

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

QEP - Q4 2013 QEP Resources, Inc. Earnings Conference Call

EVENT DATE/TIME: FEBRUARY 26, 2014 / 2:00PM GMT

## OVERVIEW:

Co. reported 4Q13 reported net loss attributable to QEP of \$52m.



## CORPORATE PARTICIPANTS

**Greg Bensen** *QEP Resources Inc - Director of IR*

**Chuck Stanley** *QEP Resources Inc - Chairman, President and CEO*

**Richard Doleshek** *QEP Resources Inc - EVP and CFO*

## CONFERENCE CALL PARTICIPANTS

**Brian Corales** *Howard Weil Incorporated - Analyst*

**Tim Rezvan** *Sterne, Agee & Leach, Inc. - Analyst*

**Hsuliu Peng** *Robert W. Baird & Company, Inc. - Analyst*

**Andrew Coleman** *Raymond James & Associates - Analyst*

**Eli Kantor** *IBERIA Capital Partners - Analyst*

**Brian Gamble** *Simmons - Analyst*

## PRESENTATION

### Operator

Greetings and welcome to the QEP fourth-quarter 2014 (sic -- see press release, "2013") earnings conference call.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Greg Bensen. Thank you, you may begin.

---

### Greg Bensen - QEP Resources Inc - Director of IR

Thank you, Brenda, and good morning, everyone. Thank you for joining us for the QEP Resources fourth-quarter and full-year 2013 results conference call. With me today are Chuck Stanley, Chairman, President and CEO; Richard Doleshek, Executive Vice President and Chief Financial Officer; Jim Torgerson, Executive Vice President and Head of our E&P business; and Perry Richards, Senior Vice President and Head of our midstream business.

If you have not done so already, please go to our website, [www.qepres.com](http://www.qepres.com) to obtain copies of our earnings release, which contains tables with our financial results and the slide presentation with maps and other supporting materials.

In today's conference call, we will use a non-GAAP measure, EBITDA, which is referred to as adjusted EBITDA in our earnings release and SEC filings and is reconciled to net income in the earnings release and the SEC filings. In addition we will be making numerous forward-looking statements.

We remind everyone that our actual results could differ materially from our forward-looking statements for a variety of reasons, many of which are beyond our control. We refer everyone to our more robust forward-looking statement disclaimer and discussion of the risks facing our business in our earnings release and our SEC filings. With that, I would like to turn the call over to Chuck.

---

### Chuck Stanley - QEP Resources Inc - Chairman, President and CEO

Thanks, Greg. Good morning, everyone. This morning I would like to briefly touch on some operational results from the fourth quarter and full year 2013, and then touch on our plans for 2014.



Richard will then quickly review our fourth-quarter financial results and full-year results, and walk you through our guidance assumptions for 2014. And then we will turn the call over for Q&A.

2013 was quite a year for QEP. We had record high levels of crude oil production, estimated year-end proved reserves, fee-based processing revenue and perhaps most importantly, record high EBITDA.

We accomplished these Company records while decreasing net debt by more than \$200 million, and with a capital program that was equal to EBITDA. On the E&P front, our focus on allocating capital to the highest return projects in our portfolio has resulted in a dramatic shift in our production and reserves mix as higher return, higher margin crude oil development projects dominate our capital investments.

QEP Energy EBITDA grew 17% from 2012, driven by a 62% year over year increase in crude oil production. Oil volumes accounted for 20% of total Company-wide production in 2013, up from 12% in 2012, and just 8% in 2011.

Over the past four years, we have grown crude oil production at a 50% compound annual growth rate, which has allowed us to grow QEP Energy EBITDA over that same four-year period at a robust 13% CAGR. Clearly we are making steady progress on the profitable rebalancing of our E&P asset portfolio and production mix, and it is bearing fruit in the form of steady EBITDA growth.

To help accelerate this transition, yesterday, we closed on the previously-announced acquisition of significant new crude oil dominant development properties in the Permian Basin in West Texas, which will provide QEP with more than 10 years of high-return drilling inventory. We have also launched our previously-announced Midcontinent asset divestiture program and data rooms are now open for both our Granite Wash and Cana assets. By structuring the Permian acquisition and the Midcontinent divestiture transactions as a reverse like-kind exchange, we are tax efficiently facilitating our entry into a second world class crude oil province as we divest of non-core properties.

During 2013, we undertook several strategic initiatives to unlock value in our midstream gathering and processing business. In August of last year, we completed the IPO of our new midstream master limited partnership, QEP Midstream Partners, or QEPM.

The IPO of QEPM was one of the fastest and largest MLP IPOs in history and we raised net proceeds of approximately \$450 million. The market clearly liked the QEPM story.

We priced the offering at the high end of the \$19 to \$21 range, with an order book that was multiple times over-subscribed. And QEPM units continue to trade well today, with an implied yield of approximately 4.5%.

In December of last year we announced plans to unlock additional value for QEP shareholders by fully separating our midstream Company QEP Field Services, including its ownership of QEPM and the GP and midstream assets from QEP Resources. When complete, we believe this separation will better position both our E&P and our midstream Companies to compete and thrive in their respective business segments.

Turning to QEP Energy's 2013 results, while total production declined slightly from last year, EBITDA grew 17%, primarily as a result of increased oil production. Crude oil reserves revenue represented nearly half of fuel level revenue in 2013, and combined crude oil and NGL revenue comprised 65% of field-level revenue in the fourth quarter.

Back on February 4, we announced estimated year-end 2013 proved reserves for QEP Energy. Estimated total proved reserves were 4.1 trillion cubic feet of gas equivalent, up slightly from a year ago.

As a direct result of our allocation of capital to the highest return projects in our portfolio, estimated proved crude oil reserves grew 25% to 149 million barrels. Crude oil represented 22% of year-end 2013 estimated proved reserves, and that was up from 18% in 2012.

Perhaps most significantly, the year-end 2013 SEC pretax PV10 of our proved reserves was \$6 billion, up 48% from year-end 2012. Please see our February 4 release if you would like more details.



Now, let me give you a little more color on our operational results from the fourth quarter of last year, and more detail on our plans for 2014. As I do so, I would ask that you refer to the slide presentation that accompanied our release yesterday afternoon.

