

**April 6, 2016
Questar Gas
IRP Workshop**

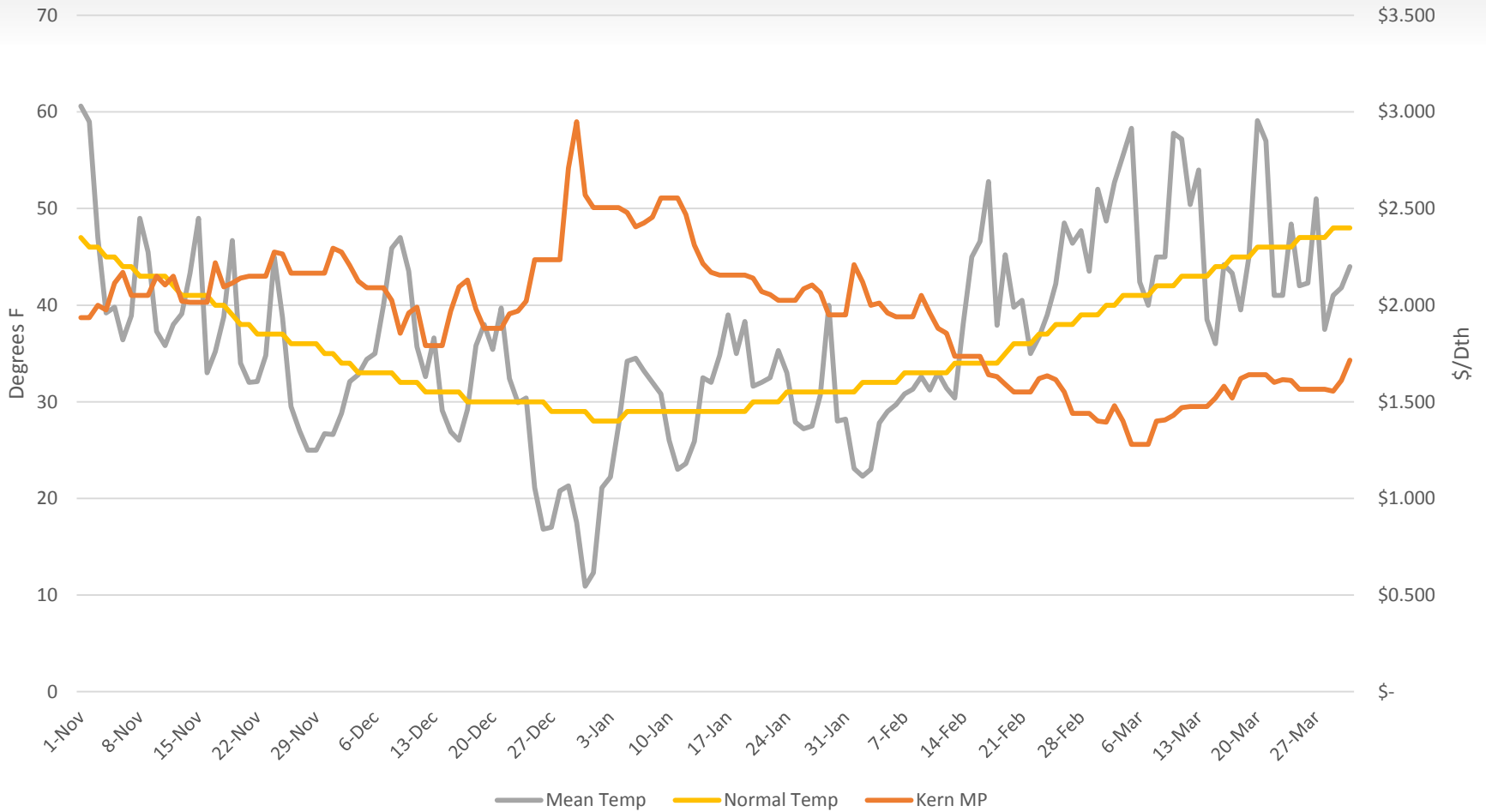
Agenda

- Heating Season Review
- Wexpro – Cost of Service Reporting
- Wexpro Drilling Plan (5 Yr forward curve)
- Upstream Transportation Contracts

