

Questar Pipeline Customer Meeting
February 28, 2011
Park City, Utah

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Pipeline



Welcome/Overview

Allan Bradley
President & CEO



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2010 Highlights



**Overthrust Loop Expansion
in-service February, 2011**



**QPC ML-104 Extension to Fidlar
FERC filing November 10, 2010**



**Questline System fully compliant
with NAESB**

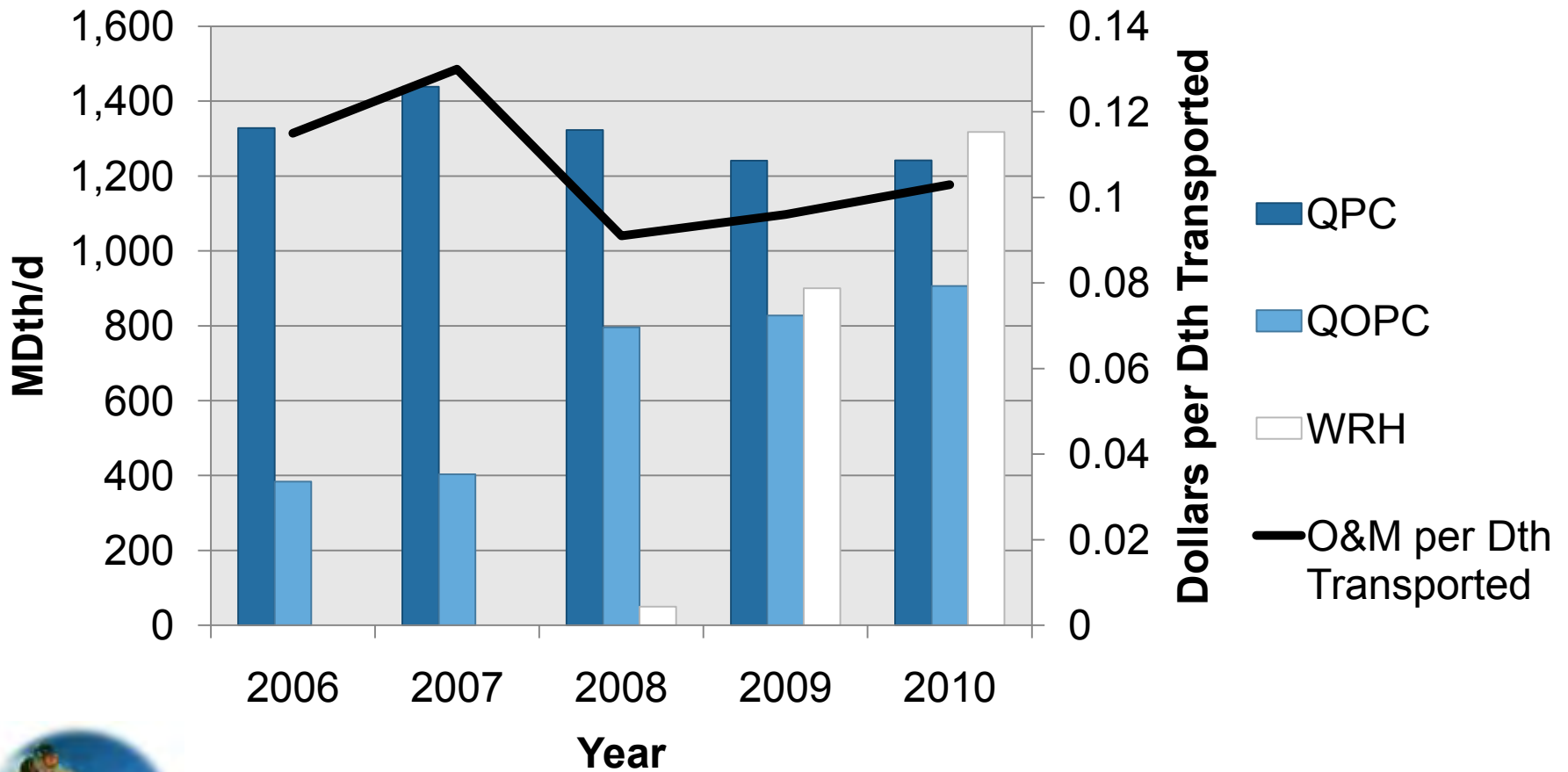


QEP Spinoff (June 30, 2010)



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Average Daily Throughput by Pipeline with O&M / Dth Transported



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2011 Goals



Complete ML-104 Extension
to Fidlar by November 1, 2011



Uinta Basin Transportation & Processing
Project fully contracted and filed with FERC



Fidlar Compression & ML-68 Uprate
Expansion Project fully contracted and filed



Enhance Clay Basin operational flexibility by
November 1, 2011



Expand services to industrial and gas-fired
generation customers



Issues for the Future

- ❁ Pipeline Safety Act Reauthorization
- ❁ Natural Gas Supply/Demand Reset
 - ❁ Supply - Producers redirecting dry, gas oriented drilling programs to oily, and liquid rich plays.
 - ❁ Demand - Industrial and commercial markets show modest recovery, gas prices remain low relative to coal and political push for NGVs continues.
- ❁ Shifting sources of supply, pipeline transportation dislocation and build out of the U.S. transmission grid
 - ❁ Example: Rockies takeaway capacity exceeds production by 2 Bcf
- ❁ Roll-back of EPA regulation under the CAA





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Larry Conti

Vice President
Operations & Gas Control



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Rockies Dynamics

- ❁ The Rockies market has gone from highly pipeline constrained to wide open with multiple opportunities
 - ❁ Questar has the capability to feed multiple Rockies export pipelines
 - ❁ Market demand frequently swings from eastern markets to western markets
 - ❁ Operational flexibility at Clay Basin
- ❁ Questar Pipeline's response is to offer increased flexibility and new services to meet your needs

