

FERC Proceedings on Gas Quality

Potential Action at the FERC

Gas Quality Issues at the FERC

- ◆ High Heating Value (HHV) - Interchangeability
- ◆ Hydrocarbons / Liquid Fallout - Gas Quality

Many FERC Cases Since 1998

Main Issues:

- ◆ Proposed pipeline tariff or contract provisions to accommodate (HHV) LNG supplies.
- ◆ Proposed tariff changes or complaints about pipeline practices attempting to restrict wet gas by limiting hydrocarbon dewpoint (HDP) levels.
- ◆ Proposed tariff changes to meet specifications of interconnecting pipelines.
- ◆ Natural Gas Interchangeability Docket PL04

The Interchangeability Docket

- ◆ February 18, 2004 Conference
- ◆ Competing interests of interstate pipes, producers, LNG importers, LDC's, direct connect customers
- ◆ FERC clearly pro LNG (and other new supply sources) in reaction to the National Petroleum Council study
- ◆ Natural Gas Council proposed to study the two main issues, Gas Quality / Interchangeability

Natural Gas Council Efforts

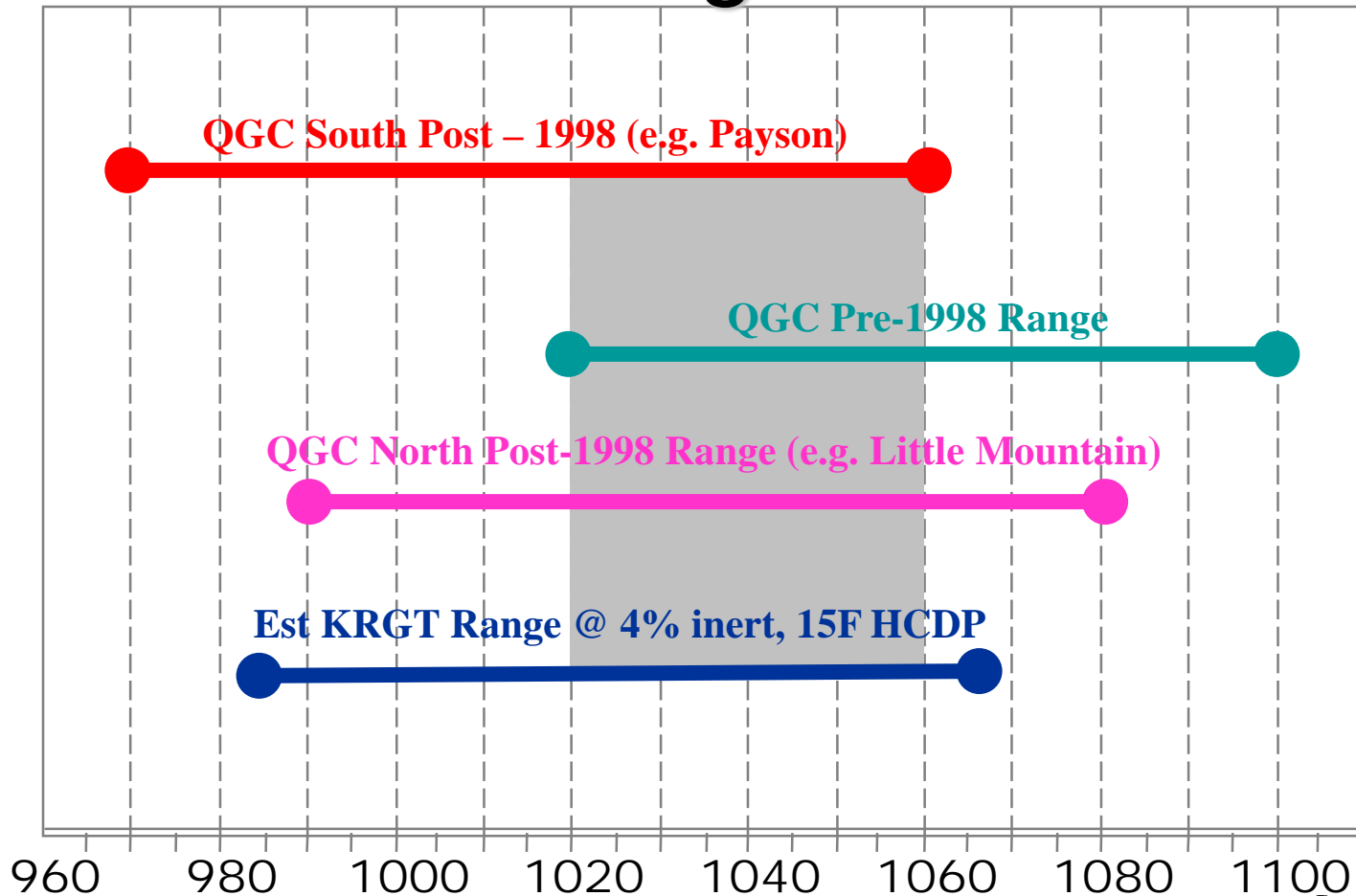
AGA, INGAA, NGSAA, IPAA and other stakeholders

