

Horseshoe Bend Development Technical Conference

Wexpro

February 21, 2024



Agenda

- Non-Confidential Section
 - Development Summary

- Confidential Section
 - Development Summary
 - Gas Supply
 - Development Plan
 - Cost of Service
 - Data Requests Responses

Non-Confidential Development Summary

Introduction and Overview

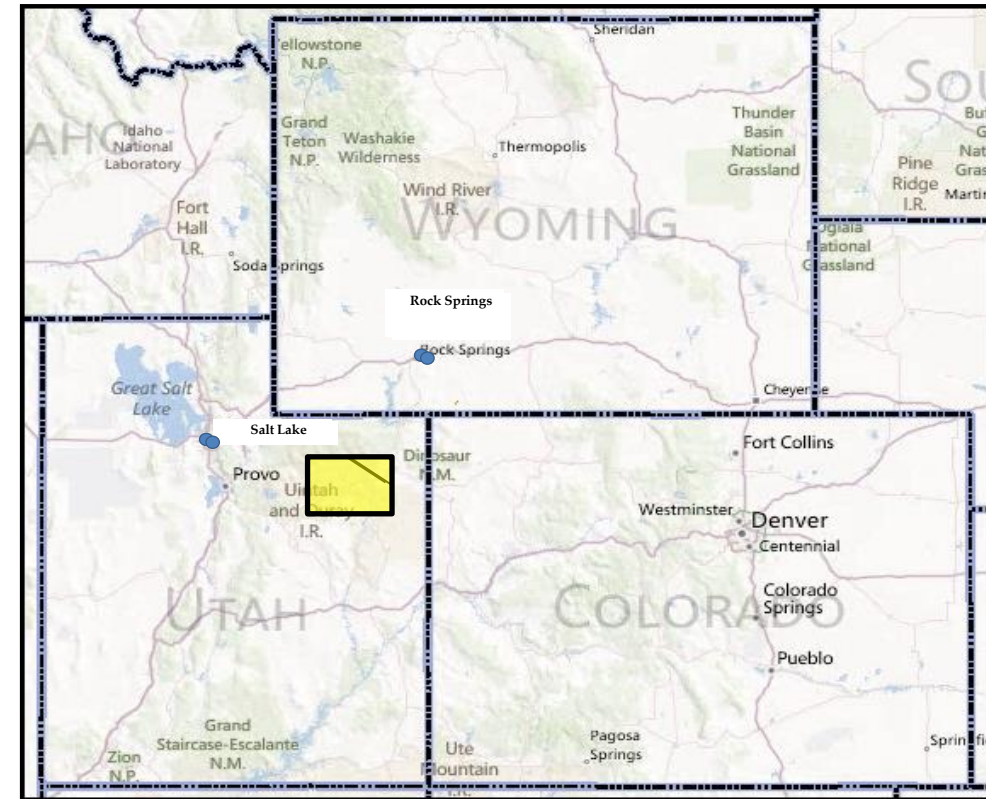
REDACTED

Asset Summary

- High quality assets in Utah near existing operational footprint
- No producing assets or liabilities
- [REDACTED] acres of development potential in resource play
- [REDACTED] drilling locations
- Manageable and familiar land, environmental, and regulatory environment

Production and Reserves Base

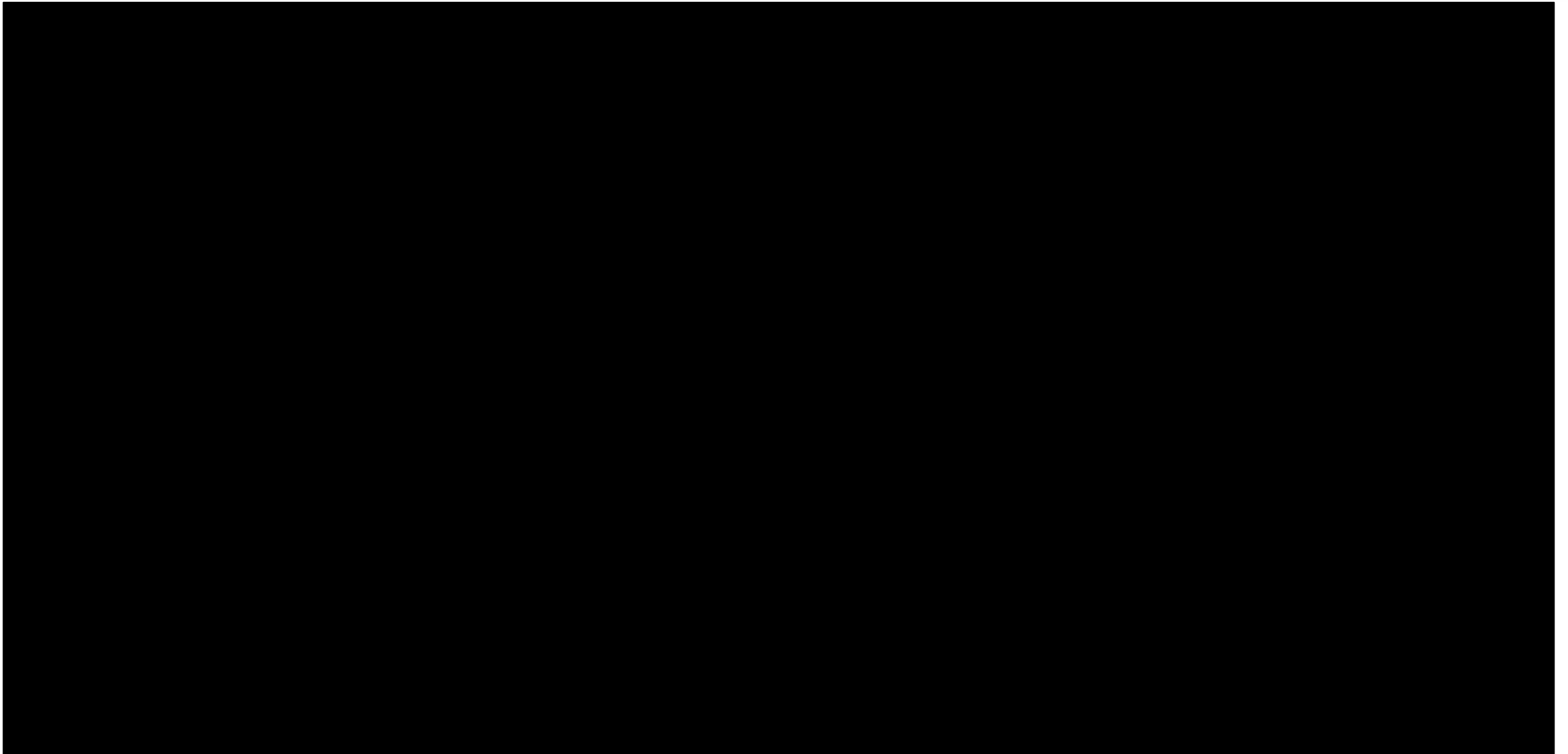
- No production or proved reserves
- Drilling locations are close offsets to producing analog wells in regional resource play



Confidential Development Summary

Valuation

REDACTED

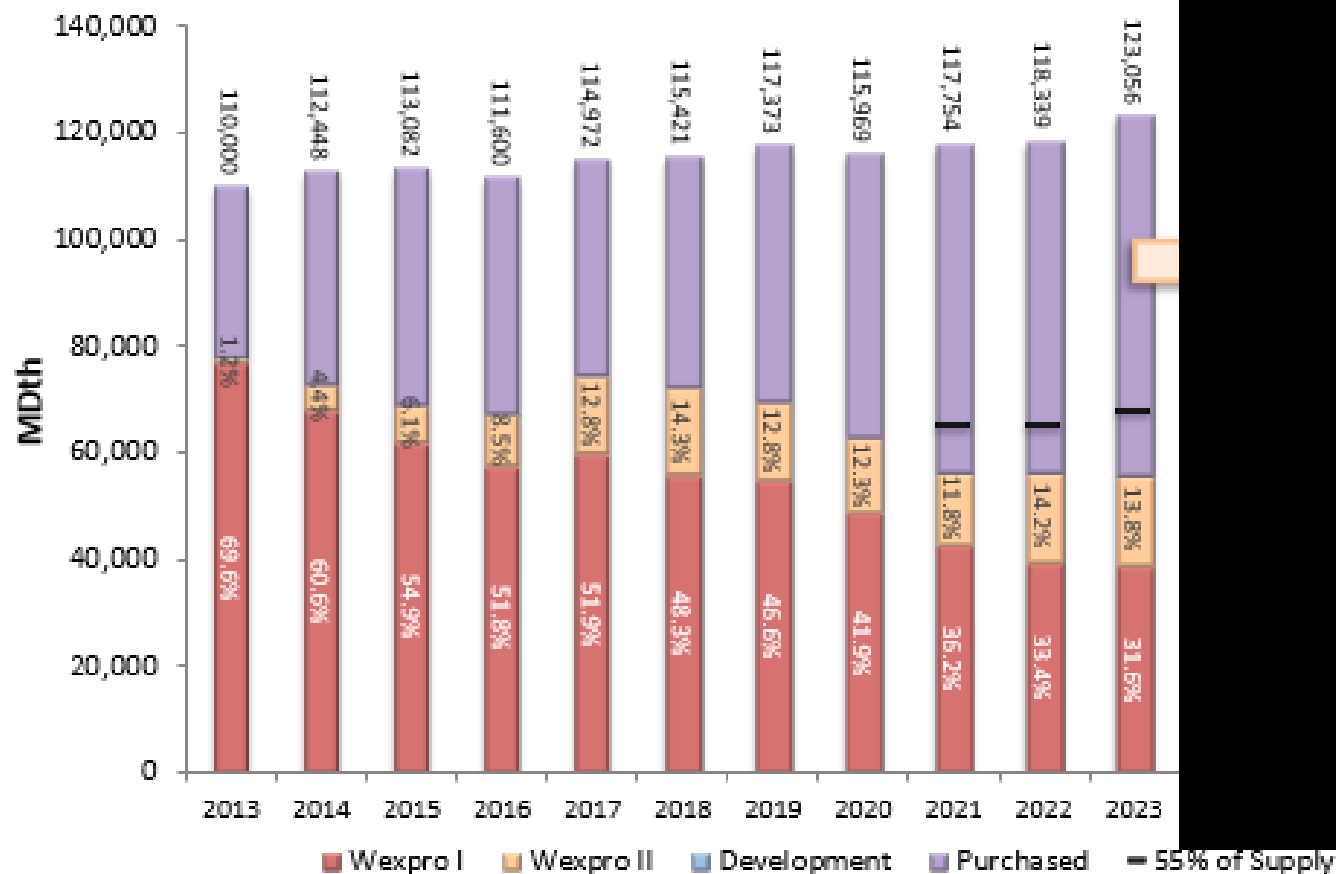


Gas Supply

Gas Supply - Exhibit M

REDACTED

Total QGC Gas Supply (IRP Year)



