Creek Unit #102
West Hiawatha (Colorado)	W. B. Lasher A #2 W. B. Lasher A #4 W. B. Lasher A #5 W. M. Wheeler A #2 W. M. Wheeler A #3	Black Butte Creek (Wyoming)	Black Butte Creek Unit #44-25
Ledger (Whiskey Trail) (Montana)	Nierenberg #26-3 Fee	Brady Unit (South) (Wyoming)	Brady Unit Well #7D Brady Unit Well #6D Brady Unit Well #19 Brady Unit Well #20D Brady Unit Well #29F Brady Unit Well #28D
Milk River (Montana)	Oil Resources #18-4 Xeno-Battle #10-21	Bruff Unit-Moxa Arch (Wyoming)	Bruff Phillips 1-A Bruff Unit #2 Bruff Unit #3 Bruff Unit #4 Bruff Unit #5 Bruff Unit #6 Bruff Unit #7 Bruff Unit #8 Bruff Unit #9 Bruff Unit #10 Bruff St. Ld. #36-1 Clifton Fed. #28-1 Bruff Lansdale Fed. #4-1 Bruff Lansdale Fed. #10-1 Bruff MPS Fee #10-1 Bruff Lansdale Fed. #28-1 Bruff Champlin 149 Amoco B Bruff Champlin 149 Amoco C Bruff Champlin 149 Amoco D Bruff URC Lawler Fed. #1-30 Bruff Govt. Donely NCT-1 Well #1 Bruff Pando Fed. #32-1 Bruff Govt. Donley NCT-2 Well #1 Bruff McNamara NCT-1 Well #1
Sunburst (Montana)	Kiehlbauch #2		
Jiggs Unit (Nevada)	Jiggs #10-1		
Fruitland (New Mexico)	Fruitland #1 Stevens #1 Greg #1 Mucho Deal #1E		
Tracy Dome (Carlsbad) (New Mexico)	State Q Com. #1 North Carlsbad Com. #2 Rifle Federal #2		
Clay Basin Unit (Utah)	Clay Basin Unit #1 Clay Basin Unit #7 Clay Basin Unit #8 Clay Basin Unit #9 Clay Basin Unit #12 Clay Basin Unit #13 Clay Basin Unit #14 Clay Basin Unit #15 Clay Basin Unit #16 Clay Basin Unit #17 Clay Basin Unit #18 Clay Basin Unit #19 Clay Basin Unit #20 Clay Basin Unit #22 Clay Basin Unit #23		
Island Unit (Utah)	Island Unit #3 Island Unit #9		
Piute Knoll (Utah) #1	Carter Leverton State Piute Knoll #1		
Ute Trail Unit (Utah)	Ute Trail Unit Well 1 Ute Trail Unit Well 7 Ute Trail Unit Well 11 Ute Trail Unit Well 13 Ute Trail Unit Well 50 Ute Trail Unit Well 83 Ute Trail Unit Well 88 Ute Trail Unit Well 3 Ute Trail Unit Well 10 Ute Trail Unit Well 12 Ute Trail Unit Well 15		
Birch Creek Unit (Wyoming)	Birch Creek Unit #26 Birch Creek Unit #43 Birch Creek Unit #56 Birch Creek Unit #61 Birch Creek Unit #64 Birch Creek Unit #78		

SCHEDULE 3(b)

FIELD NAME	PRIOR COMPANY WELL
Bruff Unit-Moxa Arch [Wyoming]	Clifton Federal #34-1 Hagood Federal Well #12-1 Haley Federal #4-1 Green River Fee #1 Texaco #1 State NCT-1 Texaco #1 State NCT-2 Berkeley Federal #1
Butcher Knife Spring Unit [Wyoming]	Butcher Knife Spring Unit #1 Butcher Knife Spring Unit #2 Butcher Knife Spring Unit #4 Butcher Knife Spring Unit #5 Butcher Knife Spring Unit #6
Canyon Creek Area [Wyoming]	Canyon Creek Federal #2-19
Canyon Creek Dome Unit [Wyoming]	Canyon Creek Dome Unit #3 Canyon Creek Dome Unit #4 Canyon Creek Dome Unit #5 Canyon Creek Dome Unit #6 Canyon Creek Dome Unit #7 Canyon Creek Dome Unit #8 Canyon Creek Dome Unit #9 Canyon Creek Dome Unit #10 Canyon Creek Dome Unit #11 Canyon Creek Dome Unit #12 Canyon Creek Dome Unit #13 Canyon Creek Dome Unit #14 Canyon Creek Dome Unit #15 Canyon Creek Dome Unit #16 Canyon Creek Dome Unit #17 Canyon Creek Dome Unit #18 Canyon Creek Dome Unit #19 Canyon Creek Dome Unit #22 Canyon Creek Dome Unit #23 Canyon Creek Dome Unit #24 Canyon Creek Dome Unit #25 Canyon Creek Dome Unit #26 Canyon Creek Dome Unit #27 Canyon Creek Dome Unit #28 Canyon Creek Dome Unit #29 Canyon Creek Dome Unit #30
Creston Area (Standard Draw) [Wyoming]	
Dry Piney Unit [Wyoming]	
Emigrant Springs [Wyoming]	
Farson Cut Off (Gravel Area) [Wyoming]	
Five Mile Gulch Unit [Wyoming]	
Fogarty Creek [Wyoming]	
Granger [Wyoming]	
Jackknife Spring Unit [Wyoming]	
Johnson Ridge [Wyoming]	

FIELD NAME	PRIOR COMPANY WELL
Canyon Creek Dome Unit [Wyoming]	Canyon Creek Dome Unit #31
Church Buttes Unit [Wyoming]	Church Buttes Unit #1 Church Buttes Unit #2 Church Buttes Unit #3 Church Buttes Unit #4 Church Buttes Unit #7 Church Buttes Unit #8 Church Buttes Unit #9 Church Buttes Unit #10 Church Buttes Unit #11 Church Buttes Unit #13 Church Buttes Unit #16 Church Buttes Unit #19 Church Buttes Unit #20 Church Buttes Unit #21 Church Buttes Unit #22 Church Buttes Unit #25 Church Buttes Unit #26 Church Buttes Unit #28 Church Buttes Unit #29 Church Buttes Unit #30 MFS Federal #22-1
Dry Piney Unit [Wyoming]	Dry Piney Unit #1 Dry Piney Unit #3 Dry Piney Unit #4 Dry Piney Unit #6 Dry Piney Unit #8 Dry Piney Unit #9 Dry Piney Unit #10 Dry Piney Unit #11 Dry Piney Unit #13 Dry Piney Unit #14 Dry Piney Unit #22 Dry Piney Unit #27 Dry Piney Unit #28 Dry Piney Unit #26
Harrington Federal #1	
Farson Cut Off #1	
Five Mile Gulch Unit #3	
Fogarty Creek Federal #1-32	
Granger #1 Granger #2	
Jackknife Spring Unit #1 Jackknife Spring Unit #2	
Johnson Ridge #1 Johnson Ridge #2 Johnson Ridge #4	

SCHEDULE 3(b)