1. Quality issues

- HDP Levels (Liquid Fallout)
- HDP Measurement (Cricondentherm)

2. Interchangeability issues - How do we get LNG / coal seam gas and traditional gas sources to flow nationally (WOBBE Index)

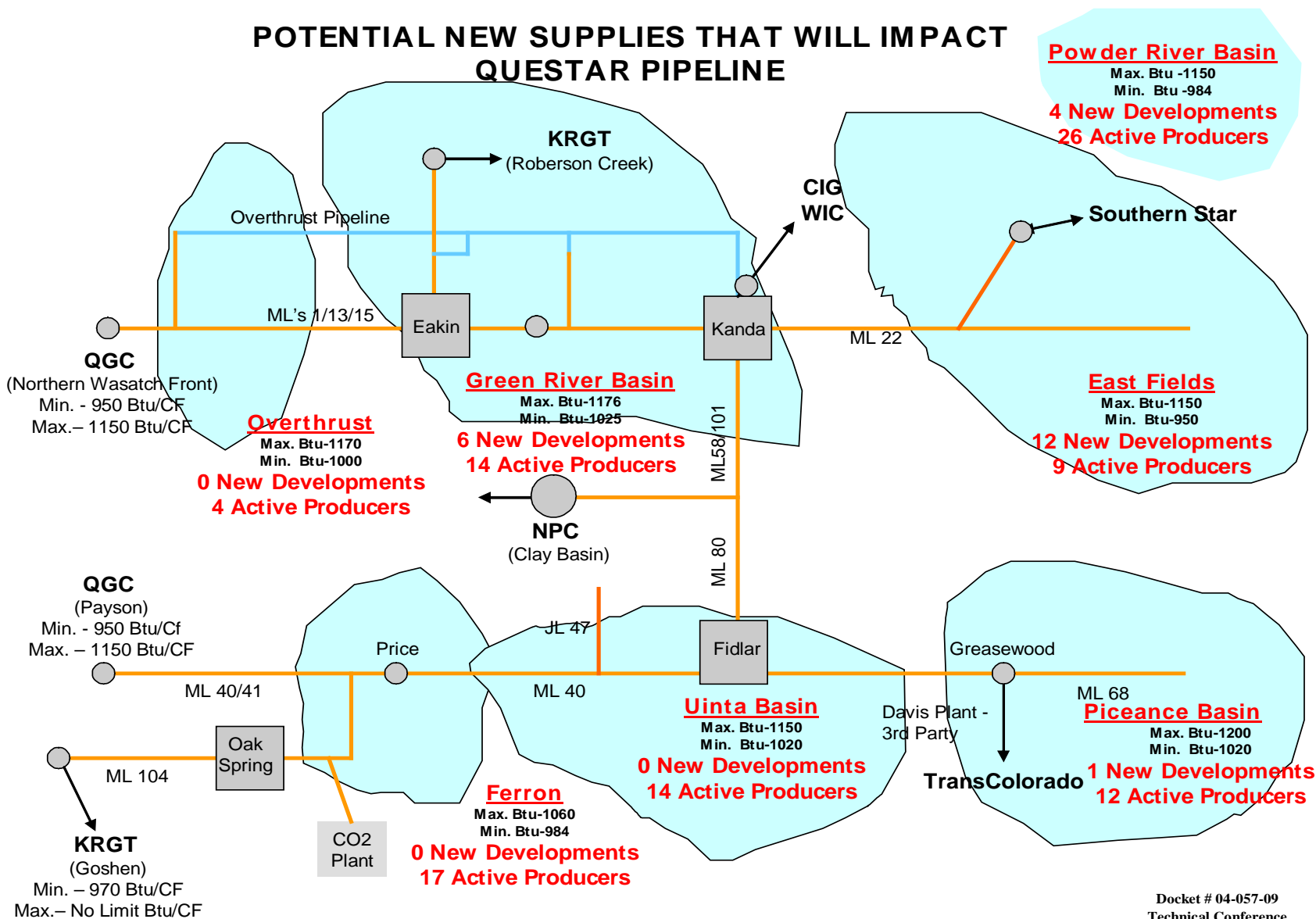
Approximate Interchangeability Ranges



BTU

Docket 04-057-09
October 21, 2004

POTENTIAL NEW SUPPLIES THAT WILL IMPACT QUESTAR PIPELINE



Docket # 04-057-09
 Technical Conference
 October 21, 2004

Docket 04-057-09
 October 21, 2004

Discussion of Potential FERC Proceeding

1. Who would an action be filed against?
 - QPC
 - Kern River
2. What relief would be requested?
 - 1020° - 1060° BTU (interchangeable interim)
 - 990° - 1060° BTU (later in time)
 - Exclude specific sources of gas that don't assure QGC can meet these requirements
3. Who would bring an action?

Questar Gas Position Points

1. There is little likelihood of a favorable outcome at the FERC.
2. There is a substantial risk of unintended adverse results, e.g. company owned production may be restricted unless processed.
3. Any FERC action should be pursued against both Kern River and Questar Pipeline and the requested relief should be an assurance that gas delivered to Questar Gas meets its interim and prospective interchangeability ranges.
4. Someone other than Questar Gas should bring any FERC action.