



WEXPRO COMPANY

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November 21, 1989

Mr. Darrell S. Hanson
Utah Division of Public Utilities
Heber M. Wells Building
160 East Third South
Salt Lake City, UT 84111

RECEIVED

JAN 10 1990

WEXPRO COMPANY
Utah Division of Public Utilities

Dear Mr. Hanson:

Re: Joint Account Overhead Fees Guideline Letter

We appreciate the many discussions which have led to a tentative settlement of the joint account overhead fees issue. By this letter Wexpro is proposing settlement language which we believe accurately sets forth the positions of both parties and the compromise nature of this settlement. We intend that this letter will be added to the other guidelines which will be eventually accumulated in a looseleaf.

Proposal:

The joint account overhead issue has been outstanding for some time. Proper accounting treatment for joint account overhead fees is not specifically identified by the Wexpro Agreement and is subject to interpretation. Wexpro has maintained that it is entitled to those fees. The Division of Public Utilities disagrees and has issued a notice of violation under the Wexpro Agreement. Without a resolution, the parties would arbitrate this issue under Section 9 of the Wexpro Stipulation.

For the purposes of settling this issue, effective January 1, 1987, (the beginning date of the Price Waterhouse audit period which identified this issue), Wexpro will include the joint account overhead revenues in its operator-service-fee gas calculation and its formula oil-sharing calculation.

By settling this longstanding dispute, the approving signatories to this letter acknowledge and agree that the consideration for the Settlement is a result of a compromise entered into in good faith and shall never for any purpose be considered an admission by Wexpro of faulty accounting procedures or interpretations under the Wexpro Stipulation and Agreement; and no past or present wrongdoing on the part of Wexpro may be implied from this Settlement.

Should you agree with this proposal, please have Mr. Johnson sign approval for the Division, have a Price Waterhouse partner sign for that entity and have this letter forwarded to Mr. Oxley for the Wyoming Staff. Please furnish one fully-executed original to Wexpro and the other parties or let us know and we will do it. Your cooperation in this regard will be appreciated.

Very truly yours,



Ruland J. Gill, Jr.
Managing Attorney

APPROVED:

APPROVED:

Frank Johnson 12-13-89
Division of Public Utilities (date)

Stephen Oxley 12.21.89
Staff of the Wyoming Public Service Commission (date)

APPROVED:

Samuel W. Campbell 1-4-90
Price Waterhouse (date)

- cc: G. L. Nordloh
- M. A. Howerton
- J. W. King
- Gary Myers, Price Waterhouse