

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended September 30, 2009

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

For the transition period from ___ to ___

QUESTAR MARKET RESOURCES, INC.

(Exact name of registrant as specified in its charter)

STATE OF UTAH

(State or other jurisdiction of
incorporation or organization)

000-30321

(Commission File Number)

87-0287750

(I.R.S. Employer
Identification No.)

180 East 100 South Street, P.O. Box 45601 Salt Lake City, Utah 84145-0601

(Address of principal executive offices)

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

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 No

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

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

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

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

On October 31, 2009, 4,309,427 shares of the registrant's common stock, \$1.00 par value, were outstanding. All shares are owned by Questar Corporation.

Registrant meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and is filing this form with the reduced disclosure format.

Questar Market Resources, Inc.
Form 10-Q for the Quarter Ended September 30, 2009

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

QUESTAR MARKET RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended Sept. 30,		9 Months Ended Sept. 30,	
	2009	2008	2009	2008
	(in millions)			
REVENUES				
From unaffiliated customers	\$474.9	\$601.0	\$1,379.2	\$1,789.6
From affiliated companies	59.8	60.4	184.9	169.8
Total Revenues	534.7	661.4	1,564.1	1,959.4
OPERATING EXPENSES				
Cost of natural gas and other products sold (excluding operating expenses shown separately)	108.9	124.9	290.2	492.0
Operating and maintenance	51.3	63.1	165.2	182.8
General and administrative	28.6	18.4	80.2	66.5
Production and other taxes	15.5	41.9	57.1	120.0
Depreciation, depletion and amortization	146.7	104.9	444.6	288.9
Exploration	6.3	7.4	18.3	14.7
Abandonment and impairment	5.1	4.1	12.6	10.3
Wexpro Agreement-oil income sharing	0.1	1.8	0.6	6.1
Total Operating Expenses	362.5	366.5	1,068.8	1,181.3
Net gain (loss) from asset sales	(0.4)	58.7	1.0	58.1
OPERATING INCOME	171.8	353.6	496.3	836.2
Interest and other income	1.3	4.6	5.8	8.8
Income from unconsolidated affiliates	0.9	0.8	2.0	1.2
Net mark-to-market gain (loss) on basis-only swaps	(10.7)	(22.5)	(173.4)	7.5
Interest expense	(17.2)	(18.0)	(49.3)	(49.0)
INCOME BEFORE INCOME TAXES	146.1	318.5	281.4	804.7
Income taxes	(53.5)	(118.5)	(102.3)	(298.8)
NET INCOME	92.6	200.0	179.1	505.9
Net income attributable to noncontrolling interest	(0.6)	(2.4)	(1.7)	(6.9)
NET INCOME ATTRIBUTABLE TO MARKET RESOURCES	\$ 92.0	\$197.6	\$ 177.4	\$ 499.0

See notes accompanying the condensed consolidated financial statements

QUESTAR MARKET RESOURCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	Sept. 30, 2009 (Unaudited)	December 31, 2008
	(in millions)	
ASSETS		
Current Assets		
Cash and cash equivalents		\$ 20.3
Notes receivable from affiliates	\$6.3	
Federal income taxes receivable		11.1
Accounts receivable, net	180.9	265.2
Accounts receivable from affiliates	25.5	28.1
Fair value of derivative contracts	184.9	431.3
Gas and oil storage	12.9	23.6
Materials and supplies	92.3	86.8
Prepaid expenses and other	28.7	28.0
Total Current Assets	531.5	894.4
Property, Plant and Equipment (successful efforts method for gas and oil properties)	7,788.2	7,070.8
Accumulated depreciation, depletion and amortization	(2,391.0)	(1,964.4)
Net Property, Plant and Equipment	5,397.2	5,106.4
Investment in unconsolidated affiliates	42.7	40.8
Goodwill	60.1	60.2
Fair value of derivative contracts	11.4	106.3
Other noncurrent assets	27.1	26.3
Total Assets	\$6,070.0	\$6,234.4
LIABILITIES AND EQUITY		
Current Liabilities		
Checks outstanding in excess of cash balances	\$ 9.8	
Notes payable to affiliates		\$ 89.4
Accounts payable and accrued expenses	347.4	477.4
Accounts payable to affiliates	15.6	14.1
Fair value of derivative contracts	109.3	0.5
Deferred income taxes – current	42.9	138.1
Total Current Liabilities	525.0	719.5
Long-term debt	1,273.7	1,299.1
Deferred income taxes	1,157.6	1,138.3
Asset retirement obligations	181.5	171.2
Fair value of derivative contracts	185.0	69.0
Other long-term liabilities	45.3	57.9
EQUITY		
Common stock	4.3	4.3
Additional paid-in capital	121.0	141.9
Retained earnings	2,426.5	2,262.1
Accumulated other comprehensive income	95.0	341.6
Total Common Shareholder's Equity	2,646.8	2,749.9
Noncontrolling interest	55.1	29.5
Total Equity	2,701.9	2,779.4
Total Liabilities and Equity	\$6,070.0	\$6,234.4

See notes accompanying the condensed consolidated financial statements

QUESTAR MARKET RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	9 Months Ended Sept. 30,	
	2009	2008
	(in millions)	
OPERATING ACTIVITIES	\$179.1	\$505.9
Net income		
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation, depletion and amortization	445.6	290.0
Deferred income taxes	70.0	272.4
Abandonment and impairment	12.6	10.3
Share-based compensation	10.7	8.1
Dry exploratory-well expense	3.6	2.3
Net (gain) loss from asset sales	(1.0)	(58.1)
(Income) from unconsolidated affiliates	(2.0)	(1.2)
Distributions from unconsolidated affiliates and other	0.3	1.3
Net mark-to-market (gain) loss on basis-only swaps	173.4	(7.5)
Changes in operating assets and liabilities	95.1	(10.9)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	987.4	1,012.6
INVESTING ACTIVITIES		
Capital expenditures		
Property, plant and equipment including dry exploratory well expense	(890.5)	(1,763.3)
Other investments		(11.5)
Total capital expenditures	(890.5)	(1,774.8)
Proceeds from disposition of assets	14.3	100.4
NET CASH USED IN INVESTING ACTIVITIES	(876.2)	(1,674.4)
FINANCING ACTIVITIES		
Checks outstanding in excess of cash balances	9.8	8.4
Change in notes receivable from affiliates	(6.3)	103.2
Change in notes payable to affiliates	(89.4)	(101.6)
Long-term debt issued, net of issuance costs	347.0	1,270.1
Long-term debt repaid	(375.0)	(600.0)
Distribution to noncontrolling interest	(4.6)	(6.3)
Dividends paid	(13.0)	(13.0)
Other		1.0
NET CASH (USED IN) PROVIDED FROM FINANCING ACTIVITIES	(131.5)	661.8
Change in cash and cash equivalents	(20.3)	
Beginning cash and cash equivalents	20.3	
Ending cash and cash equivalents	\$ -	\$ -

