

# Wexpro Horizontal Development

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3/24/2026

# Wexpro History and Benefits

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## Wexpro Select History

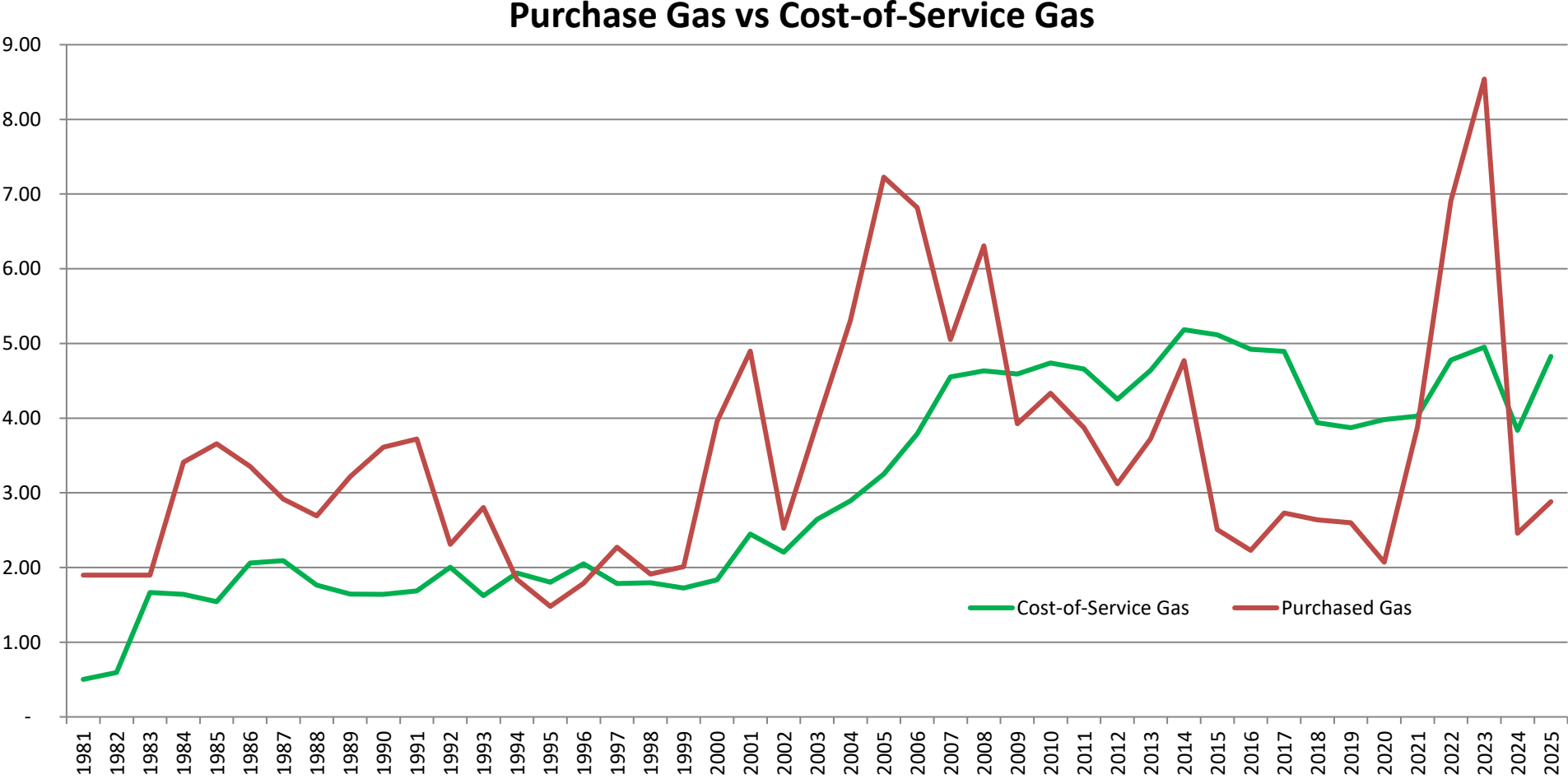
1922	Company, operating exclusively as an E&P company, discovers natural gas in southwest Wyoming
1929	Company constructs a pipeline to transport natural gas to Salt Lake City and delivers gas at COS
1929+	Company develops the gas distribution system in Utah and Wyoming
1972	Company makes a major oil discovery in existing natural gas properties
1972-1981	Company and regulators dispute whether customers or shareholders own the oil production
1981	<p>The Wexpro (Western Exploration and Production) Agreement resolves the issue of oil revenue sharing and provides a framework for Wexpro to continue production of cost-of service gas to be sold to the Company</p> <ul style="list-style-type: none"> <li>• Oil profits split 54/46 between customers and shareholders respectively</li> <li>• However, no mechanism to add new natural gas producing properties to Wexpro</li> </ul>
2012	The Wexpro II Agreement is approved which allows Wexpro to add new natural gas properties under existing regulatory framework
2013	The Trail Stipulation is approved, which further modifies the existing Wexpro Agreements
2014	The Canyon Creek Stipulation is approved, which further modifies the existing Wexpro Agreements
2014-Present	Acquisitions in Vermillion, Alkali Gulch, Horseshoe Bend, Piceance, and Piceance 2

# Wexpro Structure

- Wexpro Agreement was set up to:
  - Incentivize Wexpro to take risk and develop resources (Base+8% return)
  - Protect customers from imprudent activity (Wexpro 100% of dry holes)
- Wexpro stipulations enabled development in low-price market but limits risk
  - Dry holes are shared 50/50 up to 9% of total program
  - Dry holes reduce overall returns to less than the utility rate
- Wexpro had sufficient vertical inventory to fulfill demand for COS gas over the past decade
  - Primarily Vermillion development locations within existing well control
- Wexpro has made strategic acquisitions to acquire additional supply and inventory, but cannot control execution or timing
  - Vermillion, Island, Powder Wash mostly consolidated under Wexpro II
  - Additional working interests in footprint lack scale

# Customer Benefits

- Wexpro benefits customers by providing a long-term, stable supply of natural gas at a relatively stable price



# Customer Benefits (continued)

- Owning production ensures price stability better than other risk mitigation strategies
  - Fixed price contracts and other hedging alternatives are options to reduce price volatility, but are less effective than Wexpro production
    - > Typical fixed price contract terms run for one heating season up to a few years. Wexpro wells generally produce for 25+ years.
    - > When market prices drop, customers continue to pay the higher fixed price contract rate.
    - > Whereas Wexpro COS decreases by ~\$.20 for every dollar decrease in market price due to lower taxes and royalty payments.
    - > Wexpro only drills wells when its program will meet or beat the forecasted market prices. Customers benefit with a more stable, and generally lower price in the long run. This is like customers having an insurance policy that reduces risks of gas price volatility and can also save them money in the form of lower-cost gas production. It is the best of both worlds.

# Stable Bills Scenario

- January 2023
  - First-of-Month (FOM): \$49.57
  - Temperatures very volatile but colder days were extremely cold
  - 4 of the top 20 highest total system sendout days ever for Company
  - Prolonged severe cold particularly in the West with increased load, storage levels in West were low and pipeline constraints drove market prices higher. Highest price per dth paid by Company was \$53.79
- January 2026
  - First-of-Month (FOM): \$3.54
  - Temperatures were higher than predicted for most of the month
  - Prices continued to trend below seasonal norms, aside from a brief spike driven by a winter cold snap in the Eastern US. Highest price per dth paid by Company was \$19.44.

