QUESTAR CORP

FORM 10-Q
(Quarterly Report)

Filed 08/04/09 for the Period Ending 06/30/09

Address	180 EAST 100 SOUTH ST PO BOX 45433 SALT LAKE CITY, UT 84145
Telephone	8015345000
CIK	0000751652
Symbol	STR
SIC Code	1311 - Crude Petroleum and Natural Gas
Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2009

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

QUESTAR CORPORATION

(Exact name of registrant as specified in its charter)

STATE OF UTAH	**001-08796**	**87-0407509**
(State or other jurisdiction of incorporation or organization)	Commission File No.	(I.R.S. Employer Identification No.)

180 East 100 South Street, P.O. Box 45433 Salt Lake City, Utah 84145-0433
(Address of principal executive offices)

Registrant's telephone number, including area code **(801) 324-5699**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	[X]	Accelerated filer	[ ]
Non-accelerated filer	[ ] (Do not check if a smaller reporting company)	Smaller reporting company	[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

On July 31, 2009, 174,227,789 shares of the registrant's common stock, without par value, were outstanding.

Questar Corporation
Form 10-Q for the Quarter Ended June 30, 2009

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

QUESTAR CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
	(in millions, except per share amounts)			
REVENUES				
Market Resources	**$431.6**	$ 623.0	**$ 904.3**	$1,188.6
Questar Pipeline	**43.0**	43.3	**83.7**	88.0
Questar Gas	**138.5**	159.5	**544.2**	549.7
Total Revenues	**613.1**	825.8	**1,532.2**	1,826.3
OPERATING EXPENSES				
Cost of natural gas and other products sold (excluding operating expenses shown separately)	**88.1**	226.6	**403.4**	630.6
Operating and maintenance	**84.2**	90.6	**184.5**	178.5
General and administrative	**47.4**	45.0	**88.6**	87.3
Production and other taxes	**24.9**	49.3	**53.9**	90.1
Depreciation, depletion and amortization	**180.1**	115.2	**341.4**	225.9
Exploration	**8.9**	3.8	**12.0**	7.3
Abandonment and impairment	**3.8**	14.2	**7.5**	16.8
Total Operating Expenses	**437.4**	544.7	**1,091.3**	1,236.5
Net gain (loss) from asset sales	**(0.2)**	3.5	**1.7**	3.4
OPERATING INCOME	**175.5**	284.6	**442.6**	593.2
Interest and other income	**4.3**	8.3	**8.7**	10.3
Income from unconsolidated affiliates	**1.4**	0.2	**3.0**	0.4
Net mark-to-market gain (loss) on basis-only swaps	**(27.8)**	16.3	**(162.7)**	30.0
Interest expense	**(30.4)**	(32.5)	**(62.2)**	(58.1)
INCOME BEFORE INCOME TAXES	**123.0**	276.9	**229.4**	575.8
Income taxes	**(44.5)**	(102.2)	**(83.2)**	(212.9)
NET INCOME	**78.5**	174.7	**146.2**	362.9
Net income attributable to noncontrolling interest	**(0.6)**	(2.1)	**(1.1)**	(4.5)
NET INCOME ATTRIBUTABLE TO QUESTAR	**$ 77.9**	$ 172.6	**$ 145.1**	$ 358.4
Earnings Per Common Share Attributable To Questar				
Basic	**$ 0.44**	$ 1.00	**$ 0.83**	$ 2.08
Diluted	**0.44**	0.98	**0.82**	2.03
Weighted-average common shares outstanding				
Used in basic calculation	**174.1**	172.7	**173.9**	172.6
Used in diluted calculation	**176.1**	176.3	**176.0**	176.3
Dividends per common share	**$0.125**	$0.1225	**$ 0.25**	$ 0.245

See notes accompanying the condensed consolidated financial statements

QUESTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009 (Unaudited)	December 31, 2008
	(in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents		$ 23.9
Accounts receivable, net	**$ 218.1**	386.6
Unbilled-gas accounts receivable	**18.5**	95.8
Fair value of derivative contracts	**344.4**	431.3
Gas and oil storage	**31.5**	85.5
Materials and supplies	**119.4**	106.9
Prepaid expenses and other	**74.9**	55.0
Total Current Assets	**806.8**	1,185.0
Property, Plant and Equipment (successful efforts method for gas and oil properties)	**10,769.7**	10,229.8
Accumulated depreciation, depletion and amortization	**(3,420.2)**	(3,096.8)
Net Property, Plant and Equipment	**7,349.5**	7,133.0
Investment in unconsolidated affiliates	**70.7**	68.4
Goodwill	**69.9**	70.0
Regulatory assets	**23.8**	26.3
Fair value of derivative contracts	**45.9**	106.3
Other noncurrent assets, net	**37.9**	41.7
Total Assets	**$8,404.5**	$8,630.7
LIABILITIES AND EQUITY		
Current Liabilities		
Checks outstanding in excess of cash balances	**$ 14.4**	
Short-term debt	**35.5**	$ 231.1
Accounts payable and accrued expenses	**414.2**	682.9
Fair value of derivative contracts	**54.6**	0.5
Purchase-gas adjustment	**48.6**	45.8
Deferred income taxes – current	**104.6**	130.6
Current portion of long-term debt	**42.0**	42.0
Total Current Liabilities	**713.9**	1,132.9
Long-term debt, less current portion	**2,129.0**	2,078.9
Deferred income taxes	**1,364.7**	1,334.1
Asset retirement obligations	**183.4**	175.6
Pension and postretirement benefits	**252.9**	250.0
Fair value of derivative contracts	**170.4**	69.0
Other long-term liabilities	**119.3**	142.7
EQUITY		
Common stock	**434.5**	451.0
Retained earnings	**2,873.9**	2,772.3
Accumulated other comprehensive income	**106.7**	194.7
Total Common Shareholders' Equity	**3,415.1**	3,418.0
Noncontrolling interest	**55.8**	29.5
Total Equity	**3,470.9**	3,447.5
Total Liabilities and Equity	**$8,404.5**	$8,630.7

See notes accompanying the condensed consolidated financial statements

QUESTAR CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	6 Months Ended June 30,	
	2009	2008
	(in millions)	
OPERATING ACTIVITIES		
Net income	**$146.2**	$ 362.9
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation, depletion and amortization	**345.5**	229.7
Deferred income taxes	**56.6**	152.2
Abandonment and impairment	**7.5**	16.8
Share-based compensation	**12.2**	8.5
Dry exploratory well expense	**3.7**	
Net (gain) from asset sales	**(1.7)**	(3.4)
(Income) from unconsolidated affiliates	**(3.0)**	(0.4)
Distributions from unconsolidated affiliates and other	**0.9**	0.7
Net mark-to-market (gain) loss on basis-only swaps	**162.7**	(30.0)
Changes in operating assets and liabilities	**116.8**	(77.8)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	**847.4**	659.2
INVESTING ACTIVITIES		
Capital expenditures		
Property, plant and equipment	**(699.4)**	(1,403.3)
Dry exploratory well expense	**(3.7)**	
Other investments		(9.0)
Total capital expenditures	**(703.1)**	(1,412.3)
Cash used in disposition of assets	**(0.9)**	(3.0)
Proceeds from disposition of assets	**7.9**	33.3
NET CASH USED IN INVESTING ACTIVITIES	**(696.1)**	(1,382.0)
FINANCING ACTIVITIES		
Common stock issued	**7.2**	3.0
Common stock repurchased	**(5.6)**	(14.0)
Long-term debt issued, net of issuance costs	**49.9**	1,491.7
Long-term debt repaid		(643.0)
Change in short-term debt	**(195.6)**	(109.5)
Checks outstanding in excess of cash balances	**14.4**	14.4
Dividends paid	**(43.5)**	(42.4)
Excess tax benefits from share-based compensation	**1.3**	12.2
Distribution to noncontrolling interest	**(3.3)**	(4.8)
Other		1.0
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	**(175.2)**	708.6
Change in cash and cash equivalents	**(23.9)**	(14.2)
Beginning cash and cash equivalents	**23.9**	14.2
Ending cash and cash equivalents	**$ -**	$ -

See notes accompanying the condensed consolidated financial statements

Note 1 – Nature of Business

Questar Corporation (Questar or the Company) is a natural gas-focused energy company with five major lines of business – gas and oil exploration and production, midstream field services, energy marketing, interstate gas transportation, and retail gas distribution – which are conducted through its three principal subsidiaries:

- Questar Market Resources, Inc. (Market Resources) is a subholding company that operates through four principal subsidiaries. Questar Exploration and Production Company (Questar E&P) acquires, explores for, develops and produces natural gas, oil and NGL. Wexpro Company (Wexpro) manages, develops and produces cost-of-service reserves for gas utility affiliate Questar Gas. Questar Gas Management Company (Gas Management) provides midstream field services including natural gas-gathering and processing services for affiliates and third parties. Questar Energy Trading Company (Energy Trading) markets equity and third-party natural gas and oil, provides risk-management services and owns and operates an underground gas-storage reservoir.
- Questar Pipeline Company (Questar Pipeline) provides interstate natural gas transportation and storage and other energy services.
- Questar Gas Company (Questar Gas) provides retail natural gas distribution services in Utah, Wyoming and Idaho.

Questar operates in the Rocky Mountain and Midcontinent regions of the United States of America and is headquartered in Salt Lake City, Utah. Shares of Questar common stock trade on the New York Stock Exchange under the symbol STR.

Note 2 – Basis of Presentation of Interim Consolidated Financial Statements

The interim condensed consolidated financial statements contain the accounts of Questar and its majority-owned or controlled subsidiaries. The condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) and with the instructions for quarterly reports on Form 10-Q and Regulations S-X and S-K. All significant intercompany accounts and transactions have been eliminated in consolidation.

On January 1, 2009, Questar adopted Statement of Financial Accounting Standards (SFAS) 160 "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS 160 requires noncontrolling interests, previously known as minority interest, in a subsidiary be clearly identified, labeled, and presented in the consolidated financial statements separate from the parent's equity; the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented in the consolidated income statement; changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently; and any retained noncontrolling equity investment in a former subsidiary be initially measured at fair value. The provisions of SFAS 160 are applied prospectively from the date of adoption, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented.

The condensed consolidated financial statements reflect all normal, recurring adjustments and accruals that are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the interim periods presented. Interim condensed consolidated financial statements do not include all of the information and notes required by GAAP for audited annual consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. Certain reclassifications were made to prior-period financial statements to conform with the current presentation.

The preparation of the condensed consolidated financial statements and notes in conformity with GAAP requires that management make estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from estimates. The results of operations for the three months and six months ended June 30, 2009, are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The condensed consolidated financial statements reflect management's consideration of known subsequent events as of August 4, 2009, the date that the consolidated financial statements were issued.

All dollar and share amounts in this quarterly report on Form 10-Q are in millions, except per-share information and where otherwise noted.

Note 3 – Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to Questar by the weighted-average number of common shares outstanding during the reporting period. Diluted EPS includes the potential increase in the number of outstanding shares that could result from the exercise of in-the-money stock options. During the first quarter of 2009, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Staff Position (FSP) Emerging Issues Task Force (EITF) 03-06-1 "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." EITF 03-06-1 addresses whether instruments granted in share-based payment transactions are participating securities and therefore have a potential dilutive effect on EPS. The adoption of EITF 03-06-1 was applied retrospectively and did not have a material effect on the Company's EPS calculations. A reconciliation of the components of basic and diluted shares used in the EPS calculation follows:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
	(in millions)			
Weighted-average basic common shares outstanding	**174.1**	172.7	**173.9**	172.6
Potential number of shares issuable under the Long-term Stock Incentive Plan	**2.0**	3.6	**2.1**	3.7
Average diluted common shares outstanding	**176.1**	176.3	**176.0**	176.3

Note 4 – Share-Based Compensation

Questar issues stock options and restricted shares to certain officers, employees and non-employee directors under its Long-term Stock Incentive Plan (LTSIP). First half share-based compensation expense amounted to $12.2 million in 2009 compared with $8.5 million in 2008. Deferred share-based compensation, representing the unvested restricted shares awards amounted to $21.3 million at June 30, 2009, and $17.7 million at December 31, 2008. First half cash flow from tax deductions in excess of recognized compensation expense amounted to $1.3 million in 2009 and $12.2 million in 2008. There were 8,200,879 shares available for future grant at June 30, 2009.

