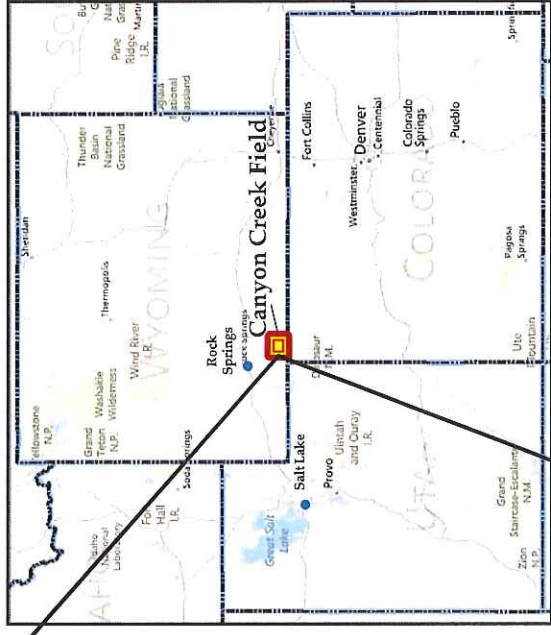
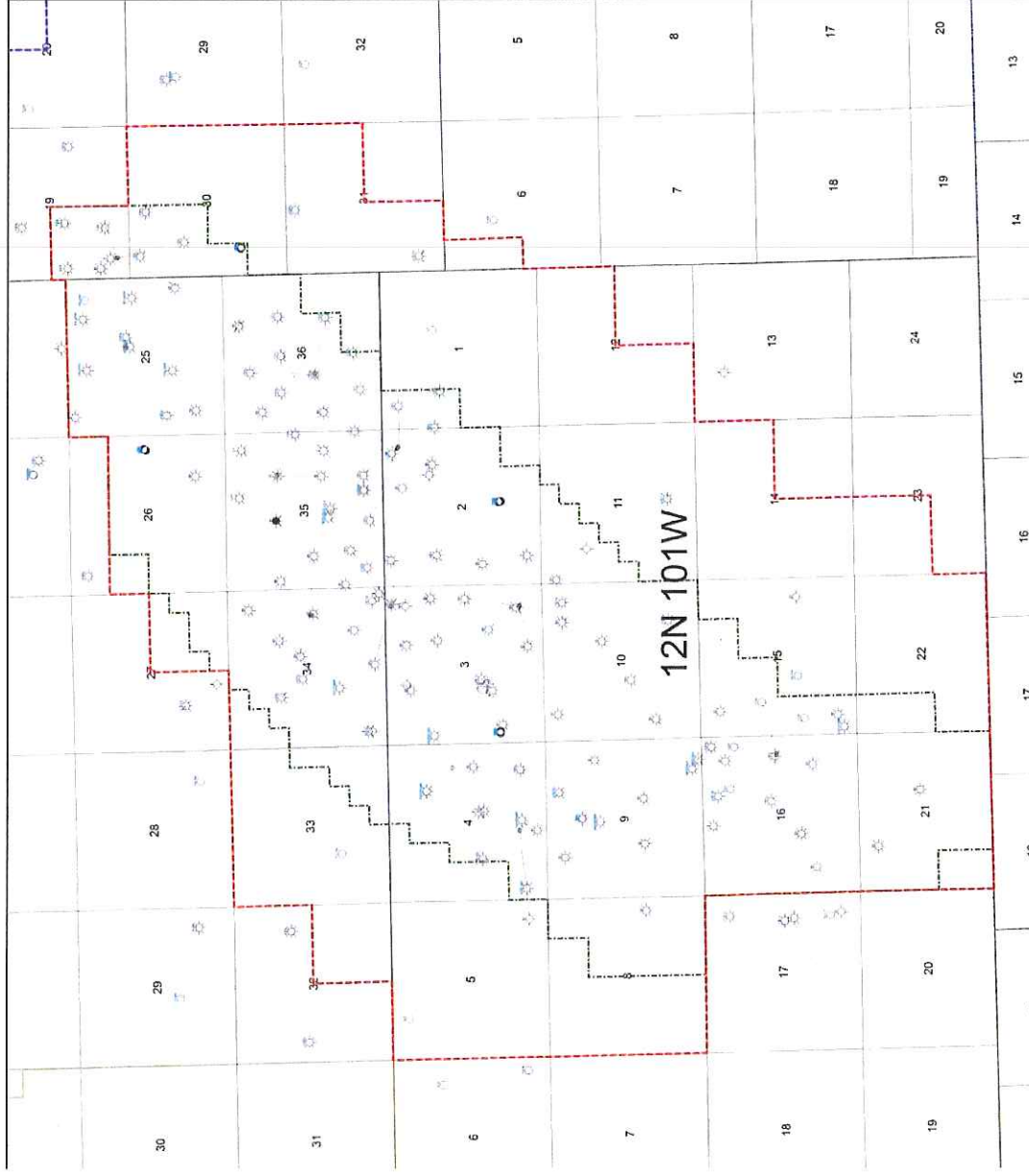