	2023	2024	2025	2026	2027	2028
Wexpro I %	31.6%	30.7%	30.1%	29.3%	28.2%	26.6%
Wexpro II %	13.8%	16.1%	15.6%	15.2%	14.4%	14.6%
Acquisition %	0.0%	1.2%	2.0%	3.9%	5.4%	6.3%
Total %	45.3%	48.1%	47.7%	48.4%	48.0%	47.5%

Development Plan

Farm-In Acreage and Locations

REDACTED

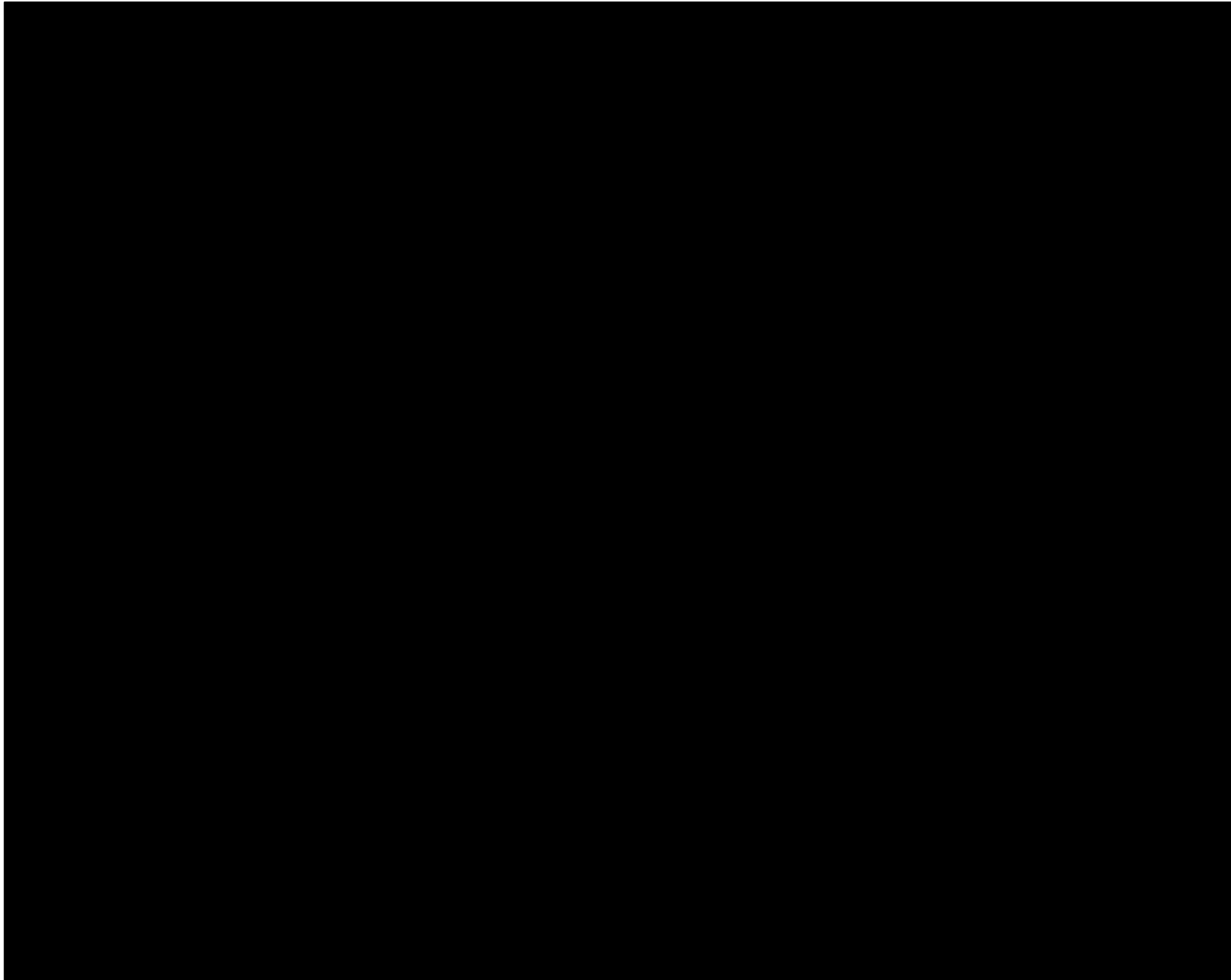
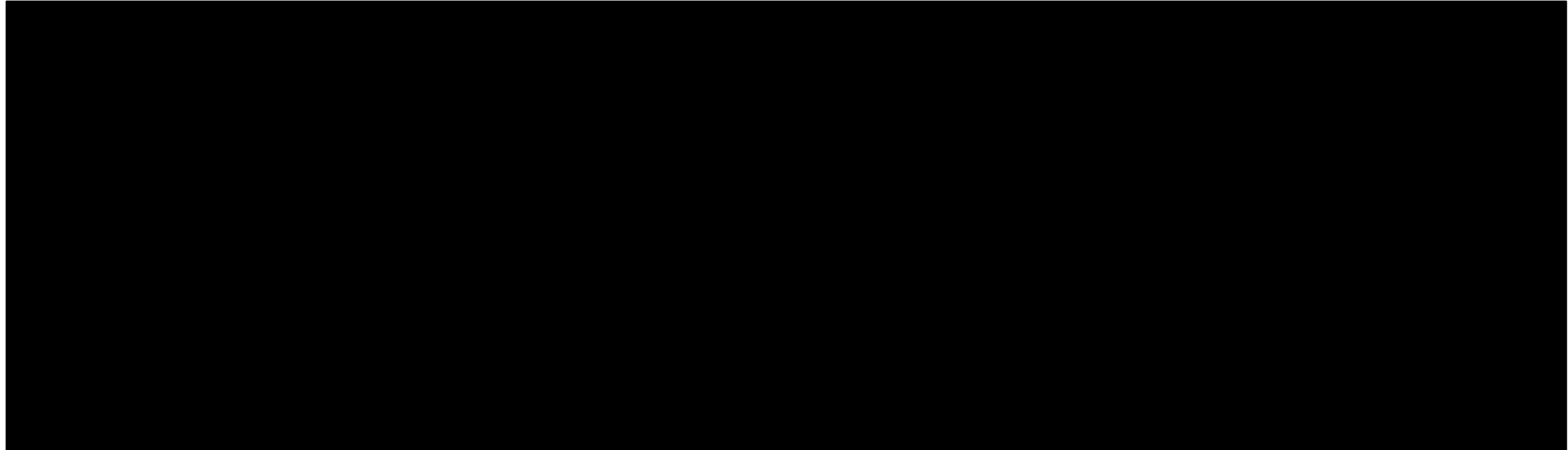