FIELD NAME	PRIOR COMPANY WELL
Kinney Unit (Pioneer) [Wyoming]	Kinney Unit #1 Pioneer Unit #3 Pioneer Unit #4 Pioneer Unit #7 Kinney Unit #2 Kinney Unit #4 Kinney Unit #5 Pioneer Unit #8
Leucite Hills Unit [Wyoming]	Leucite Hills Unit #1 Leucite Hills Unit #2
The Mesa Unit (Pinedale) [Wyoming]	The Mesa Unit #1 The Mesa Unit #2 Pinedale Unit #8
Middle Baxter Basin [Wyoming]	E. S. Lauzer A #1 E. S. Lauzer B #2 C. R. Hétzler #2
North Baxter [Wyoming]	Cameron U.P. 11-19-104 #1 Cameron U.P. 11-19-104 #3 G. W. Cappers A #2 G. W. Cappers B #3 U. Pac. 11-19-104 #1 U. Pac. 11-19-104 #2 U. Pac. 11-19-104 #3 U. Pac. 11-20-104 #2 U. Pac. 13-20-104 #1 U. Pac. 23-20-104 #1 U. Pac. 35-20-104 #1 O. F. Featherstone #1 O. F. Featherstone #2 Lemann Govt. #2 Teresa Laurunen #1 Federal #14-1 MFS Champlin #11-8 MFS Federal #14-2
Shute Creek Unit [Wyoming]	Shute Creek Unit #1 Shute Creek Unit #2 Shute Creek Unit #3 Shute Creek Unit #4 Shute Creek Unit #5 Shute Creek Unit #6
South Baxter Basin Unit [Wyoming]	South Baxter Unit #1 South Baxter Unit #5 South Baxter Unit #6 South Baxter Unit #8 South Baxter Unit #9 South Baxter Unit #11 South Baxter Unit #12 South Baxter Unit #15 Union Pacific 11-16-104 #1 Union Pacific 15-16-104 #2 Union Pacific 21-16-104 #2 Union Pacific 11-17-104 #1 Union Pacific 23-17-104 #1 State Land 16-16-104 #1 State Land 10-17-104 #1 State Land 36-18-104 #2 A. Cooper Well #1 Joseph H. Brooks #1 W. E. Mullen A #2 W. T. Nightingale A #1

FIELD NAME	PRIOR COMPANY WELL
South Baxter Basin Unit [Wyoming]	A. J. Poston A #2 A. J. Poston A #3 P. Sullivan A #1
Spearhead Ranch (Fox) [Wyoming]	Spearhead Ranch #3 Fox Federal #1-5 Fox Federal #1-8 Southland Royalty #1-31
Tierney Unit [Wyoming]	Tierney Unit #1 Tierney Unit #2
Trail Unit [Wyoming]	Trail Unit #2 Trail Unit #3 Trail Unit #4 Trail Unit #6 Trail Unit #8
Wamsutter [Wyoming]	West Wamsutter #1-36
Whiskey Buttes Unit [Wyoming]	Whiskey Buttes Unit #1 Whiskey Buttes Unit #3
Wild Cow (Deep Creek) (Cherokee Creek) [Wyoming]	Ashland Federal #13-22

**Account 101 Leaseholds**

**SCHEDULE A(a)**

**SCHEDULE 4(a)**  
**"Wexpro Case" Agreement**  
**ACCOUNT 101 LEASEHOLDS**

STATE	AREA	MFSO COMPANY LEASE NO.	STATE	AREA	MFSO COMPANY LEASE NO.
COLORADO	ACE	89 26C1 89 I 118 144A 144A1 148A 148A1	COLORADO	JACKS DRAW	89A1 123A1 144 148 I 306 313 313A 313B 313C 313D 313E 313F 313G 557
	BIG HORSE DRAW	518A 519 519 X 1969 518 1317 1318 1805 1982		LOWER HORSE DRAW	118 348 899 1315 116 I 347 348 I 750 1316
	BLUE GRAVEL	66 M		MISSOURI CREEK	424
	BRUSHY POINT	689		POWDER WASH	987 26A 26C 29 30A 31A 31B 33A 33B 33B1 66 66 I 67 67 I 996
	BULL BASIN	1069 1137 1333 86 M 1072		RABBIT MOUNTAIN	898
	DILL GULCH	738		ROSS RIDGE	1058A I
	DRAGON TRAIL	112		SUGAR LOAF	59 65 68A 73A 88
	EAST HIAWATHA	481X 2 M 13 M 14 M 15 M 16 DM 1A 1F 11 25 I		TALAMANTES CREEK	68 68B
	EAST HIAWATHA	25 2 48		WEST DOUGLAS CREEK	112A 112B 114 114 X 11A 116B 116C 28 M
	BGNAR	276		WEST HIAWATHA	4A 4AX
	HIAWATHA DEEP	21M 131M 141M 151M 164M 1AX 1FX 11 X 25X1 25X2 48 X			
	HIGHMORE	1068			
	JACKS DRAW	72 89A 123A 148 26B 30B 72 I 72C			

SCHEDULE 4(a)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	WEST HIAWATHA	5A	UTAH	BRADY	2983 1
		5AX			3085
		517			3095 X
		517 X			3095 1
		3AM			4450 1
		6AM			4450 X
		8BM			
		6CM			2849 1
		7 M			2867 1
		17 M			2869 1
					2870 1
					2874B1
					2876 1
					2878 1
					2880A1
		UTAH			BUG
		11147			2970 1
		11286A			3210
		11368			3211 1
					3216 1
					-
	CANYON POINT	11201A			
	CEDAR RIM	108 M			
	CLAY BASIN	1088		BRUFF (Lincoln)	3028
		1M			3107
		2 M			3107A
		1A			3107B
		1B			3107C
		3A			3107D
		3B			3107E
		1088 X			3107F
		1145 1			3107G
		1145 2			3748 1
		1151			3748X1
		1175A			3749
		1176B			3749 1
		1179			3042
	ISLAND	27AM			3061 X
		28AM			3187 X
		30M			4503 X
		31AM			3748XX
		36AM			
		3453		BRUFF	3047
		3586A		(Sweetwater)	3736
		3588A			3748
		3589			3749
		3590C			3040
		3601A			3109
		3603C			3187
		3604A			3736A
		5069A			3737
		6947			3661
		6950		BRUFF (Uinta)	3035
		6951			3038
	PIUTE KNOLL	9882			3041
	RIVER BEND	103 M			3047 X
		104 M			3080
		27 1M			3061
		28 M			
		75AM		CANYON CREEK	2980
		97 1M		CANYON CREEK	774
		98 M		DOME	774 1
		36 1M			775
		31 1M			775 1
		34 1M			776
					777
WYOMING	BIRCH CREEK	434			778
		439A			778 1
		447			779
		453			779 1
		465			780
		1091			780 1
	BRADY	683 1			781
		683A			781 1
		704 1			782