The Company uses the Black-Scholes-Merton mathematical model in estimating the fair value of stock options for accounting purposes. Fair-value calculations rely upon subjective assumptions used in the mathematical model and may not be representative of future results. The Black-Scholes-Merton model is intended to measure the value of options traded on an exchange. The calculated fair value of options granted during the six months ended June 30, 2009, and range of major assumptions used in the model at the dates of grant are listed below:

	6 Months Ended **June 30, 2009** Range of Option Prices	
Fair value of options at grant date	**$31.06**	**$35.38**
Risk-free interest rate	**2.51%**	**1.78%**
Expected price volatility	**29.9%**	**28.1%**
Expected dividend yield	**1.61%**	**1.39%**
Expected life in years	**5.0**	**5.0**

Unvested stock options increased by 957,332 shares in the first half of 2009. Stock-option transactions under the terms of the LTSIP are summarized below:

	Outstanding Options	Price Range	Weighted-average Price
Balance at January 1, 2009	4,183,075	$7.50 – $53.83	$17.53
Granted	1,004,000	31.06 – 35.38	35.01
Exercised	(261,602)	7.50 – 14.01	8.57
Balance at June 30, 2009	**4,925,473**	**$7.50 – $53.83**	**$21.57**

Options Outstanding				Options Exercisable		Unvested Options	
Range of exercise prices	Number outstanding at June 30, 2009	Weighted-average remaining term in years	Weighted-average exercise price	Number exercisable at June 30, 2009	Weighted-average exercise price	Number unvested at June 30, 2009	Weighted-average exercise price
$ 7.50	199,092	0.7	$ 7.50	199,092	$ 7.50		
11.48 – 11.98	855,488	2.6	11.58	855,488	11.58		
13.56 – 14.86	1,895,119	2.9	13.71	1,895,119	13.71		
17.55 – 31.06	451,774	3.6	27.57	114,274	23.48	337,500	$28.95
$33.86 – $53.83	1,524,000	5.7	37.00	46,668	41.08	1,477,332	36.88
	4,925,473	**3.7**	**$21.57**	**3,110,641**	**$13.50**	**1,814,832**	**$35.40**

Restricted-share grants typically vest in equal installments over a three or four year period from the grant date. Several grants vest in a single installment after a specified period. The weighted-average vesting period of unvested restricted shares at June 30, 2009, was 19 months. Transactions involving restricted shares under the terms of the LTSIP are summarized below:

	Restricted Shares	Price Range	Weighted-average Price
Balance at January 1, 2009	856,000	$24.33 – $70.13	$45.64
Granted	368,700	31.06 – 36.50	35.06
Distributed	(305,344)	24.33 – 70.13	37.34
Forfeited	(1,900)	49.97 – 62.50	55.91
Balance at June 30, 2009	**917,456**	**$25.12 – $70.13**	**$44.13**

Note 5 – Capitalized Exploratory Well Costs

Net changes in capitalized exploratory well costs are presented in the table below and exclude amounts that were capitalized and subsequently expensed in the first six months. All costs have been capitalized for less than one year.

	2009	2008
	(in millions)	
Balance at January 1,	**$ 17.0**	$1.5
Additions to capitalized exploratory well costs pending the determination of proved reserves	**35.2**	
Reclassifications to property, plant and equipment after the determination of proved reserves	**(14.3)**	(0.1)
Capitalized exploratory well costs charged to expense	**(2.7)**	
Balance at June 30,	**$ 35.2**	$1.4

Note 6 – Fair-Value Measures

Beginning in 2008, Questar adopted the effective provisions of SFAS 157 "Fair-Value Measures." SFAS 157 defines fair value in applying GAAP, establishes a framework for measuring fair value and expands disclosures about fair-value measurements. SFAS 157 does not change existing guidance as to whether or not an instrument is carried at fair value. SFAS 157 establishes a fair-value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Level 2 fair value of derivative contracts is located in Note 7. The fair value of these derivative contracts is based on market prices posted on the NYMEX on the last trading day of the reporting period.

In February 2008, the FASB issued FSP Financial Accounting Standard (FAS) 157-2 "Partial Deferral of the Effective Date of Statement 157," which delayed the effective date of SFAS 157 for one year for certain nonfinancial assets and nonfinancial liabilities, except those recognized or disclosed at fair value in the financial statements on a recurring basis. On January 1, 2009, Questar adopted, without material impact on the consolidated financial statements, the provisions of SFAS 157 related to nonfinancial assets and nonfinancial liabilities that are not required or permitted to be measured at fair value on a recurring basis,

which includes, among other things, asset retirement obligations. The valuation of asset retirement obligations is a Level 3 fair value and is discussed in Note 8.

In April 2009, the FASB issued FSP FAS 107-1 and Accounting Principles Board 28-1 "Interim Disclosures about Fair Value of Financial Instruments," which requires disclosures about fair value of financial instruments for interim periods as well as in annual financial statements. The FSP is effective for interim reporting periods ending after June 15, 2009. The following table discloses the fair value and related carrying amount of certain financial instruments not disclosed in other notes to the consolidated financial statements in this quarterly report on Form 10-Q:

	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
	June 30, 2009		December 31, 2008	
		(in millions)		
Financial assets				
Cash and cash equivalents			$ 23.9	$ 23.9
Financial liabilities				
Checks outstanding in excess of cash balances	**$ 14.4**	**$ 14.4**		
Short-term debt	**35.5**	**35.5**	231.1	231.1
Long-term debt	**2,172.2**	**2,145.2**	2,122.2	1,994.8

Cash and cash equivalents, checks outstanding in excess of cash balances and short-term debt – the carrying amount approximates fair value.

Long-term debt – the carrying amount of variable-rate debt approximates fair value. The fair value of fixed-rate debt is based on the discounted present value of cash flows using the Company's current borrowing rates.

Note 7 – Derivative Contracts

Market Resources' subsidiaries use commodity-based derivative instruments in the normal course of business. Market Resources has established policies and procedures for managing commodity-price risks through the use of derivative instruments. The Finance and Audit Committee of the Company's Board of Directors periodically reviews the policies. On January 1, 2009, the Company adopted SFAS 161 "Disclosures about Derivative Instruments and Hedging Activities," which requires more detailed information about hedging transactions including the location and effect on the primary consolidated financial statements.

Market Resources hedges natural gas and oil prices to support rate of return and cash-flow targets and protect earnings from downward movements in commodity prices. However, these same arrangements typically limit future gains from favorable price movements. Derivative contracts are currently in place for a significant share of Questar E&P-owned gas and oil production and a portion of Energy Trading gas marketing transactions. The volume of hedged production and the mix of derivative instruments are regularly evaluated and adjusted by management in response to changing market conditions. Market Resources may hedge up to 100% of forecast production from proved reserves when prices meet earnings and cash-flow objectives. Market Resources does not enter into derivative arrangements for speculative purposes.

Market Resources uses derivative instruments known as fixed-price swaps to realize a known price for a specific volume of production delivered into a regional sales point. Swap agreements do not require the physical transfer of natural gas between the parties at settlement. Swap transactions are settled in cash with one party paying the other for the net difference in prices, multiplied by the relevant volume, for the settlement period. Questar E&P has also used natural gas basis-only swaps to protect cash flows and net income from widening natural gas-price basis differentials. However, natural gas basis-only swaps expose the Company to losses from narrowing natural gas price-differentials.

Market Resources enters into derivative instruments that do not have margin requirements or collateral provisions that would require funding prior to the scheduled cash settlement dates. Derivative-arrangement counterparties are normally financial institutions and energy-trading firms with investment-grade credit ratings. The Company regularly monitors and manages its exposure to counterparty risk by requiring specific minimum credit standards for all counterparties and transacting with multiple counterparties.

Under SFAS 133 "Accounting for Derivative Instruments and Hedging Activities", every derivative instrument is required to be recorded on the balance sheet as either an asset or a liability measured at its fair value. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria of SFAS 133 determines how change in fair value of the derivative instrument is reflected in the consolidated financial statements. A derivative instrument qualifies for hedge accounting, if at

inception, the derivative is expected to be highly effective in offsetting the underlying hedged cash flows. Generally, Market Resources' derivative instruments are matched to equity gas and oil production, thus qualifying as cash flow hedges. Changes in the fair value of effective cash flow hedges are recorded as a component of accumulated other comprehensive income (AOCI) on the Condensed Consolidated Balance Sheets and reclassified to earnings as gas and oil sales when the underlying physical transactions occur. Gas hedges are typically structured as fixed-price swaps into regional pipelines, locking in basis and hedge effectiveness. A basis-only swap does not qualify for hedge accounting treatment. Market Resources regularly reviews the effectiveness of derivative instruments. The ineffective portion of cash flow hedges and the mark to market adjustment of basis-only swaps are immediately recognized in the determination of net income.

	3 Months Ended	6 Months Ended
	June 30, 2009	
	(in millions)	
Effect of derivative instruments designated as hedges		
Revenues		
Fixed-price swaps increased revenues	**$178.0**	**$333.1**
Cost Of Natural Gas And Other Products Sold		
Fixed-price swaps increased product costs	**3.3**	**3.9**
Effect of derivative instruments not designated as hedges		
Net mark-to-market (loss) on basis-only swaps	**($ 27.8)**	**($162.7)**

Contract settlements for the first half of 2009 resulted in a transfer of $153.6 million after-tax income from AOCI to the Consolidated Statements of Income. In the next twelve months $223.2 million or 88% of the $253.6 million after-tax net unrealized income on derivatives will be settled and transferred from AOCI to the Consolidated Statements of Income. The following table discloses Level 2 fair value of derivative contracts on a gross-contract basis as opposed to the net-contract basis presentation on the Condensed Consolidated Balance Sheets. The fair value of these derivative contracts is based on prices posted on the NYMEX on the last trading day of the reporting period.

Level 2 fair value	**June 30, 2009**
	(in millions)
Assets	
Fixed-price swaps	**$519.3**
Basis-only swaps	**9.0**
Fair value of derivative instruments - short term	**$528.3**
Fixed-price swaps	**$77.2**
Basis-only swaps	**0.7**
Fair value of derivative instruments - long term	**$77.9**
Liabilities	
Fixed-price swaps	**$ 83.6**
Basis-only swaps	**154.9**
Fair value of derivative instruments - short term	**$238.5**
Fixed-price swaps	**$109.5**
Basis-only swaps	**92.9**
Fair value of derivative instruments - long term	**$202.4**

The following table sets forth Market Resources' hedged volumes and average net to the well hedge prices as of June 30, 2009:

Questar E&P Equity Production

Year	Time Periods	Quantity	Average hedge price, net to the well [(a)]
			(estimated)
		Gas (Bcf) Fixed-price Swaps	
2009	Second half	65.0	$7.65
2010	12 months	140.7	5.29
2011	12 months	58.0	5.25
		Gas (Bcf) Basis-only Swaps	
2009	Second half	12.8	$2.49
2010	12 months	6.7	0.95
2011	12 months	57.6	2.27
		Oil (Mbbl) Fixed-price Swaps	
2009	Second half	736	$59.03
2010	12 months	913	60.66

Energy Trading Marketing Transactions

Year	Time Periods	Quantity	Average price per MMBtu
		Gas Sales (millions of MMBtu) Fixed-price Swaps	
2009	Second half	9.6	$3.95
2010	12 months	1.1	5.34
		Gas Purchases (millions of MMBtu) Fixed-price Swaps	
2009	Second half	8.1	$3.63
2010	12 months	0.6	5.60

(a) The fixed-price swap price is reduced by gathering costs and adjusted for product quality to determine the net-to-the-well price

Note 8 – Asset Retirement Obligations (ARO)

Questar recognizes ARO in accordance with SFAS 143 "Accounting for Asset Retirement Obligations." SFAS 143 addresses the financial accounting and reporting of the fair value of legal obligations associated with the retirement of tangible long-lived assets. At Questar, ARO applies primarily to abandonment costs associated with gas and oil wells, production facilities and certain other properties. The fair value of retirement costs are estimated by Company personnel based on abandonment costs of similar properties (Level 3 inputs under the provisions of SFAS 157) available to field operations and depreciated over the life of the related assets. Revisions to ARO estimates result from changes in expected cash flows or material changes in estimated retirement costs. Income or expense resulting from the settlement of ARO liabilities is included in other income on the Consolidated Statements of Income. The ARO liability is adjusted to present value each period through an accretion calculation using a credit-adjusted risk-free interest rate. Changes in ARO were as follows:

Level 3 fair value	**2009**	2008
	(in millions)	
ARO liability at January 1,	**$175.6**	$149.1
Accretion	**5.5**	4.7
Liabilities incurred	**1.4**	7.9
Revisions	**2.4**	1.5
Liabilities settled	**(1.5)**	(0.8)
ARO liability at June 30,	**$183.4**	$162.4

Wexpro collects from Questar Gas and deposits in trust certain funds related to estimated ARO costs. The funds are used to satisfy retirement obligations as the properties are abandoned and recorded in other noncurrent assets on the Consolidated

Balance Sheets. Trust funds are invested primarily in a money-market account with a balance of $10.8 million at June 30, 2009. The fair value of Wexpro's trust is based on asset summary statements provided by the bank holding the trust and considered Level 2 fair value measurement under the provisions of SFAS 157.

Note 9 – Employee Benefits

Questar has defined-benefit pension and postretirement medical and life insurance plans covering the majority of its employees. Questar is subject to and complies with minimum-required and maximum-allowed annual contribution levels for its qualified retirement plan as determined by the Employee Retirement Income Security Act and Internal Revenue Code. Subject to these limitations, Questar plans to fund the qualified retirement plan in amounts approximately equal to the yearly expense, which is estimated to be $18.4 million for 2009. Pension expense increased year-over-year because returns on plan assets were lower than expected.