See notes accompanying the condensed consolidated financial statements

Note 1 – Nature of Business

Questar Market Resources, Inc. (Market Resources or the Company) is a natural gas-focused energy company, a wholly owned subsidiary of Questar Corporation (Questar) and Questar's primary growth driver. Market Resources is a subholding company with three major lines of business – gas and oil exploration and production, midstream field services, and energy marketing – which are conducted through four principal subsidiaries:

- Questar Exploration and Production Company (Questar E&P) acquires, explores for, develops and produces natural gas, oil, and natural gas liquids (NGL);
- Wexpro Company (Wexpro) manages, develops and produces cost-of-service reserves for gas utility affiliate, Questar Gas Company (Questar Gas);
- Questar Gas Management Company (Gas Management) provides midstream field services including natural gas-gathering and processing services for affiliates and third parties; and
- Questar Energy Trading Company (Energy Trading) markets equity and third-party natural gas and oil, provides risk-management services, and owns and operates an underground gas-storage reservoir.

Market Resources operates in the Rocky Mountain and Midcontinent regions of the United States of America and is headquartered in Salt Lake City, Utah. Principal offices are located in Denver, Colorado; Oklahoma City, Oklahoma; Tulsa, Oklahoma; and Rock Springs, Wyoming.

Note 2 – Basis of Presentation of Interim Consolidated Financial Statements

In July 2009 the Financial Accounting Standards Board (FASB) completed a revision of non-governmental U.S. GAAP into a single authoritative source and issued a codification of accounting rules and references. Authoritative standards included in the codification are designated by their Accounting Standards Codification (ASC) topical reference, and new standards will be designated as Accounting Standards Updates (ASU), with a year and assigned sequence number. The codification effort, while not creating or changing accounting rules, changed how users would cite accounting regulations. Citations in financial statements must identify the sections within the new codification. The codification is effective for interim and annual periods ending after September 15, 2009. The Company is complying with the new codification standards.

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

On January 1, 2009, Questar adopted new guidance (ASC 810) for the accounting, reporting and disclosure of noncontrolling interests. The new guidance requires that noncontrolling interest, previously known as minority interest, be clearly identified, labeled, and presented in the consolidated financial statements separate from the parent's equity; the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented in the consolidated income statement; changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently; and any retained noncontrolling equity investment in a former subsidiary be initially measured at fair value. The new provisions are applied prospectively from the date of adoption, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented.

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

The preparation of the condensed consolidated financial statements and notes in conformity with GAAP requires that management make estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from estimates. The results of operations for the three months and

nine months ended September 30, 2009, are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The condensed consolidated financial statements reflect management's consideration of known subsequent events as of November 5, 2009, the date that the consolidated financial statements were issued.

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

Note 3 – Share-Based Compensation

Questar issues stock options and restricted shares to certain officers, employees and non-employee directors under its Long-term Stock Incentive Plan (LTSIP). Questar has granted and continues to grant share-based compensation to certain Market Resources employees. Share-based compensation expense for the nine months ended September 30, 2009, was \$10.7 million compared with \$8.1 million in 2008.

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

	9 Months Ended Sept. 30, 2009
Fair value of options at grant date	\$35.38
Risk-free interest rate	1.78%
Expected price volatility	28.1%
Expected dividend yield	1.39%
Expected life in years	5.0

Unvested stock options increased by 458,000 shares in the first nine months of 2009. Stock-option transactions under the terms of the LTSIP are summarized below:

	Options Outstanding	Price Range	Weighted- average Price
Balance at January 1, 2009	1,470,450	\$ 7.50 – \$41.08	\$20.16
Granted	528,000	35.38	35.38
Exercised	(73,550)	8.50 – 14.01	11.04
Forfeited	(50,000)	28.58	28.58
Employee transfers	6,000	11.48 – 13.56	13.21
Balance at September 30, 2009	1,880,900	\$ 7.50 – \$41.08	\$24.54

Range of exercise prices	Options Outstanding			Options Exercisable		Unvested Options	
	Number outstanding at Sept. 30, 2009	Weighted-average remaining term in years	Weighted-average exercise price	Number exercisable at Sept. 30, 2009	Weighted-average exercise price	Number unvested at Sept. 30, 2009	Weighted-average exercise price
\$ 7.50	81,616	1.5	\$ 7.50	81,616	\$ 7.50		
11.48 - 11.98	367,842	2.4	11.71	367,842	11.71		
13.56 - 14.01	391,668	3.0	13.65	391,668	13.65		
17.55 - 28.58	251,774	2.2	27.95	14,274	17.55	237,500	\$28.58
\$35.38 - \$41.08	788,000	5.5	36.62	20,000	41.08	768,000	36.51
	1,880,900	3.7	\$24.54	875,400	\$12.95	1,005,500	\$34.63

Restricted-share grants typically vest in equal installments over a three to four year period from the grant date. Several grants vest in a single installment after a specified period. The weighted-average vesting period of unvested restricted shares at September 30, 2009, was 16 months. Transactions involving restricted shares in the LTSIP are summarized below:

	Restricted Shares	Price Range	Weighted- average Price
Balance at January 1, 2009	599,677	\$25.12 – \$70.13	\$46.35
Granted	211,300	29.30 – 36.88	35.12
Distributed	(200,788)	25.12 – 70.13	39.28
Forfeited	(25,426)	35.38 – 62.50	48.35
Balance at September 30, 2009	584,763	\$25.12 – \$70.13	\$44.63

Note 4 – Capitalized Exploratory Well Costs

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

	2009	2008
	(in millions)	
Balance at January 1,	\$17.0	\$1.5
Additions to capitalized exploratory well costs pending the determination of proved reserves	37.8	
Reclassifications to property, plant and equipment after the determination of proved reserves	(14.3)	
Capitalized exploratory well costs charged to expense	(2.7)	(1.5)
Balance at September 30,	\$37.8	\$ -

Note 5 – Fair-Value Measures

Beginning in 2008, Market Resources adopted the effective provisions of ASC 820 “Fair-Value Measurements” (formerly SFAS 157.) ASC 820 defines fair value in applying GAAP, establishes a framework for measuring fair value and expands disclosures about fair-value measurements. ASC 820 does not change existing guidance as to whether or not an instrument is carried at fair value. ASC 820 establishes a fair-value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Level 2 fair value of derivative contracts is located in Note 6 and is based on market prices posted on the NYMEX on the last trading day of the reporting period.