Although oil production increased 15% from the prior quarter, our natural gas production continued to decline due to the ongoing decline in the Haynesville, and also due to the impact of some severe winter weather on our operations in multiple areas. And due to some downstream maintenance at Pinedale.

In terms of 2014 guidance, please keep in mind that we assume no upstream or midstream asset sales, even though we have multiple assets in the Midcontinent for sale today. We will update guidance after the sales close.

Let's turn to the individual area results. We had eight rigs running in the Williston Basin at year end, the same as in the third quarter, but they've moved around a bit. At the end of the year, we had six rigs working at South Antelope, which is one more than last quarter, or the third quarter, and two rigs working on the Fort Berthold acreage, which is down from three in the third quarter of last year.

Completion activity picked up in the Williston Basin with 26 QEP-operated well completions in the fourth quarter, compared to 21 in the third quarter and 27 during the whole first half of the year. Overall, we remain very pleased with the technical results from the Williston Basin and with the future potential of the play.

We continue to evaluate the potential for increased well density on our acreage. We are monitoring the results from several pilot programs that are being conducted by nearby operators. And we have our own pilot program under way to evaluate applicability of increased density development on our own acreage.

In early February we released some new information about our South Antelope property that I believe is very compelling. Based on our year-end reserve work, EURs continue to track our initial expectations of roughly 1 million barrels of oil equivalent per well in both the Middle Bakken and Three Forks reservoirs.

As we drive efficiencies in our drilling and completion operations through pad drillings, we have also made significant progress on completed well costs during the year, with a reduction in actual gross completed well costs of more than \$1 million from our initial assumptions at the time of the acquisition. And our well costs today are approximately \$1.5 million less than nearby third-party operated wells in which we have an interest.

The latest batch of QEP-operated completed wells have come in at about \$10 million gross drilled, completed and equipped well costs. In spite of initial delays due to downstream and weather-related issues, our current South Antelope oil production has grown to levels that are commensurate with the Company's expectations at the time of the acquisition.

Finally, we have some great numbers around the value we have created through the South Antelope acquisition and our subsequent development activity. We acquired the properties in 2012 for \$1.4 billion, and since that time the cash capital expenditures have exceeded adjusted EBITDA from the properties by approximately \$100 million.

At the end of 2013, the South Antelope proved reserves at a pretax PV10 value of about \$2.2 billion, or approximately \$700 million above the cumulative net investment through the end of the year. Including probable reserves and associated development costs, the year-end 2013 pretax PV10 value of South Antelope was over \$2.8 billion, nearly double the net capital investment to date.

We are excited about these results and we think it is a great example of our asset evaluation and follow-on development skills, and our sound and stringent capital allocation process. We are optimistic that we will have similar results to share about our Permian Basin acquisition in coming years.

We have had some questions about location inventory levels remaining in the Williston Basin as we created some confusion yesterday in our reported PUD inventory on the slides that accompanied our release. Let me give you a little background. At the end of 2012, we reported a total gross remaining location inventory of a little over 300 locations at South Antelope and about 450 locations on the Fort Berthold reservation.

At year-end 2013, that inventory was approximately 250 locations at South Antelope, and about 400 remaining locations on the reservation. The decline in PUD inventory on the reservation acreage was related to conversion of PUD locations to producing wells and to our development schedule over the next five years that resulted in us removing some PUDs from our inventory.

Field level crude oil prices for all of QEP Energy dominated by the volumes from our Williston Basin, declined by about \$10 a barrel from the third to the fourth quarter last year, due to the lower benchmark prices, primarily related to pricing at Clearbrook. QEP's average basis differential increased slightly from the third quarter to over \$10 a barrel, due primarily to decreases in fuel level pricing in the quarter as a result of a temporary widening of the basis.

Looking ahead to 2014, in the Williston Basin, we had planned to invest about 55% of our total QEP Energy capital budget in the Williston Basin. And are currently running eight rigs on our Williston properties. Please refer to slides 6 through 8 for more details on our Williston operations.

As I already mentioned, yesterday we closed on our new Permian Basin properties. At the close, the estimated net production from the assets was just over 7,000 barrels of oil equivalent a day, which is about 66% crude oil.

There are currently two operated vertical rigs running on the properties. We plan to add several additional rigs shortly, one of which will be targeting horizontal wells. And we will ramp to at least six rigs operated on the property by the end of the year, including at least three drilling horizontal wells.

After acquisition costs, we plan to invest approximately 15% of our total QEP Energy 2014 capital budget in the Permian Basin. See slide 9 for more details on the Permian Basin properties.

Turning to Pinedale, production volumes declined slightly compared to the prior quarter of 2013, as gas volumes declined about 14%, while NGL volumes more than doubled as a result of our election to recover ethane during the fourth quarter. While the ethane frac spread was near break-even in the quarter, improved propane recovery as a result of running the plants in ethane recovery helped to improve the overall NGL frac spread.

Even after more than a decade of operation at Pinedale, we continue to improve our efficiency and drilling and completion operations, and cut nearly a full day out of our drill times during 2013 down to an average of under 12 days. For the full year, we completed and turned to sales 111 new pine Dale wells, including 33 wells during the fourth quarter. QEP had an average 78% working interest in the new wells that were completed in 2013.

It is important to note, however, that of those 111 wells that were completed in 2013, there were 29 wells that we operate for a third party, but in which we only own an overriding royalty interest. So a fair amount of our completion activity in the second half of last year will have a minimum impact on 2014 estimated QEP net production.

We plan to continue to run four rigs at pine Dale through 2014, and currently plan to complete between 110 and 115 wells. Remember, as we always do, we suspend our well completion activity during the coldest months of the winter, so that introduces some volatility to the production and activity levels, during the coldest months of the year.

We had planned to invest about 15% of our total QEP Energy capital budget at Pinedale. See slides 10 and 11 for more details.

In the Uinta Basin, we continue to make good progress on our lower Mesaverde liquids rich gas play. Last quarter we talked about early results from a fundamentally different well design that we think could radically alter the economics and the way we approach development of this significant asset.

