

April 6, 2016 Questar Gas IRP Workshop

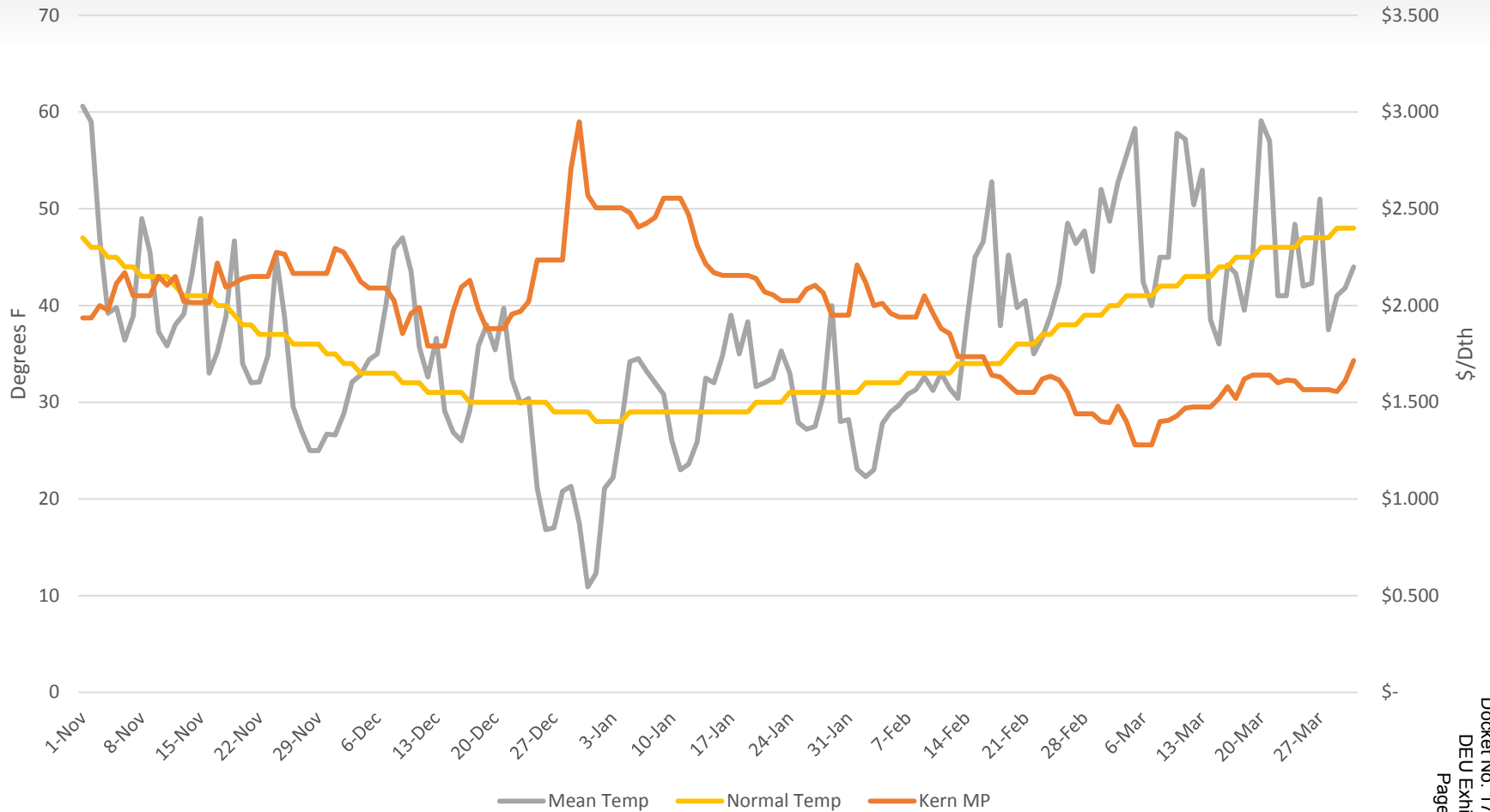
Agenda

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

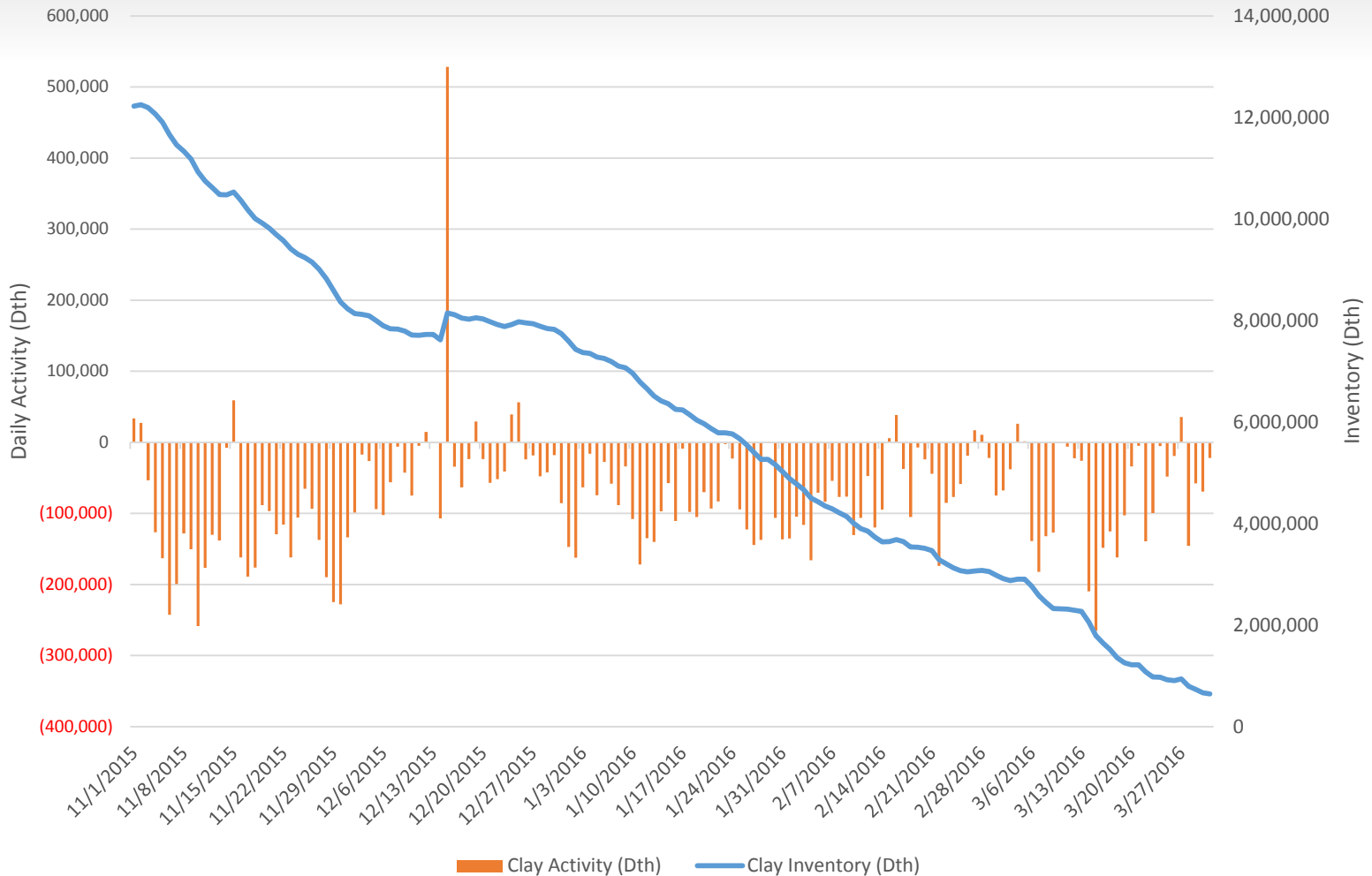
Heating Season Review

Prices and Temperatures

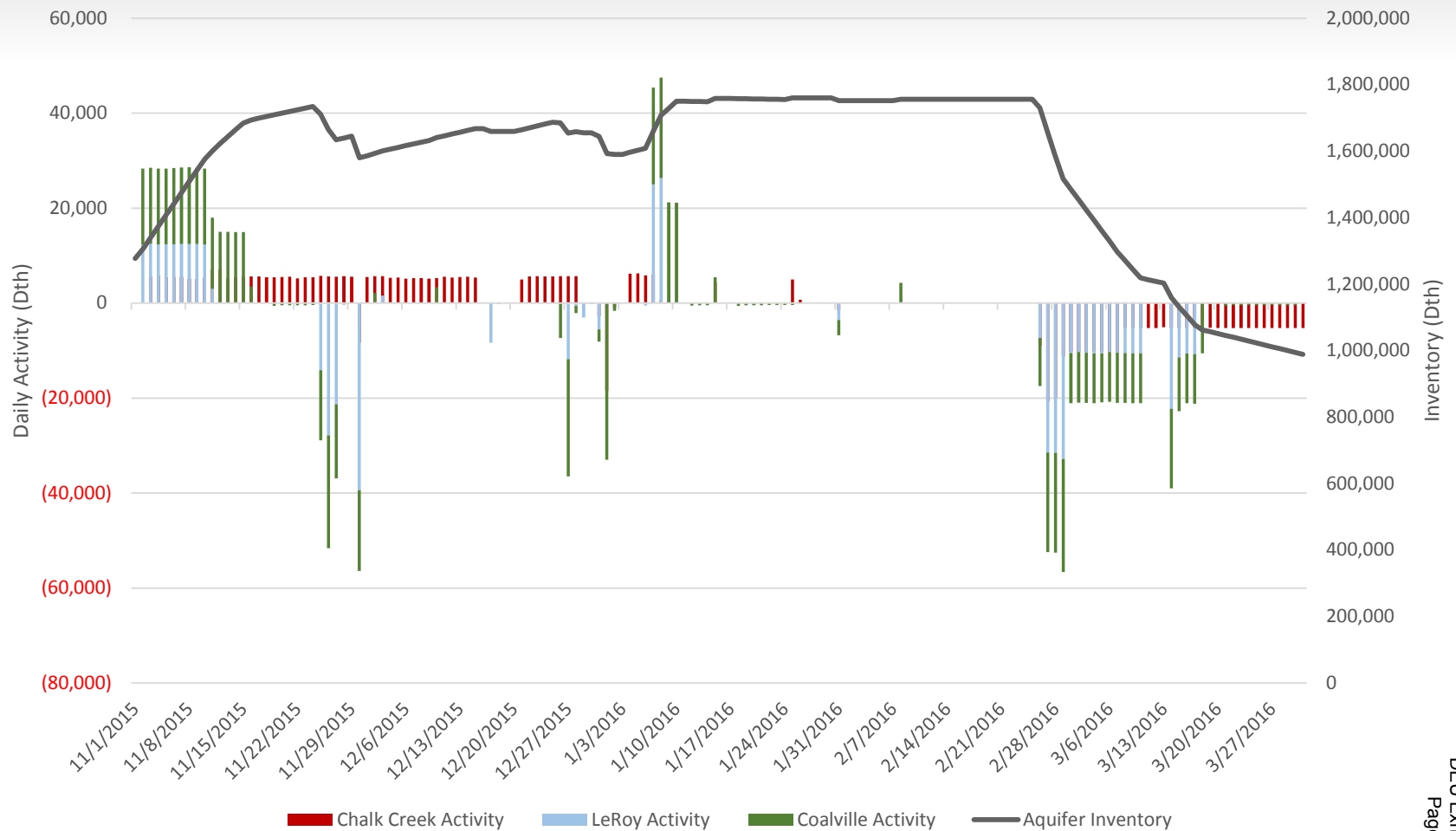
'15-'16 Heating Season - Price and Temps



Clay Basin Activity



Aquifer Activity



Cost of Service Gas Reporting

Items to Report

