SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934

QUESTAR MARKET RESOURCES, INC.
(Exact name of registrant as specified in its charter)

UTAH	
(State or other jurisdiction of incorporation or organization)	
180 East 100 South P.O. Box 45601 Salt Lake City, Utah 84145-0601 (Zip Code) (Address of principal executive offices)	
87-0287750 (I.R.S. Employer Identification No.)	

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (801) 324-5202

SECURITIES TO BE REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS TO BE SO REGISTERED

NONE

NAME OF EACH EXCHANGE ON WHICH EACH CLASS IS TO BE REGISTERED

NONE

SECURITIES TO BE REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

COMMON STOCK, $1.00 PAR VALUE
(Title of class)

REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS J 1(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

TABLE OF CONTENTS

Page
Item 1. Business
Item 2. Financial Information
Item 3. Properties
Item 4. Security Ownership of Certain Beneficial Owners and Management
Item 5. Directors and Executive Officers
Item 6. Executive Compensation
Item 7. Certain Relationships and Related Transactions
Item 8. Legal Proceedings
Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters
Item 10. Recent Sales of Unregistered Securities
Item 11. Description of Registrant's Securities to be Registered
Item 12. Indemnification of Officers and Directors

Item 13. Financial Statements and Supplementary Data
Item 14. Changes in and Disagreements with Accountants and Financial Disclosure
Item 15. Financial Statements and Exhibits

CERTAIN DEFINITIONS

As used herein, the following terms have the specific meanings set out: "Bbl" means barrel. "MBbl" means thousand barrels. "MMBbl" means million barrels. "Oil" includes crude oil and condensate. "NGL" means natural gas liquids. "Mcf" means thousand cubic feet. "MMcf" means million cubic feet. "Bcf" means billion cubic feet. "MMBtu" means million British thermal units, a measure of heating value. "Dth" means decatherm (one decatherm equals one MMBtu). "MDth" means thousand decatherms. "MMDth" means million decatherms. "Mcfe" means thousand cubic feet of natural gas equivalents. "Bcfe" means billion cubic feet of natural gas equivalents. (Oil volumes are converted to natural gas equivalents using the ratio of one barrel of crude oil to six Mcf of natural gas). Unless otherwise indicated, natural gas volumes are stated at the official temperature and pressure basis of the area in which the reserves are located.

With respect to information concerning the Company's working interests in wells or drilling locations, "gross" natural gas and oil wells or "gross" acres is the number of wells or acres in which the Company has an interest, and "net" gas and oil wells or "net" acres are determined by multiplying "gross" wells or acres by the Company's working interest in those wells or acres. A working interest in an oil and natural gas lease is an interest that gives the owner the right to drill, produce, and conduct operating activities on the property and to receive a share of production of any hydrocarbons covered by the lease. A working interest in an oil and gas lease also entitles its owner to a proportionate interest in any well located on the lands covered by the lease, subject to all royalties, overriding royalties and other burdens, to all costs and expenses of exploration, development and operation of any well located on the lease, and to all risks in connection therewith.

A "development well" is a well drilled as an additional well to the same horizon or horizons as other producing wells on a prospect, or a well drilled on a spacing unit adjacent to a spacing unit with an existing well capable of commercial production and which is intended to extend the proven limits of a prospect. An "exploratory well" is a well drilled to find commercially productive hydrocarbons in an unproved area, or to extend significantly a known prospect.

"Proved reserves" means those quantities of natural gas and crude oil, condensate and natural gas liquids on a net revenue interest basis, which geological and engineering data demonstrate with reasonable certainly to be recoverable under existing economic and operating conditions. "Proved developed reserves" include proved developed producing reserves and proved developed behind-pipe reserves. "Proved developed producing reserves" include only those reserves expected to be recovered from existing completion intervals in existing wells. "Proved undeveloped reserves" includes those reserves expected to be recovered from new wells on proved undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Form includes "forward-looking statements" within the meaning of Section 27a of the Securities Act of 1933, as amended, and Section 21e of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this Form, including, without limitation, statements regarding the Company's future financial position, business strategy,

budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "could", "expect", "intend", "project", "estimate", "anticipate", "believe", "forecast", or "continue" or the negative thereof or variations thereon or similar terminology. Although these statements are made in good faith and are reasonable representations of the Company's expected performance at the time, actual results may vary from management's stated expectations and projections due to a variety of factors.

Important assumptions and other significant factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include changes in general economic conditions, gas and oil prices and supplies, competition, regulation of the Wexpro settlement agreement, availability of gas and oil properties for sale or for exploration and other factors beyond the control of the Company. These other factors include the rate of inflation, the weather and other natural phenomena, the effect of accounting policies issued periodically by accounting standard-setting bodies, and adverse changes in the business or financial condition of the Company.

The Company does not undertake an obligation to update forward-looking information contained herein or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

ITEM 1. BUSINESS

General

Questar Market Resources Inc. (the "Company" or "QMR", which reference shall include the Company's wholly-owned subsidiaries) is a wholly-owned subsidiary of Questar Corporation. Questar Corporation ("Questar") is a publicly traded (NYSE: STR) diversified natural gas company with two principal business units - Market Resources and Regulated Services.

QMR and its subsidiaries comprise the Market Resources unit of Questar and as such engage in oil and gas exploration, development and production; gas gathering and processing; wholesale gas, electricity, and hydrocarbon liquids trading; and the acquisition of producing oil and gas properties. As noted in the following Questar organization chart, QMR is a subholding company of Questar that conducts its activities through Questar Exploration and Production Company ("Questar E&P") and its Canadian subsidiaries Celsius Energy Resources Ltd. ("Celsius Ltd.") and Canor Energy Ltd. ("Canor"); Wexpro Company ("Wexpro"); Questar Gas Management Company ("QGM"); and Questar Energy Trading Company ("Questar Energy Trading").

Questar Corporation

- Questar InfoComm, Inc. (Information Services)
- Questar Market Resources, Inc. (Subholding Company)
  - Wexpro Company (Manages and develops cost-of-service properties for Questar Gas)
  - Questar Exploration and Production Company (Exploration and Production)
  - Celsius Energy Resources Ltd. and Canor Energy Ltd. (Exploration & Production - Canada)
  - Questar Energy Trading Company (Wholesale Energy Trading)
  - Questar Gas Management Company (Gathering and Processing)
- Questar Regulated Services Company (Subholding Company)
  - Questar Gas Company (Retail Distribution)
  - Questar Pipeline Company (Transportation and Storage)

Management of Questar has identified QMR as the primary growth area within Questar's business strategy. Questar expects to spend 70% of its capital budget funds over the next five years on non-regulated activities, primarily within QMR, to expand reserves through drilling and acquisitions and to enlarge its infrastructure of gathering systems, processing plants, header facilities, and nonregulated storage facilities. Management of QMR believes that the diversity of the activities pursued by QMR enhances its basic strategy to pursue complementary growth. As the exploration and production companies find or acquire new reserves, QGM should have more opportunities to expand gathering and processing activities, and Questar Energy Trading should have more physical production to support its marketing programs.

Business Strategy

QMR believes it can best meet and balance the expectations of its parent and fixed income investors by pursuing the following strategies in its business:

- achieve a prudent, disciplined program to grow reserves
- provide stakeholder value performance in both the short and long term
- employ hedging and other risk management tools to manage cyclicality
- maintain a strong balance sheet that permits prudent growth opportunities
- maintain a portfolio of quality drilling prospects
- identify and divest non-core and marginal assets and activities
- proactively avoid litigation risks
- employ technology and proven innovations to reduce costs

Oil and Gas Exploration and Production - Questar E&P and Celsius Ltd.

Together, QMR's exploration and production ("E&P") subsidiaries form a unique E&P group that conducts a blended program of low-cost development drilling, low-risk reserve acquisition, and high-quality exploration. The E&P group also maintains a geographical balance and diversity, while concentrating its activities in core areas in which it has accumulated geologic knowledge and developed significant management expertise. Core areas of activity include the Rocky Mountain Region of Wyoming and Colorado; the Mid-Continent Region of Oklahoma, the Texas Panhandle, East Texas, and the Upper Gulf Coast; the Southwest Region of northwest New Mexico and southwest Colorado; and the Western Canada Sedimentary Basin located primarily in the Canadian province of Alberta.

At December 31, 1999, the Company had proved noncost-of-service reserves (i.e., excluding cost-of-service reserves of Questar Gas Company, an affiliate of the Company ("Questar Gas")) of 612.9 Bcfe of natural gas, crude oil and natural gas liquids. On an energy equivalent basis ratio of six Mcf of natural gas to one Bbl of crude oil or natural gas liquids, natural gas comprised 84% of total noncost-of-service proved reserves. Proved developed reserves comprised 85% of the total noncost-of-service proved reserves on an energy equivalent basis.

A detailed description of the Company's proved reserves and their geographic diversity can be found under "Item 3. Properties."

Development and Production - Wexpro

QMR conducts development drilling and provides production services to Questar Gas through Wexpro. Wexpro was incorporated in 1976 as a subsidiary of Questar Gas. Questar Gas' efforts to transfer producing properties and leasehold acreage to Wexpro resulted in protracted

regulatory proceedings and legal adjudications that ended with a court-approved settlement agreement that was effective August 1, 1981. A summary of the Wexpro settlement agreement is contained in Note 9 of the Notes to Consolidated Financial Statements under Item 13 of this Form 10. Ownership of Wexpro was moved from Questar Gas to QMR in 1982.

Wexpro, unlike QMR's other E&P companies, generally does not conduct exploratory operations and does not acquire leasehold acreage for exploration activities. It conducts oil and gas development and production activities on certain producing properties located in the Rocky Mountain region under the terms of the settlement agreement. Wexpro produces gas from specified properties for Questar Gas and is reimbursed for its costs plus a return on its investment. In connection with its operations under the settlement agreement, Wexpro charges Questar Gas for its cost plus a specified rate of return (18.9% after tax at the end of 1999 and adjusted annually based on a specified formula) on its net investment in such properties adjusted for working capital and deferred taxes. Under the terms of the settlement agreement, Wexpro bears all dry hole costs. The settlement agreement is monitored by the Utah Division of Public Utilities, the staff of the Public Service Commission of Wyoming ("PSCW"), and experts retained by those agencies.

The gas volumes produced by Wexpro for Questar Gas are reflected in the latter's rates at cost-of-service. Cost-of-service gas produced by Wexpro satisfied approximately 49% of Questar Gas' system requirements during 1999. Questar Gas relies upon Wexpro's drilling program to develop the properties from which the cost-of-service gas is produced. During 1999, the average wellhead cost of Questar Gas' cost-of-service gas was $1.50 per Dth, which is lower than Questar Gas' average price for field-purchased gas. To fulfill its obligations to Questar Gas under the settlement agreement, Wexpro must continue to be a prudent operator.

Wexpro participates in drilling activities in response to the demands of other working interest owners, to protect its rights, and to meet the needs of Questar Gas. Wexpro, in 1999, produced 38.9 Bcf of natural gas from Questar Gas' cost-of-service properties and added cost-of-service reserves of 52.5 Bcf through drilling activities and reserve estimate revisions.

Wexpro has an ownership interest in the wells and appurtenant facilities related to its oil reservoirs and in the wells and facilities that have been installed to develop and produce gas reservoirs described above since August 1, 1981.

Gathering and Processing - QGM

QGM conducts gathering and processing activities in the Rocky Mountain and Mid-Continent areas. Its activities are not subject to regulation by the Federal Energy Regulatory Commission ("FERC"). QGM was formed in 1993, as a wholly-owned subsidiary of Questar Pipeline Company, an affiliate of the Company ("Questar Pipeline"), to construct and operate the Blacks Fork Processing Plant in southwestern Wyoming. It expanded in 1996 when Questar Pipeline transferred its gathering assets and activities to QGM. In mid-1996, ownership of QGM was moved from Questar Pipeline to QMR and QGM acquired the processing plants that formerly belonged to Questar E&P.

QGM's gathering system, which consists of 1,400 miles of gathering lines, compressor stations, field dehydration plants, and measuring stations, was largely built to gather production from Questar Gas' cost-of-service properties. During 1999, QGM gathered 32.1 MMDth of natural gas for Questar Gas, compared to 29.9 MMDth in 1998, for which it received $4.7 million in demand charges in 1999 from Questar Gas. Under the terms of a contract that was assigned with the gathering assets from Questar Pipeline, QGM is obligated to gather Questar Gas'

cost-of-service production for the life of the properties. QGM's total gas gathering volumes were 136.7 MMDth in 1999 compared to 120.5 MMDth in 1998.

QGM's gathering system was originally built as part of a regulated company. QGM now must operate in a different competitive environment. Often, new wells will have connections with more than one gathering system, and producers insist that gathering systems be tied to more than one pipeline.

In addition to gathering activities, QGM is also engaged in processing activities. It owns a 50% interest in the Blacks Fork Processing Plant, which has a daily capacity of 84 MMcf and may be expanded during 2000. This plant, which is located in southwestern Wyoming, strips liquids (e.g., ethane, butane) from natural gas volumes. QGM and Wexpro jointly own a new processing facility located in the Canyon Creek area of southwestern Wyoming that has an operating capacity of 45 MMcf per day. QGM also owns interests in other processing plants in the Rocky Mountain and Mid-Continent areas.

Wholesale Marketing - Questar Energy Trading

Questar Energy Trading conducts energy marketing activities. It combines gas volumes purchased from third parties and equity production (production that is produced by affiliates) to build a flexible and reliable portfolio. Questar Energy Trading aggregates supplies of natural gas for delivery to large customers, including industrial users, and other marketing entities. During 1999, Questar Energy Trading marketed a total of 101.1 MMDth of natural gas, 2.0 MMBbls of liquids, and 10,000 megawatt-hours of electricity and earned a gross profit margin of $4.1 million.

Questar Energy Trading uses derivatives as a risk management tool to provide price protection for physical transactions involving equity production and marketing transactions. Questar Energy Trading executes hedges for equity production on behalf of Questar E&P and does so with a variety of contracts for different periods of time. See "Item 2. Financial Information - Market Risk."

As a wholesale marketing entity, Questar Energy Trading concentrates on markets in the Pacific Northwest, Rocky Mountains, Midwest, Southwest, California, and western Canada that are close to reserves owned by affiliates or accessible by major pipelines.

To sustain its activities in an increasingly competitive environment in which sellers and purchasers are becoming more sophisticated, Questar Energy Trading needs to expand its capabilities. Through a new limited liability company, it has filed an application with the FERC and obtained authorization to construct and operate a private storage reservoir in southwestern Wyoming adjacent to several interstate pipelines and is negotiating partnerships with electricity providers and others to obtain additional capability, expertise, and access to sophisticated information technology.

Relationship with Questar

QMR and Questar are parties to several agreements which govern different aspects of the QMR - Questar relationship. The more significant of these agreements are described below. Also see Note 8 of the Notes to Consolidated Financial Statements under Item 13 of this Form 10.

Tax Sharing Agreement with Questar -- Under a Tax Sharing Agreement with Questar, QMR's revenues and expenses are included in the consolidated Federal tax return of Questar. QMR files most of its State income tax returns on a separate basis. QMR is allocated Federal tax benefits and charges on the basis of statutory U.S. tax rates applied to the Company's taxable income or loss included in the

consolidated returns. The benefits of general business credits, foreign tax credits and any other tax credits are utilized in computing current tax liability. QMR is paid for tax benefits generated and utilized in Questar's consolidated federal and state income tax returns, whether or not the Company would have been able to utilize these benefits on a separate tax return. Income tax assets or liabilities are settled on a quarterly basis.

Wexpro Settlement Agreement with Questar Gas -- Wexpro and Questar Gas are parties to the Wexpro Settlement Agreement. Wexpro's operations are subject to the terms of this agreement. The agreement became effective August 1, 1981, and sets forth the rights of Questar Gas' utility operations to share in the results of Wexpro's operations. The agreement was approved by the Public Service Commission of Utah ("PSCU") and PSCW in 1981 and affirmed by the Supreme Court of Utah in 1983. Major provisions of the settlement agreement are as follows:

a. Wexpro continues to hold and operate all oil-producing properties previously transferred from Questar Gas' nonutility accounts. The oil production from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment. The after tax rate of return is adjusted annually and is approximately 13.7%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

b. Wexpro conducts developmental oil drilling on productive oil properties and bears any costs of dry holes. Oil discovered from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment in successful wells. The after tax rate of return is adjusted annually and is approximately 18.7%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

c. Amounts received by Questar Gas from the sharing of Wexpro's oil income are used to reduce natural gas costs to utility customers.

d. Wexpro conducts developmental gas drilling on productive gas properties and bears any costs of dry holes. Natural gas produced from successful drilling is owned by Questar Gas. Wexpro is reimbursed for the costs of producing the gas plus a return on its investment in successful wells. The after tax return allowed Wexpro is approximately 21.7%.

Wexpro operates natural gas properties owned by Questar Gas. Wexpro is reimbursed for its costs of operating these properties, including a rate of return on any investment it makes. This after tax rate of return is approximately 13.7%.

Transportation Agreements with Affiliates -- As an affiliate of QMR, Questar Pipeline transports natural gas produced from properties operated by Wexpro. Questar Pipeline also transports volumes of natural gas marketed by Questar Energy Trading, another QMR subsidiary.

Transfer of Gas Gathering Assets -- In 1996, Questar Pipeline transferred approximately $55 million of gas-gathering assets to its subsidiary QGM. QGM was subsequently transferred to QMR on July 1, 1996. The transaction was in the form of a stock dividend payable to Questar, which stock Questar contributed to QMR.

Government Regulation

QMR's operations are subject to various levels of government controls

and regulation in the United States and Canada.

United States Regulation. In the United States, legislation affecting the oil and gas industry has been pervasive and is subject to continuing review for amendment or expansion. Pursuant to such legislation, numerous federal, state and local departments and agencies have issued extensive rules and regulations binding on the oil and gas industry and its individual members, some of which carry substantial penalties for the failure to comply. Such laws and regulations have a significant impact on oil and gas drilling and production activities, increase the cost of doing business and, consequently, affect profitability. Inasmuch as new legislation affecting the oil and gas industry is commonplace and existing laws and regulations are frequently amended or reinterpreted, QMR is unable to predict the future cost or impact of complying with such laws and regulations.

Exploration and Production. QMR's United States operations are subject to various types of regulation at the federal, state and local levels. Such regulation includes requiring permits for the drilling of wells; maintaining bonding requirements in order to drill or operate wells; submitting and implementing spill prevention plans; submitting notification relating to the presence, use and release of certain contaminants incidental to oil and gas operations; and regulating the location of wells, the method of drilling and casing wells, the use, transportation, storage and disposal of fluids and materials used in connection with drilling and production activities, surface usage and the restoration of properties upon which wells have been drilled, the plugging and abandoning of wells and the transporting of production. QMR's operations are also subject to various conservation matters, including the regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in a unit, and the unitization or pooling of oil and gas properties. In this regard, some states allow the forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally prohibit the venting or flaring of gas, and impose certain requirements regarding the ratable purchase of production. The effect of these regulations is to limit the amounts of oil and gas QMR can produce from its wells and to limit the number of wells or the locations at which QMR can drill.

Certain of QMR's oil and gas leases, including most of its leases in the San Juan Basin and many of the Company's leases in southeast New Mexico and Wyoming, are granted by the federal government and administered by various federal agencies. Such leases require compliance with detailed federal regulations and orders which regulate, among other matters, drilling and operations on lands covered by these leases, and calculation and disbursement of royalty payments to the federal government.

Environmental and Occupational Regulations. Various federal, state and local laws and regulations concerning the discharge of contaminants into the environment, the generation, storage, transportation and disposal of contaminants or otherwise relating to the protection of public health, natural resources, wildlife and the environment may affect the Company's operations and costs. In particular, the Company's oil and gas exploration, development and production operations, its activities in connection with storage and transportation of liquid hydrocarbons, and its use of facilities for treating, processing, recovering or otherwise handling hydrocarbons and wastes therefrom are subject to environmental regulation by governmental

authorities. Such regulation has increased the cost of planning, designing, drilling, installing, operating and abandoning the Company's oil and gas wells and other facilities. Additionally, these laws and regulations may impose substantial liabilities for the Company's failure to comply with them or for any contamination resulting from the Company's operations. QMR takes the issue of environmental stewardship very seriously and works diligently to comply with applicable environmental rules and regulations. Compliance with such laws and regulations has not had a material effect on the Company's operations or financial condition in the past. However, because environmental laws and regulations are becoming increasingly more stringent, there can be no assurances that such laws and regulations or any environmental law or regulation enacted in the future will not have a material effect on the Company's operations or financial condition.

QMR is also subject to laws and regulations concerning occupational safety and health. Due to the continued changes in these laws and regulations, and their judicial construction, QMR is unable to predict with any reasonable degree of certainty its future costs of complying with these laws and regulations.

Canadian Regulation. The oil and gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulation will affect QMR's Canadian operations in a manner materially different than they would affect other oil and gas companies of similar size. The following are the most important areas of control and regulation.

The North American Free Trade Agreement. The North American Free Trade Agreement ("NAFTA") which became effective on January 1, 1994, carries forward most of the material energy terms contained in the Canada-U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports to the U.S. or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy exported relative to the supply of the energy resource; (ii) impose an export price higher than the domestic price; or (iii) disrupt normal channels of supply. All parties to NAFTA are also prohibited from imposing minimum export or import price requirements.

Royalties and Incentives. Each province and the federal government of Canada have legislation and regulations governing land tenure, royalties, production rates and taxes, environmental protection and other matters under their respective jurisdictions. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the parties. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production with the royalty rate dependent in part upon prescribed reference prices, well productivity, geographical location, field discovery date and the type and quality of the petroleum product produced. From time to time, the governments of Canada, Alberta and British Columbia have also established incentive programs such as royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. These incentives generally have the effect of increasing the cash flow to the producer.

Pricing and Marketing. The price of oil and natural gas sold is determined by negotiation between buyers and sellers. An order from the National Energy Board ("NEB") is required for oil exports from Canada. Any oil export to be made pursuant to an

export contract of longer than one year, in the case of light crude, and two years, in the case of heavy crude, duration (up to 25 years) requires an exporter to obtain an export license from the NEB. The issue of such a license requires the approval of the Governor in Council. Natural gas exported from Canada is also subject to similar regulation by the NEB. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts in excess of two years must continue to meet certain criteria prescribed by the NEB. The governments of Alberta and British Columbia also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

Environmental Regulation. The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties. QMR is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. QMR's unreimbursed expenditures in 1999 concerning such matters were immaterial, but QMR cannot predict with any reasonable degree of certainty its future exposure concerning such matters.

Investment Canada Act. The Investment Canada Act requires Government of Canada approval, in certain cases, of the acquisition of control of a Canadian business by an entity that is not controlled by Canadians. In certain circumstances, the acquisition of natural resource properties may be considered to be a transaction requiring such approval.

Insurance Coverage Maintained with Respect to Operations

Principally through shared arrangements with Questar, the Company maintains insurance policies covering its operations in amounts and areas of coverage normal for a company of its size in the oil and gas exploration and production industry. These include, but are not limited to, worker's compensation, employers' liability, automotive liability, certain environmental claims and general liability. In addition, umbrella liability and operator's extra expense policies are maintained. All such insurance is subject to normal deductible levels.

Competition

The oil and gas business is highly competitive. The Company faces competition in all aspects of its business, including, but not limited to acquiring reserves, leases, licenses and concessions; obtaining goods, services and labor needed to conduct its operations and manage the Company; and marketing its oil and gas. Intense competition occurs with respect to marketing, particularly of natural gas. The Company's competitors include multinational energy companies, other independent producers and individual producers and operators. Many competitors have greater financial and other resources than the Company.

Seasonal Nature of Business

Generally, but not always, the demand for natural gas decreases during

the summer months and increases during the winter months. Seasonal anomalies such as mild winters sometimes lessen this fluctuation. In addition, pipelines, utilities, local distribution companies and industrial users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer. This can also lessen seasonal demand fluctuations.

Natural Gas and Oil Marketing

The Company markets substantially all of its own natural gas and oil production. The revenues generated by the Company's operations are highly dependent upon the prices of, and demand for, oil and gas. The price received by the Company for its crude oil and natural gas depends upon numerous market factors, the majority of which are beyond the Company's control, including economic conditions in the United States and elsewhere, the world political situation, OPEC actions, and governmental regulation. The fluctuation in world oil prices continues to reflect market uncertainty regarding the balance of world demand for and supply of oil and gas. The fluctuation of natural gas prices reflects the seasonal swings of storage inventory, weather conditions, and increasing utilization of natural gas for electric generation as it affects overall demand. Decreases in the prices of oil and gas have had, and could have in the future, an adverse effect on the Company's development and exploration programs, proved reserves, revenues, profitability and cash flow. See "Item 2. Financial Information - Market Risk."

Customers

QMR sells its gas production to a variety of customers including pipelines, gas marketing firms, industrial users and local distribution companies. Existing gathering systems and interstate and intrastate pipelines are used to consummate gas sales and deliveries.

The principal customers for QMR's crude oil production are refiners, remarketers and other companies, some of which have pipeline facilities near the producing properties. In the event pipeline facilities are not conveniently available, crude oil is trucked to storage, refining or pipeline facilities.

Employees and Offices

As of March 15, 2000, the Company had 417 full-time employees. None of the Company's employees are represented by organized labor unions. The Company also engages, from time to time, independent consulting petroleum engineers, environmental professionals, geologists, geophysicists, landmen and attorneys on a fee basis.

The Company's executive offices are located at 180 East 100 South, P. O. Box 45601, Salt Lake City, Utah 84145-0601, and its telephone number is (801) 324-2600. Regional operating offices are also maintained in Denver, Colorado; Oklahoma City, Oklahoma; Tulsa, Oklahoma; Rock Springs, Wyoming; and Calgary, Alberta.

ITEM 2. FINANCIAL INFORMATION

Selected Financial Data

The following table sets forth certain selected financial data of the Company for the five years ended December 31, 1999. This information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this item, and the Consolidated Financial Statements and the notes thereto included in "Item 13. Financial Statements and Supplementary Data." The financial statements of QMR included in Item 13 of this Form 10 have been audited by Ernst & Young LLP, independent auditors, as experts in accounting and auditing. Information disclosed in the following table for the years ended December 31, 1996 and 1995 has not been audited.

	1999	1998	1997	1996	1995
		(In Thousands)			
Revenues	$498,311	$458,272	$523,640	$484,080	$309,466
Write-down of investment in oil and gas properties		31,000	9,000		
Operating income	76,778	25,629	54,837	64,688	43,853
Debt expense	17,363	12,631	10,882	8,699	6,323
Income from continuing operation	45,866	16,625	39,111	42,447	31,654
Net income	45,866	16,162	38,090	42,125	31,654
Total assets	$847,891	$815,153	$696,675	$696,754	$457,620
Short-term debt	24,500	121,800	44,300	78,000	14,000
Long-term debt	264,894	181,624	133,387	120,000	53,000
Common equity	387,834	359,638	359,283	337,666	282,144
Net cash provided from operating activities	141,245	127,513	136,935	83,309	79,596
Net cash used in investing activities	94,858	246,693	81,306	184,453	17,606

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis addresses changes in the Company's financial condition and results of operations.

Results of Operations -

	Year Ended December 31		
	1999	1998	1997
		(In Thousands)	
Operating Income -			
Revenues			
Natural gas sales	$125,245	$98,767	$89,489
Oil and natural gas liquids sales	41,521	36,722	53,722
Cost-of-service gas operations	61,705	61,448	52,950
Energy marketing	243,296	234,565	297,413
Gas gathering and processing	22,341	21,954	25,998
Other	4,203	4,816	4,068
Total revenues	498,311	458,272	523,640
Operating expenses			
Energy purchases	$239,201	$230,462	$291,851
Operating and maintenance	79,916	73,763	72,958
Depreciation and amortization	78,608	71,377	67,078
Write-down of oil and gas properties		31,000	9,000
Other taxes	21,516	24,988	25,569
Oil-income sharing	2,292	1,053	2,347
Total operating expenses	421,533	432,643	468,803
Operating income	$ 76,778	$ 25,629	$ 54,837

	Year Ended December 31		
	1999	1998	1997
		(In Thousands)	
Operating Statistics -			
Production volumes			
Natural gas (in MMcf)	62,712	51,309	47,442
Oil and natural gas liquids (in MBbl)	2,866	2,894	2,938
Production revenue			

Natural gas (per Mcf)	$ 2.00	$ 1.92	$ 1.89
Oil and natural gas liquids (per bbl)	$ 14.49	$ 12.69	$ 18.29
Wexpro investment base, net of deferred income taxes (in Thousands)	$108,890	$ 97,594	$ 72,867
Energy-marketing volumes (in thousands of equivalent Dth)	112,982	113,513	142,601
Natural gas-gathering volumes (in MDth)			
For unaffiliated customers	84,961	72,908	57,586
For Questar Gas	32,050	29,893	28,506
For other affiliated customers	19,659	17,720	17,679
Total gathering	136,670	120,521	103,771
Gathering revenue (per Dth)	$0.15	$0.16	$0.21

QMR's operating income increased 36% in 1999 compared with 1998 excluding a 1998 full cost write-down. Primary factors were an increase in gas production, higher commodity prices and an increase in the Wexpro investment base.

Revenues from natural gas sales were 27% higher in 1999 compared with 1998. Gas production rose 22% and selling prices were 4% higher. Revenues from selling oil and natural gas liquids climbed 13% in 1999 due to a 14% increase in average selling prices.

QMR achieved a 132% reserve replacement ratio in 1999. Reserve additions, revisions and purchases amounted to 139 Bcfe with the largest part of the increased reserves coming through drilling results. QMR drilled 235 wells (93 net wells) in 1999, including Wexpro's cost of service drilling, with a 90% success rate. In 1999, QMR sold 34 Bcfe of nonstrategic reserves mostly in the Permian Basin and Kansas with combined daily production of 4.3 MMcf of gas and 1,100 barrels of oil. The sale proceeds reduced the full cost amortization rate in the fourth quarter of 1999. Reserve replacement in 1998 was 250% and 173 Bcfe, primarily the result of acquiring an estimated 150 Bcfe of proved oil and gas reserves, primarily in Oklahoma, as well as in Texas, Arkansas and Louisiana.

Wexpro's investment base, net of deferred income taxes, grew 12% to $108.9 million as of December 31, 1999, through its successful development drilling program. Wexpro's effective after-tax return on investment in those properties was 18.9% at the end of the year. A summary of the Wexpro settlement agreement is provided in Note 9 of the Notes to Consolidated Financial Statements under Item 13 of this Form 10.

QMR achieved a five-year average finding cost of $.85 per Mcfe, including cost-of-service reserves, in 1999 compared with $.93 per Mcfe in 1998.

During 1999, QMR had forward contracts in place on approximately 59% of its gas production at an average price of $2.03 per Mcf, net back to the well. Approximately 56% of oil production, excluding oil produced by Wexpro, was hedged at an average price of $15.02 per barrel, net back to the well, which was equivalent to $16.33 per barrel using the West Texas Intermediate benchmark. At December 31, 1999, approximately 52% of Company owned gas production in 2000 and 2001 was under hedging contracts with prices, net back to the well, between $2.15 and $2.23 per Mcf. Oil production in 2000 and 2001 is hedged at $17.22 to $17.67 per barrel, net back to the well, on approximately 84% of production excluding Wexpro.

A 31% drop in the average selling price of oil and NGL caused a $31 million write-down of oil and gas properties in the fourth quarter of 1998 under full-cost accounting rules. The write-down reduced income by $18.5 million after taxes. Revenues for QMR decreased 12% in 1998

compared with 1997, due primarily to lower marketing revenues and lower selling prices for oil and NGL. Natural gas production increased 8% primarily as a result of producing properties acquired in September 1998. Lower commodity prices in Canada caused a $6 million full-cost write-down in 1997 out of a total write-down of $9 million in 1997.

Revenues and product purchases for marketing activities increased 4% in 1999 compared with 1998 resulting in no change in the margin year to year. In 1999, the Company received refunds from pipelines as a result of orders issued by FERC. Marketing volumes were unchanged year to year.

Revenues from gas gathering and processing grew 2% in 1999. Gathering volumes increased 13% because of increased drilling and gas production in the Rocky Mountain region. A reduction in projected gathering-contract revenues caused a $3 million write-down of gathering assets in 1997 out of a total write-down of $9 million in 1997.

Operating and maintenance expenses increased 8% in 1999 primarily due to an increase in the number of gas and oil properties. Production costs in aggregate increased 10% in 1999 compared with 1998, but were 6% lower on an equivalent Mcf basis. The full-cost amortization rate decreased to $.80 per Mcfe for 1999, down from $.85 in 1998. However, depreciation and amortization expense increased 10% in 1999 because of higher gas production.

Debt expense was higher in 1999 and 1998 when compared with the corresponding prior year, because of higher levels of borrowings used to finance capital expansion.

The effective income tax rates were below the combined federal, state and foreign statutory rate of about 40% primarily due to tax credits for tight-sands gas production. Production tax credits of $5.3 million in 1999, $5.7 million in 1998, and $6.6 million in 1997 reduced income tax expenses.

Liquidity and Capital Resources -

Net cash flow provided from operating activities was sufficient to fund 1999 capital expenditures. In 1999, QMR refinanced reserve-based, long-term debt used to acquire gas and oil reserves in 1998. Capital expenditures amounted to $134.3 million in 1999.
Operating Activities:

	Year Ended December 31		
	1999	1998	1997
	(In Thousands)		
Net Income	$ 45,866	$ 16,162	$ 38,090
Non-cash transactions	90,465	100,106	77,132
Changes in working capital	4,914	11,245	21,713
Net cash provided from operating activities	$ 141,245	$ 127,513	$ 136,935

Net cash provided from operating activities increased 11% in 1999 primarily due to higher net income. Cash flows from accounts receivable declined, representing increases in balances in 1999, due to higher commodity prices. The write-downs of oil and gas properties in both 1998 and 1997 and their effect on deferred income taxes were noncash transactions.

Investing Activities: Capital expenditures and other investing

activities amounted to $134.3 million in 1999, $254.5 million in 1998, and $92.3 million is 1997. Following is a summary of capital expenditures for 1999 and 1998, and a forecast for 2000:

	Year Ended December 31		
	2000 Forecast	1999	1998
	(In Thousands)		
			<>C
Capital expenditures and other investing activities			
Exploratory drilling	$ 15,797	$ 1,538	$ 5,898
Development drilling	57,422	64,642	60,402
Other exploration	10,372	19,464	6,789
Reserve acquisitions	61,123	3,704	158,000
Production	11,263	12,856	8,434
Gathering and processing	7,925	12,703	11,046
General	1,605	19,362	3,977
	$ 165,507	$ 134,269	$ 254,546

Capital expenditures in 1999 were primarily comprised of exploration and development of gas and oil reserves and a $9.1 million equity contribution in a partnership that operates a liquids processing plant. QMR participated in drilling 235 wells (93 net wells) in 1999 that resulted in 167 gas wells, 10 oil wells, 19 dry holes and 39 wells in progress at year end. The 1999 drilling success rate was 90%. Early in 2000, QMR purchased 100% of the common stock of Canor with 61 Bcfe of gas and oil reserves for $61 million.

Financing Activities: Net cash flow provided from operating activities was sufficient to fund 1999 capital expenditures. The Company used the proceeds of long-term debt and collection of notes receivable to reduce short-term borrowings and refinance reserved-based, long-term debt used to acquire gas and oil reserves in 1998. Proceeds from a sale of nonstrategic gas and oil properties were placed in an escrow account pending a reinvestment in strategic-producing properties.

In 1999, QMR entered into a long-term senior-revolving-credit facility with a syndication of banks. The credit facility has a $295 million capacity. QMR had borrowed $264.9 million as of December 31, 1999, under this arrangement. Net working capital was negative at December 31 because of short-term borrowings. These borrowings are typical of a company expanding operations. QMR intends to refinance a portion of its debt with the proceeds from the sale of senior notes in 2000.

QMR's consolidated capital structure consisted of 41% long-term debt and 59% common shareholder's equity at December 31, 1999.

Market Risk -

QMR's primary market-risk exposures arise from commodity-price changes for natural gas, oil and other hydrocarbons and changes in long-term interest rates. The Company has an investment in a Canadian operation that subjects it to exchange-rate risk. QMR also has reserved certain volumes of pipeline capacity for which it is obligated to pay $3 million annually for the next seven years, whether or not it is able to market the capacity to others.

Energy Price Risk Management: Energy-price risk is a function of changes in commodity prices as supply and demand fluctuate. QMR bears a majority of the risk associated with changes in commodity prices. A primary objective of energy-price hedging is to protect product sales

from adverse changes in energy prices. The Company does not enter into hedging contracts for speculative purposes.

QMR held hedge contracts covering the price exposure for about 72.1 million Dth of gas and 2.4 MMBbl of oil at December 31, 1999. A year earlier the contracts covered 45.3 million Dth of natural gas and 464,000 barrels of oil. The hedging contracts exist for a significant share of QMR owned gas and oil production and for a portion of gas-marketing transactions. The contracts at December 31, 1999, had terms extending through December 2001, with about 65% of those contracts expiring by the end of 2000.

