

WEXPRO COMPANY

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

October 16, 1987

Robert Lake
Price Waterhouse
175 East 400 South, Suite 700
Salt Lake City, UT 84111

Dear Bob:

Re: Nonstatus Well Guidance
Letter Dated May 7, 1986

By a guidance letter dated May 7, 1986, Wexpro and Price Waterhouse consented to a proposed method for "Accounting for Pre-July 31, 1981 Overriding Royalty Interests - and Nonstatus Wells." We have agreed to examine the actual financial impact of this guidance letter before implementation.

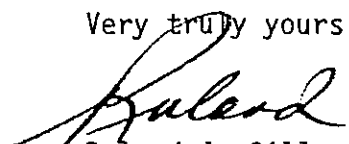
The net effect of the May 7, 1986 guidance letter would be to classify for the first time wells in which the Company or Wexpro had no investment dollars on their books on July 31, 1981. We have not taken actions to change any accounting treatment associated with these wells. Had we done so, the benefit would be substantial to Celsius and would require reimbursements to Celsius by Wexpro and Mountain Fuel Supply Company.

After a review of the manpower requirements needed to make retroactive application of this guidance letter, we have determined that it would not be feasible. Celsius has elected to forego its retroactive opportunities and will now look to only prospective application.

As a result of these changes, Wexpro will attempt to make the necessary well classifications effective January 1, 1988. These will result in additional gross revenues to Celsius not expected to exceed \$30,000 to \$40,000 per winter month -- sums previously benefiting MFS and Wexpro.

Your concurrence with this procedure will be appreciated.

Very truly yours,


Ruland J. Gill, Jr.
Managing Attorney

pw


Price Waterhouse
Date 10-22-87