Production performance from that first well continues to be very encouraging. And we are now drilling our second well and incorporating the new design. We will provide more color on this approach as soon as we get more production data on the first well, and prove to ourselves with this second well that the new approach is repeatable.



With multiple trillion cubic feet of equivalent probable reserves and our 100% working interest, 80% net revenue interest acreage position, clearly this project presents not only a significant future growth opportunity for QEP Energy, but also for our midstream business. During the fourth quarter of 2014, in addition to the one rig we had running, drilling our new well design in the Mesaverde play, we also had one rig running, focused on drilling vertical oil wells in the Green River formation.

Currently, we plan to invest about 5% of our 2014 capital budget in the Uinta Basin, but we may reconsider that capital allocation with additional encouraging results from the Mesaverde alternate well design project that is currently under way. Slide 12 shows more details on our Uinta Basin activities.

Turning to the Midcontinent, during the fourth quarter of 2013, we participated in eight outside-operated wells with an average working interest of 19%. Those were all in the Cana Woodford.

Recall that back in December when we announced the acquisition of our Permian Basin properties, we also announced simultaneously our intention to sell Midcontinent properties to help fund the acquisition and to concentrate our operational investment focus. As I mentioned earlier, our Cana Woodford and Granite Wash data packages are already out on the market. Data rooms are open. And we have had very strong interest from potential buyers.

We've structured the purchase of the Permian assets and the sale of the Midcontinent assets, as I mentioned earlier, as a reverse 1031 exchange. And just to be clear, that means that we transferred the tax basis from the divested assets over to the newly acquired Permian assets. We have 180 days from the February 25 closing of the Permian Basin acquisition in order to complete the divestiture of the Midcontinent assets in order to take advantage of the reverse 1031 exchange.

Finally, to help with your modeling, the production from the first two Midcontinent asset packages, and I say first two, because there are others to come, including a package that will have our assets including our SCOOP acreage, that will come down the road. But for the first two, the Cana and Granite Wash, the current production is approximately 102 million cubic feet equivalent of gas per day.

That's down a little bit from the 2013 average of 110 million cubic feet a day. And that included some impact of weather in the fourth quarter where we had some freeze-offs in the Western Midcontinent. Please see slide 13 for the location of the recently completed Cana wells that I mentioned earlier, and for other details of the Woodford play.

At Field Services, EBITDA increased slightly from the third quarter despite an increase in EBITDA attributable to non-controlling interest associated with the QEP Midstream MLP that was \$8.5 million for the fourth quarter. Adding that \$8.5 million of QEP midstream EBITDA back to Field Services, reported fourth-quarter figures results in a gross EBITDA of \$65.3 million, which was up 17% from the prior year.

During 2013, Field Services brought on line two major projects. Early in the year, we brought on the 150 million cubic foot a day Iron Horse II cryogenic processing plant located in the Uinta Basin. That came on line early in the first quarter of last year.

Iron Horse II operates under a fee-based contract with half of the space committed to a third party and the other half committed to QEP Energy. During the third quarter, Field Services also completed construction of expanded rail loading facilities associated with our 10,000-barrel a day expansion of our NGL fractionation facility at Blacks Fork in Western Wyoming.

This facility will provide additional options for marketing our purity propane, iso and normal butane and gasoline range products to what are oftentimes premium-value markets both locally and regionally, either by truck or across the US by our expanded rail loading facilities at the plant. In the fourth quarter and on into the first quarter of 2014, the flexibility of end markets supported by the new fractionation facility has resulted in improved NGL pricing for Field Services.

As I mentioned earlier, we are pleased with the execution of our QEP Midstream Partners or QEP MLP IPO last August. As a reminder, QEP Midstream contains a subset of QEP's gathering assets, primarily located in the Green River, Williston and Uinta Basins in the Western US.



QEP continues to own gathering and processing assets at Field Services, which are obviously candidates for future drop-downs. In December, 2013, we announced our intention to separate Field Services from QEP.

We also provided an update on this process in late January and we continue to work diligently with our advisors on the process and are making good progress of preparing SEC filings and other documents to effect the separation. We plan to invest \$80 million of capital in Field Services projects in 2014, including the capital investment at QEPM.

So looking forward to 2014, we view 2013 as a very successful year for QEP, as we continued to dramatically shift the production mix of QEP Energy's assets from one dominated by natural gas to one that is more balanced. Included in the forecasting growth in 2014, we expect to compound annual growth rate in our oil production of nearly 50% from 2010 through the end of this year.

We intend to continue making significant progress on rebalancing our E&P asset portfolio, and production mix this year, as we execute on development of our newly-acquired Permian Basin properties. And as we focus on continued development of our other assets, while divesting of non-core Midcontinent properties.

While we expect natural gas volumes will decrease again this year, allocating capital to higher return oil projects should lead to continued strong crude oil growth and attendant growth in EBITDA. We also made significant progress highlighting the value of and improving the competitiveness of our midstream business in 2013, through the formation and IPO of QEPM. In 2014, we expect to unlock additional value for shareholders as we continue to execute on our plan to fully separate Field Services from QEP Resources.

During February we welcomed three new Directors to our Board, Tom O'Connor, Bill Thacker and Bob Heinemann. Tom O'Connor brings a wealth of experience across the natural gas business, including his most recent role as Chair and CEO of DCP Midstream LLC, one of the largest midstream companies in the US. Tom's knowledge and experience will be invaluable as we work toward separation of Field Services from QEP Resources.

Bill Thacker also brings additional significant midstream energy expertise to our Board, including his time as Chair and CEO of Texas Eastern Products Pipeline Company, and as non-executive Chair of Copano Energy LLC. Prior to Texas Eastern, Bill worked for Unocal Corporation in a variety of positions, including President of Unocal Pipeline Company. Bill has agreed to serve on our Board until the completion of the separation of our midstream business, QEP Field Services, from QEP Resources.

Bob Heinemann brings significant E&P expertise to our Board through his experience as President, CEO and a Director of Berry Petroleum where he developed and executed the company's growth and capital allocation strategies. During his tenure, Berry increased production from approximately 15,000 barrels of oil equivalent per day to over 40,000 barrels of oil equivalent per day, and increased total enterprise value from \$375 million to approximately \$4 billion. Bob's replacing Keith Rattie, who is retiring from our Board.

