SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20005

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report - July 28, 1997
(Date of earliest event reported)

Mountain Fuel Supply Company

(Exact name of registrant as specified in charter)

STATE OF UTAH (State or other jurisdiction of incorporation or organization)	1-935 (Commission File No.)	87-0407509 (I.R.S. Employer Identification No.)

180 East First South Street, Salt Lake City, Utah 84111
(Address of principal executive offices)

Registrant's telephone number, including area code (801) 324-5555

Not Applicable
(Former name or former address, if changed since last report.)

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FORM 8-K
CURRENT REPORT

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Exhibit
99.1.	Earnings release issued by Questar Corporation, the parent of Mountain Fuel Supply Company (Mountain Fuel), on July 28, 1997.
99.2.	Mountain Fuel's condensed balance sheet for the periods ending June 30, 1997.
99.3.	Mountain Fuel's income statement for the periods ending June 30, 1997.

SIGNATURES

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

MOUNTAIN FUEL SUPPLY COMPANY
(Registrant)

July 28, 1997
(Date)

By /s/D. N. Rose
D. N. Rose
President and
Chief Executive
Officer

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ARTICLE 5

The following schedule contains summarized financial information extracted from the Mountain Fuel Supply Company Statements of Income and Balance Sheet for the period ended June 30, 1997, and is qualified in its entirety by reference to such unaudited financial statements.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD END	JUN 30 1997
CASH	0
SECURITIES	0
RECEIVABLES	32,626
ALLOWANCES	0
INVENTORY	10,745
CURRENT ASSETS	95,212
PP&E	840,247
DEPRECIATION	339,133
TOTAL ASSETS	615,840
CURRENT LIABILITIES	111,042
BONDS	175,000
PREFERRED MANDATORY	4,808
PREFERRED	0
COMMON	22,974
OTHER SE	201,032
TOTAL LIABILITY AND EQUITY	615,840
SALES	0
TOTAL REVENUES	238,636
CGS	0
TOTAL COSTS	180,086
OTHER EXPENSES	20,591
LOSS PROVISION	0
INTEREST EXPENSE	8,807
INCOME PRETAX	30,891
INCOME TAX	11,185
INCOME CONTINUING	0
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	19,706
EPS PRIMARY	0
EPS DILUTED	0

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Item 7. Financial Statements and Exhibits.

July 28, 1997
(N)
NYSE: STR
97-10

Contact: R. Curtis Burnett
(801) 324-5541

QUESTAR REPORTS SECOND-QUARTER, FIRST-HALF EARNINGS

SALT LAKE CITY - Questar Corp.'s (NYSE:STR) net income was lower for the second quarter of 1997 while remaining above last year's level for the six months ended June 30.

The integrated energy-services company reported net income of $13.6 million, or $.32 per share, in the second quarter of this year versus $16.1 million, or $.39 per share, in the prior-year period. Earnings for the first half of 1997 were $54.6 million, or $1.32 per share, compared with $50.7 million, or $1.24 per share, a year earlier.

R.D. Cash, Questar chairman, president and chief executive officer, said continued strong customer growth in the retail distribution business and higher natural gas production and prices were offset by several short-term "anomalies." "While our earnings were higher than expected in the first quarter and lower in the second quarter, we are generally where we planned to be at midyear, and we remain confident about our prospects for the full year," he said.

Market Resources

Net income for Questar's Market Resources group was $8.4 million in the second quarter of 1997 compared with $8.9 million a year earlier. The group conducts exploration and production, gas gathering and processing, wholesale energy trading and retail energy services.

Gas production rose 29% to 11.9 billion cubic feet (Bcf) from 9.2 Bcf in the 1996 quarter, primarily reflecting gas reserves and properties acquired in the third quarter of 1996. Gas prices increased 12% to an average of $1.60 per thousand cubic feet (Mcf) compared with the year-earlier average price of $1.43 per Mcf. The group's oil and natural-gas-liquids production increased 32% to 748,000 barrels with an average price of $18.46 per barrel compared with $18.43 a year earlier.

However, improved second-quarter performance by the group's exploration and production subsidiaries was offset by several factors: energy-trading losses amounting to $156,000 due to increased competition and smaller margins; start-up costs incurred by a retail energy-services subsidiary; and lower activity and income from development drilling on behalf of Questar's retail gas-distribution utility.

For the first half of 1997, Market Resources' net income was $20 million versus $18.2 million for the year-earlier period. Regulated Services

Net income for Questar's Regulated Services group - which conducts retail gas distribution and interstate transmission and storage - was $2.9 million in the second quarter of 1997, down from $4.9 million in the year-earlier period.

Mountain Fuel Supply Co. - a retail gas-distribution utility - recorded a $2.6 million loss during the current-year quarter following a $617,000 loss in the 1996 period. The utility's 1996 second-quarter loss was reduced by several non-recurring items, including a $1.2 million before-tax gain from the sale of company facilities.

Although total deliveries were 4% higher in the 1997 quarter, Mountain Fuel's results were affected by higher operating and maintenance expenses associated with continuing record customer growth and other factors. The utility's customer base grew to 622,000 on June 30, 1997, a 4.1% annual rate that is among the highest in the industry. A $2.85 million annual rate reduction also went into effect during the first quarter.

