

EXHIBIT A

COST-OF-SERVICE FORMULATION FOR GAS FROM OIL RESERVOIRS

The monthly cost-of-service charge directly attributable to the sale to Questar Gas Company of natural gas provided by Wexpro Company from certain properties as set forth in the Agreement will include the following costs. (Section references are to the relevant portions of the Agreement to which this exhibit is attached.)

1. Operating Expenses. Reasonable and necessary operating expenses incurred by Wexpro and allocated to the production, gathering, treatment and disposition of natural gas. Such expenses will include operating and maintenance expenses, administrative and general expenses, royalties (including compensatory royalties) and fees based on the monthly level of production, and other common business expenses.

2. Depreciation. The allocated monthly depreciation expense as computed by the unit-of-production method for proved developed producing reserves only where applicable or one-twelfth of any annual depreciation expense computed using applicable depreciation methods other than the unit-of-production method as allowed by and computed under the terms of the Agreement.

3. Amortization and Depletion. The allocated monthly accrual recorded for the billing month as amortization and depletion of producing lands and land rights, amortization of intangible gas plant and other amortized expenses.

4. Taxes.

(a) Taxes Other than Income Taxes. Accruals recorded for the billing month with respect to taxes other than federal and state income taxes allocated to natural gas operations, adjustments of such accruals for tax expenses previously billed, and such taxes paid but not previously billed, including any state and local income taxes.

(b) Federal and State Income Taxes. Federal and state income taxes for the billing month attributable to the investment of Wexpro allocated to natural gas production facilities, computed by multiplying the return by the marginal composite income tax rate (Section I-27) divided by 1.0 minus the marginal composite income tax rate.

5. Return. Return is computed using the Commission-allowed rate of return (Section I-31) as adjusted from time to time under the procedure specified in the Agreement. For natural gas that is produced from enhanced recovery facilities to which a base rate of return plus 2% adjustment is applicable (Section II-4(a)(i)), the 2% risk premium applies to those facilities only. For natural gas that is produced from development gas wells to which a base rate of return

plus 5% risk adjustment is applicable (Section II-6(b)), the 5% risk premium applies to those facilities only.

The investment used as a base to which a rate of return is applied will be computed in total for each category of investment subject to (i) Commission-allowed rate of return, (ii) the base rate of return plus 2% risk premium, and (iii) the base rate of return plus 5% risk premium, and will be one-twelfth of the sum of:

(a) The allocated, actual original investment including AFUDC in wells, well facilities and plant facilities utilized or held for future use in connection with the production, gathering, treatment and disposition of natural gas and oil, less accumulated reserves for depreciation and amortization of such plant facilities; plus

(b) A general plant allowance calculated by multiplying the amount in paragraph (a) above by 6.3%; plus

(c) A cash working capital allowance for each category of investment, (Commission-allowed rate of return, the base rate of return, the base rate of return plus 2% risk premium, and the base rate of return plus 5% risk premium) equal to $45/365$ of the allocated operating expenses, identified in paragraph 1 above, less royalties and annualized by multiplying the monthly amounts by 12; plus

(d) A credit for the balance of accumulated deferred income taxes and other tax-timing reserves, for each category of investment (Commission-allowed rate of return, base rate of return, the base rate of return plus 2% risk premium, and the base rate of return plus 5% risk premium).

6. Cost Allocation. Costs, expenses and investments will be allocated only when direct assignment cannot be made to specific products. When any cost, expense or investment is related to the production of joint products and direct assignment cannot be made, the product allocation procedure (Section I-35) will be used.

7. Page 3 of this exhibit is an example of the calculations to be used for natural gas that is subject to this cost-of-service determination. The individual numbers are illustrative only and do not represent any actual circumstances.