



News Release

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QUESTAR INCREASES 2004 CAPITAL BUDGET TO FUND ATTRACTIVE DRILLING OPPORTUNITIES

SALT LAKE CITY — Questar Corp. (NYSE:STR) – on the heels of a 13% year-over-year rise in nonregulated natural gas-equivalent production in the first half of 2004 – today announced a \$25 million increase in its projected 2004 capital budget to accelerate drilling programs.

The integrated natural gas company now expects to invest \$480 million for 2004 capital projects, with \$344 million targeted for exploration and production, gas development, gas gathering and other nonregulated activities through its Questar Market Resources subsidiary. Questar's regulated businesses – interstate natural gas transmission and retail gas distribution – project \$127 million in expenditures for distribution-system expansion, new pipeline construction and other projects.

Keith O. Rattie, Questar chairman, president and CEO, said the company's Rockies and Midcontinent exploration and production businesses “are generating double-digit growth with the drill bit against a backdrop of declining overall production for the industry.”

Rattie said, “Questar’s expanded 2004 capital spending would be funded with internal cash flow. Our balance sheet is strong. Our total debt to capitalization is now in the middle of our 40 to 45% target range. What’s more, we have attractive projects that generate risk-adjusted returns well above our cost of capital, even at natural gas prices well below current levels. We continue to evaluate alternative uses of free cash flow – stock buyback, dividend increases, and/or debt reduction. But we believe our best option for creating shareholder value today is to reinvest in our core natural gas businesses,” he said.

Questar is an integrated natural gas company with \$4.4 billion in enterprise value. Headquartered in Salt Lake City, Questar engages in gas and oil development and production; gas gathering, processing and marketing; interstate gas transmission and storage; and retail gas distribution.

Detailed financial and operating statements are available on Questar's Web site, www.questar.com.

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