# Stable Bills Scenario - Commodity Only

- Typical usage of GS customer in January is 13 dths

Scenario	Jan-23		Jan-26	
	Rate	Total	Rate	Total
Tariff WACOG Rate	\$7.12165	\$ 92.58	\$4.17376	\$ 54.26
Actual Max Purchased	\$ 53.79	\$ 699.27	\$ 19.44	\$ 252.72
Actual Average Monthly Purchased	\$ 27.37	\$ 355.87	\$ 4.67	\$ 60.75
Wexpro Only Monthly	\$ 9.29	\$ 120.82	\$ 5.14	\$ 66.84
Wexpro Only TTM	\$ 5.33	\$ 69.26	\$ 4.85	\$ 63.03

# Stable Bills Scenario – Total Bill

- Typical usage of GS customer in January is 13 dths

Scenario	Jan-23		Jan-26	
	Rate	Total	Rate	Total
Tariff WACOG Rate	\$7.12165	\$ 157.39	\$4.17376	\$ 126.42
Actual Max Purchased	\$ 53.79	\$ 764.08	\$ 19.44	\$ 324.88
Actual Average Monthly Purchased	\$ 27.37	\$ 420.67	\$ 4.67	\$ 132.91
Wexpro Only Monthly	\$ 9.29	\$ 185.63	\$ 5.14	\$ 139.00
Wexpro Only TTM	\$ 5.33	\$ 134.07	\$ 4.85	\$ 135.19

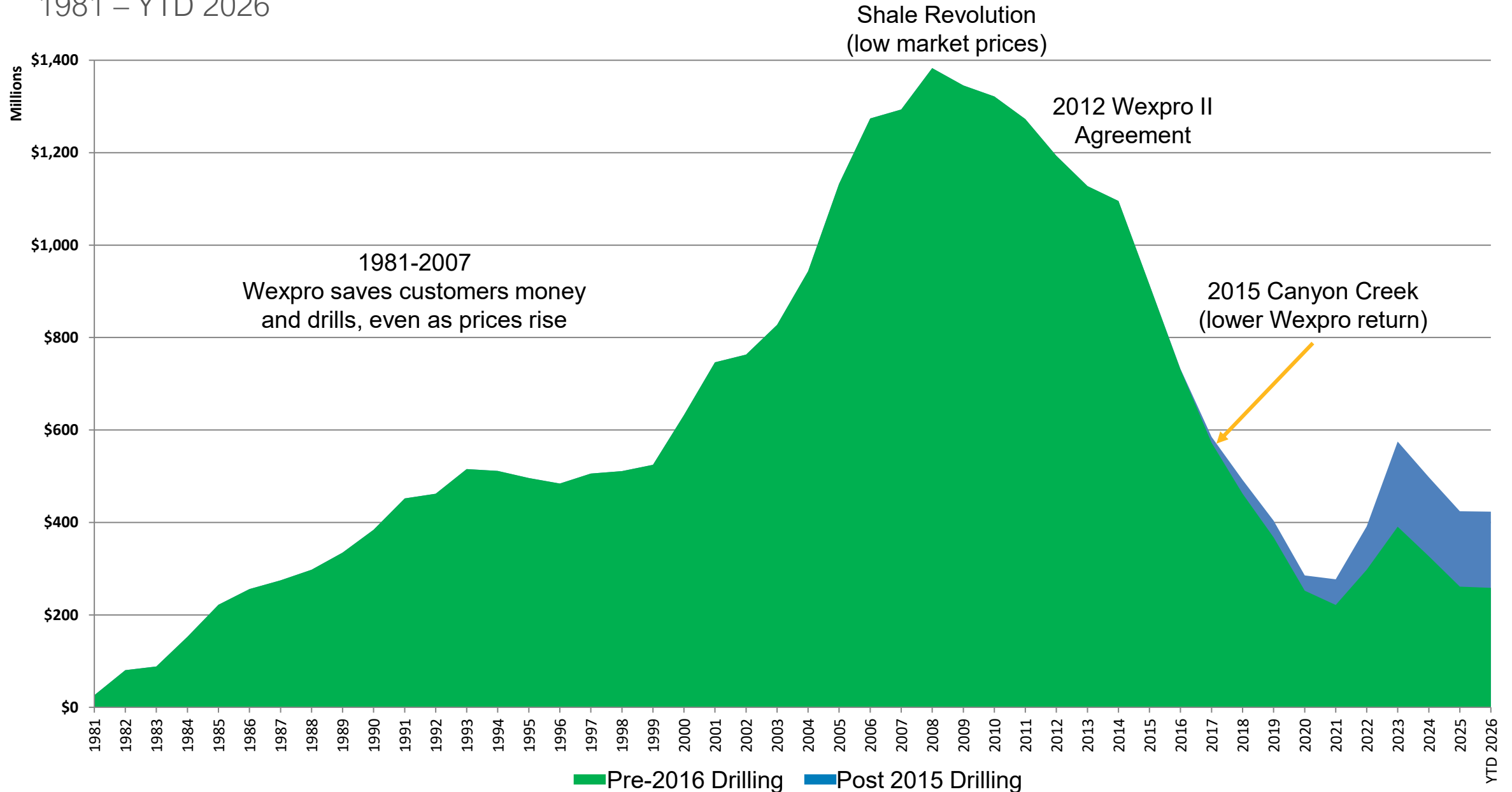
# Customer Protections

- Wexpro Agreements provide structure for sharing of benefits/costs
- Prior to including a property in the Wexpro portfolio, the Commission must approve the acquisition
  - Wexpro shows that drilling the wells will beat the five-year forward curve.
- Prior to drilling a program of wells, Wexpro ensures that the forecasted cost of service meets or beats the 5-year forward curve price
  - Currently Wexpro does not have a 2026 drilling program planned because the wells in its remaining drilling inventory would not beat the 5-year forward curve price in this very low-price, high-storage natural gas environment.
- After wells are drilled, the price does not materially fluctuate
  - To be included in investment base, wells must pass a commerciality test
  - Wexpro production is impacted by market prices for purposes of calculating production taxes and royalties. Those items are calculated based on market prices, not Wexpro's cost or the cost of service charged to utility customers.
- Hydrocarbon Monitor reviews drilling plans before drilling, and reports on results of drilling