The Company also has a nonqualified pension plan for eligible employees, which provides a benefit in addition to the benefit limit defined by the Internal Revenue Service for qualified pension plans. The nonqualified pension plan is unfunded. Claims are paid from the Company general funds. The 2009 expense is estimated to be $3.2 million.

Components of the qualified and nonqualified pension expense included in the determination of net income are listed below:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
	(in millions)			
Service cost	**$2.5**	$ 2.4	**$5.0**	$ 4.8
Interest cost	**7.1**	6.6	**14.3**	13.2
Expected return on plan assets	**(6.3)**	(6.8)	**(12.7)**	(13.6)
Prior service and other costs	**0.3**	0.3	**0.6**	0.6
Recognized net-actuarial loss	**1.4**	0.8	**2.9**	1.6
Settlement costs	**0.3**		**0.6**	
Pension expense	**$5.3**	$ 3.3	**$10.7**	$ 6.6

The Company currently estimates a $6.3 million expense for postretirement benefits other than pensions in 2009 before $0.8 million for accretion of a regulatory liability. Expense components are listed below:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
	(in millions)			
Service cost	**$0.2**	$ 0.2	**$0.4**	$ 0.4
Interest cost	**1.2**	1.2	**2.4**	2.4
Expected return on plan assets	**(0.6)**	(0.9)	**(1.1)**	(1.7)
Amortization of transition obligation	**0.4**	0.5	**0.9**	0.9
Amortization of losses	**0.2**		**0.5**	
Accretion of regulatory liability	**0.2**	0.2	**0.4**	0.4
Postretirement benefits expense	**$1.6**	$ 1.2	**$3.5**	$ 2.4

Note 10 – Change in Ownership Interest

Gas Management constructed a gathering pipeline for $203.5 million and contributed the asset to Rendezvous Gas Services LLC (Rendezvous). Gas Management's ownership interest increased from 50% to 78%. As a result, common stock was reduced by $31.6 million and noncontrolling interest increased by $28.5 million. Rendezvous operates gas-gathering facilities for Pinedale Anticline and Jonah field producers for delivery to various interstate pipelines.

Note 11 – Operations by Line of Business

Questar's major lines of business include gas and oil exploration and production (Questar E&P and Wexpro), midstream field services (Gas Management), energy marketing (Energy Trading), interstate gas transportation (Questar Pipeline), and retail gas distribution (Questar Gas). Line-of-business information is presented according to senior management's basis for evaluating

performance considering differences in the nature of products, services and regulation among other factors. Following is a summary of operations by line of business:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
	(in millions)			
Revenues from Unaffiliated Customers				
Questar E&P	**$298.3**	$349.4	**$ 605.7**	$ 649.1
Wexpro	**3.4**	8.5	**5.8**	16.8
Gas Management	**52.9**	72.2	**101.2**	135.3
Energy Trading and other	**77.0**	192.9	**191.6**	387.4
Market Resources	**431.6**	623.0	**904.3**	1,188.6
Questar Pipeline	**43.0**	43.3	**83.7**	88.0
Questar Gas	**138.5**	159.5	**544.2**	549.7
Total	**$613.1**	$825.8	**$1,532.2**	$1,826.3
Revenues from Affiliated Companies				
Wexpro	**$ 53.3**	$ 52.3	**$112.8**	$ 98.7
Gas Management	**6.5**	5.5	**13.2**	11.3
Energy Trading and other	**77.1**	257.8	**170.3**	484.1
Market Resources	**136.9**	315.6	**296.3**	594.1
Questar Pipeline	**18.3**	18.7	**37.4**	38.2
Questar Gas	**0.5**	2.3	**0.5**	4.3
Total	**$155.7**	$336.6	**$334.2**	$636.6
Operating Income				
Questar E&P	**$ 88.7**	$186.8	**$212.5**	$338.8
Wexpro	**29.9**	28.2	**58.8**	53.6
Gas Management	**24.2**	37.8	**43.8**	70.9
Energy Trading and other	**1.1**	7.1	**9.4**	19.3
Market Resources	**143.9**	259.9	**324.5**	482.6
Questar Pipeline	**29.9**	23.6	**59.2**	56.1
Questar Gas	**1.6**	1.1	**58.8**	54.5
Corporate	**0.1**		**0.1**	
Total	**$175.5**	$284.6	**$442.6**	$593.2
Net Income (Loss) Attributable to Questar				
Questar E&P	**$29.6**	$116.8	**$ 14.7**	$213.3
Wexpro	**19.8**	18.8	**38.6**	35.0
Gas Management	**14.5**	21.7	**25.9**	40.2
Energy Trading and other	**0.8**	4.8	**6.2**	12.9
Market Resources	**64.7**	162.1	**85.4**	301.4
Questar Pipeline	**15.0**	12.7	**29.7**	28.6
Questar Gas	**(2.0)**	(2.0)	**29.8**	28.6
Corporate	**0.2**	(0.2)	**0.2**	(0.2)
Total	**$77.9**	$172.6	**$145.1**	$358.4

Note 12 – Comprehensive Income

Comprehensive income is the sum of net income attributable to Questar as reported in the Consolidated Statements of Income and other comprehensive income (loss). Other comprehensive income (loss) includes changes in the market value of commodity-based derivative instruments and recognition of the under-funded position of pension and other postretirement benefit plans. Comprehensive income (loss) attributable to Questar is shown below:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2009	2008	**2009**	2008
		(in millions)		
Net income	**$ 78.5**	$174.7	**$146.2**	$362.9
Other comprehensive (loss)				
Net unrealized (loss) on derivatives	**(229.6)**	(501.6)	**(140.0)**	(812.5)
Income taxes	**85.4**	190.1	**52.0**	307.9
Net other comprehensive (loss)	**(144.2)**	(311.5)	**(88.0)**	(504.6)
Comprehensive income (loss)	**(65.7)**	(136.8)	**58.2**	(141.7)
Comprehensive income attributable to noncontrolling interest	**(0.6)**	(2.1)	**(1.1)**	(4.5)
Total comprehensive income (loss) attributable to Questar	**($ 66.3)**	($138.9)	**$ 57.1**	($146.2)

The components of AOCI, net of income taxes, shown on the condensed Consolidated Balance Sheets are as follows:

	June 30, 2009	December 31, 2008	Change
		(in millions)	
Net unrealized income on derivatives	**$ 253.6**	$ 341.6	($88.0)
Pension liability	**(129.5)**	(129.5)	
Postretirement benefits liability	**(17.4)**	(17.4)	
Accumulated other comprehensive income	**$106.7**	$ 194.7	($88.0)

Note 13 – Recent Accounting Developments

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly," which provides additional guidance for estimating fair value when the level of activity for the asset or liability has significantly decreased. This FSP clarifies and includes additional factors to consider in determining whether there has been a significant decrease in market activity for an asset or liability and estimating fair value when the market activity for an asset or liability has declined significantly. The scope of this FSP does not include assets and liabilities measured under Level 1 inputs. FSP FAS 157-4 is to be applied prospectively to all fair value measurements where appropriate and its provisions are in effect for interim and annual periods ending after June 15, 2009. The adoption of FSP FAS 157-4 did not have a material impact on financial position or results of operations.

In May 2009, the FASB issued SFAS 165, "Subsequent Events" to establish a general standard of accounting for and disclosure of events that occur after the close of the period but before financial statements are issued or are available to be issued. The provisions of this statement are in effect for interim and annual periods ending after June 15, 2009. The adoption of SFAS 165 did not have a material impact on financial position or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following information updates the discussion of Questar's financial condition provided in its 2008 Form 10-K filing, and analyzes the changes in the results of operations between the three- and six-month periods ended June 30, 2009 and 2008. For definitions of commonly used gas and oil terms found in this report on Form 10-Q, please refer to the "Glossary of Commonly Used Terms" provided in Questar's 2008 Form 10-K.

RESULTS OF OPERATIONS

Following are comparisons of net income (loss) attributable to Questar by line of business:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
	(in millions, except per share amounts)					
Exploration and Production						
Questar E&P	**$29.6**	$116.8	($87.2)	**$ 14.7**	$213.3	($198.6)
Wexpro	**19.8**	18.8	1.0	**38.6**	35.0	3.6
Midstream Field Services – Gas Management	**14.5**	21.7	(7.2)	**25.9**	40.2	(14.3)
Energy Marketing – Energy Trading and other	**0.8**	4.8	(4.0)	**6.2**	12.9	(6.7)
Market Resources total	**64.7**	162.1	(97.4)	**85.4**	301.4	(216.0)
Interstate Gas Transportation – Questar Pipeline	**15.0**	12.7	2.3	**29.7**	28.6	1.1
Retail Gas Distribution – Questar Gas	**(2.0)**	(2.0)		**29.8**	28.6	1.2
Corporate	**0.2**	(0.2)	0.4	**0.2**	(0.2)	0.4
Net income attributable to Questar	**$77.9**	$172.6	($94.7)	**$145.1**	$358.4	($213.3)
Earnings per diluted share	**$0.44**	$ 0.98	($0.54)	**$ 0.82**	$ 2.03	($1.21)
Average diluted shares	**176.1**	176.3	(0.2)	**176.0**	176.3	(0.3)

EXPLORATION AND PRODUCTION

Questar E&P

Following is a summary of Questar E&P financial and operating results:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
	(in millions)					
Operating Income						
Revenues						
Natural gas sales	**$259.9**	$284.6	($24.7)	**$534.9**	$524.4	$10.5
Oil and NGL sales	**37.3**	63.4	(26.1)	**68.4**	121.8	(53.4)
Other	**1.1**	1.4	(0.3)	**2.4**	2.9	(0.5)
Total Revenues	**298.3**	349.4	(51.1)	**605.7**	649.1	(43.4)
Operating expenses						
Operating and maintenance	**32.2**	30.2	2.0	**66.6**	58.2	8.4
General and administrative	**17.6**	16.1	1.5	**33.2**	30.3	2.9
Production and other taxes	**13.6**	32.0	(18.4)	**29.0**	59.0	(30.0)
Depreciation, depletion and amortization	**133.2**	76.4	56.8	**246.5**	148.2	98.3
Exploration	**8.9**	3.8	5.1	**12.0**	7.3	4.7
Abandonment and impairment	**3.8**	3.6	0.2	**7.5**	6.2	1.3
Natural gas purchases		0.1	(0.1)		0.5	(0.5)
Total Operating Expenses	**209.3**	162.2	47.1	**394.8**	309.7	85.1
Net gain (loss) from asset sales	**(0.3)**	(0.4)	0.1	**1.6**	(0.6)	2.2
Operating Income	**$ 88.7**	$186.8	($98.1)	**$212.5**	$338.8	($126.3)
Operating Statistics						
Questar E&P production volumes						
Natural gas (Bcf)	**38.4**	35.8	2.6	**79.8**	70.6	9.2
Oil and NGL (MMbbl)	**0.9**	0.8	0.1	**1.8**	1.6	0.2
Total production (Bcfe)	**43.4**	40.6	2.8	**90.3**	80.1	10.2
Average daily production (MMcfe)	**477.0**	446.4	30.6	**499.0**	440.1	58.9
Questar E&P average realized price, net to the well (including hedges)						
Natural gas (per Mcf)	**$6.77**	$7.94	($1.17)	**$6.70**	$7.43	($0.73)
Oil and NGL (per bbl)	**$44.44**	$79.48	($35.04)	**$39.05**	$76.85	($37.80)

Questar E&P reported net income of $29.6 million in the second quarter of 2009, down 75% from $116.8 million in the 2008 quarter. Net income for the quarter fell primarily as the result of a 20% lower realized equivalent price, a 15% increase in per Mcfe production costs and net mark-to-market losses on natural gas basis-only swaps. Net income for the first half of 2009 declined 93% to $14.7 million compared to $213.3 million a year earlier. The company reported production of 43.4 Bcfe in the second quarter of 2009 compared to 40.6 Bcfe in the 2008 quarter, a 7% increase. Mark-to-market losses on natural gas basis-only swaps decreased second quarter 2009 net income $17.5 million, compared to a $10.1 million after-tax gain in the 2008 period and decreased first half 2009 net income $102.2 million compared to an $18.6 million after-tax gain in the 2008 period.

Natural gas is Questar E&P's primary focus. On an energy-equivalent basis, natural gas comprised approximately 88% of Questar E&P 2009 production. A comparison of natural gas-equivalent production by major operating area is shown in the following table:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
			(in Bcfe)			
Midcontinent	**19.8**	17.0	2.8	**40.8**	31.6	9.2
Pinedale Anticline	**14.1**	12.5	1.6	**28.7**	25.8	2.9
Uinta Basin	**6.0**	6.1	(0.1)	**12.3**	12.8	(0.5)
Rockies Legacy	**3.5**	5.0	(1.5)	**8.5**	9.9	(1.4)
Total Questar E&P	**43.4**	40.6	2.8	**90.3**	80.1	10.2

Total production increased 13% in the first half of 2009 compared to a year earlier. In the Midcontinent, production grew 29% to 40.8 Bcfe in the first half of 2009. Ongoing development drilling in the Haynesville formation play in northwest Louisiana and the Woodford Shale play in the Anadarko Basin of western Oklahoma were the main contributors to the production increase. Questar E&P production from the Pinedale Anticline in western Wyoming grew 11% to 28.7 Bcfe in the first half of 2009 as a result of ongoing development drilling. In the Uinta Basin, production decreased 4% to 12.3 Bcfe in the first half of 2009 due to decreased drilling activity. Questar E&P Rockies Legacy 2009 production of 8.5 Bcfe was 1.4 Bcfe lower than a year ago. Rockies Legacy properties include all of the company's Rocky Mountain region properties except the Pinedale Anticline and the Uinta Basin.