Canyon Creek Technical Conference

September 17, 2015

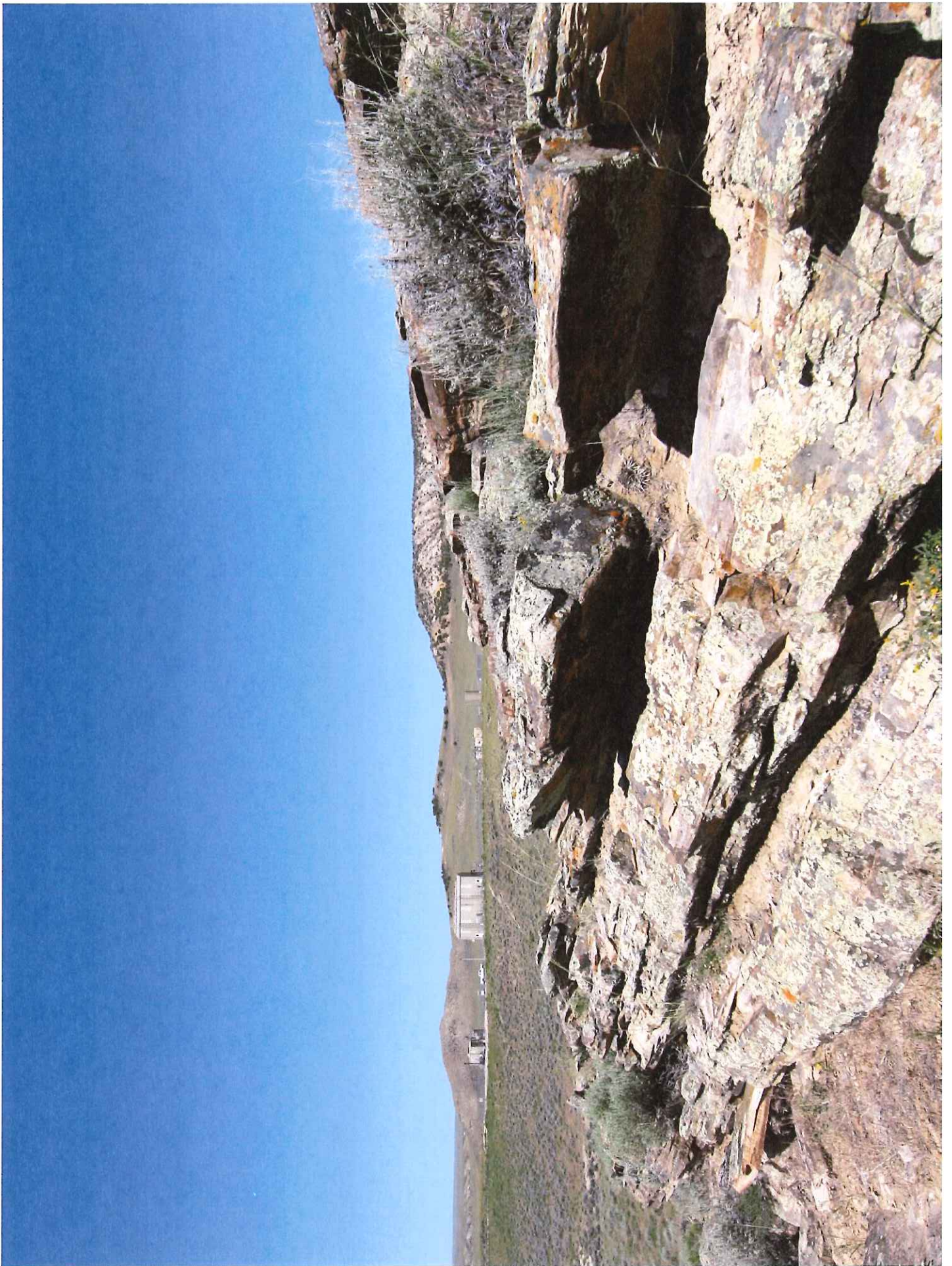


Mesaverde Structure Map



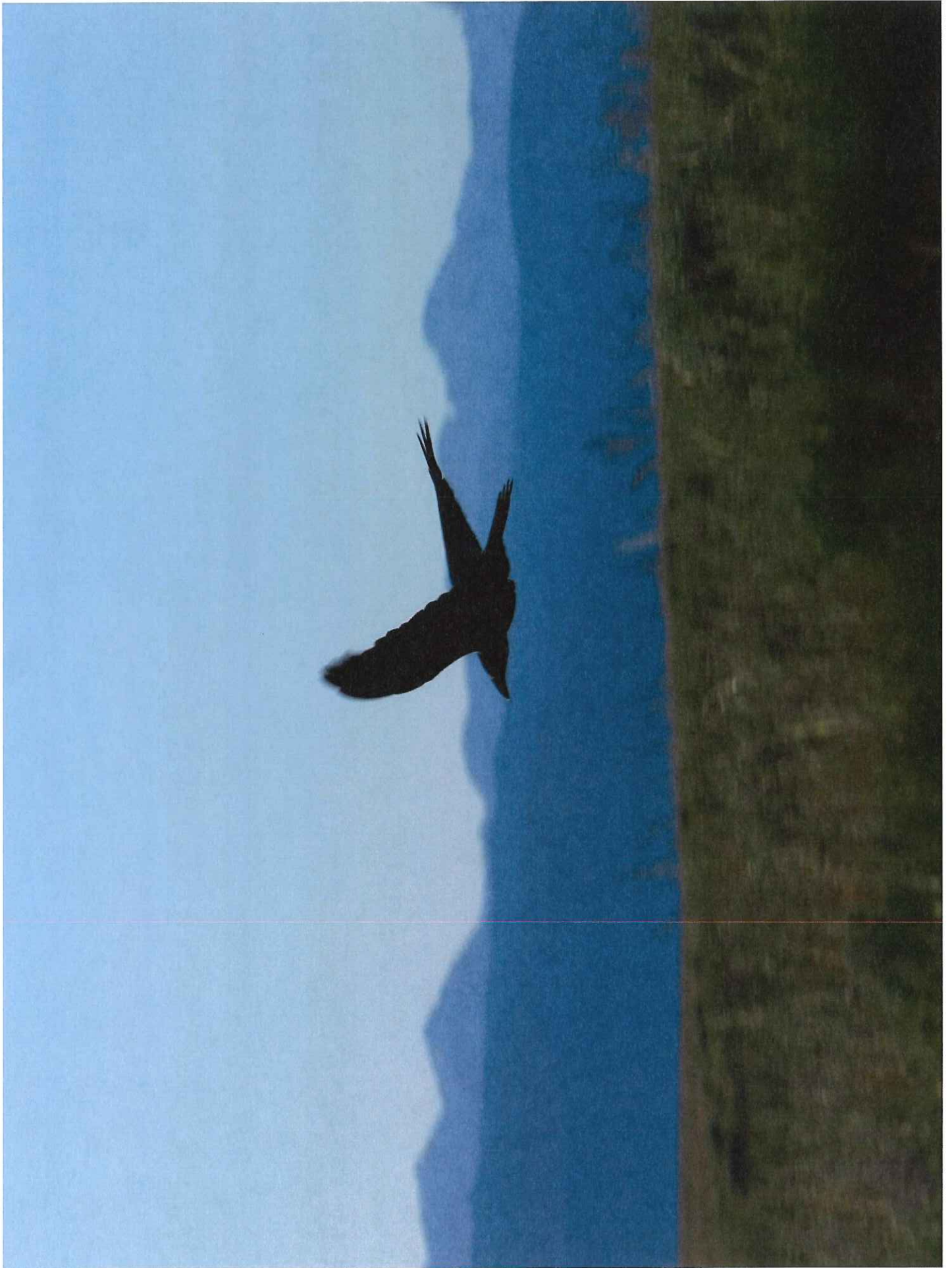
--- Canyon Creek Unit Boundary

--- Mesaverde PA Boundary







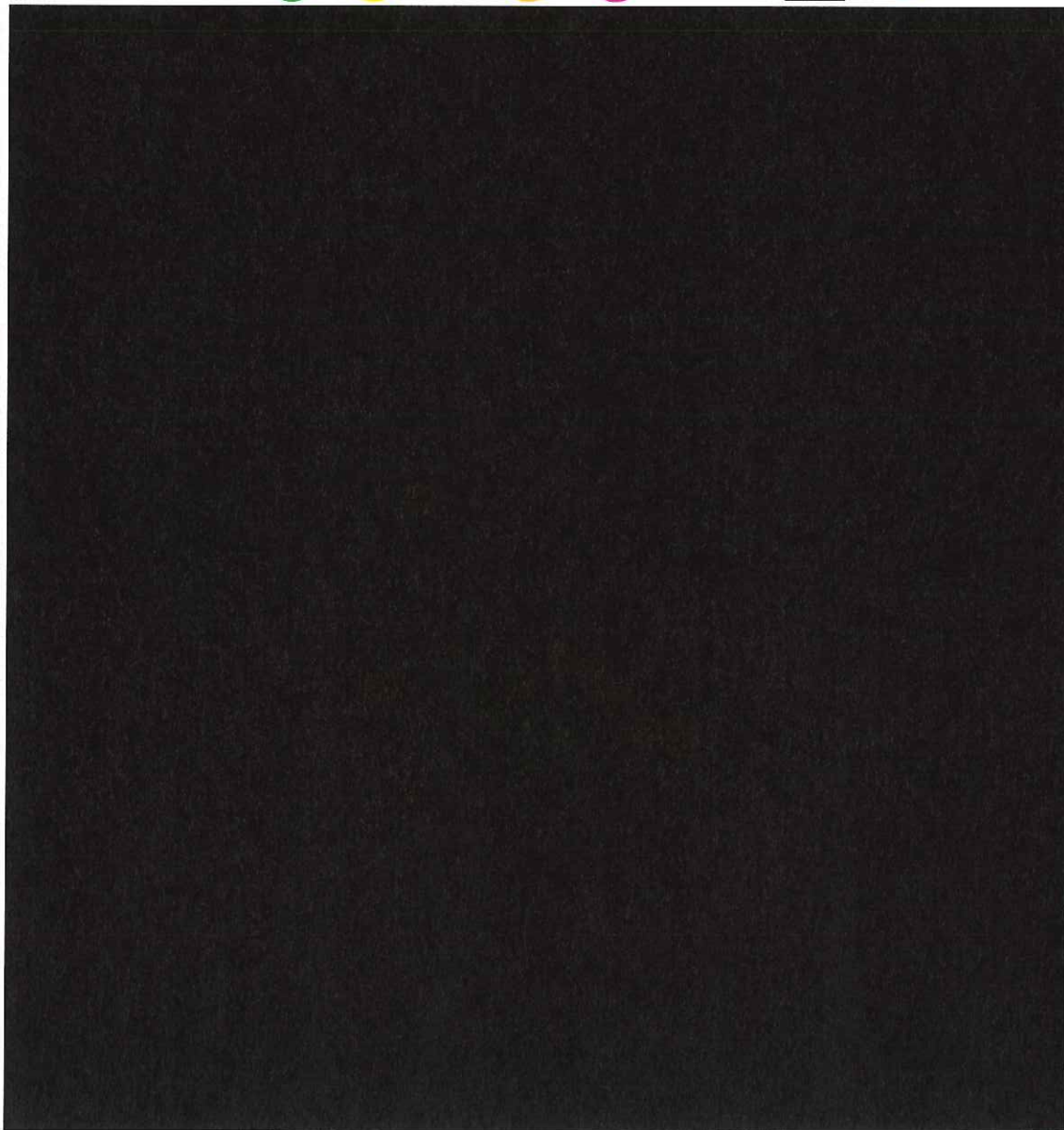
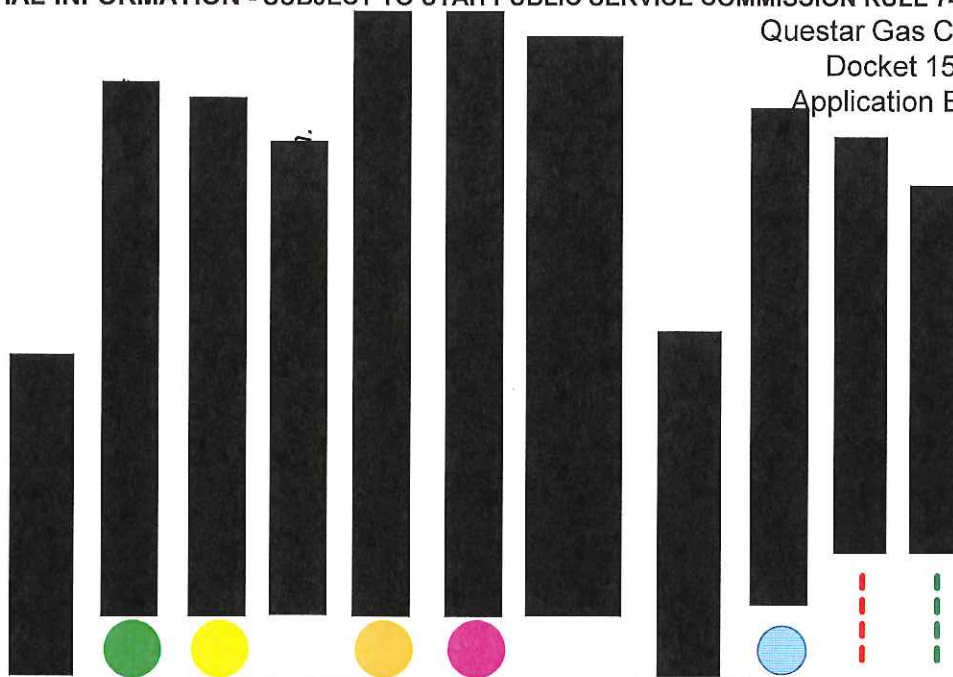


