

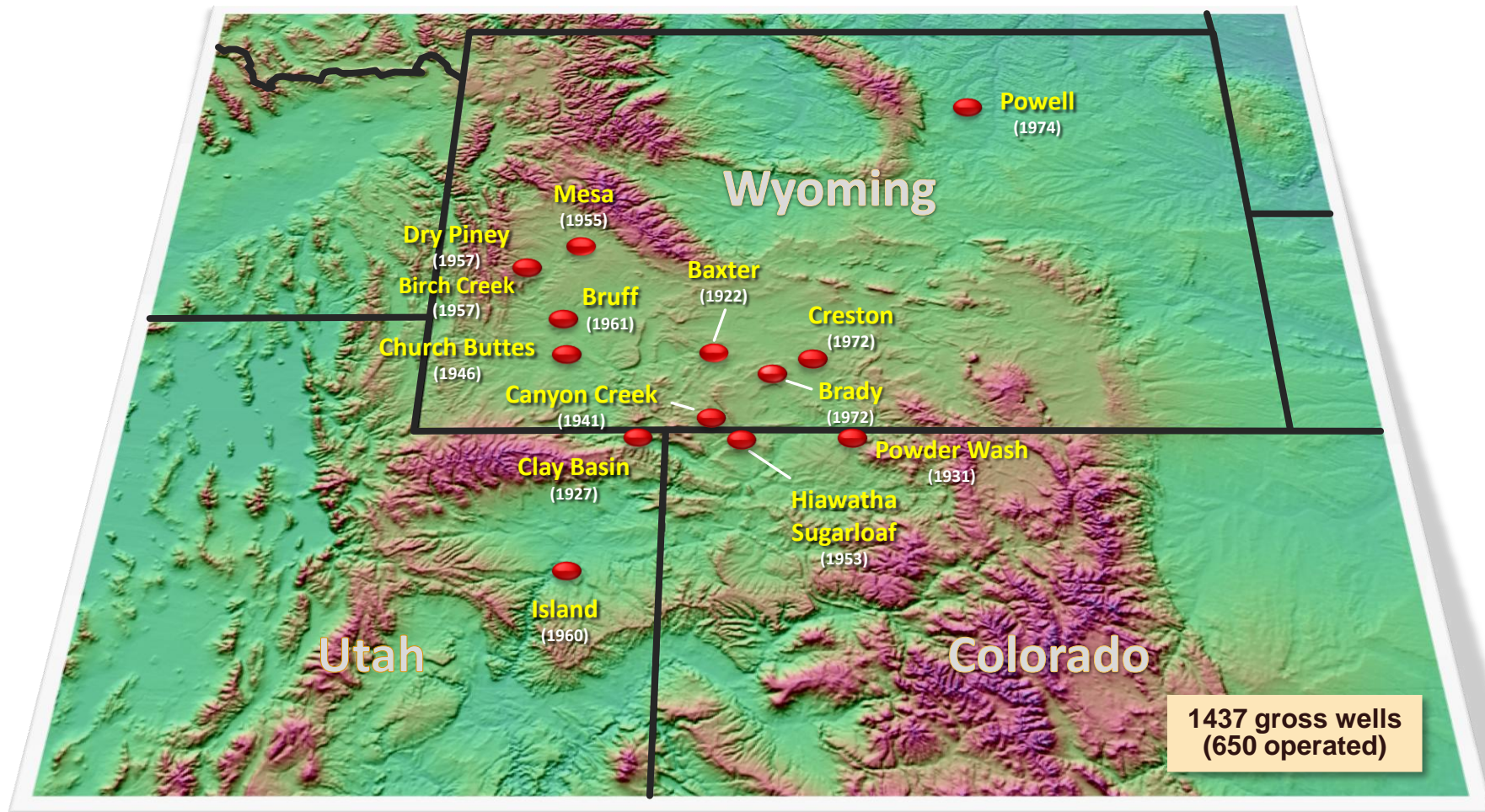
Wexpro Review

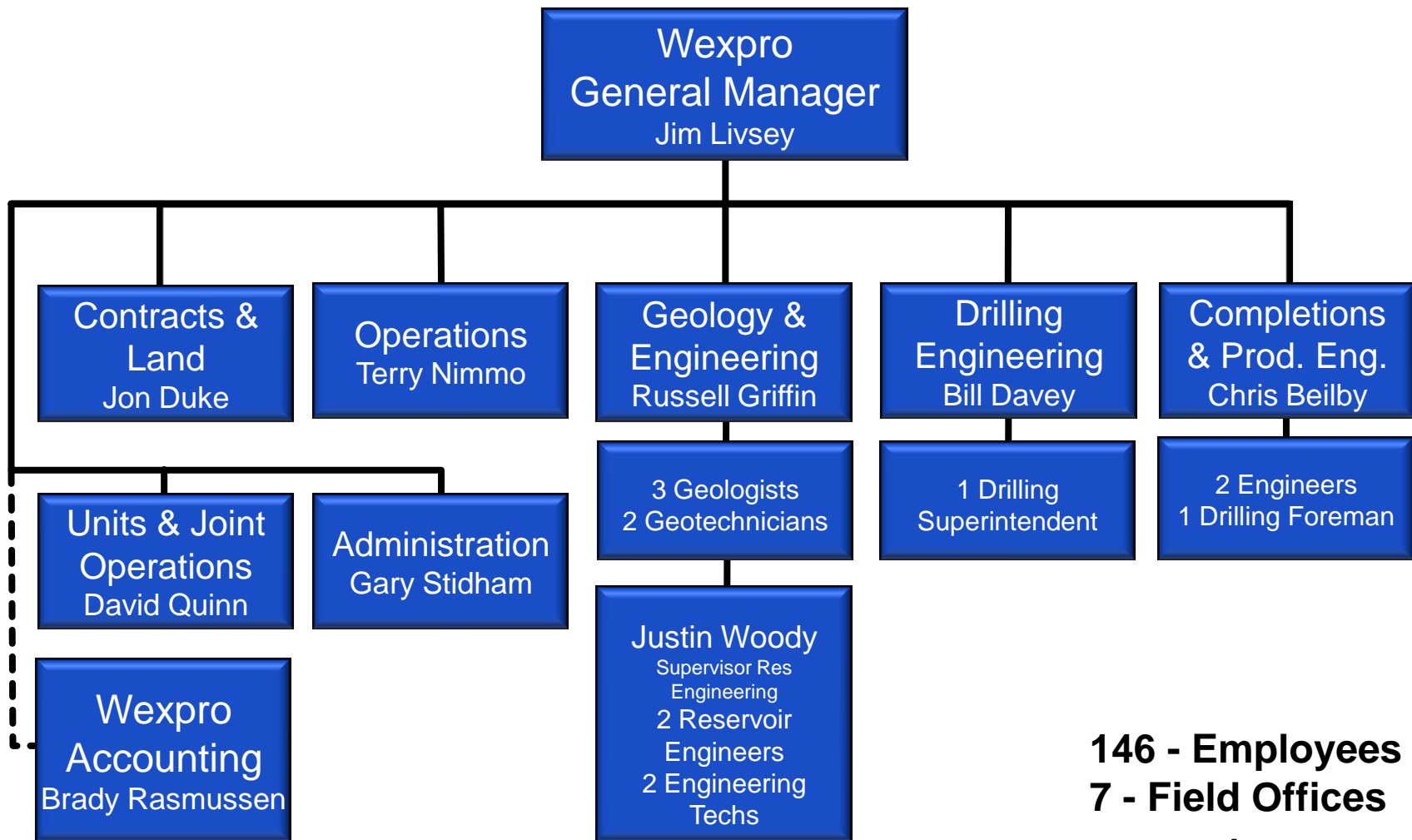
Utah Public Service Commission

September 21, 2010

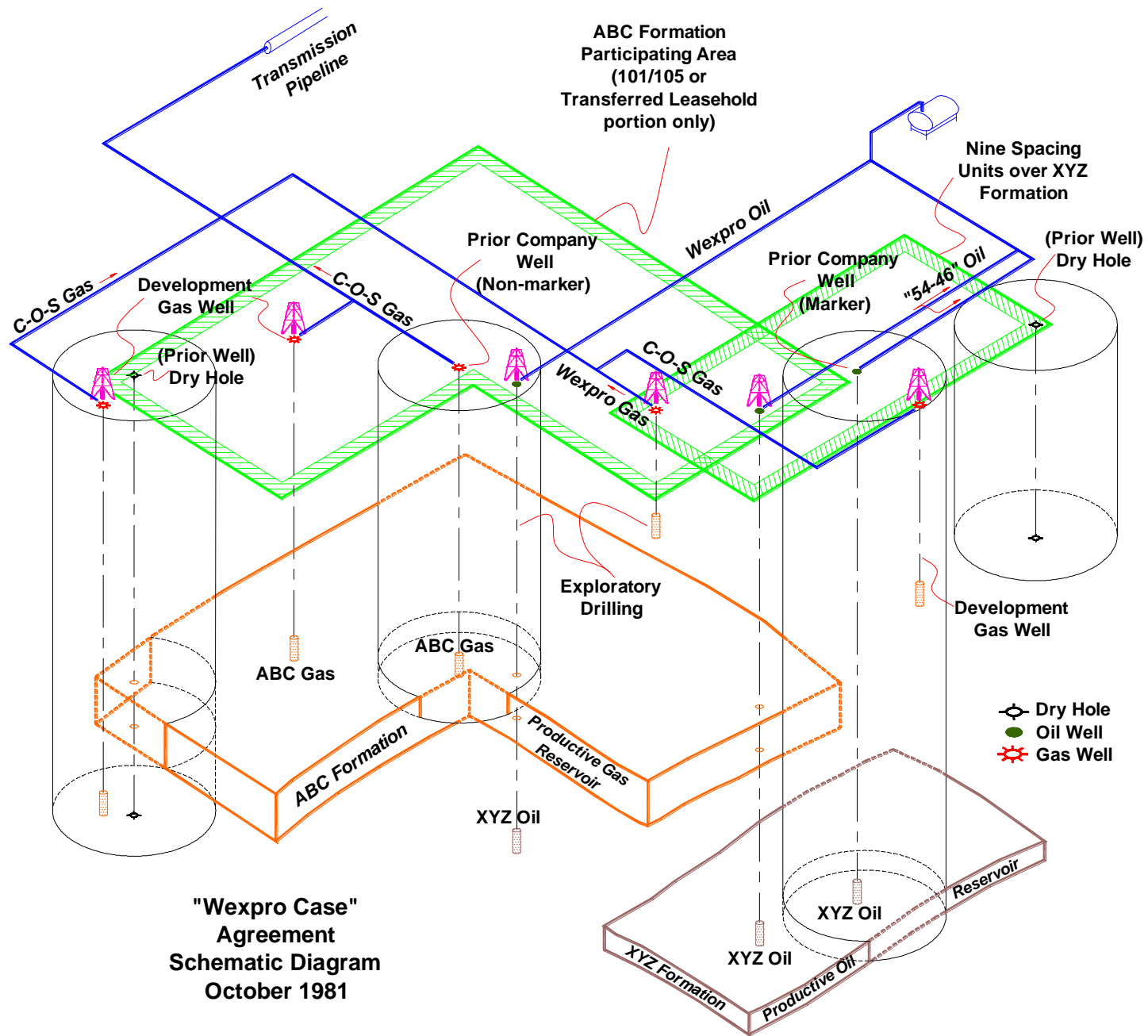