Realized prices for natural gas, oil and NGL at Questar E&P were lower when compared to the prior year. In the first half of 2009, the weighted-average realized natural gas price for Questar E&P (including the impact of hedging) was $6.70 per Mcf compared to $7.43 per Mcf for the same period in 2008, a 10% decrease. Realized oil and NGL prices in the first half of 2009 averaged $39.05 per bbl, compared with $76.85 per bbl during the prior year period, a 49% decrease. A regional comparison of average realized prices, including hedges, is shown in the following table:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
Natural gas (per Mcf)						
Midcontinent	**$ 7.43**	$ 8.76	($ 1.33)	**$ 7.50**	$ 8.34	($ 0.84)
Rocky Mountains	**6.19**	7.36	(1.17)	**6.02**	6.85	(0.83)
Volume-weighted average	**6.77**	7.94	(1.17)	**6.70**	7.43	(0.73)
Oil and NGL (per bbl)						
Midcontinent	**$45.27**	$75.69	($30.42)	**$40.54**	$74.75	($34.21)
Rocky Mountains	**43.97**	82.39	(38.42)	**38.08**	78.44	(40.36)
Volume-weighted average	**44.44**	79.48	(35.04)	**39.05**	76.85	(37.80)

Questar E&P hedged approximately 84% of 2009 and 83% of 2008 second quarter gas production. Hedging increased Questar E&P 2009 gas revenues by $166.7 million and reduced 2008 gas revenues by $44.0 million. Approximately 35% of 2009 and 53% of 2008 Questar E&P oil production was hedged. Oil hedges increased revenues $1.3 million in 2009 and decreased revenues $15.7 million in 2008.

Questar E&P hedged approximately 80% of 2009 and 83% of 2008 first half gas production. Hedging increased Questar E&P 2009 gas revenues by $303.1 million and reduced 2008 gas revenues by $37.1 million. Approximately 30% of 2009 and 53% of 2008 Questar E&P oil production was hedged. Oil hedges increased revenues $5.9 million in 2009 and decreased revenues $23.1 million in 2008.

Questar E&P production costs (the sum of depreciation, depletion and amortization expense, lease operating expense, general and administrative expense, allocated interest expense and production taxes) per Mcfe of production increased 15% to $4.86 per Mcfe in the second quarter of 2009 versus $4.21 per Mcfe in 2008. First half 2009 production costs per Mcfe increased $0.46 or 11% compared to the 2008 period. Questar E&P production costs are summarized in the following table:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
			(per Mcfe)			
Depreciation, depletion and amortization	**$3.07**	$1.88	$1.19	**$2.73**	$1.85	$0.88
Lease operating expense	**0.74**	0.74		**0.74**	0.73	0.01
General and administrative expense	**0.40**	0.40		**0.37**	0.38	(0.01)
Allocated interest expense	**0.33**	0.40	(0.07)	**0.32**	0.33	(0.01)
Production taxes	**0.32**	0.79	(0.47)	**0.32**	0.73	(0.41)
Total Production Costs	**$4.86**	$4.21	$0.65	**$4.48**	$4.02	$0.46

Production volume-weighted average depreciation, depletion and amortization (DD&A) increased due to higher costs for drilling, completion and related services and the increased cost of steel casing, other tubulars and wellhead equipment during the peak level of industry activity in 2008. The DD&A rate also increased due to second half 2008 and first quarter 2009 price-related reserve revisions, the ongoing depletion of older, lower-cost reserves and the increasing share of Questar E&P production derived from properties developed in a higher-cost environment. Lease operating expense per Mcfe was higher due to increased costs of materials and consumables, increased produced-water disposal costs and increased well-workover activity. General and administrative expense and allocated interest expense per Mcfe declined slightly in the six-month period of 2009. Production taxes per Mcfe decreased in 2009 as a result of lower natural gas and oil sales prices.

Major Questar E&P Operating Areas

Midcontinent

Questar E&P Midcontinent properties are distributed over a large area, including the Anadarko Basin of Oklahoma and the Texas Panhandle, the Arkoma Basin of Oklahoma and western Arkansas, and the Ark-La-Tex region of Arkansas, Louisiana, and Texas With the exception of northwest Louisiana, the Granite Wash play in the Texas Panhandle and the Woodford Shale play in western Oklahoma, Questar E&P Midcontinent leasehold interests are fragmented, with no significant concentration of property interests.

Questar E&P has approximately 31,000 net acres of Haynesville Shale lease rights in northwest Louisiana. The depth of the top of the Haynesville Shale ranges from approximately 10,500 feet to 12,500 feet across Questar E&P's leasehold and is below the Hosston and Cotton Valley formations that Questar E&P has been developing in northwest Louisiana for over a decade. Questar E&P continues infill-development drilling in the Cotton Valley and Hosston formations in northwest Louisiana and intends to drill or participate in up to 35 horizontal Haynesville Shale wells in 2009. As of June 30, 2009, Questar E&P had six operated rigs drilling in the project area and operated or had working interests in 583 producing wells in northwest Louisiana compared to 386 at June 30, 2008.

Pinedale Anticline

As of June 30, 2009, Market Resources (including both Questar E&P and Wexpro) operated and had working interests in 370 producing wells on the Pinedale Anticline compared to 276 at the end of the second quarter of 2008. Of the 370 producing wells, Questar E&P has working interests in 348 wells, overriding royalty interests in an additional 21 Wexpro-operated wells, and no interest in one well operated by Wexpro. Wexpro has working interests in 115 of the 370 producing wells.

In 2005, the Wyoming Oil and Gas Conservation Commission (WOGCC) approved 10-acre-density drilling for Lance Pool wells on about 12,700 acres of Market Resources 17,872-acre (gross) Pinedale leasehold. The area approved for increased density corresponds to the currently estimated productive limits of Market Resources core acreage in the field. The company continues to evaluate development on five-acre density at Pinedale. In January 2008, the WOGCC approved five-acre-density drilling for Lance Pool wells on about 4,200 gross acres of Market Resources Pinedale leasehold. If five-acre-density development is appropriate for a majority of its leasehold, the company currently estimates up to 1,400 additional wells will be required to fully develop the Lance Pool on its acreage.

Uinta Basin

As of June 30, 2009, Questar E&P had an operating interest in 888 producing wells in the Uinta Basin of eastern Utah, compared to 872 at June 30, 2008. Uinta Basin proved reserves are found in a series of vertically stacked, laterally discontinuous reservoirs

at depths of 5,000 feet to deeper than 18,000 feet. Questar E&P owns interests in over 255,000 gross leasehold acres in the Uinta Basin.

Rockies Legacy
The remainder of Questar E&P Rocky Mountain region leasehold interests, productive wells and proved reserves are distributed over a number of fields and properties managed as the Rockies Legacy division. Most of the properties are located in the Greater Green River Basin of western Wyoming. Planned exploration and development activity for 2009 includes wells in the Green River and Williston Basins.

Wexpro
Wexpro reported net income of $19.8 million in the second quarter of 2009 compared to $18.8 million in 2008, a 5% increase and first half net income of $38.6 million in 2009 compared to $35.0 million in 2008, up 10%. Wexpro 2009 results benefited from a higher average investment base compared to the prior-year period. Pursuant to the Wexpro Agreement, Wexpro recovers its costs and receives an unlevered after-tax return of approximately 19-20% on its investment base. Wexpro's investment base is its investment in commercial wells and related facilities adjusted for working capital and reduced for deferred income taxes and depreciation. Wexpro investment base at June 30, 2009, was $411.4 million compared to $346.4 million a year ago, a 19% increase.

MIDSTREAM FIELD SERVICES – Questar Gas Management
Following is a summary of Gas Management financial and operating results:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
			(in millions)			
Operating Income						
Revenues						
Gathering	**$37.4**	$35.6	$1.8	**$74.0**	$70.8	$3.2
Processing	**22.0**	42.1	(20.1)	**40.4**	75.8	(35.4)
Total Revenues	**59.4**	77.7	(18.3)	**114.4**	146.6	(32.2)
Operating expenses						
Operating and maintenance	**16.2**	27.2	(11.0)	**35.8**	51.3	(15.5)
General and administrative	**6.9**	5.6	1.3	**10.7**	10.7	
Production and other taxes	**1.1**	0.5	0.6	**2.0**	0.8	1.2
Depreciation, depletion and amortization	**11.0**	6.6	4.4	**21.9**	12.9	9.0
Total Operating Expenses	**35.2**	39.9	(4.7)	**70.4**	75.7	(5.3)
Net (loss) from asset sales				**(0.2)**		(0.2)
Operating Income	**$24.2**	$37.8	($13.6)	**$43.8**	$70.9	($27.1)
Operating Statistics						
Natural gas processing volumes						
NGL sales (MMgal)	**24.8**	24.8		**46.2**	46.2	
NGL sales price (per gal)	**$0.61**	$1.41	($0.80)	**$0.54**	$1.32	($0.78)
Fee-based processing volumes (in millions of MMBtu)						
For unaffiliated customers	**17.0**	17.7	(0.7)	**41.8**	42.4	(0.6)
For affiliated customers	**25.1**	25.5	(0.4)	**52.8**	51.0	1.8
Total Fee-Based Processing Volumes	**42.1**	43.2	(1.1)	**94.6**	93.4	1.2
Fee-based processing (per MMBtu)	**$0.16**	$0.15	$0.01	**$0.16**	$0.14	$0.02
Natural gas gathering volumes (in millions of MMBtu)						
For unaffiliated customers	**62.6**	54.7	7.9	**127.7**	106.0	21.7
For affiliated customers	**41.5**	38.0	3.5	**86.4**	75.3	11.1
Total Gas Gathering Volumes	**104.1**	92.7	11.4	**214.1**	181.3	32.8
Gas gathering revenue (per MMBtu)	**$0.30**	$0.31	($0.01)	**$0.29**	$0.31	($0.02)

Gas Management, which provides gas-gathering and processing-services, reported net income of $14.5 million in the second quarter of 2009 compared to $21.7 million in the same period of 2008. Net income was $25.9 million in the first half of 2009

compared to $40.2 million in the 2008 period. The decrease in net income was driven by decreased processing margins and increased depreciation expense. Depreciation expense grew $4.4 million or 67% in the second quarter of 2009 and $9.0 million or 70% in the first half of 2009 compared with the 2008 periods as the result of investment additions in 2008.

Total processing margins (revenues minus direct plant expenses and processing plant-shrink) for the second quarter of 2009 decreased 35% to $14.0 million compared to $21.7 million in 2008 and declined 41% to $23.3 million in the first half of 2009 compared to $39.5 million in the 2008 period. The keep-whole processing margin (frac-spread) decreased 42% or $7.1 million in the second quarter of 2009 compared to the 2008 quarter and 54% in the first half of 2009 compared to the first half of 2008. Fee-based gas-processing volumes decreased 3% in the second quarter of 2009 to 42.1 million MMBtu and increased 1% to 94.6 million MMBtu in the first half of 2009 compared to 93.4 million MMBtu in the 2008 period. Fee-based gas-processing revenues increased $0.4 million or 6% compared to the year ago quarter and $1.6 million or 12% in the first half of 2009 compared to the first half of 2008. Approximately 82% of Gas Management net operating revenue (total revenue less processing plant-shrink) was derived from fee-based contracts compared to 72% in the 2008 quarter.

Gas Management may use forward sales contracts to reduce processing-margin volatility associated with keep-whole contracts. Forward sales contracts reduced NGL revenues by $1.4 million in 2008.

Total gathering margins (revenues minus direct gathering expenses) increased 1% in the second quarter of 2009 to $29.0 million compared to $28.8 million in 2008. Total gathering margins in the first half of 2009 decreased 1% to $55.2 million compared to $55.8 million in 2008. Gathering volumes increased 11.4 million MMBtu, or 12% to 104.1 million MMBtu in the second quarter of 2009 and 32.8 million MMBtu in the first half of 2009 compared with the 2008 periods. Expanding Pinedale production and new projects serving third parties in the Uinta Basin contributed to a 20% increase in third-party volumes in the first half of 2009 compared to the 2008 period.

