



Wexpro Company  
180 East 100 South  
P.O. 45003  
Salt Lake City, UT 84145-0003  
Tel 801 324 2600 • Fax 801 324 2637

October 7, 2010

David Evans  
Evans Consulting Company  
2801 Stratford Drive  
Temple, Texas 76502-3078

Re: QEP Assignment of Sugarloaf Government #18 Marginal Well Interest to Wexpro


In accordance with the August 9, 2004 Wexpro Agreement Guideline Letter "regarding assignment of marginal intervals to Wexpro to facilitate Development Gas Drilling under terms of the Wexpro Agreement," Wexpro requests the Hydrocarbon Monitor's approval of a proposed assignment of QEP Energy Company's (QEP) interest in the lower Almond Formation in the Sugarloaf Government #18 well to Wexpro. Because of the high allocated drilling and completion costs, as well as the lack of "bailout" opportunity, QEP desires to relinquish and quitclaim its rights in the lower Almond Formation in this well to Wexpro for development under the terms of the Wexpro Agreement.

Currently Wexpro owns 100% working interest in the upper Almond Formation and a 0.0% working interest in the lower Almond Formation. QEP currently owns 100% of the lower Almond and has 0.0% working interest in the upper Almond Formation. There are no other WI partners in the well. In transferring these rights to Wexpro, QEP will retain a 7% ORRI on the interest transferred to Wexpro in the lower Almond Formation. Wexpro proposes, as has been done in other fields (Church Buttes, Island, Pinedale, and West Hiawatha), that if production from all combined zones in the well bore (including transferred interests from QEP) is sufficient to meet the Wexpro Agreement commerciality test under §I-20, then Wexpro will be entitled to earn on its entire investment in the well ("whole well method"). Total well cost is currently estimated to be approximately \$1.835 million for this well.

This letter applies only to the Sugarloaf Government #18 well. Any similar assignments of interest will require separate Hydrocarbon Monitor approval after appropriate review.

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I agree with the request of Wexpro to take assignment of the QEP interest (subject to QEP reserving a 7% ORRI) in the lower Almond Formation in the Sugarloaf Government #18 well in accordance with the August 9, 2004 Guideline Letter and recommend approval of this request.

  
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David E. Evans,  
President, Evans Consulting Co.

October 15, 2010  
Date