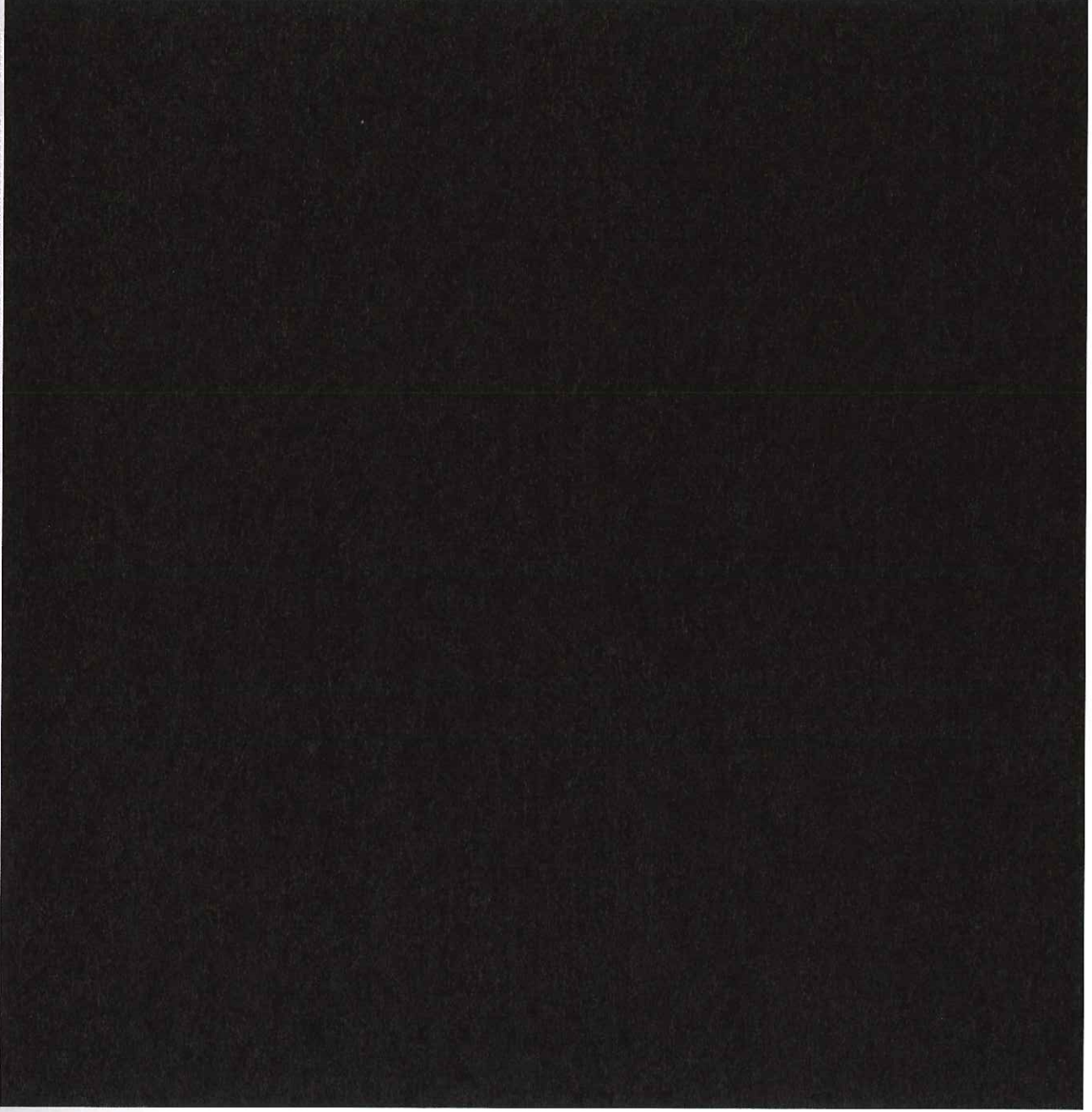


Location of Current and Future Wells

CONFIDENTIAL INFORMATION - SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULE 746-100-16

Questar Gas Company
Docket 15-057-10
Application Exhibit B





Proposed Changes Comparison

		Wexpro I and II	Trail Stipulation	Proposed Changes
1	Future drilling criteria	Standard industry practice	Future drilling $\leq$ 5-Year Forward Curve	Future drilling $\leq$ 5-Year Forward Curve
2	Cost-of-service gas as a percent of total gas supply		65%	65%
3	Pre-81 well/ Proven-Developed-Producing (PDP) Wells	Commission Allowed Return (7.64%)	Commission Allowed Return (7.64%)	Commission Allowed Return (7.64%)
4	Developmental Wells	Base ROR + 8% = 20%	Base ROR + 8% = 20%	
6	Dry Hole/Non-Commercial Cost	100% Wexpro	100% Wexpro	

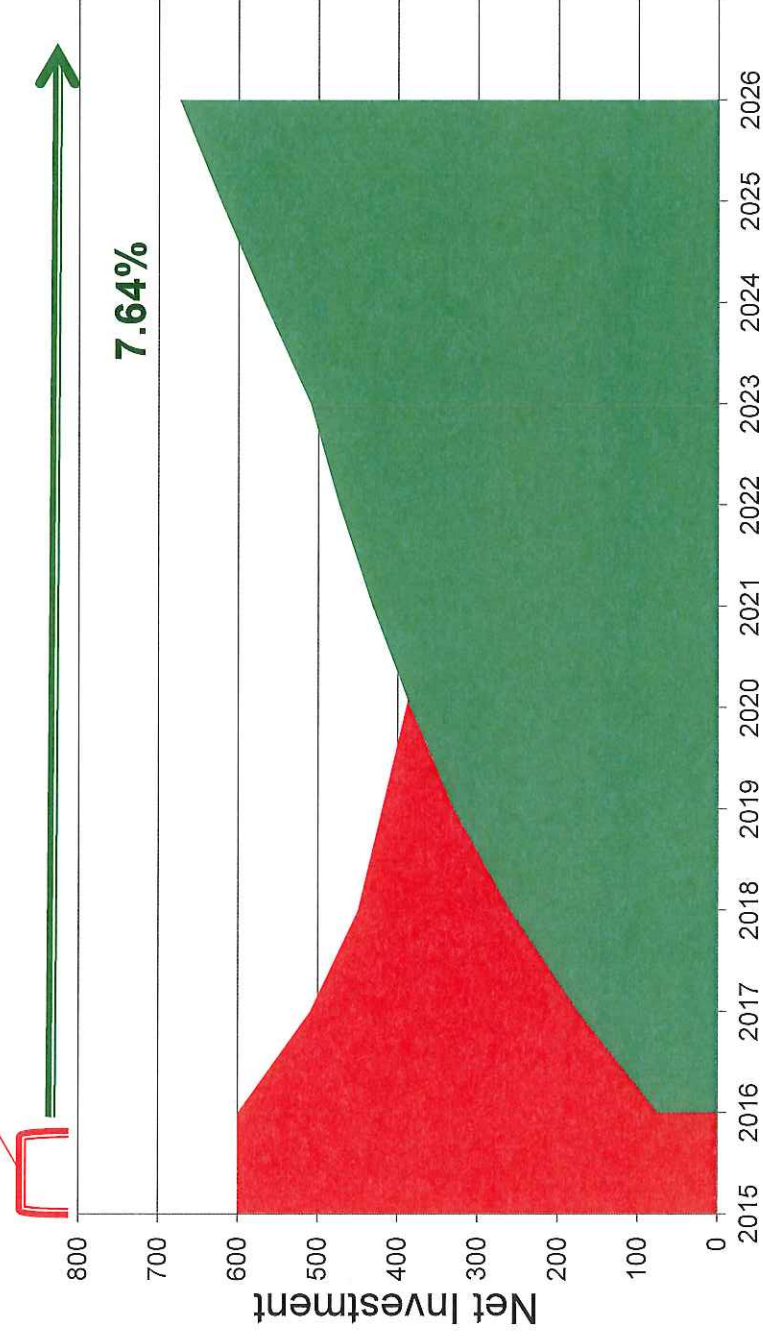
Proposed Changes Comparison

	Wexpro I and II	Trail Stipulation	Proposed Changes
1	Future drilling criteria	Future drilling ≤ 5-Year Forward Curve	Future drilling ≤ 5-Year Forward Curve
2	Cost-of-service gas as a percent of total gas supply	65%	65%
3	Pre-81 well/ Proven-Developed-Producing (PDP) Wells	Commission Allowed Return (7.64%)	Commission Allowed Return (7.64%)
4	Pre-2016 Developmental Wells	Base ROR + 8% = 20%	Base ROR + 8% = 20%
5	Post-2015 Developmental Wells		Commission Allowed Return (7.64%)
6	Dry Hole/Non-Commercial Cost	100% Wexpro	Shared 50/50
7	Incentive to reduce cost and share savings		When annual COS < market, share savings 50/50 on Post-2015 wells

Wexpro/Canyon Creek Proposal

Current Cost-of-Service Investment

- Continues at base + 8% return



Incremental Cost-of-Service Gas

- Future drilling at Commission Allowed rate of return
- Future drilling must be $\leq$ 5-year forward curve
- Future dry hole and non-commercial costs shared 50/50

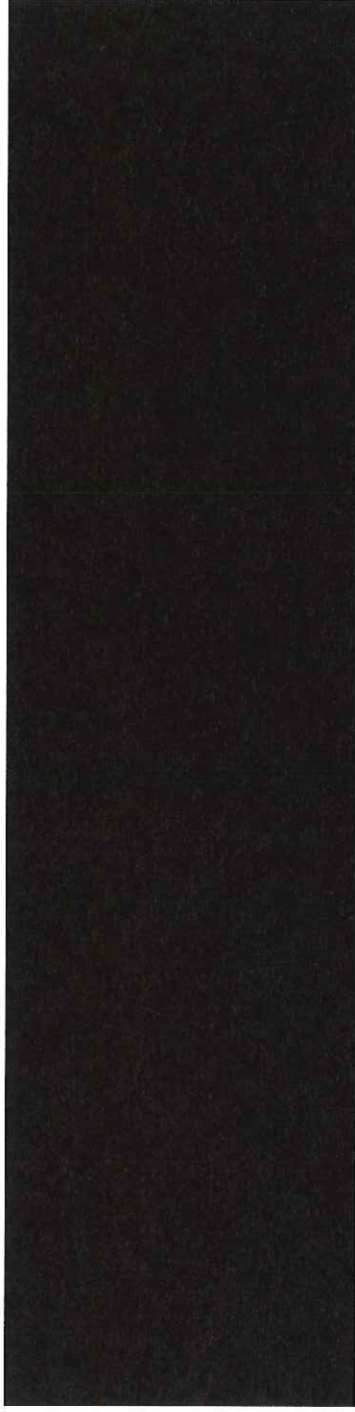
Overall Cost-of-Service Price < Market

- When all COS < market share savings 50/50 on post 2015 wells

Exhibit O



Exhibit O-1



Canyon Creek

Cost-of-Service Projections \$/Dth

- Four different combinations

Assignment of G&A:

Allocated vs Incremental

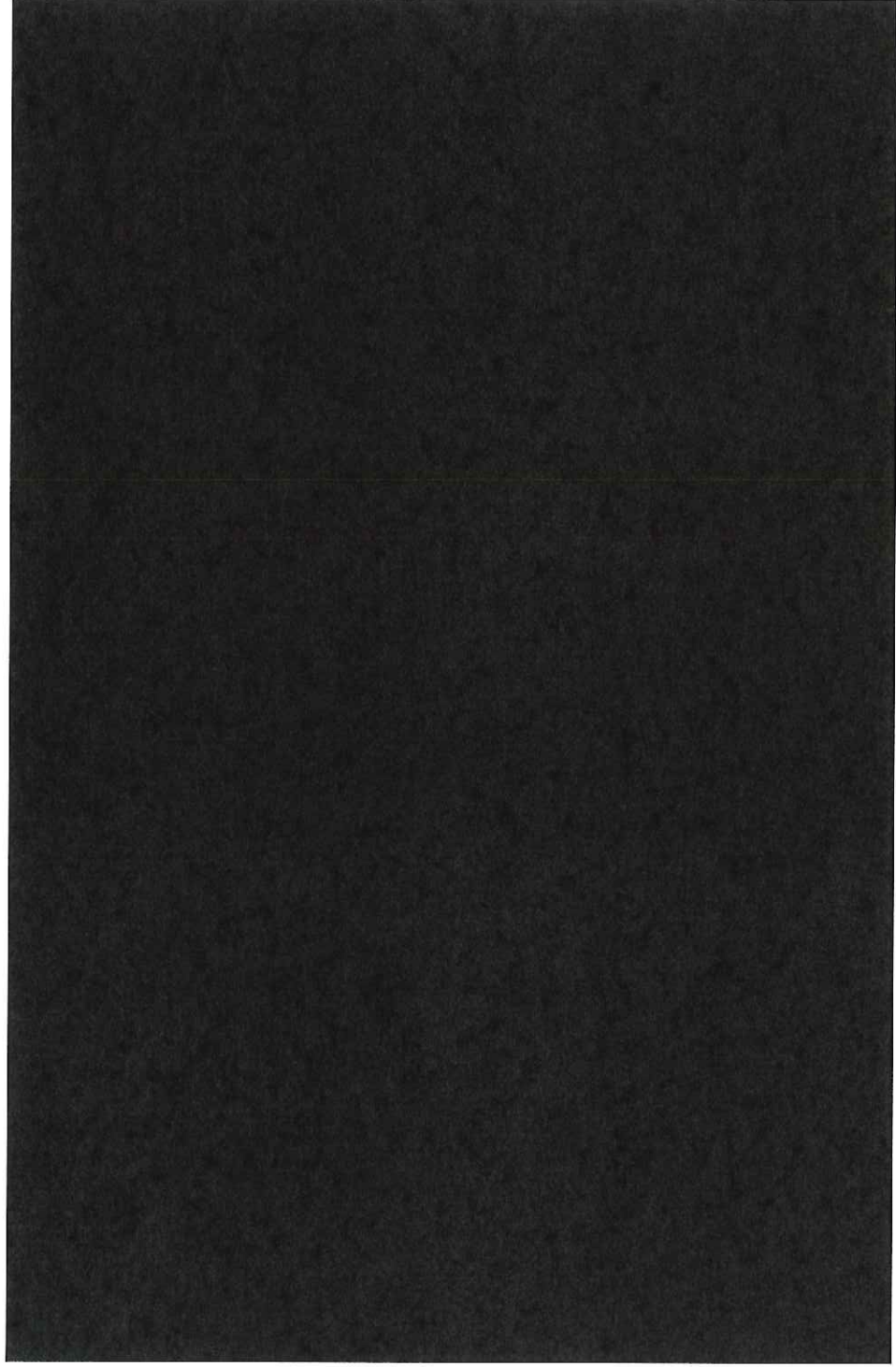
Summary of Cost per Dth:

Cumulative vs Annual

1. Cumulative / Allocated (Exhibit L & L-1 page 1)
2. Cumulative / Incremental (Exhibit L & L-1 page 5)
3. Annual / Allocated (Exhibit L & L-1 page 9)
4. Annual / Incremental (Exhibit L & L-1 page 13)

Exhibit L-1

Cumulative Cost-of-Service Projection \$/Dth (Allocated G&A) @ 7.64%



Cost-of-Service \$/Dth

Production / Dth

Exhibit L-1 Data (Page 2)

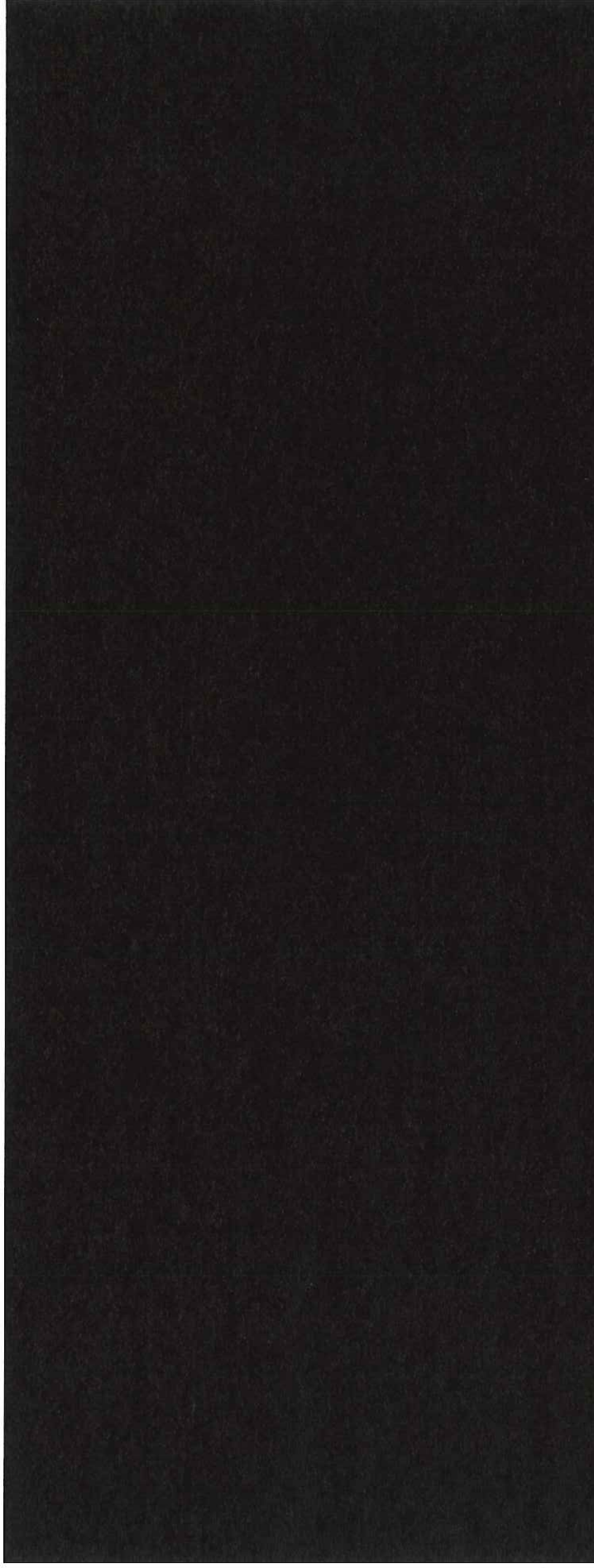
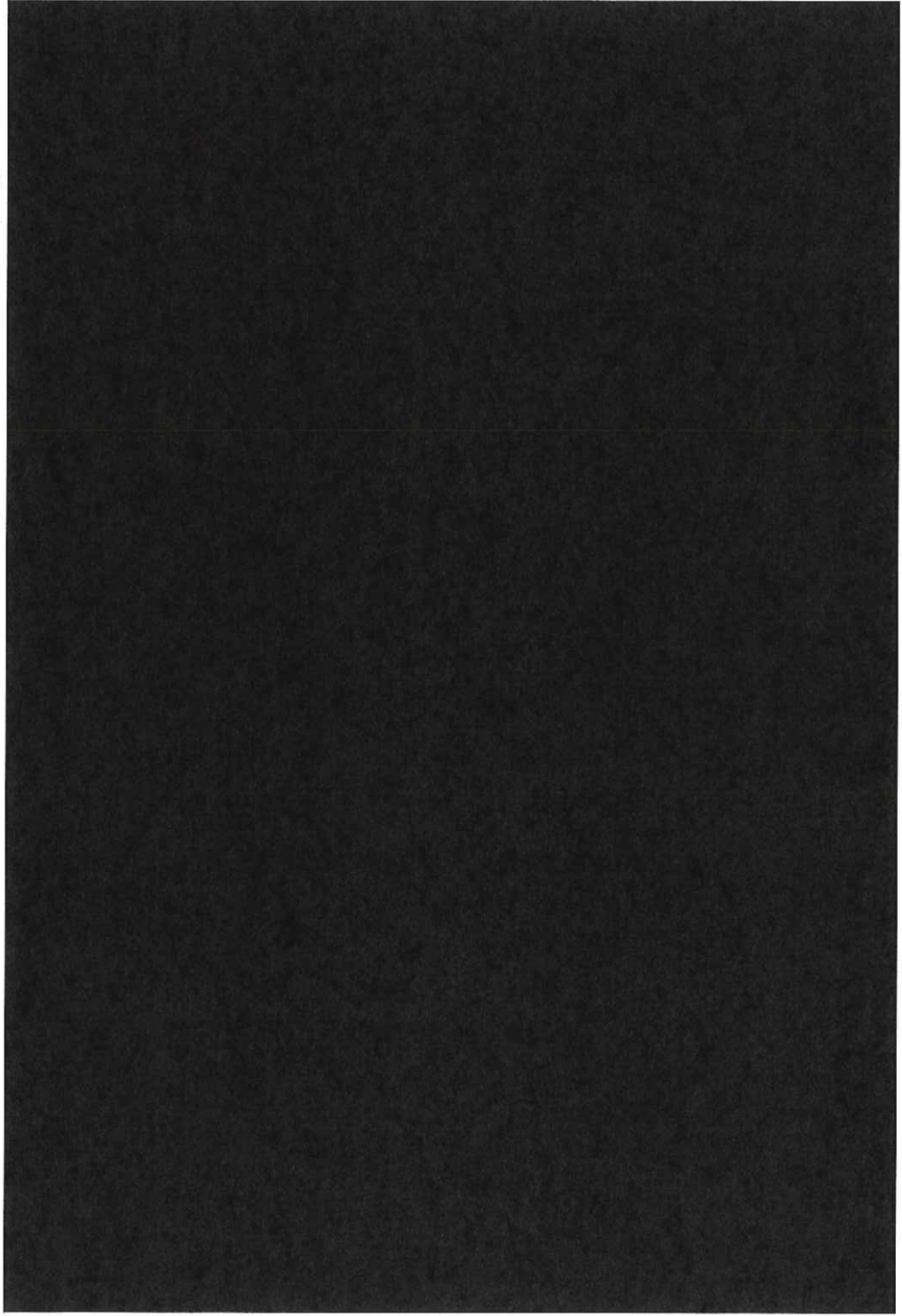