SCHEDULE 4(a)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.		
WYOMING	CANYON CREEK DOME	782 1	WYOMING	FIVE MILE GULCH	2623 1		
		783				850	
		783 1				850 1	
		784				851	
		966				2376	
		966 1				2376 1	
		999					
		999A				FOX	2675A
		1003					3087A
		1003 X					3168
							3081
					CHIMNEY BUTTE DEEP	50 M	
		409		GRANGER	3033		
	CHURCH BUTTES	308			3034		
		309		GREEN RIVER BEND	49 M		
		311			1091 A		
		315		HENRY	3208		
		316		HIAWATHA DEEP			
	CHURCH BUTTES (Sweetwater)	317					
		319					
		320					
		322					
		325					
		326					
		338					
	CHURCH BUTTES (Uinta)	309 X					
		311 X					
		312					
		313					
		314					
		316 X					
		317 X					
		318					
		319 X					
		320 X					
		321					
		322 X					
		323					
		324					
		326 X					
		329					
	CRESTON	3339		HIGHLAND	3400		
	DRY PINEY	850A		KINNEY			
		887 X			294C1		
		850A1			294D		
		851A			297B1		
		851A1			297D		
		887 1			297D1		
					297E		
					297E1		
					945 1		
					945A1		
					945B1		
					945B2		
					946		
					946B		
					946B1		
					946B2		
					946B3		
					946C1		
					947A1		
					947A3		
					947B		
					947D		
					947D1		
					947E1		
					947E2		
					947E3		
					947F1		
					947F2		
					2931		
					3156		
					3156 1		
					3202		
	EMIGRANT SPRINGS	3913A		JOHNSON RIDGE	2741		
	FARSON CUTOFF (Lincoln)	3373 X			2978		
	FARSON CUTOFF (Sweetwater)	3373			3252		
					3252 X		
				JACKKNIFE SPRING	683 1		
					683A1		
					704		

SCHEDULE 4(a)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	LEUCITE HILLS	2304 2304A 2330 2330A 2621	WYOMING	SOUTH BAXTER	17 M 20 M 21 M 22 M 27 M 27XM
	MADDEN	65 M			16A 17A 17B 18A 18B 24
	MESA, THE (Pinedale)	1887 I 1888 I 1889 I 1891 I 1894 I			38A 39A 67A 67B 68A 68B
	MIDDLE BAXTER	232A 238A 238B 262 797A 18 M 66 M 80 M		SOUTH BAXTER	71 72 92A 92BX 92DX 100A 100C 213 238BX 334 336A 336B 336D 1465
	MOXA ARCH (Lincoln)	3053 4461 4461A 4461B 4461C 4461D 4461E 4461F 4461G 4461H 4461I 4503		SAND BUTTE	1266
	MOXA ARCH (Sweetwater)	3060 3768 4497-X		SPEARHEAD RANCH	3140
	MOXA ARCH (Uinta)	4460 4480 4497		WYOMING SOUTHEAST	4038
	NORTH BAXTER	48A 49A 49B 1062 1062 X 1116 2663 2756 2757 14-M 15-M 15XM 77 M		TABLE ROCK	29 M 28AM 30 M 30AM
	NORTH LABARGE	26 M 447A		TIERNEY	119 M 123 M
	PIONEER	945C		TRAIL	469A 489 57 M 418 459 469A1 469B 489 I 489 A 1369 1404
	SADDLE RIDGE	26XM 447AX		WILD COW	3637
	SCHEGGS DRAW	3186		WHISKEY BUTTES	3904 3904 X
	SHUTE CREEK	3369 I		WAMSUTTER	2569
	SIBERIA RIDGE	3600	MONTANA	CURTWRIGHT COULEE	475
	SIXMILE SPRING	3844		DUNKIRK NORTH	4 M 4AM 5 M 5AM 6 M 10 M 12 M 13 M 13AM
	SOUTH BAXTER	82B 92D 16 M			

SCHEDULE 4(a)

STATE	AREA	MFSCO COMPANY LEASE NO.
MONTANA	DUNKIRK NORTH	13BM 14 M 15 M 15AM 16 M 16AM 16BM 16CM 16DM 16EM 17 M
	HEALEY COULEE	394
	KEVIN-SUNBURST NW	349
	LEDGER	78
	MILK RIVER (Blaine)	129 128 193
	MILK RIVER (HHH)	275 245 505 174 2 M
NEW MEXICO	BARKER CREEK SW	310
	BISTI	68 70
	ESCRITO	69
	FRUITLAND	155 469 514 519 511 512 513 515 518
	LINDRITH	223
	OJO	261
	SNAKE EYES	340
	SQUYRES	149
	UTE DOME	265



**Account 105 Leaseholds**

**SCHEDULE 4B**

**SCHEDULE 4 (b)**  
**"WEXPRO CASE" AGREEMENT**  
**ACCOUNT 105 LEASEHOLDS**

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	BARREL SPRINGS	1782		BULL BASIN	1166HX
	BEAR SPRING	1700			1166IX
	BELL ROCK	999			1166JX
		1005			1166KX
		1006			1166LX
		1007	COLORADO	BULL BASIN	1333A
		1508			1490X
		1508A			1490AX
		1508B			1490BX
		1508C			1490CX
	BIG HORSE DRAW	1804			1490DX
	BIG SANDY CREEK	1858			1490EX
		1859			1490FX
		1860			1490GX
		1861			1490HX
		1862			1490IX
		1863			1490JX
		1864			1890
		1886			1909
	BOYERO	1759			1031
		1760			1045
		1761			1045A
		1762	COLORADO	BULL CANYON	88M
		1763			922A
		1764			916A
		1765			979C
		1766			910B
		1767		CAMPO	1592
		1768			1592A
		1769			1592B
		1770			1592C
		1771			1592D
		1772			1592E
		1773			1615
		1774			1825
		1775			1826
		1776			1826A
		1777			1827
		1778			1827A
		1779			1827B
	BRIDGE	1696			1828
	BUG	1341			1829
		1816			1914
		1339			1915
	BULL BASIN	1045B			1916
		1047			1917
		1048			1918
		1166 X			1919
		1166AX			1920
		1166BX			1921
		1166CX			1925
		1166DX			1929
		1166EX			1929A
		1166FX			1929B
		1166GX			1929C
					1929D
					1929E

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	CAMPO	1929F	COLORADO	DOE CANYON	1741A
		1930			1741B
		1933			1742 X
		1934			1742AX
		1938			1742B
		1939			1742C
		1946			1742D
		1947			1742E
		1951			1742F
	CHEROKEE TRAIL	1167			1742G
		1314			1743 X
		1519			1743B
	CIMMARON RIVER	1698			1743C
	COLLON	1324			1743DX
		1325			1744
		1335			1745
		1343			1745A
	COW CANYON	979			1747
		1819 X			1747A
		84AM			1747B
		863A			1750 X
		978B			1754 X
		1198			1755
		1198A			1755A
		1230A			1755B
		1231A			1752
		1231AX			1752A
		1232A			1752B
		1243			1752C
		1246A			1752
		1246AX			1753
		1247A			1753A
		1256			1734
		1259			1734A
		1295			1734B
		1296			1735
		1304A			1735A
		1331			1736
		1331C			1738
		1397			1740
		1398A			1742
		1398B			1742A
		1398C			1743
		1398D			1743A
		1398E			1743B
		1398F			1743D
		1398G			1743E
		1399			1746
		1404			1746A
		1484			1748B
		1509			1748
		1521			1749
		1521 X			1750
		1704			1751
		1819			1754
		956			1754A
		1026A			1754B
					1754C
	DEBEQUE				1754D
					1756
	DECEPTION CREEK				1756A
					1895
	DILL GULCH				1201
					1214
	DOE CANYON				1216
					1216A
					34M
					35 M
					955
					1116 X
					1052A
					1108
					1109
					1218