On behalf of our Board, our shareholders and our employees, I would like to thank Keith for his many years of dedicated and valuable service. And we would also like to welcome Tom, Bill, and Bob to the Board. We look forward to benefiting from their extensive experience in the midstream and upstream sectors, as we work together to create value for all of QEP Resources' shareholders.

As I look toward the end of 2014, we expect to emerge as a more focused and balanced E&P Company, with a deep portfolio of high-return investment opportunities, capable of delivering superior returns, in a variety of commodity price market conditions. The ramp in liquids production will continue.

At the midpoint of our crude oil and NGL production guidance, combined liquids production for 2014 should average over 50,000 barrels per day. That's a 25% year over year increase in total liquids production volumes.

Looking at the midpoint of our guidance and using the same net realized prices as 2013, which aren't that different in fact from today's strip prices, QEP Energy should deliver double-digit EBITDA growth again this year. And with substantial footprints in two premiere US oil plays, the Permian and the Williston Basin, and a deep inventory of low cost liquids-rich gas projects, we're confident that our portfolio can support multiple years of profitable growth. With that, I am going to turn the call over to Richard.



**Richard Doleshek** - QEP Resources Inc - EVP and CFO

Thank you, Chuck. Good morning, everyone. Chuck has discussed our operating results and I will give you some color about our financial results.

For the full year, we generated \$1.537 billion of adjusted EBITDA, which is a record for the Company. And if we included the public's 42% share of QEP Midstream Partners, EBITDA would -- we would have reported would have been about \$1.55 billion. For the fourth quarter, EBITDA was \$377 million.

In comparing the fourth quarter of 2013 to the third quarter of the year, our results were hurt by weather-related issues that negatively impacted production, and weaker oil prices, partially offset by better results at QEP Field Services. QEP Energy reported equivalent production of 75.1 BCFE, down from the third quarter due to weather related issues, declining volumes in Pinedale as we suspended completion activities for the winter and continued decline in Haynesville.

Oil production grew by 15% in the quarter but using the 6:1 equivalent conversion, the growth in liquids volumes didn't offset the gas volumes decline. Average net fuel level equivalent price realizations were essentially flat from the third quarter and overall net realized prices were approximately \$0.19 per MCFE, higher driven by the growing contribution of oil to our revenue stream and the larger contribution from our commodity derivatives portfolio.

From an EBITDA standpoint, the \$377 million generated in the fourth quarter was \$18 million lower than the third quarter, and \$13 million lower than the fourth quarter of 2012. QEP Energy contributed \$323 million, or 85% of the aggregate fourth-quarter EBITDA, and QEP Field Services contributed \$57 million, or about 15%.

QEP Energy's EBITDA was down \$21 million, or 6% compared to the third quarter, and QEP Field Services EBITDA was up \$5 million, or 10%, as compared to the third quarter, and \$1 million higher than the fourth quarter of 2012. Including in the public's 42% share of the MLP's EBITDA, Field Services EBITDA would have been about \$65 million, or [17%] higher than the fourth quarter of 2012.

Factors driving our fourth-quarter EBITDA include QEP Energy's production, which was 75.1 BCFE, or 2.9 BCFE lower than the 78 BCFE reported in the third quarter. Oil volumes were 3.04 million barrels, up almost 400,000 barrels or 15% from third quarter levels. And NGL volumes were 1.43 million barrels, up 280,000 barrels or 24% from the third quarter, due to the partial recovery of ethane during the quarter.

The quarter's production was 10% lower than the 83.9 BCFE produced in the fourth quarter of 2012. Natural gas volumes were down 13% from the third quarter of the year, and down 21% from the fourth quarter of 2012.

Haynesville volumes were down 42% from a year ago, as a result of natural declines and no QEP-operated drilling activity in 2013. Adverse weather conditions did impact our fourth-quarter production by about 2.5 BCFE.

We continue making progress increasing the crude oil component of our total production. In the fourth quarter of 2013, crude oil comprised 24% of our net production compared to 17% a year ago.

Our guidance for natural gas volumes for 2014 is 175 to 190 BCF, a decline of approximately 17% at the midpoint of guidance due to continued declines at Haynesville. Our forecast for oil volumes for 2014 is 14 million to 15 million barrels, up 42% from 2013 at the midpoint. Our guidance for NGL volumes for this year is 4 million to 4.5 million barrels, the midpoint of which is down about 12% from 2013, assuming that we will remain in ethane rejection all year.

QEP Energy's net realized equivalent price, which includes a settlement of our commodity derivatives averaged \$6.90 per MCFE, which is \$0.19 per MCFE higher than realized in the third quarter of the year, and \$0.73 higher per MCFE higher than we realized in the fourth quarter of 2012. QEP Energy commodity derivatives portfolio contributed \$41.5 million of EBITDA in the quarter, compared to \$27.2 million in the third quarter of the year and \$74 million in the fourth quarter of 2012. The derivatives portfolio added about \$0.55 per MCFE to QEP Energy's net realized price in the quarter compared to \$0.35 per MCFE in the third quarter of the year, and \$0.88 per MCFE in the fourth quarter of 2012.



QEP Energy's combined lease operating and transportation expenses were \$113 million in the quarter, up from \$109 million in the third quarter of the year, and up from \$111 million in the fourth quarter of 2012. On a per-unit basis, lease operating expenses were \$0.68 per MCFE and transportation expense was \$0.82 per MCFE. Our guidance for lease operating and transportation expenses for 2014 is \$1.50 to \$1.65 per MCFE for full-year 2014.

Finally, QEP Field Services fourth-quarter EBITDA was \$56.8 million, which was about \$5.2 million higher than the third quarter of the year. Our reported EBITDA does not include \$8.5 million, which is the 42% portion of the MLP's EBITDA that QEP does not own.

Processing margin was down about \$3 million or 8% in the fourth quarter, compared to the third quarter, as a result of lower deficiency payments, offset by higher NGL sales. But gathering margin was up \$10.5 million, or 28%, compared to the third quarter due to higher efficiency payments.