In February 2008, the FASB delayed the effective date of ASC 820 for one year for certain nonfinancial assets and nonfinancial liabilities, except those recognized or disclosed at fair value in the financial statements on a recurring basis. On January 1, 2009, Questar adopted, without material impact on the consolidated financial statements, the delayed provisions of ASC 820 related to nonfinancial assets and nonfinancial liabilities that are not required or permitted to be measured at fair value on a recurring basis, which includes, among other things, asset retirement obligations. The valuation of asset retirement obligations is a Level 3 fair value and is discussed in Note 7.

In April 2009, the FASB issued guidance requiring disclosures about fair value of financial instruments for interim periods as well as in annual financial statements. The new disclosure rules are effective for interim reporting periods ending after June 15, 2009. The following table discloses the fair value and related carrying amount of certain financial instruments not disclosed in other notes to the consolidated financial statements in this quarterly report on Form 10-Q:

	Carrying Amount September 30, 2009	Estimated Fair Value September 30, 2009	Carrying Amount December 31, 2008	Estimated Fair Value December 31, 2008
(in millions)				
Financial assets				
Cash and cash equivalents			\$ 20.3	\$ 20.3
Notes receivable from affiliates	\$ 6.3	\$ 6.3		
Financial liabilities				
Checks outstanding in excess of cash balances	9.8	9.8		
Note payable to affiliates			89.4	89.4
Long-term debt	1,275.0	1,322.5	1,300.0	1,180.9

Cash and cash equivalents, notes receivable from affiliates, checks outstanding in excess of cash balances and notes payable to affiliates – the carrying amount approximates fair value.

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

Note 6 – Derivative Contracts

Market Resources' subsidiaries use commodity-based derivative instruments in the normal course of business. Market Resources has established policies and procedures for managing commodity-price risks through the use of derivative instruments. On January 1, 2009, the Company adopted a revision to ASC 815 "Derivatives and Hedging", which requires more detailed information about hedging transactions including the location and effect on the primary consolidated financial statements.

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

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

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

All derivative instruments are required to be recorded on the balance sheet as either an asset or a liability measured at its fair value. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria of SFAS 133 determines how change in fair value of the derivative instrument is reflected in the consolidated financial statements. A derivative instrument qualifies for hedge accounting, if at inception, the derivative is expected to be highly effective in offsetting the underlying hedged cash flows. Generally, Market Resources' derivative instruments are matched to equity gas and oil production, thus qualifying as cash flow hedges. Changes in the fair value of effective cash flow hedges are recorded as a component of accumulated other comprehensive income (AOCI) on the Condensed Consolidated Balance Sheets and reclassified to earnings as gas and oil sales when the underlying physical transactions occur. Gas hedges are typically structured as fixed-price swaps into regional pipelines, locking in basis and hedge effectiveness. A basis-only swap does not qualify for hedge accounting treatment.

Market Resources regularly reviews the effectiveness of derivative instruments. The ineffective portion of cash flow hedges and the mark to market adjustment of basis-only swaps are immediately recognized in the determination of net income.

**3 Months Ended 9 Months Ended
September 30, 2009**

(in millions)

Effect of derivative instruments designated as hedges		
Revenues		
Fixed-price swaps increased revenues	\$159.4	\$492.5
Cost Of Natural Gas And Other Products Sold		
Fixed-price swaps increased product costs	4.2	8.1
Effect of derivative instruments not designated as hedges		
Net mark-to-market (loss) on basis-only swaps	(\$ 10.7)	(\$173.4)

Contract settlements for the first nine months of 2009 resulted in a transfer of \$216.7 million after-tax income from AOCI to the Consolidated Statements of Income. In the next twelve months \$110.1 million will be settled and transferred from AOCI to the Consolidated Statements of Income. The following table discloses Level 2 fair value of derivative contracts on a gross-contract basis as opposed to the net-contract basis presentation on the Condensed Consolidated Balance Sheets. The fair value of these derivative contracts is based on prices posted on the NYMEX on the last trading day of the reporting period.

Level 2 fair value	Sept. 30, 2009
	(in millions)
Assets	
Fixed-price swaps	\$434.7
Basis-only swaps	
Fair value of derivative instruments - short term	\$434.7
Fixed-price swaps	\$ 34.1
Basis-only swaps	
Fair value of derivative instruments - long term	\$ 34.1
Liabilities	
Fixed-price swaps	\$150.2
Basis-only swaps	208.9
Fair value of derivative instruments - short term	\$359.1
Fixed-price swaps	\$167.8
Basis-only swaps	39.9
Fair value of derivative instruments - long term	\$207.7

Some previously reported basis-only swaps for 2010 and 2011 have been combined with NYMEX gas-price swaps or collars for 2010 and 2011 and now qualify as cash flow hedges. The following table sets forth Market Resources' hedged volumes and average net to the well hedge prices as of September 30, 2009:

Questar E&P Equity Production

Year	Time Periods	Quantity	Average hedge price, net to the well ^(a) (estimated)
Gas (Bcf) Fixed-price Swaps			
2009	Fourth quarter	33.1	\$7.57
2010	12 months	150.9	5.26
2011	12 months	85.1	4.87
2012	12 months	27.1	5.89
2013	12 months	33.7	5.97
Gas (Bcf) Collars			
			Floor- Ceiling
2011	12 months	7.1	5.82 - 7.91
Gas (Bcf) Basis-only Swaps			
2009	Fourth quarter	6.4	2.49
2010	12 months	6.7	0.95
2011	12 months	30.5	2.03
Oil (Mbb) Fixed-price Swaps			
2009	Fourth quarter	368	59.03
2010	12 months	913	60.66
Oil (Mbb) Collars			
			Floor- Ceiling
2010	12 months	730	47.60 – 96.10
2011	12 months	730	47.60 - 105.15