Wexpro operates in WY, UT, and CO

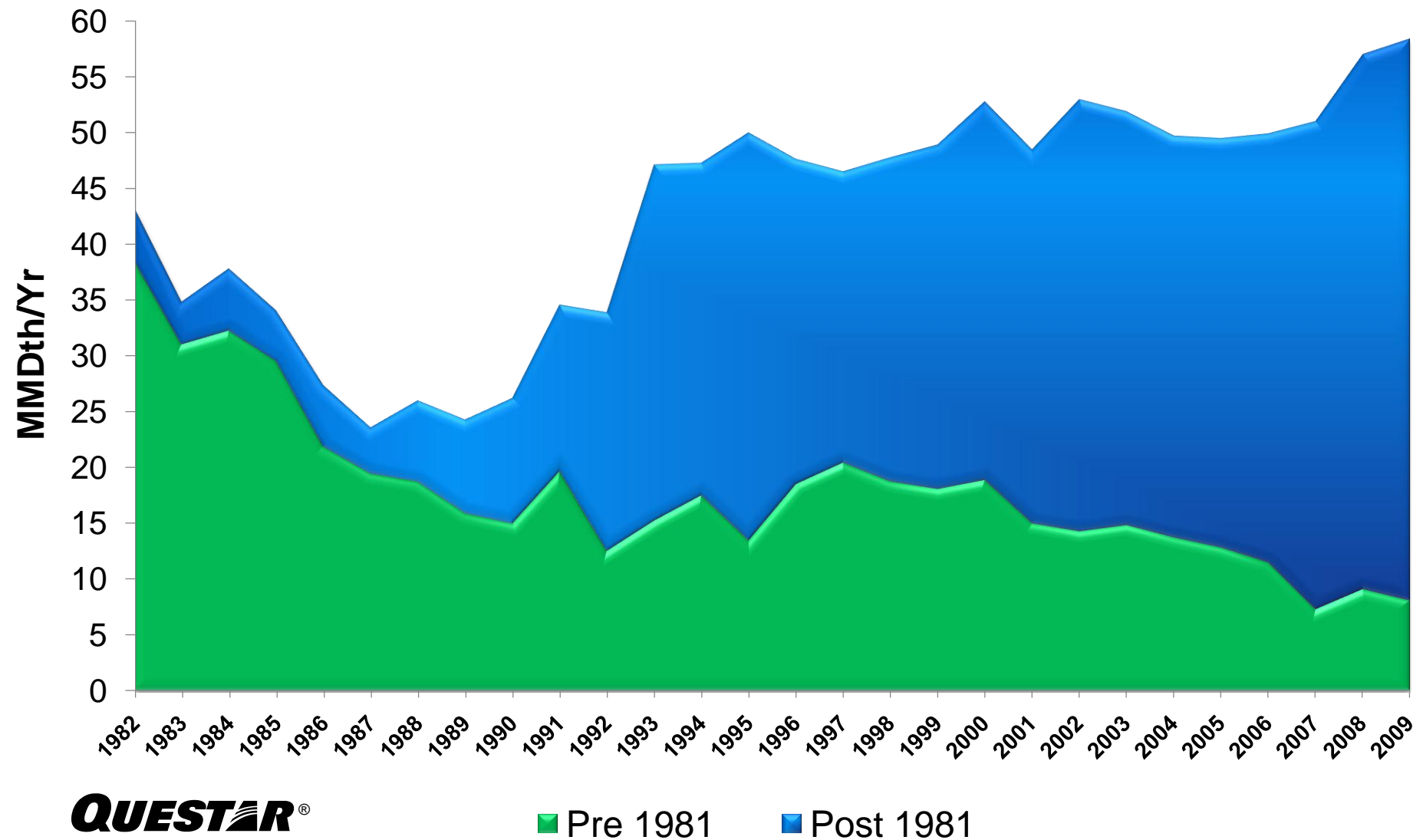




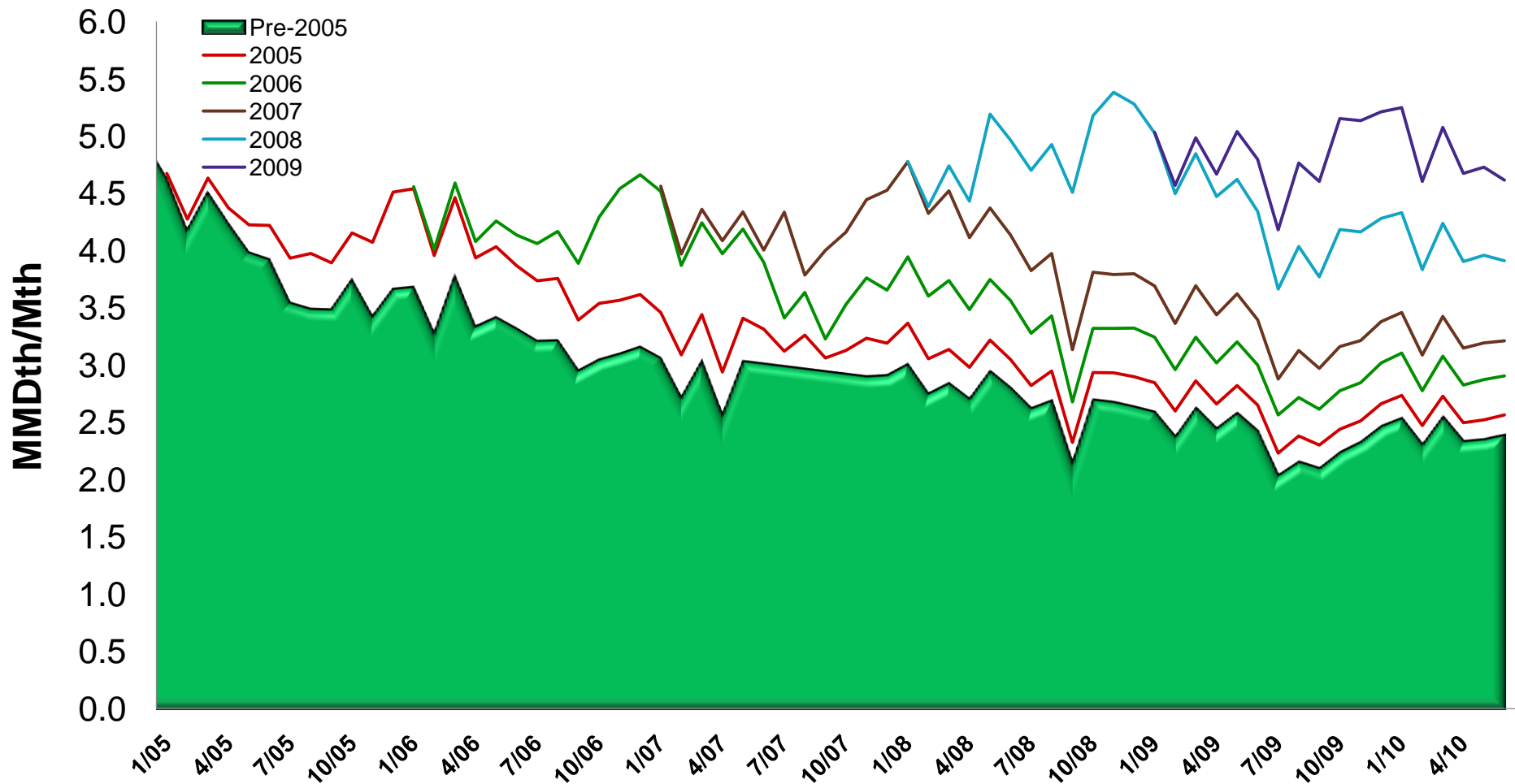
146 - Employees
7 - Field Offices
+
Rock Springs & Salt Lake City