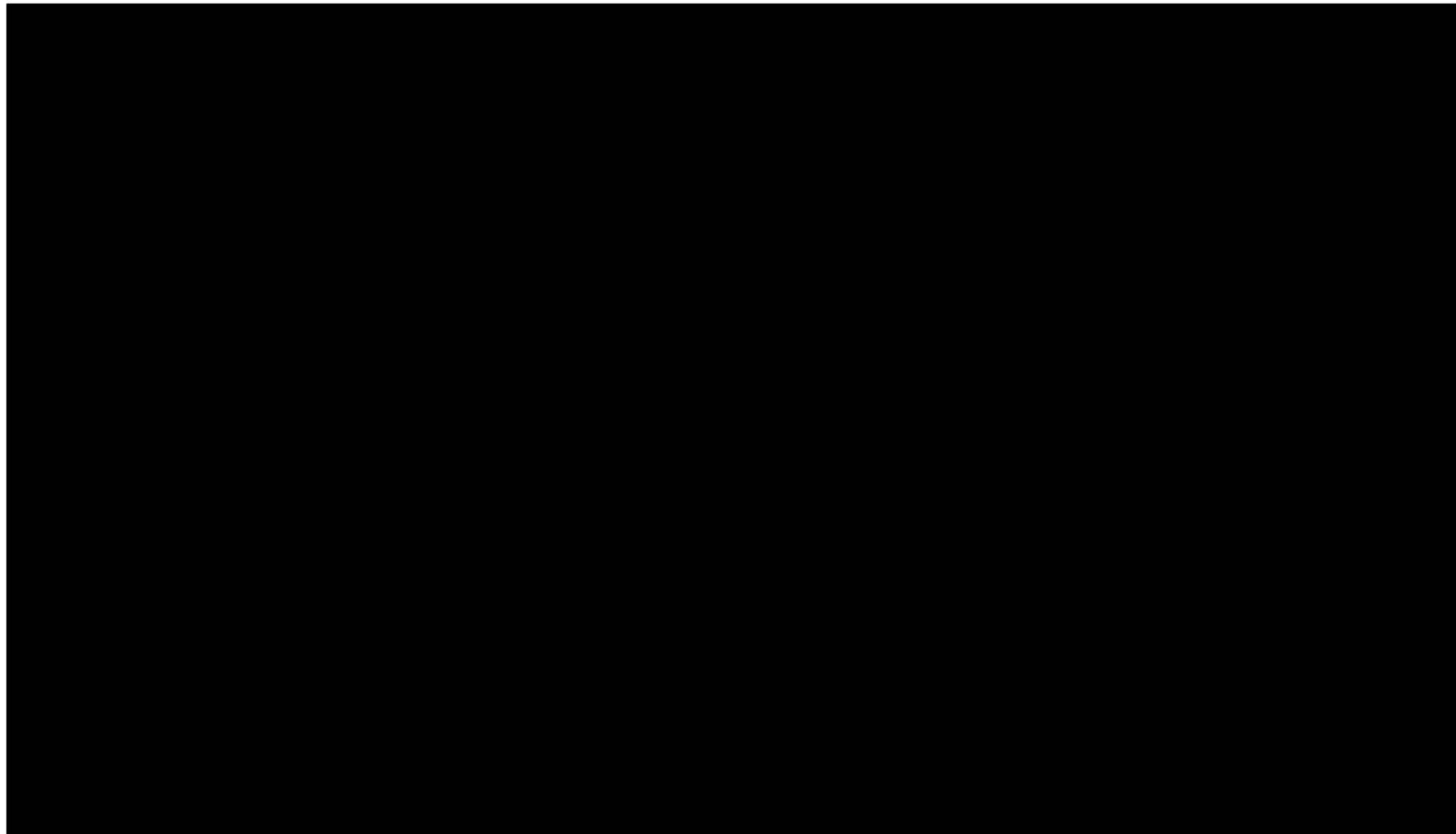
Exhibit O

REDACTED



Drilling Depths and Costs

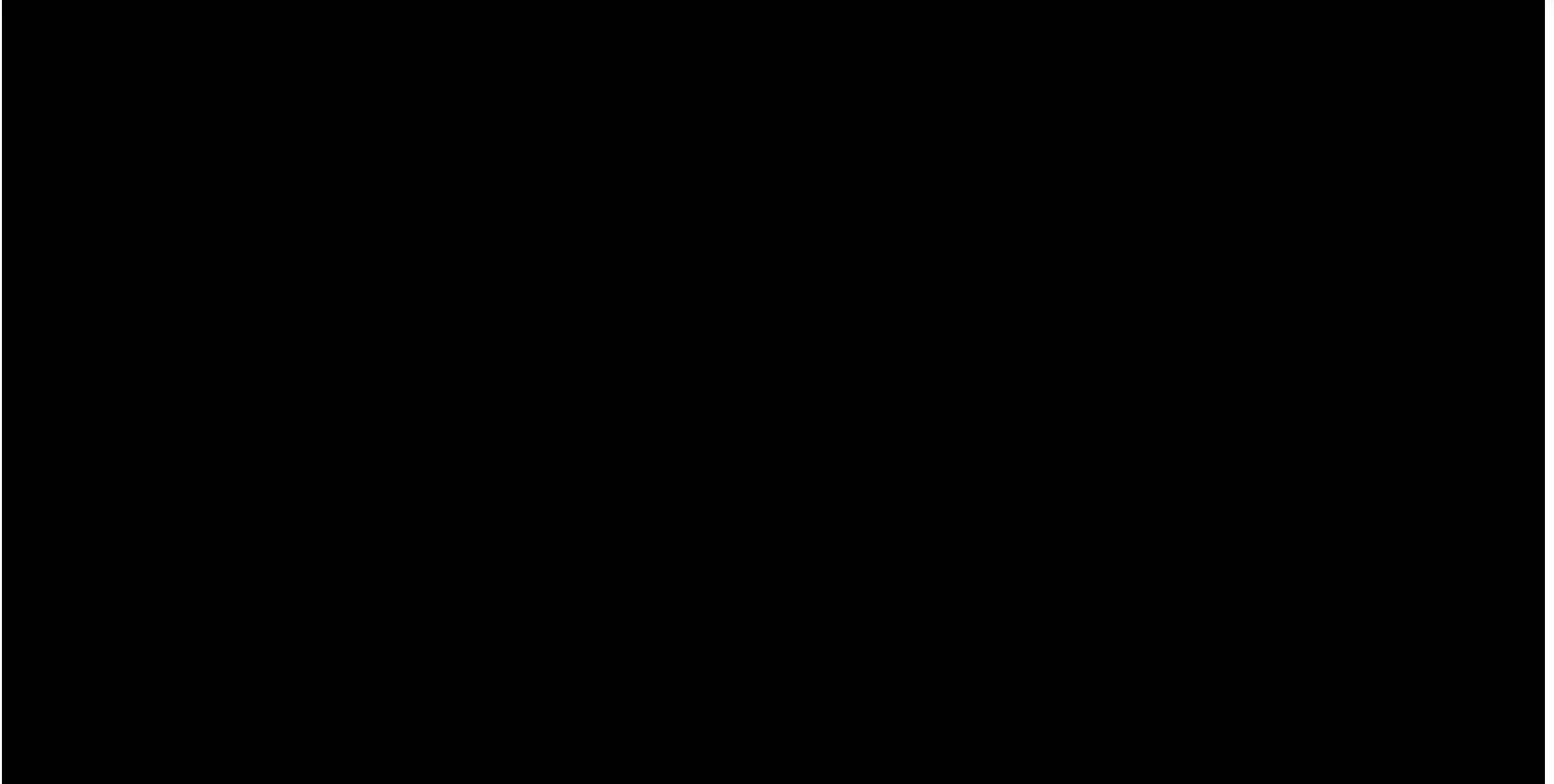
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Confidential Cost-of-Service Summary

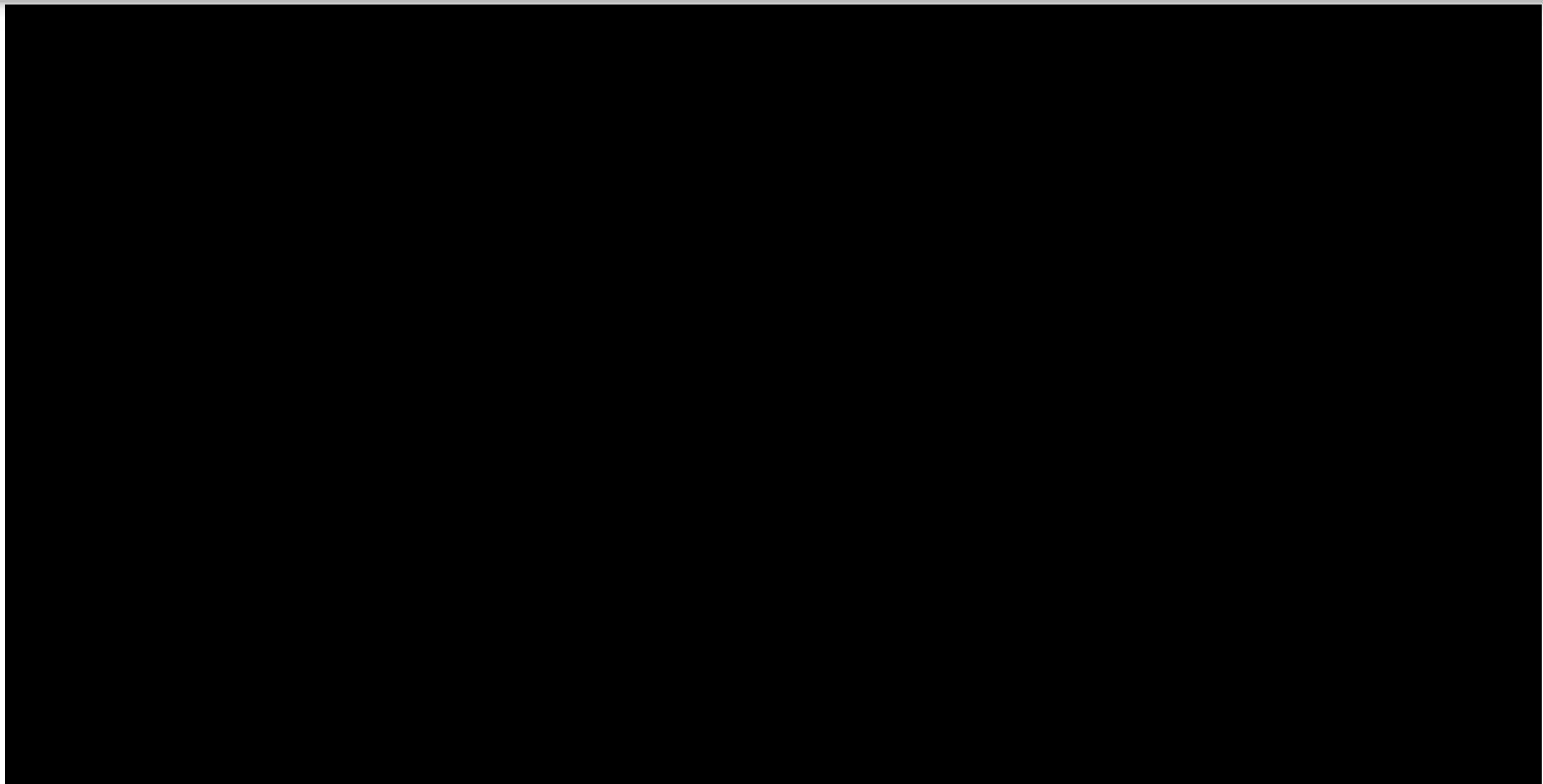
Cost of Service of Project

REDACTED



Annual Cost of Service vs. Exhibit A Price

REDACTED



Division of Public Utilities (DPU) Technical Conference Questions

Questions with No Responses

DPU Questions 1-6; 8: Documentation and calculations given to the Hydrocarbon Monitor, Tim Wilcox, not shown in Technical Conference.

Questions with Responses

REDACTED

DPU Q-7. Please compare the expected Cost of Service (COS) price to the 5-year projected market price.

Answer: See data below.