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	EAGLE BASIN	1219	COLORADO	HANCOCK GULCH	1008
		1220			1008A
		1501			1027
		1502			1037 X
	EAST HIAWATHA	24D			1038 X
		1699A			1038 X
		8BM			1043 X
		16 M			1043 1
		16AM			1046
		16BM			1052
		16CM			1061
		1B			1076X
		1C			1114
		1D			1114A
		1E			1114B
		24B			1114C
		1016			1115
		1159			1115A
		1699			1116
		1721			1008AX
	EGNAR	290			1008A1
					1018
	FLUME GULCH	790D			1029
		790F			1037
		790G			1038
		790H			1039
		790I			1043
		790K			1043X1
		790L			1070
		1121			1076
		1126			1076 1
		1127			1112
		1127A			1112A
		1128			1113
		1131			1113A
		1131A			
		1131B			HIAWATHA DEEP
		1133			82M
		1134			163M
		1141			161M
		1141B			162M
		1142			163M
		1142B			16X
		1142C			1CX
		1142D			1DX
		1142E			1EX
		1142F			24BX
		1142G			1016 X
		1142H			1159 X
		1142I			1699 X
		1161			1721 X
		1161A			
		1161B			HIGHMORE
		1161C			955A
		1892			970
		1893			971
		1894			977
		1913			1491
		1940			1514
					1656
					87-M
	GARFIELD	1083			
		941F			HORSEHEAD CANYON
		941H			1169
		941I			1196B
		1015A			1196C
		1015B			1196F
		1032			1200
		1065			1202
		1078			1202A
		1083A			1212
		1101			1212A
	HAMILTON	1079			1212B
	HAMILTON CREEK	1079A			1212C
		1222			1212D
					1213
					1215A
					1217A
					1217B



SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	OLD MAN MOUNTAIN	1490C 1490D 1490E 1490F 1490G 1490H 1490I 1490J	COLORADO	RISLEY CANYON	1263 1264 1265 1266 1267 1268 1269 1270 1270A 1271 1271A 1274 1275 1276A 1282 1471 1834
	PARADOX BASIN	1388X 1412BX 1413 1429CX 1435 1468 1834 X 1292A		ROAN CREEK	1018A 1040 1042A 1050A 1070A
	PICKETWIRE VALLEY	1492 1493 1494 1496 1496 1497 1498		ROSS RIDGE	1057A 1060A 2006 2008 2010
	PIUTE KNOLL	1171 1172 1174 1178 1178A 1185 1189 1190 1191 1191A 1192B 1192C 1193 1194A 1197 1197A 1197B 1197C 1197D 1204E 1204F 1485 1516 1173 1177 1177A 1177B 1177C 1186 1188		RUSH CREEK	1331B 1865
				SAND CANYON DEEP	1433 1442 1465 1465B 1474 1474B 1474C 1476A
				SAND GULCH	1122 1123
				SANDSTONE	1400B1 1400C1 14001X 1402C 1252B
				SEWEMUP	1943
				SHELL CREEK	1327 1098 1149 1156
				SMOKEY CREEK	1840
	POWDER WASH	30C 994 30D 681		SPRINGFIELD	1786 1787 1788 1824 1831 1832
	RABBIT MOUNTAIN	1803 1952		STORY GULCH	972
	RANGELY	1520		SUGAR LOAF	1160 1168 1694 1701 1814 1821 1937 1956 1958A 1958B
	RISLEY CANYON	1228 1250 1260 1260A 1261 1261A 1262 1262A			

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
COLORADO	SUGAR LOAF	1958C 1958D 1958E 1958F 1958G	COLORADO	WOODS	1254B 1283 1284 1285 1285A 1287 1287A 1380 1384 1386 1388 1388B 1388C 1393A 1393B 1411 1411X 1412 1412B 1414 1418 1425 1426 1427 1428 1429
	TEPEE	1682		YAMPA	1839 1853 1853A 1854 1856 1857 1857A 1857B 1857C 1957D 1957E 1857F 1868
	THOMPSON ARROYO	1328 1329 1337 X 1337AX 1499 1500 1336 1337 1337A 1503 1662		YELLOW JACKET	1367B 1400 1400B 1400C 83 M 84M 85AM 1232 1233 1233 X 1235 1235A 1236A 1249 1252 1253A 1253B 1254C 1257 1258
	WAGON TRACK	1008B 1008BX 1026B 1050B 1113 X 1113AX			
	WALSH	1807 1807A 1807B 1809			
	WEDDING BELL	1179 1106 1107 1723			
	WHITE RIVER	554 12 M			
	WILLOW	1176 1193A			
	WINTER FLATS	1028 1030 1044 1049 1053 1053A 1054 1054 I 1054A 1054A1 1055 1055A 1056 1056 I 1056A 1057 1059 1059 1059 X 1059 I 1059A 1059A1 1060 1063 1071 1075			
	WOODS	1377 1811 1242 1244 1244A 1245 1248A 1252A 1254A			



SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
UTAH	FARNHAM DOME	18 M 18AM	UTAH	KEEL RANCH	11294 11294A 1298
	GOLD BAR	11589 11609 13214 13216 13217 13219		KLONDIKE	11503 11814 11827 12652
	GREAT SALT LAKE	10599 10601 10638 10666 10667 10668		LAKE CREEK	12348 12349 12443 12547 12550 12551 12562 12583 12563A 12999 13048
	GREMO HILL	10414		LEFT FORK	12744 12798 12861 12863 12865 12868 12992 13001 13002 13003 13139 13140 13141 13144 12798 X
	GRAY WOLF MOUNTAIN	9503 9504 9505 9507 9625 9626		LOCKERBY	10976 10997 11011 11011A 11011B 11011C 11011D 11406B1 11486 11486A 11486B 11486C 11488
	GUNNISON	14016 14017 13594 13597 13598 13599 13601 14022		LONG CANYON	13218
	HAYSTACK MOUNTAIN	11742 12649		MOAB	11537 13591 11592 11596 11596 11610 11634 11822 11537 X 11597 11598 11822 X
	HORN	12623 12906		MONTY	11264 11993
	HORSEHEAD CANYON	11016A 11041 11130 11131 11132 11146 11282 11285 11304D 11732 11791 11902 12292 12708 12709 12710 12711 12712 12713 12716 12717 12717A 12718 12718A 12718B 12718C 12718D 12719 12719A 12719B		MONUMENT CANYON	11010 2 11406B3
				OLD SQUAWS CROSSING	71 M
	HUNTINGTON ISLAND	1727 3655 3655 T		PANGUITCH LAKE	10618 X
				PARADOX BASIN	11228B 11987 11432

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
UTAH	PARADOX BASIN	11464	UTAH	RACETRACK CREEK	12993 12994 12995 13258 13260 13261 13262 13263
	PIUTE KNOLL	9121H 9127C 9127D 9127E 9127F 9127G 9127H 9973 10704 10734 10949 10955 10999 11000 11002 11003 11004 11005 11006 11010 3 11010 A 11010 B 11010 C 11010 D 11012 11012 A 11012 B 11012 C 11012 D 11013 11013A 11013B 11013C 11013D 11013E 11013F 11013G 11013H 11040 11068 11068A 11068B 11068C 11095 11122 11406B 11408 11408A 11483 11487 11856		RAT HOLE	10420 11162 11162A 11162B 11273 11273A 11338 11347 11539 11733 12067
				RIVER BEND	27 M 29AM 31 M 32 M 32AM 34 M 35AM 52 M 53 M 56 M 58 M 59 M 66 M 75 M 76 M 96 M 97 M 100 M 101 M 3588 3590 3601 3604 5069 3586 35861 3602 A 3602 A1 3603 3603 I 7696 3601 I
				ROOSEVELT	332 M
	PICKETT CORRAL CANYON	11211 11218 11220 11220A 11263 11268 11269 11894 12023 12023A 12023AX 12755		SALINA	321XM 322M 327XM 328XM 329XM 330 M
				SAWMILL CREEK	12350 12354 12356 12359 12362 12364 12442 12444 12650 12653 12632 12793 12794 12795 12796
	POCKET	9936			
	PORCUPINE RIDGE	10919 10736 10927			
	PATTERSON	11195			
	RACETRACK CREEK	12525 12539			