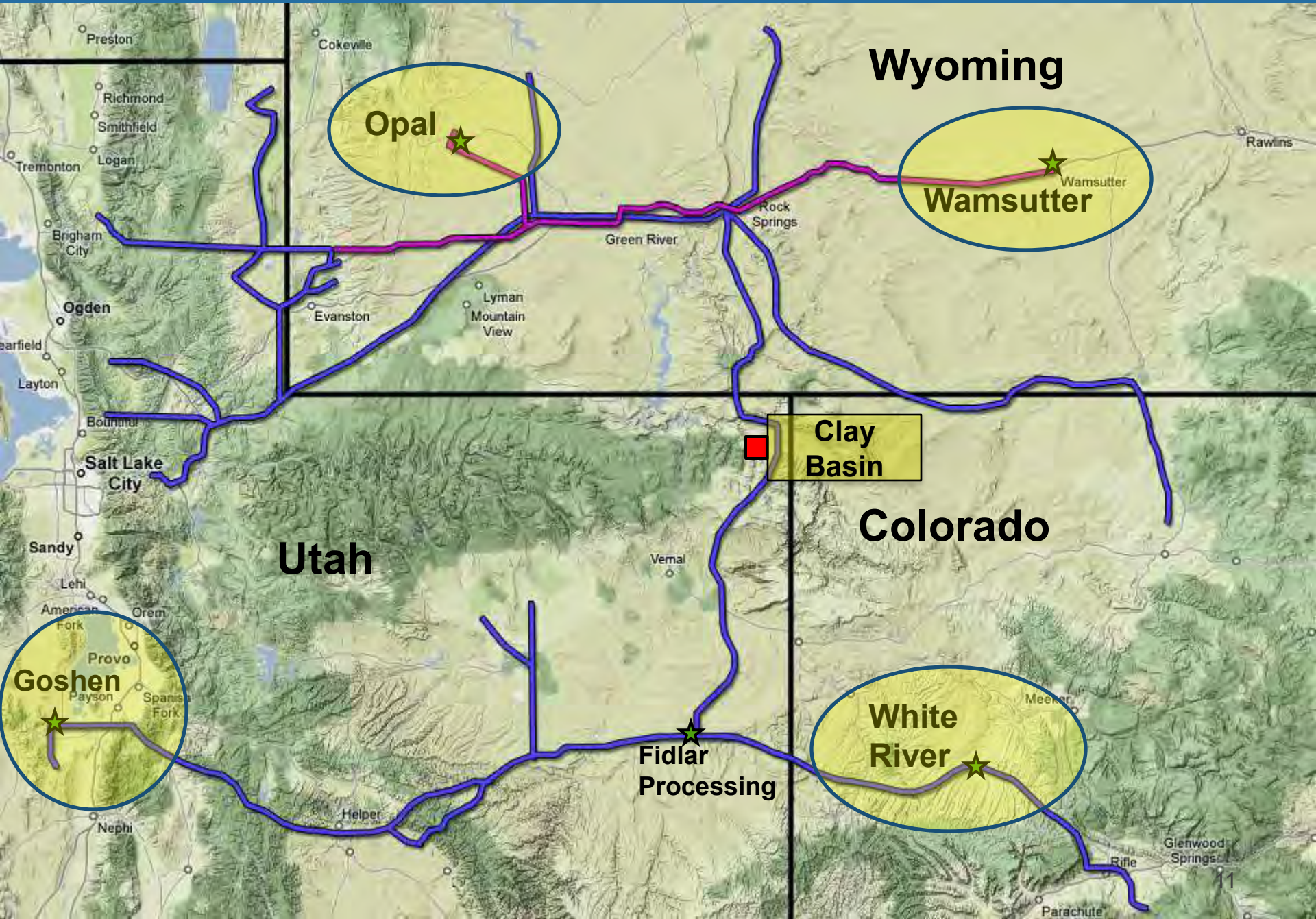


How do we respond to your needs?

- ❁ Traditional expansions by projects through Open Seasons
- ❁ “Non-Traditional” contract offerings
- ❁ Expanded use of the existing business systems and operational flexibility
- ❁ Monitoring and participating with upstream and downstream pipelines to keep markets open and available



Questar Pipeline System Flexibility



Opal

Wamsutter

Clay Basin

Utah

Colorado

Goshen

White River

Fidlar Processing

Preston

Cokewille

Wyoming

Richmond

Smithfield

Logan

Brigham City

Ogden

Salt Lake City

Sandy

Lehi

American Fork

Orem

Provo

Spanish Fork

Nephi

Helper

Evanston

Lyman Mountain View

Vernal

Rock Springs

Green River

Wamsutter

Meeker

Rifle

Parachute

Glenwood Springs

11

The Flexible Approach

- ❁ A team has been formed to study the following:
 - ❁ Contract options
 - ❁ Term
 - ❁ Pricing
 - ❁ Potential types of capacity offerings
 - ❁ Seasonal capacity in some areas
 - ❁ Increased Park and Loan capacity
 - ❁ Hourly peaking capacity services



Expanding Flexibility

- ❁ Efforts are underway to fully utilize the Questar business systems and physical pipelines
 - ❁ Analyze the most efficient way to utilize “off system” capacity to:
 - ❁ Facilitate QPC shippers access to Ruby, REX and Kern
 - ❁ Facilitate OTPL shippers access to Clay Basin
 - ❁ Increased dependability of flexing FT receipt and delivery points using Flow Day Redirect
 - ❁ Questar continues to work with other pipelines and producers to ensure market flexibility





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Carl Galbraith

Director

QGC, Business Development



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Who Offers NGVs?