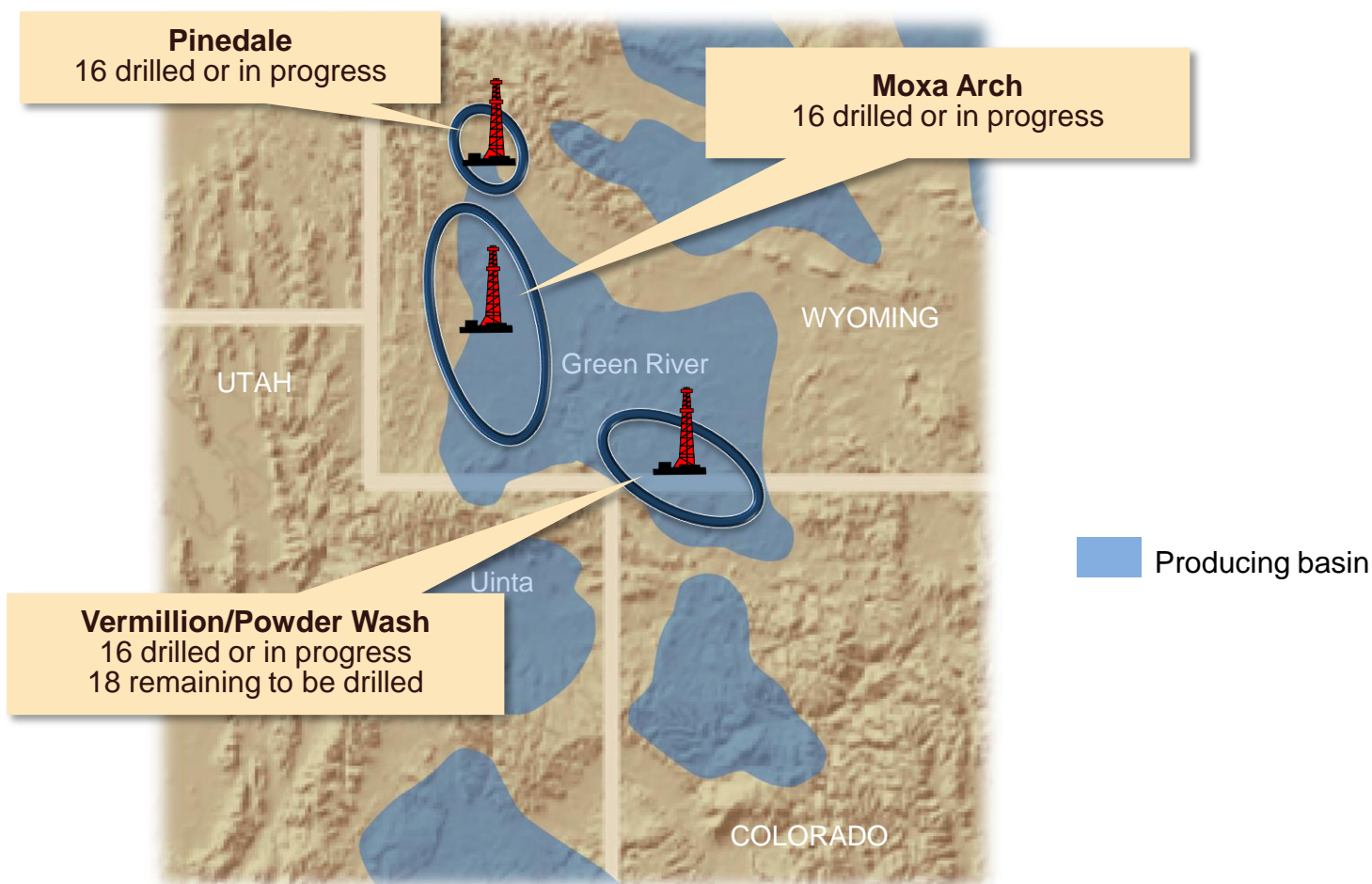
Wells drilled since 1981 make up most of Wexpro's current production



New drilling is required each year to maintain production at a constant level

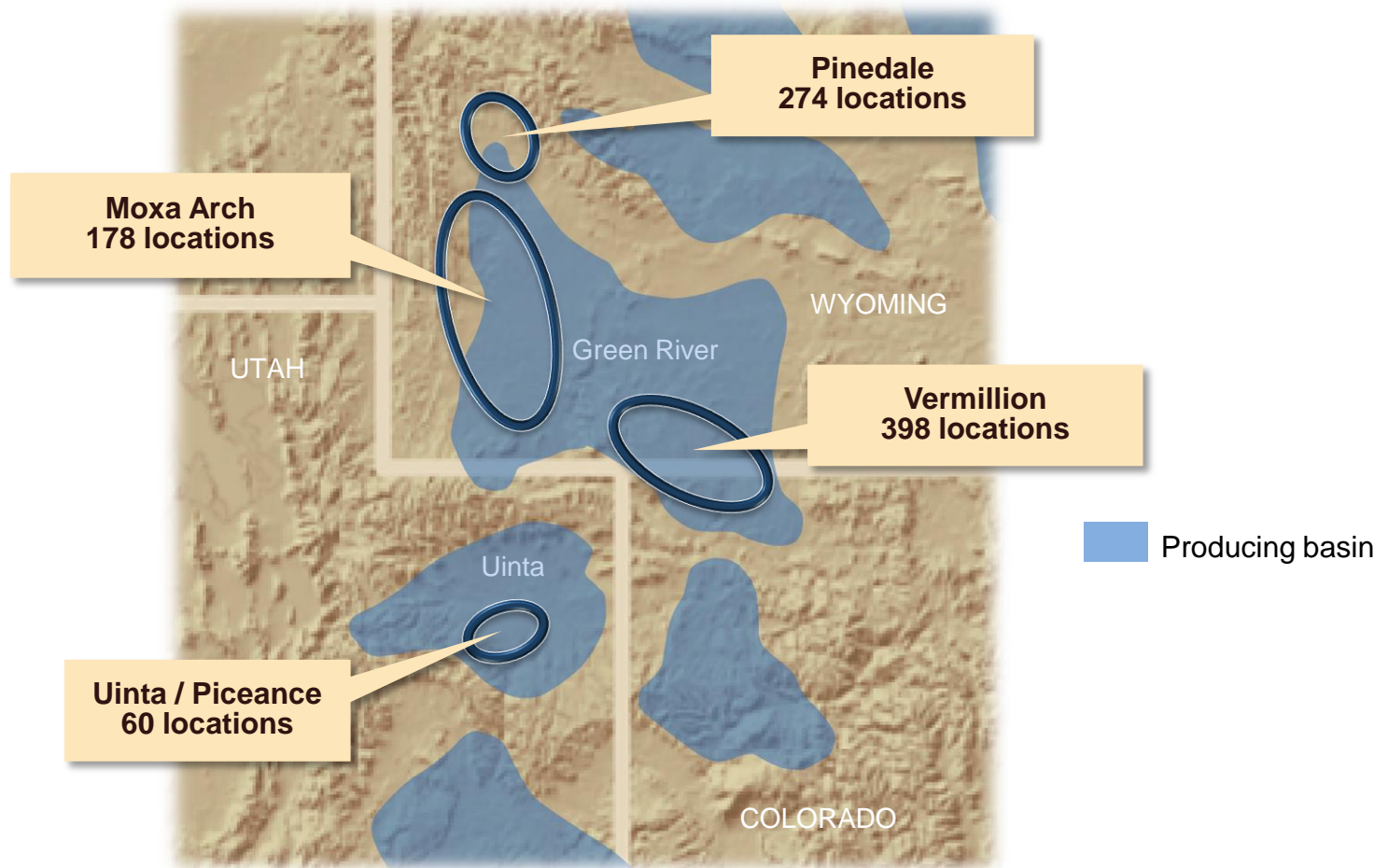


2010 Wexpro Drilling Program



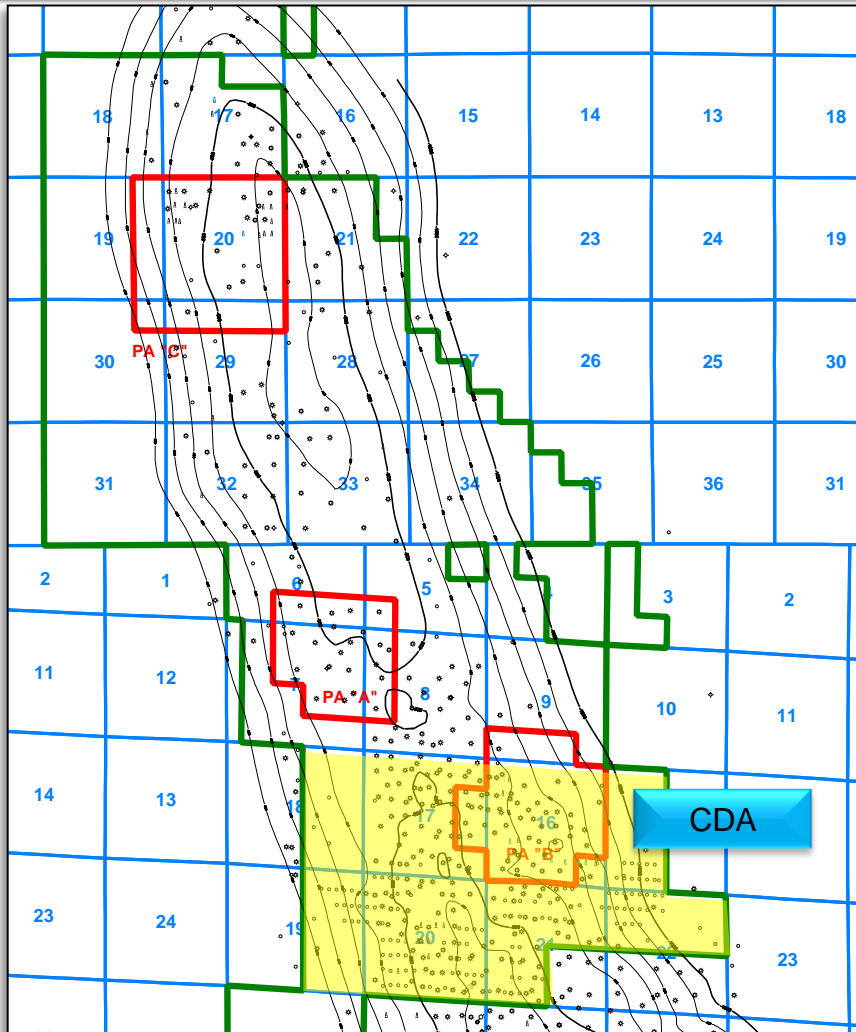
52 wells anticipated in 2011
4 horizontal (preliminary estimate)
(9 Mesa wells spud in 2010, TD in 2011)