Energy Trading Marketing Transactions

Year	Time Periods	Quantity	Average price per MMBtu
Gas Sales (millions of MMBtu) Fixed-price Swaps			
2009	Fourth quarter	3.0	\$4.05
2010	12 months	7.8	4.55
Gas Purchases (millions of MMBtu) Fixed-price Swaps			
2009	Fourth quarter	2.5	3.46
2010	12 months	4.2	3.92

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

Note 7 – Asset Retirement Obligations

Market Resources records asset retirement obligations (ARO) when there are legal obligations associated with the retirement of tangible long-lived assets. At Market Resources, ARO apply primarily to abandonment costs associated with gas and oil wells, production facilities and certain other properties. The fair value of retirement costs are estimated by Company personnel based on abandonment costs of similar properties (Level 3 inputs under fair-value measurement provisions) available to field operations and depreciated over the life of the related assets. Revisions to ARO estimates result from changes in expected cash flows or material changes in estimated retirement costs. Income or expense resulting from the settlement of ARO liabilities is included in net gain or (loss) from asset sales on the Consolidated Statements of Income. The ARO liability is adjusted to present value each period through an accretion calculation using a credit-adjusted risk-free interest rate. Changes in ARO were as follows:

Level 3 fair value	2009	2008
	(in millions)	
ARO liability at January 1,	\$171.2	\$145.3
Accretion	8.0	7.0
Liabilities incurred	2.3	13.6
Revisions	2.4	1.5
Liabilities settled	(2.4)	(2.1)
ARO liability at September 30,	\$181.5	\$165.3

Wexpro collects from Questar Gas and deposits in trust certain funds related to estimated ARO costs. The funds are used to satisfy retirement obligations as the properties are abandoned and recorded in other noncurrent assets on the Consolidated Balance Sheets. Trust funds are invested primarily in a money-market account with a balance of \$11.2 million at September 30, 2009. The fair value of Wexpro's trust is based on asset summary statements provided by the bank holding the trust and considered Level 2 fair value measurement.

Note 8 – Change in Ownership Interest

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

Note 9 – Operations by Line of Business

Market Resources' major lines of business include gas and oil exploration and production (Questar E&P and Wexpro), midstream field services (Gas Management) and energy marketing (Energy Trading). Line-of-business information is presented according to senior management's basis for evaluating performance including differences in the nature of products, services and regulation. Following is a summary of operations by line of business:

	3 Months Ended Sept. 30,		9 Months Ended Sept. 30,	
	2009	2008	2009	2008
	(in millions)			
Revenues from Unaffiliated Customers				
Questar E&P	\$294.6	\$381.0	\$ 900.3	\$1,030.1
Wexpro	5.2	12.0	11.0	28.8
Gas Management	65.3	73.8	166.5	209.1
Energy Trading and other	109.8	134.2	301.4	521.6
Total	\$474.9	\$601.0	\$1,379.2	\$1,789.6
Revenues from Affiliated Companies				
Wexpro	\$ 53.8	\$ 54.7	\$ 166.6	\$ 153.4
Gas Management	6.4	6.1	19.6	17.4
Energy Trading and other	80.6	229.2	250.9	713.3
Subtotal	140.8	290.0	437.1	884.1
Intercompany transactions	(81.0)	(229.6)	(252.2)	(714.3)
Total	\$ 59.8	\$ 60.4	\$ 184.9	\$ 169.8
Operating Income				
Questar E&P	\$104.6	\$272.4	\$ 317.1	\$611.2
Wexpro	31.6	29.7	90.4	83.3
Gas Management	35.1	42.6	78.9	113.5

Energy Trading and other	0.5	8.9	9.9	28.2
Total	\$171.8	\$ 53.6	\$ 496.3	\$ 836.2
Net Income Attributable to Market Resources				
Questar E&P	\$ 49.6	\$146.8	\$ 64.3	\$ 60.1
Wexpro	20.6	20.4	59.2	55.4
Gas Management	21.5	24.5	47.4	64.7
Energy Trading and other	0.3	5.9	6.5	18.8
Total	\$ 92.0	\$197.6	\$ 177.4	\$ 499.0

Note 10 – Comprehensive Income

Comprehensive income is the sum of net income attributable to Market Resources as reported in the Consolidated Statements of Income and other comprehensive income (loss). Other comprehensive income (loss) includes changes in the market value of commodity-based derivative instruments. Comprehensive income (loss) attributable to Market Resources is shown below:

	3 Months Ended Sept. 30,		9 Months Ended Sept. 30,	
	2009	2008	2009	2008
	(in millions)			
Net income	\$ 92.6	\$200.0	\$ 179.1	\$505.9
Other comprehensive income (loss)				
Net unrealized income (loss) on derivatives	(252.5)	1,024.4	(392.5)	211.9
Income taxes	93.9	(388.1)	145.9	(80.2)
Net other comprehensive income (loss)	(158.6)	636.3	(246.6)	131.7
Comprehensive income (loss)	(66.0)	836.3	(67.5)	637.6
Comprehensive income attributable to noncontrolling interest	(0.6)	(2.4)	(1.7)	(6.9)
Total comprehensive income (loss) attributable to Market Resources	(\$ 66.6)	\$833.9	(\$ 69.2)	\$630.7

Note 11 – Financings

In August 2009, Market Resources issued \$300.0 million of notes due March 2020 with a 6.82% effective interest rate and used the net proceeds to reduce the balance outstanding under its long-term revolving-credit facility.

Note 12 – Recent Accounting Development

On September 15, 2009, the FASB issued an exposure draft titled “Extractive Industries – Oil and Gas (Topic 932).” The exposure draft is intended to align FASB accounting and reporting requirements with the SEC’s “Modernization of Oil and Gas Reporting” finalized in December 2008. The SEC revised oil and gas reserve estimation and reporting requirements. The new rules expand the definition of oil and gas reserves to include, among other things, non-traditional sources, optional disclosure of probable and possible reserves and economic producibility based on modified pricing assuming a 12-month average when estimating reserves. The new rules are effective beginning with annual reports on Form 10-K filed for years ending December 31, 2009, and early adoption is not permitted. The Company is evaluating the effect of the SEC’s rule changes on future oil and gas disclosures, income, cash flow and the balance sheet.