We reported a net loss attributable to QEP of \$52 million in the quarter that was driven by an \$89 million impairment, which included writing off \$59.5 million of goodwill that was on our balance sheet, relating to the 2001 SEI acquisition. We also expensed some expiring leases and had a minor amount of producing property impairment.

Sequential G&A expenses were up \$5.6 million, primarily the result of higher expense for outside professional services, bad debt expense and contributions. Our guidance for G&A expenses for 2014 is \$190 million to \$210 million.

Capital expenditures on an accrual basis were E&P drilling and completion activities were [\$1.425 billion], and capital expenditures in our midstream business were \$86 million. Initially we reported \$41 million of acquisitions.

If you exclude acquisitions for the year, our capital spending was about equal to our EBITDA. We are forecasting the midpoint for 2014 capital spending to be about \$1.7 billion for QEP Energy, about \$80 million for QEP Field Services and \$25 million for corporate, again excluding acquisitions.

With regard to our balance sheet, at the end of the quarter, total assets were \$9.4 billion and shareholder equity was about \$3.4 billion. Our debt at the end of the year was approximately \$3 billion, which was about a 1.95 times multiple of our 2013 EBITDA. Our debt at the end of the year consisted of \$2.2 billion of senior notes, \$300 million under our term loan and \$480 million drawn under our revolving credit facility.

As Chuck mentioned, we closed the Permian Basin acquisition yesterday. We funded that acquisition with \$50 million in cash, \$300 million drawn under our term loan, which we expanded to \$600 million for the acquisition, with no changes in pricing or maturity of the facility. And the remainder of the purchase price was drawn under our revolving credit facility, which currently has about \$450 million of availability.

We will begin recording the financial and operating results of the acquired properties beginning in March. So our first-quarter 2014 results will only include one month of contribution from the transaction.

With that, Brenda, we would like to open the line for questions.

---

## QUESTIONS AND ANSWERS

### Operator

Certainly.

(Operator Instructions)

Our first question comes from the line of Brian Corales with Howard Weil. Please proceed with your question.

---



**Brian Corales** - *Howard Weil Incorporated - Analyst*

Good morning, guys. The \$102 million for the Cana and Granite Wash, how much is oil and how much is gas? Or what percent oil?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

The liquids break down, it's about 40% liquids and 60% natural gas, Brian.

---

**Brian Corales** - *Howard Weil Incorporated - Analyst*

And is that split evenly with oil and gas?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

It is about a 2:1 on the liquids side. It's about a 2:1 ratio NGLs to condensate.

---

**Brian Corales** - *Howard Weil Incorporated - Analyst*

And then, the Permian, you mentioned both vertical and horizontal rigs. Is vertical, is it to hold acreage? Or is it to try to learn a little bit more? Based on the success horizontally around you, I am questioning whether it is vertical --

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

It is both, Brian. In some areas, we feel like we need some more open hole log data and cores. Obviously the only way to get those is drilling vertical wells.

There is a portion of the acreage that we need to establish production in the Atoka in order to hold up the deeper part of the section. So there is some acreage remaining that needs to be HBP'd before we shut down our vertical program. But it is also to help drive additional data collection.

A lot of the wells out there, most of the wells out there, are drilled and cased. And cased hole logs are run and that just doesn't give us the detail, the petrophysical detail that we need in order to fully evaluate all of the horizontal targets. So the team has requested more open hole logs and some cores to help further calibrate our petrophysical model.

---

**Brian Corales** - *Howard Weil Incorporated - Analyst*

Okay. And then, Chuck, big picture, you're going through obviously this portfolio rationalization, assuming the entire spin or sale of the midstream. What do you envision your E&P portfolio looking like?

I know you have some core assets in the Bakken. But how does the Uinta, the Pinedale, the Haynesville, Permian, are those going to be bigger, smaller? What, ultimately, is QEP going to look like?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

I think if you fast forward, we got great position in the Williston Basin. We continue to develop the assets that we have there. Substantial remaining inventory.



The Permian Basin acquisition is a new entry for us. There's some opportunities there that continue to grow that position, and starting just in capturing some of the working interest partners in some of the leases that a minority working interest partners, private company interest.

So two core world-class oil basins, in places where we think we can continue to do what we do best, which is manufacture holes in the ground. We have demonstrated our ability to do it over the years at Pinedale.

We're doing it now in the Williston Basin, where we're seeing a substantial decrease in completed well costs. At the end of the day, the profitability of these resource plays are driven by the ability to basically occupy pads and drill multiple wells from pads, to drive down costs and generate superior returns.

So two oil plays with good footprints in each of them. We have studied the basins, we know where we wanted to be. We're in the right areas in both of those basins.

Then Pinedale is a great gas asset. We continue to develop that asset. It is profitable. It has a substantial remaining inventory, over 600 remaining locations. So a visible inventory in the future.

The Uinta Basin is the sleeping giant in our inventory, if you will, in that it is a huge acreage position. It is 100% working interest. High NRI, 87% NRI. A very exciting first well that is down, has been producing now for a little over six months.

I am circumspect about giving a lot of detail on it for competitive reasons right now. But it is a step change in our view of the economics of the play. It would move the merit order in capital attraction, if you will, or capital allocation of that play, up substantially in our portfolio, and give us a huge runway of future development opportunities, based on one well.

Now we have another well that is drilling. We are learning a lot on how to drill these wells. Because the rock is a challenging drilling target. It is hard cemented sandstone. It eats bits. We have found some bits that drill better in it, but we're still on a steep learning curve.

But the first well we drilled, we only think we got about a third of the completion that we thought we were going to get. And we still had a well that was dramatically better than our pre-drill expectations. So stay tuned.

We will hopefully have some results on the second well within a few months. Hopefully by the end, when we come back to you, with our first-quarter results.

And then the Midcontinent, as we have said, I view the divestiture of the Midcontinent assets, as a logical pivot away from a gas dominant asset. An asset where we made a lot of money over the years, but it doesn't fit our business model for large contiguous acreage positions where we can manufacture holes in the ground.