Wexpro has a significant inventory of drilling opportunities



Over 900 identified yet to be drilled new locations

Pinedale provides a solid platform for long-term growth



130 current producing wells

Average completed well cost
\$4.25MM – trending lower

SEIS provides for:

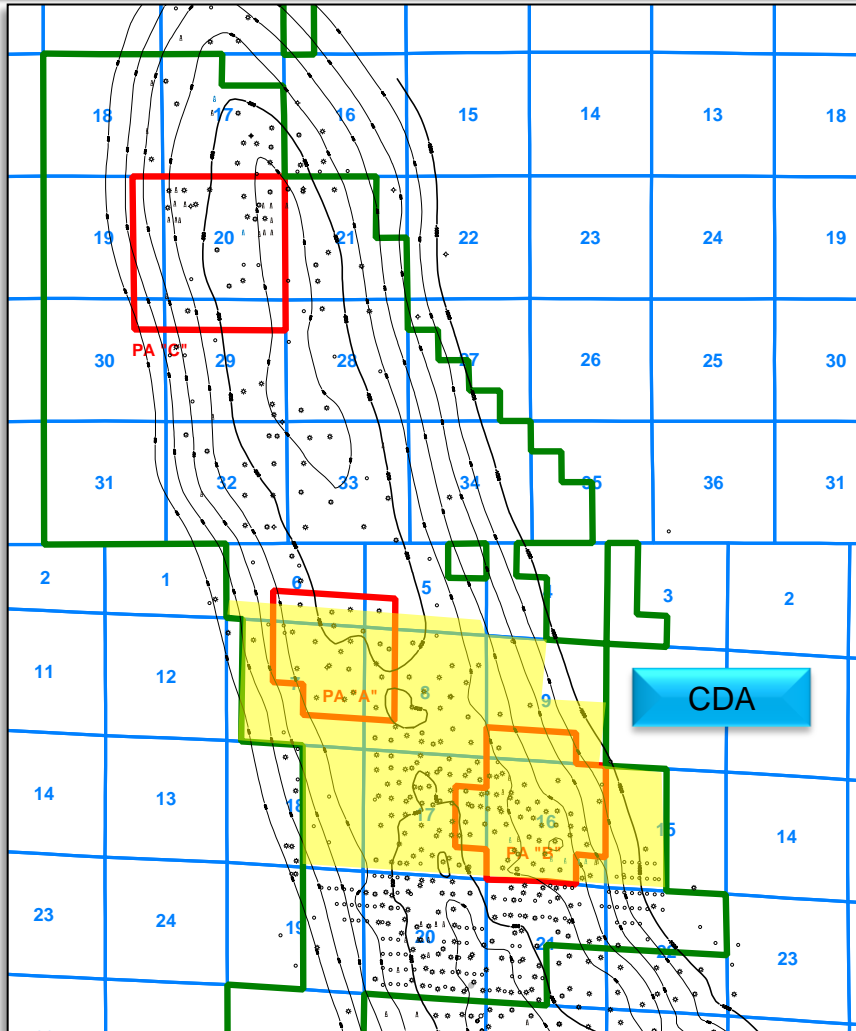
6 sq mile CDA (Concentrated
Development Area)

South to north movement

Once on pad - stay on a pad –
not to return

Reclaim as you go

Pinedale provides a solid platform for long-term growth



130 current producing wells

Average completed well cost
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SEIS provides for:

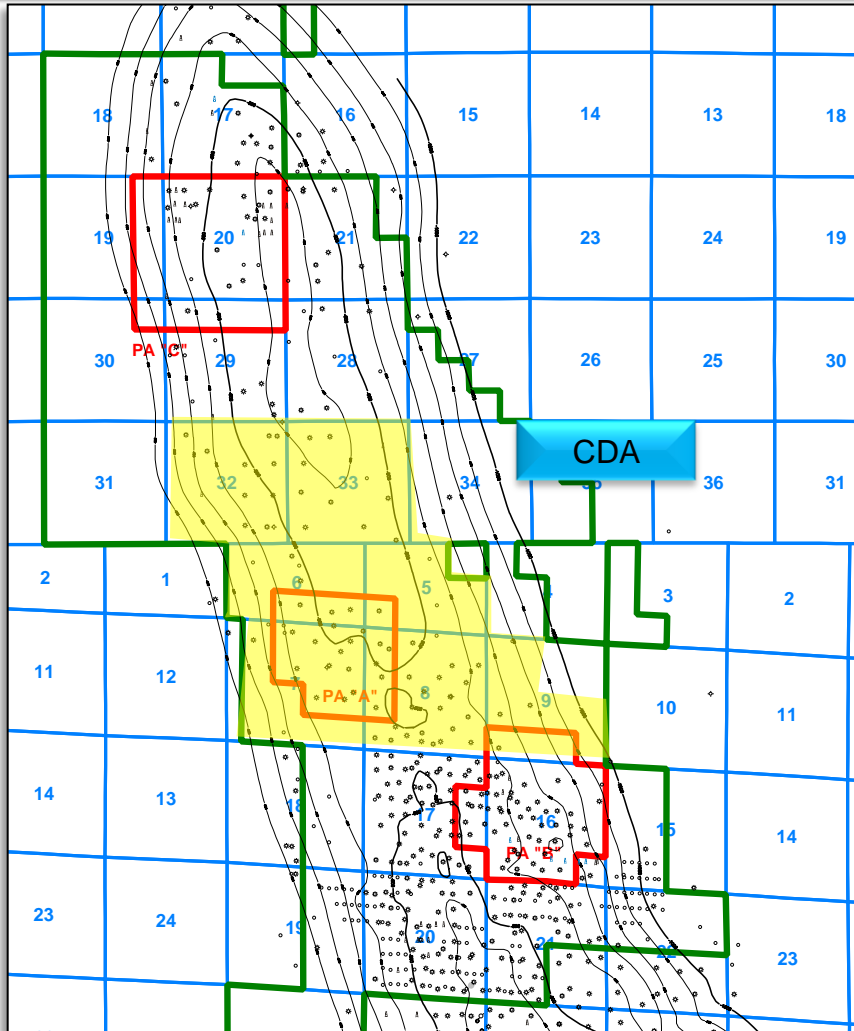
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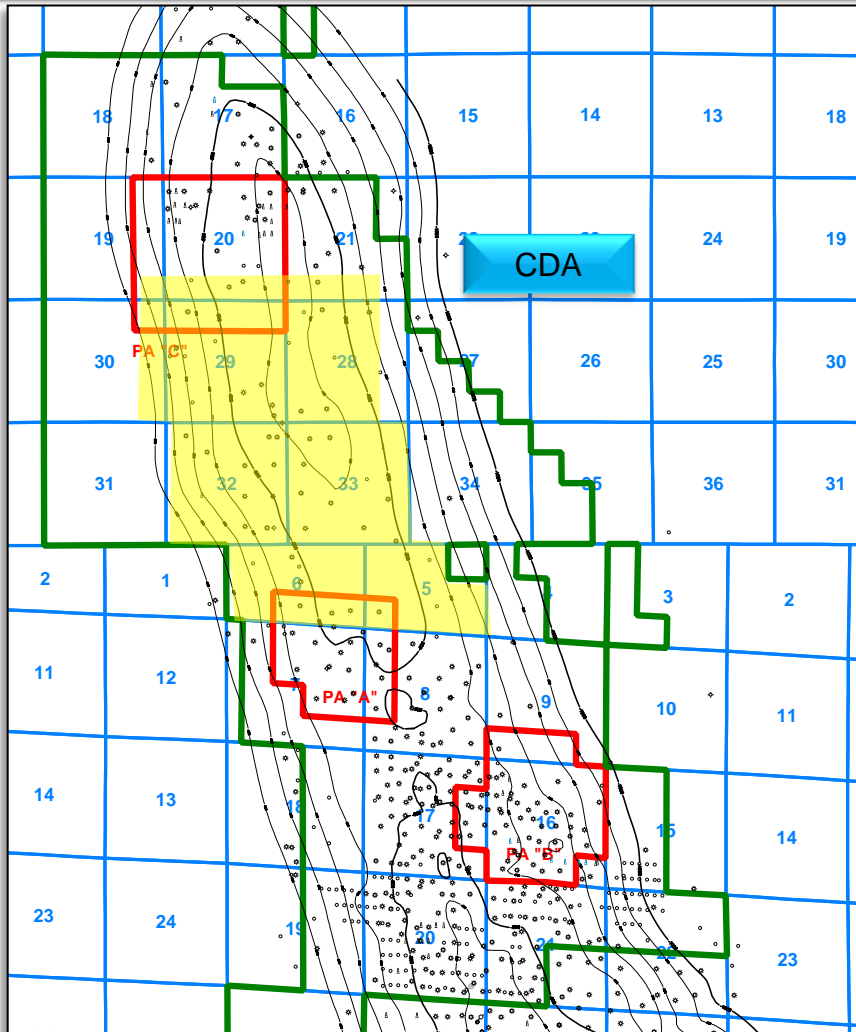
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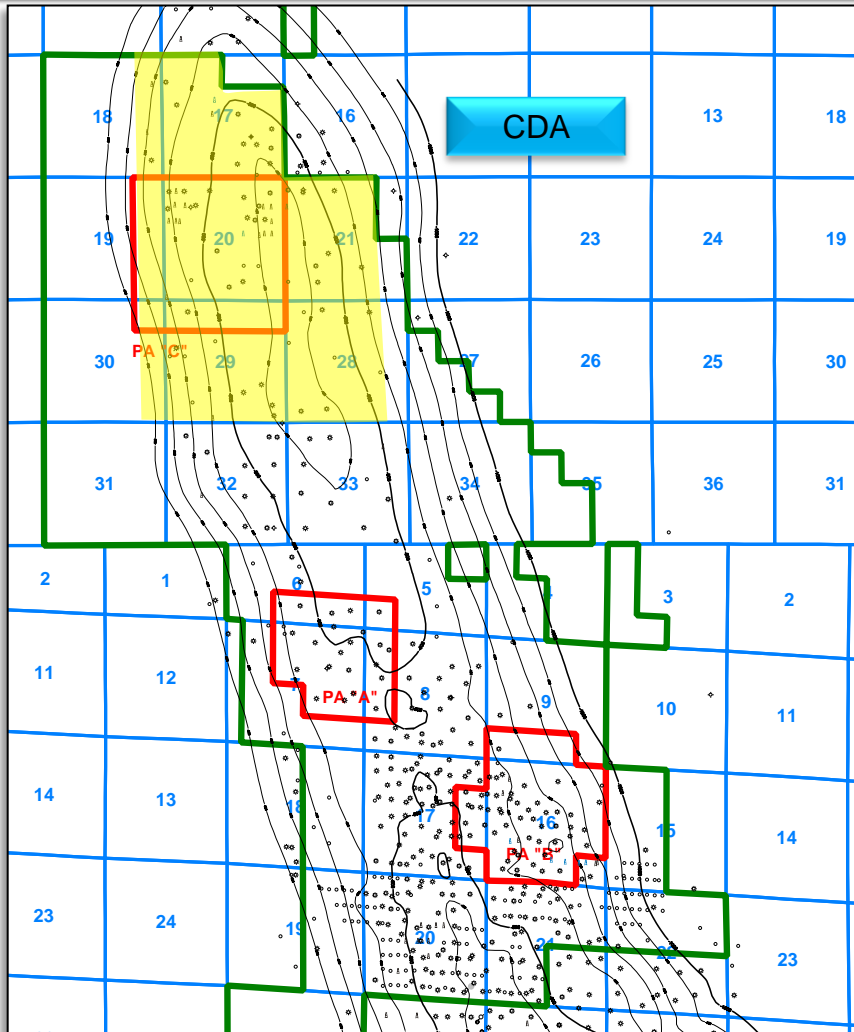
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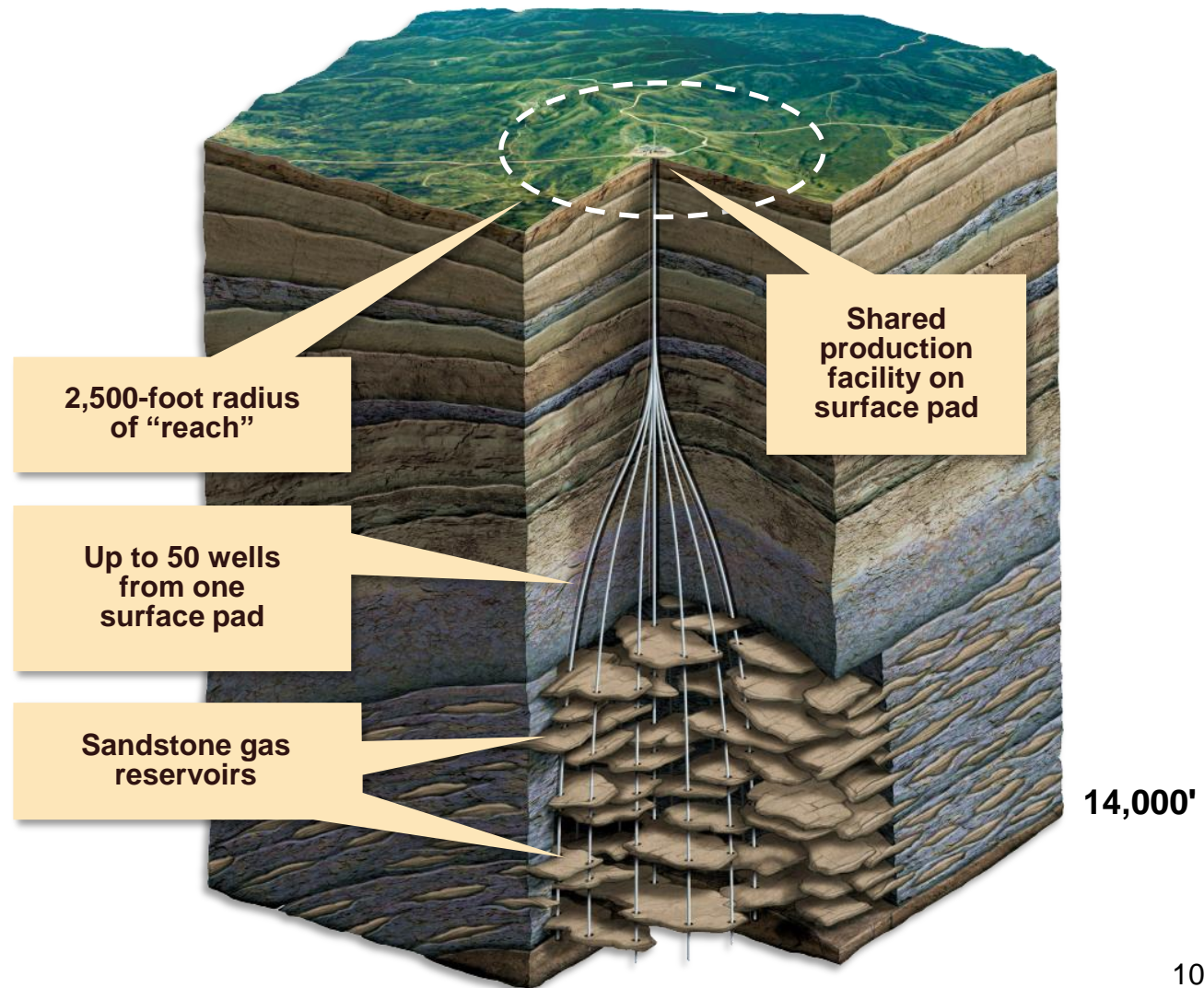
South to north movement

Once on pad - stay on a pad –
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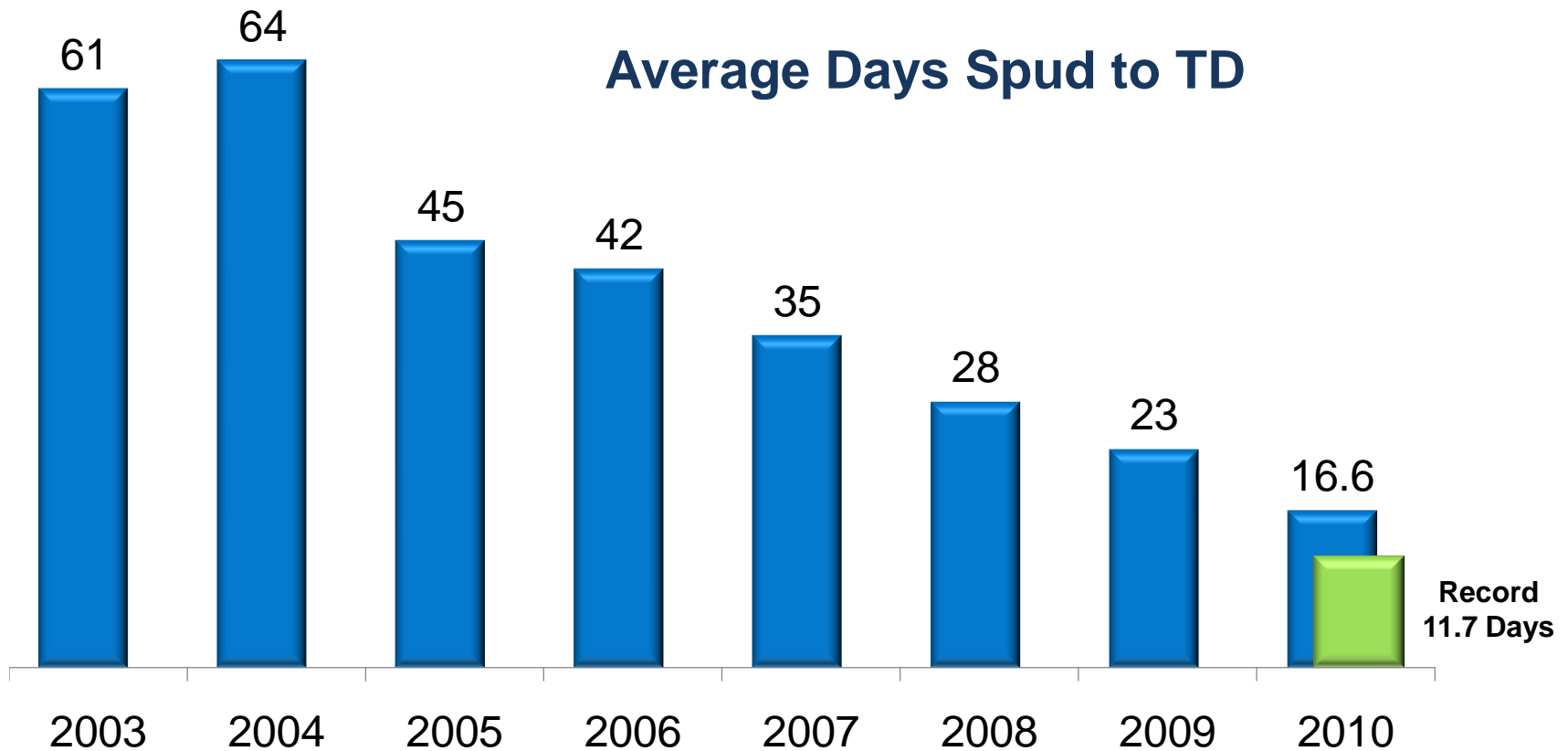
Reclaim as you go