The mark-to-market adjustment of gas and oil price-hedging contracts at December 31, 1999, was a negative $6.2 million. The calculation used energy prices posted on the NYMEX from the last trading day of 1999. A 10% decline in gas and oil prices would cause a positive $16.7 million mark-to-market adjustment resulting in a $10.5 million balance. Conversely, a 10% increase in prices results in a $16.3 million negative mark-to-market adjustment resulting in a negative $22.5 million balance. The fair value of hedging contracts at December 31, 1998, was $6 million. A 10% decline in gas and oil prices would cause the fair value of the contracts to increase by $3.9 million. A 10% increase in prices results in a $4.1 million lower fair value calculation. This sensitivity calculation does not consider the effect of gains or losses recognized on the underlying physical side of these transactions, which should largely offset the change in value.

Interest Rate Risk Management: The Company owed $264.9 million of variable-rate long term debt at December 31, 1999, and $181.6 million at December 31, 1998. The book value of variable rate debt approximates its fair value. If interest rates change by 10%, interest costs would increase or decrease about $1.7 million in 1999 and $1.1 million in 1998, correspondingly. This sensitivity calculation does not represent the cost to retire the debt securities.

Securities Available for Sale: Securities available for sale represent equity instruments traded on national exchanges. The value of these investments is subject to day to day market volatility. A 10% change in prices would either increase or decrease the value $1.0 million in 1999.

Foreign Currency Risk Management: The Company does not hedge the Canadian currency exposure of its Canadian operation's net assets. The net assets of the foreign operation were negative at December 31, 1999. Long-term debt held by the foreign operation, amounting to $59.9 million (U.S.), is expected to be repaid from future operations of the foreign company. As more fully described under "Item 3. Properties - Recent Developments" herein, QMR expanded its foreign operations during January 2000 when it purchased 100% of the outstanding common stock of another Canadian company for $61 million (U.S.).

Year 2000 Issues -

Questar established a team to address the issue of computer programs and embedded computer chips being unable to distinguish between the year 1900 and the year 2000 ("Y2K"). The team identified 55 projects among Questar and its affiliated companies that were assessed, remediated, tested, and determined to be completed. In the process, Questar employees contacted more than 8,000 vendors and suppliers to assess their readiness to meet obligations to Questar. The cost of the Y2K project was approximately $5.1 million and QMR's share of those costs was $.4 million.

The Company did not experience a disruption of operations because of Y2K. Preparation for Y2K provided several benefits. The Company completed an inventory of its primary systems and a testing

laboratory. Systems were tested and remediated where necessary. The testing laboratory will become an important part of the information-technology management. In response to the Y2K challenge, business contingency plans were revised and successfully tested.

ITEM 3. PROPERTIES

Reserves

The following table sets forth the Company's estimated proved reserves, the 10% present value of the estimated future net revenues therefrom and the standardized measure of discounted net cash flows as of December 31, 1999. Approximately 97% of QMR's reserves were estimated by Ryder Scott Company, H. J. Gruy and Associates, Inc., Netherland, Sewell & Associates, Inc., Malkewicz Hueni Associates, Inc., and Gilbert Laustsen Jung Associates Ltd., independent petroleum engineers, with the remainder done by the Company's reservoir engineers. The Company does not have any long-term supply contracts with foreign governments or reserves of equity investees or of subsidiaries with a significant minority interest.

	December 31, 1999		
	United States	Canada	Total
Estimated proved reserves			
Natural gas (Bcf)	494.0	20.7	514.7
Oil and NGL (MMBbls)	13.6	2.8	16.4
Proved developed reserves (Bcfe)	486.7	32.5	519.2
Present value of estimated future net revenues before future income taxes discounted at 10% (in thousands) (1)	$537,879	$48,568	$586,447
Standardized measure of discounted net cash flows (in thousands) (2)	$421,686	$41,663	$463,349

(1) Estimated future net revenue represents estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and development costs (but excluding the effects of general and administrative expenses; debt service; depreciation, depletion and amortization; and income tax expense).

(2) The standardized measure of discounted net cash flows prepared by the Company represent the present value of estimated future net revenues after income taxes, discounted at 10%.

In accordance with applicable requirements of the Securities and Exchange Commission, estimates of the Company's proved reserves and future net revenues are made using sales prices estimated to be in effect as of the date of such reserve estimates and are held constant throughout the life of the properties (except to the extent a contract specifically provides for escalation). Estimated quantities of proved reserves and future net revenues therefrom are affected by natural gas and oil prices, which have fluctuated widely in recent years. There are numerous uncertainties inherent in estimating natural gas and oil reserves and their estimated values, including many factors beyond the control of the producer. The reserve data set forth in this document represents only estimates. Reservoir engineering is a subjective process of estimating underground accumulations of natural gas and oil that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the quality of available data and of

engineering and geological interpretation and judgement. As a result, estimates of different engineers, including those used by the Company, may vary. In addition, estimates of reserves are subject to revision based upon actual production, results of future development and exploration activities, prevailing natural gas and oil prices, operating costs and other factors, which revisions may be material. Accordingly, reserve estimates are often different from the quantities of natural gas and oil that are ultimately recovered and are highly dependent upon the accuracy of the assumptions upon which they are based.

Reference should be made to Note 11 of the Notes to Consolidated Financial Statements included in Item 13 of this document for additional information pertaining to the Company's proved natural gas and oil reserves as of the end of each of the last three years. During 1999, the Company filed estimates of oil and gas reserves as of December 31, 1998, with the U. S. Department of Energy's Energy Information Administration ("EIA") on Form EIA-23. Reserve estimates filed on Form EIA-23 are based upon the same underlying technical and economic assumptions as the estimates of the Company's reserves included herein. However, the EIA requires reports to include the interests of all owners in wells that the Company operates and to exclude all interests in wells that the Company does not operate.

The following charts illustrate QMR's reserve statistics for the years ended December 31, 1995 through 1999:

Gas and Oil Reserves (Bcfe)

Year	Year-End Reserves	Annual Production*	Reserve Life (Years)
1995	333.4	47.3	7.0
1996	508.8	55.5	9.2
1997	484.2	65.1	7.4
1998	587.3	68.7	8.5
1999	612.9	79.9	7.7

* Includes Wexpro oil production

Proportion of Proved Developed to Proved Reserves and Proportion of Gas Reserves (Bcfe)

	Total Proved Reserves	Proved Developed Reserves	Developed Percent of Total	Natural Gas Percentage of Proved Reserves
1995	333.4	315.9	95%	78%
1996	508.8	425.3	84%	75%
1997	484.2	407.9	84%	78%
1998	587.3	519.2	88%	83%
1999	612.9	519.2	85%	84%

Geographic Diversity of Producing Properties

The following table summarizes proved reserves by the Company's major operating areas at December 31, 1999:

	Proved Reserves (Bcfe)	% of Total
Mid-Continent	335.1	54.7%
Rocky Mountain Region (exclusive of Pinedale)	155.0	25.3%

Pinedale Anticline	54.7	8.9%
Western Canada Sedimentary Basin	37.4	6.1%
San Juan Basin	30.7	5.0%
	612.9	100.0%

Production

The following table sets forth the Company's net production volumes, the average sales prices per Mcf of gas, Bbl of oil and Bbl of natural gas liquids produced, and the production cost per Mcfe for the years ended December 31, 1999, 1998, and 1997, respectively:

	Year Ended December 31,		
	1999	1998	1997
United States (excluding Wexpro)			
Volumes produced and sold			
Gas (Bcf)	59.8	48.6	44.4
Oil (MMBbls)	1.7	1.7	2.3
Natural gas liquids (MMBbls)	0.2	0.2	0.4
Sales Prices:			
Gas (per Mcf)	$ 2.02	$ 1.95	$ 1.92
Oil (per Bbl)	$ 13.97	$ 13.17	$ 19.39
Natural gas liquids (per Bbl)	$ 7.70	$ 6.36	$ 12.11
Production costs per Mcfe	$ .59	$ .64	$ .65
Canada			
Volumes produced and sold			
Gas (Bcf)	2.9	2.7	3.1
Oil (MMBbls)	0.4	0.4	0.2
Sales Prices:			
Gas (per Mcf)	$ 1.61	$ 1.40	$ 1.35
Oil (per Bbl)	$ 17.23	$ 14.72	$ 17.32
Production costs per Mcfe	$ .67	$ .58	$ .52

Productive Wells

The following table summarizes the Company's productive wells as of December 31, 1999:

Productive Wells (1)(2)

	Gas Wells		Oil Wells		Total Wells	
	Gross	Net	Gross	Net	Gross	Net
United States	3,228	1,220.1	1,249	484.5	4,477	1,704.6
Canada	82	22.3	92	27.2	174	49.5
Total:	3,310	1,242.4	1,341	511.7	4,651	1,754.1

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(1) Although many of the Company's wells produce both oil and gas, a well is categorized as either an oil well or a gas well based upon the ratio of oil to gas production.

(2) Each well completed to more than one producing zone is counted as a single well. There were 134 gross wells with multiple completions.

The Company also held numerous overriding royalty interests in gas and

oil wells, a portion of which are convertible to working interests after recovery of certain costs by third parties. After converting to working interests, these overriding royalty interests will be included in the Company's gross and net well count.

Leasehold Acreage

The following table summarizes developed and undeveloped leasehold acreage in which the Company owns a working interest as of December 31, 1999. "Undeveloped Acreage" includes (i) leasehold interests that already may have been classified as containing proved undeveloped reserves; and (ii) unleased mineral interest acreage owned by the Company. Excluded from the table is acreage in which the Company's interest is limited to royalty, overriding royalty, and other similar interests.

Leasehold Acreage - December 31, 1999

	Developed (1)		Undeveloped (2)		Total	
	Gross	Net	Gross	Net	Gross	Net
United States						
Arizona	-	-	480	450	480	450
Arkansas	37,729	16,569	8,984	4,478	46,713	21,047
California	80	28	35,011	15,322	35,091	15,350
Colorado	176,604	123,974	207,853	105,449	384,457	229,423
Idaho	-	-	44,175	10,643	44,175	10,643
Illinois	172	39	14,307	3,997	14,479	4,036
Indiana	-	-	1,621	467	1,621	467
Kansas	134	134	7,761	2,471	7,895	2,605
Kentucky	-	-	14,461	5,468	14,461	5,468
Louisiana	15,246	9,992	251	251	15,497	10,243
Michigan	-	-	6,200	1,266	6,200	1,266
Minnesota	-	-	313	104	313	104
Mississippi	25,706	21,408	-	-	25,706	21,408
Montana	25,445	10,707	319,588	58,438	345,033	69,145
Nevada	320	280	680	543	1,000	823
New Mexico	92,497	68,188	31,765	9,313	124,262	77,501
North Dakota	1,333	375	145,841	21,580	147,174	21,955
Ohio	-	-	202	43	202	43
Oklahoma	1,570,227	294,207	52,736	33,296	1,622,963	327,503
Oregon	-	-	43,869	7,671	43,869	7,671
South Dakota	-	-	204,558	107,988	204,558	107,988
Texas	167,690	60,170	50,571	39,515	218,261	99,685
Utah	45,712	35,001	109,180	43,818	154,892	78,819
Washington	-	-	26,631	10,149	26,631	10,149
West Virginia	969	115	-	-	969	115
Wyoming	216,991	138,681	445,315	271,418	662,306	410,099
Total U.S.	2,376,855	779,868	1,772,353	754,138	4,149,208	1,534,006
Canada						
Alberta	42,080	11,910	61,760	18,541	103,840	30,451
British Columbia	34,259	8,855	39,169	22,977	73,428	31,832
Total Canada	76,339	20,765	100,929	41,518	177,268	62,283
Total Acreage	,453,194	800,633	1,873,282	795,656	4,326,476	1,596,289

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(1) Developed acres are acres spaced or assignable to productive wells.

(2) Undeveloped acreage is leased acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains proved reserves. Of the aggregate 1,873,282 gross and 795,656 net undeveloped acres, 123,501 gross and 36,105 net acres are held by production from other leasehold acreage.

Substantially all the leases summarized in the preceding table will

expire at the end of their respective primary terms unless the existing leases are renewed or production has been obtained from the acreage subject to the lease prior to that date, in which event the lease will remain in effect until the cessation of production. The following table sets forth the gross and net acres subject to leases summarized in the preceding table that will expire during the periods indicated:

	Acres Expiring	
	Gross	Net
Twelve Months Ending:		
December 31, 2000	91,504	39,918
December 31, 2001	96,177	31,322
December 31, 2002	39,971	13,082
December 31, 2003	95,043	52,366
December 31, 2004 and later	1,550,587	658,968

Drilling Activity

The following table summarizes the number of development and exploratory wells drilled by the Company during the years indicated.

	Year Ended December 31,					
	1999		1998		1997	
	Gross	Net	Gross	Net	Gross	Net
Development Wells						
United States:						
Completed as natural gas wells	159	78.4	105	54.6	82	27.4
Completed as oil wells	5	2.4	29	1.0	64	6.6
Dry holes	15	6.1	12	3.7	18	5.7
Waiting on completion	29	-	13	-	26	-
Drilling	6	-	9	-	15	-

	Year Ended December 31,					
	1999		1998		1997	
	Gross	Net	Gross	Net	Gross	Net
Canada:						
Completed as natural gas wells	7	1.2	4	0.9	4	0.9
Completed as oil wells	5	1.9	12	4.0	4	1.3
Dry holes	2	1.3	4	1.2	3	0.9
Waiting on completion	2	-	2	-	6	-
Drilling	-	-	1	-	2	-
Total Development Wells	230	91.3	191	65.4	224	42.8

	Year Ended December 31,					
	1999		1998		1997	
	Gross	Net	Gross	Net	Gross	Net
Exploratory Wells						
United States:						
Completed as natural gas wells	1	0.2	5	1.6	4	1.6
Completed as oil wells			1	.6	-	-
Dry holes	2	1.1	4	1.4	1	0.3
Waiting on completion	1	-	-	-	2	-
Drilling	1	-	-	-	-	-
Canada:						
Completed as natural gas wells	-	-	-	-	1	-
Completed as oil wells	-	-	1	.3	2	0.1
Dry holes	-	-	3	1.4	-	0.7
Waiting on completion	-	-	-	-	1	-

Total Exploratory Wells	5	1.3	14	5.3	11	2.7
Total Wells	235	92.6	205	70.7	235	45.5

Operation of Properties

The day-to-day operations of oil and gas properties are the responsibility of an operator designated under pooling or operating agreements. The operator supervises production, maintains production records, employs field personnel and performs other functions. The charges under operating agreements customarily vary with the depth and location of the well being operated.

QMR is the operator of approximately 50% of its wells. As operator, QMR receives reimbursement for direct expenses incurred in the performance of its duties as well as monthly per-well producing and drilling overhead reimbursement at rates customarily charged in the area to or by unaffiliated third parties. In presenting its financial data, QMR records the monthly overhead reimbursement as a reduction of general and administrative expense, which is a common industry practice.

Title to Properties

Title to properties is subject to royalty, overriding royalty, carried, net profits, working and other similar interests and contractual arrangements customary in the oil and gas industry, liens for current taxes not yet due and, in some instances, to other encumbrances. The Company believes that such burdens do not materially detract from the value of such properties or from the respective interests therein or materially interfere with their use in the operation of the business.

As is customary in the industry in the case of undeveloped properties, little investigation of record title is made at the time of acquisition (other than a preliminary review of local records). Investigations, generally including a title opinion of outside counsel, are made prior to the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties.

Recent Developments

Canadian Acquisition - On January 26, 2000, the Company completed the acquisition of all of the outstanding shares of Canor Energy Ltd. ("Canor"), an oil and gas exploration company based in Calgary, Alberta, Canada. Canor owns and/or operates more than 800 wells located primarily in the province of Alberta, as well as in the provinces of British Columbia and Saskatchewan. The combination of Canor with Celsius Ltd. will expand the Company's reported proved reserves by approximately 61.1 Bcfe, or 10%, and add about 150,000 net acres to the Company's Canadian undeveloped leasehold inventory, principally in the province of Alberta. The purchase price for the cash transaction was $61 million (U.S.).

The Canor acquisition will provide a broader operating and financial base for the Company's Canadian activities, particularly in the areas of exploration and exploitation opportunities. It is anticipated that Celsius Ltd. and Canor will be amalgamated into a single entity at some point in the future.

Pinedale Project -- In January 2000, Questar E&P and Wexpro completed a high-volume producing well in the company's Pinedale Anticline development in Sublette County, Wyoming. The Mesa Unit No. 3 produced 11.4 million cubic feet (MMcf) of natural gas into a pipeline and 113 barrels of oil during the initial 24-hour period. The flowing tubing

pressure was 1,100 pounds per square inch. The Mesa Unit No. 3 was drilled to a total measured depth of 13,055 feet and was fracture-stimulated in 11 zones of the Lance Formation. Questar E&P and Wexpro have a combined 93.8% working interest in the well. The Company has completed a second Mesa Unit well - No. 6 - located about one-half mile south of the Mesa Unit No. 3. The second well encountered a similar number of pay zones, and initial test results are comparable to the Mesa Unit No. 3. A third well failed to produce economic quantities of gas because of lower-quality reservoir rock. The unsuccessful well does not diminish the Company's expectations for the development potential of its 14,800 gross acres in the Mesa area of the Pinedale Anticline. QMR subsidiaries own a combined average 60% working interest. Based on 80-acre spacing, the Company estimates the potential for 130 or more drilling locations structurally above the unsuccessful well. Estimated ultimate reserves per well are expected to range between 4 and 11 Bcfe.

Office Leases

Questar E&P and Wexpro lease office space under a sublease from Questar for its corporate headquarters at 180 East 100 South, Salt Lake City, Utah 84145. The Company also leases regional office space at various locations in the United States and Canada. For information concerning the Company's lease obligations, see Note 6 of the Notes to Consolidated Financial Statements appearing elsewhere in this Form 10.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the outstanding shares of common stock ($1.00 par value per share) of QMR are owned by Questar, whose principal executive offices are located at 180 East 100 South, Salt Lake City, Utah 84145. Questar possesses sole voting and investment power with respect to such shares of common stock.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The executive officers and directors of the Company are set forth in the following table:

Name	Position	Age
R. D. Cash	Chairman	57
G. L. Nordloh	President, CEO and Director	52
S. E. Parks	Vice President, Treasurer & CFO	48
M. B. McGinley	Vice President	51
M. L. Owen	Vice President, Administrative Services	49
C. C. Holbrook	Secretary	53
Teresa Beck	Director	45
P. J. Early	Director	66
C. M. Heiner	Director	61
W. N. Jones	Director	73

R. D. Cash, 57, Chairman of the Board of Directors, Questar (May 1985); President and Chief Executive Officer and Director, Questar (since 1977); Chairman of the Boards of Directors, all Questar affiliates (other than Questar Energy Trading); President and Chief Executive Officer, QMR (from April 1982 to August 1998). Mr. Cash also serves as a Director of Zions Bancorporation and Associated Electric and Gas Insurance Services Limited. He is a member of the Board of Directors of the Federal Reserve Bank (Salt Lake City Branch) of San Francisco and is a Trustee of the Salt Lake Organizing Committee for the Olympic Winter Games of 2002.

Gary L. Nordloh, 52, President and Chief Executive Officer, QMR (August 1998) and all subsidiaries (commencing at various times beginning in March 1991); Vice President, QMR (May 1996 to August 1998); Executive Vice President, Questar (February 1996); Senior Vice

President, Questar (March 1991 to February 1996); Director, Questar (October 1996); Director, QMR (May 1991), and all QMR subsidiaries (various times beginning in June 1989). Prior to joining the Questar organization in 1984, Mr. Nordloh was Vice President of Engineering and Operations for Hamilton Brothers Petroleum for three years and Division Engineering Manager (and various other assignments) for Amoco Production Company for nine years. Mr. Nordloh received a bachelor's degree in Petroleum Engineering from the Colorado School of Mines. He serves on the Board of Directors of Mountain States Legal Foundation; is Past-President of Rocky Mountain Oil and Gas Association (1995-1997); a member of the Society of Petroleum Engineers since 1974; is Past-President of the Society of Petroleum Engineers (Denver Section); and served as a Regional Vice President of the Independent Petroleum Association of America from 1989 to 1995.

S. E. Parks, 48, Vice President, Treasurer and Chief Financial Officer, Questar and all affiliates (February 1996); Treasurer, Questar and affiliates (at various dates beginning in May 1984); Director, Questar E&P (May 1996). Mr. Parks received a B.A. degree in Accounting and a M.B.A. degree in Finance from the University of Utah. Since joining Questar in 1974, he has held a variety of management positions in the auditing, accounting and financial areas. Prior to joining Questar, Mr. Parks was with the Academic and Financial Planning Department of the University of Utah.

M. B. McGinley, 51, Vice President, QMR (August 1998) and all subsidiaries (various dates beginning in February 1990); General Manager, Questar Energy Trading (October 1995); Director, Questar Energy Trading (August 1998). Mr. McGinley has worked for various Questar affiliates for 31 years in a variety of engineering and marketing assignments. He holds a Bachelor of Science Degree in Chemical Engineering and a Master of Science Degree in Mechanical Engineering from the University of Utah. He is a registered professional engineer in Utah and Colorado and a member of the Independent Petroleum Association of America, and Rocky Mountain Oil and Gas Association and the Pacific Coast Gas Association.

M. L. Owen, 49, Vice President, Administrative Services, QMR (August 1998) and all subsidiaries (various dates beginning in April 1989); Director, Questar Energy Trading (August 1998). Mr. Owen has been associated with QMR since its acquisition of Universal Resources in 1987. From 1982 to 1989, he served as Treasurer of Universal Resources. Prior to joining Universal Resources, Mr. Owen was employed with Arthur Andersen & Co. for eight years with various duties, including Audit Manager. He is a Certified Public Accountant, receiving his Accounting degree from Texas Tech University. Mr. Owen is a member of the Independent Petroleum Association of America and the Utah Association of Certified Public Accountants.

C. C. Holbrook, 53, General Counsel, Questar (March 1999); Vice President Questar (October 1984); Corporate Secretary, Questar and all affiliates (various dates beginning in March 1982); Director, Questar E&P and QGM (various dates beginning in May 1985).

Teresa Beck, 45, Director, Questar (October 1999); Director, QMR (October 1999). Ms. Beck was President of American Stores from 1998 to 1999. She also served as American Stores' Chief Financial Officer from 1993 to 1998. She serves as a Director of Textron, Inc. and Albertson's Inc. and is a Trustee of Intermountain Health Care, Inc., The Children's Center, and the Salt Lake Organizing Committee for the Olympic Winter Games of 2002.

P. J. Early, 67, Director, QMR (August 1995); Director, Questar (August 1995). Mr. Early served as Vice Chairman of Amoco Corporation from July of 1992 until his retirement in April 1995. He was also a Director of Amoco Corporation from 1989 to his retirement. He is a member of the Board of Trustees of the Museum of Science and Industry in Chicago.

Clyde M. Heiner, 61, Senior Vice President, Questar (May 1984); President and Chief Executive Officer, Questar InfoComm (February 1993); Director, QMR (May 1984) and Questar InfoComm (February 1993).

W. N. Jones, 73, Director, QMR (May 1989); Senior Director, Questar (May 1998); Director, Questar (May 1981 to May 1998). Mr. Jones is Chairman of the Board, Lite Touch Inc., and a Trustee of Intermountain Health Care, Inc.

ITEM 6. EXECUTIVE COMPENSATION

Omitted.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Omitted.

ITEM 8. LEGAL PROCEEDINGS

Questar E&P, as well as other QMR affiliates and Questar, are named as defendants in a class action lawsuit involving royalty payments in Oklahoma state court. In Bridenstine vs. Kaiser-Francis Oil Company, the plaintiffs allege fraud and contract claims and assert damages against all defendants for a 17-year period in excess of $54,000,000 plus punitive damages. The plaintiffs' primary claim alleges that a transportation fee charged against royalty payments was improper or excessive. The claims involve wells connected to an intrastate pipeline system that QGM presently owns and operates. Kaiser-Francis and Questar E&P are the major working interest owners and operators of a majority of the wells connected to this pipeline system. QMR disputes these claims. The Oklahoma Supreme Court has denied defendants' appeal from the trial court's decision to certify the Bridenstine case as a class action. QMR cannot predict the outcome of the lawsuit, which may result in a material liability.

Questar E&P is a defendant in a case styled Greghol Limited Partnership vs. Universal Resources Corporation, filed in Oklahoma state court, which was originally asserted as a statewide class action raising issues relative to calculation of royalties, and whether such calculations should reflect deductions for certain post-production costs. The Court has sustained Questar E&P's motion to de-certify the class. Questar E&P disputes these claims.

In United States ex rel. Grynberg v. Questar Corp., et al., each of QGM, Wexpro and Universal Resources Corporation d/b/a Questar Energy Trading Company are named as defendants in a case involving allegations of gas mismeasurement and of improper royalty valuations. The plaintiff filed on behalf of the federal government to recover underpaid royalties under the False Claims Acts, and the Department of Justice declined to intervene. This case and 75 substantially similar cases filed by the plaintiff have been consolidated for discovery and pre-trial rulings in Wyoming's federal district court. Motions to dismiss have been filed. The QMR subsidiaries dispute these claims.

In Quinque Operating Company v. Gas Pipelines, et al., each of QGM, Wexpro and Universal Resources Corporation (now known as Questar E&P) is named as a defendant in a lawsuit involving allegations of mismeasurement of natural gas resulting in underpayment of royalties to private and state lessors. Plaintiffs have asked that the case be certified as a nationwide class action. The case was removed from state to federal court and a motion to remand is pending. There are over 220 defendants. The QMR subsidiaries dispute these claims.

Royalty class actions such as Quinque are being asserted in numerous states against other companies in the oil and gas production and marketing businesses in which QMR's subsidiaries participate. Accordingly, QMR expects similar royalty class actions to be filed in

other states in which it has significant production and marketing activities such as Wyoming and Colorado, although such actions have not yet been filed and are not currently threatened.

There are various other legal proceedings against subsidiaries of QMR. While it is not currently possible to predict or determine the outcomes of these proceedings, it is the opinion of management that the outcomes will not have a materially adverse effect on the Company's results of operations, financial position or liquidity.

Also see Note 6 of the Notes to Consolidated Financial Statements under Item 13 of this Form 10.

ITEM 9. MARKET PRICE OF AND DIVIDENDS OF THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common stock of the Company is owned entirely by Questar and, therefore, there is no trading of the Company's stock. Dividends of $16.6 million were declared and paid in the twelve months ended December 31, 1999, and $15.9 million and $16.325 million were declared and paid in the years ended 1998 and 1997, respectively. See Note 3 of the Notes to Consolidated Financial Statements under Item 13 of this Form 10 regarding restrictions as to dividend availability.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

There have been no sales of unregistered securities by the Company.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

The following description of the capital stock of the Company and certain provisions of the Company's Amended Articles of Incorporation and Bylaws is a summary and is qualified in its entirety by the provisions of the Amended Articles of Incorporation and Bylaws, which have been filed as exhibits to this Form 10.

The Company has authorized twenty-five million (25,000,000) shares of Common Stock with a par value of $1.00 per share. All outstanding shares of stock are held by Questar Corporation. No preferred stock has been issued or authorized.

Each common shareholder of record is entitled to one vote, by person or by proxy for each share of Common Stock held on every matter properly submitted to the stockholders for a vote. Except as otherwise provided by law or in the Amended Articles of Incorporation or Bylaws, stockholder votes are decided by a majority vote of the outstanding shares.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Reference is made to Section 16-10a-901 through 16-10a-909 of the Utah Revised Business Corporation Act, which provides for indemnification of directors and officers in certain circumstances.

The Bylaws provide that the Company may voluntarily indemnify any individual made a party to a proceeding because he is or was a director, officer, employee or agent of the Company against liability incurred in the proceeding, but only if the Company has authorized the payment in accordance with the applicable statutory provisions of the Utah Revised Business Corporation Act (Sections 16-10a-902, 16-10a-904 and 16-10a-907) and a determination has been made in accordance with the procedures set forth in such provision that such individual conducted himself in good faith, that he reasonably believed his conduct, in his official capacity with the Company, was in its best interests and that his conduct, in all other cases, was at least not opposed to the Company's best interests, and that he had no reasonable cause to believe his conduct was unlawful in the case of any criminal proceeding. The foregoing indemnification in connection with a

proceeding by or in the right of the Company is limited to reasonable expenses incurred in connection with the proceeding, which expenses may be advanced by the Company. The Company's Bylaws provide that the Company may not voluntarily indemnify a director, officer, employee or agent of the Company in connection with a proceeding by or in the right of the Company in which such individual was adjudged liable to the Company or in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

The Bylaws provide further that the Company shall indemnify a director, officer, employee or agent of the Company who was wholly successful, on the merits or otherwise, in defense of any proceeding to which he was a party because he is or was such a director, officer, employee or agent, against reasonable expenses incurred by him in connection with the proceeding.

The Bylaws further provide that no director of the Company shall be personally liable to the Company or its stockholders for monetary damages for any action taken or any failure to take any action, as a director, except liability for (a) the amount of a financial benefit received by a director to which he is not entitled; (b) an intentional infliction of harm on the Company or the shareholders; (c) for any action that would result in liability of the director under the applicable statutory provision concerning unlawful distributions; or (d) an intentional violation of criminal law.

Questar, the Company's parent, maintains an insurance policy on behalf of the officers and directors of the Company pursuant to which (subject to the limits and limitations of such policy) the officers and directors are insured against certain expenses in connection with the defense of actions or proceedings, and certain liabilities which might be imposed as a result of such actions or proceedings, to which any of them is made a party by reason of being or having been a director or officer.

ITEM 13.FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements and Supplementary Data

	Page
Financial Statements -	
Report of Independent Auditors	35
Consolidated Statements of Income for the years ended December 31, 199, 1998 and 1997	36
Consolidated Balance Sheets at December 31, 1999 and 1998	37
Consolidated Statements of Shareholder's Equity for the years ended December 31, 1999, 1998 and 1997	39
Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998, and 1997	40
Notes to Consolidated Financial Statements December 31, 1999, 1998 and 1997	41
Supplementary Data -	
Oil and Gas Producing Activities (Note 11 to Consolidated Financial Statements)	51

Report of Independent Auditors

Board of Directors
Questar Market Resources, Inc.

We have audited the accompanying consolidated balance sheets of Questar Market Resources, Inc. and subsidiaries as of December 31, 1999, and 1998, and the related consolidated statements of income and common shareholder's equity and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Questar Market Resources, Inc. and subsidiaries at December 31, 1999, and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP
Ernst & Young LLP

Salt Lake City, Utah
February 7, 2000

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	1999	1998	1997
	(In Thousands)		
REVENUES			
From unaffiliated customers	$418,603	$382,791	$451,233
From affiliates	79,708	75,481	72,407
TOTAL REVENUES	498,311	458,272	523,640
OPERATING EXPENSES			
Natural gas and other product purchases	239,201	230,462	291,851
Operating and maintenance	79,916	73,763	72,958
Depreciation and amortization	78,608	71,377	67,078
Write-down of oil and gas properties		31,000	9,000
Other taxes	21,516	24,988	25,569
Wexpro settlement agreement - oil income sharing	2,292	1,053	2,347

TOTAL OPERATING EXPENSES	421,533	432,643	468,803
OPERATING INCOME	76,778	25,629	54,837
INTEREST AND OTHER INCOME	4,272	3,638	5,854
INCOME (LOSS) FROM UNCONSOLIDATED AFFILIATES	763	(930)	(288)
DEBT EXPENSE	(17,363)	(12,631)	(10,882)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	64,450	15,706	49,521
INCOME TAX EXPENSE (CREDIT)	18,584	(1,019)	10,410
INCOME FROM CONTINUING OPERATIONS	45,866	16,725	39,111
DISCONTINUED OPERATIONS, NET OF INCOME TAXES OF $347 IN 1998 AND $631 IN 1997		(563)	(1,021)
NET INCOME	$45,866	$16,162	$38,090

See accompanying notes to consolidated financial statements.

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31 1999	1998
	(In Thousands)	
CURRENT ASSETS		
Cash and short-term investments		$ 1,894
Notes receivable from Questar Corporation	$ 4,000	25,100
Accounts receivable, net of allowance of $1,350 in 1999 and $3,253 in 1998	64,364	61,833
Accounts receivable from affiliates	11,459	11,359
Inventories, at lower of average cost or market		
Gas and oil storage	8,863	8,892
Material and supplies	2,390	1,893
Total inventories	11,253	10,785
Prepaid expenses and deposits	4,452	4,369
TOTAL CURRENT ASSETS	95,528	115,340
PROPERTY, PLANT AND EQUIPMENT		
Exploration and production	1,105,472	1,076,280
Cost-of-service gas operations	218,694	199,151
Gathering and processing	123,775	116,603
General support	21,735	20,607
	1,469,676	1,412,641
Less allowances for depreciation and amortization	778,695	717,129
NET PROPERTY, PLANT AND EQUIPMENT	690,981	695,512

INVESTMENT IN UNCONSOLIDATED AFFILIATES	13,301	3,673
OTHER ASSETS		
Cash held in escrow account	36,727	
Securities available for sale	10,402	
Other	952	628
TOTAL OTHER ASSETS	48,081	628
	$847,891	$815,153

LIABILITIES AND SHAREHOLDER'S EQUITY

	December 31	
	1999	1998
	(In Thousands)	
CURRENT LIABILITIES		
Checks outstanding in excess of cash balances	$ 1,246	
Notes payable to Questar Corporation	24,500	$121,800
Accounts payable and accrued expenses		
Accounts and other payables	67,385	63,272
Accounts payable to affiliates	2,952	2,414
Federal income taxes	6,232	6,105
Other taxes	14,266	13,661
Accrued interest	1,443	1,044
Total accounts payable and accrued expenses	92,278	86,496
TOTAL CURRENT LIABILITIES	118,024	208,296
INVESTMENT IN DISCONTINUED OPERATIONS - Questar Energy Services		1,905
LONG-TERM DEBT	264,894	181,624
DEFERRED INCOME TAXES	59,936	52,113
OTHER LIABILITIES	14,674	11,577
MINORITY INTEREST	2,529	
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY		
Common stock - par value $1 per share; authorized 25,000,000 shares; issued and outstanding 4,309,427 shares	4,309	4,309
Additional paid-in capital	116,027	116,027
Retained earnings	270,388	239,217
Other comprehensive income (loss)	(2,890)	85
	387,834	359,638
	$847,891	$815,153

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Comprehensive Income
			(In Thousands)		
Balance at January 1, 1997	$4,309	$116,027	$217,190	($181)	$38,090
1997 net income			38,090		
Cash dividends			(16,325)		
Foreign currency translation adjustment, net of income taxes of $98				173	173
Balance at December 31, 1997	4,309	116,027	238,955	(8)	$38,263
1998 net income			16,162		16,162
Cash dividends			(15,900)		
Foreign currency translation adjustment, net of income taxes of $53				93	93
Balance at December 31, 1998	4,309	116,027	239,217	85	
1999 net income			45,866		$16,255
Cash dividends			(16,600)		45,866
Discontinued operations			1,905		
Unrealized loss on securities available for sale, net of income tax credit of $1,557				(2,515)	(2,515)
Foreign currency translation adjustment, net of income taxes of $284				(460)	(460)
Balance at December 31, 1999	$4,309	$116,027	$270,388	($2,890)	$42,891

See accompanying notes to consolidated financial statements.

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31 1999	1998	1997
	(In Thousands)		
OPERATING ACTIVITIES			
Net income	$ 45,866	$ 16,162	$ 38,090
Depreciation and amortization	81,150	71,951	67,667
Deferred income taxes	9,381	(4,619)	(2,428)
Write-down of oil and gas properties		31,000	9,000
(Income) loss from unconsolidated affiliates, net of cash distributions	(66)	1,211	1,872
Loss from discontinued operations		563	1,021
	136,331	116,268	115,222
Changes in operating assets and liabilities			
Accounts receivable	(2,631)	20,572	22,196
Inventories	(468)	(4,996)	(1,045)
Prepaid expenses and deposits	(83)	555	(191)
Accounts payable and accrued expenses	5,050	(6,302)	(3,883)
Federal income taxes payable	127	2,399	3,620
Other	2,919	(983)	1,016
NET CASH PROVIDED FROM OPERATING ACTIVITIES	141,245	127,513	136,935
INVESTING ACTIVITIES			
Capital expenditures			

Purchases of property, plant and equipment	(109,405)	(252,671)	(92,310)
Other investments	(24,864)	(1,875)	
	(134,269)	(254,546)	(92,310)
Proceeds from disposition of property, plant and equipment, and investments	39,411	7,853	11,004
NET CASH USED IN INVESTING ACTIVITIES	(94,858)	(246,693)	(81,306)
FINANCING ACTIVITIES			
Change in notes receivable from Questar Corporation	21,100	8,400	(17,200)
Change in notes payable to Questar Corporation	(97,300)	77,500	(23,700)
Change in short-term debt			(10,000)
Cash in escrow balance	(36,727)		
Checks written in excess of cash balances	1,246		(2,505)
Issuance of long-term debt	275,000	64,343	63,547
Payment of long-term debt	(195,000)	(14,283)	(48,432)
Payment of dividends	(16,600)	(15,900)	(16,325)
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	(48,281)	120,060	54,615
Change in cash and short-term investments	(1,894)	880	1,014
Beginning cash and short-term investments	1,894	1,014	
ENDING CASH AND SHORT-TERM INVESTMENTS	$ -	$1,894	$1,014

See accompanying notes to consolidated financial statements.