It is a more fragmented position. It is a position where, for instance at Cana, it is a largely non-op driven activity level. So it, again, doesn't fit our criteria for operated contiguous acres.

The Haynesville is an interesting option on gas and obviously one that today is attracting no capital. The production is continuing to decline. But we know from our previous experience there that we can drill wells there that are quite economic in a \$4 to \$4.50 gas price environment. It is just that today, it is at the end of our merit order and capital allocation.

---

**Brian Corales** - *Howard Weil Incorporated - Analyst*

That was helpful. Thank you.

---



**Chuck Stanley** - QEP Resources Inc - Chairman, President and CEO

Thank you.

---

**Operator**

Thank you. Our next question comes from the line of Tim Rezvan with Sterne, Agee. Please proceed with your question.

---

**Tim Rezvan** - Sterne, Agee & Leach, Inc. - Analyst

Good morning, folks. Chuck, you mentioned it appears that drop-down are still on the table as the midstream separation gets sorted out. I couldn't help notice that the \$500 million repurchase allocation you've discussed is equal to the credit facility on QEPM. Can you give any color on the timing or possible funding for this repurchase, given all of the moving pieces in the portfolio?

---

**Chuck Stanley** - QEP Resources Inc - Chairman, President and CEO

The size of the revolver and the announced share repurchase, totally fortuitous. When we set up QEPM, and thought about a credit facility for the Company, we identified a credit facility size that would allow us to fund one or two drop-downs without having to go directly to unit issuance, prior to the first year anniversary. Because as you know, basically you have to refresh the registration in order to issue units during the first year.

The magnitude of share repurchases was something that the Board felt comfortable with, looking at the leverage metrics and balance sheet of QEP Resources and looking at our capital needs and our capital investment programs over the next several years. So totally fortuitous.

With respect to drop-downs, yes, they are still on the table. There is nothing in our announced strategy around separating our midstream business that precludes us from doing a drop-down prior to the full separation of Field Services from Resources.

---

**Tim Rezvan** - Sterne, Agee & Leach, Inc. - Analyst

Okay. Thanks for the color there. And then just one last one. I wanted to clarify some of your closing comments. Did you say you think you are going to see 10% EBITDA growth from QEP Energy in 2014?

---

**Chuck Stanley** - QEP Resources Inc - Chairman, President and CEO

Right, if you look at our midpoint of our guidance, and assume pricing that is in line with last year's realized prices, which is not far from the current forward strip, we get low double-digit EBITDA growth. And at the high end of the range, it is mid-teens EBITDA growth. So it looks like at Energy, year-over-year comparable EBITDA growth from last year.

---

**Tim Rezvan** - Sterne, Agee & Leach, Inc. - Analyst

Okay. Thank you.

---

**Chuck Stanley** - QEP Resources Inc - Chairman, President and CEO

Thanks.

---



**Operator**

Thank you. Our next question comes in the line of Hsulin Peng with Robert W. Baird. Please proceed with your question.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Good morning, gentlemen. So I want to get more color about your 2014 put option guidance. First, can you talk about how much production is attributed to the Permian acquisition consistent with your prior expectations?

And secondly, also, on the gas production decline year-over-year was fairly meaningful. And I know you talked about Haynesville production declining, but can you talk about the key drivers? I think Pinedale looks like it is also going to decline, if I modeled that correctly.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Well, let me start with the last part. Pinedale is flat to up slightly year-over-year. The contribution from the Permian, around 1.5 million BOE, I think. 1.5 million barrels plus the gas.

And then the Haynesville question. Haynesville continues to decline. I think we're forecasting about 30% to 40% decline. 35% is the midpoint of our forecast for decline from the existing wells in the Haynesville.

Steeper decline than we had anticipated. And I think an indication of the nature of the rock, the reservoir rock in the Haynesville. And that is the biggest driver of the year-over-year forecasted gas decline, and it is a direct reflection of not allocating capital to that play.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay. And in terms of the Midcon, I know you mentioned that in fourth quarter, production was impacted by adverse weather. Can you talk about what your current production is, and what that looks like in 2014?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Current production volumes are around 101, 102 million cubic feet equivalent a day. For the sale assets, I don't have the remaining -- it is another 30, 30 million or so, 35 million a day equivalent, for the remaining assets that are not on the block yet.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay. And what does that look like for 2014?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Well, when we think about that, we think about that as a flattish production profile over the year.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay. Got it. And then moving over to midstream separation. Are you still, I know the spin is already, you're already working on that path. Are you still talking to other third parties for potential alternatives? Can you talk about that there?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Richard, do you want to take that?

---

**Richard Doleshek** - *QEP Resources Inc - EVP and CFO*

Yes. You know, Hsulin, in the strategic initiatives press release a couple of weeks ago, we talked about a parallel path where we are filing the form 10, which is the equivalent of the S-1 registration statement with the SEC. And we are in the middle of preparing that.

But we are also running the parallel path that is looking at the other strategic alternatives. Whether that is a straight-out sale, whether it is a merger, whether it is a spin-merge, et cetera, et cetera.

So we got lots of sticks in the fire, I guess, on the separation front. The one that we control the most directly is the form 10 file, which is the spin transaction. But we're spending lots of time with our advisors on all of the alternatives.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay. So that is still on the table. And then on midstream, a quick question on the financial results. There is a line item called other gathering revenue for midstream. That number has gone up the last two quarters to, up to north of \$20 million. Can you remind us what is included in that line?

---

**Richard Doleshek** - *QEP Resources Inc - EVP and CFO*

Yes, and again, it is Richard. We put the deficiency payments there so that the math works. When you look at the gathering volumes and the gathering revenue, you can back into that per-unit fee we charged.

If we were to put it in deficiency payments with no associated volumes, it would make those rates look unusual. So we lump in the deficiency payments into that other gathering revenue stream. We had a very large payment that we recorded in the fourth quarter to the tune of \$13 million-odd that made that number very high relative to the previous quarters.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

And, Hsulin, you will remember back several years ago when we diverted gas away from Blacks Fork to a third-party processing plant as we were completing Blacks Fork II and doing the tie-in work, we actually processed gas at a third-party plant. And we reported the revenues associated with that processing in that same bucket, the same line item, so it didn't distort the processing results.

