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Application of Enbridge Gas Utah for  
Approval of Wexpro Horizontal Drilling  
Pilot Program

DOCKET NO. 26-057-03  
ORDER APPROVING SETTLEMENT

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ISSUED: May 1, 2026

SYNOPSIS

The Public Service Commission (PSC) approves Enbridge Gas Utah's (EGU) Settlement approving the Wexpro Horizontal Drilling Pilot Program.

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PROCEDURAL BACKGROUND

On February 27, 2026, EGU filed an application, along with supporting testimony and exhibits, seeking approval of Wexpro's Horizontal Drilling Pilot Program ("Application"). The procedures and conditions of the Application are uniquely different from those procedures and conditions established in the Wexpro I,<sup>1</sup> Wexpro II Agreement,<sup>2</sup> Trail Unit Settlement Stipulation,<sup>3</sup> Canyon Creek Settlement Stipulation,<sup>4</sup> and Production Cap Settlement Stipulation<sup>5</sup> (collectively, "Wexpro Agreements").

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<sup>1</sup> *In the Matter of the Petition of the Division of Public Utilities to Consider the Proposed Transfer of Certain Wells, Leases, Lands and Related Facilities and Interests of Mountain Fuel Supply Company to Wexpro Company on Remand from the Utah Supreme Court*, Docket No. 76-057-14, Report and Order on Stipulation and Agreement issued Dec. 31, 1981.

<sup>2</sup> *In the Matter of the Application of Questar Gas Company for Approval of the Wexpro II Agreement*, Docket No. 12-057-13, Report and Order issued Mar. 28, 2013.

<sup>3</sup> *In the Matter of the Application of Questar Gas Company for Approval to Include Property Under the Wexpro II Agreement*, Docket No. 13-057-13, Report and Order issued Jan. 17, 2014.

<sup>4</sup> *In the Matter of the Application of Questar Gas Company for Approval of the Canyon Creek Acquisition as a Wexpro II Property*, Docket No. 15-057-10, Order Approving Stipulation issued Nov. 17, 2015.

<sup>5</sup> *Application of Dominion Energy Utah to Modify the Wexpro Production Cap*, Docket No. 22-057-04, Order Approving Settlement Stipulation issued Apr. 13, 2022.

On March 9, 2026, the PSC issued its Scheduling Order, Notice of Technical Conference, and Notice of Hearing. The technical conference was held on March 24, 2026.<sup>6</sup>

The Division of Public Utilities (DPU) and the Office of Consumer Services (OCS) filed written testimony on April 3, 2026, and EGU filed rebuttal testimony on April 10, 2026. On April 21, 2026, EGU, DPU, OCS (collectively, "Parties"), and the Wyoming Office of Consumer Advocate ("Wyoming OCA") filed the Wexpro Horizontal Drilling Pilot Program Settlement Stipulation ("Settlement").<sup>7</sup> On April 23, 2026, the PSC held an evidentiary hearing<sup>8</sup> during which witnesses for EGU, DPU, and OCS provided sworn testimony supporting the Settlement. There were no intervenors in this docket, and there was no opposition to the Application or the Settlement.

#### THE APPLICATION

The Application is for approval of a five-year Horizontal Drilling Pilot Program ("Program") with a \$150 million capital investment cap that "[t]he [PSC] could modify, discontinue, or extend ... at any time, but any investment placed in the investment base as of the date of any change or discontinuance of the [P]rogram would continue to be recovered on the terms of the [P]rogram notwithstanding any such change or discontinuance."<sup>9</sup> In support of the Program, EGU asserts that since production from

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<sup>6</sup> See <https://www.youtube.com/live/YgWQMmdOVuk>.

<sup>7</sup> In the Settlement, EGU references Enbridge Gas Utah and Enbridge Gas Wyoming. See Settlement at 1.

<sup>8</sup> The hearing recording is available at <https://www.youtube.com/live/vUuWMFayR6M> ("Hearing").