ENERGY MARKETING – Questar Energy Trading

Energy Trading net income was $0.8 million in the second quarter of 2009, a decrease of 83% compared to $4.8 million in the 2008 quarter and decreased $6.7 million in the first half of 2009 compared to 2008 as a result of lower marketing margins. First half revenues from unaffiliated customers were $191.6 million in 2009 compared to $387.4 million in 2008, a 51% decrease, primarily the result of lower natural gas prices. The weighted-average natural gas sales price decreased 59% in the first half of 2009 to $3.18 per MMBtu compared to $7.74 per MMBtu in the 2008 period.

INTERSTATE GAS TRANSPORTATION – Questar Pipeline

Questar Pipeline, which provides interstate natural gas-transportation and storage services, reported second quarter 2009 net income of $15.0 million compared with $12.7 million in 2008, an 18% increase. Net income for the first half of 2009 was $29.7 million compared with $28.6 for the first half of 2008. The second quarter of 2008 included one-time items that reduced net income by $2.1 million. Following is a summary of Questar Pipeline financial and operating results:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
			(in millions)			
Operating Income						
Revenues						
Transportation	**$43.3**	$43.2	$ 0.1	**$86.0**	$87.4	($1.4)
Storage	**9.3**	9.3		**18.9**	18.9	
NGL sales	**2.2**	3.4	(1.2)	**4.0**	7.4	(3.4)
Energy services	**3.2**	4.3	(1.1)	**7.2**	7.8	(0.6)
Gas processing	**0.9**	1.0	(0.1)	**1.8**	2.7	(0.9)
Other	**2.4**	0.8	1.6	**3.2**	2.0	1.2
Total Revenues	**61.3**	62.0	(0.7)	**121.1**	126.2	(5.1)
Operating expenses						
Operating and maintenance	**9.6**	8.4	1.2	**17.7**	17.6	0.1
General and administrative	**8.7**	10.1	(1.4)	**17.3**	19.5	(2.2)
Depreciation and amortization	**10.9**	10.5	0.4	**21.7**	21.3	0.4
Asset impairment		10.6	(10.6)		10.6	(10.6)
Other taxes	**2.1**	2.1		**4.4**	4.3	0.1

Cost of goods sold	**0.3**	0.6	(0.3)	**1.1**	0.8	0.3
Total Operating Expenses	**31.6**	42.3	(10.7)	**62.2**	74.1	(11.9)
Net gain from asset sales	**0.2**	3.9	(3.7)	**0.3**	4.0	(3.7)
Operating Income	**$29.9**	$23.6	$ 6.3	**$59.2**	$56.1	$3.1
Operating Statistics						
Natural gas-transportation volumes (MMdth)						
For unaffiliated customers	**161.8**	157.7	4.1	**315.7**	287.5	28.2
For Questar Gas	**26.7**	30.1	(3.4)	**71.1**	73.3	(2.2)
For other affiliated customers	**1.4**	1.5	(0.1)	**2.6**	2.4	0.2
Total Transportation	**189.9**	189.3	0.6	**389.4**	363.2	26.2
Transportation revenue (per dth)	**$0.23**	$0.23		**$0.22**	$0.24	($0.02)
Firm daily transportation demand at June 30, (including White River Hub of 1,005 in 2009 in Mdth)	**4,221**	3,124	1,097			
Natural gas processing						
NGL sales (MMgal)	**2.7**	1.5	1.2	**5.7**	4.0	1.7
NGL sales price (per gal)	**$0.81**	$2.24	($1.43)	**$0.70**	$1.85	($1.15)

Revenues

As of June 30, 2009, Questar Pipeline had firm-transportation contracts of 4,221 Mdth per day, including 1,005 Mdth per day from Questar Pipeline's 50% ownership of White River Hub, compared with 3,124 Mdth per day as of June 30, 2008. The White River Hub was placed in service in December 2008. Questar Pipeline has expanded its transportation system in response to growing regional natural gas production and transportation demand.

Questar Gas is Questar Pipeline's largest transportation customer with contracts for 901 Mdth per day. The majority of the Questar Gas transportation contracts extend through mid 2017.

Transportation revenues decreased $1.4 million in the first half of 2009 compared to the first half of 2008 primarily because of an adjustment to an accrual for sharing of interruptible transportation revenues that was recorded in the first quarter of 2008.

Questar Pipeline owns and operates the Clay Basin underground storage complex in eastern Utah. This facility is 100% subscribed under long-term contracts. In addition to Clay Basin, Questar Pipeline also owns and operates three smaller aquifer gas storage facilities. Questar Gas has contracted for 26% of firm-storage capacity at Clay Basin for terms extending from one to 12 years and 100% of the firm-storage capacity at the aquifer facilities for terms extending for 11 years.

Questar Pipeline charges FERC-approved transportation and storage rates that are based on straight-fixed-variable rate design. Under this rate design, all fixed costs of providing service including depreciation and return on investment are recovered through the demand charge. About 95% of Questar Pipeline costs are fixed and recovered through these demand charges. Questar Pipeline's earnings are driven primarily by demand revenues from firm shippers. Since only about 5% of operating costs are recovered through volumetric charges, changes in transportation volumes do not have a significant impact on earnings.

NGL sales were $1.2 million lower in the second quarter of 2009 compared with the second quarter of 2008 and $3.4 million lower in the first half of 2009 compared with the first half of 2008. NGL volumes were 43% higher in the first half of 2009, but NGL prices were 62% lower.

Other revenues were higher in the periods ended June 30, 2009 due primarily to $1.3 million received from storage customers in the second quarter of 2009. Under a stipulation, these customers were required to pay the difference between the cost-of-service for a gas-processing facility and liquid revenues received from this facility for the 12 months ended May 2009.

Expenses

Operating and maintenance expenses increased by 14% to $9.6 million in the second quarter of 2009 compared to $8.4 million in the second quarter of 2008. Operating and maintenance expenses increased 1% in the first half of 2009 compared with the first half of 2008. The increase was due to transportation fees of the White River Hub. General and administrative expenses decreased by 14% to $8.7 million in the second quarter of 2009 and decreased by 11% to $17.3 million in the first half of 2009. Operating, maintenance, general and administrative expenses per dth transported declined to $0.09 in the first half of 2009 compared with $0.10 in the first half of 2008 because transportation volumes increased 7% and costs decreased 6%. Operating, maintenance, general and administrative expenses include processing and storage costs.

Depreciation expense increased 2% in the first half of 2009 compared to the first half of 2008 due to plant additions.

Sale of processing plant and gathering lines
Questar Transportation Services, a subsidiary of Questar Pipeline, sold a carbon dioxide processing plant and some associated gathering facilities in the second quarter of 2008. The net investment in these facilities was $20.0 million. The transaction closed in April 2008 and resulted in a pre-tax gain of $3.9 million.

Salt cavern storage project impairment
Questar Pipeline impaired the entire $10.6 million investment in a potential salt cavern storage project located in southwestern Wyoming in the second quarter of 2008 based on a technical and economic evaluation of the project.

RETAIL GAS DISTRIBUTION – Questar Gas
Questar Gas, which provides retail natural gas distribution services in Utah, Wyoming and Idaho, reported net loss of $2.0 million in the second quarter of 2009, the same as the second quarter of 2008. Net income was $29.8 million in the first half of 2009, up 4% from $28.6 million in the first half of 2008. Following is a summary of Questar Gas financial and operating results:

	3 Months Ended June 30,			6 Months Ended June 30,		
	2009	2008	Change	**2009**	2008	Change
			(in millions)			
Operating Income						
Revenues						
Residential and commercial sales	**$129.7**	$142.0	($12.3)	**$521.7**	$518.0	$ 3.7
Industrial sales	**1.8**	3.1	(1.3)	**4.1**	6.0	(1.9)
Transportation for industrial customers	**2.6**	2.1	0.5	**5.1**	4.4	0.7
Service	**1.5**	1.6	(0.1)	**3.2**	3.2	
Other	**3.4**	13.0	(9.6)	**10.6**	22.4	(11.8)
Total revenues	**139.0**	161.8	(22.8)	**544.7**	554.0	(9.3)
Cost of natural gas sold	**89.6**	116.8	(27.2)	**382.7**	409.6	(26.9)
Margin	**49.4**	45.0	4.4	**162.0**	144.4	17.6
Other operating expenses						
Operating and maintenance	**22.0**	19.5	2.5	**53.0**	41.3	11.7
General and administrative	**11.0**	10.5	0.5	**20.8**	21.0	(0.2)
Depreciation and amortization	**10.9**	10.3	0.6	**21.7**	20.5	1.2
Other taxes	**3.9**	3.6	0.3	**7.7**	7.1	0.6
Total other operating expenses	**47.8**	43.9	3.9	**103.2**	89.9	13.3
Operating income	**$ 1.6**	$ 1.1	$ 0.5	**$ 58.8**	$ 54.5	$ 4.3
Operating Statistics						
Natural gas volumes (MMdth)						
Residential and commercial sales	**17.8**	19.2	(1.4)	**62.3**	69.1	(6.8)
Industrial sales	**0.3**	0.5	(0.2)	**0.6**	0.9	(0.3)
Transportation for industrial customers	**13.6**	13.4	0.2	**30.1**	29.4	0.7
Total industrial	**13.9**	13.9		**30.7**	30.3	0.4
Total deliveries	**31.7**	33.1	(1.4)	**93.0**	99.4	(6.4)
Natural gas revenue (per dth)						
Residential and commercial sales	**$7.27**	$7.41	($0.14)	**$8.37**	$7.50	$0.87
Industrial sales	**6.29**	6.92	(0.63)	**6.97**	6.75	0.22
Transportation for industrial customers	**$0.19**	$0.16	0.03	**$0.17**	$0.15	0.02
Colder than normal temperatures	**4%**	31%	(27%)		16%	(16%)
Temperature-adjusted usage per customer (dth)	**17.1**	16.4	0.7	**64.5**	65.6	(1.1)
Customers at June 30 (thousands)	**890.2**	881.5	8.7			

Margin Analysis
Questar Gas margin (revenues minus gas costs) increased $4.4 million in the second quarter of 2009 compared to the second quarter of 2008 and increased $17.6 million in the first half of 2009 compared to the first half of 2008. Following is a summary of major changes in Questar Gas margin:

	3 Month Change **2008 to 2009**	6 Month Change **2008 to 2009**
	(in millions)	
Customer growth	**$0.4**	**$1.3**
General rate case	**1.7**	**6.2**
Conservation-enabling tariff	**(1.2)**	**1.0**
Change in usage per customer	**1.2**	**(1.8)**
Demand-side management cost recovery	**2.7**	**8.4**
Recovery of gas-cost portion of bad-debt costs	**(1.2)**	**0.2**
Other	**0.8**	**2.3**
Increase	**$4.4**	**$17.6**

At June 30, 2009, Questar Gas served 890,249 customers, up from 881,505 at June 30, 2008. Customer growth increased the margin by $0.4 million in the second quarter of 2009 and $1.3 million in the first half of 2009.

In December 2007, Questar Gas filed a general rate case in Utah requesting an increase in rates of $27.0 million, including an authorized return on equity of 11.25%. The company subsequently modified its request to $22.2 million to reflect a change in test year ordered by the PSCU and the impact of tax law changes on rate base. In the second quarter of 2008, Questar Gas received an order from the PSCU increasing rates by $12.0 million. The PSCU reduced Questar Gas's allowed return on equity from 11.2% to 10%. The new rates went into effect in mid-August 2008 and increased the margin by $1.7 million in the second quarter of 2009 and $6.2 million in the first half of 2009.

Temperature-adjusted usage per customer increased 4% in the second quarter of 2009 compared to the second quarter of 2008 and decreased 2% in the first half of 2009 compared to the first half of 2008. The impact on the company margin from changes in usage per customer has been mitigated by a pilot conservation-enabling tariff that was approved by the PSCU beginning 2006. The CET resulted in a margin decrease of $1.2 million in the second quarter of 2009, offsetting the $1.2 million increase in margin resulting from usage per customer. For the first half of 2009, the CET increased margin by $1.0 million partially offsetting the $1.8 million decrease in margin from lower usage per customer.

Weather, as measured in degree days, was 4% colder than normal in the second quarter of 2009 and normal in the first half of 2009. A weather-normalization adjustment on customer bills generally offsets financial impacts of moderate temperature variations.

Expenses
Cost of natural gas sold was down 23% in the second quarter of 2009 compared to the second quarter of 2008 and down 7% in the first half of 2009 compared to the first half of 2008. The decreases were due to lower gas purchase expenses per dth and lower sales volumes. Questar Gas accounts for purchased-gas costs in accordance with procedures authorized by the PSCU and the PSCW. Purchased-gas costs that are different from those provided for in present rates are accumulated and recovered or credited through future rate changes. As of June 30, 2009, Questar Gas had a $48.6 million over-collected balance in the purchased-gas adjustment account representing costs recovered from customers in excess of costs incurred. Questar Gas reduced its rates for gas costs by an annualized $165 million effective March 1, 2009. In addition, Questar Gas rebated approximately $50 million of the over-collected balance in the purchased-gas adjustment account to customers in May 2009 business.