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Accounting Policies

Principles of Consolidation: The consolidated financial statements contain the accounts of Questar Market Resources, Inc. and subsidiaries (the Company or QMR). The Company is a wholly-owned subsidiary of Questar Corporation (Questar). QMR, through its subsidiaries, conducts gas and oil exploration, development and production, gas gathering and processing, and wholesale energy marketing. Questar Exploration and Production Company (Questar E&P), formerly named Celsius Energy Company and Universal Resources Corporation, conducts the exploration, development and production activities. Wexpro Company (Wexpro) operates and develops producing properties on behalf of Questar Gas. Questar Gas Management (QGM) conducts gas gathering and plant processing activities. Questar Energy Trading Company (Questar Energy Trading) performs wholesale energy marketing activities and, through a 75% interest in Clear Creek LLC, is constructing a gas storage facility. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in Unconsolidated Affiliates: The Company owns a 15% interest in Canyon Creek Compression Co., and a 50% interest in Blacks Fork Gas Processing Co. The Company uses the equity method to account for investments in affiliates in which it does not have control and generally, its investment in these affiliates equals the underlying equity in net assets.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition: Revenues are recognized in the period that services are provided or products are delivered.

Cash and Short-Term Investments: Short-term investments consist principally of repurchase agreements with maturities of three months or less.

Property, Plant and Equipment: Property, plant and equipment is stated at cost. QMR uses the full-cost accounting method for the majority of its gas and oil exploration and development activities. Under the full-cost method, all costs associated with the acquisition, exploration and development of gas and oil reserves are capitalized. If net capitalized costs exceed the present value of estimated future net revenues from proved gas and oil reserves plus the fair value of unproved properties (the full-cost ceiling), the excess is expensed. The Company recorded write-downs of oil and gas properties under the full-cost accounting rules of $31 million in 1998 and $6 million in 1997. Wexpro uses the successful-efforts accounting method to account for its development activities under the terms of the Wexpro settlement agreement (Note 9). The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The provisions of SFAS 121 do not supersede full-cost accounting rules, which require a quarterly full-cost ceiling test. The Company wrote-down its investment in gas gathering properties by $3 million in 1997 under the provisions of SFAS 121. The provision for depreciation and amortization is based upon rates that will systematically charge the costs of assets against income over the estimated useful lives of those assets. The investment in gathering properties and processing plants is charged to expense using the straight-line method. The costs of gas and oil wells and leaseholds are charged to expense using the units-of-production method. Average depreciation and amortization rates used were as follows:

	1999	1998	1997
Exploration and production, per Mcf equivalent			
Full-cost amortization rate (U.S. and Canada)	$0.80	$0.85	$0.84
Wexpro depreciation rate	$0.42	$0.39	$0.39
Gas gathering and plant processing	4.4%	4.9%	5.8%

Capitalized Interest: The Company capitalizes interest during the construction period of plant and equipment, when applicable, which amounted to $357,000 in 1999, $1,363,000 in 1998 and $604,000 in 1997.

Foreign Currency Translation: The Company conducts gas and oil exploration and production activities in western Canada. The local currency is the functional currency of the Company's foreign operations. Translation from the functional currency to U. S. dollars is performed for balance sheet accounts using the exchange rate in effect at the balance-sheet date. Revenue and expense accounts are translated using an average exchange rate for the period. Adjustments resulting from such translations are reported as a separate component of other comprehensive income in shareholder's equity. Deferred income taxes have been provided on translation adjustments because the earnings are not considered to be permanently invested.

Energy Price Risk Management: QMR enters into swaps, futures contracts or option agreements to hedge exposure to price fluctuations in

connection with marketing of the Company's natural gas and oil production, and to secure a known margin for the purchase and resale of gas, oil and electricity in marketing activities. There is a high degree of correlation between such contracts and the physical transactions. The timing of production and of the hedge contracts is closely matched. Hedge prices are established in the areas of QMR's production operations. The Company settles most contracts in cash and recognizes the gains and losses on hedge transactions during the same time period as the related physical transactions. Contracts no longer qualifying for high correlation with the physical transactions would be marked-to-market and recognized in current period income. Cash flows from the hedge contracts are reported in the same category as cash flows from the hedged assets. The Company does not enter into hedging contracts for speculative purposes.

Interest Rate Risk Management: The Company uses variable rate debt as part of its financing plans. These agreements expose the Company to market risk related to changes in interest rates.

Credit Risk: The Company's primary market areas are the Rocky Mountain region of the United States and Canada and the Mid-continent region of the United States. Exposure to credit risk may be impacted by the concentration of customers in these regions due to changes in economic or other conditions. Customers include numerous entities that may be affected differently by changing conditions. Management believes that its credit-review procedures, loss reserves and customer deposits have adequately provided for usual and customary credit-related losses.

Income Taxes: The Company's operations are consolidated with those of Questar and its subsidiaries for income tax purposes. The income tax arrangement between QMR and Questar provides that amounts paid to or received from Questar are substantially the same as would be paid or received by the Company if it filed a separate return. The Company also receives payment for tax benefits used in the consolidated tax return even if such benefits would not have been usable had the Company filed a separate return.

Comprehensive Income: QMR reports comprehensive income on the Consolidated Statements of Shareholder's Equity. Other comprehensive income transactions that currently apply to QMR result from changes in market value of securities available for sale and changes in holding value resulting from foreign currency translation adjustments. These transactions are not the culmination of the earnings process, but result from periodically adjusting historical balances to market value. The balances in accumulated foreign currency translation adjustments and unrealized losses on securities available for sale amounted to $375,000 and $2,515,000, respectively, at December 31, 1999. The balance in accumulated foreign currency translations at December 31, 1998, was $85,000. Income is realized when the securities available for sale are sold. Income taxes associated with realized gains from selling securities available for sale were $146,000 in 1999.

New accounting standard: The Company is required to adopt the accounting provisions of Statement of Financial Accounting Standards (SFAS) 133 "Accounting for Derivative Instruments and Hedging Activities" effective January 1, 2001. The new accounting rules require that the fair value of hedging instruments be measured and recorded as either assets or liabilities on the balance sheet with a regular, periodic mark-to-market adjustment. The effect of adopting this new accounting standard is not known at this time because the Company has not completed its evaluation.

Reclassifications: Certain reclassifications were made to the 1998 and 1997 financial statements to conform with the 1999 presentations.

Note 2 - Purchases of Gas and Oil Companies

On January 26, 2000, a subsidiary of QMR acquired 100% of the outstanding shares of Canor Energy Ltd. from NI Canada ULC, a subsidiary of Northwest Natural Gas Co. The cost of the cash transaction was $61 million (U.S.) and was accounted for as a purchase. Canor owns and/or operates more than 800 wells located in Alberta, British Columbia, and Saskatchewan provinces of Canada. Canor's proven gas and oil reserves are estimated at 61.1 billion cubic feet equivalent.

A subsidiary of QMR acquired 100% of the common stock of HSRTW, Inc., a wholly owned subsidiary of HS Resources, Inc. for $155 million, effective September 1, 1998. QMR obtained an estimated 150 billion cubic feet equivalent of proved oil and gas reserves primarily in Oklahoma, as well as in Texas, Arkansas, and Louisiana as a result of the transaction. The cash transaction was accounted for as a purchase.

Proceeds from a sale of nonstrategic gas and oil properties were placed in an escrow account pending reinvestment in strategic-producing properties.

Note 3 - Debt

QMR has a $295 million senior revolving credit facility agented by Bank of America. Borrowing under this agreement amounted to $264.9 million at December 31, 1999 at a 6.54% interest rate. The agreement was entered into April 1999 and replaced an unsecured short-term and long-term line-of-credit arrangements with various banks. The loan is segmented into US and Canadian portions. The US portion of the loan is a 5-year facility with $227 million available. The Canadian portion amounts to $68 million and is a 6-year facility. The interest rate is generally equal to LIBOR plus a small premium. Under the most restrictive terms of the senior-revolving credit facility, QMR could pay a dividend of $57.6 million at December 31, 1999.

Maturities of long-term debt for the five years following December 31, 1999, are as follows:

	(In Thousands)
2000	$ -
2001	2,995
2002	30,995
2003	2,995
2004	179,995

Questar makes loans to QMR under a short-term borrowing arrangement. Short-term notes payable to Questar outstanding as of December 31, 1999 amounted to $24.5 million with an average interest rate of 6.61% and $121.8 million as of December 31, 1998 with an interest rate of 5.71%. QMR also invests excess cash balances with Questar. The funds are centrally managed by Questar and earn an interest rate that is identical to the interest rate paid for borrowings from Questar. Notes receivable from Questar as of December 31, amounted to $4 million in 1999 and $25.1 million in 1998.

Cash paid for interest was $16,964,000 in 1999, $13,229,000 in 1998 and $11,557,000 in 1997.

Note 4 - Financial Instruments

The carrying amounts and estimated fair values of the Company's financial instruments were as follows:

	December 31, 1999	December 31, 1998

	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
		(In Thousands)		
Financial assets				
Cash and short-term investments			$ 1,894	$ 1,894
Notes receivable	$ 4,000	$ 4,000	25,100	25,100
Financial liabilities				
Short-term loans	25,746	25,746	121,800	121,800
Long-term debt	264,894	164,894	181,624	181,624
Gas and oil price hedging contracts		(6,200)		6,000

The Company used the following methods and assumptions in estimating fair values: (1) Cash and short-term investments, notes receivable and short-term loans - the carrying amount approximates fair value; (2) Long-term debt - the carrying amount of variable-rate debt approximates fair value; (3) Gas and oil price hedging contracts - the fair value of contracts is based on market prices as posted on the NYMEX from the last trading day of the year.

The average price of the oil contracts at December 31, 1999 was $18.83 per bbl and was based on the average of fixed amounts in contracts which settle against the NYMEX. All oil contracts relate to Company-owned production where basis adjustments would result in a net to the well price of between $17.22 and $17.67 per bbl. The average price of the gas contracts at December 31, 1999 was $2.22 per Mcf representing the average of contracts with different terms including fixed, various into-the-pipe postings and NYMEX references. Gas hedging contracts were in place for QMR-owned production and gas marketing transactions. Transportation and heat value adjustments on the hedges of Company-owned gas as of December 31, 1999 would result in an average price of between $2.15 and $2.23 per Mcf, net back to the well.

Fair value is calculated at a point in time and does not represent the amount the Company would pay to retire the debt securities. In the case of gas-and-oil price-hedging activities, the fair value calculation does not consider the physical side of gas and oil transactions.

Energy Price Risk Management: The Company held open hedge contracts covering the price exposure for about 72.1 million Dth of gas and 2.4 million barrels of oil at December 31, 1999 and 45.3 million Dth of gas and 464,000 barrels of oil at December 31, 1998. The hedging contracts are primarily for gas and oil marketing activities, but also include QMR-owned production. The contracts at December 31, 1999 had terms extending through December 2001 with about 65% of those contracts expiring by the end of 2000. A primary objective of energy-price hedging is to protect product sales from adverse changes in energy prices. The Company does not enter into hedging contracts for speculative purposes.

Credit Risk Management: The Company's primary areas are the Rocky Mountain and Mid-Continent regions of the United States. Exposure to credit risk may be impacted by the concentration of customers in these regions due to changes in economic or other conditions. Customers include numerous industries that may be affected differently by changing conditions. Management believes that its credit review procedures, loss reserves, and collection procedures have adequately protected against unusual credit related losses.

Interest Rate Risk Management: The Company had $264.9 million of variable rate long-term debt outstanding at December 31, 1999. The

book value of variable-rate debt approximates fair value.

Foreign Currency Risk Management: The Company does not hedge the foreign currency exposure of its foreign operation's net assets and long-term debt. The net assets of the foreign operation were negative at December 31, 1999. Long-term debt owned by the foreign operation, amounting to $59.9 million (U.S.), is expected to be repaid from the future foreign operations.

Securities Available for Sale: Securities available for sale represent equity instruments traded on national exchanges. The value of these investments is subject to day to day market volatility.

Note 5 - Income Taxes

The components of income taxes expense (benefit) for years ended December 31 were as follows:

	1999	1998	1997
		(In Thousands)	
Federal			
Current	$11,411	$4,263	$14,574
Deferred	4,826	(86)	(1,218)
State			
Current	1,568	228	1,350
Deferred	620	1,007	(291)
Foreign	159	(6,431)	(4,005)
Income taxes	$18,584	($1,019)	$10,410

The difference between income tax expense and the tax computed by applying the statutory federal income tax rate of 35% to income from continuing operations before income taxes is explained as follows:

	1999	1998	1997
		(In Thousands)	
Income from continuing operations before income taxes	$64,450	$15,706	$49,521
Federal income taxes at statutory rate	$22,558	$ 5,497	$17,332
State income taxes, net of federal income tax benefit	1,422	803	745
Tight-sands gas production credits	(5,282)	(5,736)	(6,633)
Foreign income taxes	48	(1,771)	(630)
Other	(162)	188	(404)
Income taxes	$18,584	($1,019)	$10,410
Effective income tax rate	28.8%	-	21.0%

Significant components of the Company's deferred tax liabilities and assets at December 31 were as follows:

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	1999	1998
	(In Thousands)	
Deferred tax liabilities		
Property, plant and equipment	$74,333	$64,674
Other	509	205

	74,842	64,879
Deferred tax assets		
Alternative minimum tax and production credit carry forwards	2,468	6,535
Reserves, compensation plans and other	12,438	6,231
	14,906	12,766
Net deferred tax liabilities	$59,936	$52,113

The Company paid $7,183,000 in 1999 and $9,029,000 in 1997 for income taxes. Cash received for income taxes amounted to $1,856,000 in 1998.

Note 6 - Litigation and Commitments

Questar E&P, as well as QMR and Questar, are named defendants in a class action lawsuit involving royalty payments in Oklahoma state court. In Bridenstine vs. Kaiser-Francis Oil Company, the plaintiffs allege fraud and contract claims and assert damages against all defendants for a 17-year period in excess of $54,000,000 plus punitive damages. The plaintiffs' primary claim alleges that a transportation fee charged against royalty payments was improper or excessive. The claims involve wells connected to an intrastate pipeline system that Questar Gas Management presently owns and operates. Kaiser-Francis and Questar E&P are the major working interest owners and operators of a majority of the wells connected to this pipeline system.

The Oklahoma Supreme Court has denied defendants' appeal from the trial court's decision to certify the Bridenstine case as a class action. Questar E&P disputes these claims. Management cannot predict the outcome of the lawsuit, which will be tried before a jury beginning August of 2000, and which may result in a material liability.

There are various other legal proceedings against QMR. While it is not currently possible to predict or determine the outcomes of these proceedings, it is the opinion of management that the outcomes will not have a materially adverse effect on the Company's results of operations, financial position or liquidity.

Questar Energy Trading has contracted for firm-transportation services with various pipelines to transport 76.2 Mdths per day of gas. The contracts extend for the next seven years and have an annual cost of approximately $3 million. Due to market conditions and competition, it is possible that Questar Energy Trading may be unable to sell enough gas to fully utilize the contracted capacity. Also, Questar Energy Trading has reserved firm-storage capacity of 1,065 MDths per day with Questar Pipeline through 2008 with an annual cost of $627,000.

The minimum future payments under the terms of long-term operating leases for the Company's primary office locations for the five years following December 31, 1999, are as follows:

	(In Thousands)
2000	$1,980
2001	1,918
2002	1,371
2003	507
2004	43

Total minimum future rental payments have not been reduced for sublease rentals of $96,000, $96,000, and $24,000, which are expected to be received in the years ended December 31, 2000, 2001, and 2002, respectively.

Note 7 - Employment Benefits

Pension Plan: Substantially all of QMR's employees are covered by Questar's defined benefit pension plan, although some employees have elected other benefits instead of a pension benefit. Benefits are generally based on years of service and the employee's 72-pay period interval of highest earnings during the ten years preceding retirement. It is the Company's policy to make contributions to the plan at least sufficient to meet the minimum funding requirements of applicable laws and regulations. Plan assets consist principally of equity securities and corporate and U.S. government debt obligations. Pension cost was $887,000 in 1999, $761,000 in 1998 and $1,345,000 in 1997. Included in pension cost for 1997 is $419,000 of expense associated with an early retirement package offered to a limited number of the Company's employees.

QMR's portion of plan assets and benefit obligations is not determinable because the plan assets are not segregated or restricted to meet the Company's pension obligations. If the Company were to withdraw from the pension plan, the pension obligation for the Company's employees would be retained by the pension plan. At December 31, 1999, Questar's fair value of plan assets exceeded the accumulated benefit obligation.

Postretirement Benefits Other Than Pensions: QMR pays a portion of health-care costs and life insurance costs for employees. The Company linked the health-care benefits to years of service and limited the Company's monthly health care contribution per individual to 170% of the 1992 contribution. Employees hired after December 31, 1996, do not qualify for postretirement medical benefits under this plan. The Company's policy is to fund amounts allowable for tax deduction under the Internal Revenue Code. Plan assets consist of equity securities, and corporate and U.S. government debt obligations. The Company is amortizing the transition obligation over a 20-year period, which began in 1992. Costs of postretirement benefits other than pensions were $1,158,000 in 1999 and $1,018,000 in 1998 and $1,083,000 in 1997.

QMR's portion of plan assets and benefit obligations related to postretirement medical and life insurance benefits is not determinable because the plan assets are not segregated or restricted to meet the Company's obligations.

Postemployment Benefits: The Company recognizes the net present value of the liability for postemployment benefits, such as long-term disability benefits and health-care and life-insurance costs, when employees become eligible for such benefits. Postemployment benefits are paid to former employees after employment has been terminated but before retirement benefits are paid. The Company accrues both current and future costs. The Company's postemployment benefit liability at December 31, 1999 was $381,000 and in 1998 was $376,000.

Employee Investment Plan: The Company participates in Questar's Employee Investment Plan (EIP), which allows eligible employees to purchase Questar common stock or other investments through payroll deduction of pretax earnings. The Company makes contributions of Questar common stock to the EIP of approximately 75%, increasing to 80% in 1999, of the employees' purchases and contributes an additional $200 of common stock in the name of each eligible employee. The Company's expense and contribution to the plan was $895,000 in 1999, $811,000 in 1998 and $747,000 in 1997.

Note 8 - Related Party Transactions

QMR receives a significant portion of its revenues from services provided to Questar Gas Company. The Company received $79,324,000 in 1999, $75,171,000 in 1998 and $72,138,000 in 1997 for operating cost-of-service gas properties, gathering gas and supplying a portion

of gas for resale, among other services provided to Questar Gas. Operation of cost-of-service gas properties is described in Wexpro Settlement Agreement (Note 9). The Company also received revenues from other affiliated companies totaling $384,000 in 1999, $310,000 in 1998 and $269,000 in 1997.

Questar performs certain administrative functions for QMR. The Company was charged for its allocated portion of these services which totaled $4,469,000 in 1999, $3,970,000 in 1998 and $5,311,000 in 1997. These costs are included in operating and maintenance expenses and are allocated based on each affiliate's proportional share of revenues; net of product costs; property, plant and equipment; and payroll. Management believes that the allocation method is reasonable. QMR's subsidiaries contracted for transportation and storage services with Questar Pipeline and paid $3,378,000 in 1999, $3,968,000 in 1998 and $4,011,000 in 1997 for those services.

Questar InfoComm Inc is an affiliated company that provides some data processing and communication services to QMR. The Company paid Questar InfoComm $2,276,000 in 1999, $2,273,000 in 1998 and $2,391,000 in 1997.

QMR has a 5-year lease with Questar for space in an office building located in Salt Lake City, Utah, and owned by a third party. The annual lease payment, which began October of 1997, is $863,000.

The Company received interest income from affiliated companies of $681,000 in 1999, $1,908,000 in 1998 and $2,370,000 in 1997. QMR incurred debt expense to affiliated companies of $3,350,000 in 1999, $3,331,000 in 1998 and $2,661,000 in 1997.

Note 9 - Wexpro Settlement Agreement

Wexpro's operations are subject to the terms of the Wexpro settlement agreement. The agreement was effective August 1, 1981, and sets forth the rights of Questar Gas' utility operations to share in the results of Wexpro's operations. The agreement was approved by the PSCU and PSCW in 1981 and affirmed by the Supreme Court of Utah in 1983. Major provisions of the settlement agreement are as follows:

a. Wexpro continues to hold and operate all oil-producing properties previously transferred from Questar Gas' nonutility accounts. The oil production from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment. The after tax rate of return is adjusted annually and is approximately 13.7%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

b. Wexpro conducts developmental oil drilling on productive oil properties and bears any costs of dry holes. Oil discovered from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment in successful wells. The after tax rate of return is adjusted annually and is approximately 18.7%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

c. Amounts received by Questar Gas from the sharing of Wexpro's oil income are used to reduce natural-gas costs to utility customers.

d. Wexpro conducts developmental gas drilling on productive gas properties and bears any costs of dry holes. Natural gas produced from successful drilling is owned by Questar Gas. Wexpro is reimbursed for the costs of producing the gas plus a

return on its investment in successful wells. The after tax rate of return allowed Wexpro is approximately 21.7%.

e. Wexpro operates natural-gas properties owned by Questar Gas. Wexpro is reimbursed for its costs of operating these properties, including a rate of return on any investment it makes. This after tax rate of return is approximately 13.7%.

Note 10 - Discontinued Operations - Transfer of Questar Energy Services

QMR transferred all of its investment in Questar Energy Services, a wholly-owned subsidiary, effective January 1, 1999 to Questar Regulated Services. Questar Energy Services is a retail energy services company with assets of $7.2 million and liabilities of $9.1 million at December 31, 1998. Questar Regulated Services is a wholly-owned subsidiary of Questar Corporation.

Note 11 - Oil and Gas Producing Activities (Unaudited)

The following information discusses QMR's oil-and-gas producing activities, which are located in the United States and Canada. Cost-of-service properties are those for which the operations and return on investment are governed by the Wexpro settlement agreement (Note 9). Production from gas properties owned or operated by Wexpro is delivered to Questar Gas at cost of service. Production from noncost-of-service properties is sold at market prices. These properties include all Questar E&P properties and Wexpro oil properties. Production from Wexpro oil properties is sold at market prices and the income is shared with Questar Gas after operating costs are recovered and a specified return on investment is earned.

Capitalized Costs:

The aggregate amounts of costs capitalized for noncost-of-service oil-and-gas producing activities and the related amounts of accumulated depreciation and amortization follow:

	December 31, 1999		
	United States	Canada	Total
	(In Thousands)		
Proved properties	$989,207	$59,006	$1,048,213
Unproved properties	58,248	11,529	69,777
	1,047,455	70,535	1,117,990
Accumulated depreciation and amortization	581,176	34,515	615,691
	$466,279	$36,020	$ 502,299

	December 31, 1998		
	United States	Canada	Total
	(In Thousands)		
Proved properties	$974,768	$49,652	$1,024,420
Unproved properties	49,724	12,763	62,487
	1,024,492	62,415	1,086,907
Accumulated depreciation and amortization	538,480	29,163	567,643

	$486,012	$33,252	$519,264

	December 31, 1997		
	United States	Canada	Total
		(In Thousands)	
Proved properties	$805,614	$42,882	$848,496
Unproved properties	19,200	13,390	32,590
	824,814	56,272	881,086
Accumulated depreciation and amortization	472,773	12,643	485,416
	$352,041	$43,629	$395,670

Full-Cost Amortization:

Unproved properties held by Questar E&P are excluded from amortization until evaluation. A summary of costs excluded from the amortization pool at December 31, 1999, and the year in which these costs were incurred are listed below. Costs excluded from amortization include $11,529,000 associated with Canadian properties.

	Year Costs Incurred				
	Total	1999	1998	1997	1996 and Prior
			(In Thousands)		
Leaseholds	$55,462	$11,728	$24,788	$5,492	$13,454
Exploration	14,315	2,447	2,956	2,276	6,636
	$69,777	$14,175	$27,744	$7,768	$20,090

Costs Incurred:

The following costs were incurred in noncost-of-service oil-and gas-producing activities:

	Year Ended December 31, 1999		
	United States	Canada	Total
		(In Thousands)	
Property acquisition			
Unproved	$12,547	$ 351	$12,898
Proved	3,746	18	3,764
Exploration	7,467	501	7,968
Development	53,814	3,745	57,559
	$77,574	$4,615	$82,189

	Year Ended December 31, 1998		
	United States	Canada	Total
		(In Thousands)	
Property acquisition			
Unproved	$ 29,367	$ 145	$ 29,512
Proved	126,723	3,144	129,867
Exploration	10,055	1,222	11,277

Development	45,497	5,363	50,860
	$211,642	$9,874	221,516

Year Ended December 31, 1997

	United States	Canada	Total
		(In Thousands)	
Property acquisition			
Unproved	$4,057	$203	$4,260
Proved	2,155		2,155
Exploration	9,975	1,198	11,173
Development	45,067	4,437	49,504
	$61,254	$5,838	$67,092

Results of Operations:

Following are the results of operations of noncost-of-service oil- and gas-producing activities before corporate overhead and interest expenses. The Company recorded write-downs of oil and gas properties in 1998 and 1997.

Year Ended December 31, 1999

	United States	Canada	Total
		(In Thousands)	
Revenues			
From unaffiliated customers	$59,682	$12,316	$71,998
From affiliates	97,618		97,618
Total revenues	157,300	12,31	169,616
Production expenses	46,671	3,681	50,352
Oil-income sharing under Wexpro settlement agreement	2,292		2,292
Depreciation and amortization	58,477	3,512	61,989
Total expenses	107,440	7,193	114,633
Revenues less expenses	49,860	5,123	54,983
Income taxes - Note A	13,294	2,567	15,861
Results of operations before corporate overhead and interest expenses	$36,566	$ 2,556	$39,122

Year Ended December 31, 1998

	United States	Canada	Total
		(In Thousands)	
Revenues			
From unaffiliated customers	$60,092	$10,384	$70,476
From affiliates	69,561		69,561
Total revenues	129,653	10,384	140,037
Production expenses	42,739	3,004	45,743
Oil-income sharing under			

Wexpro settlement agreement	1,053		1,053
Depreciation and amortization	50,628	5,275	55,903
Write-down of oil and gas properties	19,000	12,000	31,000
Total expenses	113,420	20,279	133,699
Revenues less expenses	16,233	(9,895)	6,338
Income taxes - Note A	634	(3,950)	(3,316)
Results of operations before corporate overhead and interest expenses	$15,599	($5,945)	$9,654

	Year Ended December 31, 1997		
	United States	Canada	Total
		(In Thousands)	
Revenues			
From unaffiliated customers	$60,650	$8,694	$69,344
From affiliates	76,858		76,858
Total revenues	137,508	8,694	146,202
Production expenses	41,981	2,424	44,405
Oil-income sharing under Wexpro settlement agreement	2,347		2,347
Depreciation and amortization	46,372	5,374	51,746
Write-down of oil and gas properties		6,000	6,000
Total expenses	90,700	13,798	104,498
Revenues less expenses	46,808	(5,104)	41,704
Income taxes - Note A	10,500	(3,079)	7,421
Results of operations before corporate overhead and interest expenses	$36,308	($2,025)	$34,283

Note A - Income tax expense has been reduced by gas production tax credits of $5,282,000 in 1999, $5,736,000 in 1998, and $6,633,000 in 1997.

Estimated Quantities of Proved Oil and Gas Reserves for Noncost-of-Service Properties:

The majority of the reserve estimates located in the United States were made by Ryder Scott Company, H. J. Gruy and Associates, Inc., Netherland, Sewell & Associates, and Malkewicz Hueni Associates, Incorporated, independent reservoir engineers, and the remainder by the Company's reservoir engineers. Estimated Canadian reserves were prepared by Gilbert Laustsen Jung Associates Ltd. Reserve estimates are based on a complex and highly interpretive process that is subject to continuous revision as additional production and development-drilling information becomes available. The quantities reported below are based on existing economic and operating conditions using current prices and operating costs. All oil and gas reserves reported were located in the United States and Canada. The Company does not have any long-term supply contracts with foreign governments or reserves of equity investees.

	Natural Gas			Oil		
	United States	Canada (MMcf)	Total	United States	Canada (MBbls)	Total
Proved Reserves						
Balance at January 1, 1997	359,572	24,475	384,047	18,657	2,127	20,784
Revisions of estimates	11,409	(4,635)	6,774	(1,847)	(316)	(2,163)
Extensions and discoveries	24,353	4,366	28,719	1,060	898	1,958
Purchase of reserves in place	8,166		8,166	351		351
Sale of reserves in place	(1,292)		(1,292)	(450)	(3)	(453)
Production	(44,370)	(3,072)	(47,442)	(2,667)	(271)	(2,938)
Balance at December 31, 1997	357,838	21,134	378,972	15,104	2,435	17,539
Revisions of estimates	334	(3,568)	(3,234)	(3,199)	238	(2,961)
Extensions and discoveries	28,688	1,984	30,672	730	261	991
Purchase of reserves in place	129,207	5,110	134,317	3,720	71	3,791
Sale of reserves in place	(440)		(440)	(76)		(76)
Production	(48,584)	(2,725)	(51,309)	(2,490)	(404)	(2,894)
Balance at December 31, 1998	467,043	21,935	488,978	13,789	2,601	16,390
Revisions of estimates	4,041	(106)	3,935	4,746	372	5,118
Extensions and discoveries	77,740	1,720	79,460	1,007	257	1,264
Purchase of reserves in place	17,020		17,020	130		130
Sale of reserves in place	(11,984)		(11,984)	(3,665)		(3,665)
Production	(59,839)	(2,873)	(62,712)	(2,431)	(435)	(2,866)
Balance at December 31, 1999	494,021	20,676	514,697	13,576	2,795	16,371
Proved Developed Reserves						
Balance at January 1, 1997	299,219	14,683	313,902	16,686	1,880	18,566
Balance at December 31, 1997	300,859	16,670	317,529	13,209	1,851	15,060
Balance at December 31, 1998	412,181	17,835	430,016	12,583	2,281	14,864
Balance at December 31, 1999	412,252	17,076	429,328	12,410	2,565	14,975

Standardized Measure of Future Net Cash Flows Relating to Proved Reserves for Noncost-of-Service Activities:

Future net cash flows were calculated at December 31 using year-end prices and known contract-price changes. Year-end production, development costs and income tax rates were used to compute the future net cash flows. All cash flows were discounted at 10% to reflect the time value of cash flows, without regard to the risk of specific properties.

The assumptions used to derive the standardized measure of future net cash flows are those required by accounting standards and do not necessarily reflect the Company's expectations. The usefulness of the standardized measure of future net cash flows is impaired because of the reliance on reserve estimates and production schedules that are inherently imprecise, and because the costs of oil-income sharing under the Wexpro settlement agreement were not included.

	Year Ended December 31, 1999		
	United States	Canada	Total
	(In Thousands)		
Future cash inflows	$1,384,688	$107,227	$1,491,915
Future production and development costs	(472,937)	(31,426)	(504,363)
Future income tax expenses	(196,395)	(10,773)	(207,168)
Future net cash flows	715,356	(293,670)	65,028
10% annual discount for estimated timing of net cash flows	(23,365)	780,384	(317,035)

Standardized measure of

discounted future net cash flows	$421,686	$41,663	$463,349

	Year Ended December 31, 1998		
	United States	Canada	Total
		(In Thousands)	
Future cash inflows	$1,012,259	$66,873	$1,079,132
Future production and development costs	(374,046)	(22,784)	(396,830)
Future income tax expenses	(81,076)		(81,076)
Future net cash flows	557,137	44,089	601,226
10% annual discount for estimated timing of net cash flows	(220,117)	(14,809)	(234,926)
Standardized measure of discounted future net cash flows	$337,020	$29,280	$366,300

	Year Ended December 31, 1997		
	United States	Canada	Total
		(In Thousands)	
Future cash inflows	$937,059	$68,550	$1,005,609
Future production and development costs	(349,624)	(25,066)	(374,690)
Future income tax expenses	(99,107)		(99,107)
Future net cash flows	488,328	43,484	531,812
10% annual discount for estimated timing of net cash flows	(198,070)	(14,885)	(212,955)
Standardized measure of discounted future net cash flows	$290,258	$28,599	$318,587

The principal sources of change in the standardized measure of discounted future net cash flows were:

	Year Ended December 31		
	1999	1998	1997
		(In Thousands)	
Beginning balance	$366,300	$318,857	$416,282
Sales of oil and gas produced, net of production costs	(119,264)	(94,294)	(101,797)
Net changes in prices and production costs	177,481	(61,660)	(138,678)
Extensions and discoveries, less related costs	81,833	25,787	31,535
Revisions of quantity estimates	32,871	(14,805)	(4,979)
Purchase of reserves in place	3,764	129,867	2,155
Sale of reserves in place	(33,043)	(540)	(3,606)
Accretion of discount	36,630	31,886	41,629
Net change in income taxes	(68,523)	15,727	73,804
Change in production rate	(12,363)	7,314	5,025
Other	(2,337)	8,161	(2,513)
Net change	97,049	47,443	(97,425)
Ending balance	$463,349	$366,300	$318,857

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON

ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) Reference is made to the Index to Consolidated Financial Statements and Supplementary Data appearing at Item 13. Financial Statements and Supplementary Data of this Form.

(b) The following is an Index of Exhibits required by Item 601 of Regulation S-K filed with the Securities and Exchange Commission as part of this Form:

Exhibit Number	Description
3.1.	Articles of Incorporation dated April 27, 1988 for Utah Entrada Industries, Inc.
3.2.	Articles of Merger, dated May 20, 1988, of Entrada Industries, Inc., a Delaware corporation and Utah Entrada Industries, Inc, a Utah corporation.
3.3.	Articles of Amendment dated August 31, 1998, changing the name of Entrada Industries, Inc. to Questar Market Resources, Inc.
3.4.	Bylaws (as amended effective February 8, 2000.)
4.1.	U.S. Credit Agreement, dated April 19, 1999, by and among Questar Market Resources, Inc., as U.S. borrower, NationsBank, N.A., as U.S. agent, and certain financial institutions, as lenders, with the First Amendment dated May 17, 1999, the Second Amendment dated July 30, 1999, and the Third Amendment dated November 30, 1999.
4.2.	Long-term debt instruments with principal amounts not exceeding 10% of QMR's total consolidated assets are not filed as exhibits to this Report. QMR will furnish a copy of those agreements to the SEC upon its request.
10.1.*	Stipulation and Agreement, dated October 14, 1981, executed by Mountain Fuel Supply Company [Questar Gas Company]; Wexpro Company; the Utah Department of Business Regulations, Division of Public Utilities; the Utah Committee of Consumer Services; and the staff of the Public Service Commission of Wyoming. (Exhibit No. 10(a) to Questar Gas Company's Form 10-K Annual Report for 1981.)
10.2.1	Questar Market Resources, Inc. Annual Management Incentive Plan, as amended and restated effective May 18, 1999.
10.3.*1	Questar Corporation Executive Incentive Retirement Plan, as amended and restated effective May 19, 1998. (Exhibit No. 10.2. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)
10.4.*1	Questar Corporation Long-Term Stock Incentive Plan, as amended and restated effective February 8, 2000. (Exhibit No. 10.4. to Form 10-K Report for 1999 filed by Questar Corporation.)
10.5.*1	Questar Corporation Executive Severance Compensation Plan, as amended and restated effective May 19, 1998. (Exhibit No. 10.3. to Form 10-Q Report for Quarter Ended

June 30, 1998, filed by Questar Corporation.)

10.6.1 Questar Market Resources, Inc. Deferred Compensation Plan for Directors, as amended and restated effective May 19, 1998.

10.7.*1Questar Corporation Supplemental Executive Retirement Plan, as amended and restated effective June 1, 1998. (Exhibit No. 10.6. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)

10.8.*1Questar Corporation Stock Option Plan for Directors, as amended and restated effective October 29, 1998. (Exhibit No. 10.10. to Form 10-Q Report for Quarter Ended September 30, 1998, filed by Questar Corporation.)

10.9.*1Form of Individual Indemnification Agreement dated February 9, 1993 between Questar Corporation and directors, including directors of Questar Market Resources, Inc. (Exhibit No. 10.11. to Form 10-K Annual Report for 1992 filed by Questar Corporation.)

10.10.*1Questar Corporation Deferred Share Plan, as amended and restated effective May 19, 1998. (Exhibit No. 10.7. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)

10.11.*1Questar Corporation Deferred Compensation Plan, as amended and restated effective May 19, 1998. (Exhibit No. 10.10. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)

10.12.*1Questar Corporation Directors' Stock Plan as approved May 21, 1996. (Exhibit No. 10.15. to Form 10-Q Report for Quarter ended June 30, 1996, filed by Questar Corporation.)