# Cumulative Savings from Total Cost-of-Service Gas



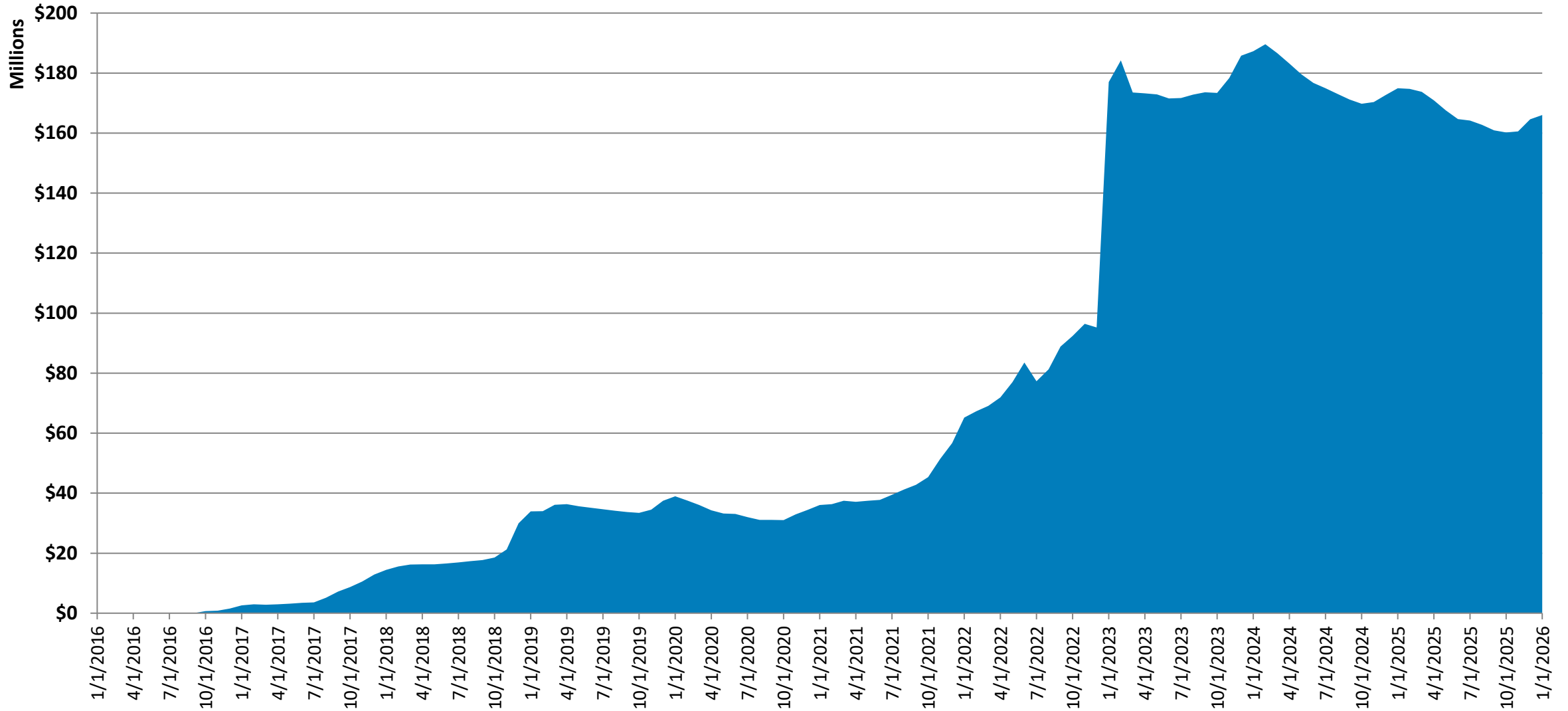
1981 – YTD 2026



# Cumulative Savings from post-2015 (lower return) COS Gas



2016 – YTD 2026



# Wexpro Future Strategy

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# Wexpro Strategic Direction

- Wexpro plans to pursue supply in 3 ways:
  1. Vertical development within Wexpro II
    - > There are opportunities in Wexpro's vertical footprint with limited scale
  2. Strategic acquisitions in system footprint
    - > Wexpro is always searching for acquisitions of both producing properties and drilling inventory
    - > Market dynamics dictate opportunity and execution- access and timing is uncertain
  3. Horizontal development in existing Wexpro properties
    - > Large resources with potential for both scalability and low COS
    - > These projects carry more uncertainty and financial risk to Enbridge
    - > Requires modification of incentives or pilot program to execute

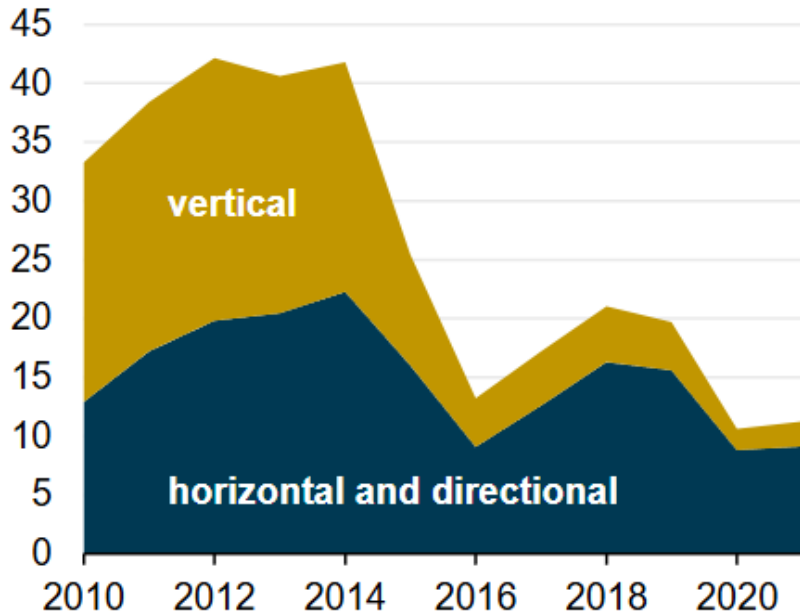
# Horizontal Drilling

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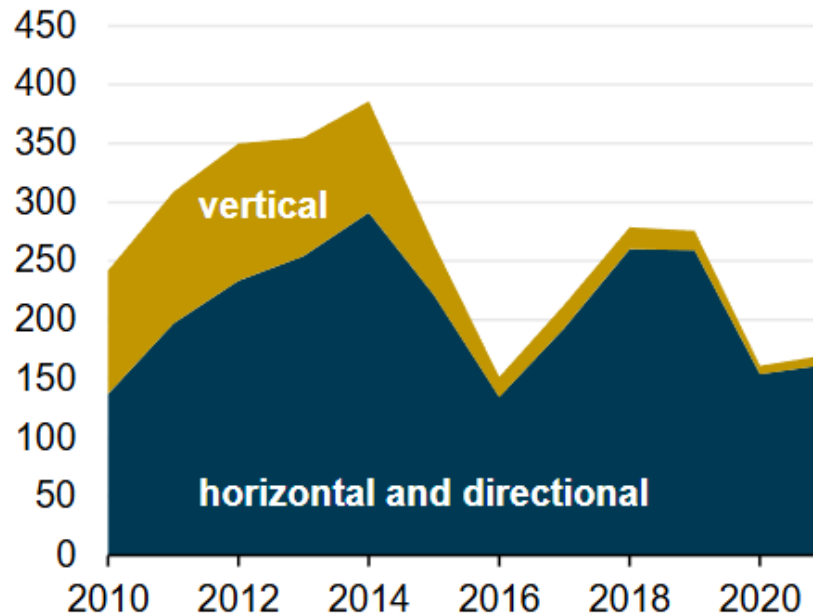
# US Onshore Horizontal Development

**U.S crude oil and natural gas wells (2010–2021)**

**wells completed**  
thousand wells



**total drilling footage (length)**  
million feet



Source: U.S. Energy Information Administration, *Monthly Energy Review*

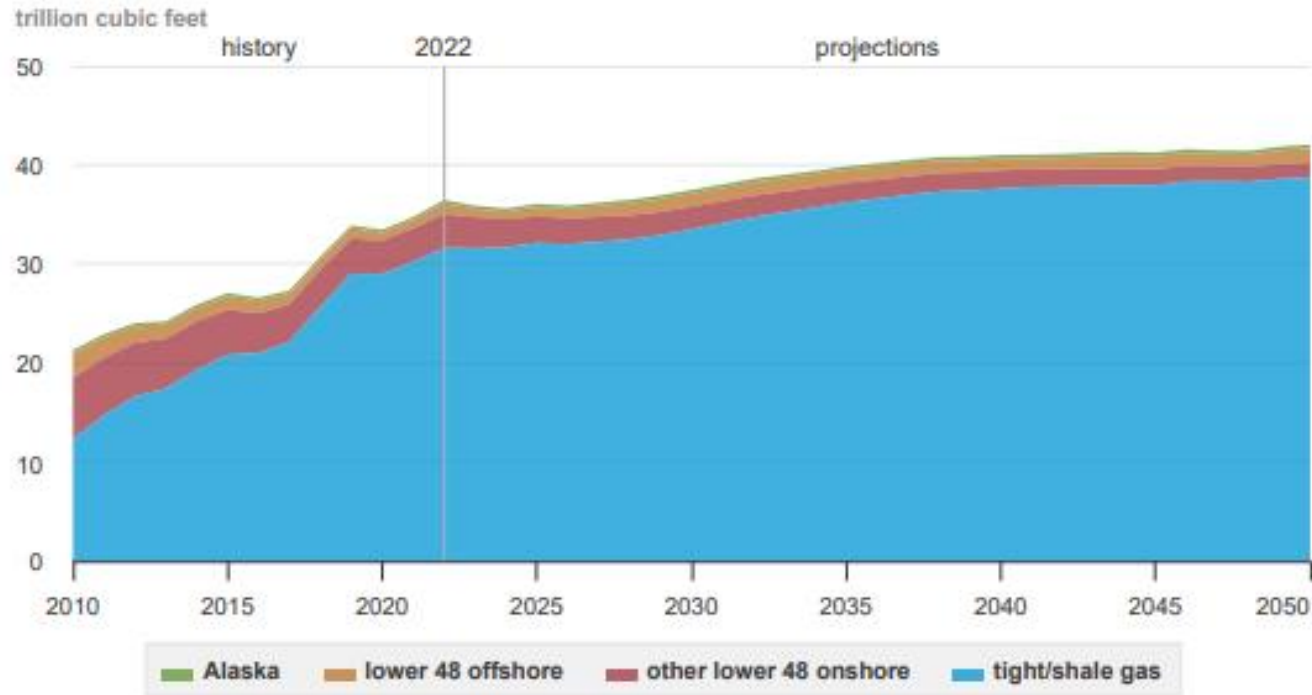
- Vertical drilling peaked in 2014 has become a minor share of US drilling over the past decade
- This is primarily due to economic optimization and the vast resources that horizontal drilling can access