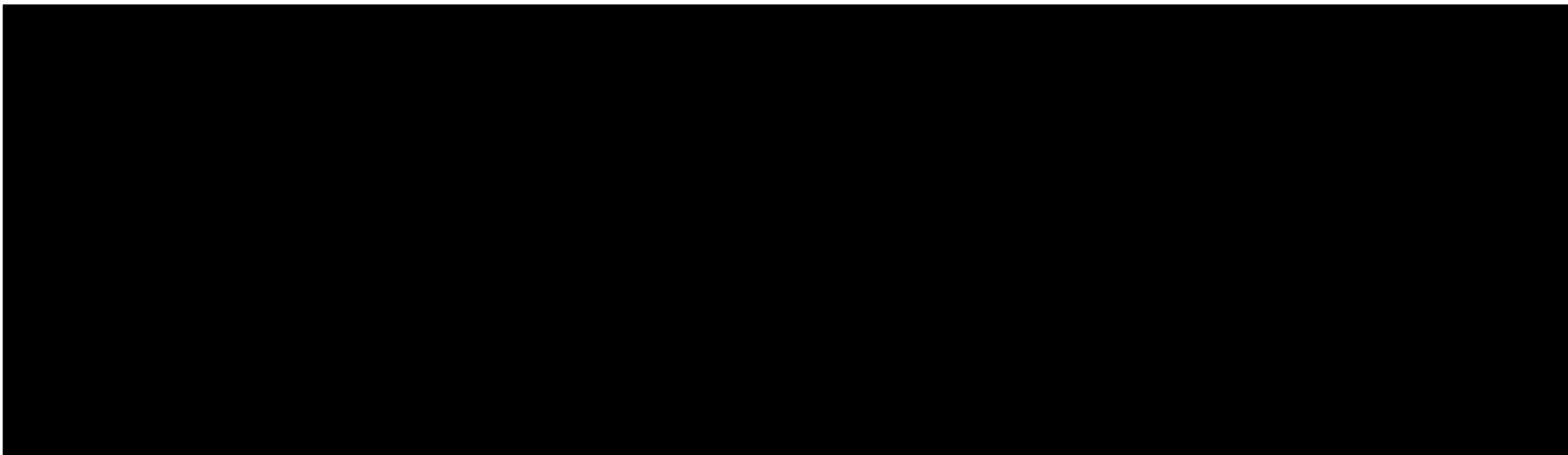


Questions with Responses

REDACTED

DPU Q-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.

Answer: See data below.



Questions with Responses

DPU Q-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.

Answer: See data below.

Fiscal Year	Total Costs	Total Dth	Total COS p/Dth	WEX I Costs	WEX I Dth	WEX I COS p/Dth	WEX II Costs	WEX II Dth	WEX II COS p/Dth
2012	299,001,959	70,303,457	\$ 4.25	299,001,959	70,303,457	\$ 4.25	-	-	\$ -
2013	331,822,184	71,496,292	\$ 4.64	331,822,184	71,496,292	\$ 4.64	-	-	\$ -
2014	400,440,234	77,242,815	\$ 5.18	372,100,840	73,110,577	\$ 5.09	28,339,394	4,132,238	\$ 6.86
2015	355,614,573	69,485,099	\$ 5.12	327,405,949	65,481,520	\$ 5.00	28,208,624	4,003,579	\$ 7.05
2016	332,898,578	67,619,722	\$ 4.92	288,607,374	58,119,355	\$ 4.97	44,291,203	9,500,367	\$ 4.66
2017	332,865,290	68,021,853	\$ 4.89	286,568,785	57,098,279	\$ 5.02	46,296,505	10,923,574	\$ 4.24
2018	281,980,952	71,570,459	\$ 3.94	230,931,021	54,959,718	\$ 4.20	51,049,931	16,610,741	\$ 3.07
2019	268,099,887	69,261,273	\$ 3.87	218,573,536	53,978,732	\$ 4.05	49,526,352	15,282,541	\$ 3.24
2020	246,451,914	61,905,522	\$ 3.98	205,247,260	49,066,628	\$ 4.18	41,204,654	12,838,894	\$ 3.21
2021	232,286,923	57,676,406	\$ 4.03	186,073,355	43,860,358	\$ 4.24	46,213,568	13,816,048	\$ 3.34
2022	256,672,772	53,730,499	\$ 4.78	197,194,939	38,548,451	\$ 5.12	59,477,833	15,182,048	\$ 3.92
2023	253,133,449	51,142,395	\$ 4.95	176,865,326	34,725,433	\$ 5.09	76,268,123	16,416,962	\$ 4.65

Note: 2023 is not finalized as of 2/21/2024

Questions with Responses

REDACTED

DPU Q-11. Referencing the question above, please provide explanations for any anomalies and price increases greater than the average price +/-10%.

Answer: See data with explanations below.

Fiscal Year	Market Price	Total Costs	Total Dth	Total COS p/Dth	\$ Var From 10 Yr Avg	% Var From 10 Yr Avg	
2014	\$ 4.77	400,440,234	77,242,815	\$ 5.18	\$ 0.61	11.8%	A
2015	\$ 2.51	355,614,573	69,485,099	\$ 5.12	\$ 0.55	10.7%	B
2016	\$ 2.23	332,898,578	67,619,722	\$ 4.92	\$ 0.35	7.2%	
2017	\$ 2.73	332,865,290	68,021,853	\$ 4.89	\$ 0.32	6.6%	
2018	\$ 2.64	281,980,952	71,570,459	\$ 3.94	\$ (0.63)	-16.0%	C
2019	\$ 2.60	268,099,887	69,261,273	\$ 3.87	\$ (0.70)	-18.1%	D
2020	\$ 2.07	246,451,914	61,905,522	\$ 3.98	\$ (0.59)	-14.8%	E
2021	\$ 3.88	232,286,923	57,676,406	\$ 4.03	\$ (0.54)	-13.5%	F
2022	\$ 6.91	256,672,772	53,730,499	\$ 4.78	\$ 0.21	4.3%	
2023	\$ 8.54	253,133,449	51,142,395	\$ 4.95	\$ 0.38	7.6%	
Avg		296,044,457	64,765,604	\$ 4.57			

A
B
C
D
E
F

Questions with Responses

DPU Q-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.

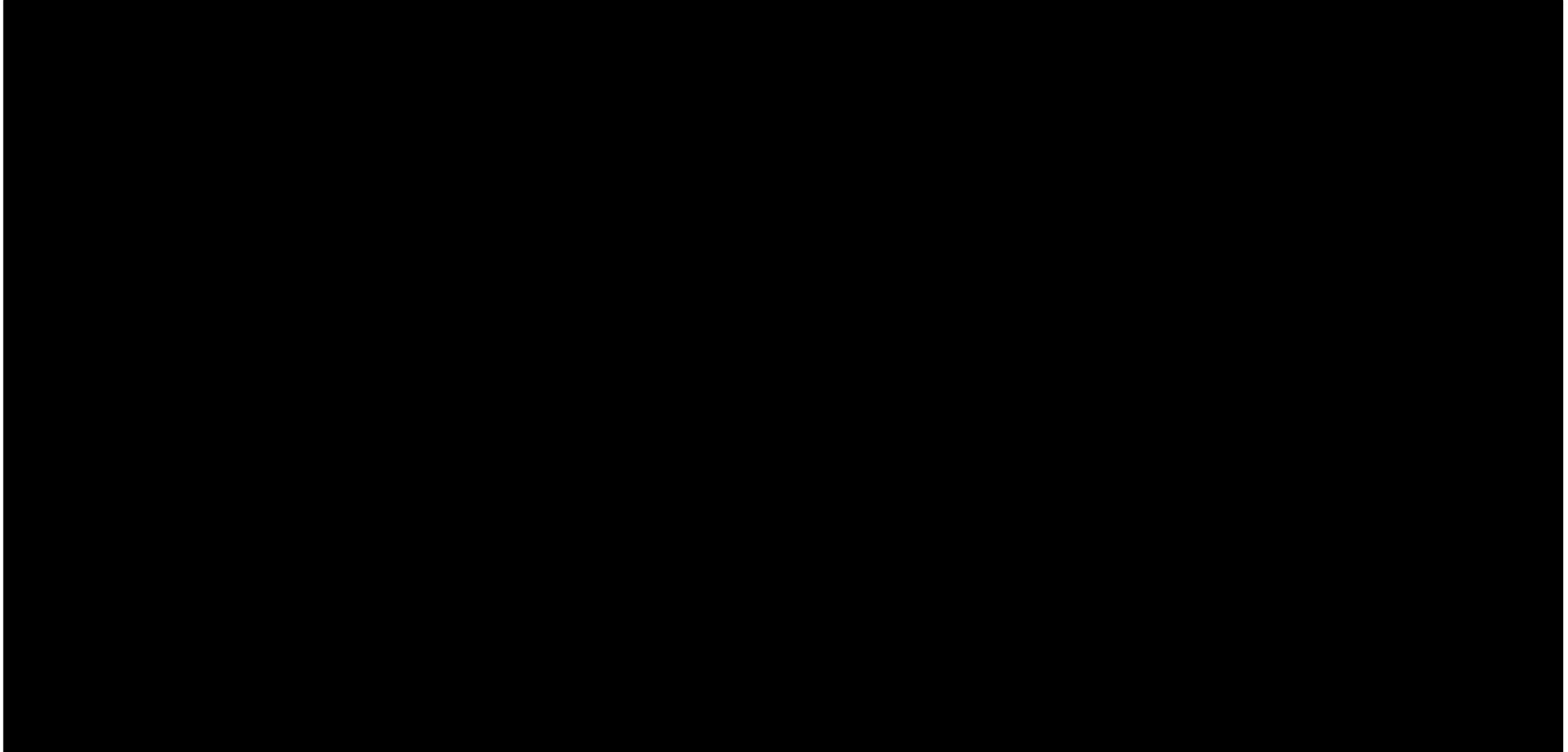
Answer: Historic drilling costs can't be compared to current drilling costs – Current drilling costs have to beat the 5-year curve – It's all relative to where prices are at the time.

Questions with Responses

REDACTED

DPU Q-13. Please compare the expected COS, D&C, EUR for the proposed Horseshoe Bend developmental wells to all other Wexpro II wells.

Answer: The cost-of-service from the past Wexpro II property acquisitions are shown below, compared to the current Horseshoe Bend application. Cumulative cost-of-service is the focus rather than annual. Market prices are also shown below showing the trend that lower prices compared to the current application translates to lower cost-of-service. D&C and EUR's is unique for each application and makes it difficult to compare.