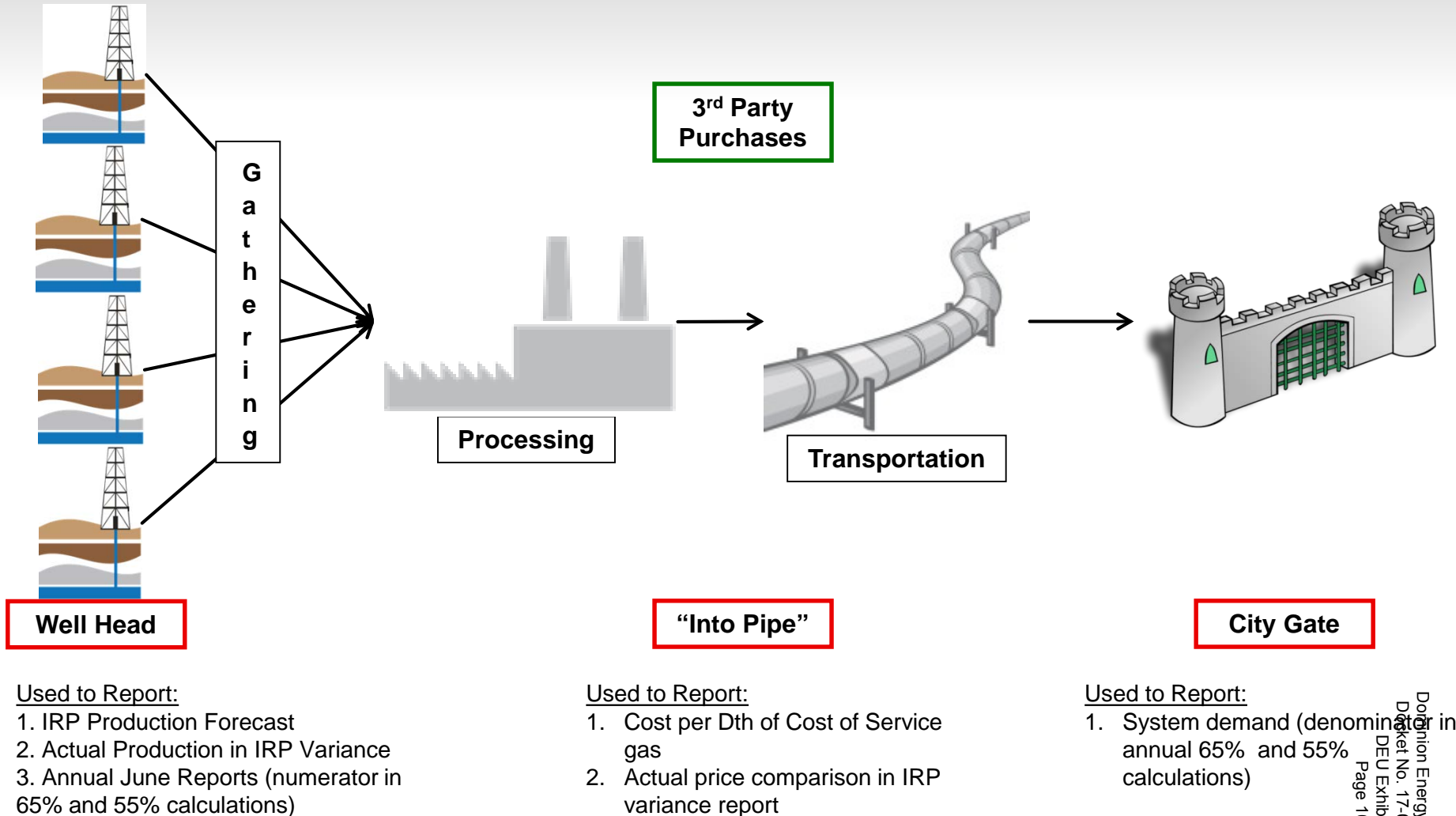
- 65% Calculation “Each year in June, the Company will calculate the actual cost-of-service production that has been recorded in the 191 Account for the previous IRP plan year.”
 - Order Approving Trail Settlement Stipulation
- “Questar shall file the...Wexpro COS gas cost detail both monthly in conjunction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

