

# WEXPRO COMPANY

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May 16, 1994

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

RE: Development Program  
Johnson Ridge Field, Wyoming

Dear Mr. Hanson:

Enron, as a working interest owner in the Johnson Ridge Field, has proposed drilling four development wells (two D-24 wells that would be 50% Enron and 50% Wexpro and two C-7 wells that would be 50% Enron and 50% Celsius). Enron operates numerous other producing wells in this area and will operate these four wells. The proposed wells will be in an area of complex structural geology in which the productive interval may be repeated by thrust faulting. The interval for the "Productive Gas Reservoir" is named Fort Union (transition zone) in marker well Johnson Ridge #2, on page 3 of Schedule 3(a) of the Wexpro Stipulation and Agreement. Present terminology would call this interval "Mesa Verde Transition Zone" or "Fort Union - Mesa Verde Transition Zone". There is no conclusive evidence to show that any repeated intervals constitute either connected or separate reservoirs. If conclusive evidence (such as long-term pressure-performance data) were available to prove that the repeated intervals were separate reservoirs, then a proposed D-24 development well might be D-24 in the correlative interval and C-7 in a repeated interval - all in a single well bore. Enron follows the practice of commingling all productive intervals in the well bore; therefore, produced gas volumes would have to be allocated to the D-24 and C-7 intervals on some estimated basis, however, pressure data would be inconclusive in proving separate reservoirs.

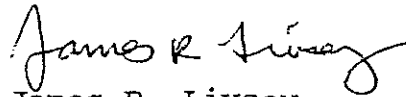
In addition to thrust faulting, other productive sands are possibly present either above or below the defined productive gas reservoir. It is not economic to attempt to isolate production from these sand intervals.

It is not practical for the reasons cited above to isolate production in a given well between D-24 and C-7 producing intervals. Accordingly, Wexpro proposes that for the Johnson Ridge Field only, any commercial development drilling to the depth of the

Johnson Ridge #2 (Prior Company Well) will be produced and accounted for as if it were entirely D-24 production and investment. Commercial development drilling is defined in articles I-20 and I-26 of the Wexpro Agreement.

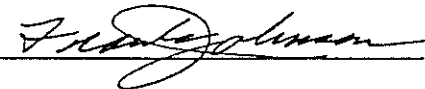
Please indicate your approval of the proposed guideline in the signature boxes below. Of course, should you wish to discuss this, please let me know.

Respectfully Yours,

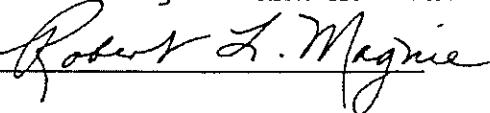


James R. Livsey  
Coordinator, Wexpro Agreement

Approved:  
Utah Division of Public Utilities

By:  6-7-94  
(Date)

Approved:  
Robert L. Magnie and Associates, Inc.

By:  5-23-94  
(Date)