



Wexpro Company

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January 22, 1998

David Evans
Evans Consulting Group
931 Rio Grande Dr.
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RE: Acquisition of 3-D Seismic Data, Brady Field, Wyoming

Dear Mr. Evans:

Wexpro requests pre-participation approval by the hydrocarbon monitor for it to acquire a license to 3-D seismic data as discussed below. This request is based on the guideline letter of October 17, 1994 which requires Wexpro to get pre-participation review and approval by the hydrocarbon monitor for future 3-D seismic programs. Please note that in the instance for which the guideline letter was originally constructed Wexpro was participating in the actual shooting of the 3-D seismic program whereas in the current instance Wexpro is requesting to purchase 3-D seismic data which has already been shot. Thus, Wexpro in the current request bears no risk as to the ability to gather useable data since it has already been shot and is known to be of useable quality.

Overview

Wexpro has the opportunity to purchase from Union Pacific a license to approximately 54 square miles of 3-D seismic which was acquired over Brady Field in 1993. At the time the 3-D seismic data was being shot in 1993 Wexpro did not participate in the original acquisition of this data for several reasons including: 1) the Brady producing reservoirs were considered fully developed (although they might have potential for at the time unknown isolated pressure compartments), 2) it was not known if the data could be acquired successfully and if it would be useful, 3) Wexpro was already committed to several other 3-D seismic programs and wanted to evaluate their usefulness before committing to any more programs, and 4) Wexpro could benefit to some degree from the 3-D seismic program without paying because Union Pacific was strongly committed to shooting this program with or without Wexpro's participation.

Since the time of the original 3-D survey several things have happened which modify the original thinking about acquisition of the 3-D data: 1) the data was successfully acquired by Union Pacific and it is of useable quality, 2) Wexpro has benefited to some limited degree from the 3-D seismic data without paying for it, 3) Wexpro has beneficially used the 3-D seismic data acquired in other areas, 4) major new oil and gas activity has developed in the Brady field and to fully and effectively participate in this activity Wexpro needs to pay for a license to the 3-D seismic data.

3-D Seismic Program

The 3-D program consists of a NE-SW elongate block of data totaling approximately 54 square miles. It follows the structural trend of Brady and Brady North fields and is approximately 5 miles wide and approximately 10 miles long. The data was shot and gathered in a manner which will provide useful data from ½ second and deeper (approximately 3,000' and deeper). The data should be useful for seismic stratigraphy as well as structural interpretation from about 3,000' to about the Frontier formation and should be useful for structural interpretation below the Frontier formation. Prior to this 3-D program the only seismic data available was 2-D data of approximately early 1970's to early 1980's vintage. In some ways this early data impeded the further development of Brady field because it actually hid many of the subtle complexities of the field which are now being recognized. Although Union Pacific originally shot the 3-D seismic data to search for structurally controlled pressure compartments, the data has been used to interpret shallow faulting and stratigraphy in the Blair formation as well as give a better understanding of the detail complexity of the structure and its developmental history.

Recent Developments

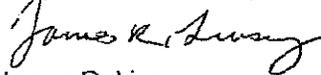
During 1997 Jackknife Springs Unit #5 was drilled and successfully completed in the previously underdeveloped Blair member of the Mesaverde formation. Drilling of this well was in part based on interpretation of the 3-D seismic data. A number of additional wells are planned based on this discovery. Also during 1997 the Brady #41 PH well was successfully drilled as a horizontal well in the also underdeveloped Phosphoria formation. This significant well will also be offset by additional wells.

Recommendation

Wexpro should purchase a license to the 54 square mile Union Pacific 3-D seismic data over Brady field. The cost to Wexpro for this data is \$302,720. This purchase is recommended so that Wexpro can fully evaluate for itself the technical merits of further development of the Blair, Phosphoria and possibly other formations in the Brady field area. It is hoped that a better understanding of the structural and stratigraphic complexities here will also help Wexpro better understand similar complex structures in other areas and perhaps better develop other fields which like Brady in 1993 are presently considered fully developed, but which potentially hold major currently unrecognized opportunities.

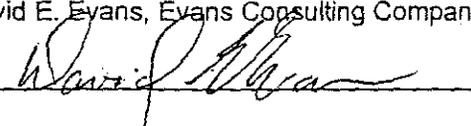
Please indicate your approval of the above discussed 3-D seismic data acquisition in the signature box below. Of course, should you wish to discuss this, please let me know.

Respectfully Yours, ,



James R. Livsey
Coordinator of Wexpro Agreement

Approved:
David E. Evans, Evans Consulting Company

By:  _____

Date: 3-5-98

cc: Darrell Hanson, Utah Division of Public Utilities