QUESTAR

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



Wellhead Volumes

Calculation of Wellhead Volumes

Total Production through Well

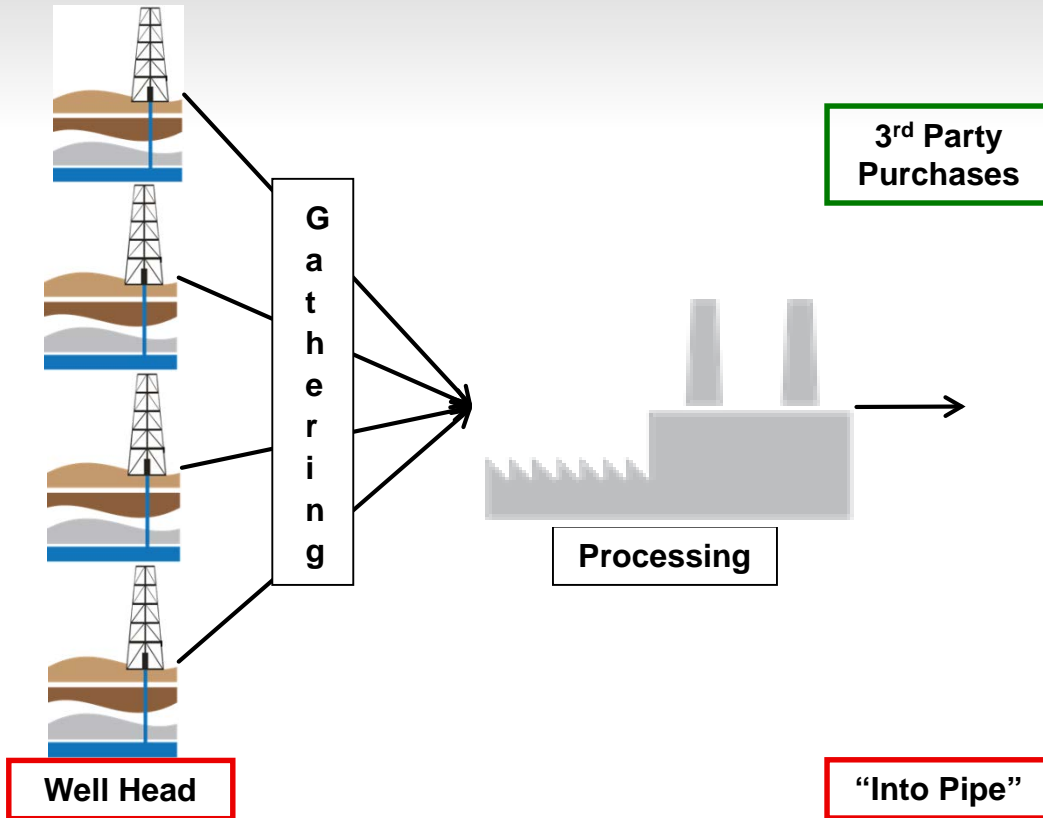
(-) Partner Share of Gas

(-) 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

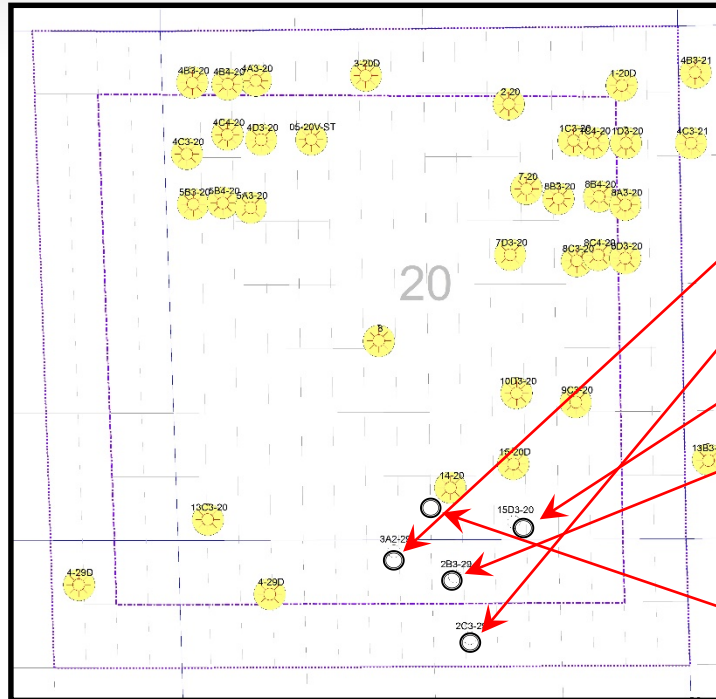
Drilling Schedule

	Spud Date	Expected Turn on Date	WI %	Gross Cost	Net Cost
Mesa Unit 3A2-9	1/31/2016	5/31/2016	40%	\$3,425,386	\$1,370,154
Mesa Unit 2C3-29	2/3/2016	6/30/2016	40%	\$3,425,386	\$1,370,154
Mesa Unit 15D3-20	2/14/2016	6/30/2016	40%	\$3,425,386	\$1,370,154
Mesa Unit 2B3-29	2/27/2016	6/30/2016	40%	\$3,425,386	\$1,370,154
Mesa Unit 14D1-20	non-consent	non-consent	40%		
CCU 83	8/20/2016	11/15/2016	100%	\$1,749,046	\$1,749,046
CCU 82	8/28/2016	11/15/2016	100%	\$1,746,649	\$1,746,649
CCU 79	9/5/2016	11/15/2016	100%	\$1,805,632	\$1,805,632
CCU 226	9/14/2016	11/15/2016	100%	\$1,680,419	\$1,680,419
CCU 225	9/23/2016	11/15/2016	100%	\$1,748,932	\$1,748,932
Trail 68	8/6/2016	11/15/2016	88.16%	\$1,878,742	\$1,656,355
CCU 64	Deferred to 2017	Deferred to 2017	100%		
Trail 95	Deferred to 2017	Deferred to 2017	88.16%		