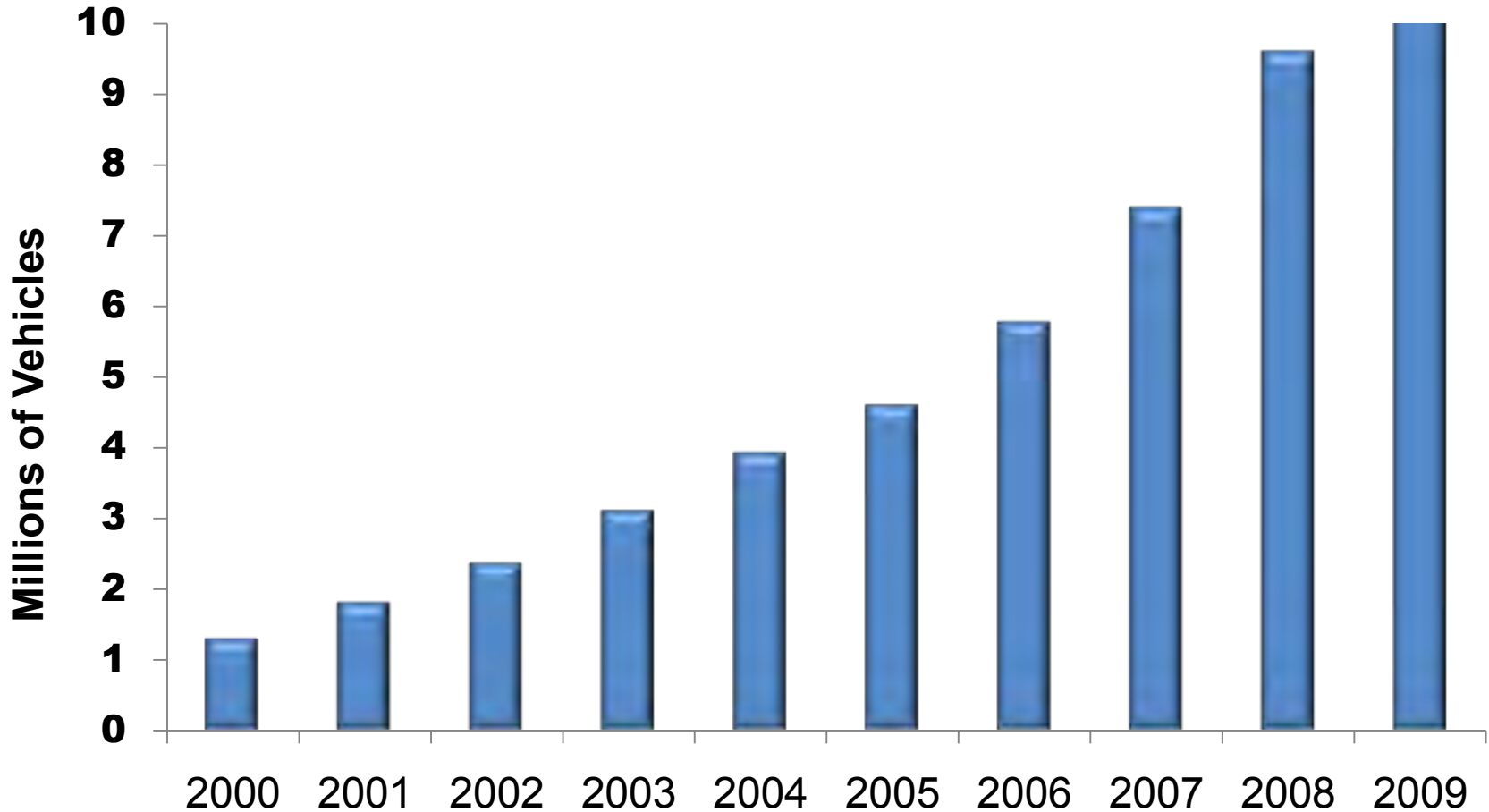
Mercedes-Benz



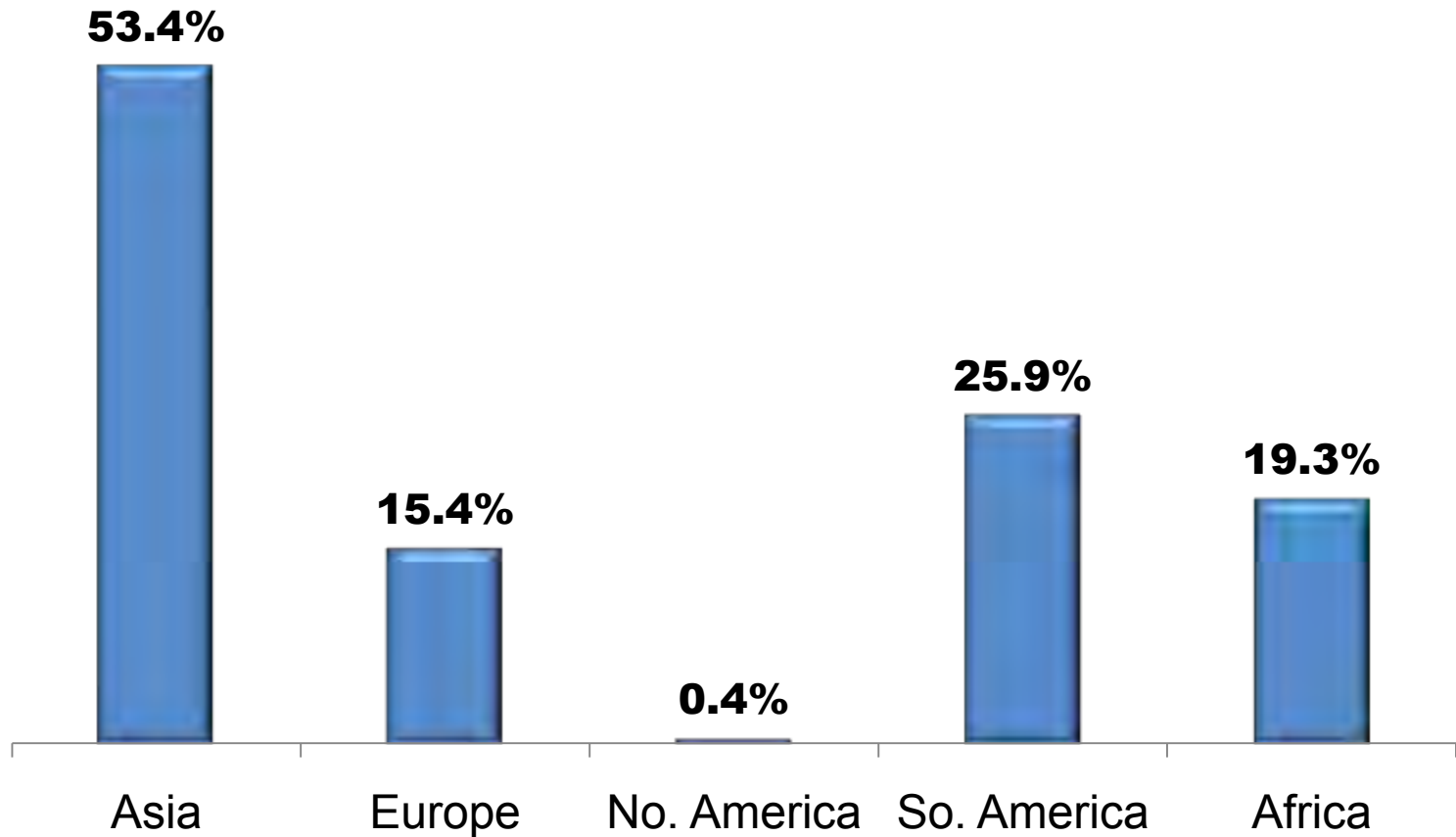
World CNG Markets are Maturing

Dec. 2009	NGVs	Stations
Pakistan	2,300,000	3,068
Argentina	1,807,186	1,851
Iran	1,665,602	1,021
Brazil	1,632,101	1,704
India	935,000	560
Italy	628,624	730
China	450,000	1,339
Colombia	300,000	460
Ukraine	200,000	285
Bangladesh	177,555	500
North America	122,000	907