10.13.*1Questar Corporation Deferred Share Make-Up Plan. (Exhibit No. 10.8. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)

10.14.*1Questar Corporation Special Situation Retirement Plan. (Exhibit No. 10.10. to Form 10-Q Report for Quarter Ended June 30, 1998, filed by Questar Corporation.)

12. Ratio of Earnings to Fixed Charges.

27. Financial Data Schedule.

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* Exhibits so marked have been filed with the Securities and Exchange Commission as part of the indicated filing and are incorporated herein by reference.

1 Exhibit so marked is management contract or compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

QUESTAR MARKET RESOURCES, INC.

BY: /s/G. L. Nordloh
G. L. Nordloh
PRESIDENT AND CEO

Date: April 12, 2000

EXHIBIT INDEX

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* Exhibits so marked have been filed with the Securities and Exchange Commission as part of the indicated filing and are incorporated herein by reference.

1 Exhibit so marked is management contract or compensation plan or arrangement.

ARTICLES OF INCORPORATION
OF UTAH ENTRADA INDUSTRIES, INC.

We, the undersigned, natural persons of the age of twenty-one years or more, acting as incorporators of a Corporation under the Utah Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

ARTICLE I

NAME

The name of this Corporation is Utah Entrada Industries, Inc.

ARTICLE II

DURATION

The period of its duration is perpetual.

ARTICLE III

PURPOSES

The purposes for which the Corporation is organized are as follows:

(a) To engage in any and all activities concerned with the discovery, development, production, and marketing of natural resources, real estate, research, and manufacturing:

(b) To acquire, own, manage, mortgage, sell, lease, exchange, develop, and transfer real property for any purpose;

(c) To engage in research and development activities;

(d) To manufacture and market building products;

(e) To acquire, purchase, sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock of any corporation or corporation, association or association of any state, territory, or country and to exercise all the rights, powers, and privileges associated with such ownership:

(f) To conduct, carry on or engage in any businesses or enterprises incidental to or useful in connection with the purposes above specified;

(g) To engage in and to do any lawful act concerning any lawful businesses for which corporations may be organized under the Utah Business Corporation Act, including but not limited to the entering into of any lawful arrangement for sharing profits, union of interests, reciprocal association or cooperative association with any corporation, association, partnership, individual or other legal entity for the carrying on of any business and to enter into any general or limited partnership for the carrying on of any business.

ARTICLE IV

STOCK

The aggregate number of shares that the Corporation shall be authorized to issue is Twenty Five Million (25,000,000) shares of the par value of One Dollar ($1.00) per share. All stock of this Corporation shall be of the same class, common, and shall have the same rights and preferences. Fully paid stock of this Corporation

shall not be liable to any call and is non-assessable.

ARTICLE V

RIGHTS

A shareholder shall have no preemptive rights to acquire any securities of this Corporation

ARTICLE VI

INITIAL CAPITALIZATION

This Corporation will not commence business until consideration of a value of at least $1,000 has been received for the issuance of shares.

ARTICLE VII

INITIAL OFFICE AND AGENT

The address of this Corporation's initial registered office and the name of its initial registered agent at such address is:

Connie C. Holbrook
180 East First South Street
P. O. Box 11150
Salt Lake City, Utah 84147

ARTICLE VIII

DIRECTORS

The number of directors constituting the initial Board of Directors of this corporation is three (3). The names and addresses of persons who are to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualify, are:

Name	Address
R. D. Cash	180 East First South Street P. O. Box 11150 Salt Lake City, Utah 84147
C. M. Heiner	141 East First South Street P. O. Box 11865 Salt Lake City, Utah 84147
R. M. Kirsch	79 South State Street P. O. Box 11070 Salt Lake City, Utah 84147

ARTICLE IX

LIMITATION OF LIABILITY

No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; (iii) for any transaction from which the director derived an improper personal benefit; or (iv) for any action that would result in statutory liability of the director under Section 16-10-44 of the Utah Code Annotated. Any repeal or modification of this paragraph by the stockholders shall be prospective only and shall

not adversely affect any limitation on the personal liability of a director of the Corporation for acts or omissions occurring prior to the effective date of such repeal or modification.

ARTICLE X

INCORPORATORS

The name and address of each incorporator is:

Name	Address
R. D. Cash	180 East First South Street P. O. Box 11150 Salt Lake City, Utah 84147
C. M. Heiner	141 East First South Street P. O. Box 11865 Salt Lake City, Utah 84147
R. M. Kirsch	79 South State Street P. O. Box 11070 Salt Lake City, Utah 84147

ARTICLE XI

CUMULATIVE VOTING OF SHARES

There shall be no cumulative voting in the election of directors of the Corporation.

ARTICLE XII

PURCHASE OF SHARES BY CORPORATION

The Corporation may purchase its own shares to the extent of unreserved and unrestricted capital surplus available therefore in addition to any right to purchase its own shares provided by law.

Dated this 27th day of April, 1988.

/s/ R. D. Cash
R. D. Cash, Incorporator

/s/ Clyde M. Heiner
C. M. Heiner, Incorporator

/s/ R. M. Kirsch
R. M. Kirsch, Incorporator

/s/ Connie C. Holbrook
Connie C. Holbrook
Registered Agent

State of Utah)
: ss.
County of Salt Lake)

I, Patricia C. Naisbitt, a Notary Public, hereby certify that on the 27th day of April, 1988, personally appeared before me R. D. Cash, C. M. Heiner, and R. M. Kirsch, who being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained

are true.

Dated this 27th day of April, 1988.

/s/ Patricia C. Naisbitt
NOTARY PUBLIC, Residing in
Salt Lake City, Utah

My Commission Expires: January 1, 1989

ARTICLES OF MERGER
OF
ENTRADA INDUSTRIES, INC.
(a Delaware corporation)
AND
UTAH ENTRADA INDUSTRIES, INC.
(a Utah corporation)

Pursuant to Section 16-10-69 of the Utah Business Corporation Act (the "Business Corporation Act"), the undersigned corporations hereby adopt the following Articles of Merger for the purpose of merging Entrada Industries, Inc., a Delaware corporation ("Entrada"), with and into Utah Entrada Industries, Inc., a Utah corporation ("Utah Entrada"), which shall be the surviving corporation.

FIRST: Pursuant to Sections 16-10-66 and 16-10-72 of the Business Corporation Act, the respective Boards of Directors of Entrada and Utah Entrada, by resolutions duly adopted by each such Board, approved the Plan and Agreement of Merger dated as of May 17, 1988, a copy of which is attached as Exhibit A and incorporated herein by reference (the "Merger Agreement").

SECOND: The Merger Agreement was duly approved by Questar Corporation, a Utah corporation, the holder of 4,309,427 shares of Entrada's Class A common stock, $1.00 par value, constituting all of the outstanding shares of stock, by written waiver and consent dated May 18, 1988.

THIRD: The Plan of Merger was duly approved by Entrada, the holder of 50 shares of Utah Entrada's common stock, $1.00 par value, constituting all the outstanding shares of stock, by written waiver and consent dated May 18, 1988.

IN WITNESS WHEREOF, Entrada and Utah Entrada have each caused these Articles of Merger to be executed by duly authorized officers this 18th day of May, 1988.

ENTRADA INDUSTRIES, INC.

By /s/ R. D. Cash
R. D. Cash
Chairman, President and
Chief Executive Officer

By /s/ S. E. Parks
S. E. Parks
Assistant Secretary

UTAH ENTRADA INDUSTRIES, INC.

By /s/ W. F. Edwards
W. F. Edwards
Vice President and
Chief Financial Officer

By /s/ Connie C. Holbrook
Connie C. Holbrook
Secretary

State of Utah)
: ss.

County of Salt Lake)

I, Laura A. Hazel, a Notary Public, hereby certify that on the 18th day of May, 1988, personally appeared before me R. D. Cash and S. E. Parks, who each being by me first duly sworn, declared that they are the persons who signed the foregoing document and that the statements contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of May, 1988.

/s/ Laura A. Hazel
Notary Public
Residing in Salt Lake County, Utah

My Commission Expires:
April 1, 1992

State of Utah)
: ss.
County of Salt Lake)

I, Laura A. Hazel, a Notary Public, hereby certify that on the 18th day of May, 1988, personally appeared before me W. F. Edwards and Connie C. Holbrook, who each being by me first duly sworn, declared that they are the persons who signed the foregoing document and that the statements contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of May, 1988.

/s/ Laura A. Hazel
Notary Public
Residing in Salt Lake County, Utah

My Commission Expires:
April 1, 1992

Exhibit A

PLAN AND AGREEMENT OF MERGER

This Plan and Agreement of Merger dated as of May 17, 1988 (the "Merger Agreement") between Entrada Industries, Inc., a Delaware corporation ("Entrada") and Utah Entrada Industries, Inc., a Utah corporation ("Utah Entrada") (collectively, the "Constituent Corporations").

WITNESSETH:

WHEREAS, the Board of Directors of each of the Constituent Corporations deem it advisable and in the best interest of such corporation and its stockholder that the Constituent Corporations be merged in a transaction through which Utah Entrada would be the surviving corporation; Entrada would cease to have a separate corporate existence; and, the stockholder currently holding shares of Entrada would receive shares of Utah Entrada in substitution therefore; and

WHEREAS, the Board of Directors of each of the Constituent Corporations has approved this Merger Agreement by resolutions duly adopted;

NOW, THEREFORE, in consideration of the premises and of their mutual covenants and agreements, the Constituent Corporations hereby agree that the terms and conditions of the merger contemplated hereby (the "Merger") and the mode of carrying the Merger into effect, shall be as follows:

ARTICLE ONE

The Surviving Corporation

Section 1.01. At the time when the Merger shall become effective (the "Effective Time"), Entrada will merge into Utah Entrada and Utah Entrada will be the continuing and surviving corporation in the Merger, will continue to exist under the laws of the state of Utah, and will be the only one of the Constituent Corporations to continue its separate corporate existence after the Effective Time. As used in this Merger Agreement, the term "Surviving Corporation" refers to Utah Entrada at and after the Effective Time.

Section 1.02. The name of the Surviving Corporation shall be Entrada Industries, Inc.

Section 1.03. The Articles of Incorporation and Bylaws of the Utah Entrada in effect immediately prior to the Effective Time shall be the Articles of Incorporation and Bylaws of the Surviving Corporation except that Article I of the Articles of Incorporation shall be amended to read as follows:

"The name of this Corporation shall be Entrada Industries, Inc."

Section 1.04. The principal office of the Surviving Corporation in the state of Utah shall be at 79 South State Street, Salt Lake City, Utah.

Section 1.05. The Surviving Corporation hereby consents to be sued and served with process in the state of Delaware in any proceeding in the state of Delaware to enforce against the Surviving Corporation any obligation of Entrada, or to enforce the rights of a dissenting shareholder of Entrada, and the Surviving Corporation hereby irrevocably appoints the Secretary of State of Delaware as its agent to accept service of process in any such proceeding in the state of Delaware.

ARTICLE TWO

Distributions to Shareholders

Section 2.01. At the Effective Time and as a result of the Merger, each issued share of Entrada's Class A Common Stock (excluding any shares held as treasury stock) shall, automatically and without further act of either of the Constituent Corporations or of the holder thereof, be extinguished and converted into one issued share of the Common Stock of the Surviving Corporation.

Section 2.02. Each issued share of Entrada's Class A Common Stock or Class B Common Stock held in Entrada's treasury shall be canceled and retired.

Section 2.03. At the Effective Time and as a result of the Merger, each of the issued shares of Common Stock of Utah Entrada held by Entrada shall be canceled and extinguished.

ARTICLE THREE

Termination and Abandonment: Amendment

Section 3.01. The Merger contemplated by this Merger Agreement may be terminated and abandoned by the Board of Directors of either of

the Constituent Corporations at any time prior to the Effective Time and for any reason, without notice of such action to the other Constituent Corporation, notwithstanding approval of this Merger Agreement by the stockholders of one or both of the Constituent Corporations.

Section 3.02. From time to time and at any time prior to the Merger Date, the Merger Agreement may be amended by an agreement in writing executed in the same manner as this Merger Agreement, after authorization of such action by the Boards of Directors of the Constituent Corporations, but no such amendment made subsequent to the adoption of this Merger Agreement by the stockholders of either of the Constituent Corporations shall (i) alter or change the amount or kind of shares or other consideration to be received by the stockholders in the Merger, (ii) alter or change any term of the Articles of Incorporation of the Surviving Corporation to be effected by the Merger.

ARTICLE FOUR

Effective Date of Merger

Section 4.01. (a) After this Merger Agreement shall have been duly adopted by the Board of Directors and the stockholder of each of the Constituent Corporations, the Constituent Corporations shall cause the Merger to be consummated by filing with the Secretary of State for the State of Delaware a Certificate of Merger to be executed, acknowledged and filed in accordance with Section 251 of the General Corporation Law of the State of Delaware and by filing with the Utah State Division of Corporations and Commercial Code Articles of Merger in accordance with applicable provisions of Article 2 of the Utah Business Corporation Act. The later date and time of issuance of the appropriate Certificate of Merger by the Secretary of State for the State of Delaware and the Utah State Division of Corporations and Commercial Code, respectively, is referred to herein as the "Effective Time."

(b) At the Effective Time, the Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public or private nature, of each of the Constituent Corporations, all property, real, personal and mixed, and all debts due on whatever account, including subscriptions to shares and all other choses in action, and all and every other interest, of or belonging to or due to each of the Constituent Corporations, shall be taken and deemed to be transferred to and bested in the Surviving Corporation without further act or deed; and the title to any real estate, or any interest therein, vested in any of the Constituent Corporation, shall not revert or be in any way impaired by reason of the Merger.

(c) At the Effective Time, the Surviving Corporation shall be responsible and liable for the liabilities and obligations of each of the Constituent Corporations and any claim existing or action or proceeding pending by or against any of the Constituent Corporations may be prosecuted as if such Merger had not taken place, or the Surviving creditors nor any liens upon the property of the Constituent Corporations shall be impaired by such Merger.

(d) The net surplus of the Constituent Corporations that was available for dividends immediately prior to such Merger, to the extent that such surplus is not transferred to stated capital or capital surplus by the issuance of shares, shall continue to be available for the payment of dividends by the Surviving Corporation.

IN WITNESS WHEREOF, this Merger Agreement has been executed on behalf of the Constituent Corporations by their duly authorized officers on this 17th day of May, 1988.

Entrada Industries, Inc.

Attest: a Delaware corporation

By: /s/ S. E. Parks By: /s/ R. D. Cash
S. E. Parks R. D. Cash
Assistant Secretary Chairman, President, and
Chief Executive Officer

Utah Entrada Industries, Inc.
Attest: a Utah Corporation

/s/ Connie C. Holbrook By: /s/ W. F. Edwards
Connie C. Holbrook W. F. Edwards
Secretary Vice President and
Chief Financial Officer

State of Utah)
: ss.
County of Salt Lake)

I, Laura A. Hazel, a Notary Public, hereby certify that on the 18th day of May, 1988, personally appeared before me R. D. Cash and S. E. Parks who each being by me first duly sworn, declared that they are the persons who signed the foregoing document and that the statements contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of May, 1988.

/s/ Laura A. Hazel
Notary Public
Residing in Salt Lake County, Utah

My Commission Expires:
April 1, 1992

State of Utah)
: ss.
County of Salt Lake)

I, Laura A. Hazel, a Notary Public, hereby certify that on the 18th day of May, 1988, personally appeared before me W. F. Edwards and Connie C. Holbrook, who each being by me first duly sworn, declared that they are the persons who signed the foregoing document and that the statements contained therein are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of May, 1988.

/s/ Laura A. Hazel
Notary Public
My Commission Expires: Presiding in Salt Lake County, Utah
April 1, 1992

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
ENTRADA INDUSTRIES, INC.

Pursuant to the provisions of the Utah Business Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to it Articles of Incorporation.

FIRST: The name of the Corporation is Entrada Industries, Inc.

SECOND: The following amendment to the Articles of Incorporation was adopted by the shareholder of the Corporation on August 11, 1998, in the manner prescribed by the Utah Business Corporation Act.

Article I was amended to read as follows:

ARTICLE I

The name of the Corporation is Questar Market Resources, Inc.

THIRD: The number of shares of the Corporation outstanding at the time of such adoption was 4,309,427 and the number of shares entitled to vote was 4,309,427.

FOURTH: The designated number of outstanding shares of each class of stock entitled to vote on the amendments as a class was 4,309,427 shares of common stock of the Corporation.

FIFTH: The number of shares consenting to the amendment to Article I was 4,309,427, being 100 percent of the outstanding shares of the Corporation. No shares were voted against the proposed amendment.

IN WITNESS WHEREOF, the undersigned Chairman of the Board and Secretary of the Corporation have set their hands this 12th day of August, 1998.

ENTRADA INDUSTRIES, INC.

Attest:

/s/ Connie C. Holbrook
Connie C. Holbrook
Secretary

/s/ R. D. Cash
R. D. Cash
Chairman of the Board

ACKNOWLEDGMENT

State of Utah)
: ss.
County of Salt Lake)

I, Lucille L. Curtis, a notary public, do hereby certify that on August 12, 1998, personally appeared before me R. D. Cash, who being by me first duly sworn, declared that he is Chairman of the Board of Entrada Industries, Inc., that he signed the foregoing document as Chairman of the Board of Entrada Industries, Inc., and that the statements contained therein are true.

/s/ Lucille L. Curtis
Notary Public
Residing at Salt Lake City, Utah

My Commission Expires:
August 27, 1999

BYLAWS
OF
QUESTAR MARKET RESOURCES, INC.
A Utah Corporation

OFFICES

SECTION 1. The Company's principal office shall be in Salt Lake City, Utah.

The Company may also have offices at such other places as the Board of Directors may from time to time appoint or the business of the Company may require.

SEAL

SECTION 2. The corporate seal shall have inscribed thereon the name of the Company, and the words "Corporate Seal," and "Utah."

SHAREHOLDERS' MEETINGS

SECTION 3. All meetings of the shareholders shall be held at the Company's office in Salt Lake City, Utah, or at such other place as may be specified by resolution of the Board of Directors.

SECTION 4. The annual meeting of shareholders shall be held on the third Tuesday in May of each year, and if such day is a legal holiday, then on the preceding secular business day, at 12:30 p.m., when they shall elect by majority vote a Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 5. Special meetings of the shareholders may be called by the President, the Board of Directors, or holders of not less than one-tenth of all the shares entitled to vote at the meeting.

SECTION 6. Holders of a majority of the shares issued and outstanding entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by law, by the Articles of Incorporation, or by these Bylaws. If, however, such majority shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote present in person or by proxy, shall have power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until such requisite amount of voting stock shall be present. At such adjourned meeting at which the requisite amount of voting stock shall be represented, any business may be transacted that might have been transacted at the meeting as originally notified.

SECTION 7. The Secretary shall, but in case of his failure any other office of the Company may, give written or printed notice to the shareholders stating the place, day and hour of each shareholders' meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called. Such notice shall be given not less than ten (10) nor more than fifty (50) days before the date of the meeting.

SECTION 8. Notice may be given either personally or by mail, and if given by mail, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the Company with postage prepaid thereon.

SECTION 9. At any meeting of shareholders, each shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing, subscribed by such

shareholder and bearing a date not more than three months prior to such meeting. Each shareholder shall have one vote for each share of stock registered in such shareholder's name on the books of the Company as of the record date set for such meeting. The vote for directors, and upon the demand of any shareholder, the vote upon any question before any meeting of shareholders shall be by ballot.

SECTION 10. A complete list of shareholders entitled to vote at the ensuing election shall be prepared and be available for inspection by any shareholder beginning two business days after notice is given of the meeting for which the list was prepared and continuing throughout the meeting. The list shall be arranged by voting group and by class or series of shares within each voting group and be alphabetical within each voting group or class. The list shall indicate each shareholder's name, address, and number of voting shares.

A shareholder, directly or through an agent or attorney, has the right to inspect and copy, at his expense, the list of shareholders prepared for each meeting of shareholders. The shareholder must make a written request to examine the list and must examine it during the Company's regular business hours.

SECTION 11. Business transacted at all special meetings of the shareholders shall be confined to the objects stated in the call and notice.

SECTION 12. Unless otherwise provided in the Articles of Incorporation, any action that may be taken at any annual or special meeting of the shareholders may be taken without a meeting and without prior notice upon the receipt of a unanimous written consent.

DIRECTORS

SECTION 13. The business and affairs of the Company shall be managed under the direction of the Board of Directors. The Board of Directors shall consist of six directors. A majority of the Board shall have the power to transact the business of the Company in conformity with the powers conferred upon the Board of Directors by the Articles of Incorporation. Directors elected at any annual or special meeting of shareholders shall hold office until the next annual meeting of the shareholders and until their successors shall be duly elected. One or more directors may be removed with or without cause by a vote of a majority of the shareholders at a meeting of shareholders called for that purpose.

SECTION 14. In addition to the powers and authority by these Bylaws expressly conferred upon them, the Board may exercise all such powers of the Company and do all such lawful acts and things as are not by statute of the State of Utah, or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

COMMITTEE

SECTION 15. The Board of Directors, by resolution or resolutions passed by a majority of the whole Board, may designate one or more Committees, each Committee to consist of two or more of the directors of the Company and shall have and may exercise the powers conferred upon them by the Board of Directors. All Committees when so appointed shall have such name or names as may be determined from time to time by resolutions adopted by the Board of Directors.

SECTION 16. The Committees shall keep regular minutes for their proceedings and report the same to the Board of Directors when required.

COMPENSATION OF DIRECTORS

SECTION 17. Directors, as such, shall not receive any salary for their services, but the Board of Directors, by resolution, may fix the fees to be allowed and paid to directors for their services and provide for the payment of the expenses of the directors incurred by them in performing their duties. Nothing herein contained, however, shall be considered to preclude any director from serving the Company in any other capacity and receiving compensation therefore.

SECTION 18. Fees to members of special or standing committees and expenses incurred by them in the performance of their duties shall also be fixed and allowed by resolution of the Board of Directors.

MEETINGS OF THE BOARD

SECTION 19. The Board of Directors may meet at Salt Lake City, Utah, or at such other place as may be determined by a majority of the members of the Board.

SECTION 20. Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

SECTION 21. Special meetings of the Board may be called by the President on at least two days' notice to each director, either personally or by mail, telegram or telephone; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors.

SECTION 22. At all meetings of the Board a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. Directors may participate in a Board meeting and can be counted in a quorum by means of conference telephone or similar communications equipment by which all directors participating in the meeting can hear each other.

SECTION 23. Unless the Articles of Incorporation provide otherwise, any acts required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting if all the directors take the action, each director signs a written consent describing the action taken, and the consents are filed with the records of the Company. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date. A signed consent has the effect of a meeting vote and may be described as such in any document.

SECTION 24. The officers of the Company shall be chosen by the Board of Directors at its first meeting after each annual meeting and shall include: a Chairman of the Board, a President and Chief Executive Officer, a Vice President, a Secretary and a Treasurer. The Board may also choose a Vice Chairman of the Board, and additional Vice Presidents, Assistant Secretaries and Assistant Treasurers. None of these officers except the Chairman of the Board, the Vice Chairman of the Board, and the President need be members of the Board.

SECTION 25. The Board may appoint such other officers and agents as it may deem necessary. Such officers and agents shall hold their office for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

SECTION 26. The salaries of all officers of the Company shall be fixed by the Board of Directors.

SECTION 27. The officers of the Company shall hold office until their successors are chosen and qualified in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of

Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

CHAIRMAN OF THE BOARD

SECTION 28. The Chairman of the Board shall preside at the meetings of the shareholders and directors.

VICE CHAIRMAN OF THE BOARD

SECTION 29. The Vice Chairman of the Board shall preside at all meetings of the shareholders and directors in the absence of the Chairman.

PRESIDENT

SECTION 30. The President shall be the Chief Executive Officer of the Company; shall preside at all meetings of the shareholders and directors in the absence of the Chairman of the Board and the Vice Chairman of the Board (if there be one); shall have general and active management of the business of the Company; and shall see that all orders and resolutions of the Board are carried into effect. He shall have the general powers and duties of supervision and management usually vested in the office of President and Chief Executive Officer of a corporation. He shall perform such other functions and duties as shall be prescribed by the Board of Directors.

VICE PRESIDENT

SECTION 31. Each Vice President shall perform the duties prescribed by the President or the Board of Directors. If the President shall become unable for any reason to perform his duties, then the Vice President, or if there is more than one Vice President, the one designated as Senior Vice President (if any) or the one designated by the Board of Directors shall succeed to the duties of the President until the President shall again become able to perform his duties.

SECRETARY AND ASSISTANT SECRETARIES

SECTION 32. (a) The Secretary shall attend the meetings of the Board and the meetings of the shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the Committees appointed by the Board when required; give or cause to be given notice of the meetings of the shareholders and of the Board of Directors; and perform such other duties as may be prescribed by the Board of Directors or President.

(b) The Assistant Secretary, senior in time of service, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary and shall perform such other duties as shall be prescribed by the President or the Board of Directors.

TREASURER AND ASSISTANT TREASURERS

SECTION 33. The Treasurer and Assistant Treasurers shall perform such duties as shall be prescribed by the President or the Board.

VACANCIES

SECTION 34. If the office of any director or directors becomes vacant by reason of the death, resignation, disqualification, removal from office, or otherwise, the remaining directors, not less than a quorum, shall choose a person or persons to fill the vacancy or vacancies who shall hold office until the successor or successors shall have been duly appointed or elected.

CERTIFICATES OF STOCK

SECTION 35. The certificates of stock of the Company shall be numbered and shall be entered in the books of the Company as they are issued.

FISCAL YEAR

SECTION 36. The fiscal year shall begin the first day of January in each year.

RECORDS AND INSPECTION RIGHTS

SECTION 37. The Company shall maintain permanent records of the minutes of all meetings of its shareholders and Board of Directors; all actions taken by the shareholders or Board of Directors without a meeting; and all actions taken by a Committee of the Board of Directors in place of the Board of Directors on behalf of the Company. The Company shall also maintain appropriate accounting records. The Company shall keep such records at its office in Salt Lake City, Utah, and any other location designated by the Board of Directors.

A shareholder of the Company, directly or through an agent or attorney, shall have limited rights to inspect and copy the Company's records as provided under applicable state law and by complying with the procedures specified under such law.

BANK ACCOUNTS

SECTION 38. All checks, demands for money, or other transactions involving the Company's bank accounts shall be signed by such officers or other responsible employees as the Board of Directors may designate. No third party is allowed access to the Company's bank accounts without express written authorization by the Board of Directors.

AMENDMENTS

SECTION 39. The Company's Board of Directors may amend or repeal the Company's Bylaws unless the Company's Articles of Incorporation or Utah's Revised Business Corporation Act reserve this power exclusively to the shareholders in whole or part; unless the shareholders, in adopting, amending, or repealing a particular Bylaw provide expressly that the Board of Directors may not amend or repeal that Bylaw; or unless the Bylaw establishes, amends, or deletes a supermajority shareholder quorum or voting requirement. The Company's shareholders may amend or repeal the Company's Bylaws even though the Bylaws may also be amended or repealed by the Board of Directors.

INDEMNIFICATION AND LIABILITY INSURANCE

SECTION 40. (a) Voluntary Indemnification. Unless otherwise provided in the Articles of Incorporation, the Company shall indemnify any individual made a party to a proceeding because he is or was a director of the Company, against liability incurred in the proceeding, but only if the Company has authorized the payment in accordance with the applicable statutory provisions [Sections 16-10a-902 and 16-10a-904 of Utah's Revised Business Corporation Act] and a determination has been made in accordance with the procedures set forth in such provision that the director conducted himself in good faith; that he reasonably believed that his conduct, if in his official capacity with the Company, was in its best interests and that his conduct, in all other cases, was at least not opposed to the Company's best interests; and that he had no reasonable cause to believe his conduct was unlawful in the case of any criminal proceeding.

(b) The Company may not voluntarily indemnify a director in connection with a proceeding by or in the right of the Company in which the director was adjudged liable to the Company or in connection with any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

(c) Indemnification permitted under Paragraph (a) in connection with a proceeding by or in the right of the Company is limited to reasonable expenses incurred in connection with the proceeding.

(d) If a determination is made, using the procedures set forth in the applicable statutory provision, that the director has satisfied the requirements listed herein and if an authorization of payment is made, using the procedures and standards set forth in the applicable statutory provision, then, unless otherwise provided in the Company's Articles of Incorporation, the Company shall pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of the final disposition of the proceeding if the director furnishes the Company a written affirmation of his good faith belief that he has satisfied the standard of conduct described in this Section, furnishes the Company a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that he did not meet the standard of conduct (which undertaking must be an unlimited general obligation of the director, but need not be secured and may be accepted without reference to financial ability to make repayment); and if a determination is made that the facts then known of those making the determination would not preclude indemnification under this Section.

(e) Mandatory Indemnification. Unless otherwise provided in the Company's Articles of Incorporation, the Company shall indemnify a director or officer of the Company who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director or officer of the Company against reasonable expenses incurred by him in connection with the proceeding.

(f) Court-Ordered Indemnification. Unless otherwise provided in the Company's Articles of Incorporation, a director or officer of the Company who is or was a party to a proceeding may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction. The court may order indemnification if it determines that the director or officer is entitled to mandatory indemnification as provided in this Section and applicable law, in which case the court shall also order the Company to pay the reasonable expenses incurred by the director or officer to obtain court-ordered indemnification. The court may also order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or officer met the applicable standard of conduct set forth in this Section and applicable law. Any indemnification with respect to any proceeding in which liability has been adjudged in the circumstances described in Paragraph (b) above is limited to reasonable expenses.

(g) Indemnification of Others. Unless otherwise provided in the Company's Articles of Incorporation, an officer, employee, or agent of the Company shall have the same indemnification rights provided to a director by this Section. The Board of Directors may also indemnify and advance expenses to any officer, employee, or agent of the Company, to any extent consistent with public policy as determined by the general or specific purpose of the Board of Directors.

(h) Insurance. The Company may purchase and maintain liability insurance on behalf of a person who is or was a director, officer, employee, fiduciary, or agent or the Company, or who, while serving as

a director, officer, employee, fiduciary, or agent of the Company, is or was serving at the request of the Company as a director, officer, partner, trustee, employee, fiduciary or agent of another foreign or domestic corporation, other person, of an employee benefit plan, or incurred by him in that capacity or arising from his status as a director, officer, employee, fiduciary, or agent, whether or not the Company has the power to indemnify him against the same liability under applicable law.

LIMITATION ON LIABILITY

SECTION 41. No director of the Company shall be personally liable to the Company or its stockholders for monetary damages for any action taken or any failure to take any action, as a director, except liability for (a) the amount of a financial benefit received by a director to which he is not entitled; (b) an intentional infliction of harm on the Company or the shareholders; (c) for any action that would result in liability of the director under the applicable statutory provision concerning unlawful distributions [Section 16-10a-842 of Utah's Revised Business Corporation Act]; or (d) an intentional violation of criminal law. This provision shall not limit the liability of a director for any act or omission occurring prior to August 11, 1992. Any repeal or modification of this provision by the stockholders shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Company for acts or omissions occurring prior to the effective date of such repeal or modification.

[execution]

US CREDIT AGREEMENT

QUESTAR MARKET RESOURCES, INC.

as US Borrower

NATIONSBANK, N.A.

as Administrative Agent

NATIONSBANC MONTGOMERY SECURITIES, L.L.C.

as Arranger

THE FIRST NATIONAL BANK OF CHICAGO

as Syndications Agent

MELLON BANK, N.A.

as Documentation Agent

and CERTAIN FINANCIAL INSTITUTIONS

as Lenders

US $192,000,000

April 19, 1999

TABLE OF CONTENTS

Page

CREDIT AGREEMENT.....1

ARTICLE I - The US Loans.....1
Section 1.1.Commitments to Lend; US Notes.....1
Section 1.2.Requests for New US Loans.....4
Section 1.3.Continuations and Conversions of Existing US Loans.....5
Section 1.4.Use of Proceeds.....6
Section 1.5.Interest Rates and Fees.....7
Section 1.6.Prepayments.....8
Section 1.7.Competitive Bid Loans.....9

ARTICLE II - Letters of Credit.....11
Section 2.1.Letters of Credit.....11
Section 2.2.Requesting Letters of Credit.....12
Section 2.3.Reimbursement and Participations.....12
Section 2.4.Letter of Credit Fees.....13
Section 2.5.No Duty to Inquire.....13
Section 2.6.LC Collateral.....14

ARTICLE III - Payments to Lenders.....15
Section 3.1.General Procedures.....15
Section 3.2.Increased Cost and Reduced Return.....16
Section 3.3.Limitation on Types of US Loans.....18
Section 3.4.Illegality.....18

Section 3.5.Treatment of Affected US Loans.....19
Section 3.6.Compensation.....19
Section 3.7.Change of Applicable Lending Office.....20
Section 3.8.Replacement of Lenders.....20
Section 3.9.Taxes.....20
Section 3.10.Currency Conversion and Currency Indemnity22

ARTICLE IV - Conditions Precedent to Lending.....23
Section 4.1.Documents to be Delivered.....23
Section 4.2.Additional Conditions Precedent to First US Loan or First Letter of Credit.....24
Section 4.3.Additional Conditions Precedent to all US Loans and Letters of Credit..,,,,,,.....25

ARTICLE V - Representations and Warranties.....25
Section 5.1.No Default.....26
Section 5.2.Organization and Good Standing.....26
Section 5.3.Authorization.....26
Section 5.4.No Conflicts or Consents.....26
Section 5.5.Enforceable Obligations.....26
Section 5.6.Initial Financial Statements.....26
Section 5.7.Other Obligations and Restrictions.....27
Section 5.8.Full Disclosure.....27
Section 5.9.Litigation.....27
Section 5.10.Labor Disputes and Acts of God.....27
Section 5.11.ERISA Plans and Liabilities.....27
Section 5.12.Environmental and Other Laws.....28
Section 5.13.US Borrower's Subsidiaries.....28
Section 5.14.Title to Properties; Licenses.....28
Section 5.15.Government Regulation.....29
Section 5.16.Insider.....29
Section 5.17.Solvency.....29
Section 5.18.Year 2000 Compliance.....29

ARTICLE VI - Affirmative Covenants of US Borrower.....29
Section 6.1.Payment and Performance.....30
Section 6.2.Books, Financial Statements and Reports..30
Section 6.3.Other Information and Inspections.....31
Section 6.4.Notice of Material Events and Change of Address.....31
Section 6.5.Maintenance of Properties.....32
Section 6.6.Maintenance of Existence and Qualifications32
Section 6.7.Payment of Trade Liabilities, Taxes, etc.32
Section 6.8.Insurance.....32
Section 6.9.Performance on US Borrower's Behalf.....32
Section 6.10.Interest.....32
Section 6.11.Compliance with Agreements and Law.....33
Section 6.12.Environmental Matters.....33
Section 6.13.Evidence of Compliance.....33
Section 6.14.Bank Accounts; Offset.....33
Section 6.15.Year 2000 Compliance.....34

ARTICLE VII - Negative Covenants of US Borrower.....34
Section 7.1.Indebtedness.....34
Section 7.2.Limitation on Liens.....35
Section 7.3.Limitation on Investments and New Businesses35
Section 7.4.Limitation on Mergers.....36
Section 7.5.Limitation on Issuance of Securities by Subsidiaries of US Borrower.....36
Section 7.6.Transactions with Affiliates.....36
Section 7.7.Prohibited Contracts.....36
Section 7.9.Limitation on Sales of Property.....36
Section 7.10.Hedging Contracts.....37
Section 7.11.Funded Debt to Total Capitalization.....37
Section 7.12.Net Worth.....38

ARTICLE VIII - Events of Default and Remedies.....38

Section 8.1.Events of Default.....38
Section 8.2.Remedies.....40

ARTICLE IX - US Agent.....41
Section 9.1.Appointment, Powers, and Immunities.....41
Section 9.2.Reliance by US Agent.....41
Section 9.3.Defaults.....42
Section 9.4.Rights as Lender.....42
Section 9.5.Indemnification.....42
Section 9.6.Non-Reliance on US Agent and Other Lenders42
Section 9.7.Sharing of Set-Offs and Other Payments...43
Section 9.8.Investments.....43
Section 9.9.Benefit of Article IX.....44
Section 9.10.Resignation.....44
Section 9.11.Lenders to Remain Pro Rata.....44

ARTICLE X - Miscellaneous.....44
Section 10.1.Waivers and Amendments; Acknowledgments.44
Section 10.2.Survival of Agreements; Cumulative Nature46
Section 10.3.Notices.....46
Section 10.4.Payment of Expenses; Indemnity.....47
Section 10.5.Joint and Several Liability; Parties in Interest.....48
Section 10.6.Assignments and Participations.....48
Section 10.7.Confidentiality.....50
Section 10.8.Governing Law; Submission to Process....51
Section 10.9.Limitation on Interest.....51
Section 10.10. Termination; Limited Survival.....51
Section 10.11. Severability.....52
Section 10.12. Counterparts; Fax.....52
Section 10.13. Waiver of Jury Trial, Punitive Damages, etc.....52
Section 10.14. Defined Terms.....52
Section 10.15. Annex I, Exhibits and Schedules; Additional Definitions.....52
Section 10.16. Amendment of Defined Instruments.....52
Section 10.17. References and Titles.....53
Section 10.18. Calculations and Determinations.....53
Section 10.19. Construction of Indemnities and Releases53

Schedules and Exhibits:

AnnexI - Defined Terms
Annex II - Lenders Schedule

Schedule 1-Disclosure Schedule
Schedule 2-Subordinate Note

Exhibit A-1-Tranche A Promissory Note
Exhibit A-2-Tranche B Promissory Note
Exhibit B- Borrowing Notice
Exhibit C- Continuation/Conversion Notice
Exhibit D- Certificate Accompanying Financial Statements
Exhibit E- Opinion of Counsel for Restricted Persons
Exhibit F- Assignment and Acceptance Agreement
Exhibit G- Letter of Credit Application and Agreement
Exhibit H- Competitive Bid Request
Exhibit I- Invitation to Bid
Exhibit J- Competitive Bid
Exhibit K- Competitive Bid Accept/Reject Letter
Exhibit L- Competitive Bid Note

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of April 19, 1999, by and among Questar Market Resources, Inc., a Utah corporation (herein called "US Borrower"), NationsBank, N.A., individually and as administrative agent (herein called "US Agent") and the undersigned Lenders. In

consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - The US Loans

Section 1.1.Commitments to Lend; US Notes.