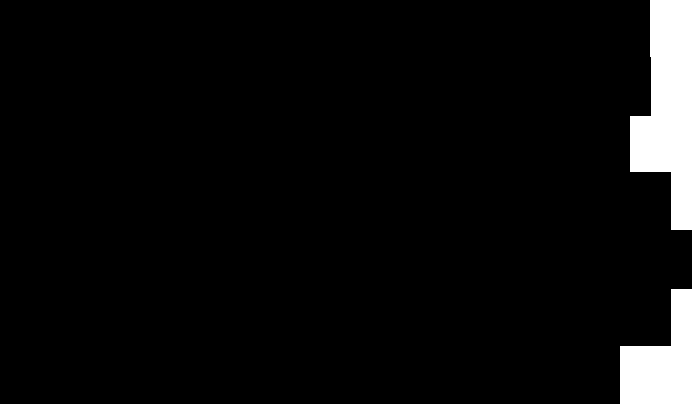


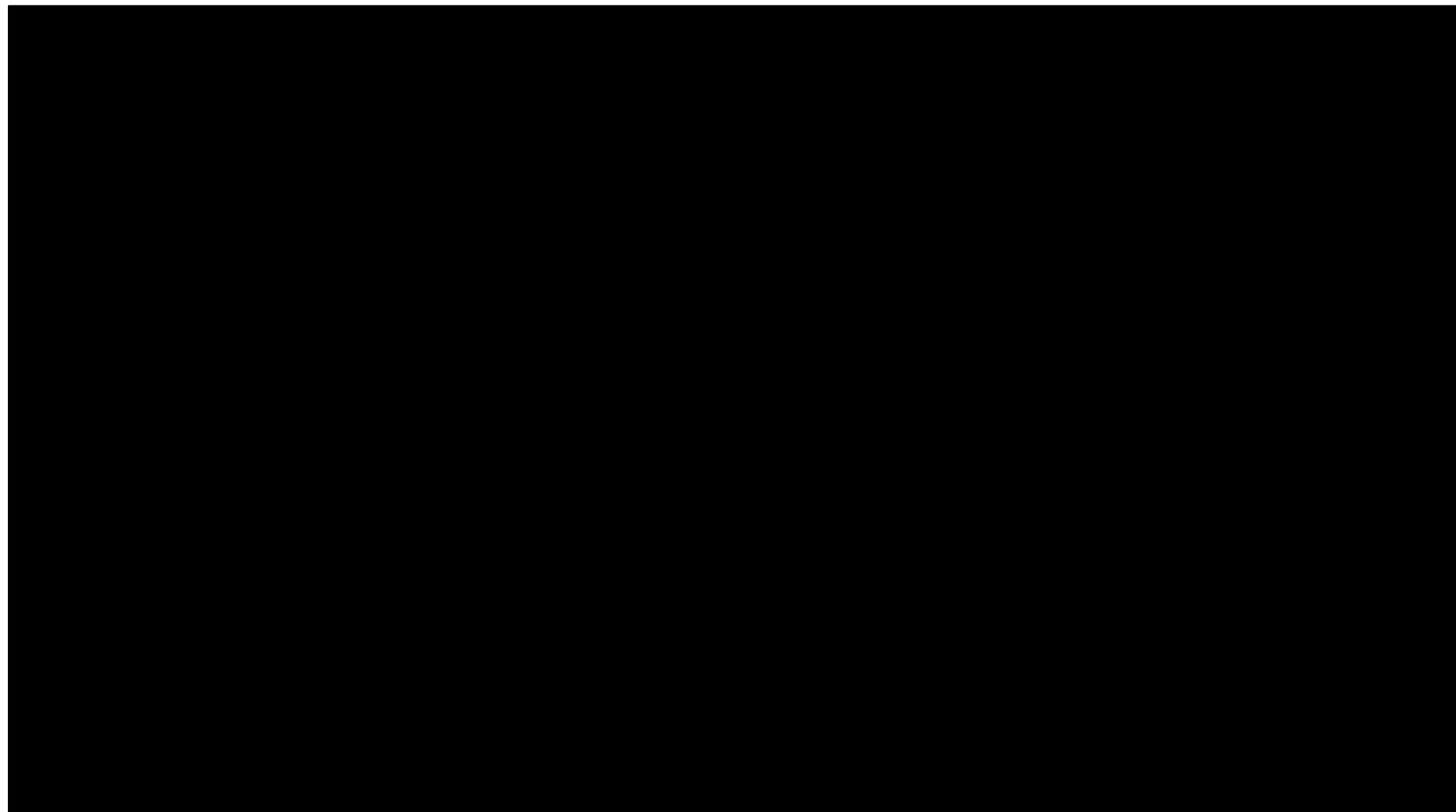
Questions with Responses

REDACTED

DPU Q-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)?

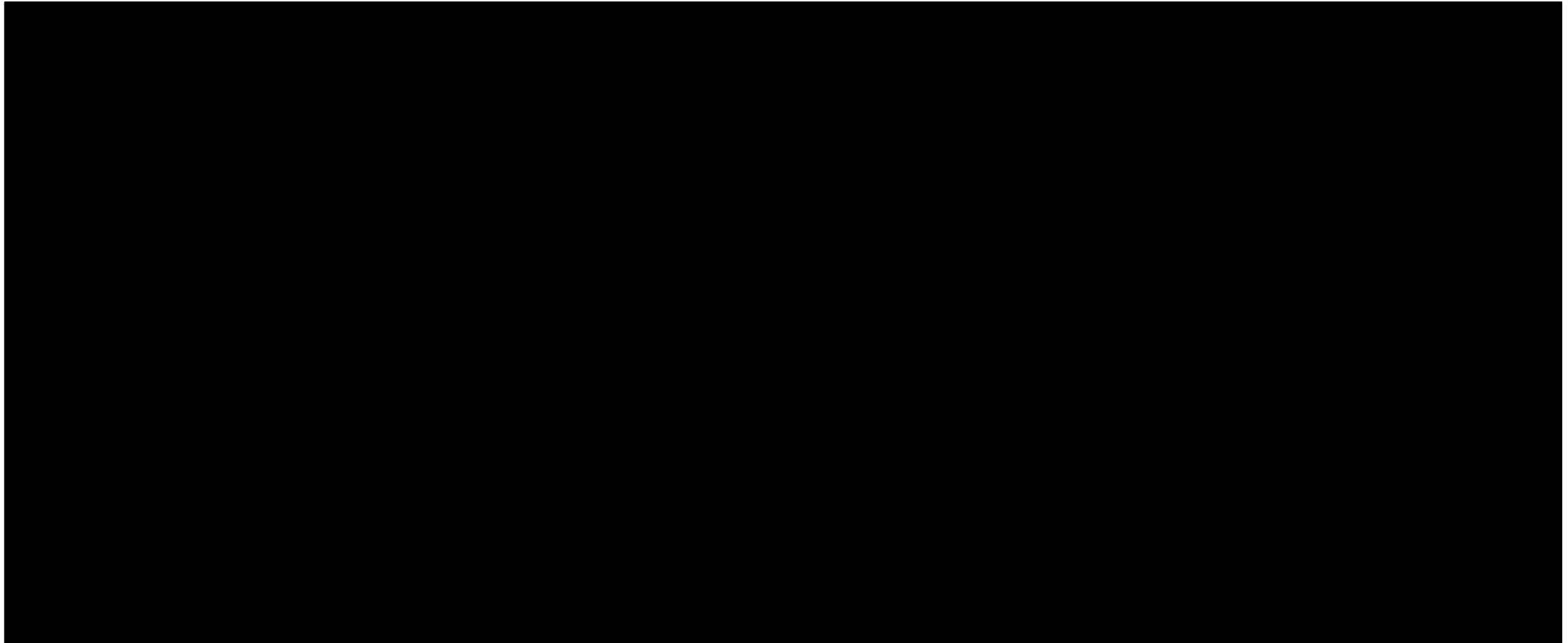
Answer:

- 
- This study lags development by at least a year to allow for enough production data to make a robust comparison.



