Division of Public Utilities 2/14/24

Technical Conference Questions for 24-057-03

1. Please explain how the Estimated Ultimate Recovery (EUR) numbers were calculated, what they were based on, and how they were used in determining the projected well locations.
2. Given that the Horseshoe Bend area is not a Wexpro Production field as the other acquisitions have been, what additional risk factors were applied and valued?
3. Please provide the calculations for the supporting documentation for Exhibit D which shows an average of about 2.9 Billion Cubic Feet (BCF) + 20.5 Million Barrels of Oil (MBO) per well?
4. Please provide some Aries (Haliburton software) type cash analysis flows showing the resulting expected payout.
5. Please include the input and output pages for the Aries type analysis.
6. Please also provide the expected Net Present Value (NPV) and Rate of Return (ROR) for a typical drilled well in this area using the typical Drilling & Completion (D&C) costs with the supporting documentation.
7. Please compare the expected Cost of Service (COS) price to the 5-year projected market price.
8. How do these numbers presented above (EUR, BCF, MBO, NPV, ROR, D&C) differ based on Working Interest for on the life of the well, or up front?
9. Please provide the expected production, production costs, wellhead costs, and Cost of Service (COS) prices charged to Questar for each of the Wexpro II properties included so far. Please compare that with the actuals for each of the above metrics on a monthly basis and cumulatively.
10. Please provide the COS price Wexpro has charged to Questar over the past 10 years, separated by the original Wexpro Agreement and the Wexpro II properties.
11. Referencing the question above, please provide explanations for any anomalies and price increases greater than the average price +-10%.
12. In addition to the COS prices above, please provide the D&C and EUR of the Wexpro II wells compared against the historical Wexpro numbers.
13. Please compare the expected COS, D&C, EUR for the proposed Horseshoe Bend developmental wells to all other Wexpro II wells.
14. Please provide a comparison of performance for the proposed vs actual values for production of Wexpro II EUR's versus the current projected values (for future development in the new Horseshoe Bend area).
15. What are the advantages and disadvantages (including comingling) of drilling to the Blackhawk formation?
16. Please provide the percentages of all production horizons for the Wexpro properties by well.
17. Of the Wexpro wells currently producing near the new Horseshoe Bend property are those wells producing from the Mesa Verde and or Blackhawk formations?
18. If the wells drilled in the Blackhawk do not produce as expected will the drilling plan for subsequent wells be altered? If so, what is the production volume at which the well program would be altered to shallower production horizons?
19. At what point of production will the Working Interest be converted to 75%?

20. Referencing Exhibit 3.3. What causes the COS forecast in the year 2024 to be equal with or without this acquisition?
21. Referencing Confidential Exhibit P. Please provide a comparison between the current filing and historic filings (Trail Unit, Canyon Creek, Vermillion, Alkali Gulch) for the graph named "Cost-of-Service Projection $/Dth" which is in sheet "Exhibit L".
22. Referencing Exhibit D. What causes the variability in estimated well production?
23. What is the rational for drilling all 38 wells within the next five years?
24. Within the drilling schedule is there any environment which would advance or retard the planned wells to be drilled in the Horseshoe Bend area (e.g. better than expected returned leading to 8 wells being drilled in 2025 rather than 4)?
25. Referencing Exhibit J, please provide the market value of the expected liquids from the two proposed wells compared to the cost to process the gas.
26. On what date did Wexpro enter into this Farmout agreement?
27. What costs have been incurred to date for the Horseshoe bend?
28. Referencing Exhibit B. What is the planned well spacing?
29. Referencing Exhibit F. Show a comparison of these drilling costs compared to all other Wexpro II drilling costs.
30. Also, in Exhibit F. Please explain the exact duties of the Consultants. Also, please explain why the Company does not have that expertise in-house. In connection with this, please provide the cost/benefit analysis used to determine whether to use in-house vs consultant expertise.
31. Referencing Exhibit G. Show a comparison of these estimated operating costs compared to all other Wexpro II operating costs.
32. Referencing Exhibit J. Show a comparison of these costs on a Cost of Service basis compared to all other Wexpro II wells.
33. Referencing Exhibit N. How close are the nearest ten Wexpro producing wells, and what has been those well's production over the past ten years?
34. Show the wells Wexpro plans to drill during this time frame that have been postponed as a result of the Farmout agreement with their projected Cost to drill and Cost of Service.
35. How many Plug and Abandonment (P&A)'s are scheduled for this year and what is the impact from these abandonments (cost to P&A, lost production, impact to EUR of the field)?