Hydrocarbon Monitor Review

- Wexpro has optimized a drilling plan in 2016 with a balance of the best locations available (9) and (1) data well to prove up 15+ locations for future years' drilling programs
- (2) data wells are being deferred to 2017 which will help prove up 40+ locations for future programs
- 12 wells have been reviewed with the Hydrocarbon Monitor
 - 12/15/2015
 - Four wells were reviewed for drilling in the Mesa Unit Stewart Point PA-C Pinedale area with one well non-consented
 - 5 year COS is forecasted to be **\$1.94/MMbtu** vs. the Rockies adjusted 5 year-forward price of **\$2.68/MMbtu**
 - 2/8/16
 - Eight wells were reviewed in the Vermillion area with six in the Canyon Creek Unit and two in the Trail Unit
 - 5 year COS is forecasted to be **\$1.96/MMbtu** vs. the Rockies adjusted 5 year-forward price of **\$2.69/MMbtu**

Mesa/Pinedale PA-C Program



Stewart Point	SPUD Date	Est. Turn On	Gross AFE	WI AFE
3A2-29	1/31/16	5/31/2016	\$3.49 MM	\$1.39 MM
2C3-29	2/3/2016	6/30/2016	\$3.49 MM	\$1.39 MM
15D3-20	2/14/2016	6/30/2016	\$3.49 MM	\$1.39 MM
2B3-29	2/27/2016	6/30/2016	\$3.49 MM	\$1.39 MM

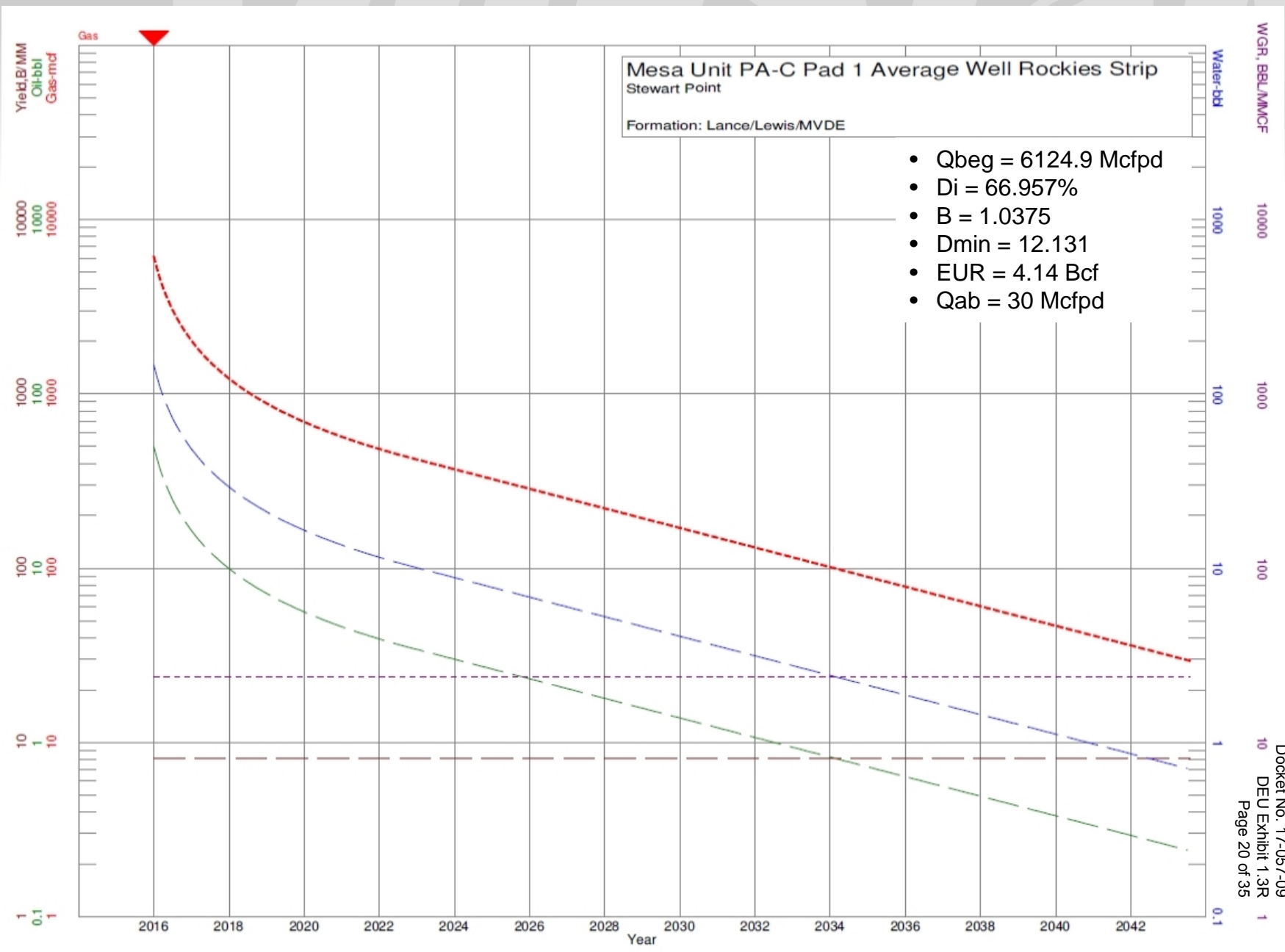
Wexpro will not participate in well 14D1-20