<sup>9</sup> Application at 7, ¶ 18.

vertical wells on Wexpro I and Wexpro II properties is being exhausted, horizontal drilling on these same properties will provide a prospective opportunity to continue developing those properties for economic natural gas reserves.<sup>10</sup>

PRE-FILED TESTIMONY

EGU witnesses Austin Summers and Brady Rasmussen provided testimony supporting the Application. Mr. Summers's pre-filed direct testimony describes the Program, summarizes the conditions of the Program, and discusses why approving the Program is a benefit to EGU customers. For example, Mr. Summers explains that if the Program is "productive, customers would not only receive affordable gas during the pilot program, but they would also have the opportunity for those same benefits going forward in a non-pilot program."<sup>11</sup>

Mr. Rasmussen's pre-filed direct testimony outlines how the Program is more complex and expensive than previous developments under the Wexpro Agreements, including, among other things, EGU's request for a new risk sharing allocation as outlined in the Application. For example, customers would bear the capital risk under the Program for drilling activity that results in dry holes or uneconomic wells.<sup>12</sup> However, if a well is determined to be an uneconomical well early in the drilling process, activity stops to minimize costs, and EGU's activities will be monitored by the

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<sup>10</sup> See *id.* at 6, ¶ 13.

<sup>11</sup> Austin Summers Written Direct Testimony at 8:207-09.

<sup>12</sup> The terms "dry hole," "dry well," and similar variations of those terms are also more accurately referred to as "uneconomical wells," and may be referred to as such throughout this order.

independent hydrocarbon monitor, who will review all proposed wells, technical work, and production results to ensure cost effectiveness and viability. Moreover, Wexpro will not earn a premium for this exploratory work, but instead its return is capped at the approved utility rate of return. According to Mr. Rasmussen, EGU customers could benefit from this changed risk sharing allocation because successful horizontally drilled wells could produce cost-of-service gas at a price that is significantly lower than the current forecast prices.<sup>13</sup>

DPU witness Ryan Daigle recommends the PSC deny the Application as filed, asserting EGU's proposal lacks sufficient safeguards and shifts too much financial risk onto ratepayers. Mr. Daigle provides a summary of the Application and highlights several ways that it departs from the established Wexpro Agreements. Specifically, the Application places one hundred percent of the dry hole or uneconomical well risk on ratepayers, whereas previous agreements typically shared this risk 50/50 with Wexpro. Moreover, unlike current Wexpro Agreements, EGU's proposal does not require the forecast cost-of-service price to be lower than the five-year forward market price curve before drilling begins. Mr. Daigle also notes historical data comparing the cost-of-service gas pricing to market-purchased gas pricing, which he finds unfavorable for an identified fifteen-year period of time. While DPU is not

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<sup>13</sup> See generally Brady Rasmussen Written Direct Testimony.

opposed to the concept of horizontal drilling, DPU opposes the Application as filed but Mr. Daigle suggests a more limited program with specific safeguards.<sup>14</sup>

OCS witness Béla Vastag recommends the PSC decline to approve the Program as currently designed. Mr. Vastag acknowledges several potential benefits to initiating a horizontal drilling program, including the declining supply, physical hedge, and lower costs. However, OCS's primary objection is the imbalanced sharing of risk between Wexpro and ratepayers. Specifically, EGU's proposal shifts one hundred percent of the financial risk for uneconomical wells to ratepayers. Mr. Vastag asserts this is a significant departure from the current 50/50 risk-sharing framework. Additionally, Mr. Vastag is concerned that if the first well is uneconomic, the Program could be halted, leaving ratepayers with the full cost and no tangible benefit. Moreover, while Mr. Vastag acknowledges the benefit outlined in the Application of offering ratepayers one hundred percent of oil and natural gas liquid revenues and Wexpro accepting a lower rate of return, both of which are different than previous Wexpro Agreements, OCS remains unconvinced that the Program is properly structured to protect consumers. Therefore, while OCS recommends the PSC decline to approve the Program in its current form, OCS proposes continued collaboration with EGU to develop a mutually agreeable framework.

