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September 22, 1995

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William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Case No. 11273: In the Matter of the Hearing Called by the Oil Conservation Division to Adopt Rules to Implement the Natural Gas and Crude Oil Production Incentive Act

Dear Mr. LeMay:

I am filing this Pre-Hearing Statement on behalf of El Paso Natural Gas Company ("El Paso") for the September 28 hearing in this matter before the Oil Conservation Commission. El Paso will propose an amendment to the proposed regulations to clarify that "compression" means natural gas compressors installed on gathering lines as well as near the wellhead. El Paso intends to present its evidence and testimony through two witnesses who are employed by the company.

Very truly yours,



Edmund H. Kendrick

EHK:km