Exhibit L-1

Cumulative Cost-of-Service Projection \$/Dth (Incremental G&A) @ 7.64%

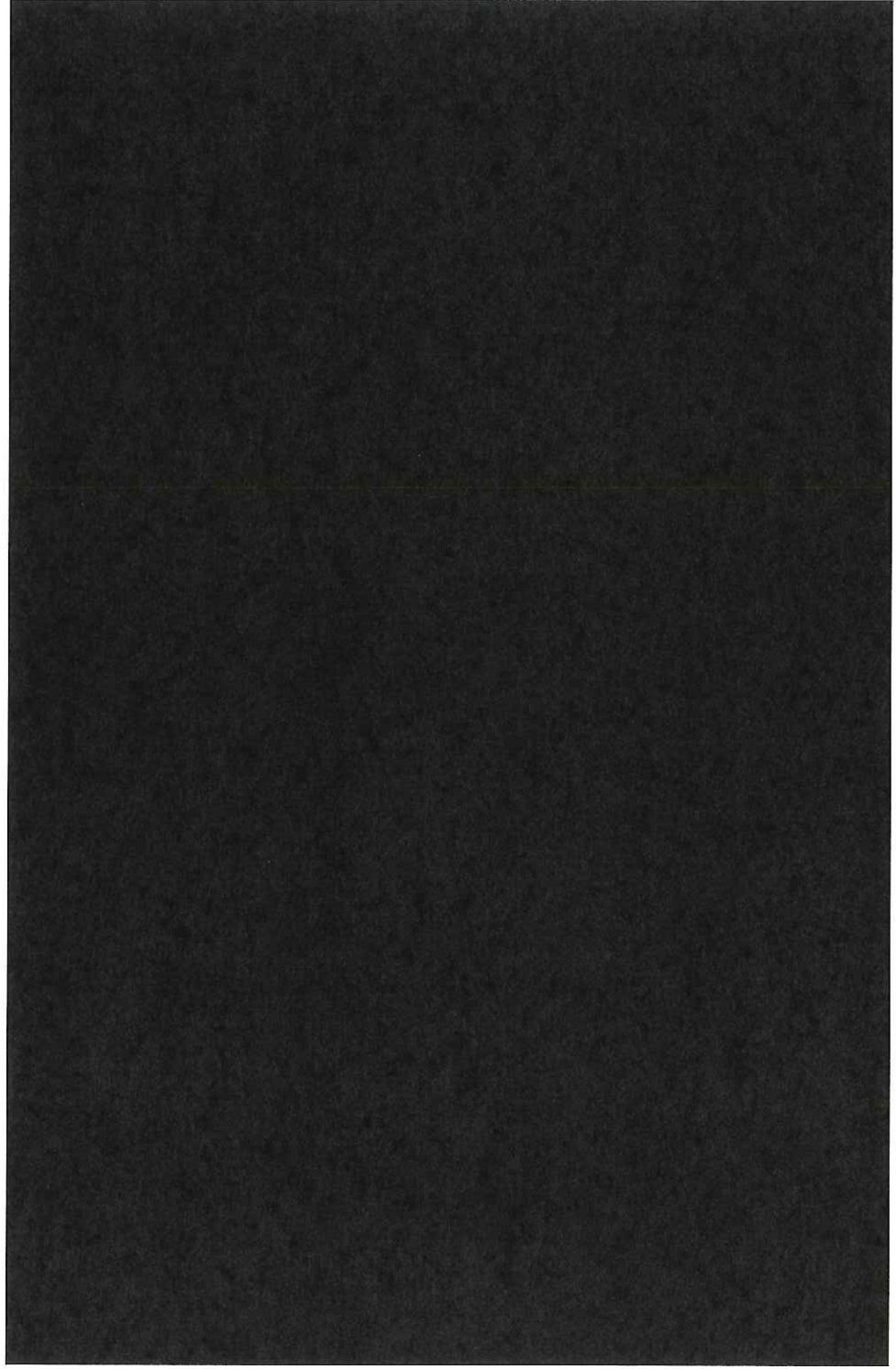


Cost-of-Service \$/Dth

Production / Dth

Exhibit L

Cumulative Cost-of-Service Projection \$/Dth (Allocated G&A) @ 19.76%

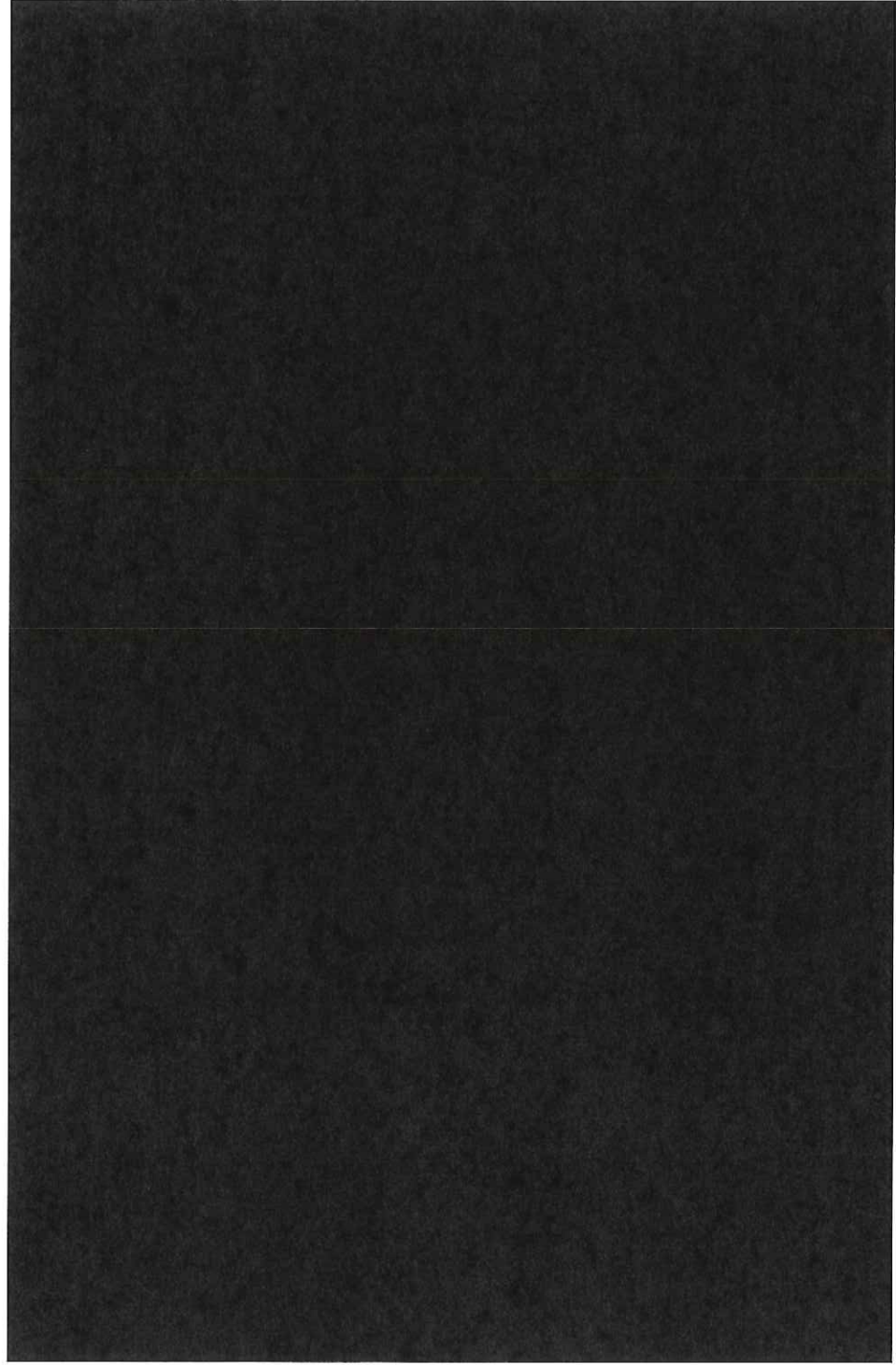


Cost-of-Service \$/Dth

Production / Dth

Exhibit L-1

Cumulative Cost-of-Service Projection \$/Dth (Allocated G&A) @ 7.64%



Cost-of-Service \$/Dth

Production / Dth

Exhibit M

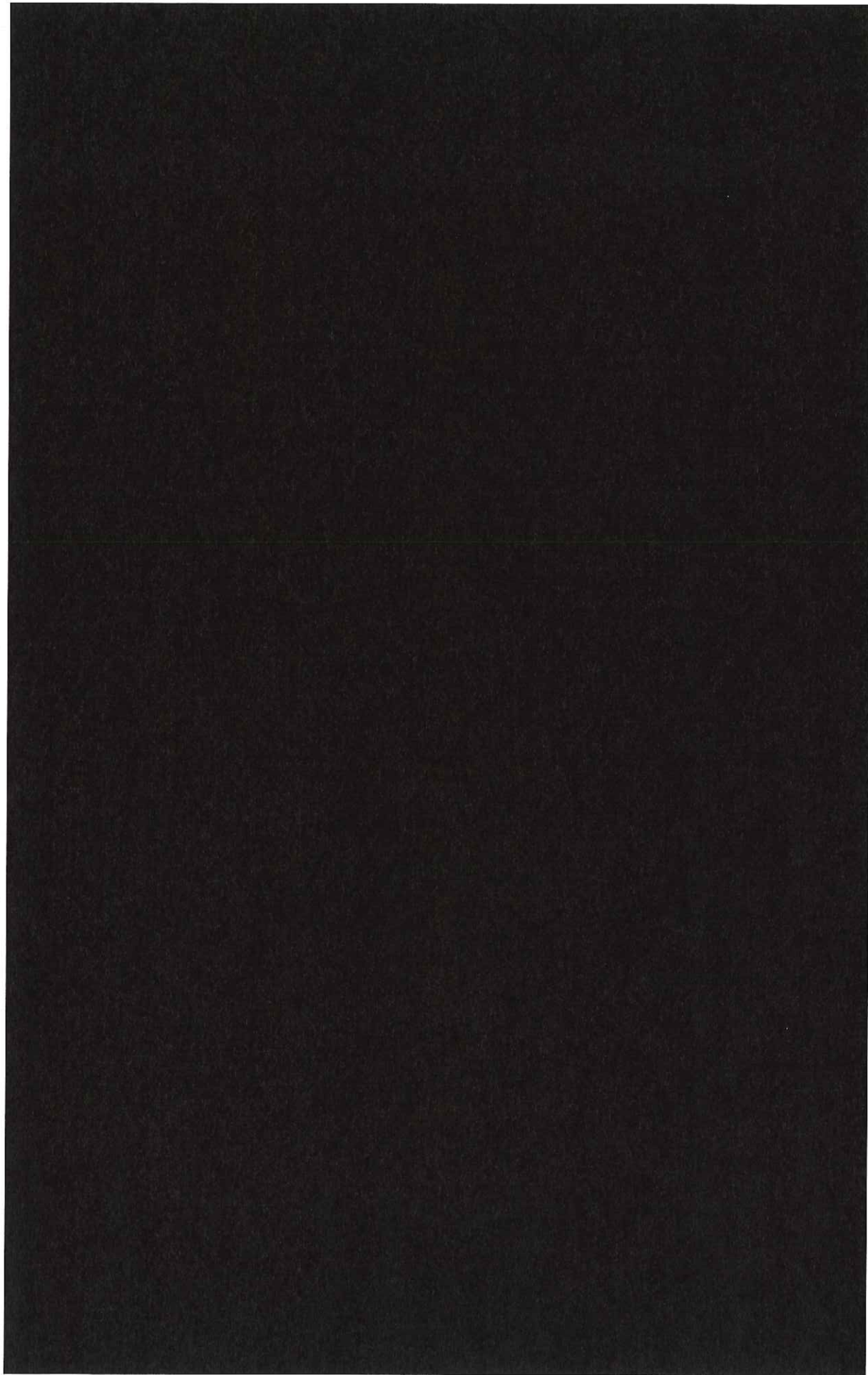
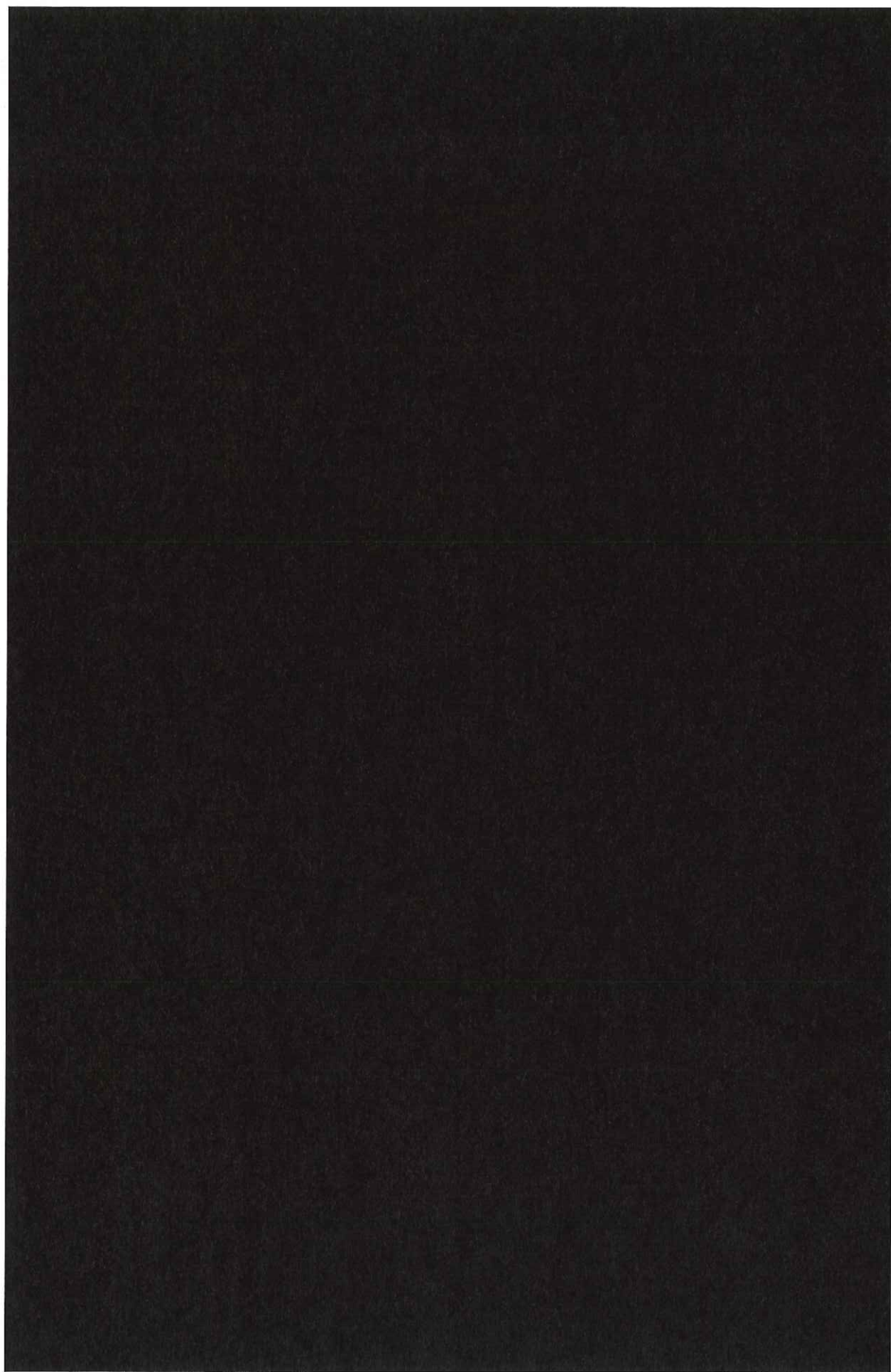


Exhibit M-1



Question 1 a -

Contract Paragraph 7.6 – Final Settlement Statement. Please indicate whether Wexpro's purchase price referenced in the Application reflects the Final Settlement Statement received from Linn Energy Holdings Company? Will Questar file a copy of the Final Settlement Statement in this docket?

The final settlement statement is still being completed by Wexpro and Linn Energy. Most issues have been resolved with the exception of a pipeline imbalance. The estimated imbalance amount is in Wexpro's favor.

The acquisition price will be slightly reduced when the Final Settlement Statement is completed.

Question 1 b -

Please identify where in Exhibit K the following Contract Exhibits and Schedules can be found:

- Exhibit O – Target Formations
- Schedule 7.6 – Litigation