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<sup>14</sup> See, e.g., Ryan Daigle Written Direct Testimony at 12:264-13:294.

In rebuttal testimony, EGU asserts that the Program is a measured, necessary step to evaluate a technology that could unlock significant natural gas reserves for the long-term benefit of customers. EGU disputes various claims and objections offered by DPU and OCS. Mr. Summers disputes DPU's historical analysis of cost-of-service gas pricing compared to market-purchased gas pricing, outlining reasons for the apparent pricing differences and highlighting the supply reliability and price stability during market volatility not captured by DPU's analysis. Mr. Summers maintains that EGU's proposal in the Application is structured with adequate safeguards, including enhanced reporting and the PSC's authority to terminate the Program at any time.

Mr. Rasmussen similarly disputes various claims and objections of DPU and OCS. For example, Mr. Rasmussen rejects DPU's suggested limit on the initial number of wells, asserting that a larger number of initial wells is needed to gain reasonable certainty and to be able to perform meaningful field evaluation about the viability of the development.<sup>15</sup> Moreover, Mr. Rasmussen acknowledges that EGU customers bear the cost of non-economic wells, but asserts that risk is offset by, among other things, customers receiving one hundred percent of gas and all liquids revenue — a more favorable split than the current Wexpro Agreements. Finally, while Mr. Rasmussen disagrees with DPU's suggested lower rate of return, he offers as a compromise a 50-

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<sup>15</sup> See *e.g.*, Rasmussen Rebuttal at 5:113-30.

basis point reduction on that return “for wells that [fail] the Commercial Well test as defined in the Wexpro II agreement and modified in guideline letters.”<sup>16</sup>

### THE SETTLEMENT

The Settlement<sup>17</sup> represents an agreement among the Parties and resolves issues regarding the Application. The Parties agreed to, among other things, the following conditions:

- The Program as outlined in the Application is limited to four years from the date of PSC approval.
- Total capital investment is capped at \$55 million.
- The number of wells is designated confidential by the Parties, but it will be between a specific low and high number of wells.
- All drilling will be confined to a specific region within the existing Wexpro property footprints.

The Settlement also contains, among other things, the following risk sharing and customer protections:

- If a well is uneconomical, customer costs are capped.
- For wells that fail the Commercial Well test, customers bear the cost, but Wexpro’s return on that well is reduced by 50-basis points.

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<sup>16</sup> See *id.* at 7:184-87.

<sup>17</sup> Portions of the Settlement are designated confidential.

- One hundred percent of revenues from the sale of oil or natural gas liquids will be credited to customers, with no portion to benefit Wexpro.
- Program results are excluded from the cost-savings calculation under the Canyon Creek Stipulation to prevent them from affecting other Wexpro I/II financial results.

The Settlement also contains certain oversight and procedures, including:

- Wexpro must meet with the DPU, OCS, and Wyoming OCA to discuss results from the first well before proceeding to subsequent wells.
- Wexpro must consult with the Hydrocarbon Monitor before drilling, providing detailed geologic, engineering, and economic analyses.
- EGU and Wexpro must provide quarterly reports detailing drilling results, cumulative costs, and actual versus estimated production volumes.
- The Utah and Wyoming Public Service Commissions retain the authority to discontinue the pilot program at any time.

At the conclusion of the Program, the Parties will meet to determine if a formal horizontal drilling program should be implemented via an amendment to existing Wexpro Agreements or otherwise, any of which would be subject to the review and approval of the PSC and the Wyoming PSC.