Operating and maintenance expenses increased 13% in the second quarter of 2009 compared to the second quarter of 2008 and 28% in the first half of 2009 compared to the first half of 2008. The increase was due primarily to higher demand-side management costs. The demand-side management costs increased $2.7 million in the second quarter of 2009 over the second quarter of 2008 and increased $8.4 million in the first half of 2009 over the first half of 2008. These costs are for the company's energy-efficiency program and are recovered from customers through periodic pass-through rate changes. General and administrative expenses increased 5% in the 2009 second quarter and decreased 1% in the first half of 2009. Operating, maintenance, general and administrative expenses per customer were $83 in the first half of 2009 compared to $71 in the first half of 2008 due to an increase in demand-side management cost of $9 per customer.

Depreciation expense increased 6% in the second quarter of 2009 and first half of 2009 compared to the 2008 periods primarily as a result of plant additions from customer growth and system expansion.

Consolidated Results below Operating Income

Interest and other income
In the second quarter of 2008, Questar Pipeline received the final cash payment on a note receivable resulting from the May 2005 sale of a business. Gain on collection of the note receivable and related interest amounted to $3.7 million.

Interest expense
Interest expense increased 7% in the first half of 2009 compared to a year ago due primarily to 2008 financing activities associated with the purchase of two natural gas development properties in northwest Louisiana and pipeline expansions. Interest expense decreased 6% in the second quarter of 2009 compared with the second quarter of 2008 due to lower borrowings.

Net mark-to-market gain (loss) on basis-only swaps
The Company's basis-only swaps do not qualify for hedge accounting. The Company recognized a pre-tax net mark-to-market loss of $27.8 million on natural gas basis-only swaps in the second quarter of 2009 compared to a $16.3 million gain in the second quarter of 2008. The first half 2009 loss was $162.7 million compared to a gain of $30.0 million in the 2008 period.

Income taxes
The effective combined federal and state income tax rate was 36.3% in the first half of 2009 compared with 37.0% in the 2008 period.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities
Net cash provided from operating activities increased 29% in the first half of 2009 compared to the first half of 2008 due to higher noncash adjustments to net income. Noncash adjustments to net income consist primarily of depreciation, depletion and amortization, a noncash net mark-to-market loss on basis-only swaps and changes in operating assets and liabilities. Cash sources from operating assets and liabilities were higher in 2009 primarily due to over-collection in the purchase-gas adjustment account. Net cash provided from operating activities is presented below:

	6 Months Ended June 30,		
	2009	2008	Change
	(in millions)		
Net income	**$146.2**	$362.9	($216.7)
Noncash adjustments to net income	**584.4**	374.1	210.3
Changes in operating assets and liabilities	**116.8**	(77.8)	194.6
Net cash provided from operating activities	**$847.4**	$659.2	$188.2

Investing Activities
A comparison of capital expenditures for the first half of 2009 and 2008 plus a forecast for calendar year 2009 are presented below:

	6 Months Ended June 30,		Forecast 12 Months Ended December 31,
	2009	2008	2009
	(in millions)		
Questar E&P	**$509.0**	$1,122.0	$841.2
Wexpro	**58.3**	63.2	117.6
Gas Management	**55.4**	134.9	134.0
Questar Pipeline	**49.1**	27.2	100.9
Questar Gas	**30.8**	64.3	83.6
Other	**0.5**	0.7	1.3
Total	**$703.1**	$1,412.3	$1,278.6

Property acquisitions and expanded drilling programs represented the majority of the higher capital expenditures for the first half of 2008 compared to the 2009 period.

Financing Activities
In the first half of 2009, net cash provided from operating activities of $847.4 million exceeded net cash used in investing activities of $696.1 million by $151.3 million. Long-term debt increased by a net change of $49.9 million and short-term debt decreased by a net change of $195.6 million in the first half of 2009.

Questar sells commercial paper, rated A2 by Standard & Poor's and P2 by Moody's, to meet short-term financing requirements. The Company maintains committed credit lines with banks to provide liquidity when commercial-paper markets are illiquid. Credit commitments under the bank lines totaled $365.0 million at June 30, 2009, with no amounts borrowed. Commercial paper borrowing amounted to $35.5 million at June 30, 2009. In July 2009, the Company added $40.0 million net of new committed bank lines resulting in total commitments of $405.0 million.

At June 30, 2009, combined short-term and long-term debt was 39% and common equity was 61% of total capital. Market Resources had unused capacity of $300.0 million under a long-term revolving-credit facility.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Questar's primary market-risk exposure arises from changes in the market price for natural gas, oil and NGL, and volatility in interest rates. Energy Trading has long-term contracts for pipeline capacity and is obligated to pay for transportation services with no guarantee that it will be able to recover the full cost of these transportation commitments.

Commodity-Price Risk Management
Market Resources' subsidiaries use commodity-based derivative instruments in the normal course of business to reduce the risk of adverse commodity-price movements. However, these same arrangements typically limit future gains from favorable price movements. Derivative contracts are currently in place for a significant share of Questar E&P-owned gas and oil production and, a portion of Energy Trading gas-marketing transactions.

As of June 30, 2009, Market Resources held commodity-price hedging contracts covering about 426.5 million MMBtu of natural gas and 1.6 million barrels of oil and basis-only swaps on an additional 77.1 Bcf of natural gas. A year earlier the Market Resources hedging contracts covered 317.7 million MMBtu of natural gas, 1.4 million barrels of oil and natural gas basis-only swaps on an additional 183.0 Bcf. Changes in the fair value of derivative contracts from December 31, 2008 to June 30, 2009 are presented below:

	Fixed-price Swaps	Basis-only Swaps	Total
		(in millions)	
Net fair value of gas- and oil-derivative contracts outstanding at December 31, 2008	$543.6	($75.5)	$468.1
Contracts realized or otherwise settled	(235.5)	7.6	(227.9)
Change in gas and oil prices on f utures markets	(51.4)	(27.7)	(79.1)
Contracts added	4.2		4.2
Contracts re-designated as fixed-price swaps	142.5	(142.5)	
Net fair value of gas- and oil-derivative contracts outstanding at June 30, 2009	**$403.4**	**($238.1)**	**$165.3**

A table of the net fai r value of gas- and oil-derivative contracts as of June 30, 2009, is shown below. Most of the fixed-priced swaps will settle in the next 12 months and the fair value of cash-flow hedges will be reclassified from Accumulated Other Comprehensive Income:

	Fixed-price Swaps	Basis-only Swaps	Total
		(in millions)	
Contracts maturing by June 30, 2010	$451.7	($161.9)	$289.8
Contracts maturing between July 1, 2010 and June 30, 2011	(27.7)	(39.0)	(66.7)
Contracts maturing between July 1, 2011 and June 30, 2012	(20.6)	(37.2)	(57.8)
Net fair value of gas- and oil-derivative contracts outstanding at June 30, 2009	**$403.4**	**($238.1)**	**$165.3**

The following table shows sensitivity of fair value of gas- and oil-derivative contracts and basis-only swaps to changes in the market price of gas and oil and basis differentials:

	June 30,	
	2009	2008
	(in millions)	
Net fair value – asset (liability)	**$165.3**	($ 728.6)
Fair value if market prices of gas and oil and basis differentials decline by 10%	**361.2**	(430.5)
Fair value if market prices of gas and oil and basis differentials increase by 10%	**(30.7)**	(1,026.6)

Interest-Rate Risk Management
As of June 30, 2009, Questar had $1,672.2 million o f fixed-rate long-term debt and $500.0 million of variable-rate long-term debt.

Forward-Looking Statements
This quarterly report may contain or incorporate by reference information that includes or is based upon "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. Forward-looking statements give expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, exploration efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Among factors that could cause actual results to differ materially are:

- the risk factors discussed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2008;
- general economic conditions, including the performance of financial markets and interest rates;
- changes in industry trends;
- changes in laws or regulations; and
- other factors, most of which are beyond the Company's control.

Questar undertakes no obligation to publicly correct or update the forward-looking statements in this quarterly report, in other documents, or on the Web site to reflect future events or circumstances. All such statements are expressly qualified by this cautionary statement.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures.
The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of June 30, 2009. Based on such evaluation, such officers have concluded that, as of June 30, 2009, the Company's disclosure controls and procedures are effective in alerting them on a timely basis to material information relating to the Company, including its consolidated subsidiaries, required to be included in the Company's reports filed or submitted under the Exchange Act. The Company's Chief Executive Officer and Chief Financial Officer also concluded that the controls and procedures were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management including its principal executive and financial officers or persons performing similar functions as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls.
There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended June 30, 2009, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Questar is involved in various commercial and regulatory claims and litigation and other legal proceedings that arise in the ordinary course of its business. Management does not believe any of them will have a material adverse effect on the Company's financial position, results of operations or cash flows. A liability is recorded for a loss contingency when its occurrence is probable and damages can be reasonably estimated based on the anticipated most likely outcome. Disclosures are provided for contingencies reasonably likely to occur which would have a material adverse effect on the Company's financial position, results of operations or cash flows. Some of the claims involve highly complex issues relating to liability, damages and other matters subject to substantial uncertainties and, therefore, the probability of liability or an estimate of loss cannot be reasonably determined.

Environmental Claims

In *United States of America v. Questar Gas Management Co.* , Civil No. 208CV167, filed on February 29, 2008, in Utah Federal District Court, the Environmental Protection Agency (EPA) alleges that Gas Management violated the federal Clean Air Act (CAA) and seeks substantial penalties and a permanent injunction involving the manner of operation of five compressor stations located in the Uinta Basin of eastern Utah. EPA further alleges that the facilities are located within the original boundaries of the former Uncompahgre Indian Reservation and are therefore within "Indian Country". EPA asserts primary CAA jurisdiction over "Indian Country" where state CAA programs do not apply. EPA contends that the potential to emit, on a hypothetically uncontrolled basis, for Gas Management's facilities render them "major sources" of emissions for criteria and hazardous air pollutants. Categorization of the facilities as "major sources" affects the particular regulatory program applicable to those facilities. EPA claims that Gas Management failed to obtain the necessary major source pre-construction or modification permits, and failed to comply with hazardous air-pollutant regulations for testing and reporting, among other things. Gas Management contends that its facilities have pollution controls installed that reduce their actual air emissions below major source thresholds, rendering them subject to different regulatory requirements. Gas Management intends to vigorously defend against the EPA's claims, and believes that the major source permitting and regulatory requirements at issue can be legally avoided by applying Utah's CAA program or EPA's prior practice for similar facilities elsewhere in Indian Country, among other defenses. Because of the complexities and uncertainties of this legal dispute, it is difficult to predict all reasonably possible outcomes; however, management believes the Company has accrued a reasonable loss contingency that is an immaterial amount, for the anticipated most likely outcome.

On July 10, 2009 Questar E&P filed a petition with the U.S. Tenth Circuit Court of Appeals challenging an administrative compliance order dated May 12, 2009, (Order) issued by the EPA which asserts that Questar E&P's Flat Rock 14P Well and associated equipment is a major source of emissions of hazardous air pollutants and its operation fails to comply with certain regulations of the CAA. The Order required immediate compliance and threatened substantial penalties for failure to do so. Questar E&P denies that the drilling and operation of the 14P Well and associated equipment violates any provision of the CAA and intends to vigorously defend against this Order. Settlement discussions with the agency have occurred to find a compromise, which avoids further litigation.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table sets forth the Company's purchases of common stock registered under Section 12 of the Exchange Act that occurred during the quarter ended June 30, 2009:

2009	Number of Shares Purchased*	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
April	48,358	$30.75	-	-
May	2,836	33.04	-	-
June	19,452	34.45	-	-
Total	**70,646**	**$31.86**	-	-

*The numbers include any shares purchased in conjunction with tax-payment elections under the Company Long-term Stock Incentive Plan and rollover shares used in exercising stock options. They exclude any fractional shares purchased from terminating participants in the Questar Div idend Reinvestment and Stock Purchase Plan and any shares of restricted stock forfeited when failing to satisfy vesting conditions.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting on May 19, 2009. At the meeting several proposals plus the election of four directors to serve on the board were voted on:

A vote on the election of three directors to hold office until the annual meeting in 2012 and one director (James A. Harmon) to hold office until the annual meeting in 2010 was as follows:

Name	Votes For	Votes Withheld
Keith O. Rattie	145,003,798	5,076,681
Harris H. Simmons	145,743,374	4,337,105
M.W. Scoggins	131,439,788	18,640,691
James A. Harmon	145,081,041	4,999,438

A vote on a proposal to ratify Ernst & Young as the Company's independent auditor was as follows:

Votes For	Votes Against	Votes Withheld
147,055,484	2,729,549	295,446

A vote on a proposal to approve amendments to the Articles of Incorporation of the Company to provide for the staggered elimination of the Company's classified board structure and to remove the requirement that the Company have 13 directors was as follows:

Votes For	Votes Against	Votes Withheld
146,393,552	3,238,046	448,881

A vote on a proposal to approve amendments to the Articles of Incorporation of the Company to remove an outdated statutory reference and clarify the director liability standard was as follows:

Votes For	Votes Against	Votes Withheld
148,860,241	916,392	303,846

A vote on a proposal to approve amendments to the Article of Incorporation to increase the number of authorized shares from 360,000,000 to 510,000,000 and to make certain other clarifying changes was as follows:

Votes For	Votes Against	Votes Withheld
133,436,331	16,328,645	315,503

A vote on a proposal to approve an amendment to the Articles of Incorporation to eliminate a provision of imposing limits on the issuance of preferred stock was as follows:

Votes For	Votes Against	Votes Withheld
135,050,674	14,414,369	607,436

A vote on a proposal to approve performance metrics and amendments to the Long-Term Cash Incentive Plan was as follows:

Votes For	Votes Against	Votes Withheld
117,086,257	32,303,122	691,100

A vote on a proposal regarding majority voting in uncontested director elections was as follows:

Votes For	Votes Against	Votes Withheld
88,839,354	26,346,711	6,302,940

A vote on a proposal to hold an advisory vote on executive compensation was as follows:

Votes For	Votes Against	Votes Withheld
53,301,289	72,449,597	4,761,274

ITEM 6. EXHIBITS.

