SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000 OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 0-30321

QUESTAR MARKET RESOURCES, INC.

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (801) 324-2600

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
None
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, $1.00 Par Value
SECURITIES REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933:
7 1/2% Notes Due 2011

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 ___

State the aggregate market value of the voting stock held by nonaffiliates of the registrant as of March 1, 2001. $0.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 1, 2001: 4,309,427 shares of Common Stock, $1.00 par value. (All shares are owned by Questar Corporation.)

Registrant meets the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K and is therefore filing this Form 10-K/A Report with the reduced disclosure format.

(For purposes of Questar Market Resources'10-K/A, we are including only those items that contain changed information.)

TABLE OF CONTENTS

Heading	Page
PART I	
Item 2. PROPERTIES	2
PART II	
Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	9
Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	13
PART IV	
Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K	16
SIGNATURES	44

PART I

ITEM 2. PROPERTIES.

RESERVES. The following table sets forth the Company's estimated proved reserves, the 10 percent present value of the estimated future net revenues from the reserves and the standardized measure of discounted net cash flows as of December 31, 2000. QMR's reserves were estimated by Ryder Scott Company; H. J. Gruy and Associates, Inc.; Netherland, Sewell & Associates, Inc.; Malkewicz Hueni Associates, Inc.; Gilbert Laustsen Jung Associates Ltd.; and Sproule Associates, Ltd., independent petroleum engineers. The Company does not have any long-term supply contracts with foreign governments, or reserves of equity investees or of subsidiaries with a significant minority interest. These proved reserve volumes do not include cost-of-service reserves managed and developed by Wexpro for Questar Gas.

	December 31, 2000		
	United States	Canada	Total
Estimated proved reserves			
Natural gas (Bcf)	579.8	60.1	639.9
Oil and NGL (MMBbls)	11.3	3.7	15.0
Proved developed reserves (Bcfe)	492.3	74.1	566.4
Present value of estimated future net revenues before future income taxes discounted at 10% (in thousands) (1)	$ 2,348,638	$ 275,436	$ 2,624,074
Standardized measure of discounted net cash flows (in thousands) (2) (Restated)	$ 1,544,382	$ 173,306	$ 1,717,688

- --------------

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

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

Estimates of the Company's proved reserves and future net revenues are made using sales prices estimated to be in effect as of the date of such reserve estimates and are held constant throughout the life of the properties (except to the extent a contract specifically provides for escalation). Estimated quantities of proved reserves and future net revenues are affected by natural gas and oil prices, which have fluctuated widely in recent years. There are numerous uncertainties inherent in estimating natural gas and oil reserves and their estimated values, including many factors beyond the control of the producer. The reserve data set forth in this document represent estimates.

Reference should be made to Note 11 of the Notes to Consolidated Financial Statements included in Item 14 of this Report for additional information pertaining to the Company's proved natural gas and oil reserves as of the end of each of the last three years.

During 2000, the Company filed estimated reserves as of year-end of Form EIA-23 with the Energy Information Administration in the Department of Energy and will submit a comparable report for 2000. Although QMR uses the same technical and economic assumption when it prepares the EIA-23, it is obligated to report reserves for wells it operates, not for all wells in which it has an interest, and to include the reserves attributable to other owners in such wells.

The following charts illustrate QMR's reserve statistics for the years ended December 31, 1996 through 2000:

Oil and Gas Reserves (Bcfe)*

Year	Year-End Reserves	Annual Production	Reserve Life (Years)
1996	493.6	51.5	9.6
1997	469.3	61.7	7.6
1998	574.1	65.3	8.8
1999	597.6	76.6	7.8
2000	730.1	82.3	8.9

*Does not include cost of service reserves managed and developed by Wexpro for Questar Gas.

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

Year	Total Proved Reserves	Proved Developed Reserves	Proved Developed Percentage of Total Proved Reserves	Natural Gas Percent of Total Proved Reserves
1996	493.6	410.1	83%	78%
1997	469.3	392.9	84%	

81% 1998
574.1
506.0 88%
85% 1999
597.6
503.9 84%
86% 2000
730.1
566.4 78%
88%

*Does not include cost of service reserves managed and developed by Wexpro for Questar Gas.

GEOGRAPHIC DIVERSITY OF PRODUCING PROPERTIES

The following table summarizes proved reserves by the Company's major operating areas at December 31, 2000:

Proved
Reserves*
% of Total

------ ---

(Bcfe)
Mid-
Continent
325.6 45%
Rocky
Mountain
Region
(exclusive
of
Pinedale)
175.9 24%
Pinedale
Anticline
146.2 20%
Western
Canada
82.4 11%

*Does not include cost of service reserves managed and developed by Wexpro for Questar Gas.

PRODUCTION. The following table sets forth the Company's net production volumes, the average sales prices per Mcf of gas, Bbl of oil and Bbl of natural gas liquids produced, and the production cost per Mcfe for the years ended December 31, 2000, 1999, and 1998, respectively:

Year Ended
December
31, 2000
1999 1998
------ ---
--- ------
UNITED
STATES
(EXCLUDING
COST OF
SERVICE
ACTIVITIES)
Volumes
produced
and sold
Gas (Bcf)
61.7 59.8
48.6 Oil
and NGL
(MMBbls)
1.5 1.9
1.9 Sales
Prices:
Gas (per
Mcf) $
2.80 $
2.02 $
1.95 Oil
and NGL

(per Bbl) $ 19.61 $ 13.31 $ 12.41
Production costs per Mcfe $ .69 $ .59 $ .64

CANADA

Volumes produced and sold
Gas (Bcf) 7.3 2.9 2.7
Oil and NGL (MMBbls) .7 0.4 0.4
Sales Prices:
Gas (per Mcf) $ 2.83 $ 1.61 $ 1.40
Oil and NGL (per Bbl) $ 22.29 $ 16.56 $ 14.09
Production costs per Mcfe $ .73 $ .67 $ .58

PRODUCTIVE WELLS. The following table summarizes the Company's productive wells as of December 31, 2000:

PRODUCTIVE WELLS (1) (2)

	GAS WELLS		OIL WELLS		TOTAL WELLS	
	GROSS	NET	GROSS	NET	GROSS	NET
United States	3,702	1,554	1,046	401	4,748	1,955
Canada	542	187	202	67		

744
254 -

Total:
4,244
1,741
1,248
468
5,492
2,209

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

(2) Each well completed to more than one producing zone is counted as a single well. There were 140 gross wells with multiple completions.

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

LEASEHOLD ACREAGE. The following table summarizes developed and undeveloped leasehold acreage in which the Company owns a working interest as of December 31, 2000. "Undeveloped Acreage" includes (i) leasehold interests that already may have been classified as containing proved undeveloped reserves; and (ii) unleased mineral interest acreage owned by the Company. Excluded from the table is acreage in which the Company's interest is limited to royalty, overriding royalty, and other similar interests.

Leasehold Acreage - December 31, 2000

Developed
(1)
Undeveloped
(2) Total -

- ---------

---- ------

Gross Net
Gross Net
Gross Net -
-------- --
------- ---
------ ----
----- -----
---- ------
--- UNITED
STATES
Arizona --
-- 480 450
480 450
Arkansas
37,729
16,569
1,230 373
38,959
16,942
California
760 265
23,102
9,043
23,862
9,308
Colorado
176,651
125,297
207,581
104,852
384,232

230,149
Idaho --
44,175
10,643
44,175
10,643 --
Illinois
172 39
14,307
3,997
14,479
4,036
Indiana --
-- 1,621
467 1,621
467 Kansas
134 134
44,330
16,430
44,464
16,564
Kentucky --
-- 14,461
5,468
14,461
5,468
Louisiana
15,246
9,992 404
397 15,650
10,389
Michigan --
-- 6,200
1,266 6,200
1,266
Minnesota -
- -- 313
104 313 104
Mississippi
25,706
21,408 859
273 26,565
21,681
Montana
25,285
10,187
319,745
58,594
345,030
68,781
Nevada 320
280 680 543
1,000 823
New Mexico
90,297
66,349
32,006
9,553
122,303
75,902
North
Dakota
1,333 375
145,841
21,580
147,174
21,955 Ohio
-- -- 202
43 202 43
Oklahoma
1,538,294
290,246
52,736
33,296
1,591,030
323,542
Oregon -- -
- 43,869
7,671
43,869
7,671 South
Dakota -- -
- 204,558
107,988
204,558

107,988
Texas
168,336
61,000
51,881
40,725
220,217
101,725
Utah 45,712
35,001
109,180
43,280
154,892
78,281
Washington
-- --
26,631
10,149
26,631
10,149 West
Virginia
969 115 --
-- 969 115
Wyoming
221,718
142,625
447,233
268,848
668,951
411,473 ---
------ ----
----- -----
---- ------
--- -------
-- --------
- Total
U.S.
2,348,662
779,882
1,793,625
756,033
4,142,287
1,535,915 -
-------- --
------- ---
------ ----
----- -----
---- ------
--- CANADA
Alberta
222,938
82,919
324,636
135,474
547,574
218,393
British
Columbia
33,069
8,485
42,108
21,719
75,177
30,204
Saskatchewan
2,277 1,061
4,625 4,462
6,902 5,523
--------- -
-------- --
------- ---
------ ----
----- -----
---- Total
Canada
258,284
92,465
371,369
161,655
629,653
254,120 ---
------ ----
----- -----
---- ------
--- -------

-- --------
- Total
Acreage
2,606,946
872,347
2,164,994
917,688
4,771,940
1,790,035
=========
=======
=========
=======
=========
=========

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

(2) Undeveloped acreage is leased acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains proved reserves. Of the aggregate 2,164,994 gross and 917,688 net undeveloped acres, 114,827 gross and 30,747 net acres are held by production from other leasehold acreage.

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

Twelve Months Ending	Acres Expiring Gross	Net
December 31, 2001	154,070	58,641
December 31, 2002	88,980	44,787
December 31, 2003	141,354	62,639
December 31, 2004	74,890	49,327
December 31, 2005 and later	1,705,700	702,294

DRILLING ACTIVITY. The following table summarizes the number of development and exploratory wells drilled by the Company, including the cost-of-service wells drilled by Wexpro, during the years indicated.