- Schedule 7.7 – Material Contracts
- Schedule 7.8 – Violation of Laws
- Schedule 7.9 – Preferential Rights
- Schedule 7.10 – Royalties
- Schedule 7.17 – Condemnation Proceedings

When Exhibit K was prepared some of the exhibits did not scan properly.

Exhibit O identified no target formations.

Exhibit 7.6 identified a list of litigation/audits that do not impact Wexpro with the exception of the Linn lawsuit that was settled in Wexpro's favor.

Exhibit 7.7 identified the Unit Agreement.

Exhibit 7.8 can be found on Exhibit K, page 102.

Exhibit 7.9 identifies the preferential right that allowed Wexpro to acquire this property.

Exhibit 7.10 identified no royalties.

Exhibit 7.17 identified no condemnation proceedings.

Question I C -

Exhibit 7.18 – Plugging and Abandonment: Please explain this exhibit, including the definition of “Shut In” and “Dormant.”

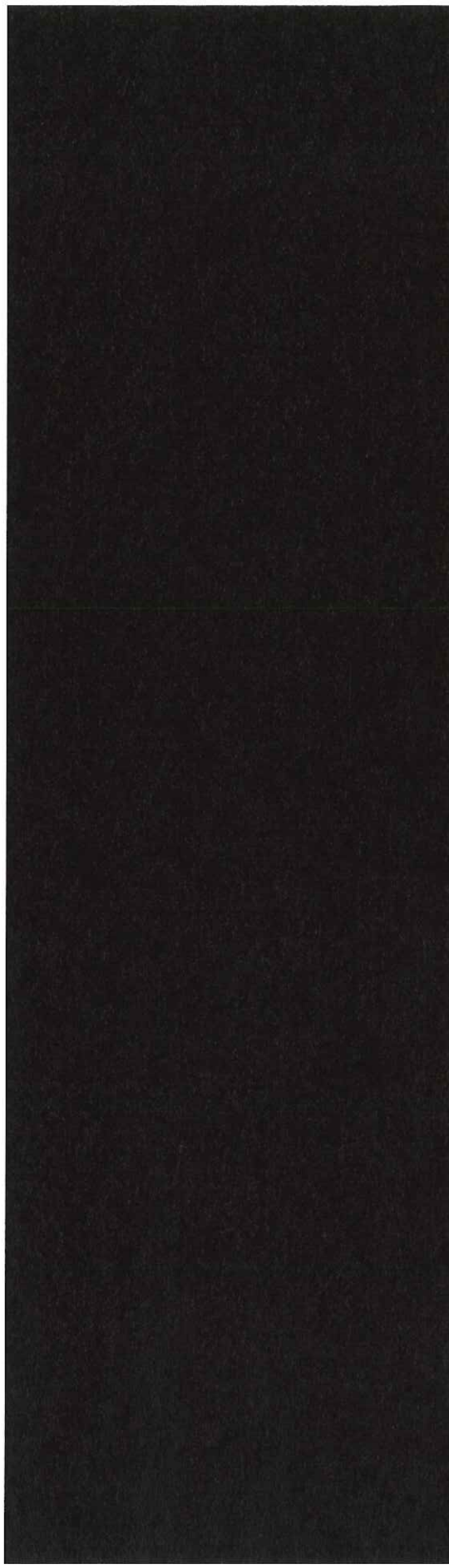
The designation of “shut-in” and “dormant” used by Linn Energy in Exhibit 7.18 is based on inaccurate data provided to Linn from Devon Energy.

Wexpro operates these wells and disregarded this incorrect representation.

Question II

The Trail Unit Application Exhibit L provided an all-in cost comparison for all Wexpro volumes with the inclusion of the Trail Unit. Will Questar be providing a similar graph in this docket?