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

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

RESULTS OF OPERATIONS

Following are comparisons of net income attributable to Market Resources by line of business:

	3 Months Ended Sept.30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
(in millions)						
Exploration and Production						
Questar E&P	\$49.6	\$146.8	(\$97.2)	\$64.3	\$360.1	(\$295.8)
Wexpro	20.6	20.4	0.2	59.2	55.4	3.8
Midstream Field Services - Gas Management	21.5	24.5	(3.0)	47.4	64.7	(17.3)
Energy Marketing - Energy Trading and other	0.3	5.9	(5.6)	6.5	18.8	(12.3)
Net income attributable to Market Resources	\$92.0	\$197.6	(\$ 105.6)	\$177.4	\$499.0	(\$321.6)

EXPLORATION AND PRODUCTION

Questar E&P

Questar E&P reported net income of \$49.6 million in the third quarter of 2009, down 66% from \$146.8 million in the 2008 quarter. Net income for the quarter fell primarily as the result of a 20% lower realized equivalent price, a 17% increase in per Mcfe production costs and a \$36.5 million after-tax gain in the prior-year quarter from the sale of assets. Net income for the first nine months of 2009 declined 82% to \$64.3 million compared to \$360.1 million a year earlier. Following is a summary of Questar E&P financial and operating results:

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
(in millions)						
Operating Income						
Revenues						
Natural gas sales	\$252.9	\$308.4	(\$ 55.5)	\$787.8	\$ 832.8	(\$45.0)
Oil and NGL sales	40.6	71.2	(30.6)	109.0	193.0	(84.0)
Other	1.1	1.4	(0.3)	3.5	4.3	(0.8)
Total Revenues	294.6	381.0	(86.4)	900.3	1,030.1	(129.8)
Operating expenses						
Operating and maintenance	29.5	32.3	(2.8)	96.1	90.5	5.6
General and administrative	17.3	11.5	5.8	50.5	41.8	8.7
Production and other taxes	10.5	27.6	(17.1)	39.5	86.6	(47.1)
Depreciation, depletion and amortization	120.7	84.4	36.3	367.2	232.6	134.6
Exploration	6.3	7.4	(1.1)	18.3	14.7	3.6
Abandonment and impairment	5.1	4.1	1.0	12.6	10.3	2.3
Natural gas purchases					0.5	(0.5)
Total Operating Expenses	189.4	167.3	22.1	584.2	477.0	107.2
Net gain (loss) from asset sales	(0.6)	58.7	(59.3)	1.0	58.1	(57.1)
Operating Income	\$104.6	\$272.4	(\$167.8)	\$317.1	\$ 611.2	(\$294.1)
Operating Statistics						
Questar E&P production volumes						
Natural gas (Bcf)	39.2	40.4	(1.2)	119.0	111.0	8.0
Oil and NGL (MMbbl)	0.7	0.8	(0.1)	2.5	2.4	0.1

Total production (Bcfe)	43.8	45.3	(1.5)	134.1	125.4	8.7
Average daily production (MMcfe)	476.0	492.1	(16.1)	491.3	457.6	33.7
Questar E&P average realized price, net to the well (including hedges)						
Natural gas (per Mcf)	\$6.46	\$7.64	(\$1.18)	\$6.62	\$7.50	(\$0.88)
Oil and NGL (per bbl)	\$52.41	\$87.34	(\$34.93)	\$43.14	\$80.41	(\$37.27)

The company reported production of 43.8 Bcfe in the third quarter of 2009 compared to 45.3 Bcfe in the 2008 quarter, a 3% decrease. Natural gas is Questar E&P's primary focus. On an energy-equivalent basis, natural gas comprised approximately 89% of Questar E&P 2009 production. A comparison of natural gas-equivalent production by major operating area is shown in the following table:

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
	(in Bcfe)					
Midcontinent	20.3	17.9	2.4	61.1	49.5	11.6
Pinedale Anticline	14.7	15.4	(0.7)	43.4	41.2	2.2
Uinta Basin	5.6	6.9	(1.3)	17.9	19.7	(1.8)
Rockies Legacy	3.2	5.1	(1.9)	11.7	15.0	(3.3)
Total Questar E&P	43.8	45.3	(1.5)	134.1	125.4	8.7

Company production increased 7% in the first nine months of 2009 compared to a year earlier. In the Midcontinent, production grew 23% to 61.1 Bcfe in the first nine months of 2009. Ongoing development drilling in the Haynesville formation play in northwest Louisiana and the Woodford Shale play in the Anadarko Basin of western Oklahoma were the main contributors to the production increase. Questar E&P production from the Pinedale Anticline in western Wyoming grew 5% to 43.4 Bcfe in the first nine months of 2009 as a result of ongoing development drilling. In the Uinta Basin, production decreased 9% to 17.9 Bcfe in the first nine months of 2009 due to decreased drilling activity. Questar E&P Rockies Legacy 2009 production of 11.7 Bcfe was 3.3 Bcfe lower than a year ago. Rockies Legacy properties include all of the company's Rocky Mountain region properties except the Pinedale Anticline and the Uinta Basin. Production volumes from both the Midcontinent and Rockies were reduced in the first nine months of 2009 by price-related shut-ins, curtailments and deferred completions of new wells.