Pinedale plan of development requires multiple directional wells from one pad

- Minimizes surface disturbance
- Only slight surface disturbance increase from 20- to 5-acre bottom-hole density

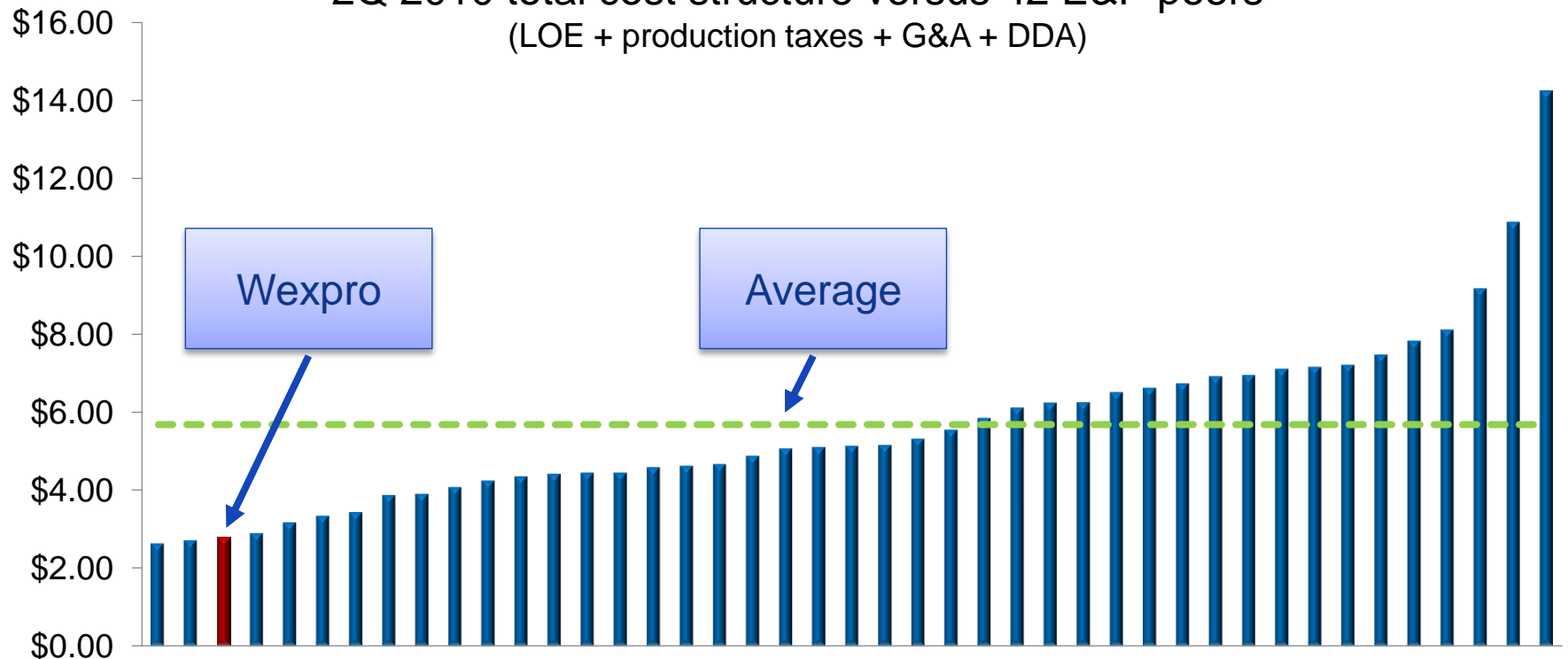


Wexpro benefits from declining well costs at Pinedale



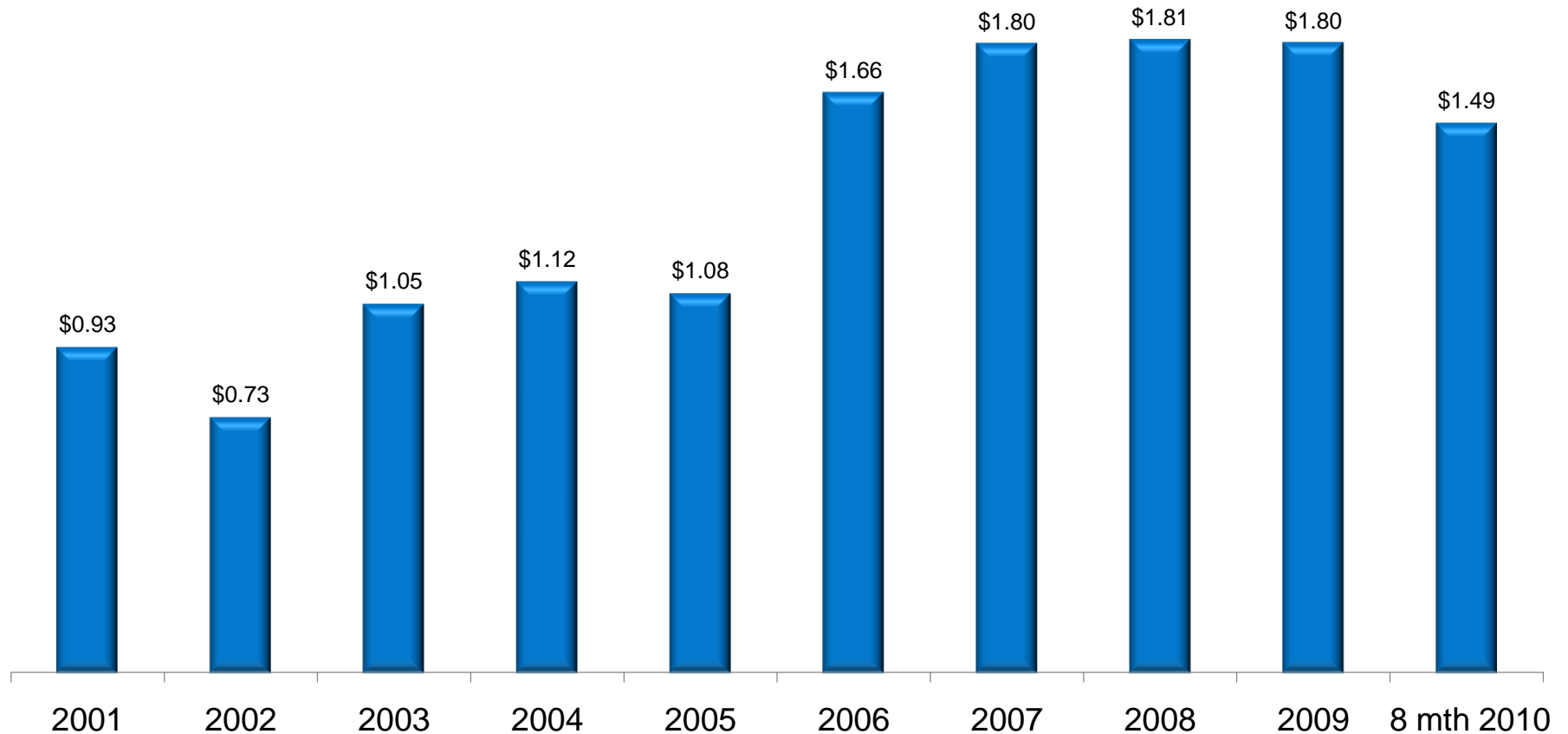
Wexpro's cost structure is among the lowest in the industry

2Q 2010 total cost structure versus 42 E&P peers
(LOE + production taxes + G&A + DDA)