14D1-20	3/5/2016	6/30/2016	\$3.49 MM	\$1.39 MM
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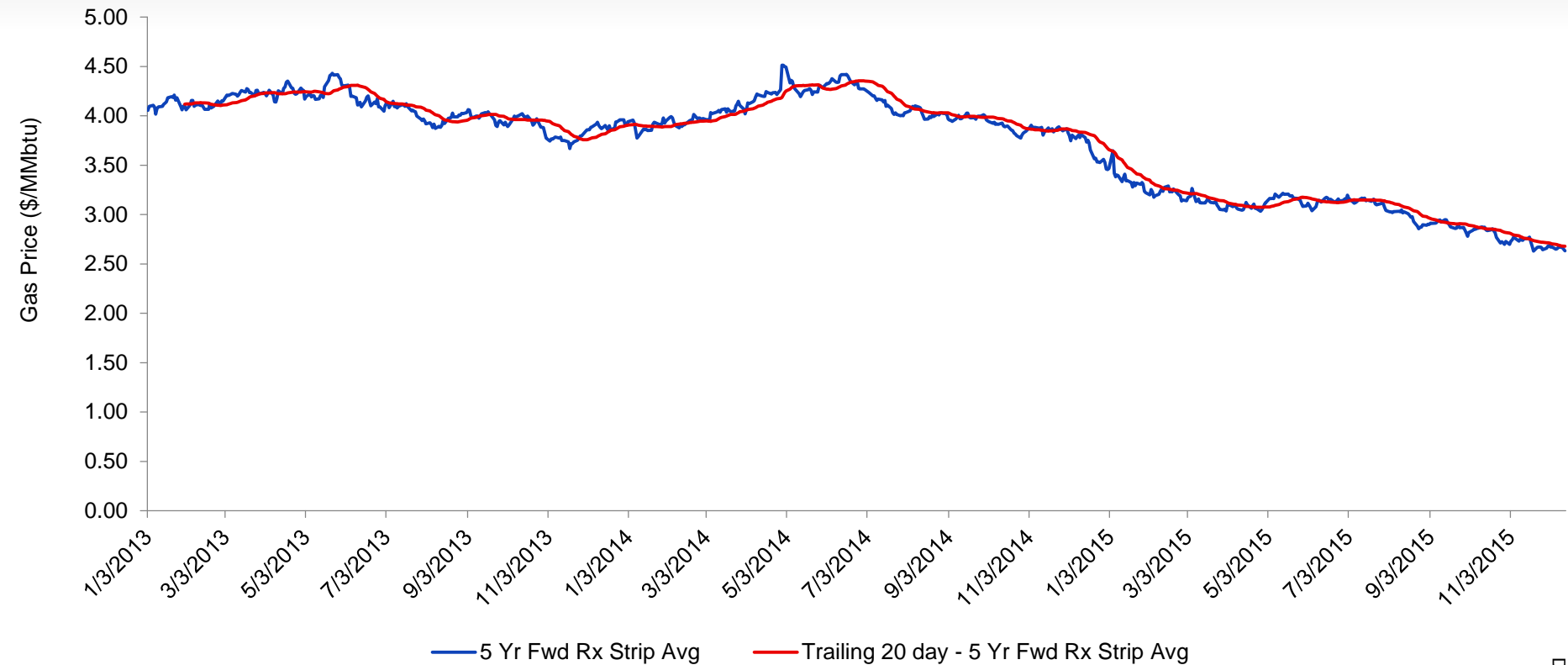
Working Interests:	Wexpro	40.00000%
	Ultra	31.61950%
	QEP	21.30060%
	Vanguard	7.079900%

Average Forecasted EUR = 4.34 Bcfe

Mesa/Pinedale PA-C Average Well Decline

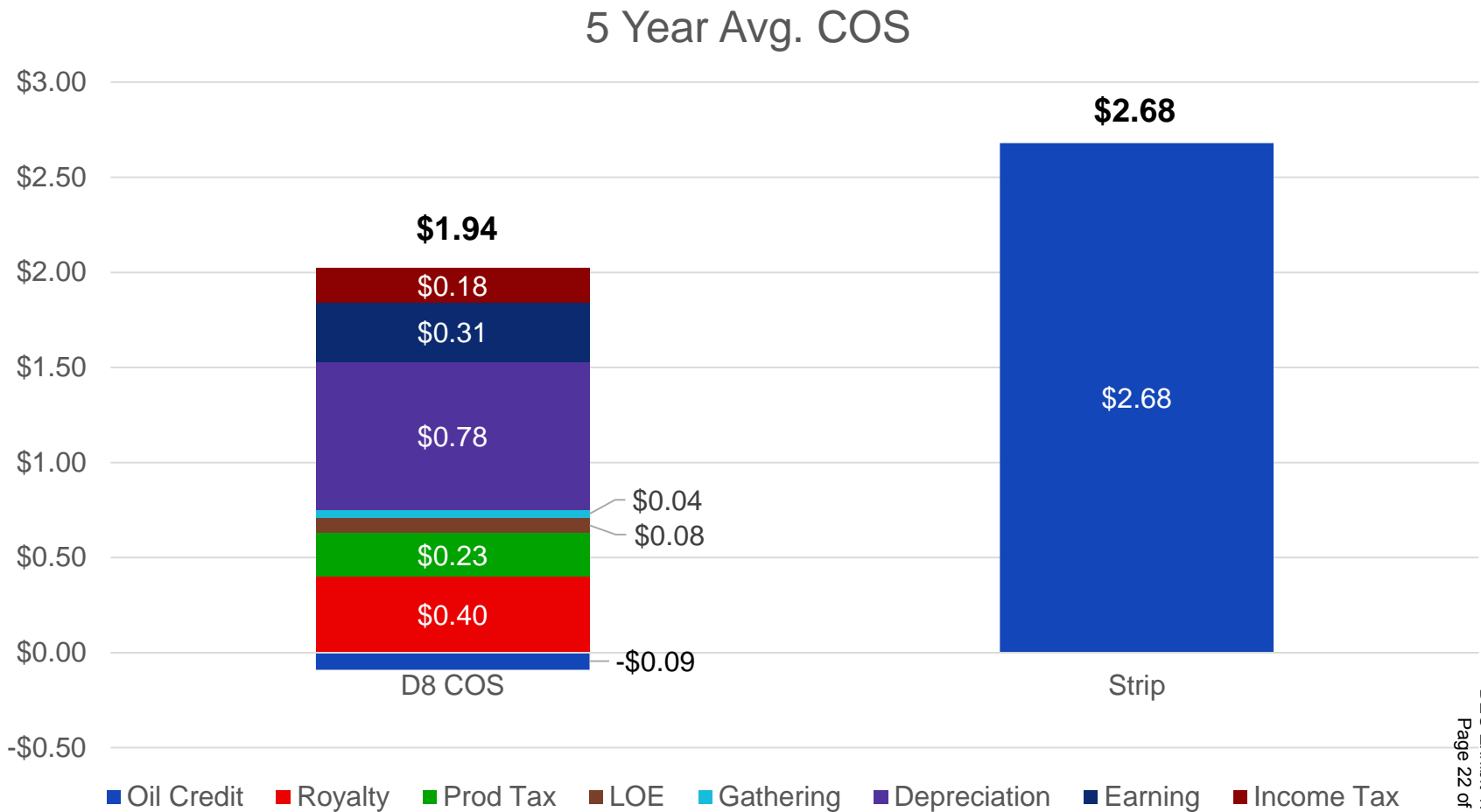


Mesa/Pinedale PA-C COS Test (12/15/15)