The following exhibits are being filed as part of this report:

Exhibit No.	Exhibits
10.1.	Employment Agreement between the Company and Richard J. Doleshek effective May 7, 2009.
31.1.	Certification signed by Keith O. Rattie, Questar Chairman, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification signed by Richard J. Doleshek, Questar Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification signed by Keith O. Rattie and Richard J. Doleshek, Questar Chairman, President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

QUESTAR CORPORATION
(Registrant)

August 4, 2009

/s/Keith O. Rattie
Keith O. Rattie, Chairman of the Board,
President and Chief Executive Officer

August 4, 2009

/s/Richard J. Doleshek
Richard J. Doleshek, Executive Vice President
and Chief Financial Officer

Exhibits List	Exhibits
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Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (Agreement) is made and entered into on May 7, 2009 (the effective date), between **QUESTAR CORPORATION** (Company), a Utah corporation, and **RICHARD J. DOLESHEK** (Executive).

The parties represent as follows:

A. Questar and Executive desire to enter into this Agreement to establish and set forth the terms and conditions of Executive's employment with Questar.

B. Questar and Executive acknowledge that the terms of this Agreement constitute good and valuable consideration.

Therefore, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following words and phrases shall have the following respective meanings unless the context clearly indicates otherwise:

Agreement Date means the effective date of this Agreement.

Anniversary Date means any annual anniversary of the Agreement Date.

Board means the Board of Directors of the Company.

Cause with respect to the Executive's termination of employment means any of the following: (1) Executive's conviction or plea of nolo contendre to a felony or a misdemeanor involving moral turpitude, (2) Executive's engaging in an act of fraud, theft, embezzlement or willful misappropriation of the property of the Company; (3) Executive engaging in an act of dishonesty that causes a substantial detriment to the Company or its Subsidiaries; (4) Executive's violation of any Company policy or practice regarding discrimination or harassment that would be grounds for termination of any other Company employee; (5) Executive's willful failure to perform substantially the duties as contemplated by this Agreement (other than such failure resulting from incapacity resulting from mental or physical illness); and (6) Executive's willful or intentional material breach of this Agreement that results in financial detriment that is material to the Company and its Subsidiaries taken as a whole.

For purposes of clause (6) of the preceding sentence, Cause shall not include any one or more of the following: bad judgment, negligence, or any act or omission that Executive believed in good faith to have been in or not opposed to the interest of the Company (without intent of Executive to gain, directly or indirectly, a profit to which he was not legally entitled).

Except for termination for Cause based on clauses (1) or (2) above, the Company may not terminate Executive's employment for Cause unless it has: (1) officially given Executive written notice at least 30 days prior to the Date of Termination of its intent to terminate Executive's employment, which written notice shall contain a detailed description of the specific reasons that form the basis for such action; (2) provided Executive an opportunity to appear before the Board prior to the Date of Termination to present arguments on his own behalf; and (3) received the affirmative vote of at least two-thirds of the members of the Board that it is proper to terminate Executive's employment for Cause. Pending the final resolution of any disputes concerning Executive's termination of employment for Cause, the Board my suspend Executive with pay.

Committee means the Management Performance Committee of the Board of Directors of the Company.

Common Stock means the common stock of the Company.

Company means Questar Corporation on a consolidated basis, or the ultimate parent corporation of the acquiring or surviving company in the case of an acquisition, merger, consolidation, etc. involving Questar Corporation.

Date of Termination means the effective date of a Termination of Employment for any reason, including death or Disability, whether initiated by the Company or by Executive.

Disability means a condition that renders Executive unable to engage in any substantial, gainful activity by reason of any medically-determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months. The foregoing definition of "Disability" shall be interpreted in a manner consistent with Section 409A of the Code and the Internal Revenue Service and Treasury guidance thereunder.

Good Reason with respect to the Executive's termination of employment means any of the following events or conditions which occur without the Executive's written consent and which remain in effect after notice has been provided by the Executive to the Company of such event or condition and the expiration of a 30 day cure period: (i) a material diminution in the Participant's base compensation; (ii) a material diminution in the Participant's authority, duties, or responsibility; (iii) a material change in the geographic location at which the Participant performs services; or (iv) any other action or inaction that constitutes a material breach by the Company or its Subsidiaries of the Agreement. The Participant's notification to the Company must be in writing and must occur within a reasonable period of time, not to exceed 90 days, following the Participant's discovery of the relevant event or condition. Any reasonable determination by Executive that any of the specified events has occurred and constitutes Good Reason shall be conclusive and binding for all purposes.

Notwithstanding the above, it shall not constitute Good Reason if, at any time during the Employment Period, Company assigns this Agreement to any entity that is "spun off" or "split off" from Company, and such entity expressly assumes the obligations of Company under this Agreement.

Stock Grants mean any grants of restricted stock, options to purchase shares of the Company's common stock, stock appreciation rights, or other equity-based awards made to Executive.

Subsidiary means any entity of which the Company, directly or indirectly, owns at least 50 percent of the outstanding shares of capital stock entitled to vote for the election of directors.

Termination Without Cause means a Termination of Employment by the Company for any reason other than Cause or the Executive's death or Disability.

ARTICLE 2
DUTIES

The Company shall employ Executive during the Employment Period as its Executive Vice President and Chief Financial Officer, reporting to the Chairman, President and Chief Executive Officer, subject to all Company policies and procedures in effect from time to time as amended in the discretion of Company. At its discretion, the Board of Directors of any Subsidiary may appoint Executive to serve in other capacities with the Company's Subsidiaries. Executive, during the Employment Period, shall devote substantially all of his business time, attention, and effort to the performance of services to Company in his capacity as Executive Vice President and Chief Financial Officer and to the affairs of the Company and shall use his reasonable efforts to promote the best interests of the Company. The Executive shall perform the services required by this Agreement at the Company's present principal place of business or at such other location(s) as may be mutually agreed by Company and Executive; provided, however, that Company may from time to time require the Executive to travel temporarily to other locations on Company business consistent with the business needs of Company.

ARTICLE 3
EMPLOYMENT PERIOD

Subject to earlier termination in accordance with Article 7, the term of Executive's employment under this Agreement (the "Employment Period") shall begin on the Agreement Date and end on the date that is three years after such Agreement Date; provided, however, that commencing on the second Anniversary Date of the Agreement Date and continuing thereafter on each subsequent Anniversary Date, the Employment Period will be automatically extended by a period of one year unless the Board provides notice to Executive at least 30 days prior to any such Anniversary Date or Executive provides notice to the Board at least 30 days prior to any such Anniversary Date that the Employment Period will not be so extended. Once notice of non-renewal has been tendered by either party, no further automatic extensions of this Agreement shall occur.

ARTICLE 4
COMPENSATION

4.1 Salary . The Company shall pay Executive an initial annual salary of $450,000, payable in semi-monthly installments ("Base Salary"). The Committee shall review Executive's Base Salary when it reviews the base salaries paid to the Company's other executive officers in February of each year. For the term of this Agreement, the Committee may not reduce Executive's Base Salary. Effective as of the date of any such increase in Executive's Base Salary, the Base Salary shall be considered the new Base Salary for all purposes of this Agreement and may not thereafter be reduced. Any increase in Base Salary shall not limit or reduce any other obligation of the Company to Executive under this Agreement without Executive's written consent. The Committee shall also determine how to allocate Executive's Base Salary among the Company and its principal subsidiaries.

4.2 Annual Bonus . For the 2009 fiscal year ending December 31, 2009, Executive shall be eligible to receive an annual bonus, payable when annual bonuses are paid to other executive officers under the Company's Annual Management Incentive Plan ("AMIP"), with a target bonus of 90% of Executive's Base Salary up to a maximum of 180% of Executive's Base Salary. The Executive's 2009 bonus shall be tied to the same objectives and performance goals as set forth in AMIP for other Company executives; provided, however, that Executive's bonus payout for the 2009 fiscal year shall not be less than $400,000 unless, prior to the date the annual bonuses are paid to other executives, i) Executive's employment is terminated by the Company with Cause or ii) Executive terminates his employment without Good Reason, then Executive shall not be entitled to receive an annual bonus for 2009.

Commencing the first full plan year of Executive's employment, Executive shall be nominated to participate in AMIP (or AMIP II as determined by the Committee or if Executive is considered a "Covered Employee" as defined in AMIP II) and shall have a target bonus equal to at least 90 percent of Base Salary at the time the target bonus is set. Thereafter, the Committee can only increase, not reduce, Executive's target bonus under AMIP.

4.3 Other Bonus Programs . Executive shall be nominated to participate in the Company's Long-term Cash Incentive Plan ("Cash Incentive Plan") beginning with the 2010-2012 performance period with a target bonus of not less than $500,000, and any additional cash incentive compensation program adopted by the Committee or the Board for the Company's officers.

ARTICLE 5
STOCK OPTIONS, RESTRICTED STOCK AND STOCK OWNERSHIP

5.1 Equity Grants Upon Agreement Date: For the specific purpose of hiring Executive, Executive shall be granted, pursuant to the Company's Long-term Stock Incentive Plan ("Stock Plan") the following equity grants:

(a) *Stock Options* : an option to purchase 100,000 shares of the Company's Common Stock at a per share price equal to the closing price of such stock as reported in the Wall Street Journal on the Agreement Date. The stock option shall vest in its entirety three years after the Agreement Date. The stock option grant shall have a seven-year term. Executive and Company shall execute a Stock Option Agreement similar to those provided to other executives with employment contracts.

(b) *Restricted Stock* : 60,000 shares of restricted stock as of the Agreement Date with the grant vesting over three years in equal proportion on the first, second and third Anniversary Date of the Agreement Date. Executive and Company shall execute a Restricted Stock Agreement similar to those provided to other executives with employment contracts.

5.2 Future Equity Grants . Executive shall be eligible to be granted stock options, restricted stock awards, stock appreciation rights, performance shares, or other equity based compensation pursuant to the Stock Plan as determined by the Committee in its sole and absolute discretion.

5.3 Stock Ownership . The Company requires all officers to own shares of the Company's common stock. Executive is expected to acquire on or before the third Anniversary Date of the Agreement Date (and retain throughout the term of this Agreement) shares of the Company's common stock (including phantom stock units) having a value equal to at least three times his annual Base Salary. In determining compliance with this requirement, Executive's unvested restricted stock will be treated as owned, however unvested stock options will not be treated as owned. This shareholding requirement shall be subject to any policies and procedures adopted by Questar's Board of Directors applicable to all other Questar executives with shareholding requirements. Executive cannot sell shares of common stock other than to satisfy tax obligations associated with recognizing income in conjunction with stock distributions or stock options without advance notice to the Company's Chairman, President and Chief Executive Officer.

ARTICLE 6
OTHER BENEFITS

6.1 Qualified Retirement Plans . During the Employment Period, Executive shall be entitled to participate in the qualified retirement plans (including the defined benefit and defined contribution plans) sponsored by the Company in accordance with the terms of such plans.

6.2 Welfare Benefit Plans . During the Employment Period, Executive shall be eligible to participate in the welfare benefit plans and programs (including health, life insurance, catastrophe accident, cafeteria, and short-term and long-term disability) sponsored by the Company in accordance with the terms of such plans.

6.3 Paid Time Off. During the Employment Period, Executive shall be entitled to paid time off (PTO) in accordance with the Company's general rules for PTO, except that Executive shall accrue 264 hours per year (22 hours per month).

6.4 Nonqualified Benefit Plans . During the Employment Period, Executive shall be eligible to participate in the Company's optional nonqualified plans such as the Deferred Compensation Wrap Plan and its component programs, and the Supplemental Executive Retirement Plan.

6.5 Change in Control . Executive shall be nominated to participate in the Company's Executive Severance Compensation Plan (Executive Severance Plan), which is a change in control severance plan. In the event of Executive's Termination of Employment following a "Change in Control" as defined in the Executive Severance Plan, the Executive shall be entitled to the greater of the payment due him under the Executive Severance Plan or under Article 7 of this Agreement, but not under both.