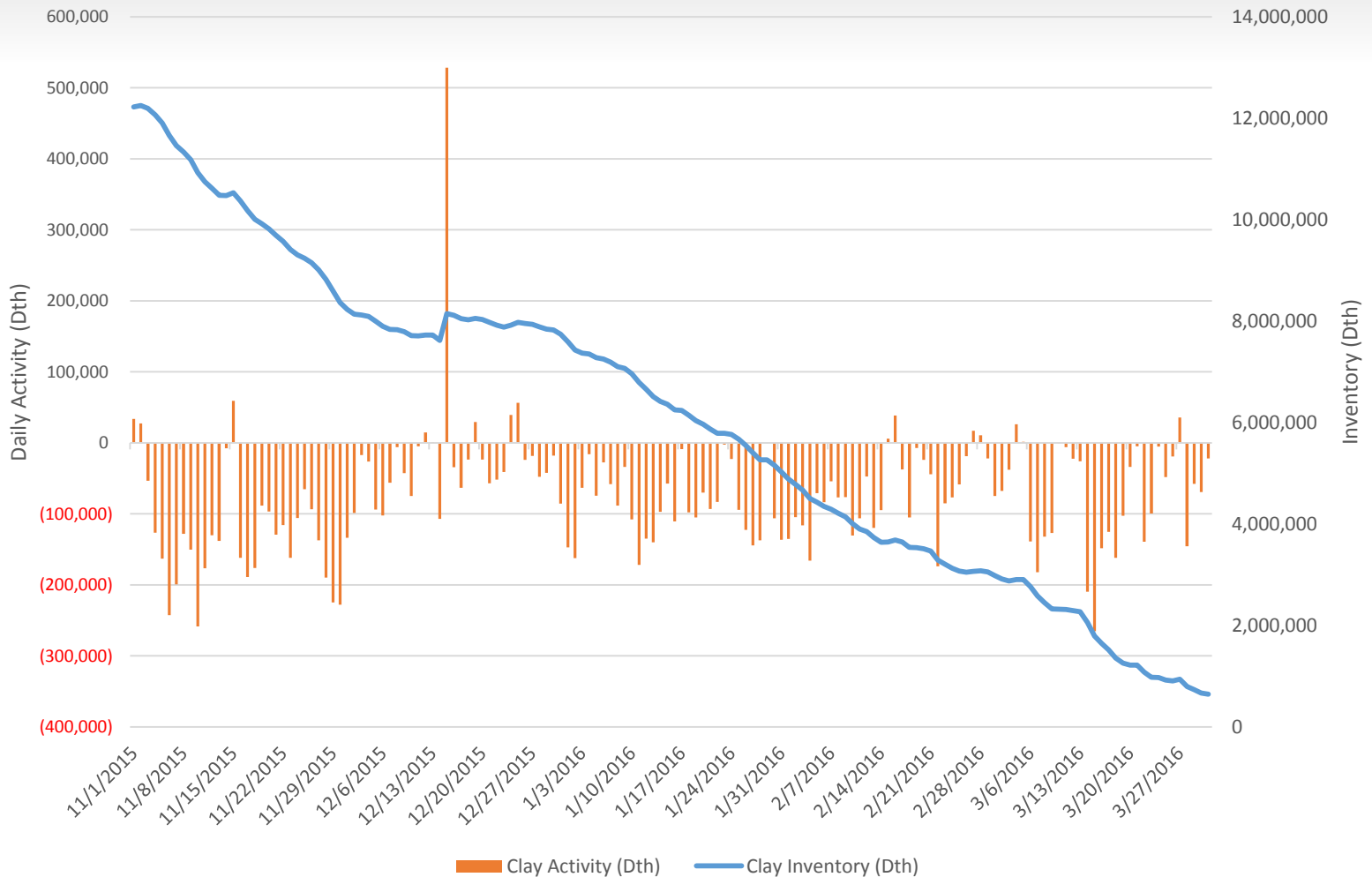
Heating Season Review

Prices and Temperatures