(a) Tranche A. Subject to the terms and conditions hereof, each Lender severally agrees to make loans to US Borrower (herein called such Lender's "Tranche A Loans") upon US Borrower's request from time to time during the US Facility Commitment Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Lenders are requested to make Tranche A Loans of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing, (ii) the US Facility Usage shall never exceed the US Maximum Credit Amount, (iii) such Lender's Percentage Share of the US Facility Usage shall never exceed such Lender's Percentage Share of the US Maximum Credit Amount (calculated excluding Competitive Bid Loans), and (iv) such Lender's Percentage Share of the Tranche A Facility Usage shall never exceed such Lender's Percentage Share of the Tranche A Maximum Credit Amount. The aggregate amount of all Tranche A Loans in any Borrowing must be an integral multiple of US $100,000 which equals or exceeds US $200,000 or, if less, must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Lender the aggregate amount of all Tranche A Loans made by such Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Lender's "Tranche A Note") made by US Borrower payable to the order of such Lender in the form of Exhibit A-1 with appropriate insertions. The amount of principal owing on any Lender's Tranche A Note at any given time shall be the aggregate amount of all Tranche A Loans theretofore made by such Lender minus all payments of principal theretofore received by such Lender on such Tranche A Note. Interest on each Tranche A Note shall accrue and be due and payable as provided herein and therein. Each Tranche A Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the US Facility Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche A Loans under the US Agreement during the US Facility Commitment Period. US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(b) Tranche B. Subject to the terms and conditions hereof, each Lender severally agrees to make loans to US Borrower (herein called such Lender's "Tranche B Loans") upon US Borrower's request from time to time during the Tranche B Revolving Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Lenders are requested to make Tranche B Loans of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing, (ii) the US Facility Usage shall never exceed the US Maximum Credit Amount , (iii) such Lender's Percentage Share of the US Facility Usage shall never exceed such Lender's Percentage Share of the US Maximum Credit Amount (calculated excluding Competitive Bid Loans), and (iv) such Lender's Percentage Share of the Tranche B Facility Usage shall never exceed such Lender's Percentage Share of the Tranche B Maximum Credit Amount. The aggregate amount of all Tranche B Loans in any Borrowing must be an integral multiple of US $100,000 which equals or exceeds US $200,000 or, if less, must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Lender the aggregate amount of all Tranche B Loans made by such Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Lender's "Tranche B Note") made by US Borrower payable to the order of such Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on any Lender's Tranche B Note at any given time shall be the aggregate amount of all Tranche B Loans theretofore made by such Lender minus all payments of principal theretofore

received by such Lender on such Tranche B Note. Interest on each Tranche B Note shall accrue and be due and payable as provided herein and therein. Each Tranche B Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche B Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche B Loans under the US Agreement during the Tranche B Revolving Period. US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(c) Extension of Conversion Date.

(i) US Borrower may, at its option and from time to time during the Tranche B Revolving Period, request an offer to extend the Tranche B Revolving Period by delivering to US Agent a Request for an Offer of Extension not more than sixty days prior to the then current Tranche B Conversion Date. US Agent shall forthwith provide a copy of the Request for an Offer of Extension to each of the Lenders. Upon receipt by each Lender from US Agent of an executed Request for an Offer of Extension, each Lender shall, within thirty days after the date such Lender receives such request from US Agent, either:

(1) notify US Agent of its acceptance of the Request for an Offer of Extension, and the terms and conditions, if any, upon which such Lender is prepared to extend the Tranche B Conversion Date; or

(2) notify US Agent that the Request for an Offer of Extension has been denied, such notice to forthwith be forwarded by US Agent to US Borrower to allow US Borrower to seek a replacement lender pursuant to Section 1.1(e) (any Lender giving notice of such denial is herein called a "Non-Accepting Lender"). The failure of a Lender to so notify US Agent within such thirty day period shall be deemed to be notification by such Lender to US Agent that such Lender has denied US Borrower's Request for an Offer of Extension.

(ii) Provided that all Lenders provide notice to US Agent under Section 1.1(c)(i) that they accept the Request for an Offer of Extension, or if there are Non-Accepting Lenders, such Lenders shall have been repaid pursuant to Section 1.1(e) or replacement lenders shall have become parties hereto pursuant to Section 1.1(e) and shall have accepted the Request for an Offer of Extension, such acceptance having common terms and conditions, US Agent shall deliver to US Borrower an Offer of Extension incorporating such terms and conditions. Such offer shall be open for acceptance by US Borrower until the fifth Business Day immediately preceding the then current Tranche B Conversion Date. Upon written notice by US Borrower to US Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions, if any, specified therein (the date of such notice of acceptance in this Section 1.1 being called the "Extension Date"), the Tranche B Conversion Date shall be extended to the date 364 days from the Extension Date and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(iii) US Borrower understands that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by a Lender and that any offer to extend the Tranche B Conversion Date may be on such terms and conditions in addition to those set out herein as the extending Lenders stipulate.

(d) Conversion to Tranche B Term Loan. Effective at 11:59 p.m. Dallas, Texas time on the day immediately preceding the Tranche B Conversion Date, (i) each Lender's obligation to make new Tranche B Loans shall be canceled automatically, and (ii) each Lender's Tranche B Loans shall become term loans maturing on the Tranche B Maturity Date.

(e) Non-Accepting Lender. Provided that Lenders whose Percentage Shares represent more than 50% but less than 100% of the US Maximum Credit Amount provide notice to US Agent under Section 1.1(c)(i) that they accept the Request for an Offer of Extension, on notice of US Borrower to US Agent, US Borrower shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the expiration of the Tranche B Revolving Period, provided that if US Borrower does not make an election prior to the expiration of the Tranche B Revolving Period, US Borrower shall be deemed to have irrevocably elected to exercise the provisions of Section 1.1(e)(i):

(i) the Non-Accepting Lender's obligations to make US Loans shall be canceled as of the Extension Date, the US Maximum Credit Amount shall be reduced by the amount so canceled, and on or prior to the Extension Date the US Borrower shall repay in full all Obligations then outstanding to the Non-Accepting Lender (as defined in Section 1.1(c)(i)(2)), or

(ii) replace the Non-Accepting Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders, for the purchase, assignment and assumption of all Canadian Obligations and US Obligations of the Non-Accepting Lender, provided that any new Lender, with, if necessary, any Affiliate, shall take a pro rata assignment of both Canadian Obligations and US Obligations, and such Non-Accepting Lender shall be obligated to sell such Obligations in accordance with such satisfactory arrangements.

In connection with any such replacement of a Lender Party pursuant to this Section 1.1(e), US Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's US Loans had been prepaid at the time of such replacement.

(f) Increase in Commitments. During the Tranche B Revolving Period, the Tranche A Maximum Credit Amount, the Tranche B Maximum Credit Amount, the US Maximum Credit Amount and the Canadian Maximum Credit Amount may be increased, pro rata, by an aggregate amount of $10,000,000 or any higher integral multiple thereof not to exceed $50,000,000 at the request of US Borrower and with the prior written consent of the US Agent and the Canadian Agent, which consent shall not be unreasonably withheld, and without the consent of any Lender provided that a new Lender becomes a party to the Credit Agreement with the same Percentage Share under the US Credit Agreement and the Canadian Credit Agreement, and that such Lender agrees to all of the terms and conditions of the US Loan Documents and the Canadian Loan Documents. Each of US Agent and Canadian Agent are hereby authorized to execute and deliver amendments to the Loan Documents to effectuate the foregoing on behalf of all Lenders.

Section 1.2.Requests for New US Loans. US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new US Loans to be advanced by Lenders. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(a) specify the aggregate amount of any such Borrowing of new US Base Rate Loans and the date on which such US Base Rate Loans are to be advanced, or the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the

Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period; and

(b) be received by US Agent not later than 11:00 a.m., Dallas, Texas time, on the day on which any such US Base Rate Loans are to be made, or the second Business Day preceding the day on which any such US Dollar Eurodollar Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed and signed by an officer of the US Borrower or such other Person duly authorized by the President of US Borrower, provided that US Borrower shall deliver a copy of such authorization to US Agent. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, US Agent shall give each Lender notice of the terms thereof not later than 1:00 p.m., Dallas, Texas time on the day it receives such Borrowing Notice from US Borrower if it receives such Borrowing Notice by 11:00 a.m., Dallas, Texas time, otherwise on the next Business Day. If all conditions precedent to such new US Loans have been met, each Lender will on the date requested promptly remit to US Agent at US Agent's office in Dallas, Texas the amount of such Lender's new US Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such US Loans have been neither met nor waived as provided herein, US Agent shall promptly make such US Loans available to US Borrower. Unless US Agent shall have received prompt notice from a Lender that such Lender will not make available to US Agent such Lender's new US Loan, US Agent may in its discretion assume that such Lender has made such US Loan available to US Agent in accordance with this section and US Agent may if it chooses, in reliance upon such assumption, make such US Loan available to US Borrower. If and to the extent such Lender shall not so make its new US Loan available to US Agent, such Lender and US Borrower severally agree to pay or repay to US Agent within three days after demand the amount of such US Loan together with interest thereon, for each day from the date such amount was made available to US Borrower until the date such amount is paid or repaid to US Agent, with interest at (1) the Federal Funds Rate, if such Lender is making such payment; provided that US Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section 1.2, and (2) the interest rate applicable at the time to the other new US Loans made on such date, if US Borrower is making such repayment. If neither such Lender nor US Borrower pays or repays to US Agent such amount within such three-day period, US Agent shall in addition to such amount be entitled to recover from such Lender and from US Borrower, on demand, interest thereon at the Default Rate for US Base Rate Loans, calculated from the date such amount was made available to US Borrower. The failure of any Lender to make any new US Loan to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new US Loan, but no Lender shall be responsible for the failure of any other Lender to make any new US Loan to be made by such other Lender.

Section 1.3.Continuations and Conversions of Existing US Loans. US Borrower may make the following elections with respect to US Loans already outstanding under this Agreement: to convert US Base Rate Loans to US Dollar Eurodollar Loans, to convert US Dollar Eurodollar Loans to US Base Rate Loans on the last day of the Eurodollar Interest Period applicable thereto, and to continue US Dollar Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration. In making such elections, US Borrower may combine existing Tranche A Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche A Loans made pursuant to one Borrowing into separate new Borrowings, or combine existing Tranche B Loans made pursuant to separate Borrowings into one

new Borrowing or divide existing Tranche B Loans made pursuant to one Borrowing into separate new Borrowings, provided that US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans outstanding at any time. To make any such election, US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing US Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing US Loans made under this Agreement which are to be continued or converted and whether such US Loans are Tranche A Loans or Tranche B Loans;

(b) specify the aggregate amount of any Borrowing of US Base Rate Loans into which such existing US Loans are to be continued or converted and the date on which such Continuation or Conversion is to occur, or the aggregate amount of any Borrowing of US Dollar Eurodollar Loans into which such existing US Dollar Eurodollar Loans are to be continued or converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Eurodollar Interest Period which is to apply to such US Dollar Eurodollar Loans), and the length of the applicable Eurodollar Interest Period; and

(c) be received by US Agent not later than 11:00 a.m., Dallas, Texas time, on the day on which any such Continuation or Conversion to US Base Rate Loans is to occur, or the second Business Day preceding the day on which any such Continuation or Conversion to US Dollar Eurodollar Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, US Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on US Borrower. During the continuance of any Default, US Borrower may not make any election to convert existing US Loans made under this Agreement into US Dollar Eurodollar Loans or continue existing US Loans made under this Agreement as US Dollar Eurodollar Loans. If (due to the existence of a Default or for any other reason) US Borrower fails to timely and properly give any Continuation/Conversion Notice with respect to a Borrowing of existing US Dollar Eurodollar Loans at least two Business Days prior to the end of the Eurodollar Interest Period applicable thereto, such US Dollar Eurodollar Loans shall automatically be converted into US Base Rate Loans at the end of such Eurodollar Interest Period. No new funds shall be repaid by US Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing US Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in the interest rate applicable to already outstanding US Loans.

Section 1.4.Use of Proceeds. US Borrower shall use all US Loans made under this Agreement to refinance existing indebtedness, to finance capital expenditures, to refinance Matured US LC Obligations outstanding under this Agreement, and provide working capital for its operations and for other general business purposes. US Borrower shall use all Letters of Credit for its general corporate purposes. In no event shall the funds from any US Loan or any Letter of Credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any

"margin stock" (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock. US Borrower represents and warrants that US Borrower is not engaged principally, or as one of US Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock.

Section 1.5.Interest Rates and Fees.

(a) Tranche A Loans. The following interest and fees shall be payable with respect to Tranche A Loans:

(i) Interest. Each Tranche A Loan that is a US Base Rate Loan shall bear interest on each day outstanding at the US Base Rate in effect on such day. Each Tranche A Loan that is a US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.

(ii) Commitment Fees. In consideration of each Lender's commitment to make Tranche A Loans under this Agreement, US Borrower will pay to US Agent for the account of each Lender a commitment fee determined on a daily basis by applying the Five-Year Commitment Fee Rate to such Lender's Percentage Share of the amount by which the Tranche A Maximum Credit Amount exceeds the Tranche A Facility Usage on each day during the US Facility Commitment Period. This commitment fee shall be due and payable in arrears on the fifteenth day after the end of each Fiscal Quarter and at the end of the US Facility Commitment Period.

(b) Tranche B Loans. The following interest and fees shall be payable with respect to Tranche B Loans:

(i) Interest. Each Tranche B Loan that is a US Base Rate Loan shall bear interest on each day outstanding at the US Base Rate in effect on such day. Each Tranche B Loan that is a US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.

(ii) Commitment Fees. In consideration of each Lender's commitment to make Tranche B Loans under this Agreement, US Borrower will pay to US Agent for the account of each Lender a commitment fee determined on a daily basis by applying the 364-Day Commitment Fee Rate to such Lender's Percentage Share of the amount by which the Tranche B Maximum Credit Amount exceeds the outstanding principal balance of the Tranche B Loans on each day during the period from the date hereof until the Tranche B Maturity Date. This commitment fee shall be due and payable in arrears on the fifteenth day after the end of each Fiscal Quarter and on the Tranche B Maturity Date.

(c) Utilization Fees. In consideration of each Lender's commitment to make US Loans under this Agreement, US Borrower will pay to US Agent for the account of each Lender a utilization fee for each day during the US Facility Commitment Period that the US Facility Usage exceeds fifty percent (50%) of the US Maximum Credit Amount. The amount of the utilization fee shall be determined on a daily basis by applying the Utilization Fee Rate to such Lender's Percentage Share of the US Facility Usage on each such day. This utilization fee shall be due and payable in arrears on each Interest Payment Date for US Base Rate Loans and at the end of the US Facility Commitment Period.

(d) Competitive Bid Loans. Each Competitive Bid Loan shall bear interest on each day outstanding at the Competitive Bid Rate for such

Competitive Bid Loan.

(e) All US Loans. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, all US Loans shall bear interest on each day outstanding at the applicable Default Rate. Past due payments of principal and interest shall bear interest at the rates and in the manner set forth in the US Notes.

(f) Administrative Fees. In addition to all other amounts due to US Agent under the US Loan Documents, US Borrower will pay fees to US Agent as described in a letter agreement dated January 14, 1999, executed by US Agent and accepted and agreed to by US Borrower on January 15, 1999.

Section 1.6.Prepayments.

(a) Optional Prepayments. US Borrower may, upon giving notice to US Agent by 11:00 a.m., Dallas, Texas time on the Business Day of prepayment, from time to time and without premium or penalty prepay the US Notes, including Competitive Bid Notes, in whole or in part, so long as all partial prepayments of principal concurrently paid on the US Notes are in increments of US $100,000 and in an aggregate amount greater than or equal to US $200,000, and so long as US Borrower pays all amounts owing in connection with the prepayment of any US Dollar Eurodollar Loan or Competitive Bid Loan owing under Section 3.6. US Agent shall give each Lender notice thereof by 2:00 p.m. Dallas, Texas time on the date such notice is received from US Borrower. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the US Loan Documents at the time of such prepayment. Unless otherwise designated by US Borrower, any prepayment of Competitive Bid Loans shall be applied to the outstanding Competitive Bid Loans in order of shortest maturity.

(b) Mandatory Prepayments of Tranche A Loans. If the Tranche A Facility Usage exceeds the Tranche A Maximum Credit Amount, US Borrower shall immediately prepay the principal of the Tranche A Loans in an amount at least equal to such excess.

(c) Mandatory Prepayments of Tranche B Loans. If the aggregate amount of the outstanding Tranche B Loans ever exceeds the Tranche B Maximum Credit Amount, US Borrower shall immediately prepay the principal of the Tranche B Loans in an amount at least equal to such excess.

(d) Procedures. Each prepayment of principal under this Section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the US Loan Documents at the time of such prepayment.

Section 1.7.Competitive Bid Loans.

(a) US Borrower may request that each Lender submit Competitive Bids (on a several basis) to US Borrower on any Business Day during the US Facility Commitment Period, provided that all Lenders are requested to make a Competitive Bid on the same basis at the same time. In order to request Competitive Bids, US Borrower shall deliver by hand or facsimile to US Agent a Competitive Bid Request, to be received by US Agent not later than 9:00 a.m., Dallas, Texas time one Business Day before the date specified for a proposed Competitive Bid Loan. A Competitive Bid Request that does not conform substantially to the format of Exhibit H may be rejected in US Agent's sole discretion, and US Agent shall promptly notify US Borrower of such rejection by facsimile. After receiving an acceptable Competitive Bid

Request, US Agent shall no later than 12:00 noon, Dallas, Texas time on the date such Competitive Bid Request is received by US Agent, by facsimile deliver to Lenders an Invitation to Bid substantially in the form of Exhibit I with respect thereto.

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to US Agent responsive to each Competitive Bid Request given by US Borrower. Each Competitive Bid by a Lender must be received by US Agent by facsimile not later than 9:00 a.m., Dallas, Texas time on the date specified for a proposed Competitive Bid Loan. Multiple bids may be accepted by US Agent. Competitive Bids that do not conform substantially to the format of Exhibit J may be rejected by US Agent after conferring with, and upon the instruction of, US Borrower, and US Agent shall notify the bidding Lender of such rejection as soon as practicable. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify US Agent by facsimile not later than 9:00 a.m., Dallas, Texas time, on the date specified for a Competitive Bid Loan; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Loan and by such failure such Lender shall be deemed to have rejected such Competitive Bid. A Competitive Bid submitted by a Lender shall be irrevocable.

(c) Promptly, and in no event later than 9:30 a.m., Dallas, Texas time, on the date specified for a proposed Competitive Bid Loan, US Agent shall notify US Borrower by facsimile of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Bid Loan in respect of which a Competitive Bid was made, and the identity of each Lender that made each Competitive Bid. US Agent shall send a copy of all Competitive Bids to US Borrower for its records as soon as practicable after completion of the bidding process.

(d) US Borrower may, subject only to the provisions hereof, accept or reject any Competitive Bid. US Borrower shall notify US Agent by facsimile pursuant to a Competitive Bid Accept/Reject Letter whether and to what extent US Borrower has decided to accept or reject any or all of the Competitive Bids, not later than 10:00 a.m., Dallas, Texas time, on the date specified for a proposed Competitive Bid Loan; provided, however, that:

(i) the failure by US Borrower to accept or reject any Competitive Bid within the time period specified herein shall be deemed to be a rejection of such Competitive Bid,

(ii) the aggregate amount of the Competitive Bids accepted by US Borrower shall not exceed the principal amount specified in the Competitive Bid Request,

(iii)after such Competitive Bid Loan is made, the US Facility Usage shall not exceed the US Maximum Credit Amount,

(iv) if US Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate, but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by US Borrower to exceed the amount specified in the Competitive Bid Request, then US Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and

(v) no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum

principal amount of US $5,000,000 or a higher integral multiple of $1,000,000; provided, however, that if a Competitive Bid Loan must be in an amount less than US $5,000,000 because of the provisions of clause (iv) above, such Competitive Bid Loan may be for a minimum of US $1,000,000 or any higher integral multiple thereof, and in calculating the pro rata allocation of acceptances or portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv), the amounts shall be rounded to integral multiples of US $1,000,000 in a manner which shall be in the sole and absolute discretion of US Borrower.

(e) Promptly on each date US Borrower accepts a Competitive Bid, US Agent shall notify each Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by facsimile transmission sent by US Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Bid Loan in respect of which its Competitive Bid has been accepted. After completing the notifications referred to in the immediately preceding sentence, US Agent shall notify each Lender of the aggregate principal amount of all Competitive Bids accepted. Each Lender which is to make a Competitive Bid Loan shall, before 11:00 a.m., Dallas, Texas time, on the borrowing date specified in the Competitive Bid Request applicable thereto, make available to US Agent in immediately available funds the amount of each Competitive Bid Loan to be made by such Lender, and US Agent shall promptly deposit such funds to an account designated by US Borrower. As soon as practicable thereafter, US Agent shall notify each Lender of the aggregate amount of Competitive Bid Loans advanced, the respective Competitive Bid Interest Periods thereof and Competitive Bid Rate applicable thereto.

(f) The obligation of US Borrower to repay to each Lender the aggregate amount of all Competitive Bid Loans made by such Lender, together with interest accruing in connection therewith, shall be evidenced by promissory notes (respectively, such Lender's "Competitive Bid Note") made by US Borrower payable to the order of such Lender in the form of Exhibit L, with appropriate insertions. The amount of principal owing on any Lender's Competitive Bid Note at any given time shall be the aggregate amount of all Competitive Bid Loans theretofore made by such Lender thereunder minus all payments of principal theretofore received by such Lender thereon. Interest on each Competitive Bid Note shall accrue and be due and payable as provided herein and therein. US Borrower shall repay on the final day of the Competitive Bid Interest Period of each Competitive Bid Loan (such date being that specified by US Borrower for repayment of such Competitive Bid Loan in the related Competitive Bid Request and such date being no later than six months after the date of the Competitive Bid Loan) the then unpaid principal amount of such Competitive Bid Loan. Subject to Section 1.6 and the payment of amounts described in Section 3.6, US Borrower shall have the right to prepay any principal amount of any Competitive Bid Loan.

(g) No Competitive Bid Loan shall be made within five Business Days after the date of any other Competitive Bid Loan, unless US Borrower and US Agent shall mutually agree otherwise. If US Agent shall at any time elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to US Borrower requesting such Competitive Bid one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to US Agent.

ARTICLE II - Letters of Credit

Section 2.1.Letters of Credit. Subject to the terms and conditions hereof, US Borrower may during the US Facility Commitment Period request US LC Issuer to issue one or more Letters of Credit, provided that, after taking such Letter of Credit into account:

(a) the Tranche A Facility Usage does not exceed the Tranche A Maximum Credit Amount and the US Facility Usage does not exceed the US Maximum Credit Amount at such time;

(b) the aggregate amount of US LC Obligations arising from Letters of Credit issued under this Agreement at such time does not exceed the US LC Sublimit;

(c) the expiration date of such Letter of Credit is prior to the end of the US Facility Commitment Period;

(d) such Letter of Credit is to be used for general corporate purposes of US Borrower;

(e) such Letter of Credit is not directly or indirectly used to assure payment of or otherwise support any Indebtedness of any Person other than Indebtedness of any Restricted Person permitted by this Agreement;

(f) the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject US LC Issuer to any cost which is not reimbursable under Article III;

(g) the form and terms of such Letter of Credit are acceptable to US LC Issuer in its sole and absolute discretion; and

(h) all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied.

US LC Issuer will honor any such request if the foregoing conditions (a) through (h) (in the following Section 2.2 called the "LC Conditions") have been met as of the date of issuance of such Letter of Credit. US LC Issuer may choose to honor any such request for any other Letter of Credit but has no obligation to do so and may refuse to issue any other requested Letter of Credit for any reason which US LC Issuer in its sole discretion deems relevant.

Section 2.2.Requesting Letters of Credit. US Borrower must make written application for any Letter of Credit at least three Business Days before the date on which US Borrower desires for US LC Issuer to issue such Letter of Credit. By making any such written application US Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.1 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing in the form and substance of Exhibit G, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by US LC Issuer and US Borrower). Two Business Days after the LC Conditions for a Letter of Credit have been met as described in Section 2.1 (or if US LC Issuer otherwise desires to issue such Letter of Credit), US LC Issuer will issue such Letter of Credit at US LC Issuer's office in Dallas, Texas. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

Section 2.3.Reimbursement and Participations.

(a) Reimbursement by US Borrower. If the beneficiary of any Letter of Credit issued hereunder makes a draft or other demand for payment thereunder then Tranche A Loans that are US Base Rate Loans shall be made by Lenders to US Borrower in the amount of such draft or demand notwithstanding the fact that one or more conditions precedent to the making of such US Base Rate Loans may not have been satisfied. Such US Base Rate Loans shall be made concurrently with US LC Issuer's payment of such draft or demand without any request therefor by US Borrower and shall be immediately used by US LC Issuer to repay the

amount of the resulting Matured US LC Obligation.

(b) Participation by Lenders. US LC Issuer irrevocably agrees to grant and hereby grants to each Lender, and to induce US LC Issuer to issue Letters of Credit hereunder, each Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from US LC Issuer, on the terms and conditions hereinafter stated and for such Lender's own account and risk, an undivided interest equal to such Lender's Percentage Share of US LC Issuer's obligations and rights under each Letter of Credit issued hereunder and the amount of each Matured US LC Obligation paid by US LC Issuer thereunder. Each Lender unconditionally and irrevocably agrees with US LC Issuer that, if a Matured US LC Obligation is paid under any Letter of Credit issued hereunder for which US LC Issuer is not reimbursed in full, whether pursuant to Section 2.3(a) above or otherwise, such Lender shall (in all circumstances and without set-off or counterclaim) pay to US LC Issuer on demand, in immediately available funds at US LC Issuer's address for notices hereunder, such Lender's Percentage Share of such Matured US LC Obligation (or any portion thereof which has not been reimbursed by US Borrower). Each Lender's obligation to pay US LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Lender to US LC Issuer pursuant to this subsection is paid by such Lender to US LC Issuer within three Business Days after the date such payment is due, US LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Federal Funds Rate. If any amount required to be paid by any Lender to US LC Issuer pursuant to this subsection is not paid by such Lender to US LC Issuer within three Business Days after the date such payment is due, US LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Default Rate.

(c) Distributions to Participants. Whenever US LC Issuer has in accordance with this section received from any Lender payment of such Lender's Percentage Share of any Matured US LC Obligation, if US LC Issuer thereafter receives any payment of such Matured US LC Obligation or any payment of interest thereon (whether directly from US Borrower or by application of LC Collateral or otherwise, and excluding only interest for any period prior to US LC Issuer's demand that such Lender make such payment of its Percentage Share), US LC Issuer will distribute to such Lender its Percentage Share of the amounts so received by US LC Issuer; provided, however, that if any such payment received by US LC Issuer must thereafter be returned by US LC Issuer, such Lender shall return to US LC Issuer the portion thereof which US LC Issuer has previously distributed to it.

(d) Calculations. A written advice setting forth in reasonable detail the amounts owing under this section, submitted by US LC Issuer to US Borrower or any Lender from time to time, shall be conclusive, absent manifest error, as to the amounts thereof.

Section 2.4.Letter of Credit Fees. In consideration of US LC Issuer's issuance of any Letter of Credit, US Borrower agrees to pay A. to US LC Issuer for its own account, a letter of credit fronting fee at a rate equal to 12.5 Basis Points per annum, prorated for the term of the Letter of Credit, multiplied by the face amount of such Letter of Credit, payable on the date of issuance, and (b) to US Agent, for the account of all Lenders in accordance with their respective Percentage Shares, a letter of credit issuance fee calculated by applying the Applicable Margin to the face amount of all Letters of Credit outstanding on each day, payable in arrears on the last day of each Fiscal Quarter.

Section 2.5.No Duty to Inquire.

(a) Drafts and Demands. US LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any

Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. US LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by US LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. US Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the subject matter of this section, which indemnity shall apply whether or not any such liability or claim is in any way or to any extent caused, in whole or in part, by any negligent act or omission of any kind by any Lender Party, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

(b) Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of any Restricted Person, or if the amount of any Letter of Credit is increased at the request of any Restricted Person, this Agreement shall be binding upon all Restricted Persons with respect to such Letter of Credit as so extended, increased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by US LC Issuer, US LC Issuer's correspondents, or any Lender Party in accordance with such extension, increase or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, US LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall US LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by US LC Issuer to any purported transferee or transferees as determined by US LC Issuer is hereby authorized and approved, and US Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the foregoing, which indemnity shall apply whether or not any such liability or claim is in any way or to any extent caused, in whole or in part, by any negligent act or omission of any kind by any Lender Party, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

Section 2.6.LC Collateral.

(a) US LC Obligations in Excess of US Maximum Credit Amount. If, after the making of all mandatory prepayments required under Section 1.6(b), the US LC Obligations outstanding under the US Agreement will exceed the Tranche A Maximum Credit Amount, then in addition to prepayment of the entire principal balance of the US Loans US Borrower will immediately pay to US LC Issuer an amount equal to such excess. US LC Issuer will hold such amount as security for the remaining US LC Obligations outstanding under the US Agreement (all such amounts held as security for US LC Obligations being herein collectively called "LC Collateral") and the other US Obligations, and such collateral may be applied from time to time to any Matured US LC Obligations or other US Obligations which are due and payable. Neither this subsection nor the following subsection shall, however, limit or impair any rights which US LC Issuer may have under any other

document or agreement relating to any Letter of Credit, LC Collateral or US LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by US Borrower and any LC Collateral under Section 3.1.

(b) Acceleration of US LC Obligations. If the US Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, unless Required Lenders otherwise specifically elect to the contrary (which election may thereafter be retracted by Required Lenders at any time), all US LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and US Borrower shall be obligated to pay to US LC Issuer immediately an amount equal to the aggregate US LC Obligations which are then outstanding.

(c) Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by US LC Issuer in such Investments as US LC Issuer may choose in its sole discretion. All interest on (and other proceeds of) such Investments shall be reinvested or applied to Matured US LC Obligations or other US Obligations which are due and payable. When all US Obligations have been satisfied in full, including all US LC Obligations, all Letters of Credit have expired or been terminated, and all of US Borrower's reimbursement obligations in connection therewith have been satisfied in full, US LC Issuer shall release any remaining LC Collateral. US Borrower hereby assigns and grants to US LC Issuer a continuing security interest in all LC Collateral paid by it to US LC Issuer, all Investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured US LC Obligations and the other US Obligations hereunder, each US Note, and the other US Loan Documents. US Borrower further agrees that US LC Issuer shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Utah with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When US Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, US LC Issuer may without notice to US Borrower or any other Restricted Person provide such LC Collateral (whether by transfers from other accounts maintained with US LC Issuer, or otherwise) using any available funds of US Borrower or any other Person also liable to make such payments.

ARTICLE III - Payments to Lenders

Section 3.1.General Procedures. US Borrower will make each payment which it owes under the US Loan Documents to US Agent for the account of the Lender Party to whom such payment is owed, in lawful money of the United States of America, without set-off, deduction or counterclaim, and in immediately available funds. Each such payment must be received by US Agent not later than 11:00 a.m., Dallas, Texas time, on the date such payment becomes due and payable. Any payment received by US Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the US Loan Document under which such payment is due. Each payment under a US Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of US Agent's US Note. When US Agent collects or receives money on account of the US Obligations, US Agent shall distribute all money so collected or received by 2:00 p.m. Dallas, Texas time on the Business Day received, if received by *[11:00] a.m. Dallas, Texas time, otherwise on the day of deemed receipt, and each Lender Party shall apply all such money so distributed, as follows:

(a) first, for the payment of all US Obligations which are then due (and if such money is insufficient to pay all such US Obligations, first to any reimbursements due US Agent under Section 6.9 or 10.4, then to any reimbursement due any other Lender Party under Section 10.4, and then to the partial payment of all other US Obligations then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

(b) then for the prepayment of amounts owing under the US Loan Documents (other than principal on the US Notes) if so specified by US Borrower;

(c) then for the prepayment of principal on the US Notes, together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other US Obligations.

All payments applied to principal or interest on any US Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Sections 1.6 and 2.1. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by US Agent pro rata to each Lender Party then owed US Obligations described in such subsection in proportion to all amounts owed to all Lender Parties which are described in such subsection; provided that if any Lender then owes payments to US LC Issuer for the purchase of a participation under Section 2.3(b) or to US Agent under Section 9.7, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to US LC Issuer, or US Agent, respectively, to the extent of such unpaid payments, and US Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

Section 3.2.Increased Cost and Reduced Return.

(a) If, after the date hereof, the adoption of any applicable Law, rule, or regulation, or any change in any applicable Law, rule, or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender Party (or its Applicable Lending Office) with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency:

(i) shall subject such Lender Party (or its Applicable Lending Office) to any tax, duty, or other charge with respect to any US Dollar Eurodollar Loans or Competitive Bid Loans, or its obligation to make US Dollar Eurodollar Loans, or change the basis of taxation of any amounts payable to such Lender Party (or its Applicable Lending Office) under this Agreement or its Note in respect of any US Dollar Eurodollar Loans or Competitive Bid Loans (other than taxes (including franchise taxes) imposed on the overall net income of such Lender Party by the jurisdiction in which such Lender Party has its principal office or such Applicable Lending Office);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Adjusted US Dollar Eurodollar Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender Party (or its Applicable Lending Office), including the commitment of such Lender Party hereunder; or

(iii) shall impose on such Lender Party (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or its US Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender Party (or its Applicable Lending Office) of making, converting into, continuing, or maintaining any US Dollar Eurodollar Loans or Competitive Bid Loans or to reduce any sum received or receivable by such Lender Party (or its Applicable Lending Office) under this Agreement or its US Notes with respect to any US Dollar Eurodollar Loans or Competitive Bid Loans, then US Borrower shall pay to such Lender Party on demand such amount or amounts as will compensate such Lender Party for such increased cost or reduction. If any Lender Party requests compensation by US Borrower under this Section 3.2(a), US Borrower may, by notice to such Lender Party (with a copy to US Agent), suspend the obligation of such Lender Party to make or continue US Loans of the Type with respect to which such compensation is requested, or to convert US Loans of any other Type into US Loans of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.5 shall be applicable); provided that such suspension shall not affect the right of such Lender Party to receive the compensation so requested.

(b) If, after the date hereof, any Lender Party shall have determined that the adoption of any applicable Law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency, has the effect of reducing the rate of return on the capital of such Lender Party or any corporation controlling such Lender Party as a consequence of the obligations of such Lender Party hereunder to a level below that which such Lender Party or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand US Borrower shall pay such Lender Party such additional amount or amounts as will compensate such Lender Party for such reduction, but only to the extent that such Lender Party has not been compensated therefor by any increase in the Adjusted US Dollar Eurodollar Rate; provided that if such Lender Party fails to give notice to US Borrower of any additional costs within ninety (90) days after it has actual knowledge thereof, such Lender Party shall not be entitled to compensation for such additional costs incurred more than ninety (90) days prior to the date on which notice is given by such Lender Party.

(c) US LC Issuer and each Lender Party shall promptly notify US Borrower and US Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle US LC Issuer or such Lender Party to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise disadvantageous to it.

(d) US LC Issuer or any Lender Party claiming compensation under this Section 3.2 or Section 3.6 shall furnish to US Borrower and US Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, US LC Issuer or such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

Section 3.3.Limitation on Types of US Loans. If on or prior to

the first day of any Eurodollar Interest Period for any US Dollar Eurodollar Loan:

(a) US Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the US Dollar Eurodollar Rate for such Eurodollar Interest Period; or

(b) the Required Lenders determine (which determination shall be conclusive) and notify US Agent that the Adjusted US Dollar Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding US Dollar Eurodollar Loans or for such Eurodollar Interest Period; then US Agent shall give US Borrower prompt notice thereof specifying the relevant amounts or periods, and so long as such condition remains in effect, the Lender Parties shall be under no obligation to make additional US Dollar Eurodollar Loans, continue US Dollar Eurodollar Loans or convert US Base Rate Loans into US Dollar Eurodollar Loans, and US Borrower shall, on the last day(s) of the then current Eurodollar Interest Period(s) for the outstanding US Dollar Eurodollar Loans, either prepay such US Loans or convert such US Loans into US Base Rate Loans in accordance with the terms of this Agreement.