Worldwide NGV Growth



NGV Growth by Region Since 2000



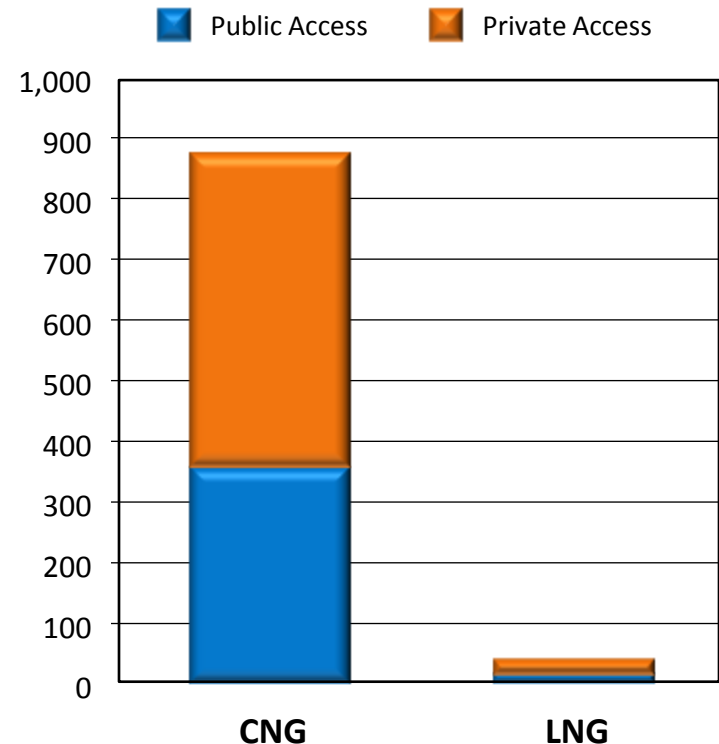
SOURCE: IANGV

USA – Reduce dependence on Foreign Oil

- \$1 billion/day market – exporting wealth, importing pollution
- 254 million vehicles
- 5% of world's population
 - **25% of the world's energy consumption**
 - **20% of oil consumption**
- 4:1 per capita ratio compared to the average person
- Natural gas is the lowest-carbon fuel
- Converting one heavy-duty truck from diesel to natural gas is the pollution-reduction equivalent of removing 325 cars from the road.

USA Natural Gas Refueling Infrastructure

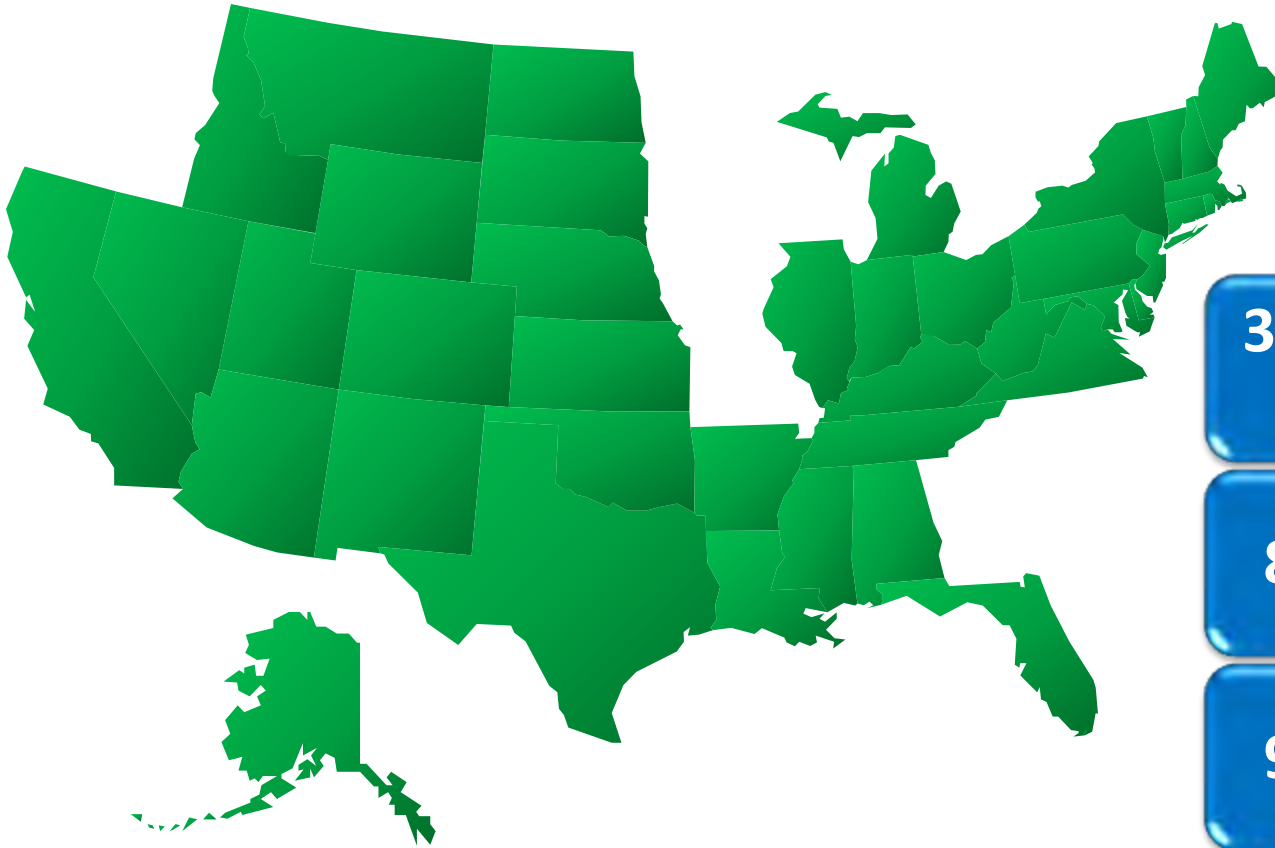
- As of July 27, 2010 = **930** Total
 - 887 CNG stations
 - 43 LNG stations
- CNG Stations – **887** Total
 - 364 Public access stations (41%)
 - 523 Private access stations (59%)
- LNG Stations – **43** Total
 - 12 Public access stations (32%)
 - 31 Private access stations 68%)