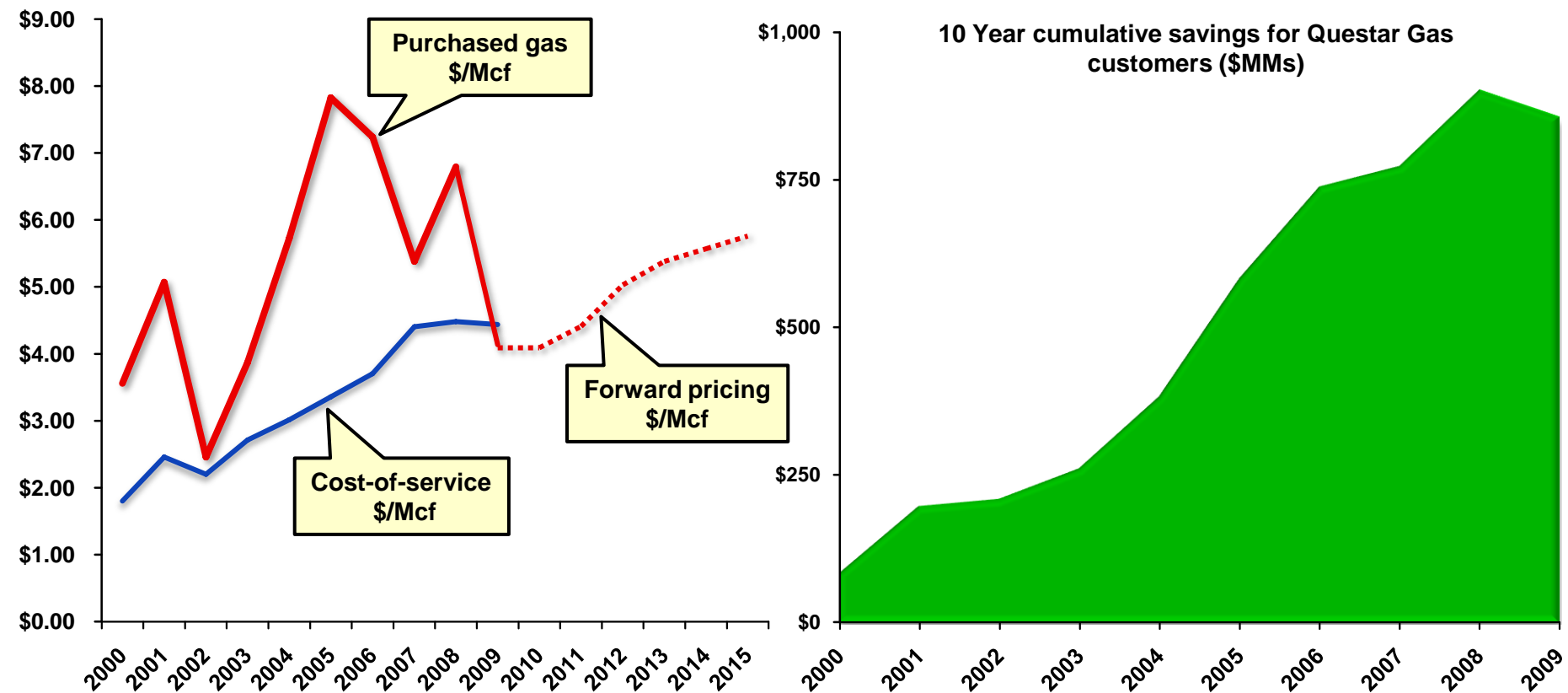


Source: Company data and Credit-Suisse E&P Stat Sort, Sept. 13, 2010

Wexpro Finding Cost (Mcfe)



Wexpro has reduced gas cost volatility and created savings for Questar Gas customers



We are meeting the following operational challenges

- Drilling costs trending upward
 - Can be offset by operational efficiencies with continuous drilling programs
- Drilling/completion contractors drawn to Bakken and other regional horizontal oil plays
 - May not get efficient rigs and “frac windows” back if released
- Partner participation and approval
 - Some projects cannot proceed without partner approval
- Need to drill higher risk “step out” and “exploratory” type wells
 - Successful early wells to set up later wells
 - Horizontal wells

Wexpro development subject to public land issues

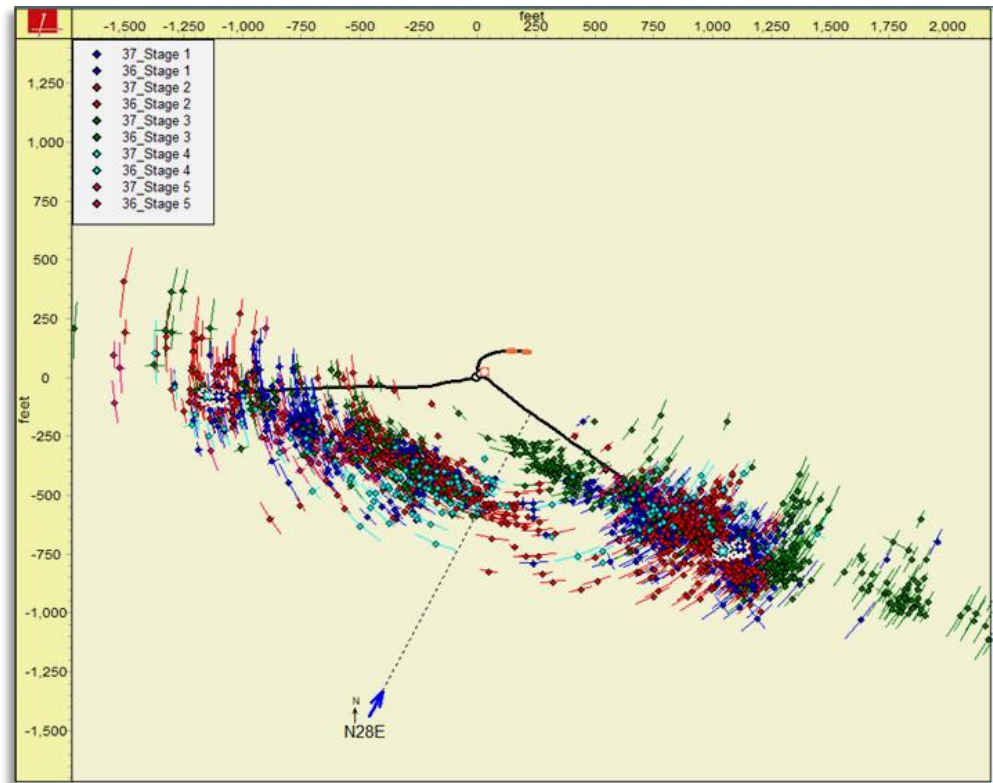
- Ability to obtain permits and drill during non-habitat blackout periods
 - Wildlife stipulations (Sage Grouse, Raptor, Plover, etc.)
 - Archeology/historic trails (Oregon, Mormon, Cherokee)
 - Big game winter range (November – spring prohibition)
 - Winter (no site construction if snow/frozen ground)
- BLM and state permitting delays
- Various NEPA documents (RMP's, EIS's, EA's)
- Threats against hydraulic fracture stimulation
- Pad/directional drilling required to minimize surface disturbance
 - Reclamation bank

Development drilling market considerations

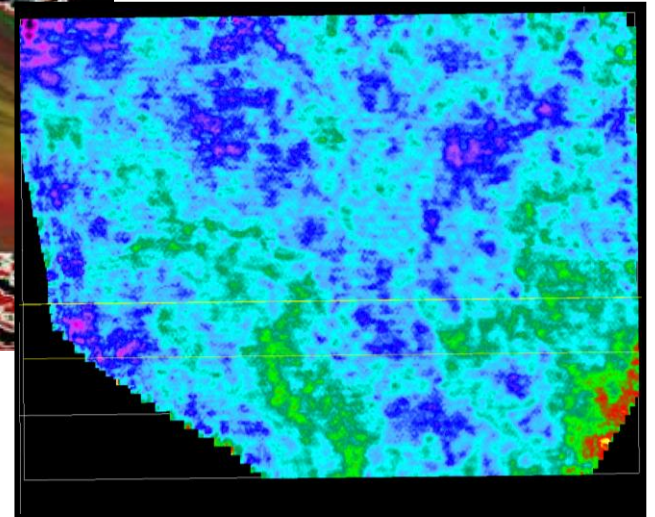
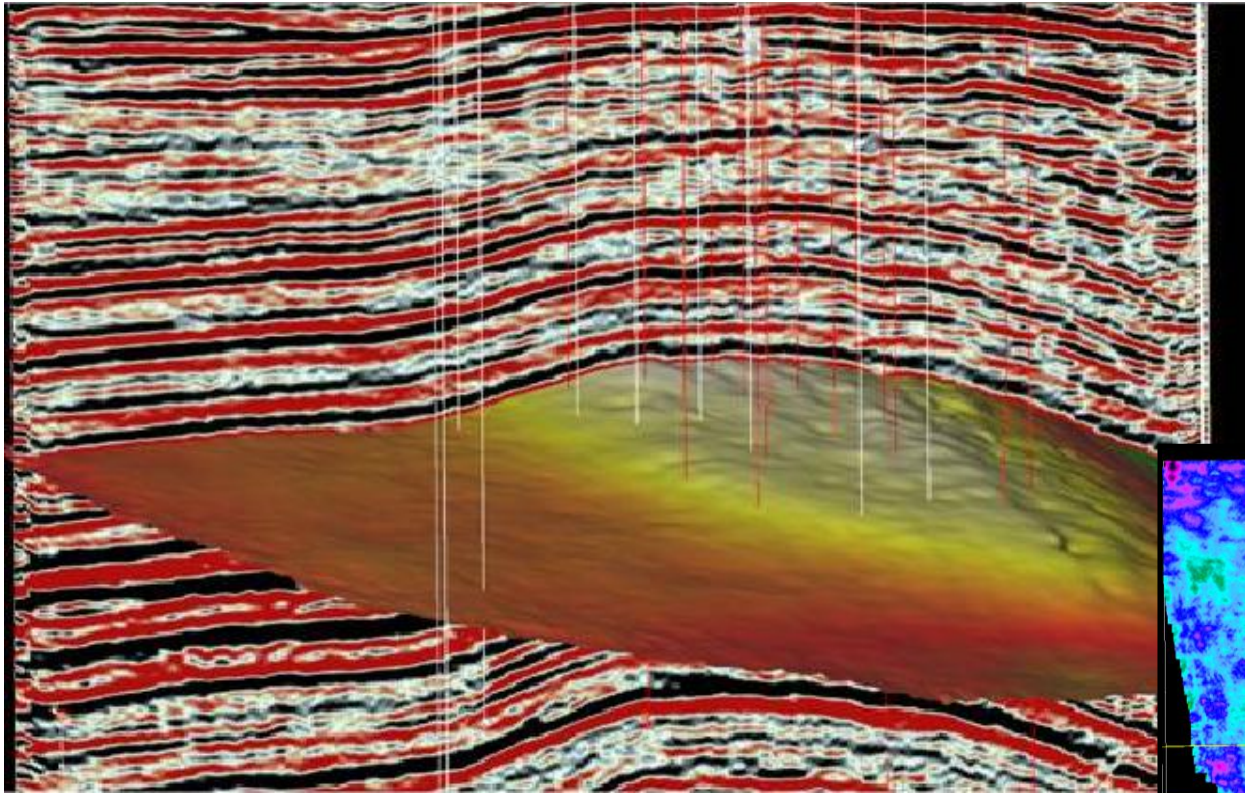
- Develop cost-of-service gas supply that is competitive with forward price curve
- Embedded hedge against future price volatility
- Represents a 30 to 40 year source of constant price supply fully controllable by Questar Gas
- A continuous drilling program provides the following benefits
 - Drilling/completion costs reduced in a low gas price environment
 - Gas supply available to buffer future price spikes
 - Exposed to higher contractor pricing/lower service quality when drilling exclusively in a high price environment