YEAR ENDED
DECEMBER
31, ------

---------- ---------- --- 2000 1999 1998 ---------- --------- ---------- --------- ---------- --------- GROSS NET GROSS NET GROSS NET ----- ---- - ----- -- --- ----- ----- DEVELOPMENT WELLS United States Completed as natural gas wells 211 79.8 159 78.4 105 54.6 Completed as oil wells 9 1.4 5 2.4 29 1.0 Dry holes 12 5.0 15 6.1 12 3.7 Waiting on completion 36 -- 29 - - 13 -- Drilling 14 -- 6 -- 9 -- Canada Competed as natural gas wells 11 1.1 7 1.2 4 0.9 Completed as oil wells 8 2.3 5 1.9 12 4.0 Dry holes 2 1.1 2 1.3 4 1.2 Waiting on completion 2 -- 2 -- 2 -- Drilling 1 -- -- -- 1 -- ----- - ---- ----- ----- ---- - ----- Total Development Wells 306 90.7 230 91.3 191 65.4

EXPLORATORY WELLS						
United States						
Completed as natural gas wells	--	--	1	0.2	5	1.6
Completed as oil wells	--	--	--	--	1	6
Dry holes	5	2.0	2	1.1	4	1.4
Waiting on completion	--	--	1	--	--	--

Drilling	1	--	1	--	--	--
Canada						
Competed as natural gas wells	1	.2	--	--	--	--
Completed as oil wells	1	.2	--	--	1	.3
Dry holes	2	.9	--	--	3	1.4
Waiting on completion	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
Total Exploratory Wells	10	3.3	5	1.3	14	5.3
Total Wells	316	94.0	235	92.6	205	70.7
	=====	=====	=====	=====	=====	=====

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

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

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

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

PINEDALE. Both Questar E&P and Wexpro are involved in Pinedale drilling. During 2000, Questar E&P and Wexpro drilled nine wells and completed six of them in the Pinedale Anticline area of Sublette County, Wyoming. (Three of the wells will not be completed until June of 2001 when winter drilling restrictions are lifted.) Drilling results and initial production tests confirmed reserve expectations of 5-6 Bcf per well. As of December 31, 2000, gross daily production from 14 Company-owned wells was estimated at 26 MMcf and 45 Bbl of oil.

Questar E&P and Wexpro expect to continue drilling activities in Pinedale when government restrictions permit. On a combined basis, they have an approximate 60 percent average working interest in 14,800 acres in the Mesa Area of the Pinedale Anticline and expect to drill between 135- 150 wells based on 80-acre spacing.

QMR's activities in Pinedale illustrate its long-term approach. Wexpro held the leasehold acreage by production as a result of three wells drilled in the area during the mid-1970's. Since the gas reserves are contained in tight sands with a low porosity, Questar E&P and Wexpro did not drill additional wells in the Pinedale area until other companies developed new stimulation techniques that fractured sandstone formations at multiple intervals and successfully used such techniques to drill wells in neighboring fields. The Pinedale wells cost an average of $2.2 million to drill and complete; this cost reflects the completion depth of the wells (12,848 to 13,300 feet), the need for special handling and multiple stimulations, and government regulations that impose pad limitations and restrict drilling. Current production profiles suggest that the average well may produce on a long- term basis after stabilizing between 2 and 4 MMcf per day within the first year or two after completion. Questar E&P and Wexpro expect to continue drilling in the Pinedale area during the next several years.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

QUESTAR MARKET RESOURCES ("QMR" or "Market Resources" or the "Company") conducts exploration and production, gas development, gathering, processing and marketing activities.

On July 1, 2001, QMR elected to change its accounting method for gas and oil properties from the full cost method to the successful efforts method. The change was prompted by an acquisition of a company that uses successful efforts. A subsidiary, Wexpro, has always employed the successful efforts method. Management believes that the successful efforts method is preferable and will more accurately present the results of operations of the Company's exploration, development and production activities, minimizes asset write-downs caused by temporary declines in gas and oil prices and reflects impairment of the carrying value of the Company's gas and oil properties only when there has been an other-than-temporary decline in their fair value.

Prior years financial statements have been retroactively restated to reflect this change in accounting method. As a result of the change in accounting method, previously reported earnings decreased $7.2 million and $2.0 million for the years ended December 31, 2000 and 1999, respectively, and increased $9.4 million for the year ended December 31, 1998.

Following is a restated summary of financial results and operating information.

Year Ended December 31,	2000	1999	1998
(In Thousands)			
OPERATING INCOME			
Revenues			
Natural gas sales	$ 193,359	$ 125,245	$ 98,767
Oil and natural gas liquids sales	59,901	41,521	36,722
Cost-of-service gas operations	74,492	61,705	61,448
Energy marketing	379,760	243,296	234,565
Gas gathering and processing	29,278	22,341	21,954
Other	5,263	4,203	4,816
Total revenues	742,053	498,311	458,272
Operating expenses			
Energy purchases	369,752	239,201	230,462
Operating and maintenance	106,761	79,719	73,460
Exploration	7,917	5,321	6,069
Depreciation, depletion and amortization	85,025	73,028	64,965
Abandonment and impairment of oil and gas properties	3,418	7,535	15,137
Other taxes	36,262	21,516	24,988
Wexpro settlement agreement - oil income sharing	4,758	2,292	1,053
Total operating expenses	613,893	428,612	416,134
Operating income	$ 128,160	$ 69,699	$ 42,138

Year Ended December 31,	2000	1999	1998
(In Thousands)			
OPERATING STATISTICS			
Production volumes			
Natural gas (in MMcf)	68,963	62,712	51,309
Oil and natural gas liquids (in Mbbl)			
Questar Exploration & Production	2,225	2,311	2,340
Wexpro	521	555	554
Production revenue			
Natural gas (per Mcf)	$ 2.80	$ 2.00	$ 1.92
Oil and natural gas liquids (per bbl)			
Questar Exploration & Production	$ 20.50	$ 13.92	$ 12.70
Wexpro	$ 27.43	$ 16.84	$ 12.64
Wexpro investment base, net of deferred income taxes (in millions)	$ 124.8	$ 108.9	$ 97.6
Energy-marketing volumes (in thousands of equivalent dth)	105,632	112,982	113,513
Natural gas-gathering volumes (in Mdth)			
For unaffiliated customers	92,969	84,961	72,908
For Questar Gas	36,791	32,050	29,893
For other affiliated customers	25,068	19,659	17,720
Total gathering	154,828	136,670	120,521

Gathering revenue (per dth) $ 0.13 $ 0.15 $ 0.16

REVENUES

Revenues were 49% higher in 2000 when compared with 1999 because of higher prices for natural gas, oil and NGL and increased natural gas production. Natural gas production rose 10% to 69 Bcf and the average selling price increased 40%. U. S. gas production increased 3% to 61.7 Bcf, while Canadian production rose 152% to 7.3 Bcf. Questar acquired Canadian reserves and producing properties in January 2000. Approximately 53% of gas production in 2000 was hedged at an average price of $2.16 per Mcf, net to the well. Hedging activities reduced revenues from gas sales by $33.7 million in 2000, but had an insignificant impact in 1999 and 1998.

Selling prices of oil and NGL for nonregulated operations increased 47% to a combined average of $20.50 per barrel and more than offset a 4% decrease in production volumes. Approximately 73% of the nonregulated oil production was hedged at an average price of $17.36 per barrel. Hedging activities reduced revenues from oil sales by $15.5 million in 2000, but had an insignificant impact in 1999 and 1998. Production declined in 2000 as a result of selling nonstrategic properties in the fourth quarter of 1999.

For 2001, Questar has used swaps, costless collars and fixed price contracts to hedge approximately 55% of estimated gas production based on December 2000 reserves. The average hedged price is $2.90 per Mcf (net to the well) assuming floor prices on collars. The average hedged price increases to $3.15 per Mcf (net to the well) if collar ceiling prices are assumed. Approximately 62% of 2001 estimated oil production, based on December 2000 reserves, is hedged at an average price of $17.20 per barrel, net to the well. Quantities of hedged production in any given month range between 49% and 66% for gas and 56% and 70% for oil.

Revenues from cost-of-service operations were 21% higher in 2000 compared with 1999. Wexpro manages and develops oil and natural gas properties on behalf of Questar Gas and receives a return

on its investment in successful wells. The natural gas production is delivered to Questar Gas at cost of service. Oil is sold at market prices. Any net income from oil sales remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas. Questar Gas's portion is reported as oil-income sharing. Wexpro's investment base, net of deferred income taxes, grew 15% in 2000 when compared with 1999. The average return on investment was 19.5% in 2000 and 20% in 1999.

Higher energy prices were responsible for substantial increases in revenues for energy marketing and improved plant-processing margins. Increased gas demand led to higher volumes of gas gathering.

Revenues in 1999 improved 9% compared with 1998 as a result of increased prices for gas, oil and NGL and a 22% rise in gas production. Natural gas selling prices averaged 4% higher in 1999.

OPERATING EXPENSES

Operating and maintenance expenses were 34% higher in 2000 primarily due to an increase in the number of gas and oil properties and increased legal costs in the settlement of a major case. Exploration expense increased 49% in 2000 compared with 1999 primarily as a result of drilling dry exploratory wells. Lower dry hole expense caused a 12% decrease in exploration expense in 1999 compared with 1998. Depreciation, depletion and amortization expense (DD&A) increased 16% in 2000 due largely to a 10% increase in natural gas production. The average DD&A rate for oil and gas properties was $.78 per thousand cubic feet equivalent (Mcfe) for 2000, up from $.71 per Mcfe in 1999. Abandonment and impairment of oil and gas properties in 1998 reflects a write off of assets amounting to $14.7 million as a result of lower energy prices. Other taxes, primarily production related, rose 69% in 2000 driven by higher revenues and prices.

INTEREST AND OTHER INCOME

Interest and other income was higher in 2000 due to a $3.9 million pre-tax gain from selling securities available for sale, capitalized financing costs associated with an underground storage project of $1.9 million and $1.4 million of interest earned on qualifying hedging collateral. Gains from selling properties amounted to $4 million in 1999, while sales of securities available for sale generated a $.4 million pre-tax gain.

DEBT EXPENSE

Interest expense increased due to higher short- and long-term borrowing and to higher interest rates in 2000.

INCOME TAXES

The effective combined federal, state and foreign income tax rate was 33.2%

in 2000, 28.5% in 1999 and 15.7% in 1998. Income tax rates were below the combined statutory rate of about 40% primarily due to nonconventional fuel credits, which amounted to $4.7 million in 2000, $5.3 million in 1999 and $5.7 million in 1998.

NONREGULATED GAS AND OIL RESERVES

Market Resources achieved a 261% reserve replacement ratio in 2000 compared with 131% in 1999. Reserve additions, revisions and purchases, net of sales in place, amounted to 214.8 Bcfe in 2000, more than double the 100.1 Bcfe added in 1999. Gains in reserves occurred through drilling results in the Pinedale Anticline and the acquisition of 61.1 Bcfe of proved reserves in Canada. In January 2001, Market Resources closed on the sale of 290 producing properties and a gas gathering system in the Mid-continent for $27 million with an effective sale date of November 2000. The properties produced approximately 4.3 MMcf of gas and 180 barrels of oil per day, but were not compatible with the long-term strategic plans of the Company. In the fourth quarter of 1999, Market Resources sold producing properties, mostly in the Permian Basin and Kansas, with combined daily production of 4.3

MMcf of gas and 1,100 barrels of oil.