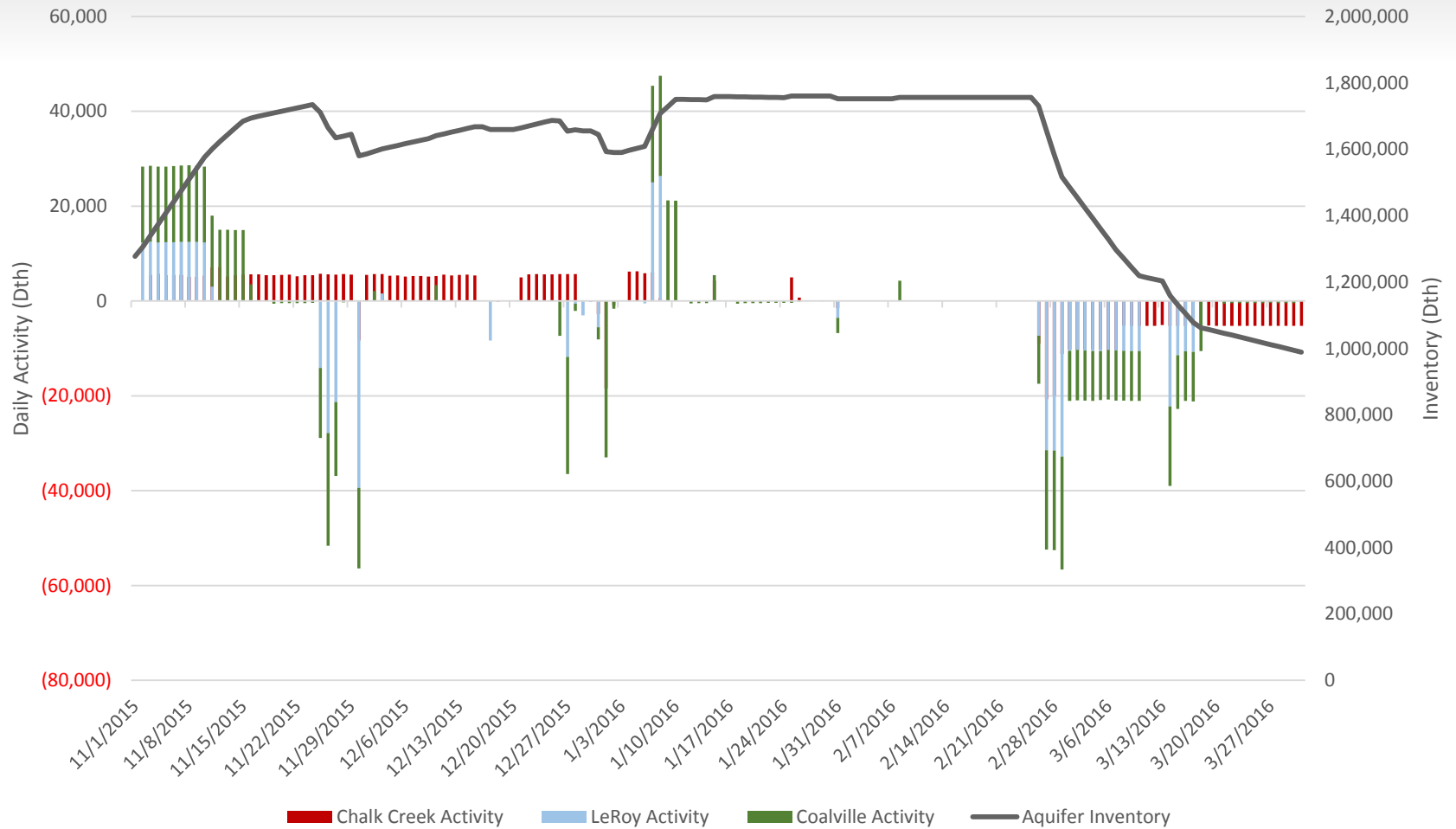
'15-'16 Heating Season - Price and Temps