# US Natural Gas Production through 2050

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Where our natural gas comes from - U.S. Energy Information Administration (EIA)

## U.S. dry natural gas production by type, 2010-2050



Data source: U.S. Energy Information Administration, *Annual Energy Outlook 2023 Reference case*, March 2023

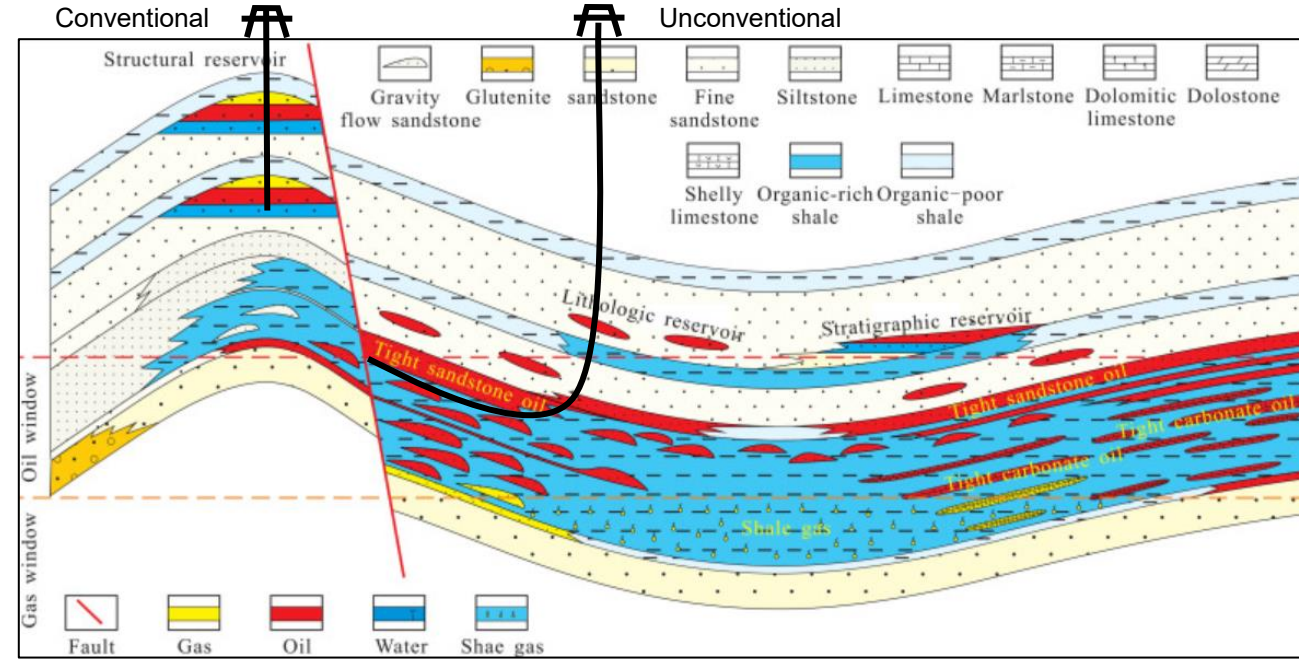
Note: Lower 48 states offshore includes federal and state waters. Other lower 48 onshore includes coalbed methane and excludes shale/tight gas.



- According to the EIA, the vast majority of natural gas through 2050 will come from tight/shale resources
- Tight/shale gas is being developed via horizontal development
- More than 90% of natural gas production in the US comes from horizontal wells

# Introduction: Unconventional Reservoir

- **Conventional production:** More permeable reservoir developed with vertical wells
- **Unconventional production:** Less permeable reservoir requires large scale stimulation (frac) or horizontal drilling
- Unconventional development began in 2010 and changed the global energy balance (“shale revolution”)
- Historically, unconventional reservoirs have been discovered by exploring or exploiting conventional resource
- Wexpro’s portfolio has been developed conventionally and contains multiple opportunities for unconventional development
  - Shrinking inventory of vertical development wells
  - Multiple zones show geologic evidence for suitability for horizontal development
  - Horizontal development is more economically efficient; significant potential to lower COS
- Individual well results are not predictable with certainty, thus statistical methods are employed to manage risk on the project level. Unconventional plays are also called “statistical plays”



# Proposed Pilot Program

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# Horizontal Pilot Program Summary

- Customers can benefit substantially from the development of large unconventional resources within the Wexpro and utility system footprint
- The Wexpro II structure does not incentivize Enbridge to take the required capital risks to develop these resources
- Wexpro proposes a \$150MM pilot project to test these resources
  - Pilot program reduces risk/uncertainty and provides development path
  - Wexpro earns a utility return on invested capital without dry-hole risk
  - Wexpro pursues targets in a step-wise manner to minimize risk
    - > Most prospective target first 4 well pilot program
    - > Targets are evaluated in order based on risk/uncertainty
    - > Each well is an individual project that is presented and evaluated before execution
  - Wexpro employs rigorous technical due-diligence phase for each proposed project that includes:
    - > Consistent hydrocarbon monitor involvement
    - > Technical consulting from industry experts on geology, petrophysics, reservoir engineering, and drilling and completions design and operations

# Horizontal Pilot Program Compared to Current Program

Issue	Wexpro I and II	Trail Stipulation (2015)	Canyon Creek Stipulation (2016-Current)	Horizontal Drilling Pilot Program Only
<b>Future Drilling Criteria</b>	Standard industry practice	Future drilling ≤ 5-Year Forward Curve	Future drilling ≤ 5-Year Forward Curve	Well drilling for each well reviewed by Hydrocarbon Monitor ("HM") and subject to HM disapproval
<b>Cost-of-service Gas as a Percentage of Total Gas Supply</b>	N/A	65%	55% by 2020	included in calculation of total gas supply
<b>Return for Post-2015 Developmental Wells</b>	N/A	N/A	Commission Allowed Return (6.86%)	Commission Allowed Return (6.86%)
<b>Dry Hole/Non-Commercial Cost</b>	100% Wexpro	100% Wexpro	Shared 50/50 with customer portion capped at 4.5% of annual investment	No commerciality test for inclusion in investment base; 100% included in base
<b>Incentive to reduce costs and share savings</b>	Oil properties owned and developed by Wexpro at its own expense w/ recovery of some costs for produced gas	Oil properties owned and developed by Wexpro at its own expense w/ recovery of some costs for produced gas	When annual COS < market, savings shared 50/50 on post-2015 wells with a cap on return of Base + 8%	No cost sharing for Wexpro on wells in horizontal pilot program
<b>Hydrocarbon Monitor Oversight</b>	HM oversight and reporting	HM oversight and reporting	HM oversight and reporting	Increased oversight by HM + specific prior review of each proposed well
<b>Regulator oversight of active drilling program</b>	DPU review and reporting	DPU review and reporting	DPU review and reporting	DPU review and annual reporting w/ potential PSC modifications or termination of pilot program
<b>Liquids/Oil Sharing</b>	54/46 sharing	54/46 sharing	54/46 sharing	100% to customers