Market Resources achieved a five-year average finding cost of $.82 per Mcfe, excluding cost-of-service operations, in 2000 compared with $.86 per Mcfe in 1999.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities (Restated)

Year Ended December 31,	2000	1999	1998
(In Thousands)			
Net income	$77,808	$43,888	$25,585
Adjustments to net income for noncash expenses	108,121	86,630	84,763
Changes in operating assets and liabilities	(54,680)	4,914	11,808
Net cash provided from operating activities	$131,249	$135,432	$122,156

Net cash provided from operating activities decreased 3% in 2000 when compared with 1999 due to timing differences in accounts receivable and qualifying hedging accounts more than offsetting a 77% increase in net income. The balances in accounts receivable and qualifying hedging accounts increased as a result of higher energy prices. This was partially offset by increases in accounts payable caused by higher energy prices.

Investing Activities (Restated)

Capital expenditures in 2000 primarily reflected exploration for and development of gas and oil reserves and a purchase of a Canadian company with 61.1 Bcfe of proved reserves. Market Resources participated in drilling 316 wells (94 net wells) in 2000 that resulted in 223 gas wells, 18 oil wells, 21 dry holes and 54 wells in progress at year end. The success rate was 92%. The details of capital expenditures for 2000, 1999 and a forecast of 2001 are as follows:

Year Ended December 31,	2001 Forecast	2000	1999
(In Thousands)			
Exploratory drilling	$2,500	$446	$1,173
Development drilling	76,000	97,361	64,642
Other exploration	2,800	342	13,808
Reserve acquisitions	32,000	65,130	3,704
Production	5,100	8,382	8,746
Gathering and processing	28,000	3,330	12,705
Electric generation	25,000		
Storage	7,100	11,513	4,108
General	1,500	855	19,362
	$180,000	$187,359	$128,248

Financing Activities

Approximately 79% of the net cash used in investing activities was supplied by net cash flow provided from operating activities. Proceeds from short-term borrowing and cash released from an escrow account provide the remaining sources of funding in 2000. Proceeds from a 1999 sale of nonstrategic gas and oil properties were placed in an escrow account pending a possible reinvestment in other producing properties. When this did not occur, the funds were released from escrow. A sale with similar conditions and amounting to $27 million was finalized in January 2001.

In the third quarter of 2000, Market Resources initiated an unrated commercial-paper program with $100 million of capacity. Commercial-paper borrowings are limited to and supported by available capacity on Market Resources' existing revolving credit facility. Market Resources had a commercial-paper balance of $12.5 million at December 31, 2000.

On March 6, 2001, Market Resources issued, in a public offering, $150 million of 7.5% notes due 2011. Market Resources applied the proceeds of the debt offering to repay a portion of its outstanding floating-rate debt. In 1999, Market Resources entered into a long-term revolving-credit facility with a syndication of banks and a $300 million capacity. Market Resources had borrowed $244.4 million as of December 31, 2000 under this arrangement.

QMR's consolidated capital structure consisted of 37% long-term debt and 63% common shareholder's equity at December 31, 2000. The Company's long-term debt has been rated BBB+ by Standard and Poor's and Baa2 by Moody's.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

QMR's primary market-risk exposures arise from commodity-price changes for natural gas, oil and other hydrocarbons and changes in long-term interest rates. The Company has an investment in a foreign operation that may subject it to exchange-rate risk. QMR also has reserved pipeline capacity for which it is obligated to pay $3 million annually for the next six years, regardless of whether it is able to market the capacity to others.

HEDGING POLICY

The Company has established policies and procedures for managing market risks through the use of commodity-based derivative arrangements. A primary objective of these hedging transactions is to protect the Company's commodity sales from adverse changes in energy prices. The volume of production hedged and the mix of derivative instruments employed are regularly evaluated and adjusted by management in response to changing market conditions and reviewed periodically by the Board of Directors. Additionally, under the terms of the Market Resources' revolving credit facility, not more than 75% of Market Resources' production quantities can be committed to hedging arrangements. The Company does not enter into derivative arrangements for speculative purposes.

ENERGY-PRICE RISK MANAGEMENT

Energy-price risk is a function of changes in commodity prices as supply and demand fluctuate. Market Resources bears a majority of the risk associated with changes in commodity prices. The Company uses hedge arrangements in the normal course of business to limit the risk of adverse price movements; however, these same arrangements usually limit future gains from favorable price movements.

Market Resources held hedge contracts covering the price exposure for about 50.5 million dth of gas

and 1 million barrels of oil at December 31, 2000. A year earlier the contracts covered 72.1 million dth of natural gas and 2.4 million barrels of oil. The hedging contracts exist for a significant share of Questar-owned gas and oil production and for a portion of gas-marketing transactions. The contracts at December 31, 2000, had terms extending through December 2003, with about 91% of those contracts expiring by the end of 2001.

The financial mark-to-market adjustment of gas and oil price-hedging contracts at December 31, 2000 was a negative $98 million and represented a liability owed to counterparties if terminated. A 10% decline in gas and oil prices would decrease the mark-to-market adjustment by $18.1 million; while a 10% increase in prices would increase the mark-to-market adjustment by $18.1 million. The mark-to-market adjustment of gas and oil price-hedging contracts at December 31, 1999 was a negative $6.2 million. A 10% decline in gas and oil prices at that time would have caused a positive mark-to-market adjustment of $16.7 million. Conversely, a 10% increase in prices would have resulted in a $16.3 million negative mark-to-market adjustment. The calculations used energy prices posted on the NYMEX, various "into the pipe" postings and fixed prices for the indicated measurement dates. These sensitivity calculations do not consider changes in the fair value of the corresponding scheduled physical transactions (i.e., the correlation between the index price and the price to be realized for the physical delivery of gas or oil production), which should largely offset the change in value of the hedge contracts.

INTEREST-RATE RISK MANAGEMENT
The Company held floating-rate long-term debt at December 31, 2000 and 1999 of $244.4 million and $264.9 million, respectively. The book value of variable-rate debt approximates fair value. If interest rates declined by 10%, interest costs paid on variable-rate long-term debt would decrease about $1.7 million in 2000 and 1999.

SECURITIES AVAILABLE FOR SALE
Securities available for sale represent equity instruments traded on national exchanges. The value of these investments is subject to day to day market volatility.

FOREIGN CURRENCY RISK MANAGEMENT
The Company does not hedge the foreign currency exposure of its foreign operation's net assets and long-term debt. Long-term debt held by the foreign operation amounting to $54.4 million (U.S.) is expected to be repaid from future operations of the foreign company.

Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of Section 27(a) of the Securities Act of 1933, as amended, and Section 21(e) of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "could", "expect", "intend", "project", "estimate", "anticipate", "believe", "forecast", or "continue" or the negative thereof or variations thereon or similar terminology. Although these statements are made in good faith and are reasonable representations of the Company's expected performance at the time, actual results may vary from management's stated expectations and projections due to a variety of factors.

Important assumptions and other significant factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include changes in general economic

conditions, gas and oil prices and supplies, competition, rate-regulatory issues, regulation of the Wexpro settlement agreement, availability of gas and oil properties for sale or for exploration and other factors beyond the control of the Company. These other factors include the rate of inflation, quoted prices of securities available for sale, the weather and other natural phenomena, the effect of accounting policies issued periodically by accounting standard-setting bodies, and adverse changes in the business or financial condition of the Company.

During 2000, the Company filed estimated reserves as of year-end of Form EIA-23 with the Energy Information Administration in the Department of Energy and will submit a comparable report for 2000. Although QMR uses the same technical and economic assumption when it prepares the EIA-23, it is obligated to report reserves for wells it operates, not for all wells in which it has an interest, and to include the reserves attributable to other owners in such wells.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a)(1)(2) Financial Statements and Financial Statement Schedules. The financial statements identified in the List of Financial Statements are filed as part of this Report.

(3) Exhibits. The following is a list of exhibits required to be filed as a part of this Report in Item 14(c).

Exhibit No.
Description
- ----------
- ----------
- 3.1.*
Articles of
Incorporation

dated April 27, 1988 for Utah Entrada Industries, Inc. (Exhibit No. 3.1. to the Company's Form 10 dated April 12, 2000.)

3.2.* Articles of Merger, dated May 20, 1988, of Entrada Industries, Inc., a Delaware corporation and Utah Entrada Industries, Inc, a Utah corporation. (Exhibit No. 3.2. to the Company's Form 10 dated April 12, 2000.)

3.3.* Articles of Amendment dated August 31, 1998, changing the name of Entrada Industries, Inc. to Questar Market Resources, Inc. (Exhibit No. 3.3. to the Company's Form 10 dated April 12, 2000.)

3.4.* Bylaws (as amended effective February 8, 2000.) (Exhibit No. 3.4. to the Company's Form 10 dated April 12, 2000.)

4.1.* Indenture dated as of March 1, 2001, between the Questar Market Resources, Inc. and Bank One, NA, as Trustee for the Company's 7 1/2% Notes due 2011. (Exhibit No. 4.01. to the Company's Current Report on

Form 8-K dated March 6, 2001.)

4.2.* Form of 7 1/2% Notes due 2011. (Exhibit No. 4.02. to the Company's Current Report on Form 8-K dated March 6, 2001.)

4.3.* U.S. Credit Agreement, dated April 19, 1999, by and among Questar Market Resources, Inc., as U.S. borrower, NationsBank, N.A., as U.S. agent, and certain financial institutions, as lenders, with the First Amendment dated May 17, 1999, the Second Amendment dated July 30, 1999, the Third Amendment dated November 30, 1999, the Fourth Amendment dated April 17, 2000, the Fifth Amendment dated October 6, 2000, and the Sixth Amendment dated February 9, 2001. (Exhibit No. 4.1. to the Company's Form 10 dated April 12, 2000, for the U. S. Credit Agreement, and the First, Second and Third Amendments; Exhibit No. 4.1. to the Company's Form 10/A dated November 9, 2000, for the Fourth and Fifth

Amendments.)
The Sixth
Amendment is
filed with
this
Report.1

4.4.*	Long-term debt instruments with principal amounts not exceeding 10 percent of QMR's total consolidated assets are not filed as exhibits. The Company will furnish a copy of these agreements to the Commission upon request.
10.1.*	Stipulation and Agreement, dated October 14, 1981, executed by Mountain Fuel Supply Company [Questar Gas Company]; Wexpro Company; the Utah Department of Business Regulations, Division of Public Utilities; the Utah Committee of Consumer Services; and the staff of the Public Service Commission of Wyoming. (Exhibit No. 10(a) to Questar Gas Company's Form 10-K Annual Report for 1981.)
21.*	Subsidiary Information.
24.*	Power of Attorney

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

(b) The Company filed two Current Reports on Form 8-K during the last quarter of 2000. The first report was dated November 21, 2000, and disclosed the settlement agreement in BRIDENSTINE V. KAISER-FRANCIS OIL COMPANY. The second report was dated December 7, 2000, and contained a press release on the results of drilling at the Pinedale Anticline area. Neither report included any financial statements.