Questions with Responses

REDACTED

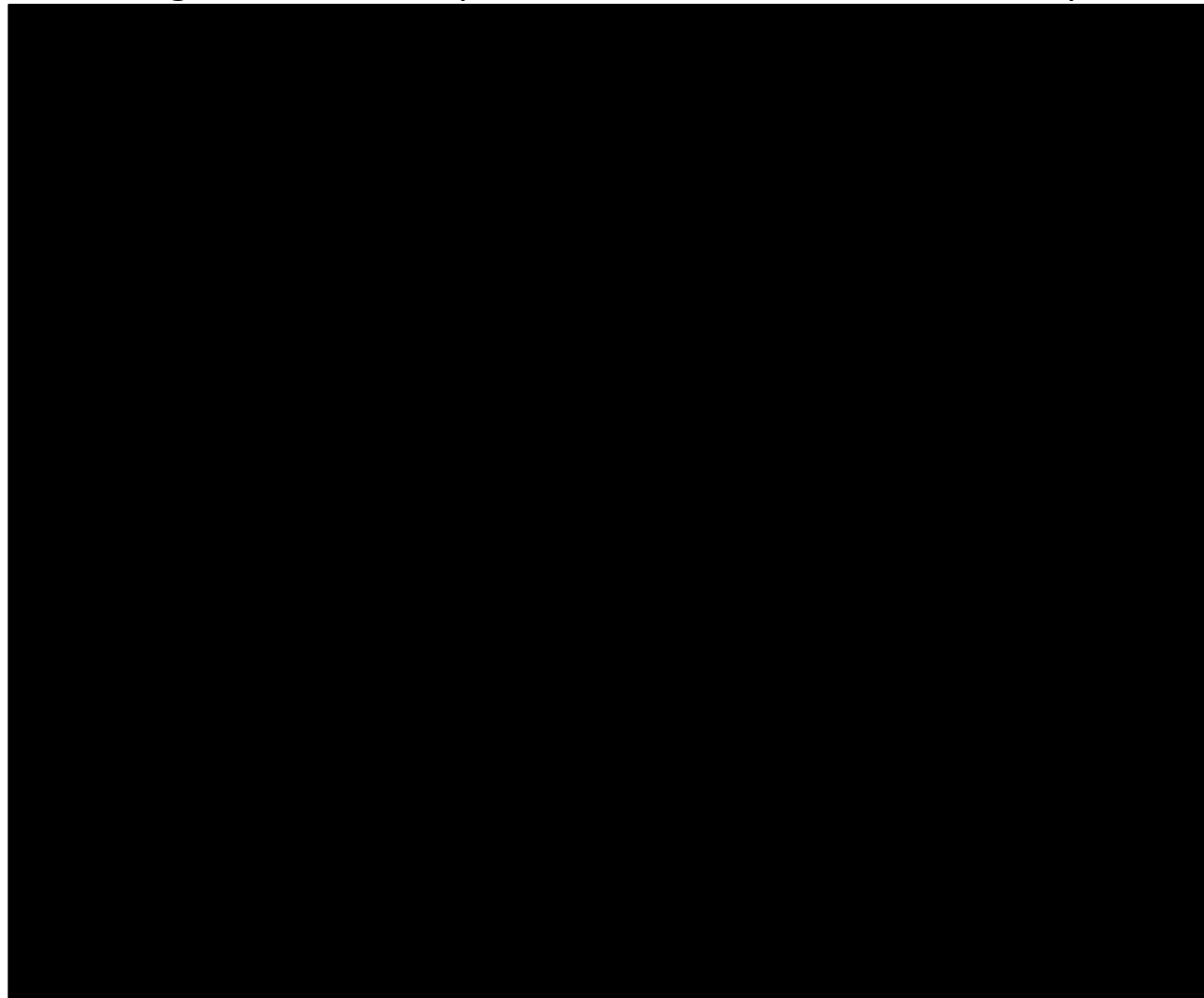


Questions with Responses

REDACTED

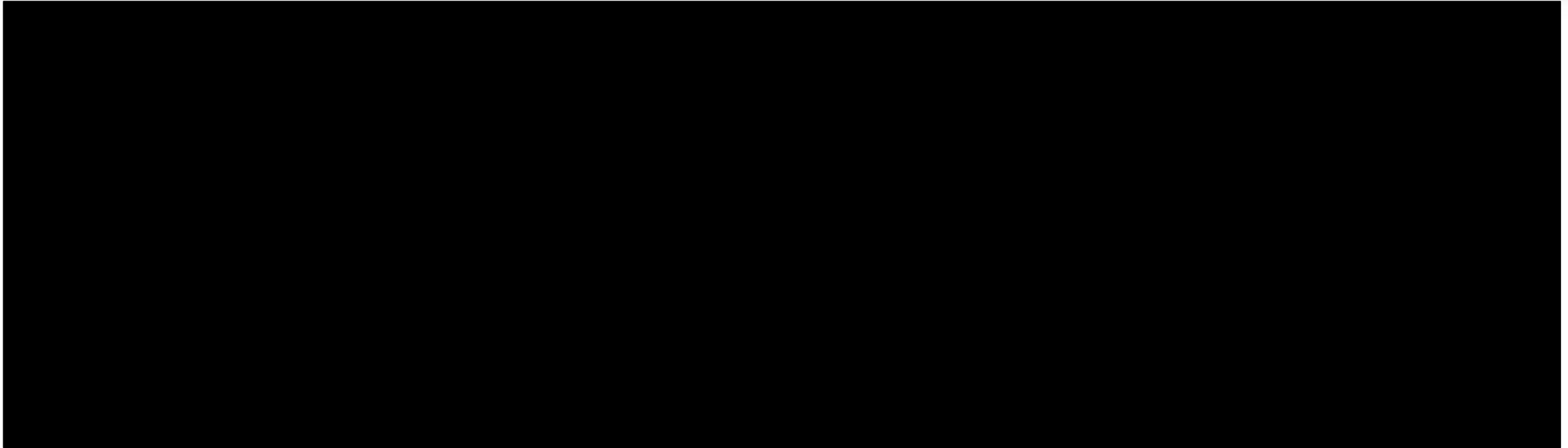
DPU Q-16. Please provide the percentages of all production horizons for the Wexpro properties by well.

Answer: See pie chart below for a high-level view. Spreadsheet with well-level detail provided upon request.



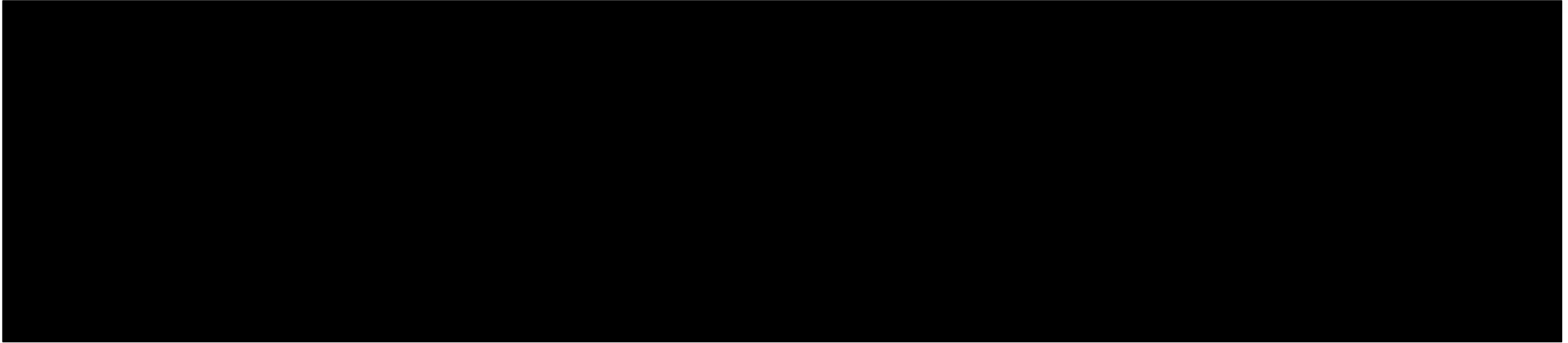
Questions with Responses

REDACTED



Questions with Responses

REDACTED



Questions with Responses

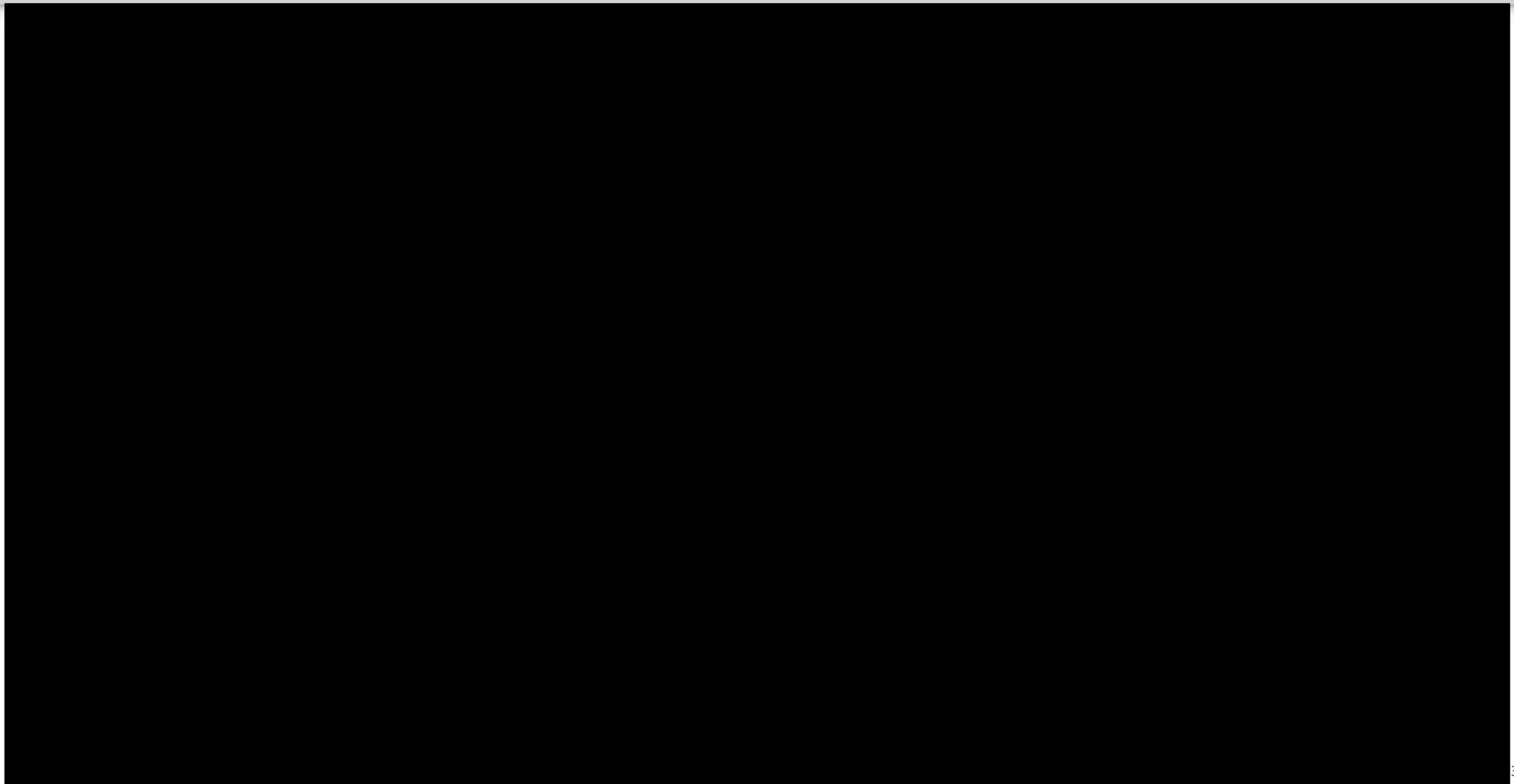
REDACTED

DPU Q-19. At what point of production will the Working Interest be converted to [REDACTED]?

Answer: [REDACTED]

Questions with Responses

REDACTED



Questions with Responses

DPU Q-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”.

Answer: See reply to DPU Question 13.

Questions with Responses

REDACTED

DPU Q-22. Referencing Exhibit D. What causes the variability in estimated well production?