Realized prices for natural gas, oil and NGL at Questar E&P were lower when compared to the prior year. In the first nine months of 2009, the weighted-average realized natural gas price for Questar E&P (including the impact of hedging) was \$6.62 per Mcf compared to \$7.50 per Mcf for the same period in 2008, a 12% decrease. Realized oil and NGL prices in the first nine months of 2009 averaged \$43.14 per bbl, compared with \$80.41 per bbl during the prior year period, a 46% decrease. A regional comparison of average realized prices, including hedges, is shown in the following table:

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
Natural gas (per Mcf)						
Midcontinent	\$ 6.99	\$ 8.55	(\$ 1.56)	\$ 7.33	\$ 8.42	(\$ 1.09)
Rocky Mountains	5.97	7.03	(1.06)	6.01	6.91	(0.90)
Volume-weighted average	6.46	7.64	(1.18)	6.62	7.50	(0.88)
Oil and NGL (per bbl)						
Midcontinent	\$52.79	\$88.59	(\$35.80)	\$44.10	\$78.87	(\$34.77)
Rocky Mountains	52.20	86.64	(34.44)	42.54	81.46	(38.92)
Volume-weighted average	52.41	87.34	(34.93)	43.14	80.41	(37.27)

Questar E&P hedged approximately 83% of 2009 and 81% of 2008 third quarter gas production. Hedging increased Questar E&P 2009 gas revenues by \$156.7 million and 2008 gas revenues by \$24.5 million. Approximately 58% of 2009 and 48% of 2008 Questar E&P oil production was hedged. Oil hedges decreased revenues \$0.7 million in 2009 and \$13.9 million in 2008.

Questar E&P hedged approximately 81% of 2009 and 82% of 2008 first nine months gas production. Hedging increased Questar E&P 2009 gas revenues by \$459.8 million and reduced 2008 gas revenues by \$12.6 million. Approximately 39% of 2009 and 51% of 2008 Questar E&P oil production was hedged. Oil hedges increased revenues \$5.2 million in 2009 and decreased revenues \$37.0 million in 2008.

Questar E&P production costs per Mcfe of production increased 17% to \$4.43 per Mcfe in the third quarter of 2009 versus \$3.79 per Mcfe in 2008. First nine months 2009 production costs per Mcfe increased \$0.53 or 13% compared to the 2008 period. All reported unit-cost metrics, except production taxes, were negatively impacted by price-related voluntary production curtailments during the 2009 periods compared to the 2008 periods. Questar E&P production costs are summarized in the following table:

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
	(per Mcfe)					
Depreciation, depletion and amortization	\$2.76	\$1.86	\$0.90	\$2.74	\$1.86	\$0.88
Lease operating expense	0.67	0.71	(0.04)	0.72	0.72	
General and administrative expense	0.40	0.25	0.15	0.38	0.33	0.05
Allocated interest expense	0.36	0.35	0.01	0.34	0.34	
Production taxes	0.24	0.62	(0.38)	0.29	0.69	(0.40)
Total Production Costs	\$4.43	\$3.79	\$0.64	\$4.47	\$3.94	\$0.53

Production volume-weighted average depreciation, depletion and amortization expense (DD&A) per Mcfe increased due to relatively higher costs of drilling, completion and related services and the increased cost of steel casing, other tubulars and wellhead equipment during the peak level of industry activity in 2008. DD&A per Mcfe of production also increased due to second-half 2008 and first-quarter 2009 price-related negative reserve revisions, ongoing depletion of older, lower-cost reserves and the increasing share of Questar E&P production from properties that were acquired and developed in a higher-cost environment. General and administrative expense per Mcfe of production increased \$0.15 compared the prior year, but remained flat compared with the second quarter of 2009. The lower expense in the comparable 2008 quarter resulted from a significant reduction in deferred compensation expense (non-cash) as a result of a decline in the price of Questar common stock during the 2008 quarter. Production taxes per Mcfe decreased as the result of lower natural gas and oil sales prices.

Questar E&P exploration expense decreased \$1.1 million or 15% in the third quarter of 2009 compared to 2008. Abandonment and impairment expense increased \$1.0 million, or 24% in 2009 compared to 2008. For the first nine months of 2009, Questar E&P exploration expense increased \$3.6 million or 24% compared to 2008. Abandonment and impairment expense increased \$2.3 million, or 22% in 2009 compared to 2008.

In the third quarter of 2008, Questar E&P sold certain outside-operated producing properties and leaseholds in the Gulf Coast region of south Texas and recognized a pre-tax gain of approximately \$58.7 million. These properties contributed 2.8 Bcfe to Questar E&P net production in the first nine months of 2008.

Mark-to-market losses on natural gas basis-only swaps decreased third quarter 2009 net income \$6.7 million, compared to a \$14.0 million after-tax loss in the 2008 period and decreased nine month 2009 net income \$108.9 million compared to a \$4.6 million after-tax gain in the 2008 period.

Major Questar E&P Operating Areas

Midcontinent

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

Questar E&P has approximately 43,000 net acres of Haynesville Shale lease rights in northwest Louisiana. The depth of the top of the Haynesville Shale ranges from approximately 10,500 feet to 12,500 feet across Questar E&P's leasehold and is below the Hosston and Cotton Valley formations that Questar E&P has been developing in northwest Louisiana for over a decade. Questar E&P continues infill-development drilling in the Hosston and Cotton Valley formations in northwest Louisiana and intends to drill or participate in up to 35 horizontal Haynesville Shale wells in 2009. As of September 30, 2009, Questar E&P had six

operated rigs drilling in the project area and operated or had working interests in 598 producing wells in northwest Louisiana compared to 463 at September 30, 2008.

Pinedale Anticline

As of September 30, 2009, Market Resources (including both Questar E&P and Wexpro) operated and had working interests in 402 producing wells on the Pinedale Anticline compared to 312 at the end of the third quarter of 2008. Of the 402 producing wells, Questar E&P has working interests in 380 wells, overriding royalty interests in an additional 21 Wexpro-operated wells, and no interest in one well operated by Wexpro. Wexpro has working interests in 124 of the 402 producing wells.

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

Uinta Basin

As of September 30, 2009, Questar E&P had an operating interest in 920 producing wells in the Uinta Basin of eastern Utah, compared to 895 at September 30, 2008. Uinta Basin proved reserves are found in a series of vertically stacked, laterally discontinuous reservoirs at depths of 5,000 feet to deeper than 18,000 feet. Questar E&P owns interests in over 255,000 gross leasehold acres in the Uinta Basin.

Rockies Legacy

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

Wexpro

Wexpro reported net income of \$20.6 million in the third quarter of 2009 compared to \$20.4 million in 2008, a 1% increase and first nine months net income of \$59.2 million in 2009 compared to \$55.4 million in 2008, up 7%. Wexpro 2009 results benefited from a higher average investment base compared to the prior-year period. Pursuant to the Wexpro Agreement, Wexpro recovers its costs and receives an unlevered after-tax return of approximately 19-20% on its investment base. Wexpro's investment base is its investment in commercial wells and related facilities adjusted for working capital and reduced for deferred income taxes and depreciation. Wexpro investment base at September 30, 2009, was \$419.5 million compared to \$374.9 million a year ago, a 12% increase.