ANNUAL REPORT ON FORM 10-K/A

ITEM 8, ITEM 14(a) (1) and (2), and (d)

LIST OF FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2000

QUESTAR MARKET RESOURCES, INC.

SALT LAKE CITY, UTAH

FORM 10-K/A -- ITEM 14 (a) (1) AND (2)

QUESTAR MARKET RESOURCES, INC.

LIST OF FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULES

The following financial statements of Questar Market Resources Inc. are included in Item 8:

Statements of income, Years ended December 31, 2000, 1999 and 1998

Balance sheets, December 31, 2000 and 1999

Statements of common shareholder's equity, Years ended December 31, 2000, 1999 and 1998

Statements of cash flows, Years ended December 31, 2000, 1999 and 1998

Notes to financial statements

Financial statement schedules, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission, are not required under the related instructions or are inapplicable, and therefore have been omitted.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Questar Market Resources, Inc.

We have audited the accompanying consolidated balance sheets of Questar Market Resources, Inc. as of December 31, 2000 and 1999, and the related consolidated statements of income and common shareholder's equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Questar Market Resources, Inc. at December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, in 2000 the Company changed its method of accounting for oil and gas operations.

Salt Lake City, Utah
March 6, 2001 except for
Note 1, as to which the
date is November 30, 2001 and
Note 2, as to which the date is July 31, 2001

Ernst & Young LLP
/s/ Ernst & Young LLP

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

Year Ended December 31, 2000 1999 1998 --

(In Thousands) REVENUES From unaffiliated
customers $ 649,200 $ 418,603 $ 382,791
From affiliates 92,853 79,708 75,481 ----

TOTAL REVENUES 742,053 498,311 458,272
OPERATING EXPENSES Cost of natural gas
and other products sold 369,752 239,201
230,462 Operating and maintenance 106,761
79,719 73,460 Exploration 7,917 5,321
6,069 Depreciation, depletion and
amortization 85,025 73,028 64,965
Abandonment and impairment of oil and gas
properties 3,418 7,535 15,137 Other taxes
36,262 21,516 24,988 Wexpro settlement
agreement - oil income sharing 4,758
2,292 1,053 ----------------------------
------------- TOTAL OPERATING EXPENSES
613,893 428,612 416,134 -----------------
------------------------ OPERATING
INCOME 128,160 69,699 42,138 INTEREST AND
OTHER INCOME 8,412 8,272 2,457 INCOME
(LOSS) FROM UNCONSOLIDATED AFFILIATES
2,776 763 (930) DEBT EXPENSE (22,922)
(17,363) (12,631) -----------------------
------------------- INCOME FROM
CONTINUING OPERATIONS BEFORE INCOME TAXES
116,426 61,371 31,034 INCOME TAX EXPENSE
38,618 17,483 4,886 ---------------------

--------------------- INCOME FROM
CONTINUING OPERATIONS 77,808 43,888
26,148 DISCONTINUED OPERATIONS, net of
income taxes of $347 (563) --------------
---------------------------- NET INCOME $
77,808 $ 43,888 $ 25,585
==

See notes to consolidated financial statements.

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Restated)

ASSETS
December 31, 2000 1999 ---

(In Thousands) CURRENT
ASSETS Cash and cash
equivalents $ 3,980 Notes
receivable from Questar
Corporation $ 4,000
Accounts receivable, net
of allowance of $1,775 in
2000 and $1,350 in 1999
126,030 64,364 Accounts
receivable from affiliates
17,427 11,459 Qualifying
hedging collateral 48,377
Federal income taxes
recoverable 4,976
Inventories, at lower of
average cost or market Gas
and oil storage 7,618
8,863 Material and
supplies 2,298 2,390
Prepaid expenses and other
4,828 4,452 --------------
------------ TOTAL
CURRENT ASSETS 215,534
95,528 PROPERTY, PLANT AND
EQUIPMENT Oil and gas
properties - successful
efforts accounting Proved
properties 845,485 717,147
Unproved properties, not
being amortized 55,608
51,624 Support equipment
and facilities 13,179
13,408 Cost-of-service oil
and gas operations -
successful efforts
accounting 348,403 318,451
Gathering, processing and
marketing 137,484 124,691

- 1,400,159 1,225,321 Less
allowances for
depreciation, depletion
and amortization Oil and
gas properties -
successful efforts
accounting 411,506 353,399
Cost-of-service oil and
gas operations -
successful efforts
accounting 193,029 180,867
Gathering, processing and
marketing 58,388 53,337 --

662,923 587,603 ----------
----------------- NET
PROPERTY, PLANT AND
EQUIPMENT 737,236 637,718
INVESTMENT IN
UNCONSOLIDATED AFFILIATES
15,417 13,301 OTHER ASSETS
Cash held in escrow
account 5,387 36,727
Securities available for

sale 10,402 Other 4,344
952 ------------------------
----- 9,731 48,081 -------
-------------------- $
977,918 $ 794,628
===========================

LIABILITIES AND SHAREHOLDER'S EQUITY

December 31, 2000 1999 -

(In Thousands) CURRENT
LIABILITIES Checks
outstanding in excess of
cash balances $ 1,246
Short-term loans $
12,500 Notes payable to
Questar 51,000 24,500
Accounts payable and
accrued expenses
Accounts and other
payables 140,254 67,385
Accounts payable to
affiliates 3,761 2,952
Federal income taxes
6,232 Other taxes 19,359
14,266 Interest 951
1,443 ------------------
------- Total accounts
payable and accrued
expenses 164,325 92,278

- TOTAL CURRENT
LIABILITIES 227,825
118,024 LONG-TERM DEBT
244,377 264,894 DEFERRED
INCOME TAXES 67,875
38,002 OTHER LIABILITIES
13,847 14,674 MINORITY
INTEREST 5,483 2,529
COMMITMENTS AND
CONTINGENCIES
SHAREHOLDER'S EQUITY
Common stock - par value
$1 per share;
authorized, 25,000,000
shares; issued and
outstanding, 4,309,427
shares 4,309 4,309
Additional paid-in
capital 116,027 116,027
Retained earnings
299,420 238,912
Cumulative other
comprehensive loss
(1,245) (2,743) --------

418,511 356,505 --------
----------------- $
977,918 $ 794,628
=========================

See notes to consolidated financial statements.

QUESTAR MARKET RESOURCES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY (Restated)

Cumulative Additional Other Compre- Common Paid-in Retained
Comprehensive hensive Stock Capital Earnings Income (loss) Income -----
----
(In Thousands) Balance at January 1, 1998 $ 4,309 $ 116,027 $ 200,034 $
(19) 1998 net income 25,585 $ 25,585 Cash dividends (15,900) Foreign
currency translation adjustment, net of income taxes of $214 396 396 --
----

Balance at December 31, 1998 4,309 116,027 209,719 377 $ 25,981 ======== 1999 net income 43,888 $43,888 Cash dividends (16,600) Dividend of shares of Questar Energy Services 1,905 Unrealized loss on securities available for sale, net of income taxes of $1,557 (2,515) (2,515) Foreign currency translation adjustment, net of income taxes of $327 (605) (605) --- Balance at December 31, 1999 4,309 116,027 238,912 (2,743) $ 40,768 ======== 2000 net income 77,808 $77,808 Cash dividends (17,300) Unrealized gain on securities available for sale, net of income taxes of $1,557 2,515 2,515 Foreign currency translation adjustment, net of income taxes of $949 (1,017) (1,017) -- Balance at December 31, 2000 $ 4,309 $ 116,027 $ 299,420 $ (1,245) $ 79,306 ===

See notes to consolidated financial statements.

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

Year Ended December 31, 2000 1999 1998 --- (In Thousands) OPERATING ACTIVITIES Net income $ 77,808 $ 43,888 $ 25,585 Adjustments to reconcile net income to net cash provided from operating activities Depreciation, depletion and amortization 85,733 75,570 65,541 Deferred income taxes 22,818 7,979 1,693 Abandonment and impairment of oil and gas properties 3,418 7,535 15,137 (Income) loss from unconsolidated affiliates, net of cash distributions (2,117) (66) 1,211 (Gain) loss from sale of properties and securities (1,731) (4,388) 1,181 Changes in operating assets and liabilities Accounts receivable and qualifying hedging collateral (112,757) (2,631) 20,572 Inventories 1,337 (468) (4,996) Prepaid expenses and other (423) (83) 555 Accounts payable and accrued expenses 74,226 5,655 (7,002) Federal income taxes (11,207) 127 2,399 Other assets (3,125) (783) (628) Other liabilities (2,731) 3,097 908 -- NET CASH PROVIDED FROM OPERATING ACTIVITIES 131,249 135,432 122,156 INVESTING ACTIVITIES Capital expenditures Purchase of property, plant and equipment (187,359) (103,384) (246,801) Other investments (24,864) (1,875) --- (187,359) (128,248) (248,676) Proceeds from disposition of property, plant and equipment 2,254 37,888 7,647 Proceeds from sale of securities 18,424 1,214 -- NET CASH USED IN INVESTING ACTIVITIES (166,681) (89,146) (241,029) FINANCING ACTIVITIES Change in notes receivable from Questar 4,000 21,100 8,400 Change in notes payable to Questar 26,500 (97,300) 77,500 Increase in short-term debt 12,500 Change in cash in escrow 31,340 (36,727) Checks written in excess of cash balances (1,246) 1,246 Issuance of long-term debt 61,725 275,000 64,343 Payment of long-term debt (80,087) (195,000) (14,283) Other financing 2,955 Payment of dividends (17,300) (16,600) (15,900) -- NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES 40,387 (48,281) 120,060 Foreign currency translation adjustments (975) 101 (307) -- Change in cash and cash equivalents 3,980 (1,894) 880 Beginning cash and cash equivalents 1,894 1,014 ------------------------------

------------- ENDING CASH AND CASH EQUIVALENTS $ 3,980 $ - $ 1,894
===

See notes to consolidated financial statements.

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

Note 1 - Summary of Accounting Policies

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

INVESTMENTS IN UNCONSOLIDATED AFFILIATES: QMR uses the equity method to account for investment in affiliates in which it does not have control. The Company owns a 15% interest in Canyon Creek Compression Co., a 50% interest in Blacks Fork Gas Processing Co. and a 15% interest in Roden Participants, Ltd. Generally, its investment in these affiliates equals the underlying equity in net assets.

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

REVENUE RECOGNITION: Revenues are recognized in the period that services are provided or products are delivered. The Company uses the sales method of accounting for gas revenues, whereby revenue is recognized on all gas sold to purchasers. A liability is recorded to the extent that the Company has an imbalance in excess of its share of remaining reserves in an underlying property. The Company's net gas imbalances at December 31, 2000, 1999 and 1998 were not significant.