Section 3.4.Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender Party or its Applicable Lending Office to make, maintain, or fund US Dollar Eurodollar Loans hereunder, then such Lender Party shall promptly notify US Borrower thereof and such Lender Party's obligation to make or continue US Dollar Eurodollar Loans and to convert US Base Rate Loans into US Dollar Eurodollar Loans shall be suspended until such time as such Lender Party may again make, maintain, and fund US Dollar Eurodollar Loans (in which case the provisions of Section 3.5 shall be applicable).

Section 3.5.Treatment of Affected US Loans. If the obligation of any Lender Party to make a particular Type of Loan or to continue, or to convert US Loans of any other Type into, US Loans of a particular Type shall be suspended pursuant to Sections 3.2, 3.3 or 3.4 hereof (US Loans of such Type being herein called "Affected Loans" and such Type being herein called the "Affected Type"), such Lender Party's Affected Loans shall be automatically converted into US Base Rate Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 3.4 hereof, on such earlier date as such Lender Party may specify to US Borrower with a copy to US Agent) and, unless and until such Lender Party gives notice as provided below that the circumstances specified in Sections 3.2, 3.3 or 3.4 hereof that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender Party's Affected Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender Party's Affected Loans shall be applied instead to its US Base Rate Loans; and

(b) all US Loans that would otherwise be made or continued by such Lender Party as US Loans of the Affected Type shall be made or continued instead as US Base Rate Loans, and all US Loans of such Lender Party that would otherwise be converted into US Loans of the Affected Type shall be converted instead into (or shall remain as) US Base Rate Loans.

If such Lender Party gives notice to US Borrower (with a copy to US Agent) that the circumstances specified in Section 3.2, 3.3 or 3.4 hereof that gave rise to the Conversion of such Lender Party's Affected Loans pursuant to this Section no longer exist (which such Lender Party agrees to do promptly upon such circumstances ceasing to exist) at a time when US Loans of the Affected Type made by other Lender Parties are outstanding, such Lender Party's US Base Rate Loans

shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding US Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all US Loans held by the Lender Parties holding US Loans of the Affected Type and by such Lender Party are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their Percentage Shares of the US Maximum Credit Amount.

Section 3.6.Compensation. Upon the request of any Lender Party, US Borrower shall pay to such Lender Party such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender Party) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(a) any payment, prepayment, or Conversion of a US Dollar Eurodollar Loan for any reason (including, without limitation, the acceleration of the US Loans pursuant to Section 8.1) on a date other than the last day of the Interest Period for such US Loan; or

(b) any failure by US Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article IV to be satisfied) to borrow, convert, continue, or prepay a US Dollar Eurodollar Loan on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

Section 3.7.Change of Applicable Lending Office. Each Lender Party agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.2 through 3.5 with respect to such Lender Party, it will, if requested by US Borrower, use reasonable efforts (subject to overall policy considerations of such Lender Party) to designate another Applicable Lending Office, provided that such designation is made on such terms that such Lender Party and its Applicable Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such section. Nothing in this section shall affect or postpone any of the obligations of US Borrower or the rights of any Lender Party provided in Sections 3.2 through 3.5.

Section 3.8.Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.5, or if a US Borrower is required to increase any such payment under Section 3.9, then within ninety days thereafter -- provided no Event of Default then exists -- US Borrower shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its US Loans, US Notes, US LC Obligations, Canadian Advances, Canadian Notes, Canadian LC Obligations and its commitments hereunder and under the Canadian Agreement to an Eligible Transferee reasonably acceptable to all Borrowers, provided that: all Obligations of Borrowers owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the US Notes and the Canadian Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and the replacement Eligible Transferee shall purchase the foregoing by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment US Borrower, US Agent, such Lender Party and the replacement Eligible Transferee shall otherwise comply with Section 10.5. Notwithstanding the foregoing rights of US Borrower under this section, however, US Borrower may not replace any Lender Party which seeks reimbursement for increased costs under Section 3.2 through 3.5 unless US Borrower is at the same time replacing all Lender Parties which are then seeking such compensation. In connection with any such replacement of a Lender Party, US Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender

Party's US Loans had been prepaid at the time of such replacement.

Section 3.9.Taxes. (a) Any and all payments by US Borrower to or for the account of any Lender Party, US Agent or US LC Issuer hereunder or under any other US Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender Party, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the Laws of which such Lender Party (or its Applicable Lending Office) is organized or is a resident for tax purposes or any political subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter in this section 3.9 referred to as "Taxes"). If US Borrower shall be required by Law to deduct any Taxes from or in respect of any sum payable under this Agreement or any other US Loan Document to any Lender Party, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this section) such Lender Party receives an amount equal to the sum it would have received had no such deductions been made, US Borrower shall make such deductions, and US Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(b) In addition, US Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other US Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other US Loan Document (hereinafter in this Section 3.9 referred to as "Other Taxes").

(c) US Borrower agrees to indemnify each Lender Party, US Agent and US LC Issuer for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this section) paid by such Lender Party or US Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(d) Each Lender Party organized under the Laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender Party listed on the signature pages hereof and on or prior to the date on which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter if requested in writing by US Borrower or US Agent (but only so long as such Lender Party remains lawfully able to do so), shall provide US Borrower and US Agent with a properly executed Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender Party is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender Party is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other US Loan Documents.

(e) For any period with respect to which a Lender Party has failed to provide US Borrower and US Agent with the appropriate form pursuant to Section 3.9(d) (unless such failure is due to a change in

treaty, Law, or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender Party shall not be entitled to indemnification under Sections 3.9(a), 3.9(b) or 3.9(c) with respect to Taxes imposed by the United States; provided, however, that should a Lender Party, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, US Borrower shall take such steps as such Lender Party shall reasonably request to assist such Lender Party to recover such Taxes. Further, US Borrower shall not be required to indemnify such Lender Party for any withholding taxes which US Borrower is required to withhold and remit in respect of any principal, interest or other amount paid or payable by US Borrower to or for account of any Lender Party hereunder or under any other US Loan Document.

(f) If US Borrower is required to pay additional amounts to or for the account of any Lender Party pursuant to this Section, then such Lender Party will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender Party, is not otherwise disadvantageous to such Lender Party and in the event Lender Party is reimbursed for an amount paid by US Borrower pursuant to this Section, it shall promptly return such amount to US Borrower.

(g) Within thirty (30) days after the date of any payment of Taxes, US Borrower shall furnish to US Agent the original or a certified copy of a receipt evidencing such payment.

(h) Without prejudice to the survival of any other agreement of US Borrower hereunder, the agreements and obligations of US Borrower contained in this section shall survive the termination of the US Facility Commitment Period and the payment in full of the US Notes.

Section 3.10.Currency Conversion and Currency Indemnity.

(a) Restricted Persons shall make payment relative to any US Obligation in the currency (the "Agreed Currency") in which the US Obligation was incurred. If any payment is received on account of any US Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of such Restricted Person or otherwise howsoever), such payment shall constitute a discharge of the liability of a Restricted Person hereunder and under the other US Loan Documents in respect of such US Obligation only to the extent of the amount of the Agreed Currency which the relevant Lender Parties are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the"Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event each Restricted Person shall be obligated to pay the Lender Parties any deficiency in accordance with Section 3.10(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender Parties, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) If any Lender Party receives any payment or payments on account of the liability of a Restricted Person hereunder pursuant to any judgment or order in any Other Currency, and the amount of the Agreed Currency which the relevant Lender Party is able to purchase on

the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such US Obligations immediately prior to such judgment or order, then US Borrower on demand shall, and US Borrower hereby agrees to, indemnify and save such Lender Party harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this Section 3.10(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender Parties or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

ARTICLE IV - Conditions Precedent to Lending

Section 4.1.Documents to be Delivered. No Lender has any obligation to make its first US Loan, and US LC Issuer has no obligation to issue the first Letter of Credit, unless US Agent shall have received all of the following, at US Agent's office in Dallas, Texas, duly executed and delivered and in form, substance and date satisfactory to US Agent:

(a) This Agreement and any other documents that Lenders are to execute in connection herewith.

(b) Each US Note.

(c) Certain certificates of US Borrower including:

(i) An "Omnibus Certificate" of the Secretary or Assistant Secretary and of the Chairman of the Board, President, Chief Financial Officer or Vice President of Administrative Services of US Borrower, which shall contain the names and signatures of the officers of US Borrower authorized to execute US Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: a copy of resolutions duly adopted by the Board of Directors of US Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other US Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, a copy of the charter documents of US Borrower and all amendments thereto, certified by the appropriate official of US Borrower's state of organization, and a copy of any bylaws of US Borrower; and

(ii) A "Compliance Certificate" of the Chairman of the Board or President and of the Chief Financial Officer of US Borrower, of even date with such US Loan or such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a), (b), and (c) of Section 4.3.

(d) A certificate (or certificates) of the due formation, valid existence and good standing of US Borrower in the State of Utah, issued by the appropriate official of such State.

(e) A favorable opinion of Eric L. Dady, Senior Counsel for Restricted Persons, substantially in the form set forth in Exhibit E.

(f) A favorable opinion of Dorsey & Whitney, special Utah counsel for US Agent.

(g) The Initial Financial Statements.

(h) Documents confirming the payment in full of all indebtedness under that certain Amended and Restated Credit Agreement, dated as of February 7, 1997, by and among Celsius Energy Company, Wexpro Company, Universal Resources Corporation and Celsius Energy Resources, Ltd, the Lenders thereunder, Mellon Bank, N.A., as Administrative Agent and Mellon Bank Canada, as Canadian Funding Agent, together with the promissory notes issued pursuant thereto.

Section 4.2.Additional Conditions Precedent to First US Loan or First Letter of Credit. No Lender has any obligation to make its first US Loan, and US LC Issuer has no obligation to issue the first Letter of Credit, unless on the date thereof:

(a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any US Loan Documents or any commitment agreement heretofore entered into shall have been paid.

(b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since December 31, 1998.

(c) US Borrower shall have certified to US Agent and Lenders that the Initial Financial Statements fairly present US Borrower's Consolidated financial position at the respective dates thereof and the Consolidated results of US Borrower's operations and US Borrower's Consolidated cash flows for the respective periods thereof.

(d) US Borrower shall have certified to US Agent and Lenders that no Restricted Person has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which are, in the aggregate, material to US Borrower or material with respect to US Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule.

(e) All legal matters relating to the US Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Thompson & Knight, a Professional Corporation, counsel to US Agent.

(f) The credit rating for US Borrower's long-term debt given (i) by Moody's must be Baa3 or above or (ii) by S&P must be BBB- or above.

Section 4.3.Additional Conditions Precedent to all US Loans and Letters of Credit. No Lender has any obligation to make any US Loan (including its first), and US LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any US Loan Document shall be true on and as of the date of such US Loan or the date of issuance of such Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such US Loan or the date of issuance of such Letter of Credit.

(b) No Default shall exist at the date of such US Loan or the date of issuance of such Letter of Credit.

(c) Only with respect to the making of a new Loan, pursuant to Section 1.2, no event which would reasonably be expected to have a Material Adverse Effect shall have occurred since the date of the audited annual Initial Financial Statements.

(d) Each Restricted Person shall have performed and complied with all agreements and conditions required in the US Loan Documents to be performed or complied with by it on or prior to the date of such

US Loan or the date of issuance of such Letter of Credit.

(e) The making of such US Loan or the issuance of such Letter of Credit shall not be prohibited by any Law and shall not subject any Lender or any LC Issuer to any penalty or other onerous condition under or pursuant to any such Law.

(f) US Agent shall have received all documents and instruments which US Agent has then requested, in addition to those described in Section 4.1 (including opinions of legal counsel for Restricted Persons and US Agent; corporate documents and records; documents evidencing governmental authorizations, consents, approvals, licenses and exemptions; and certificates of public officials and of officers and representatives of US Borrower and other Persons), as to the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in this Agreement and the other US Loan Documents, the satisfaction of all conditions contained herein or therein, and all other matters pertaining hereto and thereto. All such additional documents and instruments shall be satisfactory to US Agent in form, substance and date.

ARTICLE V - Representations and Warranties

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender to enter into this Agreement and to extend credit hereunder, US Borrower represents and warrants to each Lender that:

Section 5.1.No Default. No event has occurred and is continuing which constitutes a Default.

Section 5.2.Organization and Good Standing. Each Restricted Person is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Restricted Person is duly qualified, in good standing, and authorized to do business in all other jurisdictions within the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary. Each Restricted Person has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures desirable.

Section 5.3.Authorization. US Borrower and Canadian Borrower have duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. US Borrower is duly authorized to borrow funds hereunder.

Section 5.4.No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not B. conflict with any provision of any Law, the organizational documents of any Restricted Person, or any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or result in the acceleration of any Indebtedness owed by any Restricted Person, or result in or require the creation of any Lien upon any assets or properties of any Restricted Person, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of,

and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents.

Section 5.5.Enforceable Obligations. This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

Section 5.6.Initial Financial Statements. US Borrower has heretofore delivered to each Lender true, correct and complete copies of the Initial Financial Statements. The Initial Financial Statements fairly present US Borrower's Consolidated financial position at the respective dates thereof and the Consolidated results of US Borrower's operations and US Borrower's Consolidated cash flows for the respective periods thereof. Since the date of the annual Initial Financial Statements no event which would cause a Material Adverse Effect has occurred, except as reflected in the Disclosure Schedule. All Initial Financial Statements were prepared in accordance with GAAP.

Section 5.7.Other Obligations and Restrictions. No Restricted Person has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which are, in the aggregate, material to US Borrower or material with respect to US Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule. Except as shown in the Initial Financial Statements or disclosed in the Disclosure Schedule, no Restricted Person is subject to or restricted by any franchise, contract, deed, charter restriction, or other instrument or restriction which could cause a Material Adverse Effect.

Section 5.8.Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made. There is no fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) that has not been disclosed to each Lender in writing which would reasonably be expected to have a Material Adverse Effect.

Section 5.9.Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule: there are no actions, suits or legal, equitable, arbitrative or administrative proceedings pending, or to the knowledge of any Restricted Person threatened, against any Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and C. there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against any Restricted Person which would reasonably be expected to have a Material Adverse Effect.

Section 5.10.Labor Disputes and Acts of God. Except as disclosed in the Disclosure Schedule, neither the business nor the properties of any Restricted Person has been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which would reasonably

be expected to have a Material Adverse Effect.

Section 5.11.ERISA Plans and Liabilities. All currently existing ERISA Plans are listed in the Disclosure Schedule. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule, no Termination Event has occurred with respect to any ERISA Plan and all ERISA Affiliates are in compliance with ERISA in all material respects. No ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure Schedule: no "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and the current value of each ERISA Plan's benefits does not exceed the current value of such ERISA Plan's assets available for the payment of such benefits by more than US $25,000,000.

Section 5.12.Environmental and Other Laws. Except as disclosed in the Disclosure Schedule: Restricted Persons are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws; none of the operations or properties of any Restricted Person is the subject of federal, state or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials; and no Restricted Person (and to the best knowledge of US Borrower, no other Person) has filed any notice under any Law indicating that any Restricted Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any Restricted Person; (d) no Restricted Person has transported or arranged for the transportation of any Hazardous Material to any location which is (i) listed on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, listed for possible inclusion on such National Priorities List by the Environmental Protection Agency in its Comprehensive Environmental Response, Compensation and Liability Information System List, or listed on any similar state list or (ii) the subject of federal, state or local enforcement actions or other investigations which may lead to claims against any Restricted Person for clean-up costs, remedial work, damages to natural resources or for personal injury claims (whether under Environmental Laws or otherwise); and (e) no Restricted Person otherwise has any known material contingent liability under any Environmental Laws or in connection with the release into the environment, or the storage or disposal, of any Hazardous Materials.

Section 5.13.US Borrower's Subsidiaries. US Borrower does not presently have any Subsidiary or own any stock in any other corporation or association except those listed in the Disclosure Schedule and except in cases where US Borrower owns less than 5% of the outstanding capital stock of any such corporation. Neither US Borrower nor any Restricted Person is a member of any general or limited partnership, limited liability company, joint venture formed under the laws of the United States or any State thereof or association of any type whatsoever except those listed in the Disclosure Schedule and associations, joint ventures or other relationships which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, D. which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, pipelines or gathering systems and interests owned

directly by the parties in such associations, joint ventures or relationships. US Borrower owns, directly or indirectly, the equity interest in each of its Subsidiaries which is indicated in the Disclosure Schedule.

Section 5.14.Title to Properties; Licenses. Each Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted Person's business. Each Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property without violation of the rights of any other Person) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter, and no Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property.

Section 5.15.Government Regulation. Neither US Borrower nor any other Restricted Person owing Obligations is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law which regulates the incurring by such Person of Indebtedness, including Laws relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services.

Section 5.16.Insider. No Restricted Person, nor any Person having "control" (as that term is defined in 12 U.S.C. 375b(9) or in regulations promulgated pursuant thereto) of any Restricted Person, is a "director" or an "executive officer" or "principal shareholder" (as those terms are defined in 12 U.S.C. 375b(8) or (9) or in regulations promulgated pursuant thereto) of any Lender, of a bank holding company of which any Lender is a Subsidiary or of any Subsidiary of a bank holding company of which any Lender is a Subsidiary.

Section 5.17.Solvency. Upon giving effect to the issuance of the US Notes, the execution of the US Loan Documents by US Borrower and the consummation of the transactions contemplated hereby, US Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

Section 5.18.Year 2000 Compliance. US Borrower has E. initiated a review and assessment of all areas within its and each of its Subsidiaries' business and operations (including those affected by suppliers and vendors) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by US Borrower and its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and to date, implemented that plan in accordance with that timetable. US Borrower reasonably believes that all computer applications (including those of its suppliers and vendors) that are material to its or any of its Subsidiaries' business and operations will on a timely basis be able to perform properly date-sensitive functions for all dates before and after January 1, 2000 (that is, be "Year 2000 compliant"), except to the extent that a failure to do so would not reasonably be expected to have a Material Adverse Effect.

ARTICLE VI - Affirmative Covenants of US Borrower

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to US Borrower, and to induce each Lender to enter into this Agreement and extend credit hereunder, US Borrower warrants, covenants and agrees that until the full and

final payment of the Obligations and the termination of this Agreement, unless Required Lenders have previously agreed otherwise:

Section 6.1.Payment and Performance. US Borrower will pay all amounts due under the US Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the US Loan Documents. US Borrower will cause each other Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

Section 6.2.Books, Financial Statements and Reports. Each Restricted Person will at all times maintain full and accurate books of account and records. US Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish the following statements and reports to each Lender Party at US Borrower's expense:

(a) As soon as available, and in any event within one hundred twenty (120) days after the end of each Fiscal Year, complete Consolidated financial statements of US Borrower together with all notes thereto, prepared in reasonable detail in accordance with US GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by one of the six largest independent certified public accounting firms in the United States, stating that such Consolidated financial statements have been so prepared. These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within one hundred twenty (120) days after the end of each Fiscal Year US Borrower will furnish to US Agent and each Lender a certificate in the form of Exhibit D signed by the President, Chief Financial Officer, Controller or Vice President of Administrative Services of US Borrower, stating that such financial statements fairly present the financial condition of US Borrower, stating that such Person has reviewed the US Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Sections 7.11 and 7.12, and further stating that there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(b) As soon as available, and in any event within sixty (60) days after the end of each Fiscal Quarter, US Borrower's Consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a Consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with US GAAP, subject to changes resulting from normal year-end adjustments. In addition US Borrower will, together with each such set of financial statements, furnish a certificate in the form of Exhibit D signed by the President, Chief Financial Officer, Controller or Vice President of Administrative Services of US Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed the US Loan Documents, containing all calculations required to be made by US Borrower to show compliance or non-compliance with the provisions of Sections 7.11 and 7.12 and further stating that there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(c) Promptly upon their becoming available, US Borrower shall provided copies of all registration statements, periodic reports and other statements and schedules filed by any Restricted Person with any

securities exchange, the Securities and Exchange Commission or any similar Governmental Authority.

Section 6.3Other Information and Inspections. US Borrower will furnish to each Lender any information which US Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with Restricted Persons' businesses and operations. US Borrower will permit, and will cause the other Restricted Persons to permit, representatives appointed by US Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect during normal business hours any of the Restricted Persons properties, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and US Borrower will permit, and will cause the other Restricted Persons to permit, US Agent or its representatives to investigate and verify the accuracy of the information furnished to US Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

Section 6.4.Notice of Material Events and Change of Address. US Borrower will promptly notify each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any event which would have a Material Adverse Effect,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by any Restricted Person having a principal balance of more than US $25,000,000, or of any default by any Restricted Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,

(d) the occurrence of any Termination Event,

(e) any claim of US $10,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any Restricted Person or with respect to any Restricted Person's properties, and

(f) the filing of any suit or proceeding against any Restricted Person in which an adverse decision would have a Material Adverse Effect.

Upon the occurrence of any of the foregoing, Restricted Persons will take all necessary or appropriate steps to remedy promptly any such Material Adverse Effect, Default, acceleration, default or Termination Event, to protect against any such adverse claim, to defend any such suit or proceeding, and to resolve all controversies on account of any of the foregoing. US Borrower will also notify US Agent and US Agent's counsel in writing promptly in the event that any Restricted Person changes its name or the location of its chief executive office.

Section 6.5Maintenance of Properties. Each Restricted Person will maintain, preserve, protect, and keep all property used or useful in the conduct of its business in good condition and in compliance with all applicable Laws, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times.

Section 6.6.Maintenance of Existence and Qualifications. Each Restricted Person will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not have a Material Adverse Effect.

Section 6.7.Payment of Trade Liabilities, Taxes, etc. Each Restricted Person will (b)timely file all required tax returns; (c) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; and (d)maintain appropriate accruals and reserves for all of the foregoing in accordance with US GAAP. Each Restricted Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

Section 6.8.Insurance. In accordance with industry standards, each Restricted Person will keep or cause to be kept insured or self-insured, at the option of each Restricted Person, its surface equipment and other property of a character usually insured by similar Persons engaged in the same or similar businesses. The insurance coverages and amounts will be reasonably determined by each Restricted Person, based on coverages carried by prudent owners of similar equipment and property.

Section 6.9.Performance on US Borrower's Behalf. If any Restricted Person fails to pay any taxes, insurance premiums, expenses, attorneys' fees or other amounts it is required to pay under any US Loan Document during any period in which a Default exists, US Agent may pay the same. US Borrower shall immediately reimburse US Agent for any such payments and each amount paid by US Agent shall constitute an US Obligation owed hereunder which is due and payable on the date such amount is paid by US Agent.

Section 6.10.Interest. US Borrower hereby promises to each Lender Party to pay interest at the Default Rate applicable to Base Rate Loans on all US Obligations (including US Obligations to pay fees or to reimburse or indemnify any Lender) which US Borrower has in this Agreement promised to pay to such Lender Party and which are not paid when due. Such interest shall accrue from the date such US Obligations become due until they are paid.

Section 6.11.Compliance with Agreements and Law. Each Restricted Person will perform all material obligations it is required to perform under the terms of each indenture, mortgage, deed of trust, security agreement, lease, franchise, agreement, contract or other instrument or obligation to which it is a party or by which it or any of its properties is bound. Each Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto.

Section 6.12.Environmental Matters.

(a) Each Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person, as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect.

(b) will promptly furnish to US Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by US Borrower, or of which it has notice, pending or threatened against US Borrower, by any Governmental Authority with respect to any alleged violation of or non-compliance

with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business, if the violation, order, claim, citation, complaint, penalty assessment, suit or other proceeding could reasonably be expected to result in liability to US Borrower in excess of $10,000,000 .

(c) US Borrower will promptly furnish to US Agent all requests for information, notices of claim, demand letters, and other notifications, received by US Borrower in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation or clean-up of Hazardous Material at any location.

Section 6.13.Evidence of Compliance. Each Restricted Person will furnish to each Lender at such Restricted Person's or Borrower's expense all evidence which US Agent from time to time reasonably requests in writing as to the accuracy and validity of or compliance with all representations, warranties and covenants made by any Restricted Person in the US Loan Documents, the satisfaction of all conditions contained therein, and all other matters pertaining thereto.

Section 6.14.Bank Accounts; Offset. To secure the repayment of the Obligations US Borrower hereby grants to each Lender a right of offset, each of which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise, and each of which shall be upon and against (e) any and all moneys, securities or other property (and the proceeds therefrom) of US Borrower now or hereafter held or received by or in transit to any Lender from or for the account of US Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise, (f)any and all deposits (general or special, time or demand, provisional or final) of US Borrower with any Lender, and (g) any other credits and claims of US Borrower at any time existing against any Lender, including claims under certificates of deposit. At any time and from time to time after the occurrence of any Default, each Lender is hereby authorized to offset against the Obligations then due and payable (in either case without notice to US Borrower), any and all items hereinabove referred to. To the extent that US Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to US Borrower for the account of, third party royalty or joint interest owners.

Section 6.15.Year 2000 Compliance. US Borrower will promptly notify US Agent in the event US Borrower discovers or determines that any computer application (including those of its suppliers and vendors) that is material to its or any of its Subsidiaries' business and operations that will not be Year 2000 compliant on a timely basis, except to the extent that such failure would not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII - Negative Covenants of US Borrower

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to US Borrower, and to induce each Lender to enter into this Agreement and make the US Loans, US Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Required Lenders have previously agreed otherwise:

Section 7.1.Indebtedness. No Restricted Person (other than US Borrower) will in any manner owe or be liable for Indebtedness except:

(a) the US Obligations and the Canadian Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that the obligations required to be paid in any Fiscal Year under any such capital leases do not in the aggregate exceed US $2,000,000 for all Restricted Persons.

(c) unsecured Liabilities owed among Restricted Persons.

(d) guaranties by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either (i) are not Indebtedness, or (ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.

(e) Indebtedness of the Restricted Persons for plugging and abandonment bonds issued by third parties or for letters of credit issued in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit which are required by such regulatory authorities with respect to other normal oil and gas operations.

(f) non-recourse Indebtedness as to which no Restricted Person (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, US Borrower is not in violation of Sections 7.11 and 7.12.

(g) Indebtedness that is subordinated to the US Obligations and the Canadian Obligations on terms acceptable to Required Lenders.

(h) Indebtedness to Questar Corporation that is subordinated to the Obligations on the terms described in the promissory note attached hereto as Schedule 2.

(i) Acquired Debt which meets the following requirements: (A) the documentation evidencing such Indebtedness shall contain no terms, conditions or defaults (other than pricing) which are more favorable to the third party creditor than those contained in this Agreement are to Lenders and (B) at the time such Indebtedness is incurred, no Default or Event of Default shall have occurred and be continuing hereunder.

(j) Indebtedness under Hedging Contracts permitted under Section 7.10.

(k) unsecured Indebtedness of the Restricted Persons not described in subsections (a) through (j) above which meets the following requirements: (A) the documentation evidencing such Indebtedness shall contain no terms, conditions or defaults (other than pricing) which are more favorable to the third party creditor than those contained in this Agreement are to Lenders and (B) at the time such Indebtedness is incurred, no Default or Event of Default shall have occurred and be continuing hereunder; provided that the Indebtedness of the Restricted Persons (other than US Borrower) permitted under this subsection (k) shall not exceed US $30,000,000 in the aggregate, excluding guaranties of Indebtedness of other Restricted Persons.

Section 7.2.Limitation on Liens. Except for Permitted Liens, no Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires. No Restricted Person will allow the filing or continued existence of any financing statement describing as collateral any assets or property of such Restricted Person, other than financing

statements which describe only collateral subject to a Lien permitted under this section and which name as secured party or lessor only the holder of such Lien.

Section 7.3.Limitation on Investments and New Businesses. No Restricted Person will:

(a) engage directly or indirectly in any business or conduct any operations, except (i) in connection with or incidental to its present businesses and operations or complementary to such businesses or operations or (ii) in connection with businesses or operations that are not material to US Borrower and its Subsidiaries on a consolidated basis;

(b) make any acquisitions of or capital contributions to any Person or any other Investment, except (i) Investments in the ordinary course of business, (ii) demand loans to Questar Corporation, and (iii) purchases of equity interests in Persons involved in the oil and gas industry if the aggregate amount of the purchase price for all such purchases (including the purchase in question) made by the Restricted Persons after the date hereof does not exceed US $30,000,000.

Section 7.4.Limitation on Mergers. US Borrower will not merge or consolidate with or into any other Person unless US Borrower is the surviving business entity and no Default exists prior to such merger or consolidation or will exist immediately thereafter..

Section 7.5.Limitation on Issuance of Securities by Subsidiaries of US Borrower. No Restricted Subsidiary of US Borrower will issue any additional shares of its capital stock, additional partnership interests or other equity securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to another Restricted Person of which such issuer is already directly or indirectly a Subsidiary of US Borrower.

Section 7.6.Transactions with Affiliates. No Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates.

Section 7.7.Prohibited Contracts. Except as expressly provided for in the US Loan Documents, no Restricted Person will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of any Restricted Person that is a Subsidiary of US Borrower: (a) to pay dividends or make other distributions to US Borrower, (b) to redeem equity interests held in it by US Borrower, (c) to repay loans and other indebtedness owing by it to US Borrower, or (d) to transfer any of its assets to US Borrower.

Section 7.8.ERISA. No ERISA Affiliate will incur any obligation to contribute to any "multiemployer plan" as defined in Section 4001 of ERISA.

Section 7.9.Limitation on Sales of Property. No Restricted Person will sell, transfer, lease, exchange, alienate or dispose of any of its material assets or properties or any material interest therein, or discount, sell, pledge or assign any notes payable to it, accounts receivable or future income, except:

(a) equipment which is worthless or obsolete or which is replaced by equipment of equal suitability and value;

(b) inventory (including oil and gas sold as produced and seismic data) which is sold in the ordinary course of business on ordinary trade terms;

(c) capital stock of any of US Borrower's Subsidiaries which is transferred to US Borrower or a wholly owned Subsidiary of US Borrower;

(d) interests in oil and gas properties, or portions thereof, to which no proved reserves of oil, gas or other liquid or gaseous hydrocarbons are properly attributed.

(e) notwithstanding the above, other property which is sold for fair consideration in an aggregate amount not to exceed twenty percent (20%) of the Consolidated net book value of US Borrower's property, plant and equipment during any Fiscal Year.

Section 7.10.Hedging Contracts. No Restricted Person will be a party to or in any manner be liable on any Hedging Contract, unless such contracts are entered into as a hedge of equity oil and gas production (whether production is produced by any Restricted Person or purchased from third parties), floating rate Indebtedness or foreign currency needs (and not as a speculative investment), such contracts are entered into in the ordinary course of the Restricted Persons' businesses, and

(i) if such contracts are entered into with the purpose and effect of fixing prices on oil or gas expected to be produced by Restricted Persons:

(A) such contracts for any single month (determined, in the case of contracts that are not settled on a monthly basis, by a monthly proration acceptable to US Agent) do not, in the aggregate, cover amounts greater than seventy-five percent (75%) of the Restricted Persons' aggregate Projected Oil and Gas Production anticipated to be sold in the ordinary course of the Restricted Persons' businesses for such month; and

(B) such contracts do not require any Restricted Person to provide any Lien to secure US Borrower's obligations thereunder, other than Liens on cash or cash equivalents in an aggregate amount not more than US $10,000,000.

As used in this subsection (i), the term "Projected Oil and Gas Production" means the projected production of oil or gas (measured by volume unit or BTU equivalent, not sales price) for the term of the contracts or a particular month, as applicable, from properties and interests owned by any Restricted Person which have attributable to them proved oil or gas reserves.

(ii) if such contracts are entered into with the purpose and effect of fixing interest rates on a principal amount of indebtedness of such Restricted Person that is accruing interest at a variable rate, the aggregate notional amount of such contracts never exceeds the anticipated outstanding principal balance of the indebtedness to be hedged by such contracts or an average of such principal balances calculated using a generally accepted method of matching interest swap contracts to declining principal balances, and the floating rate index of each such contract generally matches the index used to determine the floating rates of interest on the corresponding indebtedness to be hedged by such contract.

Section 7.11.Funded Debt to Total Capitalization. As of the end of each Fiscal Quarter, the Debt to Capitalization Ratio will not exceed 0.6 to 1.0.

Section 7.12.Net Worth. US Borrower's Consolidated Net Worth will never be less than the sum of (a) eighty-five percent (85%) of US

Borrower's Consolidated Net Worth as of December 31, 1998 plus (b) an aggregate amount equal to fifty percent (50%) of its Consolidated Net Income for each Fiscal Quarter (but, in each case, only including such Fiscal Quarters for which Consolidated Net Income is a positive number) from and after December 31,1998 to and including the date of determination thereof, computed on a cumulative basis for such period.

ARTICLE VIII - Events of Default and Remedies

Section 8.1.Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) US Borrower fails to pay any principal component of any US Obligation (including without limitation, any Matured US LC Obligations) when due and payable or fails to pay any other US Obligation within five (5) Business Days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any "default" or "event of default" occurs under any US Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) US Borrower fails to duly observe, perform or comply with Section 6.3 or Section 6.4 of this Agreement, with the exception of the failure to provide notice in the event that any Restricted Person changes its name or location of its chief executive office;

(d) US Borrower fails (other than as referred to in subsections (a), (b) or (c) above) to duly observe, perform or comply with any covenant, agreement, condition or provision of any US Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by US Agent to US Borrower;

(e) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any US Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made, or this Agreement or any US Note is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by US Agent;

(f) Any Restricted Person fails to duly observe, perform or comply with any agreement with any Person or any term or condition of any instrument, if such failure could reasonably be expected to have a Material Adverse Effect upon US Borrower;

(g) Any Restricted Person (i) fails to duly pay any Indebtedness in excess of US $10,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above, and any such failure, breach or default continues beyond any applicable period of grace provided therefor;

(h) US Borrower or any other Restricted Person having assets with a book value of at least US $10,000,000:

(i) suffers the entry against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as

from time to time amended, or has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii)suffers the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its property in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the Required Lenders by US $10,000,000 or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a writ or warrant of attachment or similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US $10,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside;

(i) Either (i) any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code) in excess of US $10,000,000 exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than US $10,000,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(j) Questar Corporation ceases to own 100% of the capital stock of US Borrower; and

(k) Any "Event of Default" occurs under the Canadian Agreement.

Upon the occurrence of an Event of Default described in subsection (h)(i), (h)(ii) or (h)(iii) of this section with respect to US Borrower, all of the US Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by US Borrower and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further US Loans and any obligation of US LC Issuer to issue Letters of Credit hereunder shall

be permanently terminated. During the continuance of any other Event of Default, US Agent at any time and from time to time may (and upon written instructions from Required Lenders, US Agent shall), without notice to US Borrower or any other Restricted Person, do either or both of the following: (1) terminate any obligation of Lenders to make US Loans hereunder, and any obligation of US LC Issuer to issue Letters of Credit hereunder, and (2) declare any or all of the US Obligations immediately due and payable, and all such US Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by US Borrower and each Restricted Person who at any time ratifies or approves this Agreement. In the event any Competitive Bid Note is accelerated in accordance with the terms herein, any obligation of any Lender to make any further US Loans and any obligation of US LC Issuer to issue Letters of Credit shall be permanently terminated.

Section 8.2.Remedies. If any Default shall occur and be continuing, each Lender Party may protect and enforce its rights under the US Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Lender Party may enforce the payment of any US Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the US Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the US Loan Documents or at Law or in equity.

ARTICLE IX - US Agent

Section 9.1.Appointment, Powers, and Immunities. Each Lender hereby irrevocably appoints and authorizes US Agent to act as its agent under this Agreement and the other US Loan Documents with such powers and discretion as are specifically delegated to US Agent by the terms of this Agreement and the other US Loan Documents, together with such other powers as are reasonably incidental thereto. US Agent (which term as used in this sentence and in Section 9.5 and the first sentence of Section 9.6 hereof shall include its Affiliates and its own and its Affiliates' officers, directors, employees, and agents): (a)shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be a trustee or fiduciary for any Lender; (b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Restricted Person or any other Person to perform any of its obligations thereunder; (c)shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Restricted Person or the satisfaction of any condition or, except at the written direction of any Lender, to inspect the property (including the books and records) of any Restricted Person or any of its Subsidiaries or Affiliates; (d) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct. US Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

Section 9.2.Reliance by US Agent. US Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other

communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by US Agent. US Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until US Agent receives and accepts an Assignment and Acceptance executed in accordance with Section 10.6 hereof. As to any matters not expressly provided for by this Agreement, US Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding on all of the Lenders; provided, however, that US Agent shall not be required to take any action that exposes US Agent to personal liability or that is contrary to any Loan Document or applicable Law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

Section 9.3.Defaults. US Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless US Agent has received written notice from a Lender or US Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that US Agent receives such a notice of the occurrence of a Default or Event of Default, US Agent shall give prompt notice thereof to the Lenders. US Agent shall (subject to Section 9.1 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Required Lenders. Notwithstanding the foregoing, unless and until US Agent shall have received such directions, US Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

Section 9.4.Rights as Lender. With respect to its Percentage Share of the US Maximum Credit Amount and the US Loans made by it, US Agent (and any successor acting as US Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as US Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include US Agent in its individual capacity. US Agent (and any successor acting as US Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make Investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Restricted Person or any of its Subsidiaries or Affiliates as if it were not acting as US Agent, and US Agent (and any successor acting as US Agent) and its Affiliates may accept fees and other consideration from any Restricted Person or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 9.5.Indemnification. The Lenders agree to indemnify US Agent (to the extent not reimbursed under Section 10.4 hereof, but without limiting the obligations of US Borrower under such section) ratably in accordance with their respective Percentage Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, reasonable costs and expenses (including attorneys' fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against US Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by US Agent under any Loan Document (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF US AGENT); provided that no Lender

shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified. Without limitation of the foregoing, each Lender agrees to reimburse US Agent promptly upon demand for its ratable share of any costs or expenses payable by US Borrower under Section 10.4, to the extent that US Agent is not promptly reimbursed for such costs and expenses by US Borrower. The agreements contained in this section shall survive payment in full of the US Loans and all other amounts payable under this Agreement.