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
UTAH	SAWMILL CREEK	12797 12836 12837 12852 12916 12996 12997 12998 13045 13052 12357 12298 12425 12427 12428 12429 12430 12431 12852 X 12998 X 13045 X 12293 12354 X 12355 12837 X 13303	UTAH	VEGA	11964 11964A 11964B 11965 11994 11896 11997 11998 12057 12214 12567 12568 12826 13042 13043 10405
			WYOMING	AFTON	4177 4180 4182 4183 4185 4186 4188 4189 4199 4199A 4199B 4199C 4202 4204 4206 4208 4210 4211 4215 4367 4368 4377
	SIGURD	326 M 327 M 328 M 329 M		WESTWATER	10405
	SHURTZ CREEK	11929 11931A		ALKAJI FLAT	3123 3664
	SIXTH WATER CREEK	12697 12698		BEAR GULCH	4514
	SQUAW	11227A 11254B 11259A 12068		BONNIDEE	3390 3392 3493A 3493B
	TEPEE	11042		BONDURANT (Sublette)	3305 3404 3679
	TRAPP SPRINGS	11795		BONDURANT (Teton)	3306 3493C 4557 4579
	UTAH VALLEY	12592 12593 12595 12596		BRADY	683 704 2983 4450
	VEGA	11821 11933 11934 11951 11952 11953 11953A 11953B 11954 11955 11956 11956A 11956B 11956C 11956D 11956E 11957 11958 11958A 11959 11960 11960A 11960B 11961 11962 11963 11963A		BROOKS RANCH	4157 4353 4403 4420
				BUTCHER KNIFE SPRING (Sweetwater)	2876 X
				BUTCHER KNIFE SPRING (Uinta)	2014 2782 2833

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	BUTCHER KNIFE SPRING (Uinta)	2849 2851 2897 2868 2869 2870 2873A 2874B 2876 2877A 2878 2879 2880A 2881 2882A 2884 2912 2948 2949 2964 2970 3211 3212 3216 3217 3221A 4407 4658A	WYOMING	DEVILS HOLE	3921 3922 3922 X 3923 3923 X 3924 3925 3925 X 3926 3926 X 3927 3928 3928 3929 3930 3930 X 3931
	BUCK SPRINGS	3314		DOTY MOUNTAIN	3720
	BUCKHORN	3582		DRY CREEK	3114
	BRUFF (Sweetwater)	3692 3692A 3692B 3692C 3692D 3692E 3692F 3692G 3692H 3692I		DRY PINEY	3282 3686A
	CANYON CREEK	3817		EAST DESERT SPRINGS	3794
	CANYON CREEK DOME	967		EAST HIAWATHA	1BM 482 3131 4481
	CEDAR RIDGE	3123A 3183 3664A 3864		FALL CREEK	4476
	CHEROKEE TRAIL	3011 3316 3769 3839 4175 227		FEATHER	3062 3096 3258 3580 4197 4371
	CLAY BASIN	423		FISH CREEK	4405
	CODY	3721		FIVE MILE GULCH	2338 2623 2624 2719 2720
	COMO LAKE	3289		FOGARTY CREEK	3048 3265 3696
	CORRAL CREEK	3710 4158 4165		GALE	3592 3599
	CYCLONE RIM	106XM 108XM		GRAHAM	3781 3838 3932
	DEAD HORSE	3039		GRAPHITE	851AX 851B 851BX 867
	DESERT SPRINGS	3816		GRAVEL	3350 3361A 3566
	DEVILS HOLE	3870 3871 3920		HADSALL SPRINGS	3362 3362A
				HANK HOLLOW	4372
				HENRY	2869A 2873 2874 2874A 2877 2880 2882 3213



SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	HENRY	3218 3219 3221 3223 3231 4633 4646 4858	WYOMING	LITTLE SHOE CREEK	3301
				LITTLE WORM CREEK	100B 100B1
	HIAWATHA DEEP	12M 482 X 3131 X 4481 X		LONG HOLLOW	4494
				LOST CREEK	99 M
	HICKEY MOUNTAIN	4633A		MESA, THE (Pinedale)	1884 1886 1887 1888 1889 1891 1892 1893 1894 1895 1896 1897
	KINNEY	3113A 3201A 3278 294C 297A 287B 845 945A 945B 945C1 946C 947A 947E 947F 3113 3139 3149 3150 3154 3155 3157 3167 3177 3185 3201 3203 3239 3249 3260 3262 3309 3336 4583		MICKELSON	3079
				MIDDLE BAXTER	232B 249 797B 19 M 80AM
				MOSLANDER RESERVOIR	3236 3271 3279
				MOXA ARCH (Sweetwater)	4442
				MOXA ARCH (Uinta)	4474 4475 4482 4622 4721
				NEEDLE	3317
				NORTH BAGGS	3554 3585 3704 3798 4427
	JOHNSON RIDGE	3091 3148 3159 3251 3254 3389		NORTH BAXTER	1AX 1BX 252A 454A 454B 454C 4665 4666 4501
				PEARL	3130
	KENT RANCH	3919		PICKET LAKE	112 M
	LAKE BARSTOW	4373 4374		OVERLAND	3318 3705
	LEROI	2865 2887 2890 2947 2958 2962 2973 3007 4426 87 M		PINE CREEK	3795
				PINEDALE	1885 1886A 1890 1897A 3291
	LEROI DEEP	3012 3259 3419			
	LITTLE SHOE CREEK	3021 3261			

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	PINE TREE	3089	WYOMING	SPEARHEAD RANCH	3094A 3122 3132 3206 3234 3234 1 3234 2 3242 X 3302 3334 3335 3715 3827 3828 2675 1 3085B1 3087 3088 1 3093 3093B1 31221 3132 1 3132 1 3132 2 3137 3206 1 3234 X 3242 3243 3302 X 3715 1 3716 3827 X 3827 1 3828 1 3828X1 3861
	PONY CREEK	3818 4473 4548			3130 X
				STEINLE RANCH	
	RADERVILLE SOUTH	4472 4490		SUBLETTE CREEK	4406
				SUN (Fremont)	104AM 105 M 105AM 105XM 106 M 108 M
	RATTLESNAKE HILLS	3052 3237 3840		SUN (Sweetwater)	103 M
				WYOMING SOUTHEAST	4140 4143 4223 4226 4241 4244 4252 4252A 4252B 4253 4261 4267 4270 X 4270AX 4270B 4276A 4276B 4276C 4276D 4276F 4279 4291 4303 3093 3093A 3093B 3094
	RED DESERT	3595 3598			
	RED HILLS	4388 4404 4419 4425			
	RIFES RIM	3029A 3307			
	ROBIN	3341			
	SALT WELLS WEST	3191			
	SANDSTONE RIDGE	3184			
	SCHEGGS DRAW	3013 3029 3194 3194A 3196			
	SCOTTY LAKE	104 M			
	SEVEN MILE GULCH	4173			
	SHEEP CREEK	3707 3708 3709 3711			
	SHUTE CREEK	3369 3792			
	SIERRA MADRE	3054			
	SIXMILE SPRING	3304			
	SLATE CREEK	3361			
	SNAG CREEK	3678 3680			
	SOUTH BAXTER	16B 38B 39B 92C 292 336C 579 2101 5235			
	SPEARHEAD RANCH	2675 3082 3083 3084 3084A 3085 3085A 3085B 3088 3093 3093A 3093B 3094			