WEXPRO SETTLEMENT AGREEMENT - OIL INCOME SHARING: Wexpro settlement agreement-oil income sharing represents payments made to Questar Gas for its share of the income from oil and NGL products associated with cost of service oil properties pursuant to the terms of the Wexpro settlement agreement (Note 9).

REGULATION OF UNDERGROUND STORAGE: Clear Creek Storage Company, LLC operates an underground gas storage facility that is regulated by the Federal Energy Regulatory Commission (FERC). The FERC establishes rates for the storage of natural gas, and regulates the extension and enlargement or abandonment of jurisdictional natural gas facilities. Regulation is intended to permit the recovery, through rates, of the cost of service, including a return on investment.

CASH AND CASH EQUIVALENTS: Cash equivalents consist principally of repurchase agreements with maturities of three months or less. In almost all cases, the repurchase agreements are highly liquid investments in overnight securities made through our commercial bank accounts that result in available funds the next business day.

NOTES RECEIVABLE FROM QUESTAR: Notes receivable from Questar represent interest bearing demand notes for cash loaned to Questar until needed in the Company's operations. The funds are centrally managed by Questar and earn an interest rate that is identical to the interest rate paid by the Company for borrowings from Questar.

CHANGE IN METHOD OF ACCOUNTING FOR GAS AND OIL PROPERTIES: On July 1, 2001, Questar Market Resources (QMR) elected to change its accounting method for gas and oil properties from the full cost method to the successful efforts method. The change was prompted by an acquisition of a company that uses successful efforts. A subsidiary, Wexpro, has always employed the successful efforts method. Management believes that the successful efforts method is preferable and will more accurately present the results of operations of the Company's exploration, development and production activities, minimizes asset write-downs caused by temporary declines in gas and oil prices and reflects impairment of the carrying value of the Company's gas and oil properties only when there has been an other-than-temporary decline in their fair value.

As a result, prior years and interim financial statements have been retroactively restated to reflect this change in accounting method. The effect, net of income taxes, was a reduction of retained earnings recorded retroactively as of December 31, 1997, of $38.9 million. This resulted from a reduction of net property, plant and equipment in the amount of $65.9 million and a reduction of deferred income taxes of $27.0 million. As a result of the change in accounting method, previously reported earnings decreased $7.2 million and $2.0 million for the years ended December 31, 2000 and 1999, respectively, and increased $9.4 million for the year ended December 31, 1998.

PROPERTY, PLANT AND EQUIPMENT: Property, plant and equipment is stated at cost. The Company uses the successful efforts accounting method for its gas and oil exploration and development activities.

OIL AND GAS PROPERTIES

Under the successful efforts method of accounting, the Company capitalizes all costs related to property acquisitions, successful exploratory wells, and successful and unsuccessful development wells. Also, the costs of related support equipment and facilities are capitalized. The costs of unsuccessful exploratory wells are expensed when such wells are determined to be nonproductive. Unproved leaseholds costs are capitalized and reviewed periodically for impairment. Costs related to impaired prospects are charged to expense. Costs of geological and geophysical studies and other exploratory activities are expensed as incurred. Costs associated with production and general corporate activities are expensed in the period incurred. The Company recognizes gain or loss on the sale of properties on a field basis.

Leasehold costs are amortized on the unit-of-production method based on proved reserves on a field basis. All other capitalized costs associated with oil and gas properties are depreciated on the unit-of-production method based on proved developed reserves on a field basis. Costs of future site restoration, dismantlement, and abandonment for producing properties are accrued as part of depreciation, depletion and amortization expense for tangible equipment by assuming no salvage value in the calculation of the unit of production rate.

COST-OF-SERVICE OIL AND GAS OPERATIONS

As ordered by the Public Service Commission of Utah, the successful efforts method of accounting is utilized with respect to costs associated with certain "cost of service" oil and gas properties managed and developed by Wexpro and regulated for ratemaking purposes. Cost of service oil and gas properties are those properties for which the operations and return on investment are regulated by the Wexpro settlement agreement (see Note 9). In accordance with the settlement agreement, production from the gas properties operated by Wexpro is delivered to Questar Gas at Wexpro's cost of providing this service. That cost includes a return on Wexpro's investment. Oil produced from the cost of service properties is sold at market prices. Proceeds are credited, pursuant to the terms of the settlement agreement, allowing Questar Gas to share in the proceeds for the purpose of reducing natural gas rates.

Capitalized costs are amortized on an individual field basis using the unit-of-production method based upon proved developed oil and gas reserves attributable to the field. Costs of future site restoration, dismantlement, and abandonment for producing properties are accrued as part of depreciation and amortization expense for tangible equipment by assuming no salvage value in the calculation of the unit of production rate.

GATHERING, PROCESSING AND MARKETING

The investments in gathering facilities, processing plants and other general support property, plant and equipment are generally depreciated using the straight-line method based upon estimated useful lives ranging from 3 to 20 years.

SFAS 121

The Company follows the provisions of Statement of Financial Accounting Standards (SFAS) 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" in evaluating impairment of properties.

DEPRECIATION, DEPLETION AND AMORTIZATION

For the year ended December 31,	2000	1999	1998
	(In Thousands)		
Depreciation., depletion and amortization expense			
Oil and gas properties (Restated)	$ 65,169	$ 55,477	$ 48,603
Cost-of-service oil and gas operations	13,922	12,665	11,379
Gathering, processing and marketing	5,934	4,886	4,983
	$ 85,025	$ 73,028	$ 64,965

Average depreciation, depletion and amortization rates per Mcf equivalent for the 12 months ended December 31, were as follows:

	2000	1999	1998
Oil and gas properties (Restated)			
U.S.	$ 0.73	$ 0.72	$ 0.74
Canada (in U.S. dollars)	1.12	0.63	0.71
Combined U.S. and Canada	0.78	0.71	0.74
Cost-of-service oil and gas operations	$ 0.44	$ 0.42	$ 0.39

CAPITALIZED INTEREST AND ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION: When applicable, the Company capitalizes interest costs, during the construction period of plant and equipment. Gross debt expense aggregated $22,922,000, $17,363,000, and $13,249,000, in 2000, 1999 and 1998, respectively. Debt expense was reduced by $618,000 of capitalized interest in 1998. Under provisions of the Wexpro settlement agreement, the Company capitalizes an allowance for funds used during construction (AFUDC) on cost-of-service construction projects. The FERC requires the capitalization of AFUDC during the construction period of plant and equipment. AFUDC amounted to $2,163,000, $357,000, and $745,000, in 2000, 1999, and 1998, respectively, and is included in Interest and Other Income in the Consolidated Statements of Income.

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

MARKET RISKS: The Company's primary market-risk exposures arise from commodity price changes for natural gas and oil, changes in long-term interest rates, and foreign currency exchange rates.

HEDGING POLICY: The Company has established policies and procedures for managing market risks through the use of commodity-based derivative arrangements. A primary objective of these hedging transactions is to protect the Company's commodity sales from adverse changes in energy prices. The volume of production hedged and the mix of derivative instruments employed are regularly evaluated and adjusted by management in response to changing market conditions and reviewed periodically by the Board of Directors. Additionally, under the terms of the Company's revolving credit facility, not more than 75% of Market Resources' production quantities can be committed to hedging arrangements. The Company does not enter into derivative arrangements for speculative purposes.

ENERGY PRICE RISK MANAGEMENT: Market Resources enters into swaps, futures contracts or options agreements to hedge exposure to price fluctuations in connection with marketing of the Company's natural gas and oil production, and to secure a known margin for the purchase and resale of gas, oil and electricity in marketing activities. It is expected that there is a high degree of correlation between the changes in market value of such contracts and the market price ultimately received on the hedged physical transactions. The timing of production and of the hedge contracts is closely matched. Hedge prices are established in the areas of Market Resources' production operations. The Company settles most contracts in cash and recognizes the gains and losses on hedge transactions during the same time period as the related physical transactions. Cash flows from the hedge contracts are reported in the same category as cash flows from the hedged assets. Contracts which do not have high correlation with the related physical transactions are marked-to-market and recognized in the current period income.

INTEREST RATE RISK MANAGEMENT: The Company borrows funds under variable interest rate arrangements. Variable-rate agreements expose the Company to market risk related to changes in interest rates.

CREDIT RISK: The Company's primary market areas are the Rocky Mountain regions of the United States and Canada and the Mid-continent region of the United States. Exposure to credit risk may be impacted by the concentration of customers in these regions due to changes in economic or other conditions. Customers include numerous industries that may be affected differently by changing conditions. Management believes that its credit-review procedures, loss reserves, customer deposits and collection procedures have adequately provided for usual and customary credit-related losses. Commodity-based hedging arrangements also expose the Company to credit risk. The Company monitors the creditworthiness of its counterparties, which generally are major financial institutions, and believes that losses from non-performance are unlikely to occur.

INCOME TAXES: The Company accounts for income tax expense on a separate return basis. Pursuant to the Internal Revenue Code and associated regulations, the Company's operations are consolidated with those of Questar and its subsidiaries for income tax reporting purposes. The Company records tax benefits as they are generated. The Company receives payments from Questar for such tax benefits as they are utilized on the consolidated return.

COMPREHENSIVE INCOME: Comprehensive income is the sum of net income as reported in the Consolidated Statement of Income and other comprehensive income transactions reported in the Consolidated Statement of Statements of Shareholder's Equity. Other comprehensive income transactions that currently apply to QMR result from changes in market value of securities available for sale and changes in holding value resulting from foreign currency translation adjustments. These transactions are not the culmination of the earnings process, but result from periodically adjusting historical balances to market value. Income or loss is realized when the securities available for sale are sold. Proceeds from sales of available for sale securities were $18.4 million and $1.2 million for the year ended December 31, 2000 and 1999, respectively. Income tax expenses associated with realized gains from selling securities available for sale were $1.5 million in 2000 and $.1 million in 1999. Beginning in 2001, other comprehensive income will include mark-to-market adjustments of the Company's qualified energy derivatives.

The balances of cumulative other comprehensive losses for the 12 months ended December 31, were as follows:

2000 1999 ---------------------
----------- (In Thousands)
Unrealized loss on securities
($2,515) Foreign currency
translation adjustment
(Restated) ($1,245) (228) -----

Cumulative other comprehensive
loss ($1,245) ($2,743)
================================

NEW ACCOUNTING STANDARD: The Company is required to adopt the accounting provisions of SFAS 133, as amended, "Accounting for Derivative Instruments and Hedging Activities" beginning in January 2001. SFAS 133 addresses the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. Under the standard, entities are required to carry all derivative instruments in the balance sheet at fair value. The accounting for changes in fair value, which result in gains or losses, of a derivative instrument depends on whether such instrument has been designated and qualifies as part of a hedging relationship and, if so, depends on the reason for holding it. If certain conditions are met, entities may elect to designate a derivative instrument as a hedge of exposure to changes in fair value, cash flows or foreign currencies. If the hedged exposure is a fair-value exposure, the gain or loss on the derivative instrument is recognized in earnings in the period of the change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. If the hedged exposure is a cash-flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of other comprehensive income in the shareholders' equity section of the balance sheet and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any amounts excluded from the assessment of hedge effectiveness, as well as the ineffective portion of the gain or loss, is reported in earnings immediately.