MIDSTREAM FIELD SERVICES – Gas Management

Gas Management, which provides gas-gathering and processing-services, reported net income of \$21.5 million in the third quarter of 2009 compared to \$24.5 million in the same period of 2008. Net income was \$47.4 million in the first nine months of 2009 compared to \$64.7 million in the 2008 period. The decrease in net income was driven by lower processing margins and increased depreciation expense. Following is a summary of Gas Management financial and operating results:

	3 Months Ended Sept. 30,			9 Months Ended Sept. 30,		
	2009	2008	Change	2009	2008	Change
	(in millions)					
<i>Operating Income</i>						
Revenues						
Processing	\$30.3	\$ 38.2	(\$7.9)	\$70.7	\$114.0	(\$43.3)
Gathering	30.3	32.5	(2.2)	93.2	89.3	3.9
Other gathering	11.1	9.2	1.9	22.2	23.2	(1.0)
Total Revenues	71.7	79.9	(8.2)	186.1	226.5	(40.4)
Operating expenses						
Operating and maintenance	17.5	24.8	(7.3)	53.3	76.1	(22.8)
General and administrative	7.2	4.6	2.6	17.9	15.3	2.6

Production and other taxes	0.9	0.9		2.9	1.7	1.2
Depreciation, depletion and amortization	11.2	7.0	4.2	33.1	19.9	13.2
Total Operating Expenses	36.8	37.3	(0.5)	107.2	113.0	(5.8)
Net gain from asset sales	0.2		0.2			
Operating Income	\$35.1	\$42.6	(\$7.5)	\$78.9	\$113.5	(\$34.6)

Operating Statistics

Natural gas processing volumes

NGL sales (MMgal)	28.1	19.7	8.4	74.3	65.9	8.4
NGL sales price (per gal)	\$0.77	\$1.53	(\$0.76)	\$0.63	\$1.38	(\$0.75)

Fee-based processing volumes (in millions of MMBtu)

For unaffiliated customers	31.0	27.9	3.1	72.8	70.3	2.5
For affiliated customers	24.9	29.6	(4.7)	77.7	80.6	(2.9)
Total Fee-Based Processing Volumes	55.9	57.5	(1.6)	150.5	150.9	(0.4)

Fee-based processing (per MMBtu)	\$0.15	\$0.14	\$0.01	\$0.16	\$0.14	\$0.02
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Natural gas gathering volumes (in millions of MMBtu)

For unaffiliated customers	60.0	57.6	2.4	187.7	163.6	24.1
For affiliated customers	35.6	46.4	(10.8)	122.0	121.7	0.3
Total Gas Gathering Volumes	95.6	104.0	(8.4)	309.7	285.3	24.4

Gas gathering revenue (per MMBtu)	\$0.32	\$0.31	\$0.01	\$0.30	\$0.31	(\$0.01)
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Total processing margins (revenues minus direct plant expenses and processing plant-shrink) for the third quarter of 2009 decreased 7% to \$22.1 million compared to \$23.7 million in 2008 and declined 28% to \$45.4 million in the first nine months of 2009 compared to \$63.2 million in the 2008 period. The keep-whole processing margin (frac spread) decreased 12% or \$2.2 million in the third quarter of 2009 compared to the 2008 quarter and 38% in the first nine months of 2009 compared to the first nine months of 2008. Fee-based gas-processing volumes decreased 3% in the third quarter of 2009 to 55.9 million MMBtu and were 150.5 million MMBtu in the first nine months of 2009 compared to 150.9 million MMBtu in the 2008 period. Fee-based gas-processing revenues increased \$0.8 million or 10% compared to the year ago quarter and \$2.4 million or 11% in the first nine months of 2009 compared to the first nine months of 2008.

Total gathering margins (revenues minus direct gathering expenses) increased 3% in the third quarter of 2009 to \$32.2 million compared to \$31.4 million in 2008. Total gathering margins in the first nine months of 2009 were \$87.4 million compared to \$87.2 million in 2008. Gathering volumes decreased 8.4 million MMBtu, or 8% to 95.6 million MMBtu in the third quarter of 2009 and increased 24.4 million MMBtu or 9% in the first nine months of 2009 compared with the 2008 periods. Expanding Pinedale production and new projects serving third parties in the Uinta Basin contributed to a 15% increase in third-party volumes in the first nine months of 2009 compared to the 2008 period.

Approximately 76% of Gas Management net operating revenue was derived from fee-based processing and gathering contracts compared to 74% in the 2008 quarter. Gas Management may use forward sales contracts to reduce processing-margin volatility associated with keep-whole contracts. Forward sales contracts reduced NGL revenues by \$1.4 million in first nine months of 2008.

Depreciation expense grew \$4.2 million or 60% in the third quarter of 2009 and \$13.2 million or 66% in the first nine months of 2009 compared with the 2008 periods as the result of investment additions in 2008.

ENERGY MARKETING – Energy Trading

Energy Trading and other net income was \$0.3 million in the third quarter of 2009, a decrease of 95% compared to \$5.9 million in the 2008 quarter and decreased \$12.3 million in the first nine months of 2009 compared to 2008 as a result of lower marketing margins. First nine month revenues from unaffiliated customers were \$301.4 million in 2009 compared to \$521.6 million in 2008, a 42% decrease, primarily the result of lower natural gas prices. The weighted-average natural gas sales price decreased 58% in the first nine months of 2009 to \$3.06 per MMBtu compared to \$7.22 per MMBtu in the 2008 period.

Consolidated Results below Operating Income

Interest expense

Interest expense increased 1% in the first nine months of 2009 compared to a year ago due primarily to 2008 financing activities associated with the purchase of two natural gas development properties in northwest Louisiana. Interest expense decreased 4% in the third quarter of 2009 compared with the third quarter of 2008 due to lower interest rates.

Net mark-to-market gain (loss) on basis-only swaps

The Company's basis-only swaps do not qualify for hedge accounting. The Company recognized a pre-tax net mark-to-market loss of \$10.7 million on natural gas basis-only swaps in the third quarter of 2009 compared to a \$22.5 million loss in the third quarter of 2008. The first nine months 2009 loss was \$173.4 million compared to a gain of \$7.5 million in the 2008 period.