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	WYOMING SOUTHEAST	4310C 4323 X 4323AX	WYOMING	WYOMING SOUTHEAST (Laramie)	4280A 4281 4283 4284 4285 4289 4290 4292 4293 4293A 4296 4297 4299 4299A 4300 4301 4302 4302A 4304 4307 4309 4312 4313 4314 4315 4315A 4317 4318 4322 4323 4323A 4324 4325 4326 4327 4328 4330 4331 4332 4333 4334 4335 4338 4338A 4339A 4341 4341A 4685 4687 4688 4697 4699 4700 4700A 4701 4701A 4702 4730 4731 4732 4733 4733A
	WYOMING SOUTHEAST (Goshen)	4329 4335 4479 4630 4651			
	WYOMING SOUTHEAST (Laramie)	3992 3993 3994 4136 4141 4142 4144 4317 4218 4218A 4218B 4220 4221 4221A 4221B 4221C 4221D 4221E 4221F 4221G 4222 4222A 4226 X 4227 4227A 4227B 4232 4234 4235 4236 4239 4239A 4239B 4239C 4239E 4240 4245 4246 4246A 4251 4251A 4255 4258 4258A 4260 4270 4270A 4270C 4271 4271A 4281B 4271C 4271D 4272 4272A 4272B 4272C 4273 4273A 4278	WYOMING SOUTHEAST (Platte)	4139	
			TARTER'S ISLAND	1241 1241A	
			THOMAS CANYON	3315	
			TIERNEY	118 M 120 M 121 M 122 M 2795	

SCHEDULE 4(b)

STATE	AREA	MFSCO COMPANY LEASE NO.	STATE	AREA	MFSCO COMPANY LEASE NO.
WYOMING	TIERNEY	2841 2842 2843 2844 2845	IDAHO	MEDICINE LODGE	142 143 144 145 146
	WILDHORSE	3665		ONYX	118 119 120 121
	WHISKEY BUTTES	2823 3893 3894 3895 3896 3897 3898 3899 3900 3901 3902 3903 3905 3906 3907 3908 3909 3910 3911 3912 3913 3914 3915 3916		PEBBLE (Bannock)	116 117
			MONTANA	PEBBLE (Caribou) WEST	129 42 1 M
				BLACKLEAF	36A 38 76
				BLACKLEAF COULEE WEST	579
				CHIPPEWA CREEK	584
				CLARK FORK	36 40 74 75 536 538 538A 539 545
IDAHO	YELLOW CREEK	3315 X		CROOKED CREEK	413 415
	AFTON	133		CROW CREEK	489
	ANT CANYON (Caribou)	128 134 135		CURTWRIGHT COULEE	470 471 472 473 474 476 477 478 479 480 481
	ANT CANYON (Franklin)	122 123 124 125 126 127		DISTURBED BELT (Lewis and Clark)	71 X 509 510 511 512 513 514 515 516 517 518 519 519A 519B 519C 519D 519E 519F 520 521 521A 522
	CHESTERFIELD	130 131			
	DINGLE SWAMP	137			
	HORSESHOE	160			
	GARNS MOUNTAIN	156 157 158 159 160A 161 162 163			
	KILGORE	147 148 149 150 151 152 153 154 155			
	MEDICINE LODGE	138 138A 139 140 141			

SCHEDULE 4(b)

STATE	AREA	MFSO COMPANY LEASE NO.	STATE	AREA	MFSO COMPANY LEASE NO.
MONTANA	DISTURBED BELT (Lewis and Clark)	522A 523 524 526 527 528 529 530 531 532 543 544 548 548A 549 549A 549B 550 550A 550B 551 551A 577	MONTANA	HEALEY COULEE (Pondera)	400 401 434
				HEALEY COULEE (Teton)	387 391 392 X 398
				HEALEY COULEE (Toole)	388 389 390 393 393 X 395 409 431 432 443 3 M 16 M
	DISTURBED BELT (Teton)	36B 37 39 40A 41 71 72 73 74A 75A 76A 534 535A 537 537A 539 X 545 X		KEVIN-SUNBURST NW	77 350 351 352 353 354 355 356 383 416 417 435
				LEDGER (Pondera)	81 345 347
	DUNKIRK NORTH	7 M 8M 8AM 8BM 9M 9AM 9BM 9CM 9DM 9EM 9FM 9GM 9HM 9IM 9IM 11M		LEDGER (Toole)	81 X 346
				LITTLE DRY CREEK	418
				LITTLE SHEEP CREEK	557
				LITTLE WARM SPRINGS	585
				MILK RIVER (Blaine)	96 109 183 194 381 382 382A 625 626 626A 626B 626C 626D 627 628 629
	EKALAKA NORTH	462		MILK RIVER (Hill)	86 174 210 210A 240C 248 248A 248B
	HAY CREEK	469			
	HEALEY COULEE (Chouteau)	402			
	HEALEY COULEE (Liberty)	403 404			
	HEALEY COULEE (Pondera)	384 385 386 392 396 399			

SCHEDULE 4(b)

STATE	AREA	MFSO COMPANY LEASE NO.	STATE	AREA	MFSO COMPANY LEASE NO.
MONTANA	MILK RIVER (Hill)	248BX 248B1 252 252 X 252A 253 253A 253AX 253B 253BX 253C 253D 253F 254 254 X 2541X 256 257 258 259 259B 260 260 X 261 262 262A 263 263 X 263A 264 264 X 264A 268 268 X 271 272 273 273A 273B 273C 274 281 283 285 286 286 X 287 288 289 290 301 301A 301B 302 302A 302B 303 304 305 306 306A 307 308A 308B 309 310 311 312 312A 313 313A 315 315 X 316 317 318 319	MONTANA	MILK RIVER (Hill)	320 323 324 332 332A 333 333A 334 335 335A 366 368 369 370 371 372 373 376 377 461 582 613 613 X 614 615 616 617 617A 618 618A 618B 619 620 620A 2 M MINER'S COULEE MURPHEY CREEK NINE MILE COULEE PONDERA COULEE RAZOR CREEK RED ROCK RIVER ROCK CREEK SAGE CREEK SIPARYAN CREEK SNAKE COULEE SUNDAY CREEK SWEETGRASS ARCH TONY CREEK (Golden Valley) TONY CREEK (Wheatland) WHITE SPECKS

SCHEDULE 4(b)