As of January 1, 2001, the Company structured a majority of its energy derivative instruments as cash flow hedges. As a result of adopting SFAS 133 in January 2001, the Company expects to record a liability for derivative instruments of approximately $121 million. The offset to this amount, net of income taxes, will be recorded as a loss in other comprehensive income in the shareholders' equity section of the balance sheet. The fair-value calculation does not consider changes in fair value of the corresponding scheduled equity physical transactions.

ACQUISITIONS: On January 26, 2000, a subsidiary of QMR acquired 100% of the outstanding shares of Canor Energy Ltd from NI Canada ULC, a subsidiary of Northwest Natural Gas Co. for cash of $61 million (US) plus the assumption of $5.4 million of short-term debt. The transaction was accounted for as a purchase. Canor owns an interest in more than 800 wells located in Alberta, British Columbia and Saskatchewan provinces of Canada. Canor's proven gas and oil reserves were estimated at the time of purchase at 61.1 billion cubic feet equivalent.

RECLASSIFICATIONS: Certain reclassifications were made to the 1999 and 1998 financial statements to conform with the 2000 presentation.

Note 2 - Subsequent Event - Acquisition

QMR acquired 100% of the common stock of Shenandoah Energy, Inc. (SEI) on July 31, 2001 for $403 million in cash including assumed debt. SEI was a privately held Denver-based exploration, production, gathering and drilling company. QMR obtained an estimated 415 billion cubic feet equivalent of proved oil and gas reserves, gas processing capacity of 100 MMcf per day, 90 miles of gathering lines, 114,000 acres of net undeveloped leasehold acreage and four drilling rigs. SEI operations are located primarily in the Uintah Basin of eastern Utah. The transaction was accounted for as a purchase business combination in accordance with accounting principles generally accepted in the United States. The purchase price in excess of the estimated fair value of the assets was assigned to goodwill. The acquisition was financed through bank borrowings.

Note 3 - Debt

QMR has a $300 million revolving credit facility agented by Bank of America. Borrowing under this agreement amounted to $244.4 million and $264.9 million at December 31, 2000 and 1999, respectively. The average interest rate as of December 31, was 7.01% in 2000 and 6.54% in 1999. The loan is segmented into United States and Canadian portions. The United States portion of the loan is a 5-year facility with $230 million available. The Canadian portion amounts to $70 million and is a 6-year facility. The interest rate is generally equal to LIBOR plus a premium. QMR's revolving credit facility contains covenants specifying a minimum amount of net equity and a maximum ratio of debt to equity. Under the most restrictive terms of the revolving credit facility, Market Resources could pay a dividend of $84.2 million.

Maturities of long-term debt for the five years following December 31, 2000, in thousands of dollars were as follows:

2001	$ -
2002	2,719
2003	12,719
2004	182,719
2005	2,719

Questar makes loans to QMR under a short-term borrowing arrangement. Short-term notes payable to Questar outstanding as of December 31, 2000 amounted to $51 million with an interest rate of 6.91% and $24.5 million as of December 31, 1999 with an interest rate of 6.61%.

On March 6, 2001, Market Resources issued in a public offering $150 million of 7.5% notes due 2011. Market Resources applied the proceeds of the debt offering to repay a portion of its outstanding floating-rate debt.

Cash paid for interest was $23,414,000 in 2000, $16,964,000 in 1999 and $13,229,000 in 1998.

Note 4 - Financial Instruments and Risk Management

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

	December 31, 2000		December 31, 1999	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
(In Thousands)				
Financial assets				
Cash and cash equivalents	$3,980	$3,980		
Notes receivable from Questar	$4,000	$4,000		
Financial liabilities				
Short-term loans	63,500	63,500	25,746	25,746
Long-term debt	244,377	244,377	264,894	264,894
Gas and oil price hedging contracts	-	(98,000)	-	(6,200)

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

The average price of the oil contracts at December 31, 2000, was $18.30 per barrel and was based on the average of fixed amounts in contracts which settle against the NYMEX. All oil contracts relate to Company-owned production where basis adjustments would result in a net to the well price of $17.20 per barrel. The average price of the gas contracts at December 31, 2000 was $3.87 per MMBtu representing the average of contracts with different terms including fixed, various "into the pipe" postings and NYMEX references. Gas-hedging contracts were in place for Market Resources-owned production and gas-marketing transactions. After adjustments for transportation and heat-value associated with the hedged production of Company-owned gas, the resulting price would be between $2.90 and $3.15 per Mcf, net back to the well, as of December 31, 2000.

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

the price to be realized for the physical delivery of gas or oil production).

ENERGY-PRICE RISK MANAGEMENT
Market Resources held hedge contracts covering the price exposure for about 50.5 million dth of gas and 1 million barrels of oil at December 31, 2000. A year earlier the contracts covered 72.1 million dth of natural gas and 2.4 million barrels of oil. The hedging contracts exist for a significant share of Questar-owned gas and oil production and for a portion of gas-marketing transactions. The contracts at December 31, 2000, had terms extending through December 2003, with about 91% of those contracts expiring by the end of 2001. A primary objective of energy-price hedging is to protect product sales from adverse changes in energy prices. The Company does not enter into hedging contracts for speculative purposes.

CREDIT RISK
The Company's primary market areas are the Rocky Mountain regions of the United States and Canada and the Mid-continent region of the United States. Exposure to credit risk may be impacted by the concentration of customers in these regions due to changes in economic or other conditions. Customers include individuals and numerous industries that may be affected differently by changing conditions. Management believes that its credit-review procedures, loss reserves, customer deposits and collection procedures have adequately provided for usual and customary credit-related losses. Commodity-based hedging arrangements also expose the Company to credit risk. The Company monitors the creditworthiness of its counterparties, which generally are major financial institutions, and believes that losses from non-performance are unlikely to occur.

INTEREST-RATE RISK MANAGEMENT
The Company held floating-rate long-term debt at December 31, 2000 and 1999. The book value of variable-rate debt approximates fair value.

FOREIGN CURRENCY RISK MANAGEMENT
The Company does not hedge the foreign currency exposure of its foreign operation's net assets and long-term debt. Long-term debt held by the foreign operation amounting to $54.4 million (U.S.) is expected to be repaid from future operations of the foreign company.

Note 5 - Income Taxes (Restated)

The components of income taxes for years ended December 31 were as follows:

	2000	1999	1998
	(In Thousands)		
Federal			
Current	$13,678	$11,411	$4,263
Deferred	19,947	4,430	2,578
State			
Current	1,129	1,568	228
Deferred	1,763	959	1,166
Foreign	2,101	(885)	(3,349)
	$38,618	$17,483	$4,886

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

	2000	1999	1998
	(In Thousands)		
Income from continuing operations before income taxes	$116,426	$61,371	$31,034

Federal income taxes at statutory rate	$40,749	$21,480	$10,862
State income taxes, net of federal income tax benefit	1,823	1,636	536
Nonconventional fuel credits	(4,655)	(5,282)	(5,736)
Foreign income taxes	723	(189)	(964)
Other	(22)	(162)	188
Income taxes	$38,618	$17,483	$4,886
Effective income tax rate	33.2%	28.5%	15.7%

Significant components of the Company's deferred income taxes at December 31 were as follows:

	2000	1999
	(In Thousands)	
Deferred tax liabilities		
Property, plant and equipment	$77,737	$52,319
Other	775	589
Total deferred tax liabilities	78,512	52,908
Deferred tax assets		
Alternative minimum tax and nonconventional fuel credit carryforwards		2,468
Reserves, compensation plans and other	10,637	12,438
	10,637	14,906
Net deferred income taxes	$67,875	$38,002

The Company paid $25,586,000 in 2000 and $7,183,000 in 1999 for income taxes. In 1998, Market Resources received $1,856,000 in settlement of income taxes.

Note 6 - Litigation and Commitments

On January 4, 2001, a district court judge in Texas County, Oklahoma, approved the settlement agreement reached by the Questar defendants and Union Pacific Resources Company, predecessor in interest to Questar Exploration & Production (QE&P), as defendants in the case of Bridenstine v. Kaiser-Francis Oil Company. Under the terms of the settlement, the Company and Union Pacific Resources paid a total of $22.5 million ($16.5 million by the Company) to resolve all of the issues in the litigation. The Questar defendants disputed plaintiffs' claims, but settled the lawsuit to avoid the uncertainty of a jury verdict. Payment of the settlement funds did not have a material adverse effect on the Company's results of operations, financial position, or liquidity.

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

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

The minimum future payments under the terms of long-term operating leases for the Company's primary office locations for the four years following December 31, 2000, are as follows:

	(In Thousands)
2001	$1,885
2002	1,445
2003	522
2004	44

Total minimum future rental payments have not been reduced for sublease rental receipts of $187,000, and $24,000, which are expected to be received in the years ended December 31, 2001, and 2002, respectively. Total rental expense amounted to $2,087,000 in 2000, $1,804,000 in 1999 and $1,397,000 in 1998. Sublease rental receipts were $118,000 in 2000 and $94,000 in 1999.

Note 7 - Employment Benefits

Pension Plan: Substantially all of QMR's employees are covered by Questar's defined benefit pension plan, although some employees have elected other benefits in place of a pension benefit. Benefits are generally based on age at retirement, years of service and highest earnings in a consecutive 72-pay period interval during the ten years preceding retirement. The Company's policy is to make contributions to the plan at least sufficient to meet the minimum funding requirements of applicable laws and regulations. Plan assets consist principally of equity securities and corporate and U.S. government debt obligations. Pension cost was $385,000 in 2000, $887,000 in 1999 and $761,000 in 1998.

Market Resources' portion of plan assets and benefit obligations is not determinable because the plan assets are not segregated or restricted to meet the Company's pension obligations. If the Company were to withdraw from the pension plan, the pension obligation for the Company's employees would be retained by the pension plan. At December 31, 2000, Questar's accumulated benefit obligation exceeded the fair value of plan assets.

Postretirement Benefits Other Than Pensions: Market Resources pays a portion of health-care costs and life insurance costs for employees. The Company linked the health-care benefits to years of service and limited the Company's monthly health care contribution per individual to 170% of the 1992 contribution. Employees hired after December 31, 1996, do not qualify for postretirement medical benefits under this plan. The Company's policy is to fund amounts allowable for tax deduction under the Internal Revenue Code. Plan assets consist of equity securities, and corporate and U.S. government debt obligations. The Company is amortizing a transition obligation over a 20-year period beginning in 1992. Costs of postretirement benefits other than pensions were $1,654,000 in 2000, $1,158,000 in 1999 and $1,018,000 in 1998.