6.6 Other Benefits . During the Employment Period, Executive shall be entitled to participate in the company's special tax preparation and financial planning reimbursement program available to the company's officers.

6.7 Relocation Expenses . Executive shall be entitled to a relocation allowance of $200,000 to cover all expenses associated with his relocation from Houston, Texas to the Salt Lake City area, including a gross-up for state and federal taxes. This relocation allowance will be paid to the Executive on or near the Agreement Date and is subject to all normal and customary withholdings. Should Executive's employment be terminated by Company for Cause or should Executive terminate his employment with Company without Good Reason prior to the first Anniversary Date of the Agreement Date, Executive will reimburse Company the full amount of the relocation allowance, including the gross-up amount. Executive will also be reimbursed for expenses incurred for two house-hunting trips to Salt Lake, but limited to expenses that would typically be reimbursable under the Company's business travel expenses reimbursement policies.

6.8 Other Expenses . During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable employment-related expenses incurred by him and approved in accordance with the Company's standard policies.

ARTICLE 7
TERMINATION OF EMPLOYMENT

7.1 Termination for Cause . If the Company terminates Executive's employment for Cause, the Company shall only be required to pay Executive any earned but unpaid Base Salary and any accrued but unused PTO (the "Accrued Obligations").

7.2 Termination for Death or Disability . If Executive's employment terminates during the Employment Period due to his death or Disability, Executive shall be entitled to the following:

(a) The Company will pay to Executive's beneficiaries (in the event of his death), or to Executive (in the event of his Disability), the Accrued Obligations, plus an amount equal to:

i. Executive's Base Salary through the end of the month following the month in which his death or Disability occurred;

ii. Executive's target bonus under the annual cash bonus plans maintained by the Company for the year in which he died or became disabled; provided however, that in the event that the Committee or Board has yet to establish Executive's target bonus under the annual cash bonus plans for such year, the Executive's target bonus shall be deemed to be equal to his target bonus under the annual cash bonus plans for the immediately preceding year; and

iii. The pro-rated portion of Executive's target bonus under the Company's Cash Incentive Plan for each separate performance period that is outstanding as of the date of death or Disability; provided, however, that in the event that the Committee or Board has yet to establish Executive's target bonus under the Cash Incentive Plan for the separate performance period beginning in the year in which Executive died or became disabled, the Executive's target bonus for such performance period shall be deemed to be equal to the target bonus established under the Cash Incentive Plan for the performance period beginning in the immediately preceding year.

Any payments received under this Agreement due to death or Disability shall be in lieu of payments otherwise due Executive on account of death or Disability under the terms of any annual cash bonus plans and/or the Cash Incentive Plan, and Executive hereby waives his rights to any such payments.

Amounts payable under this Section 7.2(a) will be paid in a cash lump sum, subject to applicable withholdings, within 30 days of the Date of Termination.

(b) Any unvested Stock Grants shall vest in full on the Date of Termination.

7.3 Termination Without Cause . If the Company terminates Executive's employment during the Employment Period for some reason other than Cause, death or Disability, Executive will be entitled to the following:

(a) The Company shall pay Executive the Accrued Obligations, plus an amount (the "Involuntary Severance Amount") equal to:

i. Executive's Base Salary for the remainder of the Employment Period;

ii. the average of the annual cash bonuses Executive actually received under the Company's annual bonus plans for the last three full fiscal years immediately prior to the Date of Termination, or such shorter number of full fiscal years that the Executive was actually employed by Company; and

iii. three times the average of the cash incentive payment Executive actually received under the Company's Cash Incentive Plan in the last three full fiscal years

immediately prior to the Date of Termination. If Executive is terminated prior to payout for the 2010-2012 performance period, Executive shall receive an amount determined as follows:

a. if the Date of Termination occurs on or after February 15, 2010 but prior to February 15, 2011, 66% of Executive's Base Salary,

b. if the Date of Termination occurs on and after February 15, 2011 but prior to February 15, 2012, 133% of Executive's Base Salary, or

c. if the Date of Termination occurs on and after February 15, 2012, but prior to the payout of the 2010-2012 performance period, 200% of Executive's Base Salary.

Such amounts paid under this subsection 7.3(a) will be paid in a cash lump sum, subject to applicable withholdings, within 30 days of the Date of Termination.

(b) Any Stock Grants shall vest in full on an accelerated basis on Executive's Date of Termination.

7.4 Termination by Executive . Executive can terminate his employment for any reason provided that he gives the Board written notice at least 30 days' prior to his Date of Termination.

(a) If Executive terminates his employment for reasons other than Good Reason, Company shall, within 30-days of the Date of Termination or any earlier time required by law, pay Executive only the Accrued Obligations.

(b) If Executive terminates his employment for Good Reason, the Company shall pay Executive the Accrued Obligations, plus the Involuntary Severance Amount. Such amounts will be paid in a cash lump sum, subject to applicable withholdings, within 30 days of the Date of Termination. Any Stock Grants shall vest in full on an accelerated basis on Executive's Date of Termination.

7.5 Payments Conditioned on Release of Claims . Receipt of any payments or benefits under this Article 7, other than the Accrued Obligations, shall be contingent upon the Executive's execution of a legal release in a form satisfactory to the Company, in its sole discretion, drafted so as to ensure (i) a final, complete and enforceable release of all claims that the Executive has or may have against the Company (and its Subsidiaries, officers, agents, employees, or assigns) relating to or arising in any way from the Executive's employment with the Company and/or the termination thereof, and (ii) Executive's continued compliance with his obligations under Article 8 of this Agreement.

7.6 409A Payment and Ordering Rules . Payments under this Article 7 are intended to qualify to the maximum extent possible as "short-term deferrals" exempt from the application of Code Section 409A. Any payments that do not so qualify are intended to qualify for the Code

Section 409A exemption set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii) (which exempts from Code Section 409A certain payments made upon an "involuntary separation from service"). Any payments under this Article 7 that are not exempted from Code Section 409A and that are payable prior to the date that is six months and one day after the date of termination (the "Deferred Payment Date") shall be withheld by the Company and paid to Executive on the Deferred Payment Date or as soon thereafter as is administratively feasible. Nothing in this paragraph shall prohibit the Company and Executive from making use of any other Code Section 409A exemption that may be applicable to a payment or benefit hereunder

ARTICLE 8
RESTRICTIVE COVENANTS

8.1 Non-Solicitation of Employees . During the two-year period immediately following the Date of Termination, Executive shall not directly or indirectly employ or seek to employ any employees of the Company or its Subsidiaries and shall not entice or otherwise encourage any such employee to leave such employment.

8.2 Confidentiality . During the Employment Period, Executive shall maintain the confidential nature of information concerning the Company's financial results and business strategies and shall not disclose such information to any person whose interests are or may be adverse to the Company's interests or any person that may use such information to obtain personal financial gain.

After a termination of employment for any reason, Executive shall not, without prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any confidential information to anyone other than the Company and its designees. At the time of the termination of Executive's employment, or at such other time as the Company may request, Executive shall return all memoranda, notes, plans, records, computer tapes and software and other documents and data (and copies thereof) relating to confidential information that Executive may then possess or have under his control.

8.3 Injunction . Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event he breaches the provisions of this Article. Consequently, Executive agrees that the Company is entitled to an injunction to prevent Executive from any breach of the provisions of this Article in addition to other rights that the Company may have.

ARTICLE 9
SUCCESSOR TO COMPANY

This Agreement shall bind any successor to the Company, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place.

In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Agreement, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. In the event that a successor fails to expressly and unconditionally assume and agree to perform the Company's obligations under this Agreement, such failure shall be deemed to be a material breach of this Agreement.

ARTICLE 10
MISCELLANEOUS

10.1 Beneficiary . If Executive dies prior to receiving all of the amounts payable to him in accordance with the terms of this Agreement, such amounts shall be paid to one or more beneficiaries designated by Executive in writing to the Company during his lifetime, or if no such beneficiary is designated, to the beneficiary(ies) designated by the Executive (or deemed by law to be designated) under Questar Corporation's Employee Investment Plan. Executive, without the consent of any prior beneficiary, may change his designation of beneficiary or beneficiaries at any time or from time to time by submitting to the Company a new designation in writing, which shall not be effective until receipt by the Company.

10.2 Assignment Successors . Except as provided above in Article 9, the Company may not assign its rights and obligations under this Agreement without the prior written consent of Executive.

10.3 Good Faith . During the Employment Period, Executive shall notify the Chairman, President and Chief Executive Officer of the Company if he is being seriously considered for a senior management position with another entity.

10.4 Nonalienation . Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, executive of levy of any kind, either voluntary or involuntary, prior to actually being received by Executive or a beneficiary, as applicable, and any such attempt to dispose of any right to benefits payable hereunder shall be void.

10.5 Arbitration . To the extent permitted by applicable law, any dispute under this Agreement shall be settled by arbitration in Salt Lake City, Utah, pursuant to the commercial Rules then in effect of the American Arbitration Association. In the event that any dispute arising our of this Agreement may not be arbitrated under applicable law (which, for purposes of this Agreement, shall be deemed to include actions for temporary injunctive relief to enforce the provisions of Article 8 hereof), litigation concerning such dispute shall be brought and maintained only in the state or federal courts having jurisdiction in Salt Lake City, Utah. The Company and its successors shall reimburse Executive for any legal expenses and arbitration expenses that he may reasonably incur pursuant to this clause in the event that he prevails in any such dispute.

10.6 Severability. If one or more parts of the Agreement are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any part of this Agreement not declared to be unlawful or invalid. Any part so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such part to the fullest extent possible while remaining lawful and valid.

10.7 409A Savings Clause. The parties intend that payments or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code, and the provisions of this Agreement shall be construed and administered in accordance with such intent. To the extent such potential payments or benefits could become subject to Code Section 409A, the parties shall cooperate to amend this Agreement with the goal of giving Executive the economic benefits described herein in a manner that does not result in such tax being imposed. If the parties are unable to agree on a mutually acceptable amendment, the Company may, without Executive's consent and in such manner as it deems appropriate or desirable, amend or modify this Agreement or delay the payment of any amounts hereunder to the minimum extent necessary to meet the requirements of Code Section 409A.

10.8 Amendment/Waiver. This Agreement shall not be amended or modified except by written instrument executed by the Company and Executive. A waiver of any term, covenant or condition contained in this Agreement shall not be deemed a waiver of any other term, covenant or condition, and any waiver of any default in any such term, covenant or condition shall not be deemed a waiver of any later default thereof.

10.9 Notices. All notices hereunder shall be in writing and delivered by hand, by nationally-recognized delivery service that guarantees overnight delivery, or by first-class, registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company, to	Questar Corporation 180 East 100 South Salt Lake City, Utah 84111 Attention: K. O. Rattie
with a copy to:	Questar's General Counsel 180 East 100 South Salt Lake City, Utah 84111 Attention: T. C. Jepperson
If to Executive, to:	Richard J. Doleshek Salt Lake City, UT 84102

Either party may from time to time designate a new address by notice given in accordance with this Section. Notice shall be effective (a) upon receipt by addressee when hand-delivered; (b) the next business day or day designated for delivery if by overnight delivery; (c) the fifth day after deposit in the United States mail if sent by first-class, registered or certified mail.

10.10 Counterparts and Facsimile Signatures . This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument. A facsimile signature may be accepted as an original signature.

10.11 Entire Agreement . This Agreement forms the entire agreement between the parties with respect to the subject matter addressed in this Agreement. It supersedes all prior agreements, promises and representations regarding employment, compensation, severance or other payments contingent upon termination of employment.

10.12 Applicable Law . This Agreement shall be interpreted and construed in accordance with the laws of the state of Utah, without regard to its choice of law principles.

10.13 Survival of Executive's Rights and Obligations . All of Executive's rights and obligations shall survive the termination of Executive's employment and/or the termination of this Agreement.

The parties have executed this Agreement on the date first above written.

QUESTAR CORPORATION

By: _____
Keith O. Rattie

EXECUTIVE

_____
Richard J. Doleshek

Exhibit 31.1.

CERTIFICATION

I, Keith O. Rattie, certify that:

1. I have reviewed this quarterly report of Questar Corporation on Form 10-Q for the period ended June 30, 2009;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2009

/s/ Keith O. Rattie
Keith O. Rattie
Chairman, President
and Chief Executive Officer

Exhibit 31.2.

CERTIFICATION

I, Richard J. Doleshek, certify that:

1. I have reviewed this quarterly report of Questar Corporation on Form 10-Q for the period ended June 30, 2009;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2009

/s/Richard J. Doleshek
Richard J. Doleshek
Executive Vice President and Chief Financial Officer

Exhibit No. 32.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Questar Corporation (the Company) on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the Report), Keith O. Rattie, Chairman, President and Chief Executive Officer of the Company, and Richard J. Doleshek, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

QUESTAR CORPORATION

August 4, 2009

/s/Keith O. Rattie
Keith O. Rattie
Chairman, President and Chief Executive Officer

August 4, 2009

/s/Richard J. Doleshek
Richard J. Doleshek
Executive Vice President and Chief Financial Officer