Clay Basin Activity



Aquifer Activity



Cost of Service Gas Reporting

Items to Report

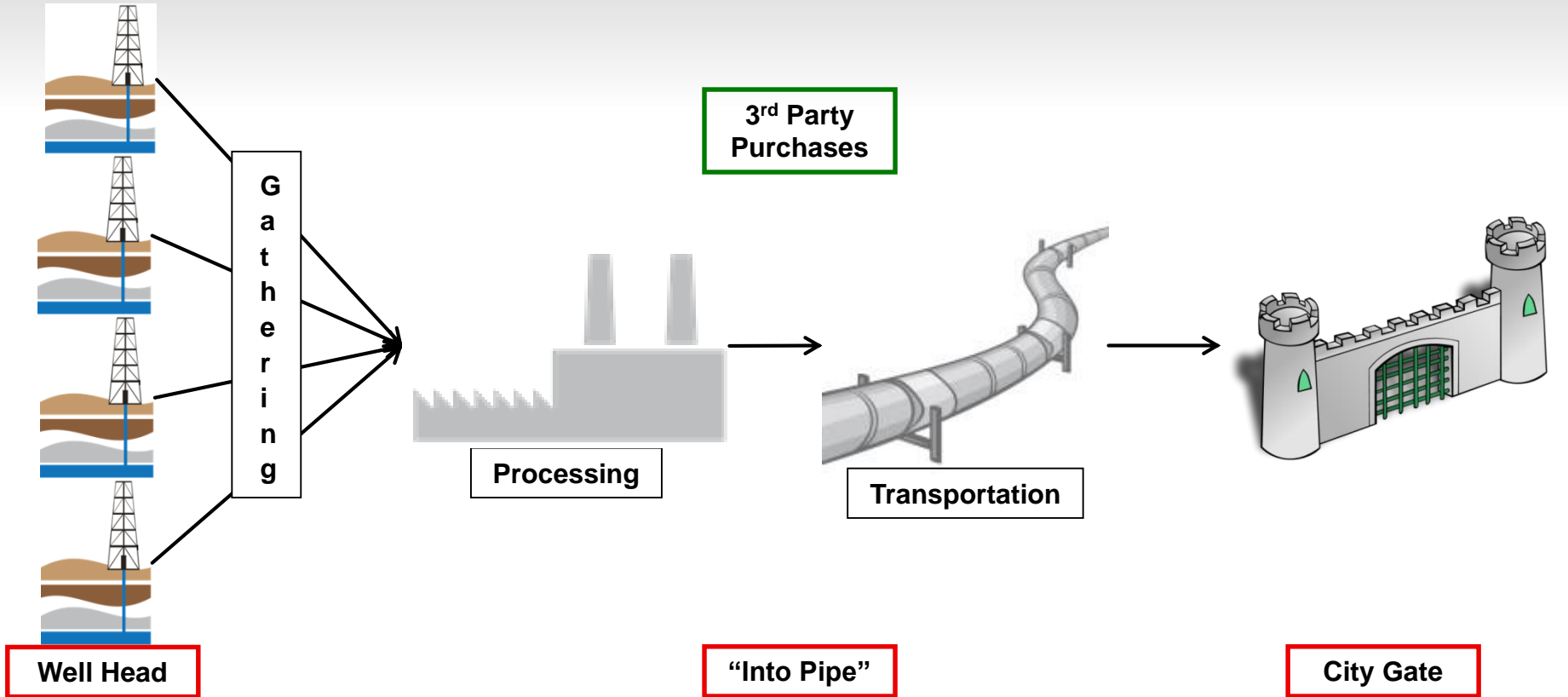
- 65% Calculation “Each year in June, the Company will calculate the actual cost-of-service production that has been recorded in the 191 Account for the previous IRP plan year.”
 - Order Approving Trail Settlement Stipulation
- “Questar shall file the...Wexpro COS gas cost detail both monthly in conjunction with its monthly financial reports and quarterly in its IRP quarterly variance reports.”
 - Order Approving Canyon Creek Settlement Stipulation