---

**Hsulin Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay, got it. And the last question, and then I will let someone ask questions. If there are any NGL pricing outlook, I know that 4Q NGL pricing was down meaningfully, a bigger decline in terms of specific to WTI. Any particular reason? And what is your forecast internally for 2014, please?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

The main driver, Hsulin, was that we chose to go into ethane recovery during the quarter. And that obviously diluted the value of the barrel.

Going forward, we're in and out of ethane recovery. We have had some very high natural gas prices, spot, daily natural gas prices here, in the Rockies, which have caused us to go into ethane rejection. Today, I think we may be in ethane recovery, because gas prices have pulled back.



So we are managing the plants to maximize the value of the NGL stream. But going forward, I would expect to continue to see natural gas price volatility and some volatility in liquids pricing that will continue to make our average NGL price somewhat volatile, as we turn the plants up and down, and some days recover ethane and some days we don't.

---

**Hsuliu Peng** - *Robert W. Baird & Company, Inc. - Analyst*

Okay, I will go back in the queue. Thanks.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Thanks.

---

**Operator**

Thank you. Our next question comes from the line of Andrew Coleman with Raymond James. Please proceed with your question.

---

**Andrew Coleman** - *Raymond James & Associates - Analyst*

Good morning, folks, and thanks for taking my questions. The first question was, so you're going down the parallel process looking at potential drop-downs as well as a full separation. Should we infer anything in terms of timing of the ultimate decision on the full process being closer to the second half of 2014 event? Or do you think it could be done earlier in 2014?

---

**Richard Doleshek** - *QEP Resources Inc - EVP and CFO*

Andrew, it is Richard. If you look at the calendar and how year-end financials work, first quarter financials carve-out audits.

If you look at the calendar that we established last year for the MLP, that is probably not a bad calendar to think about with regard to navigating the SEC process, with financial statements being audited, prepared and audited, and then submitted. So I think if you look at 2013 and think about what that means to 2014, it is probably not a bad proxy.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

With respect to your comment about drop-downs, I think of that as mutually exclusive. During this time when we're working through the separation of the midstream business from Resources, we are going to continue to run the Partnership according to our original plan.

We are growing the distribution, we grew it a penny. We have the ability to continue to grow it with the existing assets. But we also are focused on making sure that we continue to put assets down at the Partnership level to support our original business plan of growing the distribution between 10% and 20% on an annual basis.

---

**Andrew Coleman** - *Raymond James & Associates - Analyst*

Okay. Thank you. And then thinking about the share buyback, I think if I heard Richard's comments, you put \$300 million more on the term loans. So you have about \$400 million capacity on the credit facility right now.



Not knowing the ultimate end result on the asset sales, should we be thinking about, or have you started looking at what your credit facility might be readjusted to in the second quarter? Have you started that process? And do you think it might give you any extra capacity to accelerate the share buyback?

---

**Richard Doleshek** - *QEP Resources Inc - EVP and CFO*

Andrew, it is Richard again. Remember our credit facility is a straight corporate facility. There is no borrowing base, re-determination that goes along with asset sales.

So while we will have to go back to the banks and get approval to sell those assets, I'm not sure we expect a reduction in the credit facility. I think it is more likely that the credit facility gets restructured when the separation occurs, because all of a sudden, you have got a subsidiary that has gone away. In terms of the assets, the Midcontinent asset sales, we don't really envision any change to the structure of the term loan or the revolving credit, especially with the asset sales.

With regard to the \$500 million facility beyond the MLP, we talked about putting it in place such that we could facilitate drop-downs without having to refresh the registration statement. And we don't become self-eligible until the day after the one-year anniversary. We have that facility in place.

I think it is safe to say that we anticipate using that facility to facilitate a drop-down from Resources to the MLP, most likely before that one-year anniversary date. I think in terms of timing of what is going on with regard to the share purchase, we certainly want to get some visibility around the asset sales, and how that is going to reduce the leverage on the balance sheet. Come out of the timing of the first drop MLP, before we crystallize what we are going to do in terms of the share repurchase program.

---

**Andrew Coleman** - *Raymond James & Associates - Analyst*

Okay, all right. So we could get some acceleration there. The last question. I was looking at a combo here, if I can squeeze two in.

The SCOOP package, I guess if you could give me an idea where that acreage is in relation to the maps that are out there currently showing your Cana stack package. Then second of all, on the production of the 100 million that you are talking about right now is, any of that still shut in with weather impacts?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

The answer to the second question is no. There is no material shut-ins now.

And on the SCOOP, you just have to wait for the data package to come out. You will see the acreage. It is scattered acreage across the SCOOP play. That stuff will be out in a data package here shortly.

---

**Andrew Coleman** - *Raymond James & Associates - Analyst*

Okay. Thank you very much. Good luck.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Thanks.





**Operator**

Thank you. And our next question comes from the line of Eli Kantor with IBERIA Capital Partners. Please go ahead with your question.

---

**Eli Kantor** - *IBERIA Capital Partners - Analyst*

Good morning, guys.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Good morning, Eli.

---

**Eli Kantor** - *IBERIA Capital Partners - Analyst*

I was hoping you'd throw a little color on how you guys are thinking about potentially building out the oil inventory going forward. It seems like the focus recently in the Williston Basin and Permian has been on de-risked areas where pricing is pretty competitive. I'm curious if going forward, you are going to focus more on less-proven acreage, which remains a cheaper price tag, or on minimizing exploration risks?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

That's a great question. I think what we are seeking is a balance between, obviously, cost and risk. One thing that we can do is, as we demonstrated with the South Antelope acquisition, we bought into an area that was pretty substantially de-risked, but where we think we could apply our skill sets, in particular hole manufacturing, to create significant additional value.

As I said at the time of the acquisition, we like to focus on contiguous acreage blocks, stacked reservoirs. We like crappy conventional reservoirs rather than pure shales because we think that they have a much more reliable tendency to give up liquid hydrocarbon in a predictable way. You don't have ugly surprises around reservoir property changes and fluid property changes, like you do in shales with retrograde condensates.

