

## **Divide Creek to Greasewood/Meeker Expansion**

Questar Pipeline Company (QPC) is holding an open season to solicit binding support for construction of additional facilities at its Greasewood Interconnect. These facilities will provide approximately 25,000 decatherms per day (Dth/d) of firm transportation capacity. This capacity is targeted to serve new and existing Piceance Basin production. Potential receipt points on QPC include all receipt points on QPC's ML 68 from Divide Creek to Greasewood, Colorado with available meter capacity. The delivery points available for this capacity are TransColorado Gas Transmission Company (TransColorado), and anticipated interconnects with Rockies Express Pipeline (REX) at Meeker and WIC's Piceance Lateral (WIC) at Greasewood.

The exact facilities, including compression, pipeline and additional processing capacity at Greasewood/Meeker will be determined based on the response to this open season. QPC anticipates that new facilities for delivery to TransColorado can be in service as early as the 4<sup>th</sup> quarter of 2007. Deliveries to REX at Meeker and WIC at Greasewood are anticipated to be available 4<sup>th</sup> quarter 2008.

QPC anticipates selling this capacity at the maximum tariff rate in its FERC Gas Tariff, First Revised Volume No. 1.

### **RATES**

QPC's rates as stated in its FERC Gas Tariff, First Revised Volume No. 1, Statement of Rates, are as follows:

Reservation Charge	
Maximum	\$5.28804/Dth/month
Minimum	\$0.0000/Dth/month
Usage Charge	\$0.00267/Dth
100 % Load Factor Rate	
Maximum	\$0.17652/Dth
Minimum	\$0.0000/Dth

### **TERM**

Binding bids must be for a minimum 15 year term.

### **LENGTH OF OPEN SEASON**

The open season for QPC's expansion project will begin at 12:00 noon MST, on Wednesday, December 20, 2006, and will close at 12:00 noon, MST, on Wednesday, January 10, 2007. Bids may be mailed or faxed to:

Questar Pipeline Company  
180 East 100 South  
P. O. Box 45360  
Salt Lake City, Utah 84145-0360  
Attention: Tom Myrberg  
Fax: (801) 324-2578  
E-mail: Tom.Myrberg@Questar.com

If you have questions regarding the open season, please contact your marketing representative or Tom Myrberg at (801) 324-2978 or Martin Anderson at (801) 324-2017.

### **CREDITWORTHINESS REQUIREMENTS**

Bidders in the open season must meet the creditworthiness requirements as outlined in Section 10 of QPC's FERC Gas Tariff, First Revised Volume No. 1.

### **SUBMISSION OF BIDS**

Completed bids shall be submitted in the form of the Precedent Agreement which is accessible in Adobe Acrobat form at [www.questarpipeline.com](http://www.questarpipeline.com). All Bids must specify exact quantities in Dth per day at each of the desired points of receipt and delivery. The Bids must be presented as a reservation charge as indicated above. Any fuel reimbursement and any other applicable charges will be in addition to the reservation charge. Completed Bids (Precedent Agreements) for the capacity must be received by QPC prior to the close of the Open Season.

Following the close of the open season, the Bids will be reviewed and prospective customers notified by January 24, 2007, of the intent to proceed.

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### **AWARDING OF CAPACITY**

Bids will be ranked based on the following present value calculation:

$$(\text{Monthly Reservation Charge per unit}) \times \frac{[1-(1+i)^{-n}]}{i} = \text{Present Value per unit}$$

Where: i = interest rate per month, i.e., overall rate of return divided by 12 months  
n = term of the agreement, in months

However, QPC may give priority to Bids that maximize available pipeline capacity and optimize pipeline operating efficiencies.

If the calculations yield a present value which is the same for two or more shippers and capacity is insufficient to serve the requests of those shippers, QPC will allocate the available capacity based upon the date of receipt with the earlier Bid receiving all of its requested capacity and any remaining capacity going to the later bidder. If all Bids are received on the same day, the capacity will be allocated pro rata based upon volumes requested by those shippers.

Based on the Bids received during the open season, if QPC determines that it will proceed with the expansion, shippers with the highest value ranking will be notified by January 24, 2007. The Precedent Agreements (Bids) will provide the basis for securing the necessary authorizations for construction. QPC will notify the FERC of the planned expansion and upon receipt of all approvals, construction will commence. QPC specifically reserves the right to decline to pursue any project regardless of the terms of the Bids it receives.

### **CONDITIONAL BIDS**

QPC will evaluate all Bids to determine whether they meet QPC's economic requirements for this project. QPC shall have no obligation to accept Bids from shippers containing conditions or modifications which, in its sole discretion, are unacceptable to QPC. Acceptance of Bids that do not meet QPC's economic requirements shall be at QPC's sole discretion.

### **SOLICITATION OF CAPACITY RELEASE**

QPC requests that any shipper currently holding capacity on its system between Divide Creek and Greasewood with an expiration date beyond January 1, 2008, notify QPC if they wish to permanently release their capacity. Any party interested in releasing their capacity should notify QPC of the amount, term and any other conditions that would be necessary to implement a release of their capacity. This interest must be expressed to QPC prior to the expiration date of the open season period on Wednesday January 10, 2006, in order for QPC to consider anticipated capacity releases in the expansion decision. All releases anticipated by shippers shall be subject to all of the terms of Section 8 of the General Terms and Conditions of QPC's FERC Gas Tariff, First Revised Volume No. 1.