Section 9.6.Non-Reliance on US Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on US Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the US Borrower and its Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon US Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the US Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by US Agent hereunder, US Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Restricted Person or any of its Subsidiaries or Affiliates that may come into the possession of US Agent or any of its Affiliates.

Section 9.7.Sharing of Set-Offs and Other Payments. Each Lender Party agrees that if it shall, whether through the exercise of rights under US Loan Documents or rights of banker's lien, set off, or counterclaim against US Borrower or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by US Agent under Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by US Agent and distributed pursuant to Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that US Agent and all Lender Parties share all payments of Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. US Borrower expressly consents to the foregoing arrangements and agrees that any holder of any such interest or other participation in the Obligations, whether or not acquired pursuant to the foregoing arrangements, may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest or other participation. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.8.Investments. Whenever US Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever US Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, US Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If US Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if US Agent is otherwise

required to invest funds pending distribution to Lender Parties, US Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by US Agent for distribution to Lender Parties (other than to the Person who is US Agent in its separate capacity as a Lender Party) shall be held by US Agent pending such distribution solely as US Agent for such Lender Parties, and US Agent shall have no equitable title to any portion thereof.

Section 9.9.Benefit of Article IX. The provisions of this Article (other than the following Section 9.11) are intended solely for the benefit of Lender Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lender Parties may waive or amend such provisions as they desire without any notice to or consent of US Borrower or any Restricted Person.

Section 9.10.Resignation. US Agent may resign at any time by giving written notice thereof to Lenders and US Borrower. Each such notice shall set forth the date of such resignation. Upon any such resignation, Required Lenders shall have the right to appoint a successor US Agent. A successor must be appointed for any retiring US Agent, and such US Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring US Agent's resignation, no successor US Agent has been appointed and has accepted such appointment, then the retiring US Agent may appoint a successor US Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof and if no Default or Event of Default has occurred and is continuing, retiring US Agent shall obtain the consent of US Borrower. Upon the acceptance of any appointment as US Agent hereunder by a successor US Agent, the retiring US Agent shall be discharged from its duties and obligations under this Agreement and the other US Loan Documents. After any retiring US Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was US Agent under the US Loan Documents.

Section 9.11.Lenders to Remain Pro Rata. It is the intent of all parties hereto that, except for Competitive Bid Loans and matters related thereto, the pro rata share of each Lender in the US Obligations and in the Canadian Obligations shall be substantially the same at all times during the term of this Agreement. Accordingly, the initial Percentage Share of each Lender in the US Maximum Credit Amount will be the same as the initial Percentage Share of such Lender in the Canadian Maximum Credit Amount. All subsequent assignments and adjustments of the interests of the Lenders in the US Obligations and the Canadian Obligations will be made so as to maintain such a pro rata arrangement; provided that for the purposes of determining these pro rata shares, any Percentage Share held by any Lender's Affiliates shall be included in determining the interests of such Lender.

ARTICLE X - Miscellaneous

Section 10.1.Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the US Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any US Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then

such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other US Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other US Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is US Borrower, by US Borrower, (ii) if such party is US Agent or US LC Issuer, by such party, and (iii) if such party is a Lender, by such Lender or by US Agent on behalf of Lenders with the written consent of Required Lenders (which consent has already been given as to the termination of the US Loan Documents as provided in Section 10.10). Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of all Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the US Maximum Credit Amount hereunder. Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of each individual Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV, (2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest, (5) amend the definition herein of "Required Lenders," "Majority Lenders," or otherwise change the aggregate amount of Percentage Shares which is required for US Agent, Lenders or any of them to take any particular action under the US Loan Documents, (6) release US Borrower from its obligation to pay such Lender's Note, or (7) amend this Section 10.1(a).

(b) Acknowledgments and Admissions. US Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the US Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other US Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by US Agent or any Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Lender as to the US Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iv) no Lender has any fiduciary obligation toward US Borrower with respect to any Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the US Loan Documents between US Borrower and the other Restricted Persons, on one hand, and each Lender, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the US Loan Documents between any Restricted Person and any Lender, (vii) US Agent is not US Borrower's US Agent, but US Agent for Lenders, (viii) without limiting any of the foregoing, US Borrower is not relying upon any representation or covenant by any Lender, or any representative thereof, and no such representation or covenant has been made, that any Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the US Loan Documents with respect to any such Event of Default or Default or any other provision of the US Loan Documents, and (ix) all Lender Parties have relied upon the truthfulness of the acknowledgments in this section in deciding to execute and deliver this Agreement and to become obligated

hereunder.

(c) Joint Acknowledgment. This written Agreement and the other US Loan Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

There are no unwritten oral agreements between the parties.

Section 10.2.Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the US Loan Documents shall survive the execution and delivery of this Agreement and the other US Loan Documents and the performance hereof and thereof, including the making or granting of the US Loans and the delivery of the US Notes and the other US Loan Documents, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to US Borrower are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender Party under any Loan Document shall be deemed representations and warranties by US Borrower or agreements and covenants of US Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the US Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the US Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various US Loan Documents.

Section 10.3.Notices. All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document (provided that US Agent may give telephonic notices to the other Lender Parties), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by facsimile or other electronic transmission, by delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, to US Borrower and Restricted Persons at the address of US Borrower specified on the signature pages hereto and to each Lender Party at its address specified on Annex II hereto (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein, (b) in the case of facsimile or other electronic transmission, upon receipt, or (c) in the case of registered or certified United States mail, three days after deposit in the mail; provided, however, that no Borrowing Notice shall become effective until actually received by US Agent.

Section 10.4.Payment of Expenses; Indemnity.

(a) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, US Borrower will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay: (i) all reasonable costs and expenses incurred by or on behalf of US Agent (including, without limitation, external attorneys' fees, consultants' fees, travel costs and miscellaneous expenses) in connection with the negotiation,

preparation, execution and delivery of the US Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, and (ii) all reasonable costs and expenses incurred by or on behalf of any Lender Party (including, without limitation, external attorneys' fees, consultants' fees, accounting fees, travel costs and miscellaneous expenses) in connection with the defense or enforcement of any of the US Loan Documents (including this section) or the defense of any Lender Party's exercise of its rights thereunder.

(b) Indemnity. US Borrower agrees to indemnify each Lender Party , upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, reasonable costs and expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Lender Party growing out of, resulting from or in any other way associated with the US Loan Documents and the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (whether arising in contract or in tort or otherwise and including any violation or noncompliance with any Environmental Laws by any Lender Party or any other Person or any liabilities or duties of any Lender Party or any other Person with respect to Hazardous Materials found in or released into the environment).

The foregoing indemnification shall apply whether or not such liabilities and costs are in any way or to any extent owed, in whole or in part, under any claim or theory of strict liability or caused, in whole or in part by any negligent act or omission of any kind by any Lender Party,

provided only that no Lender Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including US Borrower or any of its Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful misconduct. As used in this section the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative and Affiliate of such Person.

Section 10.5.Joint and Several Liability; Parties in Interest. All Obligations which are incurred by two or more Restricted Persons shall be their joint and several obligations and liabilities. All grants, covenants and agreements contained in the US Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of all of the Lenders. Neither US Borrower nor any Affiliates of US Borrower shall directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If US Borrower or any Affiliate of US Borrower at any time purchases some but less than all of the Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the US Loan Documents unless and until US Borrower or its Affiliates have purchased all of the Obligations.

Section 10.6.Assignments and Participations.

(a) Each Lender may assign to one or more Eligible Transferees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its US Loans, its Note, and its Percentage Share of the US Maximum Credit Amount); provided, however, that

(i) each such assignment shall be to an Eligible Transferee;

(ii) together with each such assignment of its rights and obligations under this Agreement, such Lender shall assign the same Percentage Share of its rights and obligations under the Canadian Agreement to the same Eligible Transferee or an Affiliate of such Eligible Transferee.

(iii)except in the case of such an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any partial assignment of such Lender's rights and obligations under this Agreement and under the Canadian Agreement shall be in a collective amount at least equal to US $20,000,000 or an integral multiple of US $5,000,000 in excess thereof;

(iv) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under the US Loan Documents;

(v) the parties to such assignment shall execute and deliver to US Agent for its acceptance an Assignment and Acceptance in the form of Exhibit F hereto, together with any Note subject to such assignment and a processing fee of US $3,500; and

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this section, the assignor, US Agent and US Borrower shall make appropriate arrangements so that, if required, new US Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the Laws of the United States of America or a state thereof, it shall deliver to US Borrower and US Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 3.9.

(b) US Agent shall maintain at its address referred to in Section 10.3 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and their Percentage Share of the US Maximum Credit Amount of, and principal amount of the US Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and US Borrower, US Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by US Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee, US Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assignment and Acceptance, (ii)record the information contained therein in the Register and (iii)

give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations to one or more Persons that are Eligible Transferees in all or a portion of its rights and obligations under this Agreement (including all or a portion of its US Maximum Credit Amount and its US Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article III and the right of offset contained in Section 6.14, and (iv)US Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of US Borrower relating to its US Loans and its Note and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such US Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such US Loans or Note, or extending its US Maximum Credit Amount).

(e) Notwithstanding anything to the contrary contained herein, Lender (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the US Agent and the US Borrower, the option to provide to the US Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to the US Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan, and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Percentage Share of the US Maximum Credit Amount of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or payment under this Agreement for which a Lender would otherwise be liable for so long as, and to the extent, the Granting Bank provides such indemnity or makes such payment. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.6(e), any SPC may (i) with notice to, but without the prior written consent of, the US Borrower and the US Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section 10.6(e) may not be amended without the written consent of the Granting Bank. Notwithstanding the above (i) any Granting Bank's obligations under this Agreement as a Lender hereunder shall remain unchanged, (ii) such Granting Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) US Borrower shall continue to deal solely and directly with such Granting Bank in connection with such Granting Bank's rights and obligations under this Agreement, and such Granting Bank shall retain the sole right to enforce the obligations of US Borrower relating to the US Loans and its Note and to approve any

amendment, modification, or waiver of any provision of this Agreement.

(f) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its US Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(g) Any Lender may furnish any information concerning US Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 10.7 hereof.

Section 10.7.Confidentiality. US Agent and each Lender (each, a "Lending Party") agrees to keep confidential any information furnished or made available to it by US Borrower pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any Affiliate of any Lending Party, or any officer, director, employee, US Agent, or advisor of any Lending Party or Affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any Law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its Affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document, and (i) subject to provisions substantially similar to those contained in this section, to any actual or proposed participant or assignee.

Section 10.8.Governing Law; Submission to Process. Except to the extent that the law of another jurisdiction is expressly elected in a Loan Document, the US Loan Documents shall be deemed contracts and instruments made under the laws of the State of Utah and shall be construed and enforced in accordance with and governed by the laws of the State of Utah and the laws of the United States of America, without regard to principles of conflicts of law. US Borrower hereby irrevocably submits itself and each other Restricted Person to the non-exclusive jurisdiction of the state and federal courts sitting in the State of Utah and agrees and consents that service of process may be made upon it or any Restricted Person in any legal proceeding relating to the US Loan Documents or the Obligations by any means allowed under Utah or federal law.

Section 10.9.Limitation on Interest. Lender Parties, Restricted Persons and the other parties to the US Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such persons stipulate and agree that none of the terms and provisions contained in the US Loan Documents shall ever be construed to provide for interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the US Loan Documents which may be conflict or apparent conflict herewith. As used in this section the term "applicable Law" means the Laws of the State of Texas or the Laws of the United States of America, whichever Laws allow the greater interest, as such Laws now exist or may be

changed or amended or come into effect in the future.

Section 10.10. Termination; Limited Survival. In its sole and absolute discretion US Borrower may at any time that no Obligations are owing elect in a written notice delivered to US Agent to terminate this Agreement. Upon receipt by US Agent of such a notice, if no Obligations are then owing this Agreement and all other US Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Lender Party shall survive any termination of this Agreement or any other Loan Document. At the request and expense of US Borrower, US Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the US Loan Documents. US Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.11. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the US Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.12. Counterparts; Fax. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. This Agreement and the US Loan Documents may be validly executed and delivered by facsimile or other electronic transmission.

Section 10.13. Waiver of Jury Trial, Punitive Damages, etc. US Borrower and each Lender Party hereby knowingly, voluntarily, intentionally, and irrevocably (a) waives, to the maximum extent not prohibited by Law, any right it may have to a trial by jury in respect of any litigation based hereon, or directly or indirectly at any time arising out of, under or in connection with the US Loan Documents or any transaction contemplated thereby or associated therewith, before or after maturity; (b) waives, to the maximum extent not prohibited by Law, any right it may have to claim or recover in any such litigation any "Special Damages", as defined below, (c) certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers, and (d) acknowledges that it has been induced to enter into this Agreement, the other US Loan Documents and the transactions contemplated hereby and thereby by, among other things, the mutual waivers and certifications contained in this section. As used in this section, "Special Damages" includes all special, consequential, exemplary, or punitive damages (regardless of how named), but does not include any payments or funds which any party hereto has expressly promised to pay or deliver to any other party hereto.

Section 10.14. Defined Terms. Capitalized terms and phrases used and not otherwise defined herein shall for all purposes of this Agreement have the meaning given to such terms and phrases in Annex I hereto.

Section 10.15. Annex I, Exhibits and Schedules; Additional Definitions. Annex I and all Exhibits and Schedules attached to this Agreement are a part hereof for all purposes.

Section 10.16. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals,

extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement.

Section 10.17. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 10.18. Calculations and Determinations. All calculations under the US Loan Documents of interest chargeable with respect to Eurodollar Loans and of fees shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All other calculations of interest made under the US Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender Party of amounts to be paid under Article III or any other matters which are to be determined hereunder by a Lender Party (such as any US Dollar Eurodollar Rate, Adjusted US Dollar Eurodollar Rate, Business Day, Interest Period, or Reserve Requirement) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Required Lenders otherwise consent all financial statements and reports furnished to any Lender Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with US GAAP.

Section 10.19. Construction of Indemnities and Releases. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification from or being released.

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

QUESTAR MARKET RESOURCES, INC.
US Borrower

By: /s/Gary L. Nordloh
Gary L. Nordloh
President and Chief Executive Officer

Mailing Address:
P.O. Box 45433
Salt Lake City, Utah 84145
Attention:

Street Address:
180 East 100 South
Salt Lake City, Utah 84111
Telephone: (801) 324-5497
Fax: (801) 324-5483

NATIONSBANK, N.A.,
Administrative Agent, US LC Issuer
and Lender

By: /s/David C. Rubenking
David C. Rubenking
Title:

Address:

370 17th Street, Suite 3200
Denver, Colorado 80202
Attention: David C. Rubenking

Telephone: (303) 629-6969
Fax: (303) 629-6303

TORONTO DOMINION (TEXAS), INC.
Lender

By: /s/Jimmy Simien
Jimmy Simien
Vice President

Address:

909 Fannin Street, Suite 1700
Houston, TX 77010
Attn: Carolyn Faeth
Telephone: (713) 427-8520
Fax: (713) 951-9951

BANK OF MONTREAL
Lender

By: /s/James Whitmore
James Whitmore
Director

Address:

700 Louisiana Street, Suite 4400
Houston, TX 77002
Attention: Frank Russo
Telephone: (713) 546-9760
Fax: (713) 223-4007

THE FIRST NATIONAL BANK OF CHICAGO
Lender

By: /s/Carl E. Skoog
Carl E. Skoog
Vice President

Address:

Mail Code: IL1-0362
One First National Plaza

Chicago, IL 60670
Attention: Energy and Minerals
Telephone: (312) 732-6886
Fax: (312) 732-3055

FIRST SECURITY BANK, N.A.
Lender

By:
Name:
Title:

Address:
15 East 100 South, 2nd Floor
Salt Lake City, UT 84111
Attention: Troy S. Akagi
Telephone: (801) 246-5524
Fax: (801) 246-5532

MELLON BANK, N.A.
Lender

By: /s/Roger E. Howard
Roger E. Howard
Vice President

Address:

One Mellon Bank Center,
Room 4425
Pittsburgh, PA 15258
Attention: Roger E. Howard
Telephone: (412) 234-5606
Fax: (412) 236-1840

[Execution]

FIRST AMENDMENT TO US CREDIT AGREEMENT

THIS FIRST AMENDMENT TO US CREDIT AGREEMENT (herein called the "Amendment") made as of May 17, 1999, by and among Questar Market Resources, Inc., a Utah corporation ("US Borrower"), NationsBank, N.A., individually and as administrative agent ("US Agent"), and the undersigned Lenders, party to the Original Agreement (the "Lenders"), defined below.

W I T N E S S E T H:

WHEREAS, US Borrower, US Agent and the Lenders entered into that certain US Credit Agreement dated as of April 19, 1999 (the "Original Agreement"), for the purpose and consideration therein expressed, whereby the Lenders became obligated to make loans to US Borrower as therein provided; and

WHEREAS, US Borrower, US Agent and the Lenders, desire to amend the definition of the US Maximum Credit Amount, the Tranche A Maximum Credit Amount and the Tranche B Maximum Credit Amount; and

WHEREAS, the increases in the US Maximum Credit Amount, the Tranche A Maximum Credit Amount and the Tranche B Maximum Credit Amount will be commitments of First Security Bank, N.A. ("First Security"), and the obligations of the other Lenders will not be increased by this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by Lenders to US Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this First Amendment to US Credit Agreement.

"Amendment Documents" means this Amendment, the Tranche A Renewal Note and the Tranche B Renewal Note.

"Tranche A Renewal Note" means the Tranche A Note of even date herewith in the stated principal amount of US $9,000,000 made payable to the order of First Security, attached hereto as Exhibit A-1, which note is given in increase, replacement and substitution of the Tranche A Note dated April 19, 1999, made payable to the order of First Security.

"Tranche B Renewal Note" means the Tranche B Note of even date herewith inthe stated principal amount of US $2,520,000 made payable to the order of First Security Bank, N.A., attached hereto as Exhibit A-2, which note is given in increase, replacement and

substitution of the Tranche B Note dated April 19, 1999, made payable to the order of First Security.

"US Credit Agreement" means the Original Agreement as amended hereby.

ARTICLE II.

Amendments to Original Agreement

Section 2.1. Defined Terms. The definitions of "US Maximum Credit Amount", "Tranche A Maximum Credit Amount" and "Tranche B Maximum Credit Amount" in Annex I of the Original Agreement are hereby amended in their entirety to read as follows:

"'Tranche A Maximum Credit Amount'" means the amount of US $153,000,000; provided that the Tranche A Maximum Credit Amount may be increased up to $180,000,000 pursuant to Section 1.1(f) of the US Agreement."

"'Tranche B Maximum Credit Amount'" means the amount of US $42,840,000; provided that the Tranche B Maximum Credit Amount may be increased up to $50,000,000 pursuant to Section 1.1(f) of the US Agreement."

"'US Maximum Credit Amount' means the amount of US $195,840,000; provided that the US Maximum Credit Amount may be increased up to US $230,000,000 pursuant to Section 1.1(f) of the US Agreement."

Section 2.2. Lenders Schedule. Annex II to the Original Agreement is hereby amended in its entirety to read as set forth in Exhibit B attached hereto.

ARTICLE III.

Conditions of Effectiveness

Section 3.1. Effective Date. This Amendment shall become effective as of the date first above written when, and only when, (i) US Agent shall have received, at US Agent's office, a counterpart of this Amendment executed and delivered by US Borrower and each Lender, (ii) US Borrower shall have issued and delivered to US Agent, for subsequent delivery to First Security, a Tranche A Renewal Note and a Tranche B Renewal Note with appropriate insertions payable to the order of First Security, duly executed on behalf of US Borrower, dated the date hereof, and (iii) US Agent shall have additionally received from US Borrower, in connection with such US Loan Documents, all other fees and reimbursements to be paid to US Agent pursuant to any US Loan Documents, or otherwise due US Agent and including fees and disbursements of US Agent's attorneys.

ARTICLE IV.

Representations and Warranties

Section 4.1. Representations and Warranties of Borrower. In order to induce each Lender to enter into this Amendment, US Borrower represents and warrants to each Lender that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) US Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Amendment Documents and to authorize the consummation of the transactions contemplated hereby and thereby and the performance of its

obligations hereunder and thereunder. US Borrower is duly authorized to borrow funds under the US Credit Agreement.

(c) The execution and delivery by the various Restricted Persons of the Amendment Documents to which each is a party, the performance by each of its obligations under such Amendment Documents and the consummation of the transactions contemplated by the various Amendment Documents do not and will not (a) conflict with any provision of (i) any Law, (ii) the organizational documents of any Restricted Person, or (iii) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or (b) result in the acceleration of any Indebtedness owed by any Restricted Person, or (c) result in or require the creation of any Lien upon any assets or properties of any Restricted Person, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Amendment Document or to consummate any transactions contemplated by the Amendment Documents.

(d) This Amendment is, and the other Amendment Documents when duly executed and delivered will be, a legal, valid and binding obligation of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application relating to the enforcement of creditor's rights.

ARTICLE V.

Miscellaneous

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. The US Loan Documents, as they may be amended or affected by the various Amendment Documents, are hereby ratified and confirmed in all respects. Any reference to the US Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. Any reference to the Tranche A Notes and the Tranche B Notes in any other US Loan Document shall be deemed to include a reference to the Tranche A Renewal Note and the Tranche B Renewal Note issued and delivered pursuant to this Amendment. The execution, delivery and effectiveness of this Amendment and each of the Tranche A Renewal Note and the Tranche B Renewal Note shall not, except as expressly provided herein or therein, operate as a waiver of any right, power or remedy of Lenders under the US Credit Agreement, the US Notes, or any other US Loan Document nor constitute a waiver of any provision of the US Credit Agreement, the US Notes or any other US Loan Document.

Section 5.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Amendment and the other Amendment Documents and the performance hereof and thereof, including without limitation the making or granting of the US Loans and the delivery of the Tranche A Renewal Note and the Tranche B Renewal Note, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to US Borrower are terminated. All statements and agreements contained in any certificate or instrument delivered by any Restricted Person hereunder or under the US Credit Agreement to any Lender Party shall be deemed representations and warranties by US Borrower or agreements and covenants of US Borrower under this

Amendment and under the US Credit Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the US Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the US Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Amendment or any other Amendment Document to any representation, warranty, indemnity, or covenant herein or therein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various US Loan Documents.

Section 5.3. Delivery of Notes. First Security shall promptly deliver to US Agent, for subsequent delivery to US Borrower, the Tranche A Note and the Tranche B Note heretofore delivered to it under the Original Agreement.

Section 5.4. Loan Documents. This Amendment and each of the Tranche A Renewal Note and the Tranche B Renewal Note are each a US Loan Document, and all provisions in the US Credit Agreement pertaining to US Loan Documents apply hereto and thereto.

Section 5.5. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Utah and any applicable laws of the United States of America in all respects, including construction, validity and performance. US Borrower hereby irrevocably submits itself and each other Restricted Person to the non-exclusive jurisdiction of the state and federal courts sitting in the State of Utah and agrees and consents that service of process may be made upon it or any Restricted Person in any legal proceeding relating to the Amendment Documents or the Obligations by any means allowed under Utah or federal law.

Section 5.6. Counterparts. This Amendment may be separately executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment may be validly executed and delivered by facsimile or other electronic transmission.

THIS AMENDMENT AND THE OTHER US LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

QUESTAR MARKET RESOURCES, INC.
US Borrower

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

Mailing Address:
P.O. Box 45433
Salt Lake City, Utah 84145
Attention: Martin H. Craven

Street Address:
180 East 100 South
Salt Lake City, Utah 84111
Telephone: (801) 324-5497
Fax: (801) 324-5483

NATIONSBANK, N.A.,
Administrative Agent, US LC Issuer
and Lender

By: /s/David C. Rubenking
David C. Rubenking
Senior Vice President

TORONTO DOMINION (TEXAS), INC.
Lender

By: /s/Carolyn Faeth
Carolyn Faeth
Manager

BANK OF MONTREAL
Lender

By: /s/James Whitmore
James Whitmore
Director

THE FIRST NATIONAL BANK OF CHICAGO
Lender

By: /s/Carl E. Skoog
Carl E. Skoog
Vice President

MELLON BANK, N.A.
Lender

By: /s/Roger E. Howard
Roger E. Howard
Vice President

FIRST SECURITY BANK, N.A.
Lender

By: /s/Troy S. Akagi
Troy S. Akagi
Title: Vice President

EXHIBIT A-1

PROMISSORY NOTE

US$ 9,000,000 [Tranche A Note] May__, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises to pay to the order of First Security Bank, N.A. (herein called "Lender"), the principal sum of Nine Million and no/100 Dollars (US$ 9,000,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche A Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999, among Borrower, NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated of even date herewith among Borrower, US Agent and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche A Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the US Facility Maturity Date.

Tranche A Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche A Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in

the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note is given in renewal and extension (but not in extinguishment or novation) of that certain Promissory Note dated April 19, 1999 executed and delivered by Borrower and payable to the order of Lender in the stated principal amount of US $6,000,000.

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT A-2

PROMISSORY NOTE

US$ 2,520,000 [Tranche B Note] May __, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises

to pay to the order of First Security Bank, N.A. (herein called "Lender"), the principal sum of Two Million Five Hundred Twenty Thousand and no/100 Dollars (US$2,520,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche B Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999 among Borrower, NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated of even date herewith among Borrower, US Agent and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche B Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche B Maturity Date.

Tranche B Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche B Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have

accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note is given in renewal and extension (but not in extinguishment or novation) of that certain Promissory Note dated April 19, 1999 executed and delivered by Borrower and payable to the order of Lender in the stated principal amount of US $1,680,000

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of Utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT B

LENDER'S SCHEDULE

BANK OF AMERICA

Percentage Share:25.4902%

US Agreement

Name of Affiliate that is Lender under US Agreement:NationsBank, N.A.

Applicable Lending Office for US Loans: 901 Main Street, 64th Floor
Dallas, Texas 75202

Address for Notices: 901 Main Street, 64th Floor
Dallas, Texas 75202
Attention: Renita M. Cummings

US Tranche A Note Amount (5 year): US$ 39,000,000

US Tranche B Note Amount (364 day): US$ 10,920,000

Competitive Bid Note Amount: see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:Bank of America Canada

Applicable Lending Office for Canadian Advances:200 Front Street West,
Suite 2700
Toronto, Ontario M5V3L2

Address for Notices: 200 Front Street West,
Suite 2700
Toronto, Ontario M5V3L2
Attention: Richard J. Hall

Canadian Note Amount: US$ 15,080,000

Competitive Bid Note Amount: see Section 1.9 of Canadian Agreement

MELLON BANK, N.A.

Percentage Share: 23.5294%

US Agreement

Name of Affiliate that is Lender under US Agreement:Mellon Bank, N.A.

Applicable Lending Office for US Loans: One Mellon Bank Center
Room 4425
Pittsburgh, Pennsylvania 15258

Address for Notices: One Mellon Bank Center
Room 4425
Pittsburgh, Pennsylvania 15258
Attention: Roger E. Howard

US Tranche A Note Amount (5 year): US$ 36,000,000

US Tranche B Note Amount (364 day): US$ 10,080,000

Competitive Bid Note Amount: see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:Mellon Bank Canada

Applicable Lending Office for Canadian Advances:77 King Street West, Suite 3200
Toronto, Ontario M5K 1K2
Canada

Address for Notices: 77 King Street West, Suite 3200

	Toronto, Ontario M5K 1K2 Canada Attention: Wendy B. H. Bocti
Canadian Note Amount:	US$ 13,920,000
Competitive Bid Note Amount:	see Section 1.9 of Canadian Agreement

BANK OF MONTREAL

Percentage Share: 13.7255%

US Agreement

Name of Affiliate that is Lender under US Agreement:Bank of Montreal

Applicable Lending Office for US Loans:	700 Louisiana, Suite 4400 Houston, Texas 77002
Address for Notices:	700 Louisiana, Suite 4400 Houston, Texas 77002 Attention: Frank Russo
US Tranche A Note Amount (5 year):	US$ 21,000,000
US Tranche B Note Amount (364 day):	US$ 5,880,000
Competitive Bid Note Amount:	see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:Bank of Montreal

Applicable Lending Office for Canadian Advances:	350-7th Avenue S.W. (Floor 24) Calgary, Alberta Canada T2P 3N9
Address for Notices:	350-7th Avenue S.W. (Floor 24) Calgary, Alberta Canada T2P 3N9 Attention: Scott C. McDermid
Canadian Note Amount:	US$ 8,120,000
Competitive Bid Note Amount:	see Section 1.9 of Canadian Agreement

THE FIRST NATIONAL BANK OF CHICAGO

Percentage Share: 23.5294%

US Agreement

Name of Affiliate that is Lender under US Agreement:The First National Bank of Chicago

Applicable Lending Office for US Loans:	One First National Plaza IL 1-0362 Chicago, Illinois 60670
Address for Notices:	One First National Plaza IL 1-0362

	Chicago, Illinois 60670 Attention: Energy & Minerals
US Tranche A Note Amount (5 year):	US$ 36,000,000
US Tranche B Note Amount (364 day):	US$ 10,080,000
Competitive Bid Note Amount:	see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:First Chicago NBD Bank, Canada

Applicable Lending Office for Canadian Advances:161 Bay Street, Suite 4240, Toronto, Ontario M5J 2S1

Address for Notices:	161 Bay Street, Suite 4240 Toronto, Ontario M5J 2S1 Attention: Jeremiah A. Hynes
Canadian Note Amount:	US$ 13,920,000
Competitive Bid Note Amount:	see Section 1.9 of Canadian Agreement

THE TORONTO-DOMINION BANK

Percentage Share: 7.8431%

US Agreement

Name of Affiliate that is Lender under US Agreement:Toronto-Dominion (Texas), Inc.

Applicable Lending Office for US Loans:	909 Fannin Street Suite 1700 Houston, Texas 77010
Address for Notices:	909 Fannin Street Suite 1700 Houston, Texas 77010 Attention: Carolyn Faeth
US Tranche A Note Amount (5 year)	US$ 12,000,000
US Tranche B Note Amount (364 day)	US$ 3,360,000
Competitive Bid Note Amount	see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:The Toronto-Dominion Bank

Applicable Lending Office for Canadian Advances:Corporate and Investment
Banking Group
8th floor Home Oil Tower
324-8th Avenue S.W.
Calgary, Alberta
T2P 2Z2

Address for Notices:	Corporate and Investment Banking Group 8th floor Home Oil Tower 324-8th Avenue S.W. Calgary, Alberta T2P 2Z2
Canadian Note Amount:	US$ 4,640,000
Competitive Bid Note Amount:	see Section 1.9 of Canadian Agreement

FIRST SECURITY BANK, N.A.

Percentage Share: 5.8824%

US Agreement

Name of Affiliate that is Lender under US Agreement:First Security Bank, N.A.

Applicable Lending Office for US Loans:	15 E. 100 South, 2nd Floor Salt Lake City, Utah 84111
Address for Notices:	15 E. 100 South, 2nd Floor Salt Lake City, Utah 84111 Attention: Troy S. Akagi
US Tranche A Note Amount (5 year)	US$ 9,000,000
US Tranche B Note Amount (364 day)	US$ 2,520,000
Competitive Bid Note Amount	see Section 1.7 of US Agreement

Canadian Agreement

Name of Affiliate that is Lender under Canadian Agreement:First Security Bank, N.A.

Applicable Lending Office for Canadian Advances:	15 E. 100 South, 2nd Floor Salt Lake City, Utah 84111
Address for Notices:	15 E. 100 South, 2nd Floor Salt Lake City, Utah 84111
Canadian Note Amount:	US$ 3,480,000
Competitive Bid Note Amount:	see Section 1.9 of Canadian Agreement

[Execution]

[NOTE: THE THIRD AMENDMENT (THE NEXT AMENDMENT) MUST INCORPORATE CHANGES REQUESTED BY THE BANK OF TOKYO AND REQUIRE ALL LENDERS TO SIGN THE NEXT AMENDMENT]

SECOND AMENDMENT TO US CREDIT AGREEMENT

THIS SECOND AMENDMENT TO US CREDIT AGREEMENT (herein called the "Amendment") made as of July 30, 1999, by and among Questar Market Resources, Inc., a Utah corporation ("US Borrower"), Bank of America, N.A., f/k/a NationsBank, N.A., individually and as administrative agent for the Lenders, as defined below ("US Agent"), US Bank National Association ("US Bank") and The Bank of Tokyo-Mitsubishi, Ltd, Houston Agency ("Bank of Tokyo").

W I T N E S S E T H:

WHEREAS, US Borrower, US Agent and the lenders as signatories thereto (the "Original Lenders") entered into that certain US Credit Agreement dated as of April 19, 1999, as amended by that certain First Amendment to US Credit Agreement dated as of May 17, 1999 among the same parties (the "Original Agreement"), for the purpose and consideration therein expressed, whereby the Original Lenders became obligated to make loans to US Borrower as therein provided; and

WHEREAS, US Borrower and US Agent acting individually and on behalf of each Original Lender pursuant to Section 1.1(f) of the Original Agreement (which allows a pro rata increase in the Tranche A Maximum Credit Amount, the Tranche B Maximum Credit Amount, the US Maximum Credit Amount and the Canadian Maximum Credit Amount by an aggregate amount of at least $10,000,000 or more, not to exceed $50,000,000) desire to amend the definition of the US Maximum Credit Amount, the Tranche A Maximum Credit Amount and the Tranche B Maximum Credit Amount; and

WHEREAS, the increases in the US Maximum Credit Amount, the Tranche A Maximum Credit Amount and the Tranche B Maximum Credit Amount will be commitments of US Bank and Bank of Tokyo, and the obligations of the Original Lenders will not be increased by this Amendment;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by Lenders to US Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2
.

"Amendment" means this Second Amendment to US Credit Agreement.

"Amendment Documents" means this Amendment, the US Bank Tranche A Note, the US Bank Tranche B Note, the Bank of Tokyo

Tranche A Note and the Bank of Tokyo Tranche B Note.

"Bank of Tokyo Tranche A Note" means the Tranche A Note of even date herewith in the stated principal amount of US $9,000,000 made payable to the order of Bank of Tokyo, attached hereto as Exhibit A-1.

"Bank of Tokyo Tranche B Note" means the Tranche B Note of even date herewith in the stated principal amount of US $2,520,000 made payable to the order of Bank of Tokyo, attached hereto as Exhibit A-2.

"Lenders" means the Original Lenders, US Bank and Bank of Tokyo.

"US Bank Tranche A Note" means the Tranche A Note of even date herewith in the stated principal amount of US $15,000,000 made payable to the order of US Bank, attached hereto as Exhibit A-3.

"US Bank Tranche B Note" means the Tranche B Note of even date herewith in the stated principal amount of US $4,200,000 made payable to the order of US Bank, attached hereto as Exhibit A-4, made payable to the order of US Bank.

"US Credit Agreement" means the Original Agreement as amended hereby.

ARTICLE II.

Amendments to Original Agreement and Fee Arrangements

Section 2.1. Defined Terms. The definitions of "US Maximum Credit Amount", "Tranche A Maximum Credit Amount" and "Tranche B Maximum Credit Amount" in Annex I of the Original Agreement are hereby amended in their entirety to read as follows:

"'Tranche A Maximum Credit Amount'" means the amount of US $177,000,000; provided that the Tranche A Maximum Credit Amount may be increased up to $180,000,000 pursuant to Section 1.1(f) of the US Agreement."

"'Tranche B Maximum Credit Amount'" means the amount of US $49,560,000; provided that the Tranche B Maximum Credit Amount may be increased up to $50,000,000 pursuant to Section 1.1(f) of the US Agreement."

"'US Maximum Credit Amount' means the amount of US $226,560,000; provided that the US Maximum Credit Amount may be increased up to US $230,000,000 pursuant to Section 1.1(f) of the US Agreement."

Section 2.2. Lenders Schedule. Annex II to the Original Agreement is hereby amended in its entirety to read as set forth in Exhibit B attached hereto.

ARTICLE III.