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

Postemployment Benefits: Market Resources recognizes the net present value of the liability for postemployment benefits, such as long-term disability benefits and health-care and life-insurance costs, when employees become eligible for such benefits. Postemployment benefits are paid to former employees after employment has been terminated but before retirement benefits are paid. The Company accrues the present value both of current and future

costs. The Company's postemployment benefit liability at December 31, 2000 and 1999 was $555,000 and $381,000, respectively based on a discount rate of 7.75%.

Employee Investment Plan: The Company participates in Questar's Employee Investment Plan (EIP), which allows eligible employees to purchase Questar common stock or other investments through payroll deduction of pretax earnings. The Company pays for contributions of Questar common stock to the EIP of approximately 80% of the employees' purchases of the maximum of 6% of eligible earnings and contributes an additional $200 of common stock in the name of each eligible employee. The Company's expense and contribution to the plan was $1,125,000 in 2000, $895,000 in 1999 and $811,000 in 1998.

Note 8 - Related Party Transactions

QMR receives a significant portion of its revenues from services provided to Questar Gas Company. The Company received $92,455,000 in 2000, $79,324,000 in 1999 and $75,171,000 in 1998 for operating cost-of-service gas properties, gathering gas and supplying a portion of gas for resale, among other services provided to Questar Gas. Operation of cost-of-service gas properties is described in Wexpro Settlement Agreement (Note 8). The Company also received revenues from other affiliated companies totaling $397,000 in 2000, $384,000 in 1999 and $310,000 in 1998.

Questar performs certain administrative functions for QMR. The Company was charged for its allocated portion of these services which totaled $6,626,000 in 2000, $4,469,000 in 1999 and $3,970,000 in 1998. These costs are included in operating and maintenance expenses and are allocated based on each affiliate's proportional share of revenues, net of gas costs; property, plant and equipment; and payroll. Management believes that the allocation method is reasonable.

QMR's subsidiaries contracted for transportation and storage services with Questar Pipeline and paid $2,146,000 in 2000, $3,378,000 in 1999 and

$3,968,000 in 1998 for those services.

Questar InfoComm Inc is an affiliated company that provides some data processing and communication services to Market Resources. The Company paid Questar InfoComm $1,904,000 in 2000, $2,276,000 in 1999 and $2,273,000 in 1998.

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

The Company received interest income from affiliated companies of $355,000 in 2000, $681,000 in 1999 and $1,908,000 in 1998. Market Resources incurred debt expense to affiliated companies of $2,520,000 in 2000, $3,350,000 in 1999 and $3,331,000 in 1998.

Note 9 - Wexpro Settlement Agreement

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

a. Wexpro continues to hold and operate all oil-producing properties previously transferred from Questar Gas's nonutility accounts. The oil production from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment. The after-tax rate of return is adjusted annually and is approximately 13.64%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

b. Wexpro conducts developmental oil drilling on productive oil properties and bears any costs of dry holes. Oil discovered from these properties is sold at market prices, with the revenues used to recover operating expenses and to give Wexpro a return on its investment in successful wells. The after-tax rate of return is adjusted annually and is approximately 18.64%. Any net income remaining after recovery of expenses and Wexpro's return on investment is divided between Wexpro and Questar Gas, with Wexpro retaining 46%.

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

d. Wexpro conducts developmental gas drilling on productive gas properties and bears any costs of dry holes. Natural gas produced from successful drilling is owned by Questar Gas. Wexpro is reimbursed for the costs of producing the gas plus a return on its investment in successful wells. The after-tax return allowed Wexpro is approximately 21.64%.

e. Wexpro operates natural-gas properties owned by Questar Gas. Wexpro is reimbursed for its costs of operating these properties, including a rate of return on any investment it makes. This after-tax rate of return is approximately 13.64%.

Note 10 - Business Segment Information

QMR is a sub-holding company that has three primary business segments: exploration and production, the management and development of cost of service properties, and gathering, processing and marketing. QMR's reportable segments are strategic business units with similar operations and management objectives. The reportable segments are managed separately because each segment requires different operational assets, technology and management strategies.

Year Ended December 31,	2000	1999	1998
	(In Thousands)		
Revenues from Unaffiliated Customers			
Exploration and production	$ 245,728	$ 162,475	$ 135,509
Cost of service	15,179	8,844	10,025
Gathering, processing and marketing	388,293	247,284	237,257
	$ 649,200	$ 418,603	$ 382,791
Revenues from Affiliated Companies			
Exploration and production	$ 18	$ -	$ -
Cost of service	73,721	62,335	58,581
Gathering, processing and marketing	19,114	17,373	16,900
	$ 92,853	$	

79,708 $ 75,481
==
Depreciation, Depletion and Amortization Expense (Restated) Exploration and production $ 65,169 $ 55,477 $ 48,603 Cost of service 13,922 12,665 11,379 Gathering, processing and marketing 5,934 4,886 4,983 -- $ 85,025 $ 73,028 $ 64,965
==
Operating Income (Restated) Exploration and production $ 77,919 $ 30,327 $ 10,446 Cost of service 38,502 32,948 28,218

Gathering, processing and marketing	11,739	6,424	3,474
	$ 128,160	$ 69,699	$ 42,138

Year Ended December 31, 2000 1999 1998 -- (In Thousands) Interest and Other Income (Restated) Exploration and production $ 387 $ 6,209 $ 1,075 Cost of service 472 534 971 Gathering, processing and marketing 7,553 1,529 411 -- $ 8,412 $ 8,272 $ 2,457
==
Debt Expense Exploration and production $ 17,976 $ 14,770 $ 11,552 Cost of service 721 582 149 Gathering, processing and marketing 4,225 2,011 930 -- $ 22,922 $ 17,363 $ 12,631
==
Income Taxes (Restated) Exploration and production $ 18,483 $ 2,936 $ (6,197) Cost of service 13,873 12,020 10,387 Gathering, processing and marketing 6,262 2,527 696 -- $ 38,618 $ 17,483 $ 4,886
==
Income From Continuing Operations (Restated) Exploration and production $ 42,137 $ 18,830 $ 6,166 Cost of service 24,380 20,880 18,653 Gathering, processing and marketing 11,291 4,178 1,329 -- $ 77,808 $ 43,888 $ 26,148
==
Fixed Assets - Net (Restated) Exploration and production $ 502,766 $428,780 $447,145 Cost of service 155,374 137,584 129,573 Gathering, processing and marketing 79,096 71,354 69,055 -- $ 737,236 $637,718 $645,773
==
Capital Expenditures (Restated) Exploration and production $ 140,487 $ 75,842 $213,738 Cost of service 32,048 21,076 26,653 Gathering, processing and marketing 14,824 31,330 8,285 -- $ 187,359 $128,248 $248,676
==
GEOGRAPHIC INFORMATION Revenues United States $ 703,981 $ 485,995 $ 447,798 Canada 38,072 12,316 10,474 -- $ 742,053 $ 498,311 $ 458,272
==
Fixed Assets - Net (Restated) United States $ 648,089 $ 611,075 $ 619,146 Canada 89,147 26,643 26,627 --

$ 737,236	$ 637,718	$ 645,773

Note 11 - Supplemental Oil and Gas Information (Unaudited)

The Company uses the successful efforts accounting method for its oil and gas exploration and development activities. As ordered by the Public Service Commission of Utah, the successful efforts method of accounting is utilized with respect to costs associated with certain cost-of-service oil and gas properties managed and developed by Wexpro and regulated for ratemaking purposes. Cost-of-service oil and gas properties are those properties for which the operations and return on investment are regulated by the Wexpro settlement agreement (See Note 9).

Oil and Gas Exploration and Development Activities: The following information is provided with respect to Questar's oil and gas exploration and development activities, located in the United States and Canada.

CAPITALIZED COSTS (RESTATED)

The aggregate amounts of costs capitalized for oil and gas exploration and development activities and the related amounts of accumulated depreciation and amortization follow:

As of December 31,	United States	Canada	Total
	(In Thousands)		
2000			
Proved properties	$732,078	$113,407	$845,485
Unproved properties	30,940	24,668	55,608
Support equipment and facilities	12,002	1,177	13,179
	775,020	139,252	914,272
Accumulated depreciation, depletion and amortization	361,401	50,105	411,506
	$413,619	$89,147	$502,766
1999			
Proved properties	$663,051	$54,096	$717,147
Unproved properties	41,654	9,970	51,624
Support equipment and facilities	12,418	990	13,408
	717,123	65,056	782,179
Accumulated depreciation, depletion and amortization	314,986	38,413	353,399
	$402,137	$26,643	$428,780
1998			
Proved properties	$656,085	$47,069	$703,154
Unproved properties	34,736	11,478	46,214
Support equipment and facilities	13,949	929	14,878
	704,770	59,476	764,246
Accumulated depreciation, depletion and amortization	284,252	32,849	317,101
	$420,518	$26,627	$447,145

COSTS INCURRED (RESTATED)

The following costs were incurred in oil and gas exploration and development activities:

Year Ended December 31,	United States	Canada	Total
	(In Thousands)		
2000			
Property acquisition			
Unproved	$ 3,054	$14,703	$ 17,757
Proved	1,202	31,058	32,260
Exploration	6,433	3,664	10,097
Development	64,582	29,478	94,060
	$ 75,271	$78,903	$154,174
1999			
Property acquisition			
Unproved	$ 12,565	$ 337	$ 12,902
Proved	2,367	17	2,384
Exploration	8,402	323	8,725
Development	53,347	3,608	56,955
	$ 76,681	$ 4,285	$ 80,966
1998			
Property acquisition			
Unproved	$ 29,343	$ 144	$ 29,487
Proved	126,723	3,131	129,854
Exploration	10,187	2,122	12,309
Development	42,875	4,477	47,352
	$209,128	$	

9,874 $219,002

RESULTS OF OPERATIONS (RESTATED)

Following are the results of operations of Market Resources' oil and gas exploration and development activities, before corporate overhead and interest expenses. In 1998, oil and gas properties were written down due to lower energy prices.