# Horizontal Pilot Program Customer Protections

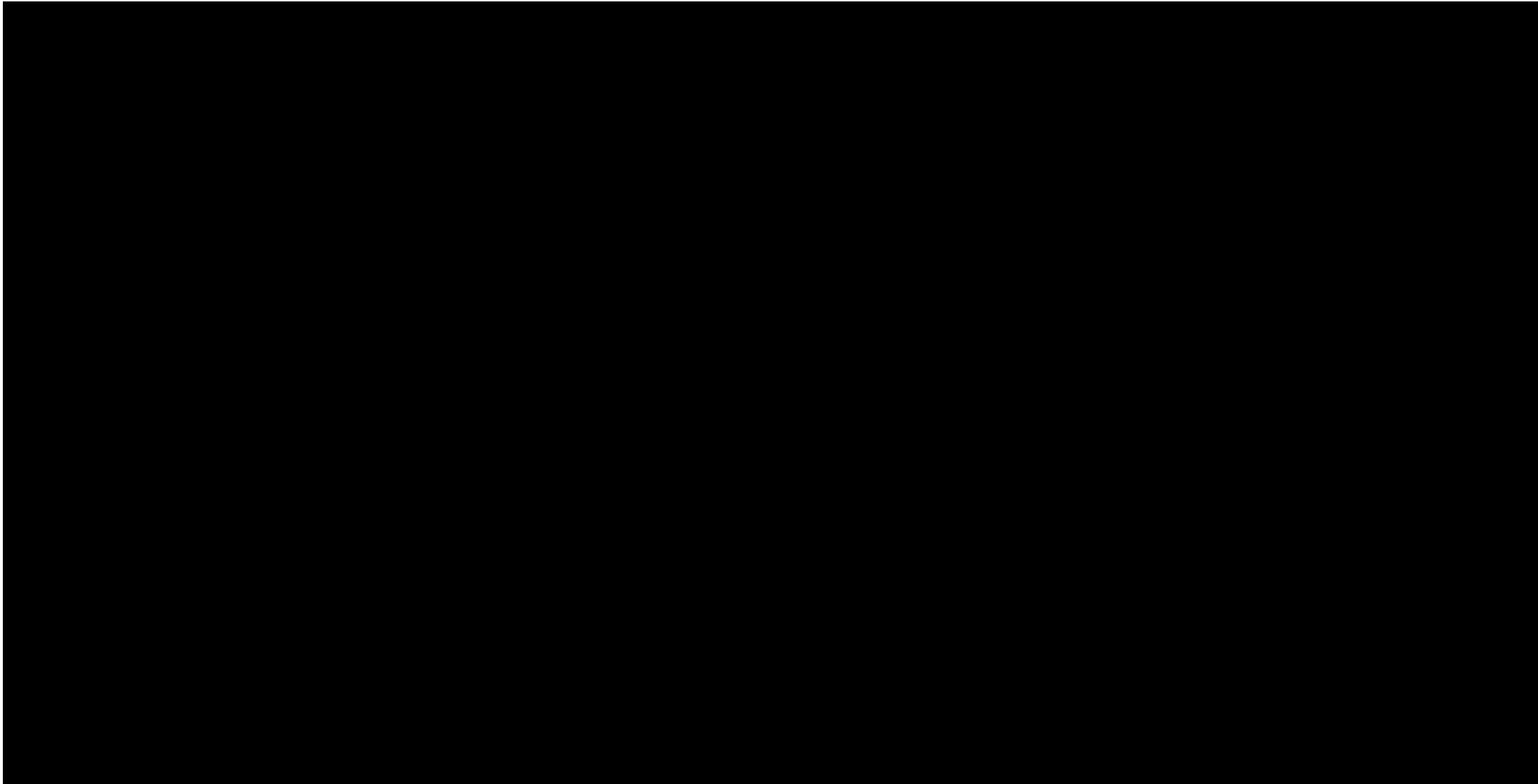
- Customers receive all gas from the wells
- Customers receive 100% of revenue from all liquids that are produced
- Hydrocarbon monitor expert review in pre-drilling and post-drilling decisions
- Quarterly reports showing drilling results, capital costs, expenses, and cost of service
- Commission ability to modify, discontinue, or extend the program
- Not subject to cost sharing for Wexpro

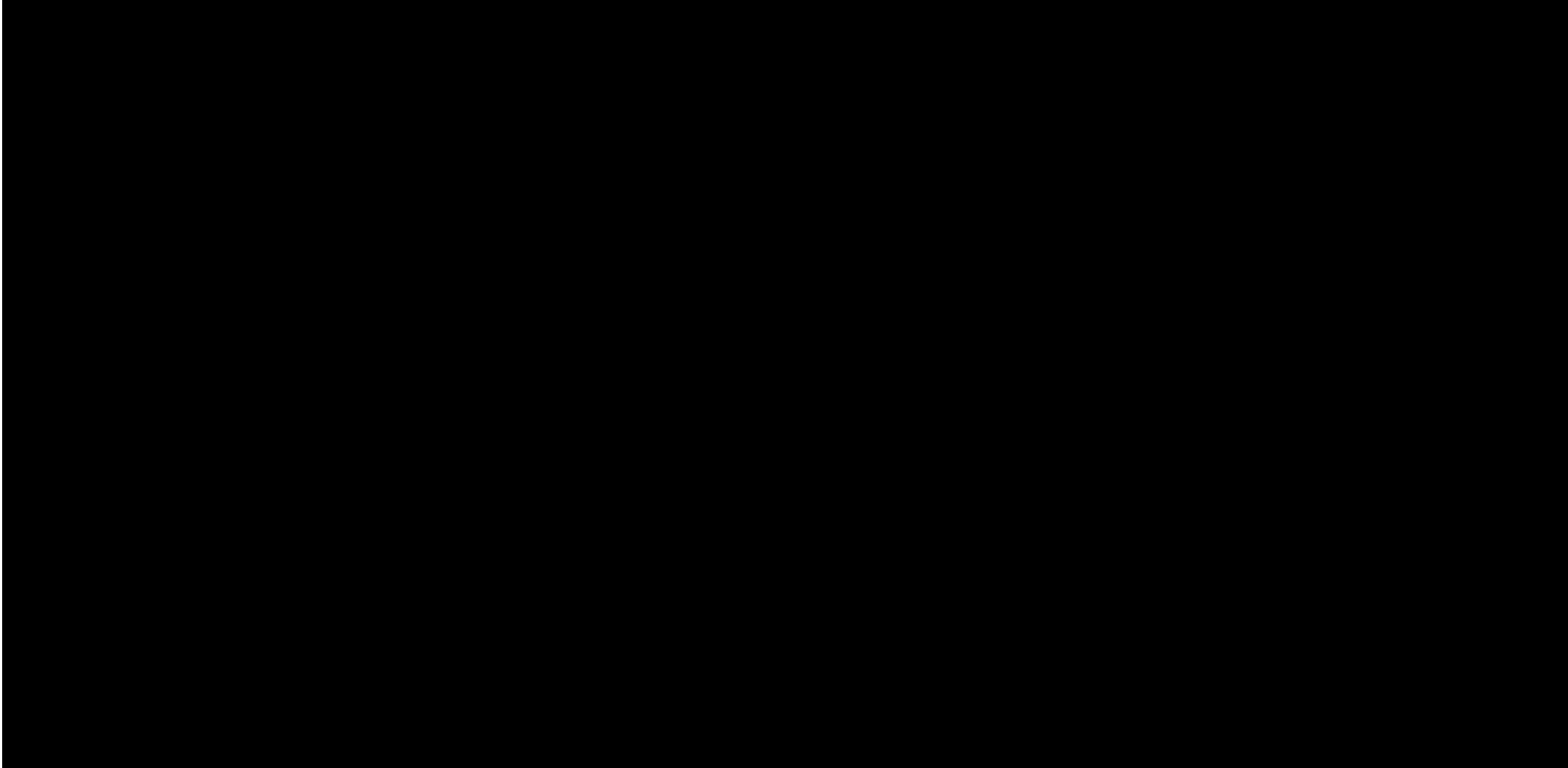
# Wexpro Footprint Unconventional Resources

