



Wexpro Company

180 East 100 South
P.O. Box 45003
Salt Lake City, UT 84145-003
Tel 801 324 2534 • Fax 801 324 2637

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

Re: QEP Assignment of the Lance Formation to Wexpro (Musser #35)

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's (QEP) working interest in the Cretaceous Lance Formation in the Musser #35 well to Wexpro. Because of the high allocated drilling and completion costs, lack of "bailout" opportunity and perceived risk for the Lance Formation, QEP desires to relinquish and quitclaim its rights in the Lance Formation in this well to Wexpro for development under the terms of the Wexpro Agreement.

Currently Wexpro owns approximately 100% working interest in the Tertiary Wasatch & Ft. Union Formations and a 0.0% working interest in the Lance Formation. In transferring these rights to Wexpro, QEP will retain a 7% ORRI on the interest transferred to Wexpro in the Lance. 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 \$1.95 million for this well.

I agree with the request of Wexpro to take assignment of the QEP interest (subject to QEP reserving a proportionally reduced 7% ORRI) in the Lance Formation in the Musser #35 well in accordance with the August 9, 2004 Guideline Letter and recommend approval of this request.

David E. Evans,
President, Evans Consulting Co.

3-18-2011

Date