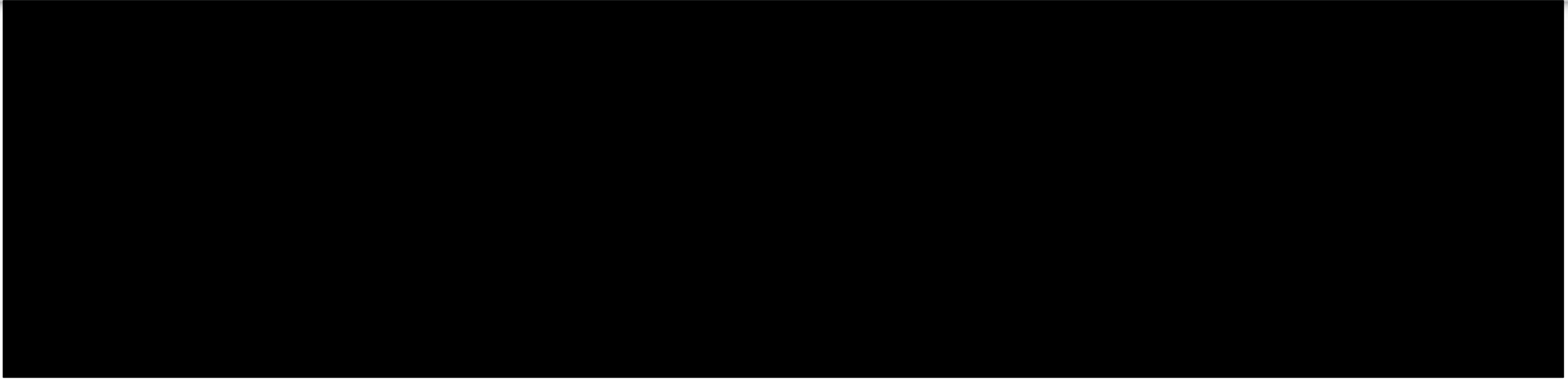
Answer:

[Redacted]

[Redacted]

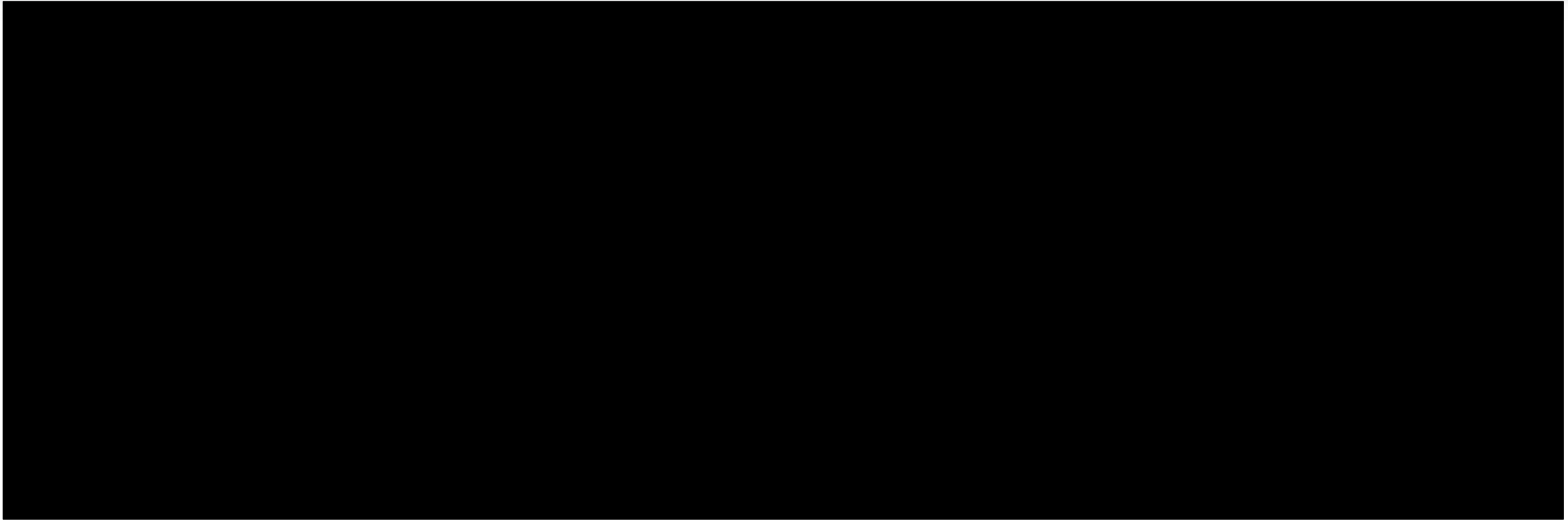
Questions with Responses

REDACTED



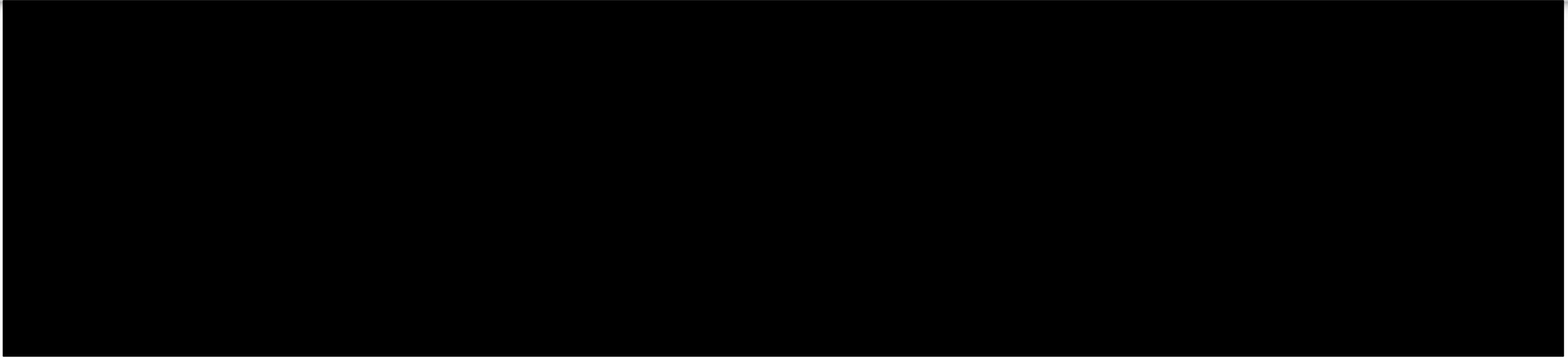
Questions with Responses

REDACTED



Questions with Responses

REDACTED



Questions with Responses

DPU Q-26. On what date did Wexpro enter into this Farmout agreement?

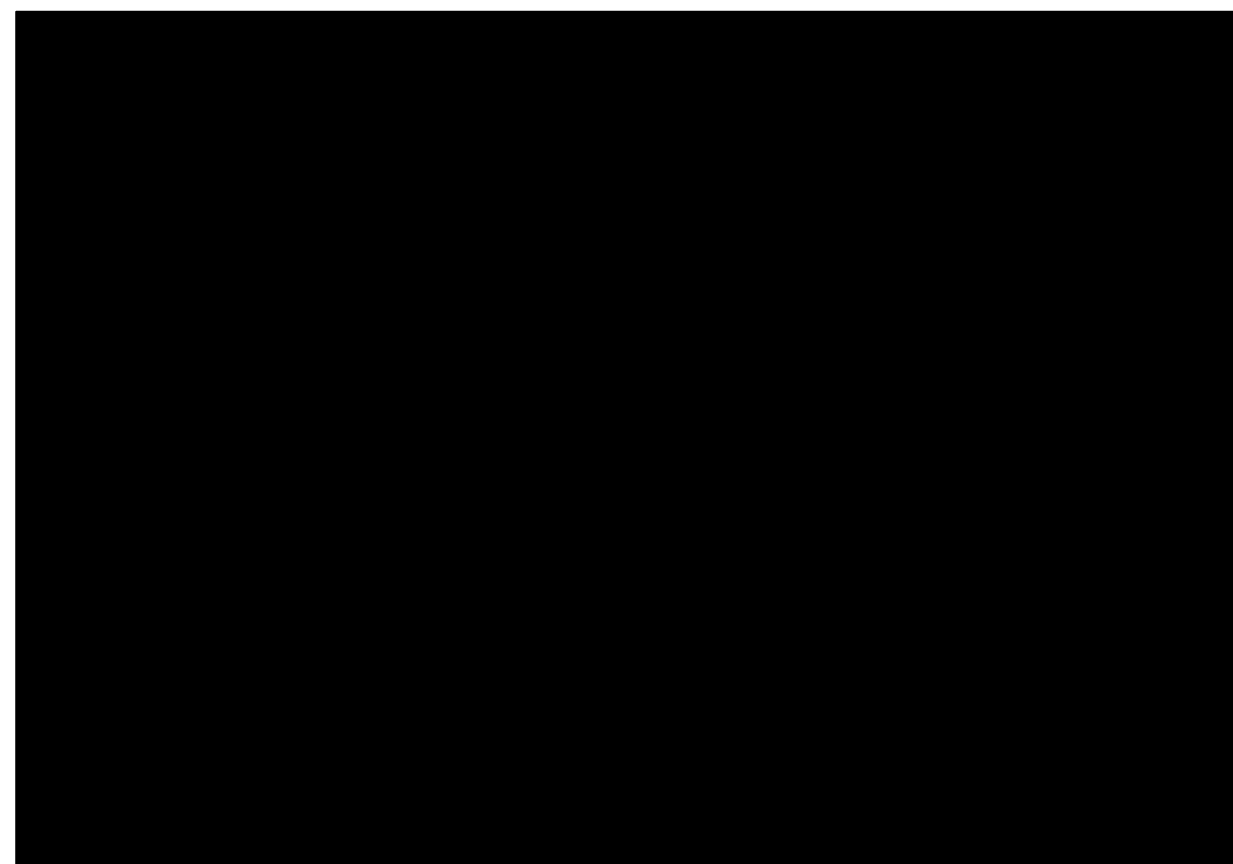
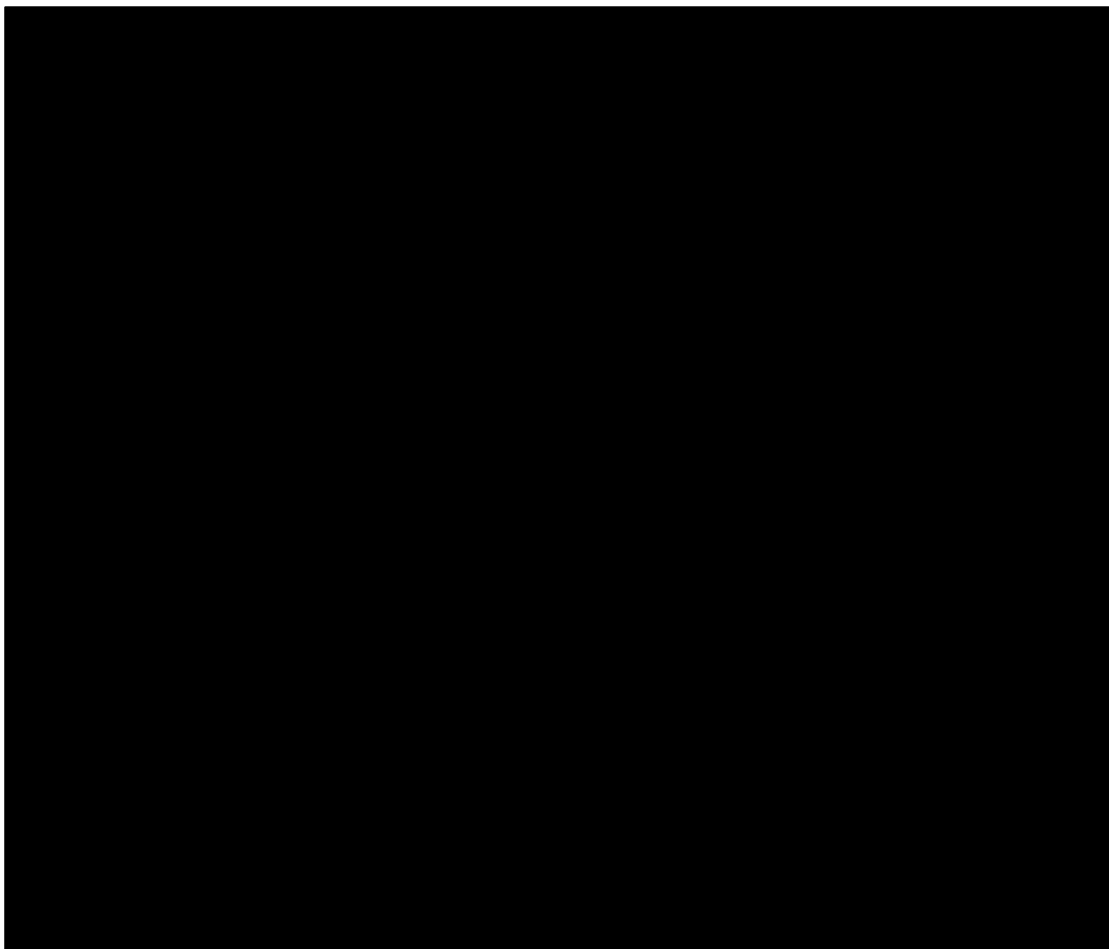
Answer: October 16, 2023.