We are extending the productive life of Wexpro with new technology

- Microseismic
- Reprocessing of 3D seismic data
- Petrography
- Image logs
- Pressure surveys
- Recompletions
- Horizontal drilling



Reprocessed seismic time-slice



...new plays can be identified

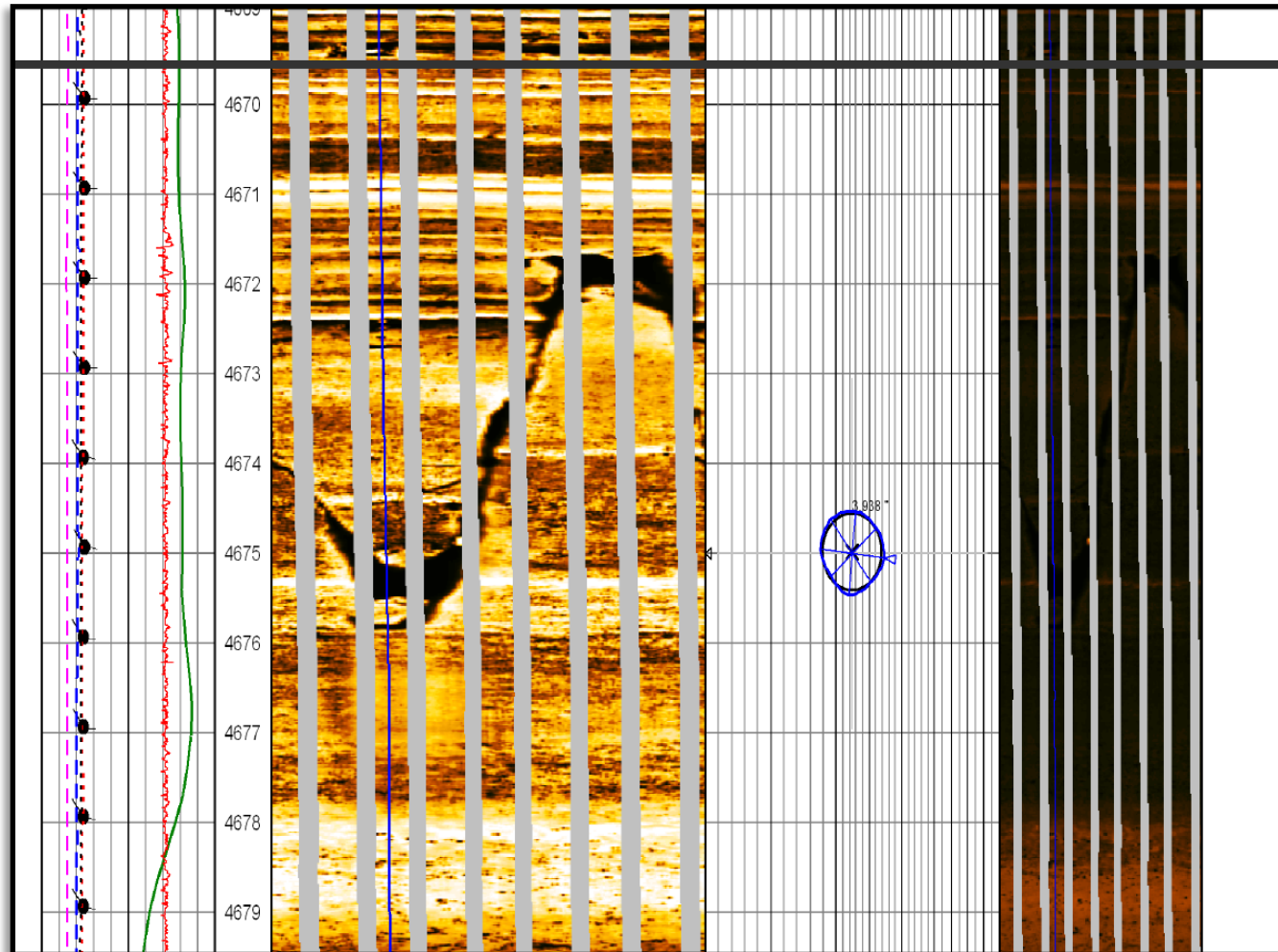
Utilization of large core inventory

Wexpro has over 18,000 feet of core; most of which was gathered during the 50's and 60's

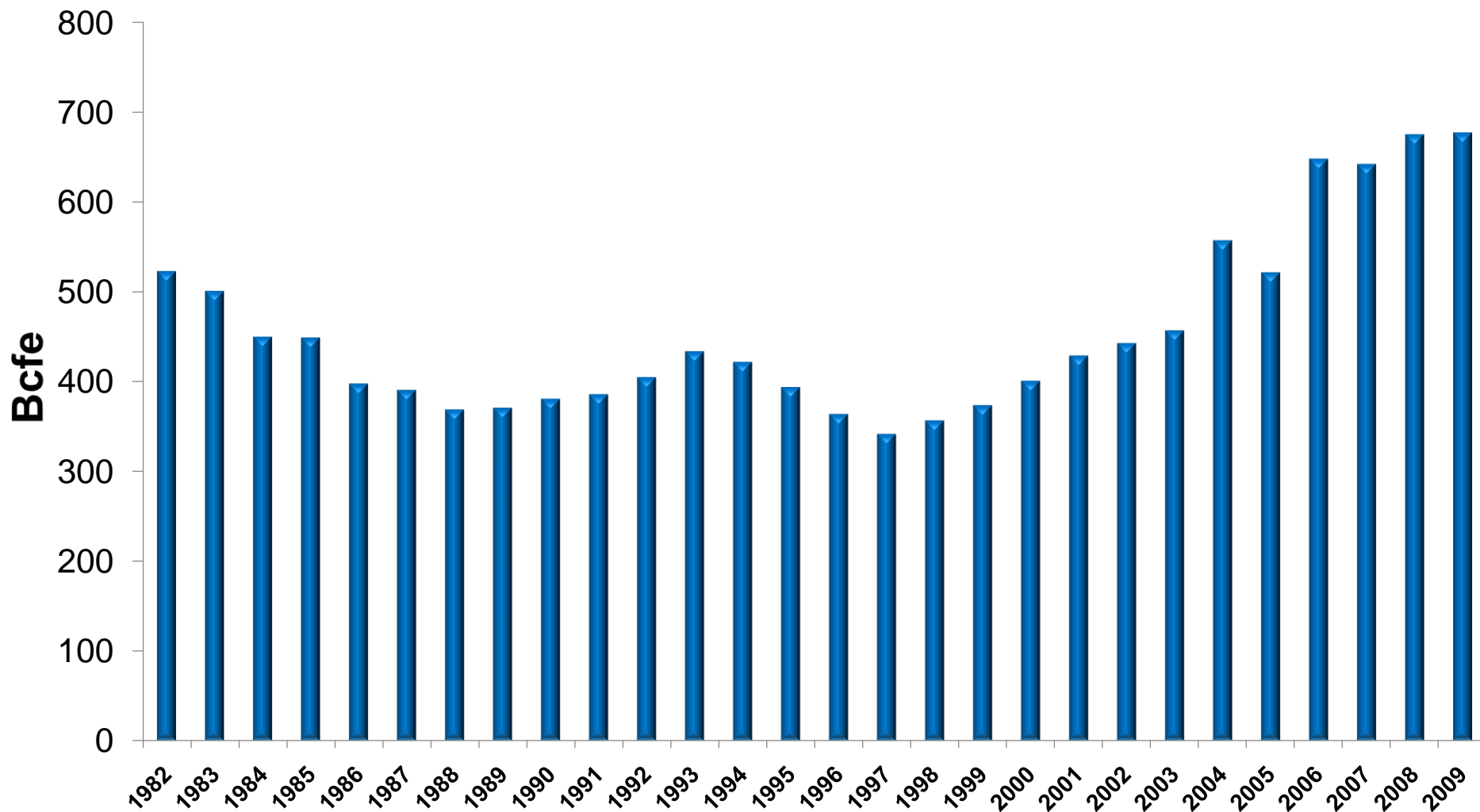
- Identify equivalent modern analogs
- Improves frac design
- Detailed petrographic studies



Modern image logs aid in reservoir interpretation



Wexpro has a history of reserve growth



Summary

- The Wexpro Agreement addressed a broad spectrum of issues and involved concessions and consideration from all parties
- The Agreement has functioned for 29 years without amendment or dispute
- Desired behavior under the Agreement has occurred – the company and its shareholders have invested over \$1 billion to develop the properties, delivered over 1 Tcf of gas, and saved ratepayers over \$1.4 billion
- Wexpro's reserves and production are greater today than they were in 1981 – significant considering the finite nature of the properties
- The future of Wexpro is bright – while the properties are ultimately finite – thanks to technology and unconventional reservoirs there's as much identified remaining potential as has been delivered over the past 29 years

Wexpro Review

Utah Public Service Commission

September 21, 2010

