



Wexpro Company
 180 East 100 South
 P.O. Box 45601
 Salt Lake City, UT 84145-0601
 Tel 801 324 2600
 Fax 801 324 2637

1 - Francis
 1 - Ren
 1 - Forrest
 1 - Kery

November 13, 1998

Darrell S. Hanson
 Utah Division of Public Utilities
 Heber M. Wells
 160 East 300 South
 P.O. Box 45802
 Salt Lake City, UT 84145

Dear Mr. Hanson:

During David Evan's most recent visit he indicated that the Division would prefer signing off on the Birch Creek #117 D-24 issue which is explained in the letter attached. This letter was originally sent to Bob Magnie in May of 1997. I understand that Bob also sent a separate letter to the Division addressing this matter.

David Evans has indicated that he would prefer to have the Division sign off on the issue prior to his signing off on the well classification form. Please indicate your concurrence below with the treatment stated in the letter and I will forward a copy to David Evans. Let me know if you have any questions.

Sincerely,

James R. Livsey
 Coordinating General Manager

By:
 Utah Division of Public Utilities

11-25-98
 Date

cc: David Evans

NOV 13 7 29 AM '98



WEXPRO COMPANY

79 SOUTH STATE STREET • P. O. BOX 11070 • SALT LAKE CITY, UTAH 84147 • PHONE (801) 530-2600

May 15, 1997

Robert L. Magnie
945 Detroit Street
Denver, Colorado 80206

Dear Bob,

As we discussed on the telephone Wexpro Company and Celsius Energy Company are faced with a dilemma in the Birch Creek field where due to the unique nature of the Wexpro agreement an opportunity to obtain reserves at an attractive rate under normal industry economics may be precluded.

Specifically in the Birch Creek Unit Well, No. 117 Wexpro has ownership and production in the Bear River/Frontier formation. Celsius owns the rights to shallower Baxter formation. Normally in this situation where both Companies participate in a well but have ownership in different formation costs for drilling the well are allocated on some basis such as the total footage basis. The Baxter formation is an attractive endeavor in relation to the incremental costs to recomplete the formation but when loaded with a share of the costs to drill the well it ceases to be economically viable on an incremental basis. As a practical solution to the problem and in order to avoid relinquishing reserves that are economic from an industry standpoint, Celsius is willing to assign its right in the wellbore to Wexpro without compensation. Wexpro will participate in the recompletion effort and earn on its investment should a paying well determination be met.

Our share of the cost to recomplete the Baxter formation are anticipated to be approximately \$64,000.00. Anticipated reserves resulting from this operation are expected to be approximately 160,000 MCF. Accordingly, this proposed recompletion represents an excellent business opportunity to enhance cost of service reserves for the customer. Wexpro, therefore, is electing to participate in the recompletion and will treat the investment as D24, should a paying well determination be satisfied. Should you have further questions or find this proposal unacceptable please let me know at your earliest convenience.

Sincerely,

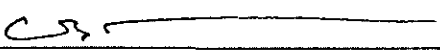
James R. Livsey
Coordinator, Wexpro Agreement

cc: S. Kent Evans - Division of Public Utilities

Ratification of Wexpro Guideline Letter dated May 15, 1997 regarding the Birch Creek Unit Well No. 117

Questar Exploration and Production Company (Questar E&P) ratifies the foregoing Guideline Letter and hereby relinquishes to Wexpro all of its right, title and interest to the Birch Creek Unit Well No. 117 drilled by Wexpro and production from formations pursuant hereto, such well being classified as Development Gas Well under the Wexpro Agreement, for the delivery of cost of service gas to Questar Gas Company.

Questar Exploration and Production Company

By: 
C. B. Stanley
President & CEO