Year Ended December 31, 2000 (In Thousands)	United States	Canada	Total
Revenues From unaffiliated customers	$207,656	$38,072	$245,728
From affiliates	18		18
Total revenues	207,674	38,072	245,746
Production expenses	49,116	9,370	58,486
Exploration	5,533	2,442	7,975
Depreciation, depletion and amortization	51,973	13,196	65,169
Abandonment and impairment of oil and gas properties	2,327	1,091	3,418
Total expenses	108,949	26,099	135,048
Revenues less expenses	98,725	11,973	110,698
Income taxes - Note A	31,972	5,580	37,552
Results of operations before corporate overhead and interest expenses	$ 66,753	$ 6,393	$73,146

(In Thousands)	United States	Canada	Total
Year Ended December 31, 1999			
Revenues	$150,159	$12,316	$162,475
Production expenses	41,948	3,681	45,629
Exploration	4,803	321	5,124
Depreciation, depletion and amortization	51,927	3,550	55,477
Abandonment and impairment of oil and gas properties	5,542	1,993	7,535
Total expenses	104,220	9,545	113,765
Revenues less expenses	45,939	2,771	48,710
Income taxes - Note A	12,313	1,233	13,546
Results of operations before corporate overhead and interest expenses	$ 33,626	$ 1,538	$ 35,164
Year Ended December 31, 1998			
Revenues	$125,035	$10,474	$135,509
Production expenses	38,788	3,004	41,792
Exploration	4,434	1,332	5,766
Depreciation, depletion and amortization	45,301	3,302	48,603
Abandonment and impairment of oil and gas properties	10,045	5,092	15,137
Total expenses	98,568	12,730	111,298
Revenues less expenses	26,467	(2,256)	24,211
Income taxes - Note A	5,514	(896)	4,618
Results of operations before corporate overhead and interest expenses	$ 20,953	$(1,360)	$ 19,593

Note A - Income tax expenses has been reduced by nonconventional fuel tax credits of $4,655,000 in 2000, $5,282,000 in 1999 and $5,736,000 in 1998.

ESTIMATED QUANTITIES OF PROVED OIL AND GAS RESERVES

Estimates of the reserves located in the United States were made by Ryder Scott Company, H. J. Gruy and Associates, Inc., Netherland, Sewell & Associates, and Malkewicz Hueni Associates, Inc., independent reservoir engineers. Estimated Canadian reserves were prepared by Gilbert Laustsen Jung Associates Ltd. and Sproule Associates Ltd. Reserve estimates are based on a complex and highly interpretive process that is subject to continuous revision as additional production and development-drilling information becomes available. The quantities reported below are based on existing economic and operating conditions at December 31. All oil and gas reserves reported were located in the United States and Canada. The Company does not have any long-term supply contracts with foreign governments or reserves of equity investees.

Natural Gas Oil ----------- --- United States Canada Total United States Canada Total ---------
-- (MMcf)
(MBbl) Proved Reserves - --------------- Balance at January 1, 1998 357,529 21,134 378,663
12,664 2,435 15,099 Revisions of estimates 378 (3,568) (3,190) (3,165) 238 (2,927) Extensions
and discoveries 28,598 1,984 30,582 442 261 703 Purchase of reserves in place 129,207 5,110
134,317 3,720 71 3,791 Sale of reserves in place (440) (440) (76) (76) Production (48,584)
(2,725) (51,309) (1,936) (404) (2,340) --
--- Balance at December 31, 1998 466,688 21,935 488,623
11,649 2,601 14,250 Revisions of estimates 4,155 (106) 4,049 4,031 372 4,403 Extensions and
discoveries 77,737 1,720 79,457 794 257 1,051 Purchase of reserves in place 17,020 17,020 130
130 Sale of reserves in place (11,984) (11,984) (3,665) (3,665) Production (59,839) (2,873)
(62,712) (1,876) (435) (2,311) --
-------------------------------- Balance at December 31, 1999 493,777 20,676 514,453 11,063
2,795 13,858 Revisions of estimates 25,662 (7,890) 17,772 221 (64) 157 Extensions and
discoveries 123,155 2,511 125,666 1,532 208 1,740 Purchase of reserves in place 846 52,000
52,846 1 1,520 1,521 Sale of reserves in place (1,885) (1,885) (17) (17) Production (61,722)
(7,241) (68,963) (1,484) (741) (2,225) --
--- Balance at December 31, 2000 579,833 60,056 639,889
11,316 3,718 15,034
===
Proved-Developed Reserves - ------------------------- Balance at January 1, 1998 300,550
16,670 317,220 10,769 1,851 12,620 Balance at December 31, 1998 411,826 17,835 429,661 10,443
2,281 12,724 Balance at December 31, 1999 412,008 17,076 429,084 9,897 2,565 12,462 Balance at
December 31, 2000 434,122 55,623 489,745 9,696 3,077 12,773

STANDARDIZED MEASURE OF FUTURE NET CASH FLOWS RELATING TO PROVED RESERVES (RESTATED)

Future net cash flows were calculated at December 31 using year-end prices and known contract-price changes. The year-end prices do not include any impact of hedging activities. Year-end production costs, development costs and appropriate statutory income tax rates, with consideration of future tax rates already legislated, were used to compute the future net cash flows. All cash flows were discounted at 10% to reflect the time value of cash flows, without regard to the risk of specific properties.

The assumptions used to derive the standardized measure of future net cash flows are those required by accounting standards and do not necessarily reflect the Company's expectations. The usefulness of the standardized measure of future net cash flows is impaired because of the reliance on reserve estimates and production schedules that are inherently imprecise.

Year Ended December 31, United States Canada
Total - ---------------------- ---------------
-------------------------------- (In
Thousands) 2000 - ---- Future cash inflows
$5,412,945 $568,771 $5,981,716 Future
production costs (955,827) (73,583) (1,029,410)
Future development costs (107,355) (2,900)
(110,255) Future income tax expenses
(1,489,267) (182,537) (1,671,804) -------------
---------------------------------- Future net
cash flows 2,860,496 309,751 3,170,247 10%
annual discount to reflect timing of net cash
flows (1,316,114) (136,445) (1,452,559) -------

Standardized measure of discounted future net
cash flows $1,544,382 $173,306 $1,717,688

==
1999 - ---- Future cash inflows $1,332,761
$108,990 $1,441,751 Future production costs
(398,591) (28,280) (426,871) Future development
costs (61,034) (3,146) (64,180) Future income
tax expenses (188,988) (10,353) (199,341) -----

Future net cash flows 684,148 67,211 751,359
10% annual discount to reflect timing of net
cash flows (280,911) (23,652) (304,563) -------

Standardized measure of discounted future net cash flows $403,237 $43,559 $446,796
==

1998 - ---- Future cash inflows $982,404 $66,885 $1,049,289 Future production costs (320,355) (22,088) (342,443) Future development costs (45,138) (696) (45,834) Future income tax expenses (84,868) (84,868) -------------------- --------------------------- Future net cash flows 532,043 44,101 576,144 10% annual discount to reflect timing of net cash flows (212,959) (14,809) (227,768) ------------------ ------------------------------ Standardized measure of discounted future net cash flows $319,084 $29,292 $348,376
==

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

Year Ended December 31, 2000 1999 1998 -------- -- (In Thousands) Beginning balance $446,796 $348,376 $300,994 Sales of oil and gas produced, net of production costs (187,260) (116,846) (93,717) Net changes in prices and production costs 1,637,549 171,392 (53,613) Extensions and discoveries, less related costs 492,398 79,511 24,120 Revisions of quantity estimates 70,155 28,665 (14,399) Purchase of reserves in place 32,260 2,384 129,854 Sale of reserves in place (1,867) (33,043) (540) Accretion of discount 44,680 34,837 30,099 Net change in income taxes (776,276) (61,807) 5,632 Change in production rate (50,077) (8,859) 6,728 Other 9,330 2,186 13,218 -- -------- Net change 1,270,892 98,420 47,382 --- -- Ending balance $1,717,688 $446,796 $348,376
==

COST-OF-SERVICE ACTIVITIES

The following information is provided with respect to cost-of-service oil and gas properties managed and developed by Wexpro and regulated by the Wexpro settlement agreement. Information on the standardized measure of future net cash flows has not been included for cost-of-service activities because the operations of and return on investment for such properties are regulated by the Wexpro settlement agreement.

CAPITALIZED COSTS

Capitalized costs for cost-of-service oil and gas properties net of the related accumulated depreciation and amortization were as follows:

December 31, 2000 1999 1998 ------------------- ---------------------------- (In Thousands) Proved properties $348,403 $318,451 $297,809 Accumulated depreciation and amortization 193,029 180,867 168,236 ----------------------- ------------------------- $155,374 $137,584 $129,573
==

COSTS INCURRED

Costs incurred by Wexpro for cost-of-service oil and gas producing activities were $32,066,000 in 2000, $21,273,000 in 1999 and $26,956,000 in 1998.

RESULTS OF OPERATIONS

Following are the results of operations of the Company's cost-of-service gas and oil development activities before corporate overhead and interest expenses.

Year Ended December 31, 2000 1999 1998 --------

-- (In Thousands) Revenues From unaffiliated companies $15,179 $8,844 $10,025 From affiliates - Note A 73,721 62,335 58,581 -- Total revenues 88,900 71,179 68,606 Production expenses 27,861 18,548 22,439 Depreciation and amortization 13,922 12,665 11,379 -- Total expenses 41,783 31,213 33,818 -- Revenues less expenses 47,117 39,966 34,788 Income taxes 16,923 14,602 12,441 --- Results of operations before corporate overhead and interest expenses $30,194 $25,364 $22,347 ==

Note A - Represents revenues received from Questar Gas pursuant to Wexpro Settlement Agreement.

ESTIMATED QUANTITIES OF PROVED OIL AND GAS RESERVES

The following estimates were made by the Company's reservoir engineers. No estimates are available for cost-of-service proved-undeveloped reserves that may exist.

Natural Gas Oil --------------------------------- (MMcf) (MBbl) Proved Developed Reserves - --- ------------------------ Balance at January 1, 1998 337,179 3,049 Revisions of estimates 15,017 (46) Extensions and discoveries 25,077 333 Production (37,138) (613) -------------------------------- Balance at December 31, 1998 340,135 2,723 Revisions of estimates 5,699 976 Extensions and discoveries 46,739 213 Production (38,890) (623) ------------------------------- Balance at December 31, 1999 353,683 3,289 Revisions of estimates 16,523 504 Extensions and discoveries 50,351 234 Production (41,546) (579) ------------------------------- Balance at December 31, 2000 379,011 3,448 ================================

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 11th day of December 2001.

QUESTAR MARKET RESOURCES, INC.
(Registrant)

By /s/ G. L. Nordloh

G. L. Nordloh
President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ G. L. Nordloh - ------------------------ G. L. Nordloh	President & Chief Executive Officer; Director (Principal Executive Officer)

/s/ S. E. Parks - ------------------------ S. E. Parks	Vice President, Treasurer and Chief Financial Officer (Principal Financial Officer)
/s/ B. Kurtis Watts - ------------------------ B. Kurtis Watts	Manager, Accounting (Principal Accounting Officer)
*R. D. Cash	Chairman of the Board; Director
*Teresa Beck	Director
*Patrick J. Early	Director
*G. L. Nordloh	Director
*Keith O. Rattie	Director
December 11, 2001 - ------------------- Date	*By /s/ G. L. Nordloh ------------------------------- G. L. Nordloh, Attorney in Fact