STATE	AREA	MFS CO LEASE NO.	STATE	AREA	MFS CO LEASE NO.
NEVADA	ALKALI FLAT.	136	NEVADA	JIGGS	168
		139			172
		140			178
		141			179
		143			180
		144			181
		145 X			182
	DIAMOND VALLEY	292			184
	FALLON EAST.	125			209
		128			210
		129			211
		136			238
					240
	HUMBOLT EAST	146		LONE ROCK	142
		147			145
	INDIAN LAKES	132			157
		133			
	JIGGS	162		LONG VALLEY	228
		163			231
		164			
		165A		LUND	224
		166A		RUBY VALLEY	230
		167A		WHITE FLATS	228
		168A			227
		170			
		171	NEW	ALEMITA	
		173	MEXICO	(Sandoval)	268
		174			279
		175			
		176		ALEMITA (San	
		177		Juan)	255
		178A		APACHE SPRINGS	51
		180A			445
		181A			
		182A		ARMUO	
		183		RESERVOIR	76
		184A		BELL LAKE	62
		185		BISTI	
		186			91
		187			151
		188			183
		189			266
		190			267
		191			284
		192			304
		193			344
		194			346
		195			379
		196			402
		197			403
		198			404
		199			405
		200			406
		201			412
		202			415
		203			417
		204			418
		205			419
		206			420
		207			421
		208			422
		209A			423
		210A			424
		211A			426
		218			427
		219			428
		234			429
		235			430
		236			431
		237			432
		239			433
		165			434
		166			435
		167			

SCHEDULE 4(b)

STATE	AREA	MFS CO LEASE NO.	STATE	AREA	MFS CO LEASE NO.
NEVADA	WHITE FLATS	226	NEW	FRUITLAND	493
		227	MEXICO		494
NEW	BITTER LAKE	72			497
MEXICO		10 M			498
		16 M			516
	BLANCO	19			517
	BLUITT (Lea)	156		GAVILAN	39
	BLUITT (Roosevelt)	48		HAGERMAN	8 M
	BONITO	344 X		HONCHO	365
		383			366
		401			367
		437			368
		438			369
		439			370
	CARLSBAD	46		HOPE	5 M
	CHACO CANYON	237			18 M
		278			7 M
		344XX			17 M
		345		HOSPAH	78
		347			99
		364			164
	CHIQUITO	111			285
		140			291
		211		HUAPACHE	138
		282		LAKE ARTHUR	491
		298		LINDA	24 M
	CHROMO	210			31 M
	COAL CREEK	463		LINDRITH	163
		464			269
		509			446
	COMANCHE	40			450
		333			451
		465			452
	DANIEL WASH	189			453
		253			454
		283			455
		305			456
		348			457
					480
	DE-NA-ZIN	84			32
		97			221
		165			476
		169		LOCKNEY	217
		213		LOS PINOS	92
		258		MARCELINA	507
		488		MATADOR	73
		492			145
	DULCE	240			332
	ESCRITO (Rio				74
	Arriba)	178			496
		375			
	ESCRITO(Sandoval)	186		MEDIA	53
		341			56
	ESCRITO(San Juan)	150			57
	FRUITLAND	168			58
		170			100
		185			104
		303			105
		380			106
		472			107
		473			118
		474			120
		475			121
		477			122
		478			123
					137
					154
					160



**Post-1976 Wexpro  
Properties in Which the  
Company has a Royalty**

**SCHEDULE 5**  
**"Wexpro Case" Agreement**  
**POST-1976 WEXPRO PROPERTIES**  
**IN WHICH MOUNTAIN FUEL SUPPLY COMPANY**  
**HAS A ROYALTY INTEREST**

Area	State	Mountain Fuel Lease No.	Area	State	Mountain Fuel Lease No.				
Basin Creek	Colorado	C-136	Big Lake	Montana	M-66				
		C-138			M-67				
Buck Peak	Colorado	C-144	Coon Creek	Montana	M-68				
		C-148			M-75				
		C-148-A			M-75-A				
		C-150			M-76				
		C-151			M-77				
		C-152			M-4				
		C-153			M-15				
		C-153-A			Disturbed Belt	Montana	M-22		
		C-154-C					M-29		
		C-156					M-30		
		C-156-A					M-31		
		C-156-B					M-11		
		C-156-C			M-12				
		C-156-D			M-13				
		C-156-E			M-14				
Bull Canyon	Colorado	C-146	Dunkirk, North	Montana	M-64				
Campo	Colorado	C-133			M-64-A				
		C-137			M-64-B				
Castle Creek	Colorado	C-173	Froid, South	Montana	M-63				
		C-173			M-62				
Derby	Colorado	C-173	Kevin Sunburst, East	Montana	M-69				
Eagle Basin	Colorado	C-176			M-70				
Korse Creek	Colorado	C-102			M-71				
		C-106			M-72				
Little Porcupine	Montana	C-107	Little Porcupine	Montana	M-26				
		C-112			M-27				
		C-113			M-28				
		C-121			M-28-A				
		C-122			M-28-B				
		C-124			M-28-C				
		C-103			M-28-D				
		C-104			M-28-E				
		C-105			M-28-F				
		C-108			M-28-G				
		C-109			M-28-H				
		C-110			O'Fallon Creek, East	Montana	M-21		
		C-111					Pennel Creek	Montana	M-5
		C-112-X							M-6
		C-114							M-7
		C-115			M-10				
		C-116			Riley School	Montana	M-8		
		C-117					M-9		
		C-118					M-19		
		C-119					M-43		
C-120	M-43-A								
C-121-X	M-43-B								
C-123	M-44								
Niblick	Colorado	C-145	Yampa	Colorado	C-147				
		C-149			C-155				
		C-149-A			C-155-A				
Spronke	Colorado	C-149	C-174						
		C-149-A	C-175						
		C-149-A							

SCHEDULE 5

Area	State	Mountain Fuel Lease No.	Area	State	Mountain Fuel Lease No.																
Riley School	Montana	M-44-B	Duckwater	Nevada	N-146																
		M-44-C			N-147																
		M-44-D			N-151																
		M-44-E			East Fallon	Nevada	N-159														
		M-44-F					Indian Lakes	Nevada	N-160												
		M-44-G							N-163												
		M-44-H							Jiggs	Nevada	N-130										
		M-454									N-149										
		Tonquin Siding									Montana	M-32	Spring Valley	Nevada	N-161						
												M-32-A			N-164						
												M-32-B			Alemita	New Mexico	NM-3				
												M-32-C					NM-8				
M-32-D	NM-19																				
M-32-E	Bisti		New Mexico	NM-4																	
M-32-F				Chaco Canyon								New Mexico					NM-22				
M-33					Daniel Wash	New Mexico											NM-9				
M-33-A							NM-11														
M-34							NM-12														
M-34-A							NM-13														
M-34-B							NM-24														
M-34-C							De-Na-Zin	New Mexico	NM-5												
M-34-D									NM-7												
M-35									NM-14												
M-35-A									NM-15												
M-35-B									NM-16												
M-36	NM-17																				
M-37	NM-20																				
M-38	NM-23																				
M-39	NM-27																				
M-39-A	Fruitland		New Mexico	NM-10																	
M-39-B				Media	New Mexico	NM-21															
M-39-C						Palo Duro			New Mexico	NM-18											
M-39-D							NM-1														
M-39-E							NM-23														
M-39-F							Puerto Chiquito	New Mexico		NM-6											
M-39-G										Alkali Canyon		Utah			U-61						
M-39-H															U-62						
M-39-I															Arts Pasture	Utah	U-60				
M-39-J																	Bryce Canyon	Utah	U-68		
M-39-K																			Bug (Pre-May 10, 1979)	Utah	U-65
M-39-L																					U-67
M-40	Bug (Post-May 10, 1979)		Utah																		U-81
M-41				U-84																	
M-41-A				U-84-A																	
M-41-B				U-84-B																	
M-41-C				U-84-C																	
M-41-D				U-84-D																	
M-41-E				U-84-E																	
M-41-F				U-84-F																	
M-41-G				U-87																	
M-42				U-92																	
M-42-A				U-117																	
M-42-B				U-117-A																	
M-46																					
Wrangle Creek	Montana		M-60																		
			M-61																		
Duckwater	Nevada	N-131																			
		N-132																			
		N-133																			
		N-134																			
		N-135																			
		N-136																			
		N-137																			
		N-138																			
		N-139																			
		N-140																			
		N-141																			
		N-142																			
		N-143																			
		N-144																			
		N-145																			