TESTIMONY AT HEARING

EGU witness Summers provided a summary of the Settlement, highlighting the significant provisions and testified that “[a]ll Parties agree the Settlement is just and

reasonable in result and in the public interest.”<sup>18</sup> Mr. Summers also testified that the Settlement “offers a carefully controlled opportunity to evaluate horizontal drilling on Wexpro properties with strict cost caps, enhanced oversight, substantial customer protections, and full [PSC] authority throughout the” Program.<sup>19</sup> EGU witness Rasmussen responded to questions from the commissioners regarding, among other things, the available gas in the Wexpro properties, the cost of service of that gas, and the key components of the Settlement.

DPU witness Daigle testified that DPU supports the approval of the Settlement. Mr. Daigle also testified that the Settlement is a “more limited pilot program”<sup>20</sup> than originally proposed in the Application, and is the result of the several rounds of negotiations between the Parties. Mr. Daigle further testified that the Settlement presents an opportunity to better discover the resources owned by ratepayers and evaluate their economical production.<sup>21</sup> Mr. Daigle concluded that the Settlement is just and reasonable in result and approval is in the public interest.<sup>22</sup>

OCS witness Vastag testified that, among other things, the Parties collaborated on the terms of the Settlement and recommends the PSC approve the Settlement. Mr.

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<sup>18</sup> Hearing at 00:05:08-00:05:12.

<sup>19</sup> *Id.* at 00:10:18-00:10:37.

<sup>20</sup> *Id.* at 01:00:23.

<sup>21</sup> *Id.* at 01:01:01-01:01:07.

<sup>22</sup> *See id.* at 01:01:09-01:01:13.

Vastag also testified that “the Settlement ... is just and reasonable in result and in the public interest.”<sup>23</sup>

FINDINGS AND CONCLUSIONS

The Legislature statutorily encourages settlement, by negotiated agreement of the parties, of matters pending before the PSC.<sup>24</sup> The PSC may approve a settlement agreement after considering the interests of the public and other affected persons,<sup>25</sup> if it finds the agreement is just and reasonable in result based on the evidence in the record.<sup>26</sup> We are presented with a negotiated Settlement that is supported by record evidence, including sworn testimony, and no party has opposed it. All Parties offering testimony at the hearing testified that the Settlement is just and reasonable in result, and that approval of the Settlement is just, reasonable, and in the public interest.

Therefore, based on our review of the Application, the Settlement, the written and live testimony of the EGU, DPU, and OCS witnesses, and there being no opposition, we find that substantial evidence exists to conclude that the Settlement is just, reasonable, and in the public interest. The Settlement is approved.

ORDER

Pursuant to our above discussion, and the findings and conclusions, we approve the Settlement.

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<sup>23</sup> *Id.* at 01:09:34-01:09:43.

<sup>24</sup> See Utah Code § 54-7-1.

<sup>25</sup> See Utah Code § 54-7-1(2)(a).

<sup>26</sup> See Utah Code § 54-7-1(3)(d).

DATED at Salt Lake City, Utah, May 1, 2026.

/s/ John E. Delaney  
Presiding Officer

Approved and Confirmed May 1, 2026 as the Order of the Public Service  
Commission of Utah.

/s/ Jerry D. Fenn, Chair

/s/ David R. Clark, Commissioner

/s/ John S. Harvey, Ph.D., Commissioner

Attest:

/s/ Gary L. Widerburg  
PSC Secretary  
DW#345109

Notice of Opportunity for Agency Review or Rehearing

Pursuant to Utah Code Ann. §§ 63G-4-301 and 54-7-15, a party may seek agency review or rehearing of this written order by filing a request for review or rehearing with the PSC within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the PSC fails to grant a request for review or rehearing within 30 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the PSC's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of Utah Code Ann. §§ 63G4-401, 63G-4-403, and the Utah Rules of Appellate Procedure.

CERTIFICATE OF SERVICE

I CERTIFY that on May 1, 2026, a true and correct copy of the foregoing was served upon the following as indicated below:

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