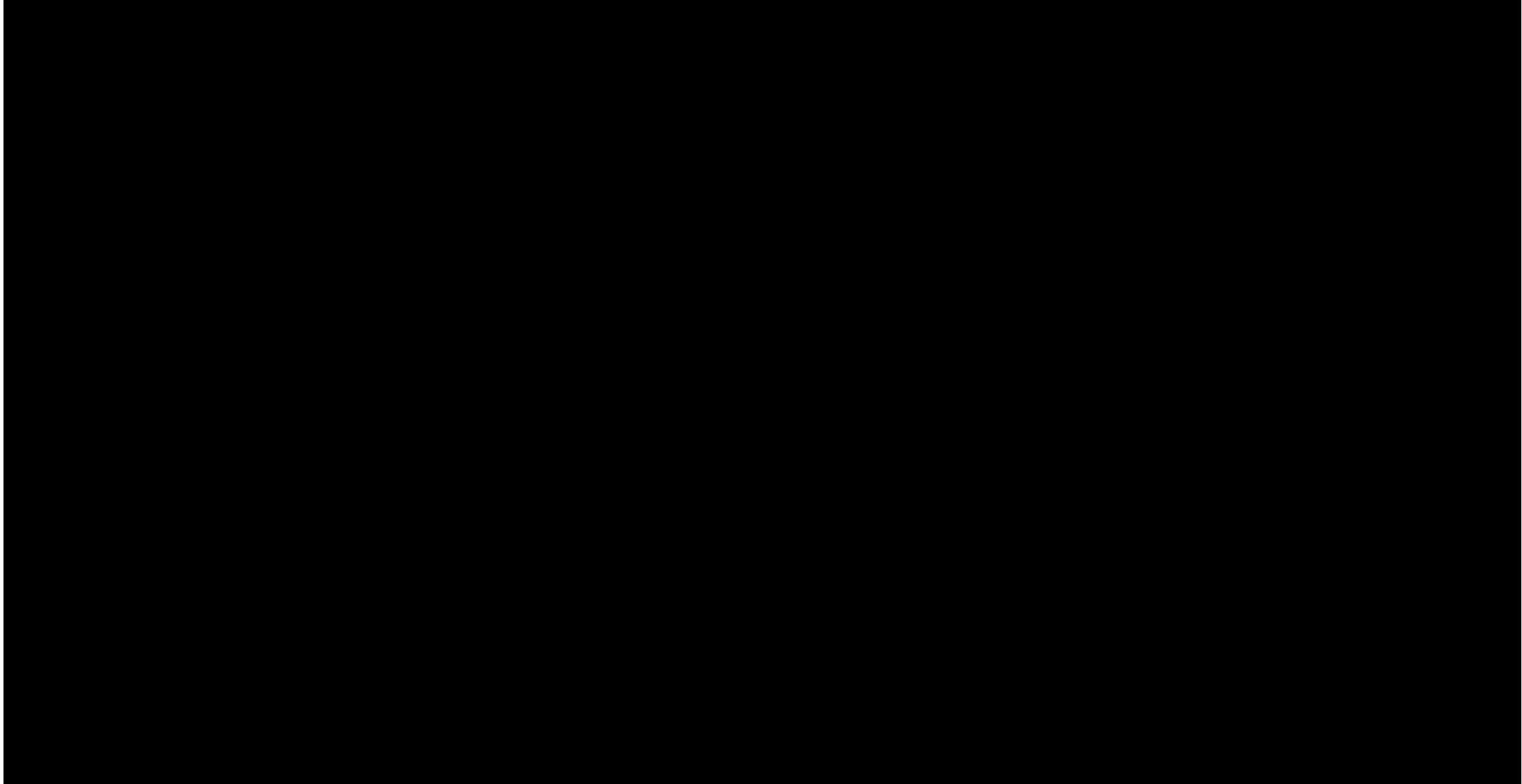
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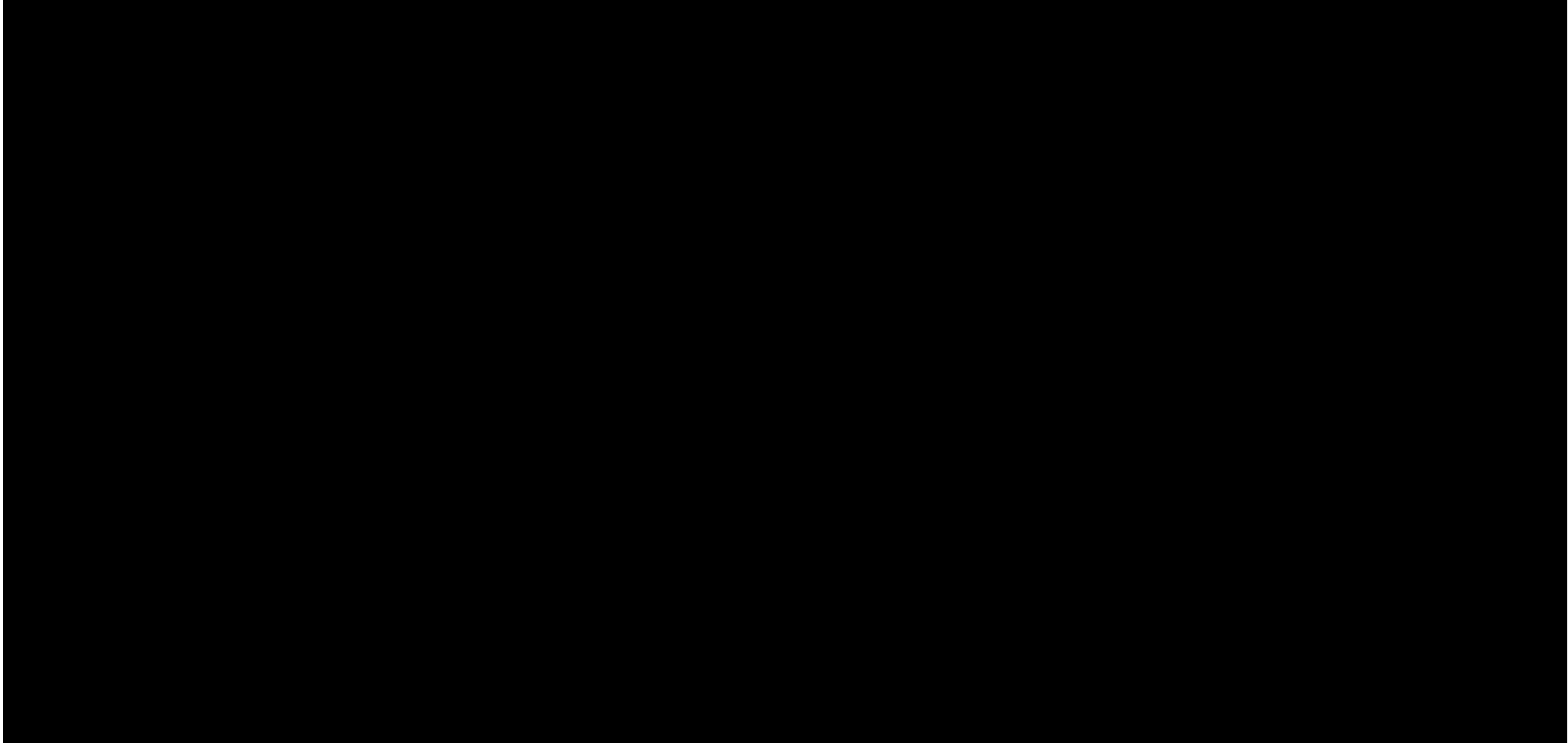