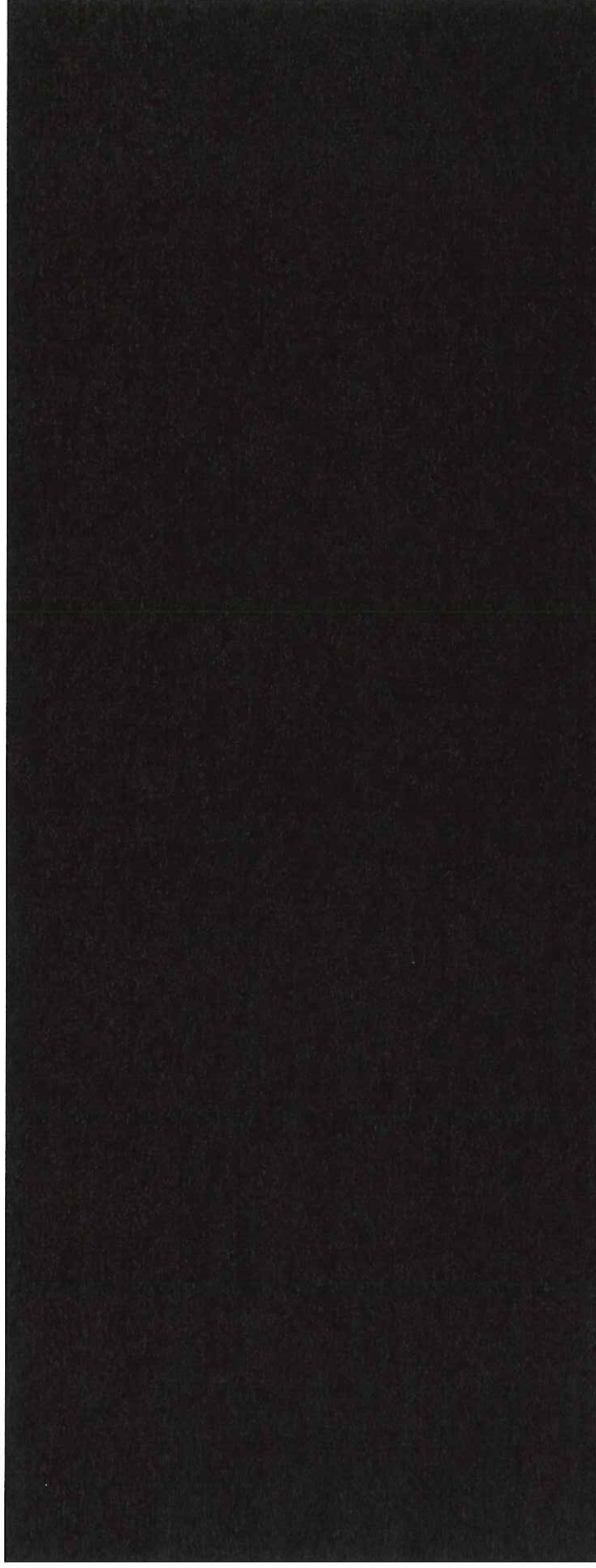
Trail Unit Exhibit L, Page 2



CONFIDENTIAL – SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULE 746-100-16

Question II – Continued

Canyon Creek Exhibit L-1, Page 2



CONFIDENTIAL – SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULE 746-100-16

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Question II – Continued

QUESTAR®

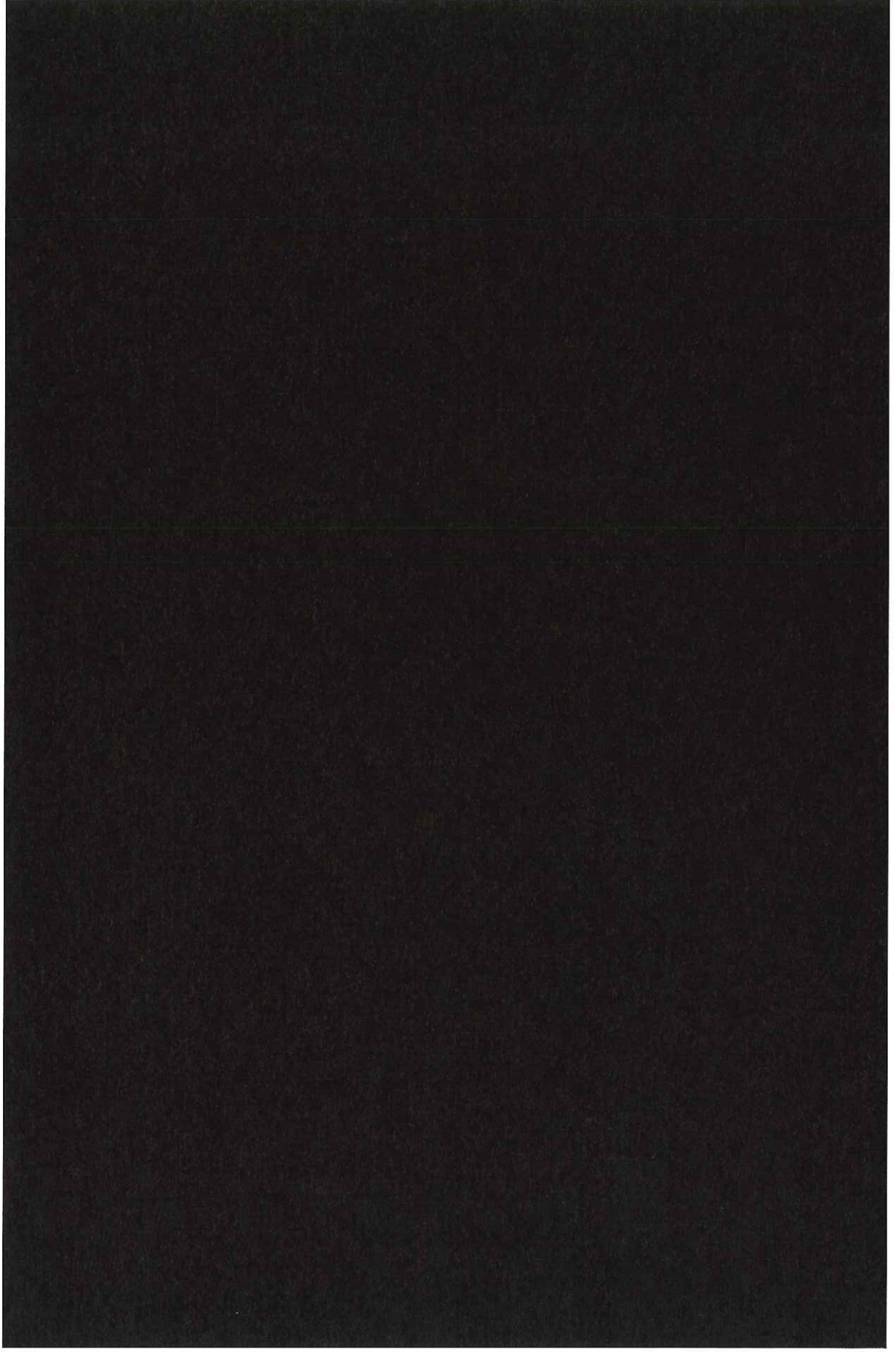
Question III

Exhibits M and M-1: Please explain the factors contributing to the change in the forecast presented in these graphs from the graph presented in Exhibit M of the Trail Unit Application.

Gas Company
cket 13-057-13
ation Exhibit M

QUESTAR®

Question III: Canyon Creek Exhibit M-1



Question IV

Exhibits P and P-1, Tabs WEXII COS-R and WEXII COS-I, line 21: Please explain how the “MMBTU Price Assumption” was determined.

The MMBTU Price is determined using the CERA and PIRA five-year average forecast. Prices were kept flat after year five.

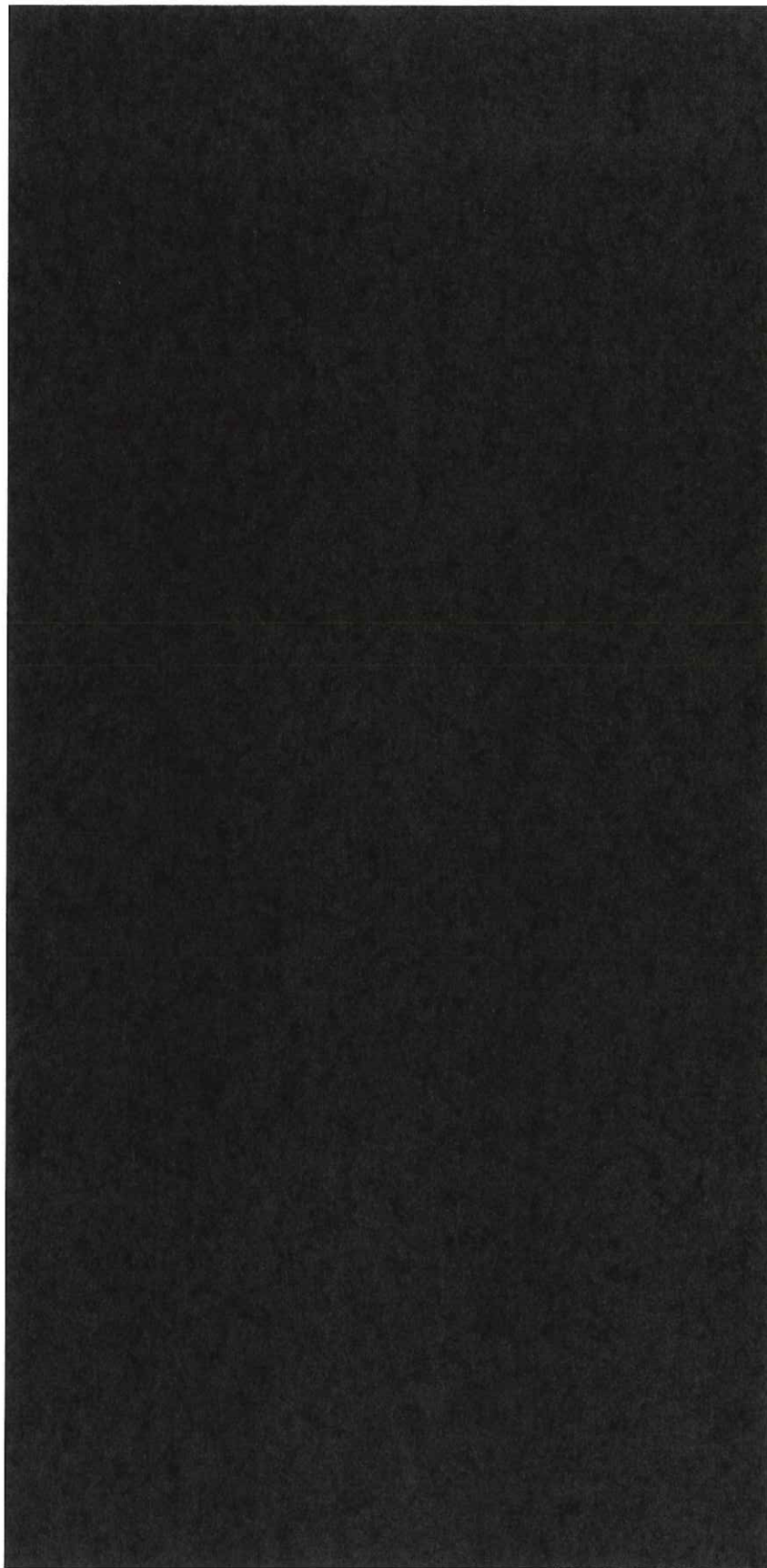
Question V

**Exhibits P and P-1, Tab “ARO PDP Only” - Column G Gross Cost,
Tab “ARO PUD Only” - Column H Gross Cost:**

A) Please identify the specific costs which are included in the column labeled “Gross Cost.” If “Gross Cost” does not include the estimated future costs associated with the plugging and abandonment of wells, equipment removal and land restoration, please identify where they are included in the Application.