Items to Report

- Costs – Operator Service Fee costs passed on to Questar Gas Customers through the 191 Account

- Volumes – measurements at three locations
 - Wellhead
 - Production forecast in IRP
 - Actual Production in IRP variance report
 - Annual June Reports (numerator in 65% and 55% calculations)
 - Into-pipe
 - Used to calculate the cost per decatherm of cost-of-service gas
 - Actual price comparison in IRP variance report
 - Comparable to purchased gas
 - City Gate
 - Annual June reports (denominator in 65% and 55% calculations)

Production Supply Chain



Used to Report:

1. IRP Production Forecast
2. Actual Production in IRP Variance
3. Annual June Reports (numerator in 65% and 55% calculations)

Used to Report:

1. Cost per Dth of Cost of Service gas
2. Actual price comparison in IRP variance report

Used to Report:

1. System demand (denominator in annual 65% and 55% calculations)

Wellhead Volumes

Calculation of Wellhead Volumes

Total Production through Well

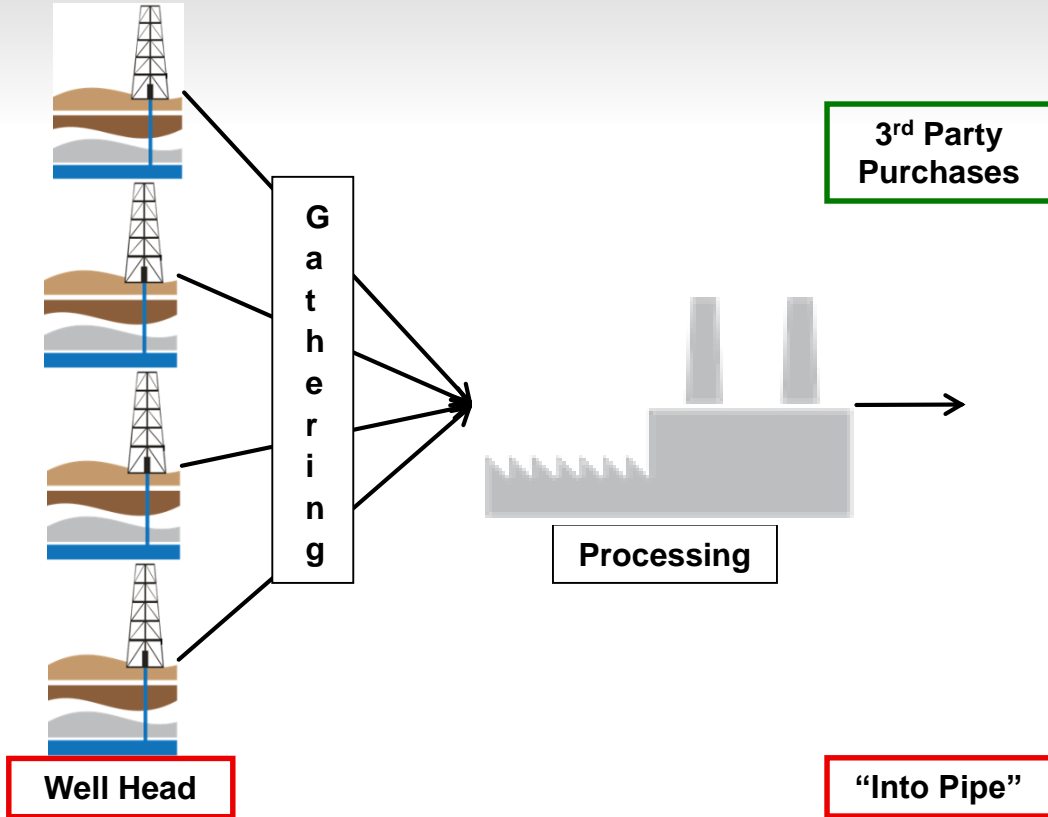
(-) Partner Share of Gas

(-) Lease and Other Fuel

(-) Off-system Sales

Total Wellhead Production Available

Production Supply Chain



Used to Report:

1. IRP Production Forecast
2. Actual Production in IRP Variance
3. Annual June Reports (numerator in 65% and 55% calculations)

Used to Report:

1. Cost per Dth of Cost of Service gas
2. Actual price comparison in IRP variance report

Into-Pipe Volumes

Calculation of Into-Pipe Volumes

Total Production through Well

(-) Partner Share of Gas

(-) Lease and Other Fuel

(-) Off-system Sales

Total Wellhead Production Available

(-) Gathering Fuel

(-) Lost & Unaccounted For

(-) Compressor Plant Fuel

(+/-) Imbalances

Total Into-Pipe Volume

Into-Pipe Volumes

- Refinements of into-pipe calculations
 - Prior to 2011 uses estimated 3.8% reduction from wellhead volumes to into-pipe volumes
 - 2nd Quarter 2015 IRP variance began using actual volume reported on Questar Pipeline invoice to Questar Gas
 - Applied from 2011 to present
 - Invoice shows confirmed quantity – amount of gas delivered to the Pipeline for Questar Gas
 - Includes gathering imbalances
 - 3rd Quarter 2015 IRP Variance – gathering imbalances will be deducted
 - QGC and Wexpro will continue to monitor and report results

Recently Added to Monthly Accounting Documents

WEXPRO Consolidated		2/29/2016	2/29/2016
Account	Description	Actual	TTM Total
813001	Wexpro Operating Service Fee	\$ 26,578,350	\$ 313,195,600
495018	Wexpro Oil Sharing	-	-
495007	Overriding Royalties	(845,638)	(10,784,938)
758000	Royalties	2,195,582	28,040,311
490001	Sale of Extracts	(281,543)	(3,830,683)
492003	Crude Oil Revenue	(3,668)	(32,375)
492004	Condensate Revenue	(124,150)	(1,132,219)
483000	Sale for Resale	(98,299)	(3,418,696)
758001	Condensate Royalties	28,021	185,331
758002	Y Grade Oil Royalties	32	(21,308)
758004	Crude Oil Royalties	509	4,398
403/404	Depreciation	79,275	628,333
101/108/111	Pretax Return on Rate Base	45,942	580,213
813003	Processing	85,288	1,010,440
759000	Gathering	1,992,090	22,218,375
	Total Cost of Wexpro Gas	\$ 29,651,790	\$ 346,642,782
	Wexpro Into Pipe Volumes (Dth)		68,576,349
	Wexpro COS Into Pipe Price/Dth		5.05

Ties to Monthly 191
Summary
“ACCTWRKS” page

Prior Company wells on
QGC Books – see QGC
Financials

Wexpro 2016 Drilling Plans

Drilling Schedule

REDACTED

Hydrocarbon Monitor Review

REDACTED

Mesa/Pinedale PA-C Program

REDACTED

Mesa/Pinedale PA-C Average Well Decline

REDACTED

Mesa/Pinedale PA-C COS Test (12/15/15)

REDACTED

Mesa/Pinedale 5 Yr COS vs 5 Yr Rx Strip

REDACTED

Data collection wells

REDACTED

Average Well ARIES Decline: Vermillion 2016 Program

REDACTED

Vermillion COS Test (2/8/16)

REDACTED

Vermillion 5 Yr COS vs 5 Yr Rx Strip

REDACTED

Upstream Transportation Contracts

Firm Capacity Strategy

REDACTED

New Kern River Contract #1534

REDACTED

Kern River Contract #1715

REDACTED

Northwest Pipeline #139525

REDACTED

Questar Pipeline – Clay Basin #988

REDACTED

Questar Pipeline – #241

REDACTED

Peak Hour Issue - Update

REDACTED

Questions?