Natural Gas is Abundant

- Worldwide, natural gas reserves are greater than oil
- The oil and gas industry has been successful in finding new natural gas resources – supply far exceeds government forecasts – and storage levels assure reasonable prices for the foreseeable future
- America has a 100-120 year supply of natural gas – contradicting the notion that we are running out
- Because of its growing abundance, domestic natural gas will play a major role in meeting our 21st century energy needs

Natural Gas Producing States



**32 OF
50**

• STATES HAVE
PRODUCTION

85%

• SUPPLY FROM
UNITED STATES

97%

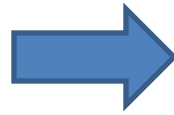
• SUPPLY FROM
NORTH AMERICA

SOURCE: U.S. ENERGY INFORMATION ADMINISTRATION

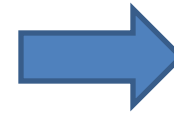
NGV Rate Breakdown per Dth



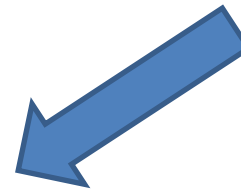
Natural Gas
\$4.49



Interstate-transportation
87¢



Distribution-system
61¢



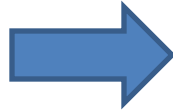
Compression, parts, labor & fees:
\$4.48

Questar Gas price
\$10.45

NGV Rate Breakdown per GGE



Natural Gas
54¢



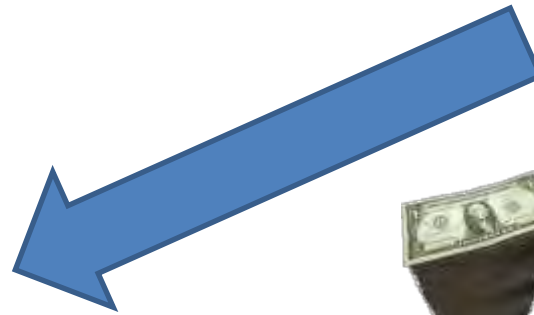
Interstate-transportation
10¢



Distribution-system
9¢



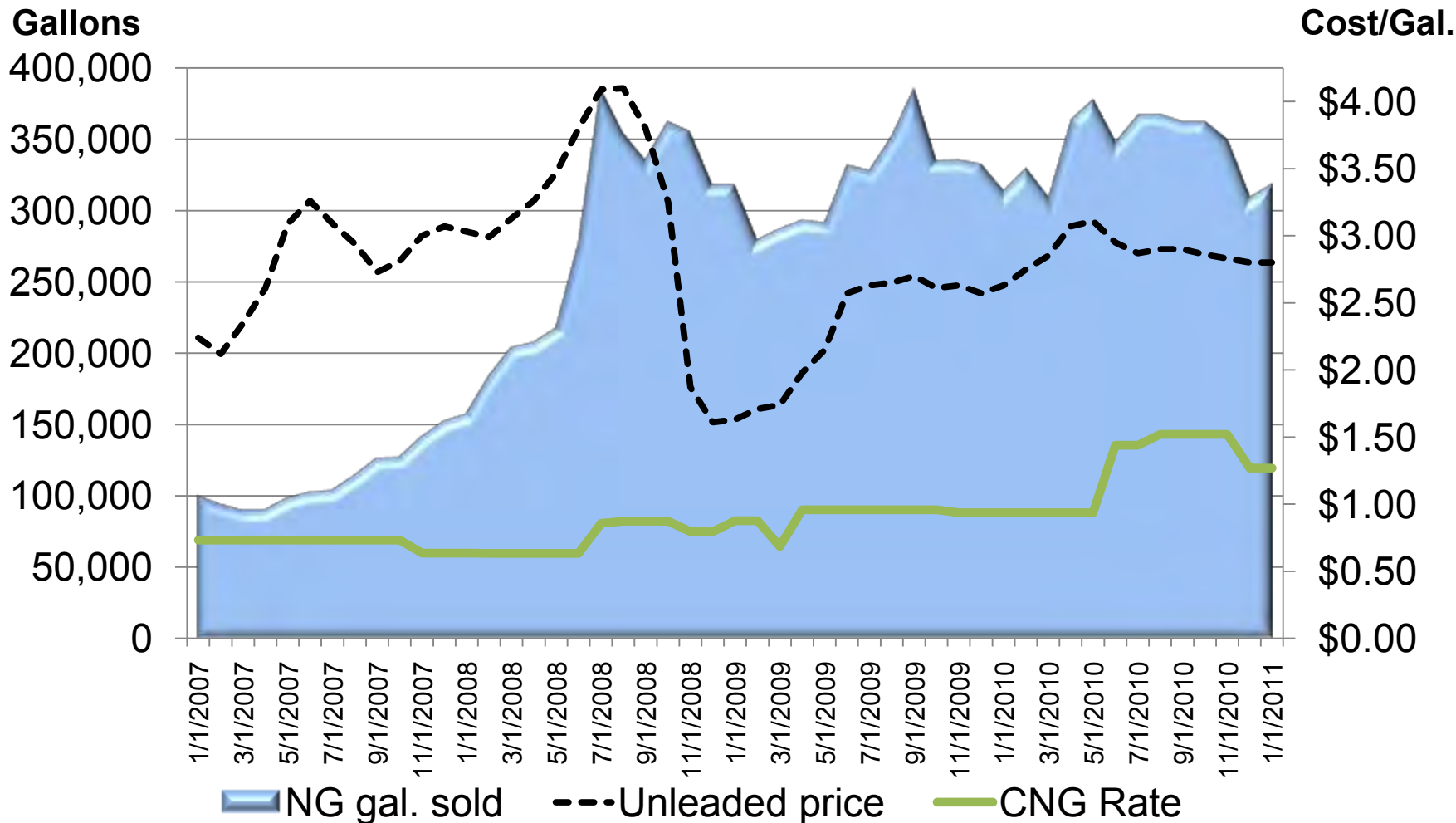
Compression, parts, labor & fees:
52¢



Tariff Rate: \$1.25
Less Federal Credit of .25:
\$1.00
Plus .183 Fed Tax & .085 State:
\$1.27