The “Gross Cost” in columns G and H of the respective ARO tabs in the cost-of-service model are intended to capture the present value of estimated costs of plugging and abandoning the wells including equipment removal and land restoration. These costs are listed separately from the regular book depreciation and this cost is part of the operator service fee.

Question V



Question V

Exhibits P and P-1, Tab “ARO PDP Only” - Column G Gross Cost, Tab “ARO PUD Only” - Column H Gross Cost:

C) Please explain the difference between "Accretion Expense" and "Depreciation Expense" on these tabs.

As described in accounting standard SFAS 143 and per Guideline Letter dated 02/20/04 " Guideline Letter Governing the Adoption of Financial Accounting Standards Board Statement #143, Accounting for Asset Retirement Obligations under the Wexpro Agreement :

Accretion expense is the difference between the present value and future value of the ARO over the life of the well.

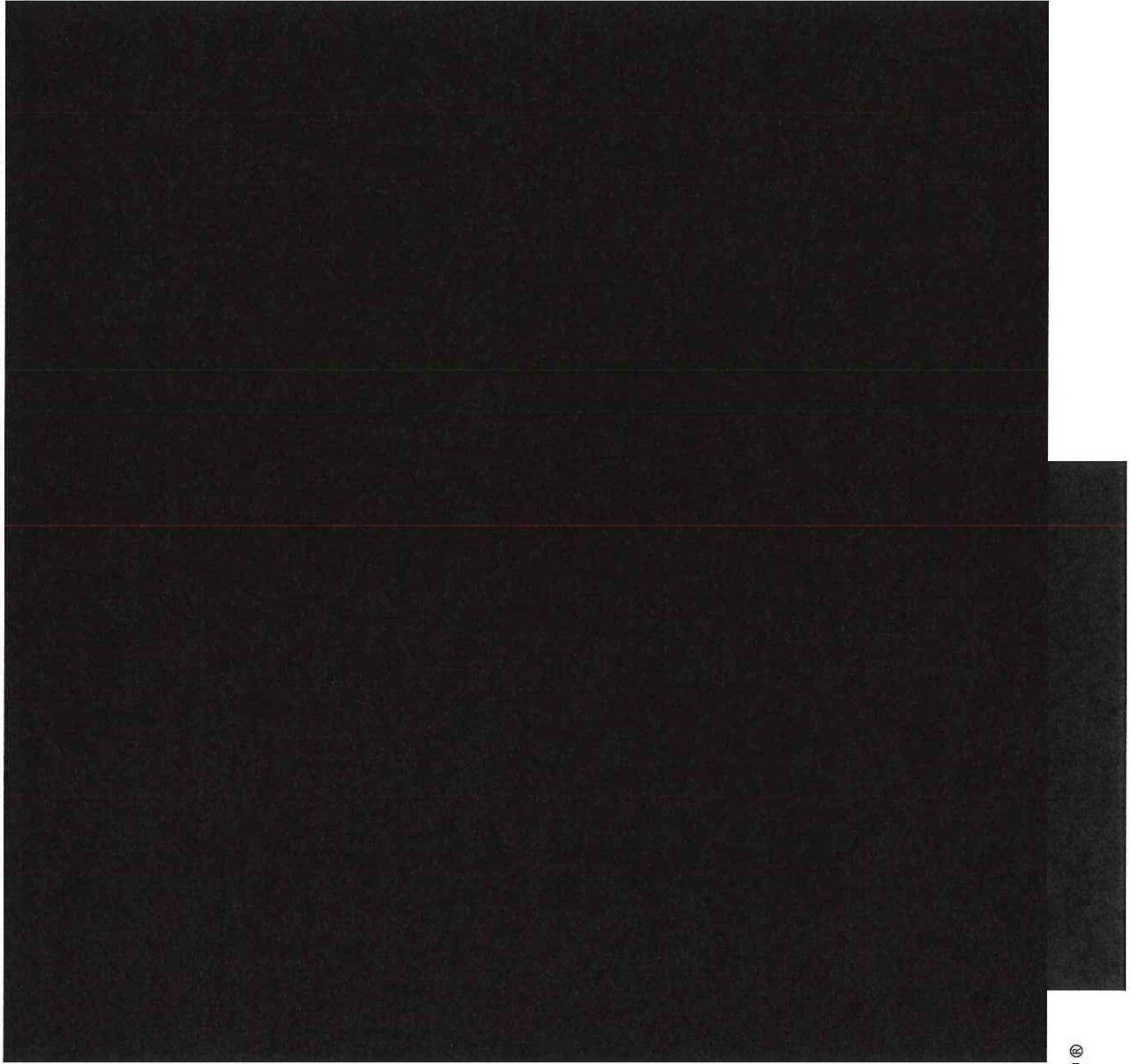
Depreciation expense (associated with the ARO) is the present value of the ARO amortized over the life of the well.

ARO		ARO	
Depreciation Expense		Accretion Expense	
\$5000		\$50,000 - \$5,000 = \$45,000	
\$0	\$5,000		\$50,000
Present Value of ARO		Future Value of ARO	

Amortization of Depreciation and Accretion Over 30 Years = \$50,000

Question VI. – “Please identify year by year number of dry holes drilled under the Wexpro I and Wexpro II agreements and their associated costs.”

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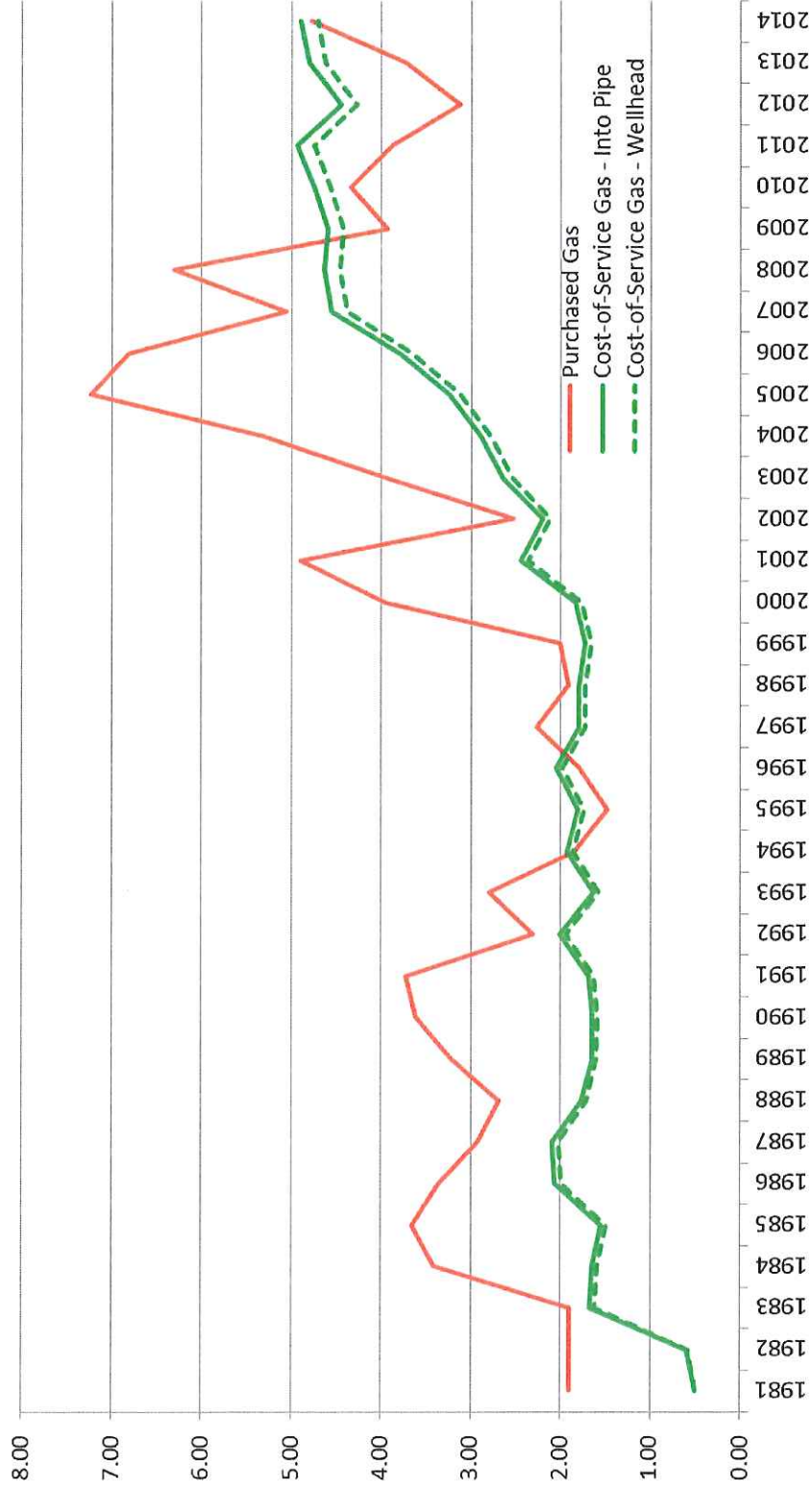


Question VI

Has Questar determined the formula for determining the annual COS price? If yes, please identify the formula and data sources (e.g. account numbers and how volumes will be determined) which will be used to determine the annual cost-of-service price for Wexpro gas. If no, when will Questar determine this formula?

Question VI

Purchase Gas vs Cost-of-Service Gas



Note: Cost-of-service prices are based on estimated volumes delivered into the interstate pipeline.

Questions