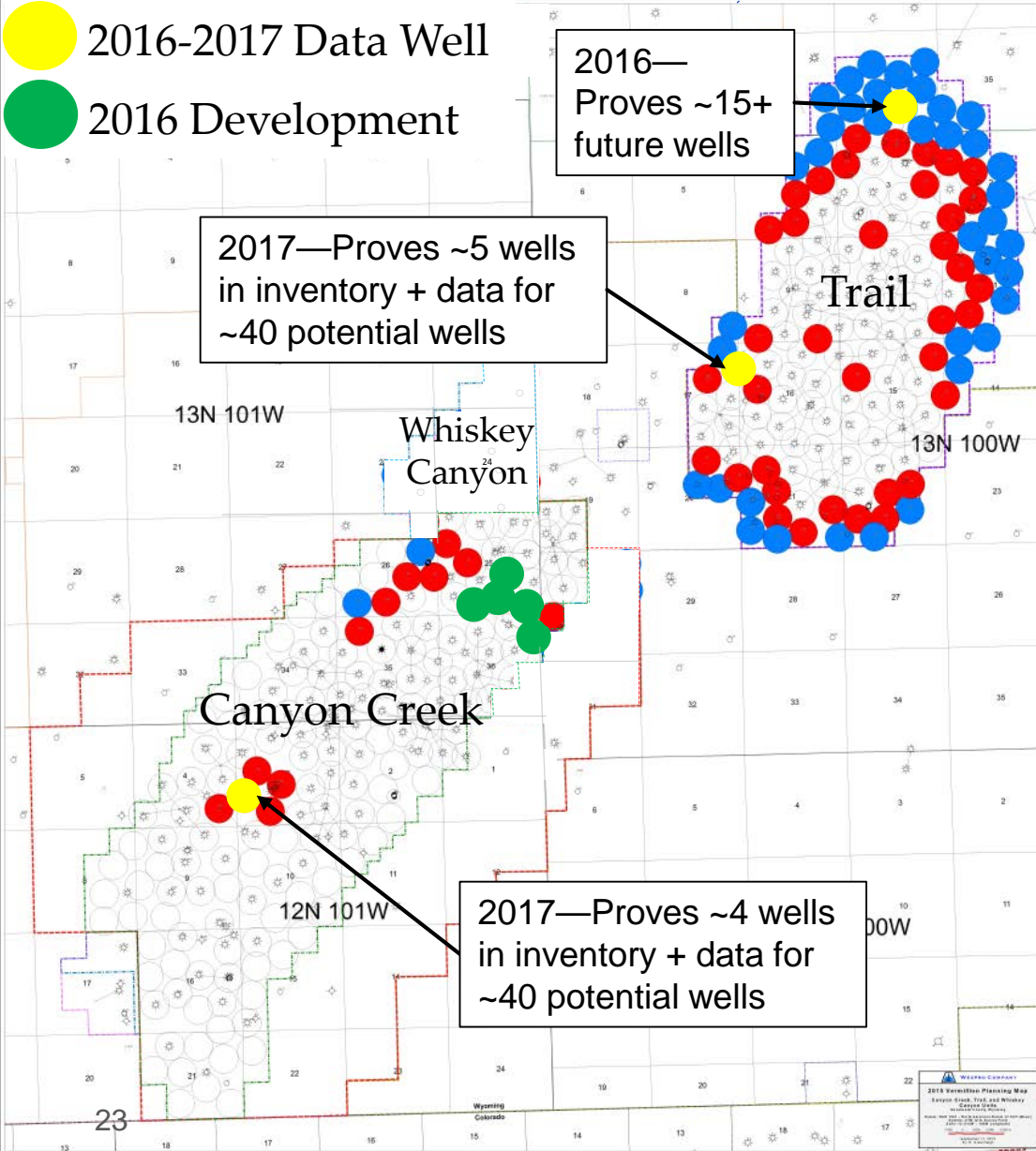


Current	5 Yr Fwd Rx Strip Avg	Trailing 20 day 5 Yr Fwd Rx Strip Avg
12/15/2015	2.63	2.68