Income taxes

The effective combined federal and state income tax rate was 36.4% in the first nine months of 2009 compared with 37.1% in the 2008 period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

As of September 30, 2009, Market Resources held commodity-price hedging contracts covering about 371.7 million MMBtu of natural gas and 2.7 million barrels of oil and basis-only swaps on an additional 43.6 Bcf of natural gas. A year earlier the Market Resources hedging contracts covered 281.2 million MMBtu of natural gas, 1.1 million barrels of oil and natural gas basis-only swaps on an additional 185.4 Bcf. Changes in the fair value of derivative contracts from December 31, 2008 to September 30, 2009 are presented below:

	Fixed-price Swaps	Basis-only Swaps	Total
	(in millions)		
Net fair value of gas- and oil-derivative contracts outstanding at Dec. 31, 2008	\$543.6	(\$ 75.5)	\$468.1
Contracts realized or otherwise settled	(340.4)	12.4	(328.0)
Change in gas and oil prices on futures markets	(241.2)	6.7	(234.5)
Contracts added	(3.6)		(3.6)
Contracts re-designated as fixed-price swaps	192.4	(192.4)	
Net fair value of gas- and oil-derivative contracts outstanding at Sept. 30, 2009	\$150.8	(\$248.8)	(\$ 98.0)

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

	Fixed-price Swaps	Basis-only Swaps	Total
	(in millions)		
Contracts maturing by Sept. 30, 2010	\$284.5	(\$208.9)	\$75.6
Contracts maturing between Oct. 1, 2010 and Sept. 30, 2011	(98.6)	(29.9)	(128.5)
Contracts maturing between Oct. 1, 2011 and Sept. 30, 2012	(30.4)	(10.0)	(40.4)
Contracts maturing between Oct. 1, 2012 and Sept. 30, 2013	(4.7)		(4.7)
Net fair value of gas- and oil-derivative contracts outstanding at Sept. 30, 2009	\$150.8	(\$248.8)	(\$98.0)

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

	2009	Sept. 30, 2008
	(in millions)	
Net fair value – asset (liability)	(\$ 98.0)	\$273.0
Fair value if market prices of gas and oil and basis differentials decline by 10%	160.3	443.9
Fair value if market prices of gas and oil and basis differentials increase by 10%	(356.2)	102.0

Interest-Rate Risk Management

As of September 30, 2009, Market Resources had \$1,150.0 million of fixed-rate long-term debt and \$125.0 million of variable-rate long-term debt.

Forward-Looking Statements

This quarterly report may contain or incorporate by reference information that includes or is based upon “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, exploration efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

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

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

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

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures.

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

Changes in Internal Controls.

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

In *United States ex rel. Grynberg v. Questar Corp.*, Civil No. 99-MD-1604, consolidated as *In re Natural Gas Royalties Qui Tam Litigation*, Consolidated Case MDL No. 1293 (D. Wyo.), Jack Grynberg filed claims against Questar and other natural gas companies under the federal False Claims Act (Act) alleging industry-wide mismeasurement of natural gas quantities on which federal royalty payments are made. The trial court dismissed the case on jurisdictional grounds because Grynberg was not the "original source" of information for the alleged mismeasurement as required by the Act. The 10th Circuit Court of Appeals affirmed the dismissal in March 2009. On October 5, 2009, the U.S. Supreme Court denied Grynberg's petition for *certiorari*, which concludes the matter.

ITEM 6. EXHIBITS.

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

<u>Exhibit No.</u>	<u>Exhibits</u>
12.	Ratio of Earnings to Fixed Charges.
31.1.	Certification signed by C. B. Stanley, Questar Market Resources, Inc.'s Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification signed by Richard J. Doleshek, Questar Market Resources, Inc.'s Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification signed by C. B. Stanley and Richard J. Doleshek, Questar Market Resources, Inc.'s President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

QUESTAR MARKET RESOURCES, INC.
(Registrant)

November 5, 2009

/s/C. B. Stanley
C. B. Stanley
President and Chief Executive Officer

November 5, 2009

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

Exhibit No.

Exhibits

- | | |
|-------|--|
| 12. | Ratio of Earnings to Fixed Charges. |
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| 32. | Certification signed by C. B. Stanley and Richard J. Doleshek, Questar Market Resources, Inc.'s President and Chief Executive Officer and Executive Vice President and Chief Financial Officer, respectively, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

Exhibit No. 12.

Questar Market Resources, Inc.
Ratio of Earnings to Fixed Charges
(Unaudited)

	9 Months Ended Sept. 30,	
	2009	2008
	(dollars in millions)	
Earnings		
Income before income taxes	\$281.4	\$804.7
Plus interest expense	49.3	49.0
Plus interest portion of rental expense	1.7	1.4
Plus distributions from unconsolidated affiliates	0.1	0.4
Less net income attributable to noncontrolling interest	(1.7)	(6.9)
Less income from unconsolidated affiliates	(2.0)	(1.2)
Total Earnings	\$328.8	\$847.4
Fixed Charges		
Interest expense	\$49.3	\$49.0
Plus interest portion of rental expense	1.7	1.4
Total Fixed Charges	\$51.0	\$50.4
Ratio of Earnings to Fixed Charges	6.4	16.8

For purposes of this presentation, earnings represent income before income taxes adjusted for fixed charges, earnings and distributions of unconsolidated affiliates and noncontrolling interest. Fixed charges consist of total interest charges (expensed and capitalized), amortization of debt issuance costs, and the interest portion of rental expense estimated at 50%.

CERTIFICATION

I, C. B. Stanley, certify that:

1. I have reviewed this report of Questar Market Resources, Inc. on Form 10-Q for the period ended September 30, 2009;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2009

/s/C. B. Stanley
C. B. Stanley
President and Chief Executive Officer

CERTIFICATION

I, Richard J. Doleshek, certify that:

1. I have reviewed this report of Questar Market Resources, Inc. on Form 10-Q for the period ended September 30, 2009;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2009

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

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

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

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

QUESTAR MARKET RESOURCES, INC.

November 5, 2009

/s/C. B. Stanley
C. B. Stanley
President and Chief Executive Officer

November 5, 2009

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