Questar Gas pump price
\$1.27

Questar Gas CNG demand



Utah NGV/CNG Station Map

96 Stations

- 26 public access
- 5 state facilities
- 1 private/public
- 64 private

NGV Station Map



Natural Gas is Clean

- Cleanest commercially-available fuel for transportation today
- Produces less overall emissions compared to gasoline or diesel vehicles
- Reduces GHG emissions compared to gasoline- or diesel-fueled vehicles

Clean American Transportation Alliance (CATA)

AGA-ANGA Objectives

1. OEM PRODUCT

- Bring an OEM light-duty truck or van to the U.S. market

2. INFRASTRUCTURE

- Build out NGV corridors throughout the country; particularly our operating areas

3. POLICY and REGULATIONS

- Lobby and push for federal and state support for NGVs as well as prudent EPA regulations

4. MARKET DEVELOPMENT

- Educate, promote, and stimulate the market
- Complete in-depth NGV market assessment study release on Feb/2011



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Lori Creer

Director
Business Development



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Business & Strategic Development

Presentation Topics

- ❁ 2011 Expansion Projects
- ❁ Open Seasons
- ❁ Unsold Capacity Summary
- ❁ Clay Basin Storage
- ❁ Forward Looking Strategies



Overthrust Loop Expansion Complete



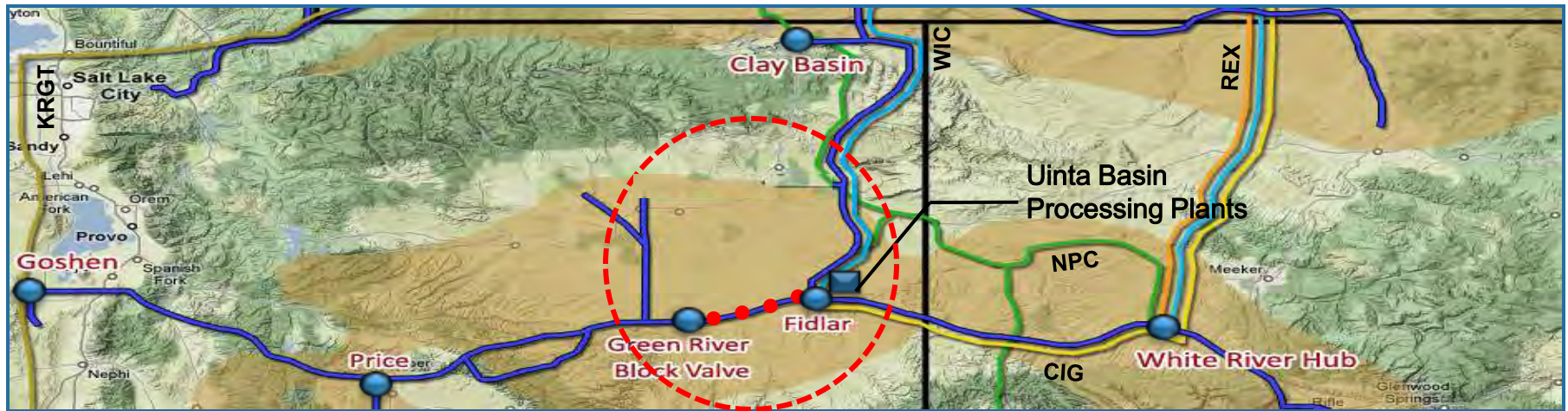
Project Stats

- ❁ 43 miles / 36" pipeline
- ❁ Construction completed February 2011 – ahead of schedule
- ❁ Incremental and Available Capacity
 - ❁ West – Less than 300 of 800 Mdth/d remains available
 - ❁ East – 50 Mdth/d remains available



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ML 104 Extension On Track



Project Stats

- ❁ 24.6 miles / 24" pipeline
- ❁ Fully contracted at QPC max rate and 10 yr terms
- ❁ FERC application filed November 2010, final order May 2011
- ❁ In-service date November 1, 2011



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Recent Open Season Offers

- ❁ Fidlar Compression and ML 68 Pressure Up-rate Expansion Project
- ❁ Uinta Basin Transportation and Processing Project



Fidlar Compression and ML 68 Pressure Up-rate Expansion Project

Bid Period

Jan 4 – Feb 18, 2011

Benefits

Access to/from Markets at Goshen and OTPL
Access to/from Clay Basin

Investment

Compressor Station Mods
ML 68 West MAOP Up-rate

Capacity

25 Mdth/d
East to WRH or REX
30 Mdth/d
West to Fidlar or Kanda

In-service Nov 2011

Term / Rate

3 yr / \$0.17652/dth



Uinta Basin Transportation and Processing Project



Bid Period

Jan 20 – Feb 18, 2011

Benefits

- Higher Operating CHDP
- Access to Cryo Processing
- New Transportation Capacity
- Path to North Capacity
- Multiple Delivery Points
- New Multi-source Receipt

Investment

- Rec/Del Interconnects
- Liquids Handling Facilities
- Jumper Lines/ Isolation Valves
- Compressor Mods