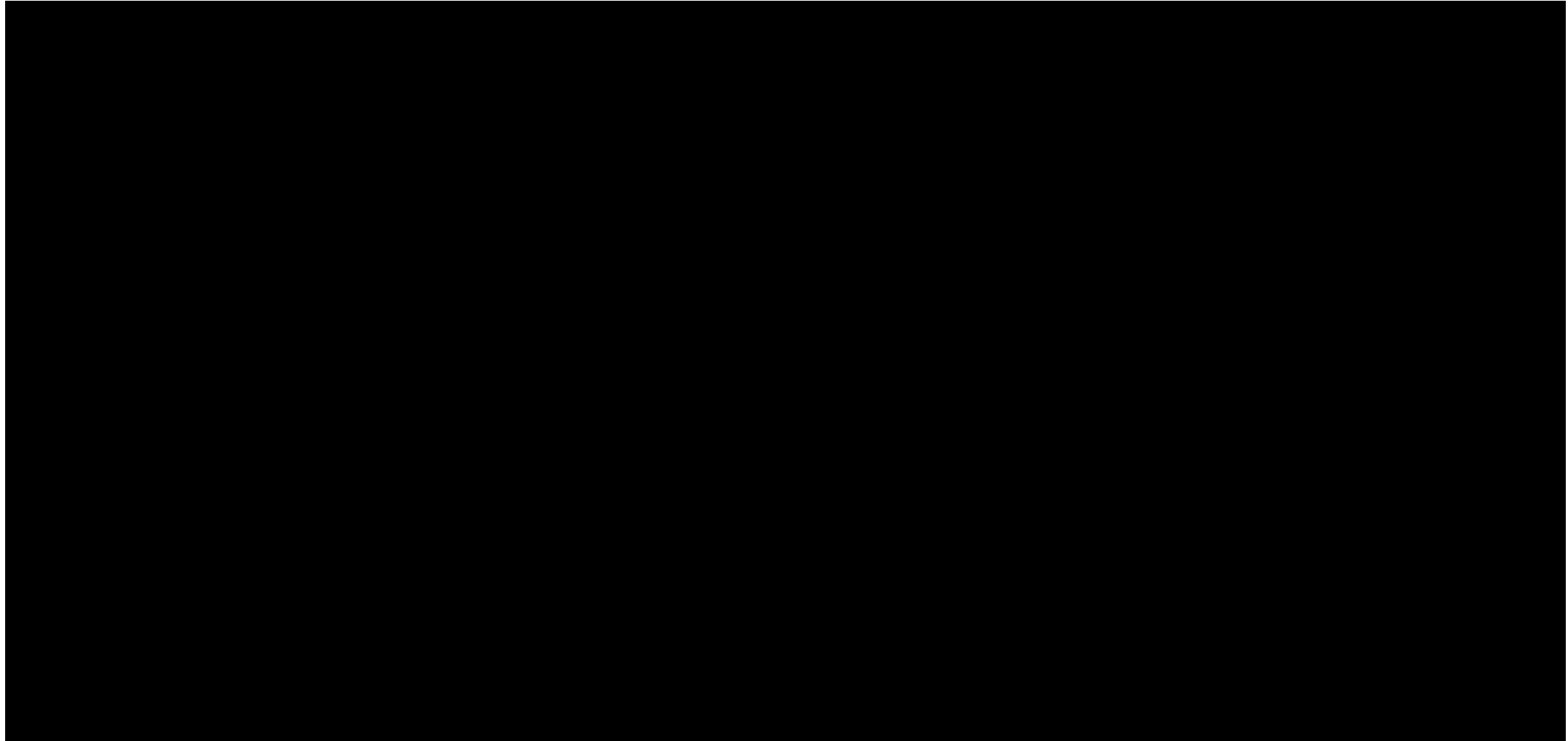
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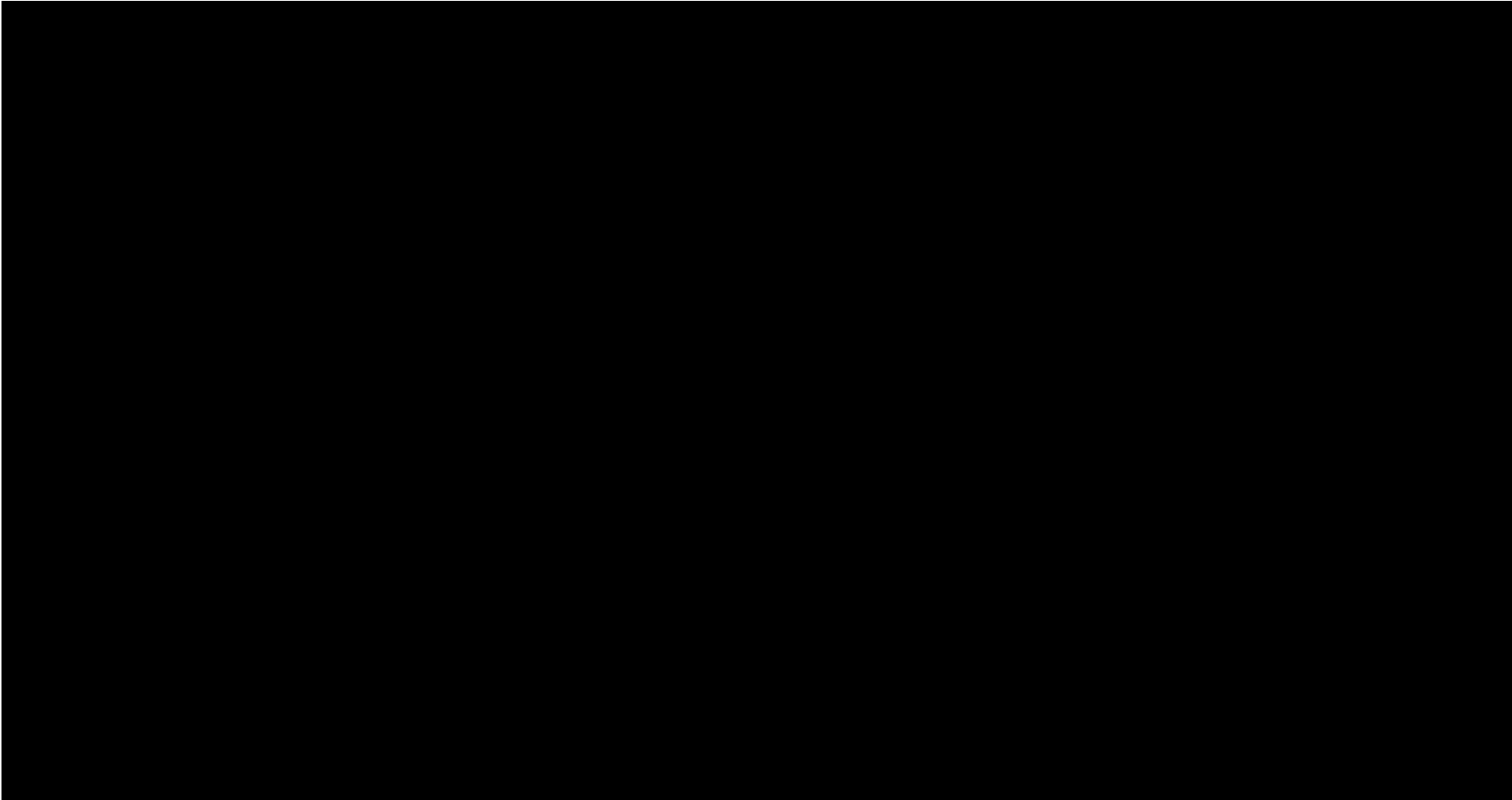


## Horizontal Opportunities

# Horizontal Opportunities







# Wexpro Experience

- Does Wexpro have expertise to drill horizontal wells?
  - [REDACTED] (Drilling Coordinator) – drilled 30 horizontal wells as an onsite consultant and many others as an employee for drilling rig contractors
  - [REDACTED] (Supervisor – Drilling Engineering) – drilled 42 horizontal wells and completed over 662 wells with QEP;
  - [REDACTED] (Manager- Drilling, Completions, and Production Engineering) – Drilled 8 horizontal wells and completed 10 with Transworld Petroleum
  - [REDACTED] (Completions Engineer) – completed 100+ horizontal wells with Halliburton and 350 wells with Gulfport Energy
  - [REDACTED] (Supervisor – Completions Engineering) – completed 3 horizontal wells with Occidental Petroleum
  - [REDACTED] (Production Engineer) – Aided in the completion and flowback of 25 horizontal wells with Greylock Energy
  - [REDACTED] (Production Engineer) – designed downhole completion and production equipment for 60 horizontal wells with Berry Resources and California Resources
  - [REDACTED] (Reservoir Engineer) – was part of 100+ horizontal wells as a wireline field engineer with Schlumberger; completion/Reservoir Simulation on 10 horizontal wells with Magnolia Operating
  - [REDACTED] (Geologist) – helped steer 3 horizontal wells with Exxon in their Chayvo Field, which has wells 40,000' – 49,000' MD; and
  - Consultants ([REDACTED]) – combined, have extensive experience drilling horizontal wells in Texas, North Dakota, Rocky Mountains, Eastern US, and overseas.