Conditions of Effectiveness

Section 3.1. Effective Date. This Amendment shall become effective as of the date first above written when, and only when, (i) US Agent shall have received, at US Agent's office, a counterpart of this Amendment executed and delivered by US Borrower, US Bank and Bank of Tokyo (ii) US Borrower shall have issued and delivered to US Agent, for subsequent delivery to US Bank, a US Bank Tranche A Note and a US Bank Tranche B Note with appropriate insertions payable to the order of US Bank, duly executed on behalf of US Borrower, dated the date

hereof, (iii) US Borrower shall have issued and delivered to US Agent, for subsequent delivery to Bank of Tokyo, a Bank of Tokyo Tranche A Note and a Bank of Tokyo Tranche B Note with appropriate insertions payable to the order of Bank of Tokyo, duly executed on behalf of US Borrower, dated the date hereof, and (iv) US Agent shall have additionally received from US Borrower, in connection with such US Loan Documents, all other fees and reimbursements to be paid to US Agent pursuant to any US Loan Documents, or otherwise due US Agent and including fees and disbursements of US Agent's attorneys.

ARTICLE IV.

Representations and Warranties

Section 4.1. Representations and Warranties of Borrower. In order to induce US Agent and the undersigned Lenders to enter into this Amendment, US Borrower represents and warrants to US Agent that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) US Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Amendment Documents and to authorize the consummation of the transactions contemplated hereby and thereby and the performance of its obligations hereunder and thereunder. US Borrower is duly authorized to borrow funds under the US Credit Agreement.

(c) The execution and delivery by the various Restricted Persons of the Amendment Documents to which each is a party, the performance by each of its obligations under such Amendment Documents and the consummation of the transactions contemplated by the various Amendment Documents do not and will not (a) conflict with any provision of (i) any Law, (ii) the organizational documents of any Restricted Person, or (iii) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person, or (b) result in the acceleration of any Indebtedness owed by any Restricted Person, or (c) result in or require the creation of any Lien upon any assets or properties of any Restricted Person, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Amendment Document or to consummate any transactions contemplated by the Amendment Documents.

(d) This Amendment is, and the other Amendment Documents when duly executed and delivered will be, a legal, valid and binding obligation of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application relating to the enforcement of creditor's rights.

ARTICLE V.

Miscellaneous

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. The US Loan Documents, as they may be amended or affected by the various Amendment Documents, are hereby ratified and confirmed in all respects. Any reference to the US Credit Agreement in any Loan

Document shall be deemed to be a reference to the Original Agreement as hereby amended. Any reference to the Lenders or the Lender Parties in any Loan Document shall be deemed to include US Bank and Bank of Tokyo. Any reference to the Tranche A Notes and the Tranche B Notes in any other US Loan Document shall be deemed to include a reference to the US Bank Tranche A Note, the US Bank Tranche B Note, the Bank of Tokyo Tranche A Note and the Bank of Tokyo Tranche B Note issued and delivered pursuant to this Amendment. The execution, delivery and effectiveness of this Amendment and each of the US Bank Tranche A Note, the US Bank Tranche B Note, the Bank of Tokyo Tranche A Note and the Bank of Tokyo Tranche B Note shall not, except as expressly provided herein or therein, operate as a waiver of any right, power or remedy of Lenders under the US Credit Agreement, the US Notes, or any other US Loan Document nor constitute a waiver of any provision of the US Credit Agreement, the US Notes or any other US Loan Document.

Section 5.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Amendment and the other Amendment Documents and the performance hereof and thereof, including without limitation the making or granting of the US Loans and the delivery of the US Bank Tranche A Note, the US Bank Tranche B Note, the Bank of Tokyo Tranche A Note and the Bank of Tokyo Tranche B Note, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to US Borrower are terminated. All statements and agreements contained in any certificate or instrument delivered by any Restricted Person hereunder or under the US Credit Agreement to any Lender Party shall be deemed representations and warranties by US Borrower or agreements and covenants of US Borrower under this Amendment and under the US Credit Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the US Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the US Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Amendment or any other Amendment Document to any representation, warranty, indemnity, or covenant herein or therein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various US Loan Documents.

Section 5.3. Loan Documents. This Amendment and each of the US Bank Tranche A Note, the US Bank Tranche B Note, the Bank of Tokyo Tranche A Note and the Bank of Tokyo Tranche B Note are each a US Loan Document, and all provisions in the US Credit Agreement pertaining to US Loan Documents apply hereto and thereto.

Section 5.5. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Utah and any applicable laws of the United States of America in all respects, including construction, validity and performance. US Borrower hereby irrevocably submits itself and each other Restricted Person to the non-exclusive jurisdiction of the state and federal courts sitting in the State of Utah and agrees and consents that service of process may be made upon it or any Restricted Person in any legal proceeding relating to the Amendment Documents or the Obligations by any means allowed under Utah or federal law.

Section 5.6. Counterparts. This Amendment may be separately executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment

may be validly executed and delivered by facsimile or other electronic transmission.

THIS AMENDMENT AND THE OTHER US LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

QUESTAR MARKET RESOURCES, INC.
US Borrower

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

Mailing Address:
P.O. Box 45433
Salt Lake City, Utah 84145
Attention: Martin H. Craven

Street Address:
180 East 100 South
Salt Lake City, Utah 84111
Telephone: (801) 324-5497
Fax: (801) 324-5483

BANK OF AMERICA, N.A., f/k/a
NATIONSBANK, N.A.
Administrative Agent, US LC Issuer and Lender

By: /s/David C. Rubenking
David C. Rubenking
Senior Vice President

US BANK NATIONAL ASSOCIATION
Lender

By: /s/Mark E. Thompson
Mark E. Thompson
Vice President

THE BANK OF TOKYO-MITSUBISHI,
LTD.,HOUSTON AGENCY
Lender

By:
Name:
Title:

EXHIBIT A-1

PROMISSORY NOTE

US$9,000,000 [Tranche A Note] July ___, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises to pay to the order of The Bank of Tokyo-Mitsubishi, Ltd., Houston Agency (herein called "Lender"), the principal sum of Nine Million and no/100 Dollars (US$9,000,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche A Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999, among Borrower, Bank of America, N.A., f/k/a NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated May 17, 1999 among Borrower, US Agent and the lenders referred to therein, and as amended by that certain Second Amendment to US Credit Agreement of even date herewith among Borrower, US Agent and Lender (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche A Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the US Facility Maturity Date.

Tranche A Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche A Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in

the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of Utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT A-2

PROMISSORY NOTE

US$2,520,000 [Tranche B Note] July __, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises to pay to the order of The Bank of Tokyo-Mitsubishi, Ltd., Houston Agency (herein called "Lender"), the principal sum of Two Million Five Hundred Twenty Thousand and no/100 Dollars (US$2,520,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche B Loans made under this Note by Lender to Borrower pursuant to the

terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999 among Borrower, Bank of America, N.A., f/k/a NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated May 17, 1999 among Borrower, US Agent and the lenders referred to therein, and as amended by that certain Second Amendment to US Credit Agreement of even date herewith among Borrower, US Agent and Lender (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche B Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche B Maturity Date.

Tranche B Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche B Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of Utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT A-3

PROMISSORY NOTE

US$15,000,000 [Tranche A Note] July ___, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises to pay to the order of US Bank National Association (herein called "Lender"), the principal sum of Fifteen Million and no/100 Dollars (US$15,000,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche A Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999, among Borrower, Bank of

America, N.A., f/k/a NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated May 17, 1999 among Borrower, US Agent and the lenders referred to therein, and as amended by that certain Second Amendment to US Credit Agreement of even date herewith among Borrower, US Agent and Lender (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche A Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the US Facility Maturity Date.

Tranche A Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche A Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of Utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT A-4

PROMISSORY NOTE

US$4,200,000 [Tranche B Note] July __, 1999

FOR VALUE RECEIVED, the undersigned, Questar Market Resources, Inc., a Utah corporation (herein called "Borrower"), hereby promises to pay to the order of US Bank National Association (herein called "Lender"), the principal sum of Four Million Two Hundred Thousand and no/100 Dollars (US$4,200,000), or, if greater or less, the aggregate unpaid principal amount of the Tranche B Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement dated as of April 19, 1999 among Borrower, Bank of America, N.A., f/k/a NationsBank, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein, as amended by that certain First Amendment to US Credit Agreement dated May 17, 1999 among Borrower, US Agent and the lenders referred to therein, and as amended by that certain Second Amendment to US Credit Agreement of even date herewith among Borrower, US Agent and Lender (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche B Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for

payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche B Maturity Date.

Tranche B Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, US Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the US Base Rate Loans to but not including such Interest Payment Date. Each Tranche B Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date.

All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. The term "applicable Law" as used in this Note shall mean the laws of the State of Utah or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

This Note and the rights and duties of the parties hereto shall be governed by the Laws of the State of Utah (without regard to principles of conflicts of law), except to the extent the same are governed by applicable federal Law.

QUESTAR MARKET RESOURCES, INC.

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

EXHIBIT B

LENDER'S SCHEDULE

[Execution]

THIRD AMENDMENT TO US CREDIT AGREEMENT

THIS THIRD AMENDMENT TO US CREDIT AGREEMENT (herein called the "Amendment") made as of November 30, 1999, by and among Questar Market Resources, Inc., a Utah corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent for the Lenders as defined below ("US Agent"), and the undersigned Lenders.

W I T N E S S E T H:

WHEREAS, US Borrower, US Agent and the lenders as signatories thereto (the "Lenders") entered into that certain US Credit Agreement dated as of April 19, 1999, as amended by that certain First Amendment to US Credit Agreement dated as of May 17, 1999, and as amended by that certain Second Amendment to US Credit Agreement dated as of July 30, 1999 (the "Original Agreement"), for the purpose and consideration therein expressed, whereby the Lenders became obligated to make loans to US Borrower as therein provided; and

WHEREAS, US Borrower, US Agent and the undersigned Lenders desire to amend the Original Agreement for the purposes as provided herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by Lenders to US Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

Definitions and References

Section 1.1. Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this Third Amendment to US Credit Agreement.

"US Credit Agreement" means the Original Agreement as amended hereby.

ARTICLE II.

Amendments to Original Agreement

Section 2.1. Hedging Contracts. Section 7.10(i)(B) of the Original Agreement is hereby amended in its entirety to read as follows:

"(B) such contracts do not require any Restricted Person to provide any Lien to secure US Borrower's obligations thereunder, other than Liens on cash or cash equivalents in an aggregate amount not more than US $30,000,000."

ARTICLE III.

Waiver

Section 3.1. Waiver. US Borrower has informed US Agent that US Borrower and Restricted Persons are in violation of the provisions of Section 7.10(i) of the Original Agreement for the period covering August 20, 1999 to and including the date hereof. US Agent and the undersigned Lenders hereby (a) waive any such violation of Section 7.10(i) and (b) waive any Default or Event of Default resulting from such violation

ARTICLE IV.

Conditions of Effectiveness

Section 4.1. Effective Date. This Amendment shall become effective as of the date first above written when, and only when, (i) US Agent shall have received, at US Agent's office, a counterpart of this Amendment executed and delivered by US Borrower and Required Lenders and (ii) US Agent shall have additionally received from US Borrower, in connection with such US Loan Documents, all other fees and reimbursements to be paid to US Agent pursuant to any US Loan Documents, or otherwise due US Agent and including fees and disbursements of US Agent's attorneys.

ARTICLE V.

Representations and Warranties

Section 5.1. Representations and Warranties of Borrower. In order to induce US Agent and Lenders to enter into this Amendment, US Borrower represents and warrants to US Agent that:

(a) The representations and warranties contained in Article V of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) US Borrower has duly taken all action necessary to authorize the execution and delivery by it of this Amendment and to authorize the consummation of the transactions contemplated hereby and the performance of its obligations hereunder. US Borrower is duly authorized to borrow funds under the US Credit Agreement.

(c) The execution and delivery by US Borrower of this Amendment, the performance by US Borrower of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not (a) conflict with any provision of (i) any Law, (ii) the organizational documents of US Borrower, or (iii) any agreement, judgment, license, order or permit applicable to or binding upon US Borrower, or (b) result in the acceleration of any Indebtedness owed by US Borrower, or (c) result in or require the creation of any Lien upon any assets or properties of US Borrower, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with any Tribunal or third party is required in connection with the execution, delivery or performance by US Borrower of this Amendment or to consummate any transactions contemplated herein.

(d) This Amendment is a legal, valid and binding obligation of US Borrower, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application relating to the enforcement of creditor's rights.

ARTICLE VI.

Miscellaneous

Section 6.1. Ratification of Agreements. The Original Agreement as hereby amended is hereby ratified and confirmed in all respects. The US Loan Documents, as they may be amended or affected by this Amendment, are hereby ratified and confirmed in all respects. Any reference to the US Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lenders under the US Credit Agreement, the US Notes, or any other US Loan Document nor constitute a waiver of any provision of the US Credit Agreement, the US Notes or any other US Loan Document.

Section 6.2. Survival of Agreements; Cumulative Nature. All of US Borrower's various representations, warranties, covenants and agreements herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of the US Loans, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to US Borrower are terminated. All statements and agreements contained in any certificate or instrument delivered by any Restricted Person hereunder or under the US Credit Agreement to any Lender Party shall be deemed representations and warranties by US Borrower or agreements and covenants of US Borrower under this Amendment and under the US Credit Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the US Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the US Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Amendment to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various US Loan Documents.

Section 6.3. Loan Documents. This Amendment is a US Loan Document, and all provisions in the US Credit Agreement pertaining to US Loan Documents apply hereto.

Section 6.4. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Utah and any applicable laws of the United States of America in all respects, including construction, validity and performance. US Borrower hereby irrevocably submits itself and each other Restricted Person to the non-exclusive jurisdiction of the state and federal courts sitting in the State of Utah and agrees and consents that service of process may be made upon it or any Restricted Person in any legal proceeding relating to the Amendment Documents or the Obligations by any means allowed under Utah or federal law.

Section 6.5. Counterparts. This Amendment may be separately executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment may be validly executed and delivered by facsimile or other electronic transmission.

THIS AMENDMENT AND THE OTHER US LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE

PARTIES.

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IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

QUESTAR MARKET RESOURCES, INC.
US Borrower

By: /s/G. L. Nordloh
G. L. Nordloh
President and Chief Executive Officer

Mailing Address:
P.O. Box 45433
Salt Lake City, Utah 84145
Attention: Martin H. Craven

Street Address:
180 East 100 South
Salt Lake City, Utah 84111
Telephone: (801) 324-5497
Fax: (801) 324-5483

BANK OF AMERICA, N.A.,
Administrative Agent, US LC Issuer and
Lender

By:
Name:
Title:

TORONTO DOMINION (TEXAS), INC.
Lender

By: /s/Jimmy Simien
Jimmy Simien
Vice President

BANK OF MONTREAL
Lender

By: /s/James Whitmore
James Whitmore
Director

BANK ONE, N.A., f/k/a THE FIRST
NATIONAL BANK OF CHICAGO
Lender

By:
Name:
Title:

FIRST SECURITY BANK, N.A.
Lender

By:
Name:
Title:

MELLON BANK, N.A.
Lender

By: /s/Roger E. Howard
Roger E. Howard
Vice President

US BANK NATIONAL ASSOCIATION
Lender

By: /s/Mark E. Thompson
Mark E. Thompson
Vice President

THE BANK OF TOKYO-MITSUBISHI,
LTD.,HOUSTON AGENCY
Lender

By:
Name:
Title:

QUESTAR MARKET RESOURCES, INC.

ANNUAL MANAGEMENT INCENTIVE PLAN
(As Amended and Restated Effective May 18, 1999)

Paragraph 1. Name. The name of this Plan is the Annual Management Incentive Plan (the Plan) for Questar Market Resources, Inc. (the Company).

Paragraph 2. Purpose. The purpose of the Plan is to provide an incentive to officers and key employees of the Company for the accomplishment of major organizational and individual objectives designed to further the efficiency, profitability, and growth of the Company.

Paragraph 3. Administration. The Management Performance Committee (Committee) of the Board of Directors of Questar Corporation (Questar) shall have full power and authority to interpret and administer the Plan. Such Committee shall consist of no less than three disinterested members of the Board of Directors. Recommendations made by the Committee shall be reviewed by the Boards of Directors of participating employers.

Paragraph 4. Participation. Within 60 days after the beginning of each year, the Committee shall nominate Participants from the officers and key employees for such year. The Committee shall also establish a target bonus for the year for each Participant expressed as a percentage of base salary or specified portion of base salary. Participants shall be notified of their selection and their target bonus as soon as practicable.

Paragraph 5. Determination of Performance Objectives. Within 60 days after the beginning of each year, the Committee shall establish target, minimum, and maximum performance objectives for the Company and for its affiliates and shall determine the manner in which the target bonus is allocated among the performance objectives. The Committee shall also recommend a dollar maximum for payments to Participants for any Plan year. The Board of Directors shall take action concerning the recommended dollar maximum within 60 days after the beginning of the Plan year. Participants shall be notified of the performance objectives as soon as practicable once such objectives have been established.

Paragraph 6. Determination and Distribution of Awards. As soon as practicable, but in no event more than 90 days after the close of each year during which the Plan is in effect, the Committee shall compute incentive awards for eligible participants in such amounts as the members deem fair and equitable, giving consideration to the degree to which the Participant's performance has contributed to the performance of the Company and its affiliated companies and using the target bonuses and performance objectives previously specified. Aggregate awards calculated under the Plan shall not exceed the maximum limits approved by the Board of Directors for the year involved. To be eligible to receive a payment, the Participant must be actively employed by the Company or an affiliate as of the date of distribution except as provided in Paragraph 8.

Amounts shall be paid (less appropriate withholding taxes and FICA deductions) according to the following schedule:

Award Distribution Schedule

	Percent of Award	Date
Initial Award (First Year of	75%	As soon as possible after initial award is determined

Participation)

	25	One year after initial award is determined
	100%	
Subsequent Awards	50%	As soon as possible after award is determined
	25	One year after award is determined
	25	Two years after award is determined
	100%	

Paragraph 7. Restricted Stock in Lieu of Cash. Participants who have a target bonus of $10,000 or higher shall be paid all deferred portions of such bonus with restricted shares of Questar's common stock under Questar's Long-Term Stock Incentive Plan. Such stock shall be granted to the participant when the initial award is determined, but shall vest free of restrictions according to the schedule specified above in Paragraph 6.

Paragraph 8. Termination of Employment.

(a) In the event a Participant ceases to be an employee during a year by reason of death, disability or approved retirement, an award, or a reduction in force, if any, determined in accordance with Paragraph 6 for the year of such event, shall be reduced to reflect partial participation by multiplying the award by a fraction equal to the months of participation during the applicable year through the date of termination rounded up to whole months divided by 12.

For the purpose of this Plan, approved retirement shall mean any termination of service on or after age 60, or, with approval of the Board of Directors, early retirement under Questar's qualified retirement plan. For the purpose of this Plan, disability shall mean any termination of service that results in payments under Questar's long-term disability plan. A reduction in force, for the purpose of this Plan, shall mean any involuntary termination of employment due to the Company's economic condition, sale of assets, shift in focus, or other reasons independent of the Participant's performance.

The entire amount of any award that is determined after the death of a Participant shall be paid in accordance with the terms of Paragraph 11.

In the event of termination of employment due to disability, approved retirement, or a reduction in force, a Participant shall be paid the undistributed portion of any prior awards in his final paycheck or in accordance with the terms of elections to voluntarily defer receipt of awards earned prior to February 12, 1991, or deferred under the terms of Questar's Deferred Compensation Plan. In the event of termination due to disability, approved retirement, or a reduction in force, any shares of common stock previously credited to a Participant shall be distributed free of restrictions during the last month of employment. The current market value (defined as the closing price for the stock on the New York Stock Exchange on the date in question) of such shares shall be included in the Participant's final paycheck. Such Participant shall be paid the full amount of any award (adjusted for partial participation) declared subsequent to the date of such termination within 30 days of the date of declaration. Any partial payments shall be made in cash.

(b) In the event a Participant ceases to be an employee during a year by reason of a change in control, he shall be entitled to receive all amounts deferred by him prior to February 12, 1991, and

all undistributed portions for prior Plan years. He shall also be entitled to an award for the year of such event as if he had been an employee throughout such year. The entire amount of any award for such year shall be paid in a lump sum within 60 days after the end of the year in question. Such amounts shall be paid in cash.

For the purpose of this Plan, a "change in control" shall be deemed to have occurred if (i) any Acquiring Person (as that term is used in the Rights Agreement dated February 13, 1996, between Questar and ChaseMellon Shareholder Services, L.L.C. ("Rights Agreement")) is or becomes the beneficial owner (as such term is used in Rule 13d-3 under the Securities Exchange Act of 1934) of securities of Questar representing 25 percent or more of the combined voting power of Questar, or (ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving as directors of Questar: individuals who, as of May 19, 1998, constitute Questar's Board of Directors (Board) and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Questar) whose appointment of election by the Board or nomination for election by Questar's stockholders was approved or recommended by a vote of at least two-thirds of the directors when still in office who either were directors on May 19, 1998, or who appointment, election or nomination for election was previously so approved or recommended; or (iii Questar stockholders approve a merger or consolidation of Questar or any direct of indirect subsidiary of Questar with any other corporation, other than a merger of consolidation that would result in the voting securities of Questar outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60 percent of the combined voting power of the securities of Questar or such surviving entity or its parent outstanding immediately after such merger or consolidation, or a merger or consolidation effected to implement a recapitalization of Questar (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of Questar representing 25 percent or more of the combined voting power of Questar's then outstanding securities; or (iv) Questar's stockholders approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by Questar of all or substantially all of Questar's assets, other than a sale of disposition by Questar of all or substantially all of the Company's assets to an entity, at least 60 percent of the combined voting power of the voting securities of which are owned by stockholders of Questar in substantially the same proportion as their ownership of Questar immediately prior to such sale. A change in control, however, shall not be considered to have occurred until all conditions precedent to the transaction, including but not limited to, all required regulatory approvals have been obtained.

Paragraph 9. Interest on Previously Deferred Amounts. Amounts voluntarily deferred prior to February 12, 1991, shall be credited with interest from the date the payment was first available in cash to the date of actual payment. Such interest shall be calculated at a monthly rate using the typical rates paid by major banks on new issues of negotiable Certificates of Deposit in the amounts of $1,000,000 or more for one year as quoted in The Wall Street Journal on the first day of the relevant calendar month or the next preceding business day if the first day of the month is a non-business day.

Paragraph 10. Coordination with Deferred Compensation Plan. Some Participants are entitled to defer the receipt of their cash bonuses under the terms of Questar's Deferred Compensation Plan, which became effective November 1, 1993. Any cash bonuses deferred pursuant to the Deferred Compensation Plan shall be accounted for and

distributed according to the terms of such plan and the choices made by the Participant.

Paragraph 11. Death and Beneficiary Designation. In the event of the death of a Participant, any undistributed portions of prior awards shall become payable. Amounts previously deferred by the Participant, together with credited interest to the date of death, shall also become payable. Each Participant shall designate a beneficiary to receive any amounts that become payable after death under this Paragraph or Paragraph 8. In the event that no valid beneficiary designation exists at death, all amounts due shall be paid as a lump sum to the estate of the Participant. Any shares of restricted stock previously credited to the Participant shall be distributed to the Participant's beneficiary or, in the absence of a valid beneficiary designation, to the Participant's estate, at the same time any cash is paid.

Paragraph 12. Amendment of Plan. The Company's Board of Directors, at any time, may amend, modify, suspend, or terminate the Plan, but such action shall not affect the awards and the payment of such awards for any prior years. The Board of Directors cannot terminate the Plan in any year in which a change of control has occurred without the written consent of the Participants. The Plan shall be deemed suspended for any year for which the Board of Directors has not fixed a maximum dollar amount available for award.

Paragraph 13. Nonassignability. No right or interest of any Participant under this Plan shall be assignable or transferable in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner, and no right or interest of any Participant under the Plan shall be liable for, or subject to, any obligation or liability of such Participant. Any assignment, transfer, or other act in violation of this provision shall be void.

Paragraph 14. Effective Date of the Plan. The Plan shall be effective with respect to the fiscal year beginning January 1, 1998, and shall remain in effect until it is suspended or terminated as provided by Paragraph 12. This Plan replaces the individual plans previously adopted by entities within Questar Market Resources. Plan participants who previously received awards under any Annual Management Incentive Plan adopted by the Company or an affiliate shall be treated as ongoing participants for purposes of the distribution schedule in Paragraph 6.

QUESTAR MARKET RESOURCES, INC.
DEFERRED COMPENSATION PLAN FOR DIRECTORS
(As Amended and Restated May 19, 1998)

1. Purpose of Plan.

The purpose of the Deferred Compensation Plan for Directors ("Plan") is to provide Directors of Questar Market Resources, Inc. (the "Company") with an opportunity to defer compensation paid to them for their services as Directors of the Company and to maintain a Deferred Account Balance until they cease to serve as Directors of the Company or its affiliates.

2. Eligibility.

Subject to the conditions specified in this Plan or otherwise set by the Company's Board of Directors, all voting Directors of the Company who receive compensation for their service as Directors are eligible to participate in the Plan. Eligible Directors are referred to as "Directors." Directors who elect to defer receipt of fees or who have account balances are referred to as "Participants" in this Plan.

3. Administration.

The Company's Board of Directors shall administer the Plan and shall have full authority to make such rules and regulations deemed necessary or desirable to administer the Plan and to interpret its provisions.

4. Election to Defer Compensation.

(a) Time of Election. A Director can elect to defer future compensation or to change the nature of his election for future compensation by submitting a notice prior to the beginning of the calendar year. A newly elected Director is entitled to make a choice within five days of the date of his election or appointment to serve as a Director to defer payment of compensation for future service. An election shall continue in effect until the termination of the Participant's service as a Director or until the end of the calendar year during which the Director serves written notice of the discontinuance of his election.

All notices of election, change of election, or discontinuance of election shall be made on forms prepared by the Corporate Secretary and shall be dated, signed, and filed with the Corporate Secretary. A notice of change of election or discontinuance of election shall operate prospectively from the beginning of the calendar year, but any compensation deferred shall continue to be held and shall be paid in accordance with the notice of election under which it was withheld.

(b) Amount of Deferral. A Participant may elect to defer receipt of all or a specified portion of the compensation payable to him for serving as a Director and attending Board and Committee Meetings as a Director. For purposes of this Plan, compensation does not include any funds paid to a Director to reimburse him for expenses.

(c) Period of Deferral. When making an election to defer all or a specified percentage of his compensation, a Participant shall elect to receive the deferred compensation in a lump sum payment within 45 days following the end of his service as a Director or in a number of annual installments (not to exceed four), the first of which would be payable within 45 days following the end of his service as a Director with each

subsequent payment payable one year thereafter. Under an installment payout, the Participant's first installment shall be equal to a fraction of the balance in his Deferred Compensation Account as of the last day of the calendar month preceding such payment, the numerator of which is one and the denominator of which is the total number of installments selected. The amount of each subsequent payment shall be a fraction of the balance in the Participant's Account as of the last day of the calendar month preceding each subsequent payment, the numerator of which is one and the denominator of which is the total number of installments elected minus the number of installments previously paid. The term "balance," as used herein, refers to the amount credited to a Participant's Account or to the Fair Market Value (as defined in Section 5 (a)) of the Phantom Shares of Questar Corporation's common stock ("Common Stock") credited to his Account.

(d) Phantom Stock Option and Certificates of Deposit Option. When making an election to defer all or a specified percentage of his compensation, a Participant shall choose between two methods of determining earnings on the deferred compensation. He may choose to have such earnings calculated as if the deferred compensation had been invested in Common Stock at the Fair Market Value (as defined in Section 5 (a)) of such stock as of the date such compensation amount would have otherwise been payable to him ("Phantom Stock Option"). Or he may choose to have earnings calculated as if the deferred compensation had been invested in negotiable certificates of deposit at the time such compensation would otherwise be payable to him ("Certificates of Deposit Option").

The Participant must choose between the two options for all of the compensation he elects to defer in any given year. He may change the option for future compensation by filing the appropriate notice with the Corporate Secretary before the first day of each calendar year, but such change shall not affect the method of determining earnings for any compensation deferred in a prior year.

5. Deferred Compensation Account.

A Deferred Compensation Account ("Account") shall be established for each Participant.

(a) Phantom Stock Option Account. If a Participant elects the Phantom Stock Option, his Account will include the number of shares and partial shares of Common Stock (to four decimals) that could have been purchased on the date such compensation would have otherwise been payable to him. The purchase price for such stock is the Fair Market Value of such stock, i.e., the closing price of such stock as reported on the Composite Tape of the New York Stock Exchange for such date or the next preceding day on which sales took place if no sales occurred on the actual payable date.

The Participant's Account shall also include the dividends that would have become payable during the deferral period if actual purchases of Common Stock had been made, with such dividends treated as if invested in Common Stock as of the payable date for such dividends.

(b) Certificates of Deposit Option Account. If a Participant elects the Certificates of Deposit Option, his Account will be credited with any compensation deferred by the Participant at the time such compensation would otherwise be payable and with interest calculated at a monthly rate using the typical rates paid by major banks on new issues of negotiable Certificates of Deposit on amounts of $1,000,000 or more for one

year as quoted in The Wall Street Journal under "Money Rates" on the first day of the relevant calendar month or the next preceding business day if the first day of the month is a non-business day. The interest credited to each Account shall be based on the amount held in the Account at the beginning of each particular month.

6. Statement of Deferred Compensation Account.

Within 45 days after the end of the calendar year, a statement will be sent to each Participant listing the balance in his Account as of the end of the year.

7. Retirement.

Upon retirement or resignation as a Director from the Board of Directors, a Participant shall receive payment of the balance in his Account in accordance with the terms of his prior instructions and the terms of the Plan unless he is still serving as a voting director of Questar Corporation ("Questar"). Upon retirement or resignation as a Director of Questar or upon appointment as a non-voting Senior Director of Questar, a Participant shall receive payment of the balance in his Account in accordance with the terms of his prior instructions and the terms of the Plan unless he is currently serving as a Director of the Company.

8. Payment of Deferred Compensation.

(a) Phantom Stock Option. The amount payable to the Participant choosing the Phantom Stock Option shall be the cash equivalent of the stock using the Fair Market Value of such stock on the date of withdrawal.

(b) Certificates of Deposit Option. The amount payable to the Participant choosing the Certificate of Deposit Option shall include the interest on all sums credited to the Account, with such interest credited to the date of withdrawal.

(c) The date of withdrawal for both the Phantom Stock Option Account and the Certificates of Deposit Option Account shall be the last day of the calendar month preceding payment or if payment is made because of death, the date of death.

(d) The payment shall be made in the manner (lump sum or installment) chosen by the Participant. In the event of a Participant's death, payment shall be made within 45 days of the Participant's death to the beneficiary designated by the Participant or, in the absence of such designation, to the Participant's estate.

9. Payment, Change in Control.

Notwithstanding any other provisions of this Plan or deferral elections made pursuant to Section 4 of this Plan, a Director, in the event of a Change in Control of Questar, shall be entitled to elect a distribution of his account balance within 60 days following the date of a Change in Control. For the purpose of this Plan, a "Change in Control" shall be deemed to have occurred if (i) any "Acquiring Person" (as that term is used in the Rights Agreement dated February 13, 1996, between Questar and ChaseMellon Shareholder Services, L.L.C. ("Rights Agreement")) is or becomes the beneficial owner (as such term is used in Rule 13d-3 under the Securities Exchange Act of 1934) of securities of Questar representing 25 percent or more of the combined voting power of Questar, or (ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving as directors of Questar:

individuals who, as of May 19, 1998, constitute Questar's Board of Directors ("Board") and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Questar) whose appointment of election by the Board or nomination for election by Questar's stockholders was approved or recommended by a vote of at least two-thirds of the directors when still in office who either were directors on May 19, 1998, or who appointment, election or nomination for election was previously so approved or recommended; or (iii Questar stockholders approve a merger or consolidation of Questar or any direct of indirect subsidiary of Questar with any other corporation, other than a merger of consolidation that would result in the voting securities of Questar outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60 percent of the combined voting power of the securities of Questar or such surviving entity or its parent outstanding immediately after such merger or consolidation, or a merger or consolidation effected to implement a recapitalization of Questar (or similar transaction) in which no person is or becomes the beneficial owner, directly or indirectly, of securities of Questar representing 25 percent or more of the combined voting power of Questar's then outstanding securities; or (iv) Questar's stockholders approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by Questar of all or substantially all of Questar's assets, other than a sale of disposition by Questar of all or substantially all of the Company's assets to an entity, at least 60 percent of the combined voting power of the voting securities of which are owned by stockholders of Questar in substantially the same proportion as their ownership of Questar immediately prior to such sale. A Change in Control, however, shall not be considered to have occurred until all conditions precedent to the transaction, including but not limited to, all required regulatory approvals have been obtained.

10. Hardship Withdrawal.

Upon petition to and approval by the Company's Board of Directors, a Participant may withdraw all or a portion of the balance in his Account in the case of financial hardship in the nature of an emergency, provided that the amount of such withdrawal cannot exceed the amount reasonable necessary to meet the financial hardship. The Board of Directors shall have sole discretion to determine the circumstances under which such withdrawals are permitted.

11. Amendment and Termination of Plan.

The Plan may be amended, modified or terminated by the Company's Board of Directors. No amendment, modification, or termination shall adversely affect a Participant's rights with respect to amounts accrued in his Account. In the event that the Plan is terminated, the Board of Directors has the right to make lump-sum payments of all Account balances on such date as it may determine.

12. Nonassignability of Plan.

The right of a Participant to receive any unpaid portion of his Account shall not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or attachment.

13. No Creation of Rights.

Nothing in this Plan shall confer upon any Participant the right to continue as a Director. The right of a Participant to receive any unpaid portion of his Account shall be an unsecured claim against the general assets and will be subordinated to the general obligations of the Company.

14. Effective Date.

The Plan was effective on June 1, 1982, and shall remain in effect until it is discontinued by action of the Company's Board of Directors. The effective date of the amendment to the Plan establishing a Phantom Stock Option is January 1, 1983. The Plan was amended and restated effective April 30, 1991, was amended and restated effective February 13, 1996, and was further amended and restated effective May 19, 1998.

Exhibit 12

Questar Market Resources, Inc. and Subsidiaries
Ratio of Earnings to Fixed Charges

The ratios of earnings to fixed charges for 1997, 1998 and 1999 are derived from audited financial statements of Questar Market Resources. The ratios for 1995 and 1996 are from unaudited financial statements.

	12 months ended December 31,				
	1999	1998	1997	1996	1995
	(Dollars in Thousands)				
Earnings					
Income from continuing operations before income taxes	$64,450	$15,706	$49,521	$56,134	$48,991
Less income, plus loss from Canyon Creek	(231)	(202)	(160)	35	(141)
Plus distribution from Canyon Creek	297	281	334	60	314
Plus loss from Questar WMC			65	546	114
Plus debt expense	17,363	12,631	10,882	8,699	8,299
Plus interest capitalized during construction	357	1,363	604	70	63
Plus interest portion of rental expense	855	699	556	500	441
	$83,091	$30,478	$61,802	$66,044	$58,081
Fixed Charges					
Debt expense	$17,363	$12,631	$10,882	$8,699	$8,299
Plus interest capitalized during construction	357	1,363	604	70	63
Plus interest portion of rental expense	855	699	556	500	441
	$18,575	$14,693	$12,042	$9,269	$8,803
Ratio of Earnings to Fixed Charges	4.47	2.07	5.13	7.13	6.60

1/ For purposes of this presentation, earnings represent income from continuing operations before income taxes and fixed charges. Fixed charges consist of total interest charges, amortization of debt issuance costs and debt discounts, and the interest portion of rental costs (which is estimated at 50%).

2/ Income from continuing operations before income taxes includes QMR's 50% share of pretax earnings from Blacks Fork.

3/ Distributions from Canyon Creek are included and earnings are excluded because QMR owns less than 50%. QMR's ownership interest in Canyon Creek is 15%.

4/ Write-downs of investment in oil and gas properties reduced income before income taxes of $31million in 1998 and $6 million in 1997.

<ARTICLE> 5
<LEGEND>
The following schedule contains summarized financial information extracted from the Questar Market Resources, Inc. Consolidated Statements of Income and Balance Sheets for the periods ended December 31, 1999, 1998 and 1997, and are qualified in its entirety by reference to such audited financial statements.
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<OTHER-SE>	383,525	355,329	354
<TOTAL-LIABILITY-AND-EQUITY>	847,891	815,153	696
<SALES>	0	0	
<TOTAL-REVENUES>	498,311	458,272	523
<CGS>	0	0	
<TOTAL-COSTS>	329,117	304,225	364
<OTHER-EXPENSES>	102,416	128,418	103
<LOSS-PROVISION>	0	0	
<INTEREST-EXPENSE>	17,363	12,631	10
<INCOME-PRETAX>	64,450	15,706	49
<INCOME-TAX>	18,584	(1,019)	10
<INCOME-CONTINUING>	45,866	16,725	39
<DISCONTINUED>	0	(563)	(1,
<EXTRAORDINARY>	0	0	
<CHANGES>	0	0	
<NET-INCOME>	45,866	16,162	38
<EPS-BASIC>	0	0	
<EPS-DILUTED>	0	0	