Pre-Requisite

ML 104 Extension

Capacity

110 Mdth/d

In-service

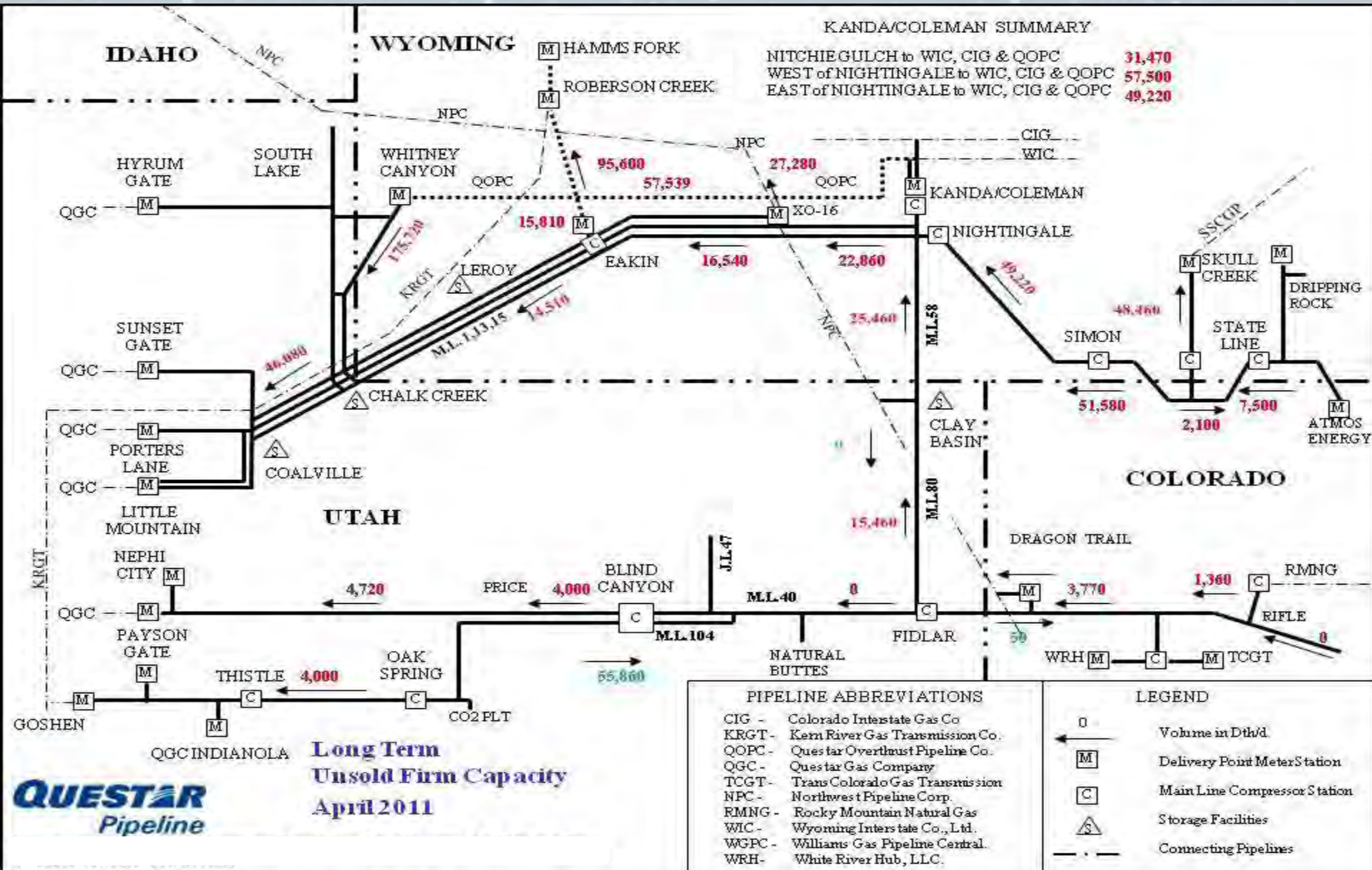
Q1 2012

Term / Rate

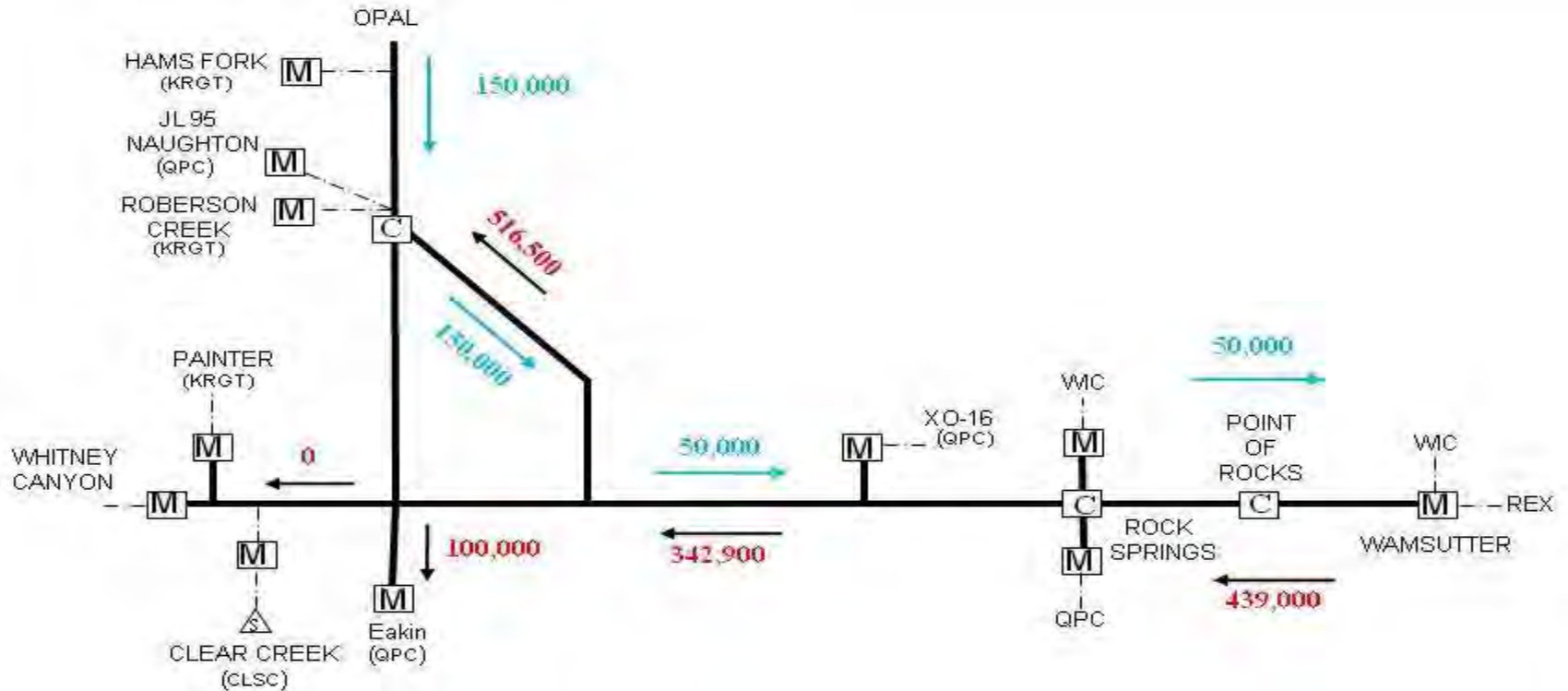
10 yr / \$0.17652/dth max



QPC Long Term Un-sold



Overthrust Long Term Un-sold

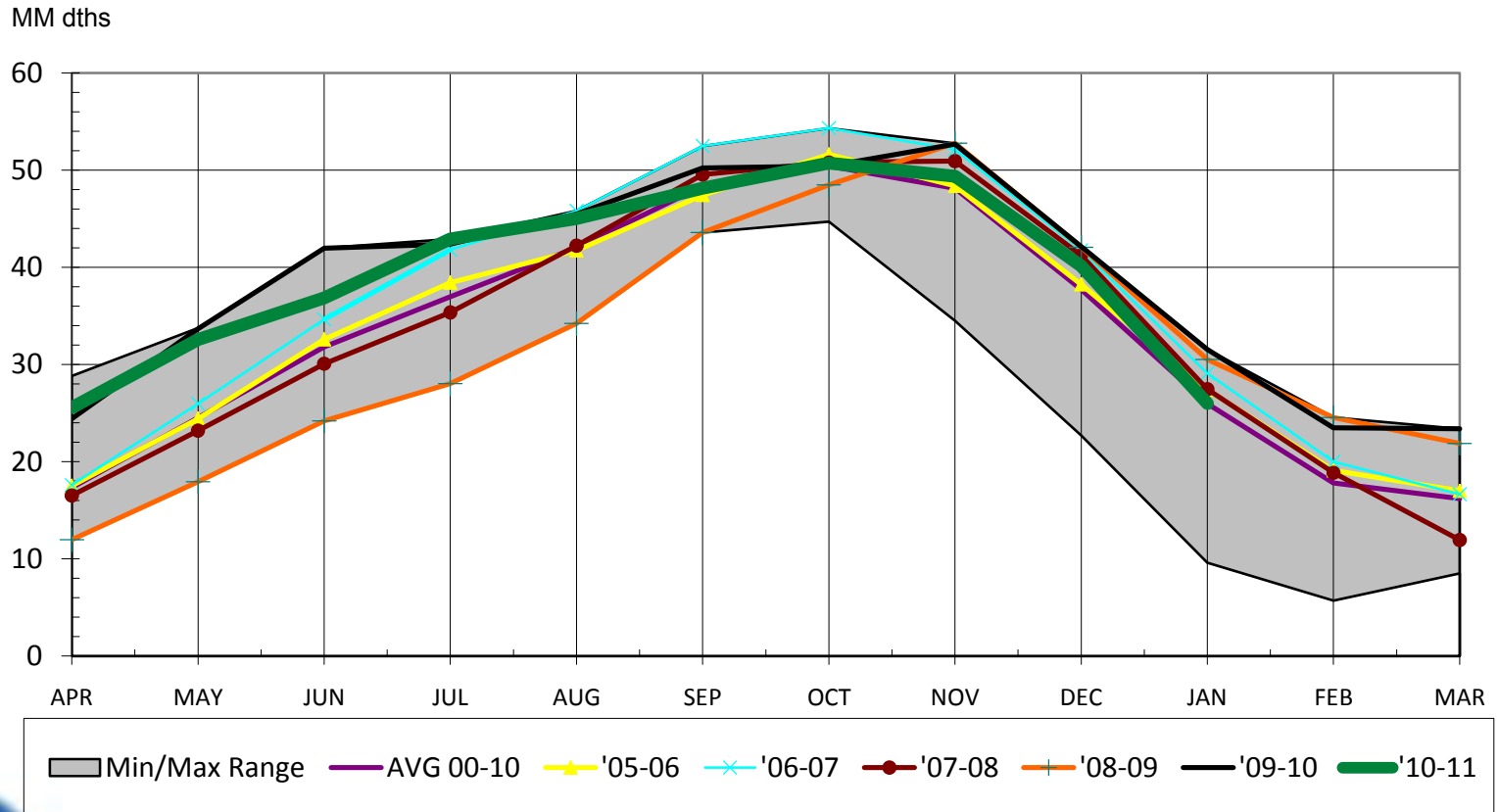


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Long Term
Unsold Firm Capacity
April 2011

LEGEND		PIPELINE ABBREVIATIONS	
0	Volume in Dth/d	KRGT -	Kern River Gas Transmission Co.
M	Delivery Point Meter Station	QPC -	Questar Pipeline Co.
C	Main Line Compressor Station	WIC -	Wyoming Interstate Co., Ltd.
S	Storage Facilities	REX -	Rockies Express Pipeline
- - -	Connecting Pipelines	CLSC -	Clear Creek Storage Company, L.L.C.

Clay Basin Storage Inventory



Clay Basin Spring Inventory Test

 February 23rd – OFO Issued to FSS Shippers

April 2011						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Physical Withdrawal Only – No Inj Noms	2