SCHEDULE

Area	State	Mountain Fuel Lease No.		
Bug (Post-May 10, 1979)	Utah	U-117-B		
		U-117-C		
		U-117-D		
		U-117-E		
		(No Co. no. yet)		
		Bug (Farmin)	Utah	U-99
				U-185
				U-136
				U-136-A
				U-136-B
				U-136-C
				U-136-D
U-137				
U-137-A				
U-137-B				
U-137-C				
U-138				
Clark Canyon	Utah	U-74		
		U-74-A		
		U-74-B		
Hatch	Utah	U-75		
		U-33		
Klondike	Utah	U-35		
		U-40		
		U-63		
Gold Bar	Utah	U-64		
		U-57		
		U-54		
Mustang Flat	Utah	U-55		
		U-59		
		U-70		
Patterson East	Utah	U-78		
		U-72		
Spring Canyon	Utah	U-58		
		U-52		
Squaw	Utah	U-66		
		U-66		
Bear Gulch	Wyoming	W-177		
East Hiawatha	Wyoming	W-260		
Hadsall Springs	Wyoming	W-271		
Hensley Draw	Wyoming	W-242		
Pinedale	Wyoming	W-200		



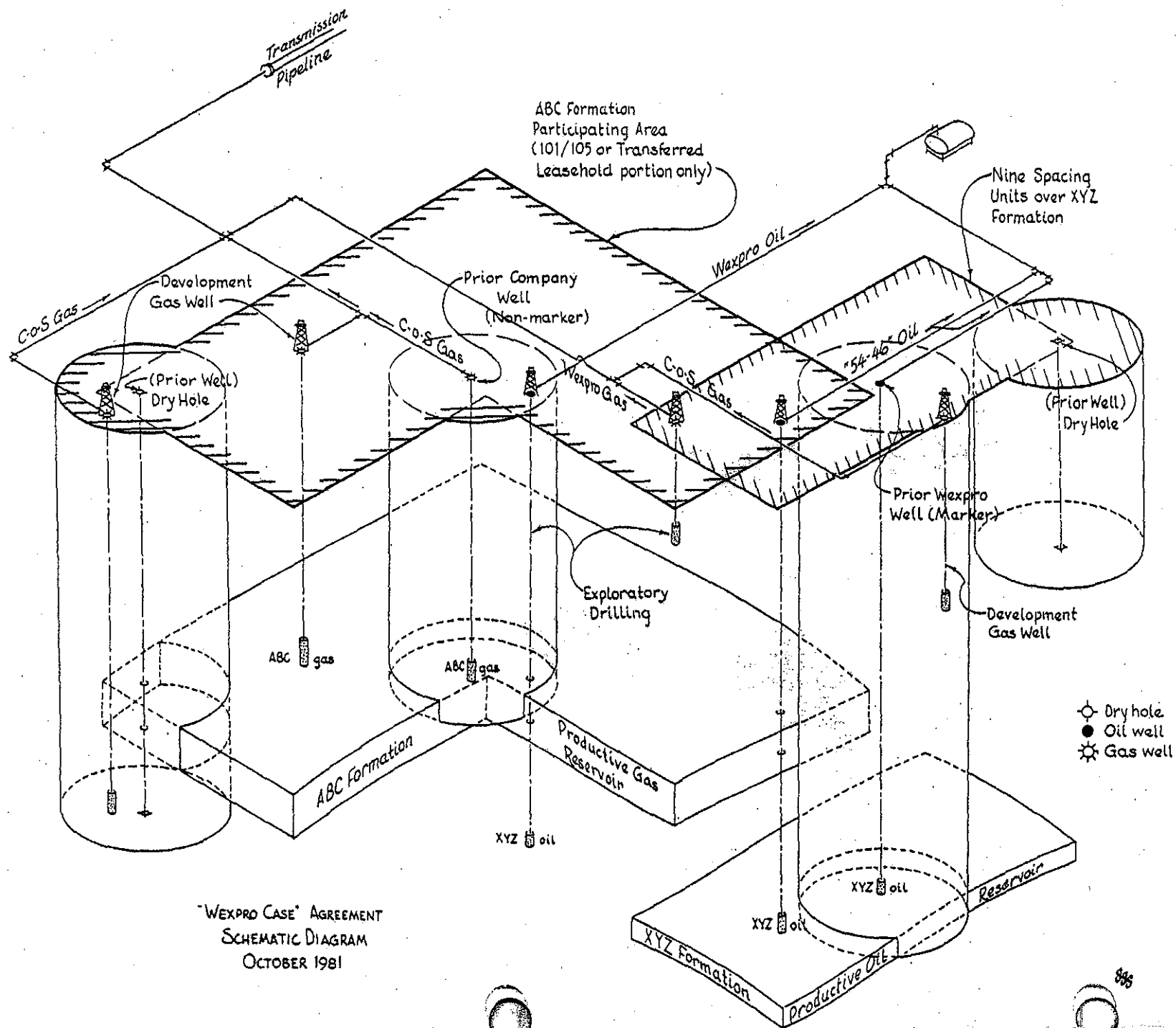
**Pre-1977 Non-Utility  
Properties**

**SCHEDULE 6**  
**"Wexpro Case" Agreement**  
**PRE-1977 NON-UTILITY PROPERTIES**

AREA	STATE	WEXPRO LEASE NO.	AREA	STATE	WEXPRO LEASE NO.	
Hilight South Unit	Wyoming	W-49	Walker Creek	Wyoming	W-139-C	
		W-50			W-139-D	
		W-51			W-139-E	
		W-52			W-139-F	
		W-53			W-139-G	
		W-54			W-139-H	
		W-55			W-139-I	
		W-56			W-139-J	
		W-57			W-139-K	
		W-58			W-139-L	
		W-59			W-139-M	
		W-59-A			W-139-N	
		W-59-B			W-139-O	
W-60	W-139-P					
W-61	W-139-Q					
North Walker Creek	Wyoming	W-71	W-140	Wright Area	Wyoming	W-140-A
		W-246	W-140-E			
		W-78	W-140-F			
		W-79	W-140-G			
		W-79-A	W-141			
		W-79-B	W-143			
		W-80	W-143-A			
Walker Creek	Wyoming	W-109	W-144	W-144-A		
		W-111	W-145			
		W-112	W-146			
		W-113	W-147			
		W-114	W-50-A			
		W-115	MI-3			
		W-117	W-148			
		W-118	W-150			
		W-124	W-154			
		W-125	W-155			
		W-126	W-156			
		W-129	W-58-X			
		W-130	W-59-X			
		W-133	W-59-A-X			
		W-134	W-59-B-X			
		W-135	W-158			
		W-136	MI-4			
		W-137	W-162			
		W-139	W-162-A			
W-139-A	W-164					
W-139-B						

Schematic Diagram

Schematic Diagram



'WEXPRO CASE' AGREEMENT  
SCHEMATIC DIAGRAM  
OCTOBER 1981