Questions with Responses

REDACTED

DPU Q-27. What costs have been incurred to date for the Horseshoe bend?

Answer: See data below.



Questions with Responses

REDACTED

DPU Q-28. Referencing Exhibit B. What is the planned well spacing?

Answer:



Questions with Responses

REDACTED

DPU Q-29. Referencing Exhibit F. Show a comparison of these drilling costs compared to all other Wexpro II drilling costs.

Answer:

[Redacted]

- [Redacted]

- [Redacted]
- [Redacted]
- [Redacted]

Questions with Responses

DPU Q-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.

Answer:

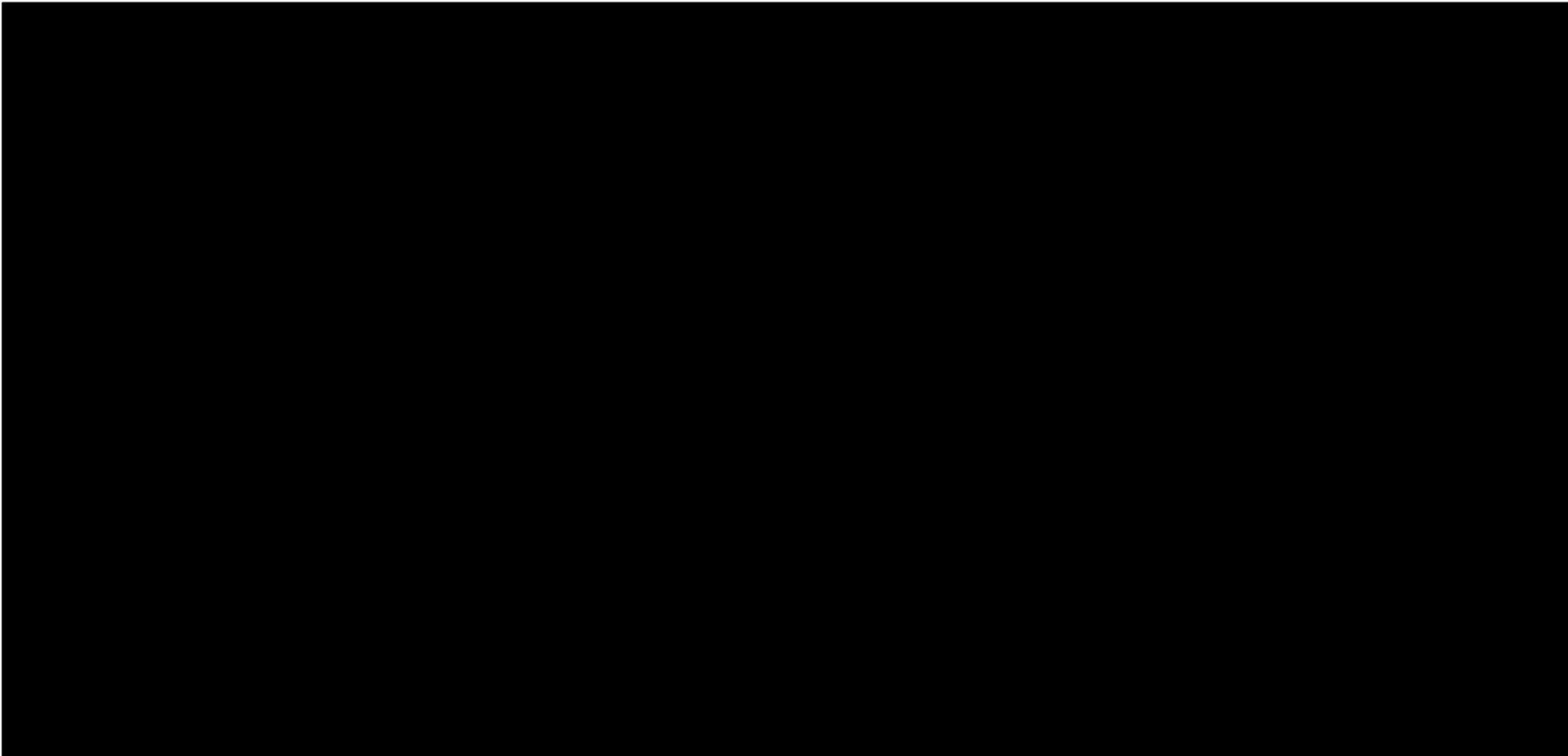
It is a standard industry practice to use drilling consultants (seasonal contract workers) to run the drilling operation. These are very experienced contracted personnel that typically work on various drilling rigs throughout the year. Since Wexpro does not drill year-round in our areas due to wildlife stipulations, it is more beneficial to pay consultants only for the time we are drilling vs. employing them year-round.

Questions with Responses

REDACTED

DPU Q-31 & OCS Q-3. Referencing Exhibit G. Show a comparison of these estimated operating costs compared to all other Wexpro II operating costs.

Answer: See data below.



Questions with Responses

REDACTED

DPU Q-32. Referencing Exhibit J. Show a comparison of these costs on a Cost-of-Service basis compared to all other Wexpro II wells.



Questions with Responses

DPU Q-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?

Answer:

The nearest legacy Wexpro wells are roughly 20 miles away in Island and produced mostly from the Wasatch formation. These wells are decades old and the last ten years of production would not be useful as an analog. The immediate offsets in this area are operated by Koda. These wells have been producing for a year or so on average.

Questions with Responses

DPU Q-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.

Answer:

Referencing Exhibit M, Wexpro did not delay any drilling in the current 5-year plan. Future development is incremental to its existing plan.

Questions with Responses

DPU Q-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)?

Answer: Wexpro has no ownership interests in any pre-existing wells in this field. Accordingly, there are no planned P&A projects to report.

Office of Consumer Services (OCS) Technical Conference Questions

Questions with Responses

OCS Q-1. Please refer to the Company's May 10, 2022 presentation for the technical conference in Docket No. 22-057-05 (Alkali Gulch). For Horseshoe Bend, please respond to the same questions and provide the same type of information as found on slides 11-14 of the May 10, 2022 presentation. Please use the most up-to-date data available.

Answer: The slides in this presentation mirror the slides from the Alkali Gulch technical conference. If further information is required, the Company will respond to specific discovery requests as needed.

Questions with Responses

OCS Q-2. Please do a side by side comparison of Exhibits F (Capital Cost per Well) for Horseshoe Bend in this docket and Alkali Gulch (Docket No. 22-057-05). For each category of cost with a large percentage increase, please explain the drivers of the cost increase and whether the increased costs are reasonable and permanent (e.g. not just temporary due to current market conditions).

Answer: The Company will provide the requested information. However, comparing a well in Horseshoe Bend to a well in Alkali Gulch is an apples-to-oranges comparison. Each field is in a different state with different geology, at different depths, and different attributes. In either case Wexpro cannot develop wells in a Wexpro II field without achieving all of the requirements set forth in the Wexpro II Agreement, including those related to pricing and the 5-year forward curve.

Questions with Responses

OCS Q-3. Please do a side by side comparison of Exhibit G (Operating Expenses) in this docket with Exhibit G from Docket No. 22-057-05 (Alkali Gulch). Please discuss expenses that are significantly different between the two dockets.

Answer: Please see the response to DPU Question 31.

Questions with Responses

REDACTED



Questions with Responses

REDACTED

OCS Q-5 Please discuss in more detail than explained in the Company's testimony how the Farmout Agreement will operate:

[REDACTED]

[REDACTED]

Questions with Responses

REDACTED

OCS Q-5. Please discuss in more detail than explained in the Company's testimony how the Farmout Agreement will operate. For example:

- **How will costs and volumes of gas be tracked so that each party receives the agreed upon percentage?**
- **Are shares of up-front capital costs paid by each party or does one party reimburse the other? How will this be done?**
- **How are operating costs shared?**
- **How are reclamation costs accounted for and shared?**

Answer (Part 2) :

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]