Questar Pipeline Co., a natural gas-transmission and storage subsidiary, had net income of $5.5 million during the 1997 quarter, virtually the same as a year earlier. Total transportation volumes increased 3% to 64.6 million decatherms, and gas-storage revenues were higher.

For the six-month period, Regulated Services earned $31.5 million, 9% higher than for the first half of 1996. Mountain Fuel earned $19.7 million and Questar Pipeline $11.8 million compared with $18.2 million and $10.8 million, respectively, a year earlier. Other Operations

Questar's other operations, including a communications/technology company and corporate activities, earned $2.3 million in the second quarter, the same as the 1996 quarter. Net income was augmented by the sale of shares in Nextel Communications Inc. (a communications-technology company) that generated a $1.8 million after-tax gain in 1997 compared with $1.9 million in the 1996 quarter. First-half net income was $3.1 million versus $3.5 million for the comparable year-earlier period.

Questar is an integrated energy-services company with $1.8 billion in assets distributed between regulated services, such as retail natural gas distribution and interstate gas transportation, and market-resources activities, including gas-and-oil exploration and production, wholesale and retail energy marketing, gas gathering and other field services.

The news release contains some forward-looking statements about the future operations and expectations of Questar Corp. and subsidiaries. According to management, these statements are made in good faith and are reasonable expectations 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.

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	1997	1996
	(unaudited)	
Three months ended June 30		
Revenues	$151,453,000	$148,968,000
Operating income	23,448,000	25,169,000
Net income	$13,607,000	$16,068,000
Earnings per common share	$.32	$.39
Average common shares outstanding	41,088,000	40,789,000
Six months ended June 30		
Revenues	$509,831,000	$374,691,000
Operating income	95,370,000	86,230,000
Net income	$54,581,000	$50,664,000
Earnings per common share	$1.32	$1.24
Average common shares outstanding	41,067,000	40,753,000
Twelve months ended June 30		
Revenues	$953,121,000	$669,477,000
Operating income	180,763,000	152,940,000
Net Income	$102,062,000	$92,815,000
Earnings per common share	$2.47	$2.27
Average common shares outstanding	40,993,000	40,690,000

VISIT QUESTAR'S INTERNET SITE at: http://www.questarcorp.com

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Item 7. Financial Statements and Exhibits

MOUNTAIN FUEL SUPPLY COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 1997	June 30, 1997	Increase (Decrease)
	(In Thousands)		
ASSETS			
Current assets			
Accounts receivable	$79,441	$32,626	($46,815)
Inventories	8,154	10,745	2,591
Purchased-gas adjustments	29,331	48,866	19,535
Other current assets	3,653	2,975	(678)
Total current assets	120,579	95,212	(25,367)
Property, plant and equipment	827,208	840,247	13,039
Less allowances for depreciation	333,171	339,133	5,962
Net property, plant and equipment	494,037	501,114	7,077
Other assets	20,736	19,514	(1,222)
	$635,352	$615,840	($19,512)
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Checks outstanding in excess of cash balances	$2,924	$2,517	($407)
Notes payable to Questar Corporation	58,700	69,900	11,200
Accounts payable and accrued expenses	68,559	38,625	(29,934)
Total current liabilities	130,183	111,042	(19,141)
Long-term debt	175,000	175,000	
Other liabilities	10,922	11,083	161
Deferred income taxes and investment tax credits	82,234	89,901	7,667
Redeemable cumulative preferred stock	4,808	4,808	
Common shareholder's equity			
Common stock	22,974	22,974	
Additional paid-in capital	41,875	41,875	
Retained earnings	167,356	159,157	(8,199)
Total common shareholder's equity	232,205	224,006	(8,199)
	$635,352	$615,840	($19,512)

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Item 7. Financial Statements and Exhibits.

MOUNTAIN FUEL SUPPLY COMPANY
STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended June 30,		6 Months Ended June 30,		12 Months Ended June 30,	
	1997	1996	1997	1996	1997	1996
	(In Thousands)					
REVENUES	$63,323	$57,927	$238,636	$202,830	$407,734	$357,488
OPERATING EXPENSES						
Natural gas purchases	29,669	25,144	126,880	100,609	208,671	175,940
Operating and maintenance	25,802	23,746	53,206	49,167	101,149	93,981
Depreciation	7,369	6,842	15,302	13,943	29,668	26,615
Other taxes	2,546	2,732	5,289	5,851	7,509	9,261
TOTAL OPERATING EXPENSES	65,386	58,464	200,677	169,570	346,997	305,797
OPERATING INCOME (LOSS)	(2,063)	(537)	37,959	33,260	60,737	51,691
INTEREST AND OTHER INCOME	1,016	1,890	1,739	2,599	2,173	5,111
DEBT EXPENSE	(4,465)	(3,901)	(8,807)	(8,173)	(17,271)	(16,594)
INCOME (LOSS) BEFORE INCOME TAXES	(5,512)	(2,548)	30,891	27,686	45,639	40,208
INCOME TAXES (CREDITS)	(2,909)	(1,931)	11,185	9,452	15,179	11,519
NET INCOME (LOSS)	($2,603)	($617)	$19,706	$18,234	$30,460	$28,689

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