

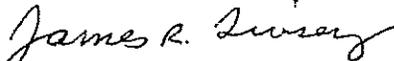
The total survey cost, including processing, is projected to be \$1,264,800. Based on thickness of interval to be imaged and ownership within the interval, it is determined that Wexpro should have 21% of the total cost or \$265,608. This was calculated using the depth to the base of the Wexpro ownership (base Mesaverde) at approximately 7,000' in Canyon Creek Unit 34. Modeling of the seismic indicates that the deepest depth which can be imaged is 17,500', thus 60% of the beneficial seismic is at depths greater than Wexpro ownership $(17500-7000)/17500 = 60\%$. Of the remaining 40%, the very shallow derives little benefit from the seismic data and is allocated 10% of the cost with 30% remaining for the Mesaverde interval. With approximately 70% working interest ownership in this interval, Wexpro total share of the seismic would then be 21%. This methodology assigns no share of the cost of the deep seismic to Wexpro, but Wexpro does have some limited ownership in the deep intervals.

Recommendation

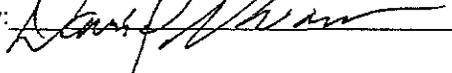
Wexpro should participate for its calculated share (\$265,608) of the Canyon Creek seismic program. This participation is in order that Wexpro might lower its risk in future development wells and might be able to better predict directional drainage patterns and sand terminations.

Please indicate your approval of Wexpro's participation in the above discussed 3D seismic program by signing in the signature box below. If you wish to discuss this further, please let me know.

Respectfully Yours,


James R. Livsey,
Vice President

Approved:
David E. Evans, Evans Consulting Company
Hydrocarbon Monitor for Wexpro

By: 

Date: August 2, 2004

cc: Darrell Hanson, Utah Division of Public Utilities