And so it has taken us to areas where we have identified decent rock. And all the sort of technology and gee-whiz, and efficiency gains that you can throw at an asset won't overcome marginal- to poor-quality geology.

So our core focus has been on identifying areas in basins where we think there is a set of reservoirs that we can work on, and deliver value to our shareholders. Through hole manufacturing and through driving down costs through our culture of developing assets and not jumping all over the place.

Can we also have, as a part of our portfolio strategy, some higher-risk, more exploratory acreage? That would obviously hopefully be at a lower cost? Yes, that is not precluded in our strategy. But obviously, it really does require some patience in converting that acreage to future production.

So we are looking at opportunities like that. The interesting thing is, in some of the recent transactions, we have seen what I would call exploratory acreage traded values that is not dissimilar from the valuation that we put on acreage that we have acquired.

---

**Eli Kantor** - *IBERIA Capital Partners - Analyst*

Interesting. One other question for me in the Mesaverde. I understand you guys not wanting to discuss details of this newest completion design.

Wondering how quickly you could ramp activity and what the size of that ramp might look like? If this new completion in design, if you can prove that repeatable?



**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Reasonably quick. The Uinta Basin is on federal land. So one of the rate limiting steps is just getting drilling permits out of the BLM, which takes time.

But the good news is that the well results would suggest that we might not need many rigs. And we might not need to drill a large number of wells to get a pretty quick production response.

---

**Eli Kantor** - *IBERIA Capital Partners - Analyst*

And just taking a look at your completion activity in 4Q versus what you did in the second and third quarter, and I spoke with Greg about this a little bit. It looks like you're running one rig, but the number of wells that you actually completed fell quarter over quarter. Is that just a product of moving into testing some new zones versus more pad development in the second and third quarter?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Are you speaking about the Uinta, Eli?

---

**Eli Kantor** - *IBERIA Capital Partners - Analyst*

Yes.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Yes, the one rig was basically thrilling through the quarter. No completions occurred as a result of this radical change in our well design.

---

**Operator**

Thank you. Our next question comes from the line of Brian Gamble with Simmons. Completion proceed with your question.

---

**Brian Gamble** - *Simmons - Analyst*

Good morning, guys. A couple quick ones. On the production impact in the fourth quarter, you mentioned 2.5 BCF. I know you said nothing left in the Cana that's shut in. But as far as that total impact, any carry-over into Q1?

And then in that same vein, is there anything abnormal about the Pinedale drilling this year versus previously? Or should we expect the same type of seasonality that we would normally expect in a given year?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

So there's probably a little carry-over into the first quarter, as we had some cold weather in January, as well, that impacted production a bit. But not anywhere near as bad as it was in December. We also had some unscheduled maintenance that I mentioned in the fourth quarter at Pinedale, that impacted volumes for a few days as well.

On your second question, as far as drilling activity at Pinedale, four rigs running, same sort of completion activity. I think we're looking at maybe a handful more completed wells in 2014 versus 2013. 110 to 115, five or six more than last year.

The big variable last year with respect to QEP Energy production, was I mentioned to you that, in my prepared remarks, that we drilled and completed a number of wells for our former affiliate Wexpro Company. Those wells, while we operated them, we don't have an actual working interest in them. So we only have a very small overriding royalty interest.

So there was a lot of drilling and completion activity conducted by QEP that resulted in no production impact in the second half of the year from, I forget the number of wells. 20-some wells that we completed, drilled and completed, for Wexpro.

That number will be down some in 2014. There will still be some wells. I think it is somewhere around 10 or 12 wells that we're drilling for Wexpro this year. The impact on correlating activity and completion levels versus production response will be substantially less for those zero working-interest wells in 2014.

---

**Brian Gamble** - *Simmons - Analyst*

On the Williston, good cost control there. You mentioned the expectation that it continues to improve in 2014. Any type of magnitude that you want to provide for that?

Are we talking another \$1 million by the end of the year? Or are we just talking minor improvements as the year progresses? How would you do that?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

I think we increment the efficiencies. There's trade-offs, obviously, between our completion design and optimizing recoveries in the wells versus cutting costs. One way to cut costs is to pump smaller jobs and fewer stages, and that's not the right answer.

Let us continue to focus on driving down the incremental costs on a dollar-by-dollar basis. Can we get another \$1 million out of the well costs? I think that is going to be tough, given the area where we are drilling, and the size of the frac jobs we're pumping, and the well results we're getting. We don't want to mess it up, frankly.

---

**Brian Gamble** - *Simmons - Analyst*

Great. And then shifting to the Permian, quickly. You mentioned, obviously, your capital spending plan. You mentioned the rigs that you're planning on running. You mentioned six by year-end. Then you made a remark about the potential for more than three horizontals.

If you went to, say, four or five horizontals, would it be within that six-rig cadence? And if there was incremental rigs, would there be incremental capital on top of the \$1.8 billion spending level? Or would you be reallocating that from another basin?

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

It is too early to say how we would reallocate. We probably would reallocate. The increment, the base case is that we have basically three rigs drilling horizontal wells out of the total of six. That would likely just shift.

We may drop one vertical rig and add a horizontal rig. Let us get out there. Obviously, we just closed on the property yesterday. Let us get out there, get some wells down, get some horizontal results. That is going to drive the rig allocation methodology, if you will, between horizontal and vertical.

---

**Brian Gamble** - *Simmons - Analyst*

Great. Appreciate that, Chuck.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Thanks.

---

**Operator**

Thank you. Ladies and gentlemen, this concludes our question-and-answer session. I would like to turn it back over to Chuck Stanley for closing remarks.

---

**Chuck Stanley** - *QEP Resources Inc - Chairman, President and CEO*

Well, thank you all for dialing in today, and thank you for your interest in QEP. Both Richard and I will be on the road. Richard later today, and I will be on the road next week, involved in several conferences and doing some one-on-ones with our investors. Thanks for dialing in and thanks for your interest in the Company.

---

**Operator**

Thank you. Ladies and gentlemen, this concludes today's teleconference. You may disconnect your lines at this time. And thank you for your participation.

---

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2014, Thomson Reuters. All Rights Reserved.