Mesa/Pinedale 5 Yr COS vs 5 Yr Rx Strip

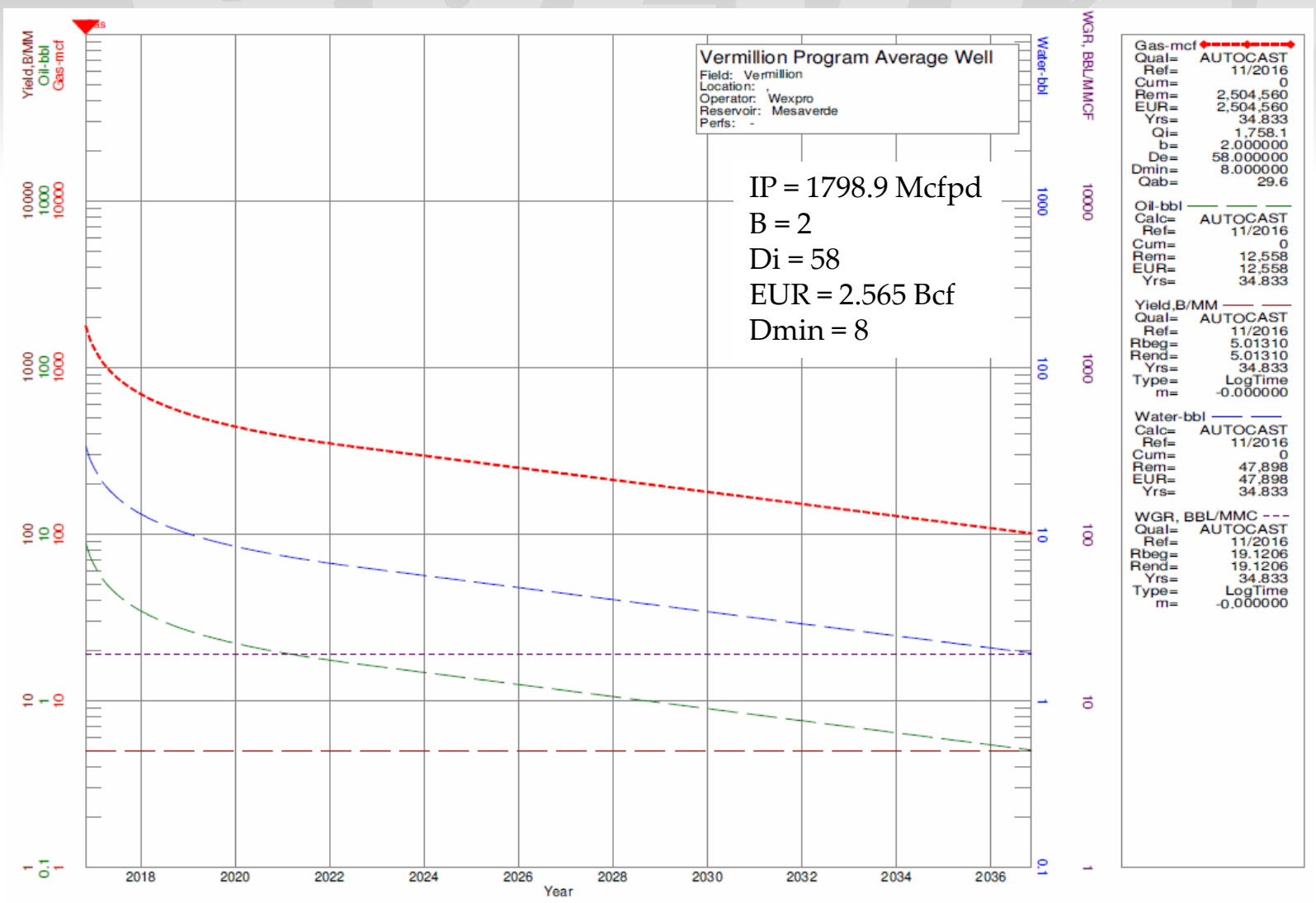


Data collection wells



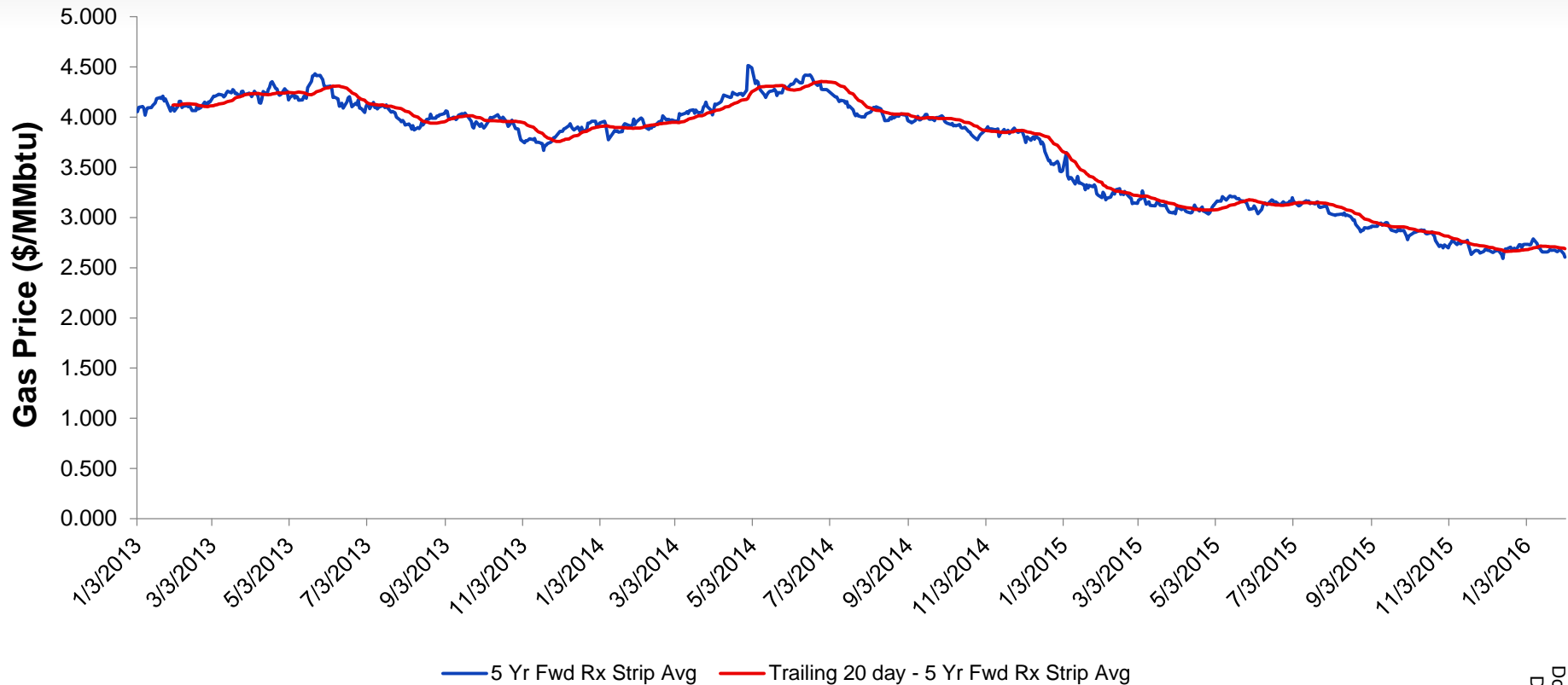
- Step-out data collection wells are required to de-risk undrilled portions of Canyon Creek and Trail Fields
- The 3 wells in yellow were selected to test specific parts of the acreage to prove additional drilling locations
- We have spread the data collection well count over two years to balance the risk of drilling step-out wells with the benefit of proving future well locations

Average Well ARIES Decline: Vermillion 2016 Program



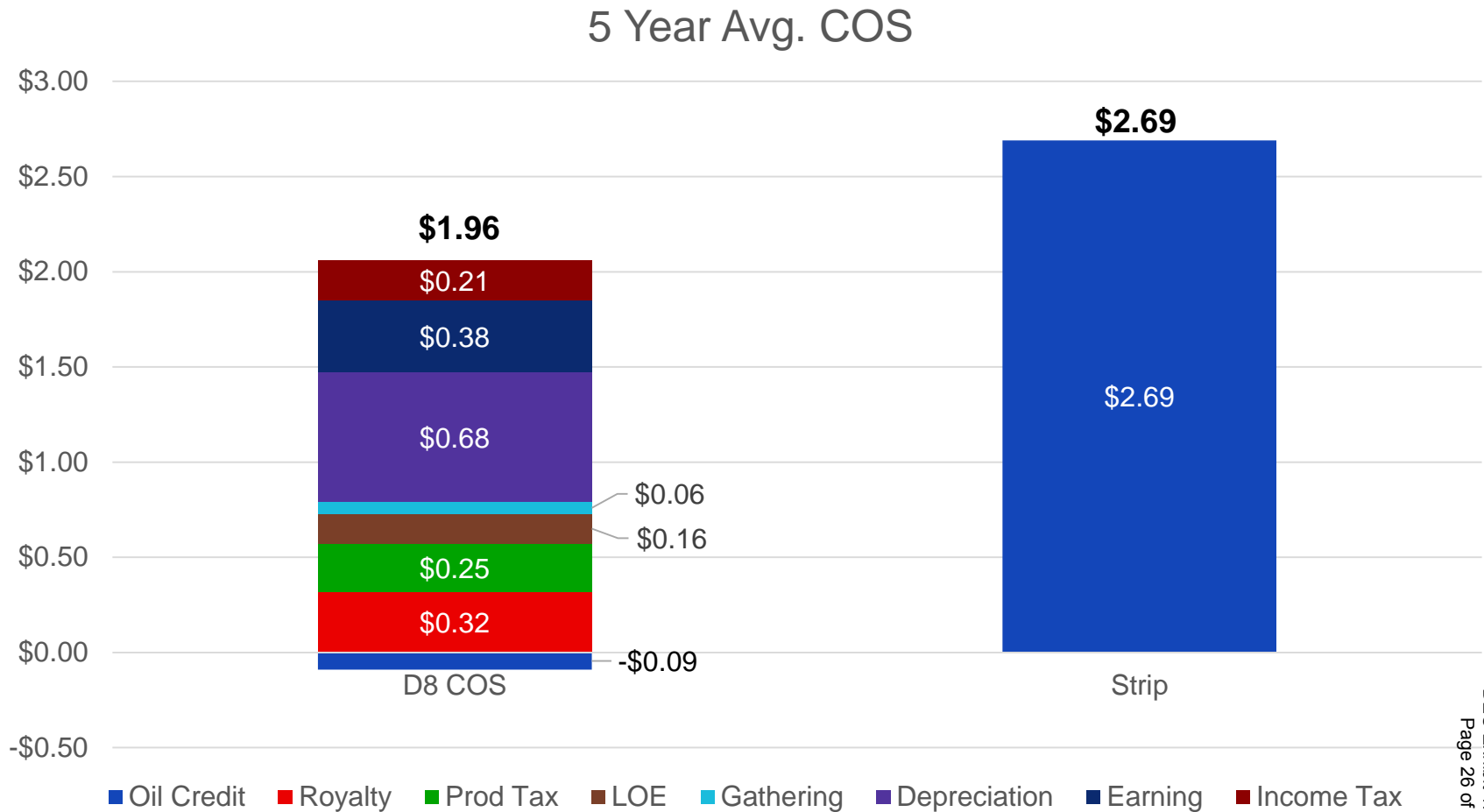
- The Mesaverde type curve was used due to 6 of 8 wells being completed through the Mesaverde section.
- The EUR used is an NRI gas weighted average.