	3 Physical Withdrawal Only – No Inj Noms	4	5 (OFO) Withdrawal Conditioning 275 Mcf/d	6 (OFO) Withdrawal Conditioning 325 Mcf/d	7 Field Shut-In In-Place Transfers Only	8
	9	10 Field Shut-In In-Place Transfers Only	11	12	13	14
	15	16	17 Field Shut-In In-Place Transfers Only	18	19	20
	21 Normal Operation at 8:00 am	22	23			

Forward Looking Strategies

- ❁ Market Driven Services
- ❁ QTS Midstream
- ❁ LNG



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Market Driven Services

- ❁ Long Term Supply to LDC, Power Gen, etc.
- ❁ Off-System Capacity
- ❁ OTPL to/from Clay Basin
- ❁ Flexible Rates
 - ❁ Seasonal, hourly, peaking
 - ❁ Volumetric, producing area
- ❁ Transport plant tailgate make-up gas
- ❁ Storage flexibility
- ❁ park & loan flexibility
- ❁ Priority flexibility
- ❁ Balancing options
- ❁ Pooling
- ❁ Title transfer



Questar Transportation Services (QTS)



❁ Midstream

- ❁ Gathering, processing, measurement, compression

❁ LNG

- ❁ Regional supplier/producer

- ❁ Transportation fuel, heating fuel for remote communities



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