# Q&A

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# Appendix

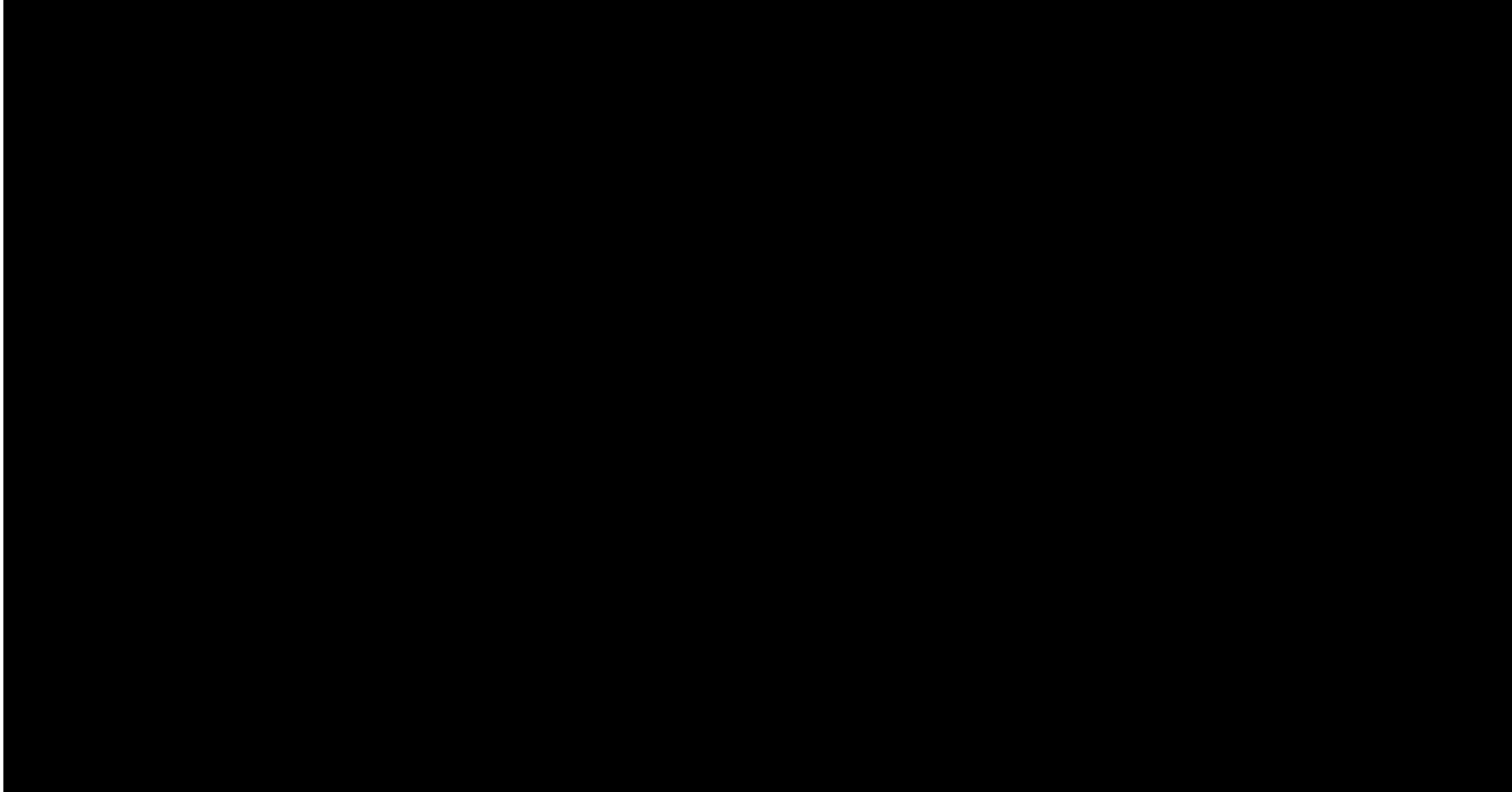
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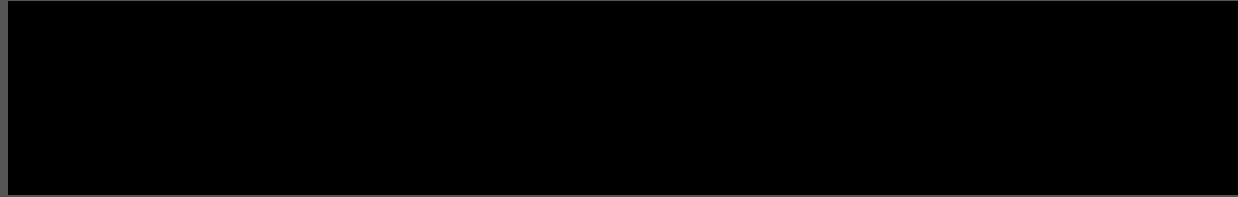


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## Horizontal Opportunities



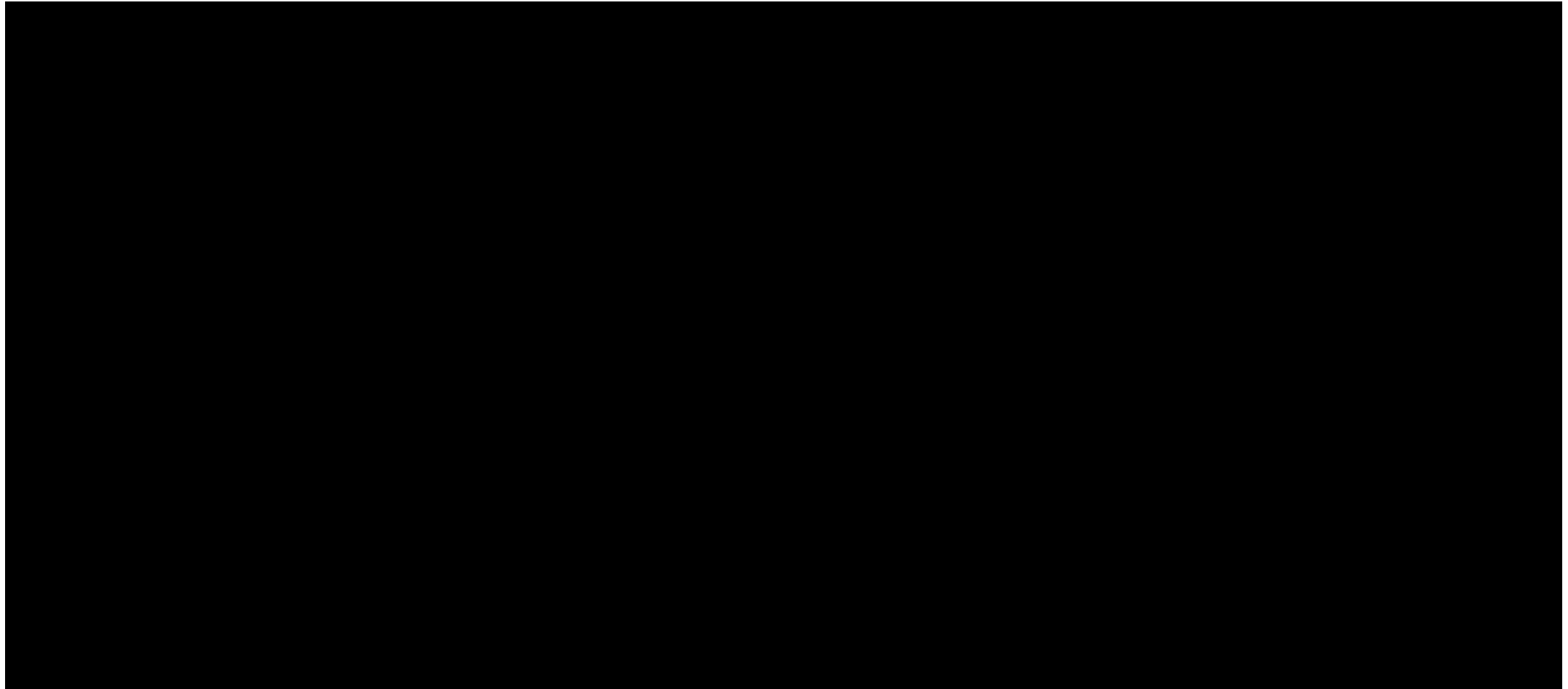
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## Horizontal Opportunities

# Horizontal Opportunities



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