Vermillion COS Test (2/8/16)



Current	5 Yr Fwd Rx Strip Avg	Trailing 20 day 5 Yr Fwd Rx Strip Avg
2/8/2016	2.60	2.69

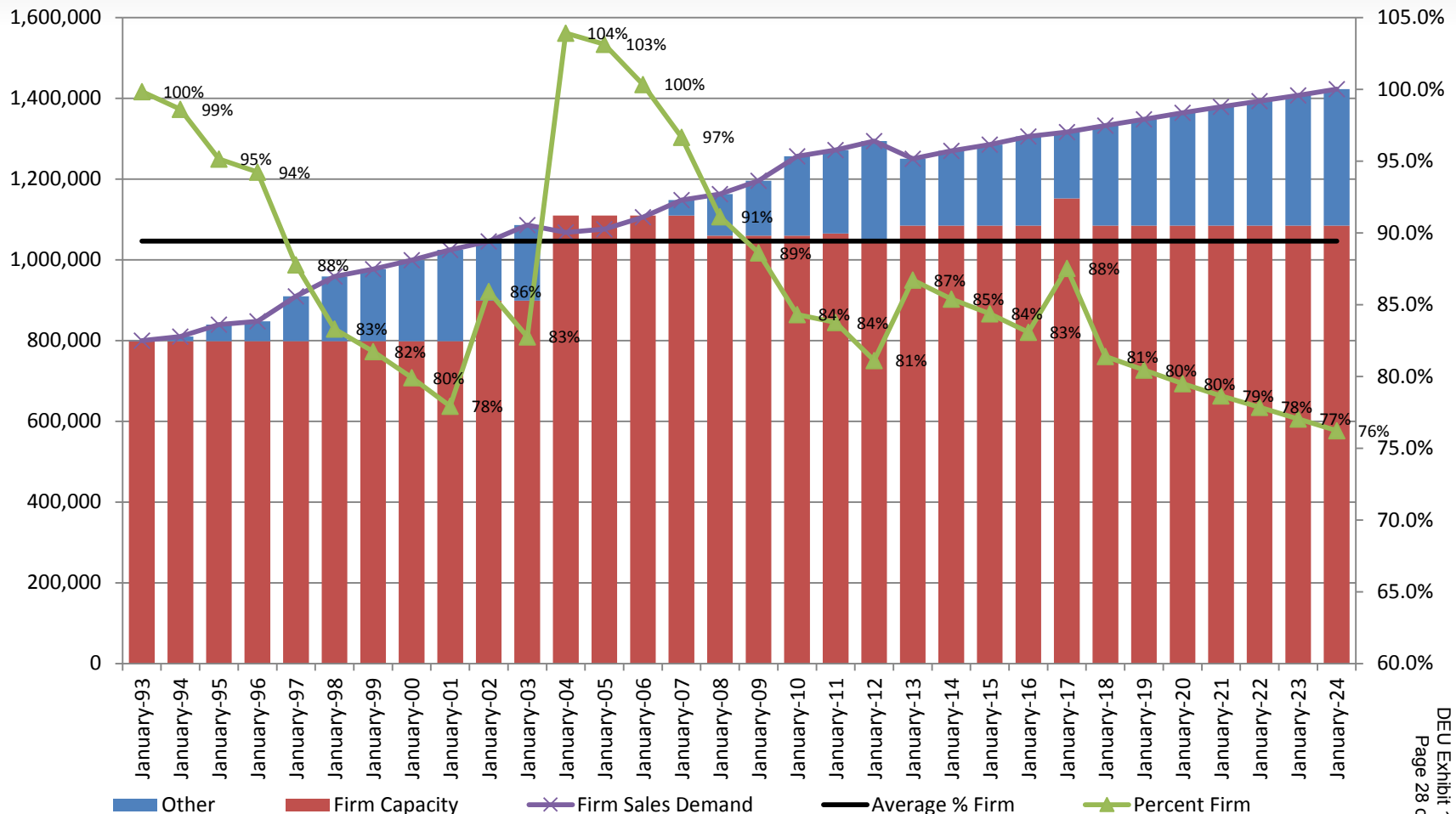
Vermillion 5 Yr COS vs 5 Yr Rx Strip



Upstream Transportation Contracts

Firm Capacity Strategy

Firm Capacity and Demand



New Kern River Contract #1534

- Questar Gas response to a public open season
 - Term = 10/1/16 - 3/31/17
 - Capacity = 27,625 Dth/day
 - Rec = Opal/Painter (WY)
 - Del = South Midway/Wheeler Ridge (CA)
 - Non-segmentable
 - Negotiated Rate = \$0.22 per Dth per day

Kern River Contract #1715

- Contract has requirement for renewal notice 1 year prior to expiration
 - Term = 5/1/03 - 4/30/18
 - Capacity =
 - 53,000 Dth/day (Nov-Mar)
 - 3,000 Dth/day (Apr-Oct)
 - Rec = Opal (WY)
 - Del = Blue Diamond/Wheeler Ridge (CA)
 - Segmentable
 - Rate = 2003 Expansion – Period 2 Eligible
 - 10-year rate - \$.5817 per Dth per day (\$.2558 Period 2)
 - 15-year rate - \$.4704 per Dth per day (\$.2232 Period 2)

Northwest Pipeline #139525

- Contract is used to serve Moab and Monticello
 - Term = 5/1/12 - 4/30/17
 - Capacity = 4,311 Dth/day
 - Rec = Opal (WY)
 - Del = Blanco (CO)
 - Segmentable
 - Rate = TF-1
 - Reservation charge - \$.40888 per Dth per day

Questar Pipeline – Clay Basin #988

- One of our storage contracts at Clay Basin
 - Term = 5/1/12 - 4/30/17
 - Capacity = 3,727,500 Dth/day
 - Rate = FSS
 - Deliverability - \$.09381 per Dth per day
 - Capacity - \$.00078 per Dth per day

Questar Pipeline – #241

- Largest transportation capacity contract
 - Term = 11/1/89 - 6/30/17
 - Capacity = 798,902 Dth/day
 - Rate = T-1
 - Reservation charge - \$.1739 per Dth per day

QUESTAR

Peak Hour Issue - Update

- RFP responses received March 31, 2016
 - LNG peak shaving plant
 - 16 respondents
 - Upstream peak-hour services
 - 3 respondents
 - Kern River, Questar Pipeline and Magnum Energy

Questions?