

Justis Glorieta Hearing

Name: Michael S. Wilkinson

Employer: Meridian Oil Inc.

Responsibilities: Midland Region Supply Coordinator - Job responsibilities include the contracting for the gathering, transportation, processing, and sale for approximately 148 MMcf/d of company owned production located in our Midland region which includes the Justis Glorieta Field. I have been employed by Meridian for five (5) years.

1.) Demand Exceeds Current Supply

- Gas Daily Article dated 8/6/92, Fundamental Changes In Gas Industry references a study made by Arthur Anderson and Company with Cambridge Energy Research Associates stating "Demand growth has been the most important factor in tightening the market balance, as consumption rose nearly 20% over the past 5 years, according to the study. Supply on the other hand, declined last year when the top 40 reserve holders replaced only 72% of production."
- Gas Daily Article dated 8/20/92 1992 Demand Nears Record; 1993 to Follow Suit. " By all accounts, this is going to be a near-record year for gas demand, reaching over 20 trillion cf - a level not seen since 1979." "But next year, residential demand is expected to rise 8.2% and industrials demand will rise by more than 4%, according to EIA."
- As further evidence of the tightening of supply, is the unseasonable and rapid increase of mainline index prices in the Permian Basin as well as other supply areas. For the comparable periods of May, June, July and August of 1990, 1991 and 1992 the prices have continued to rise. The table below shows the average of the three Permian Basin Index's in \$/MMbtu.

	<u>1990</u>	<u>1991</u>	<u>1992</u>
May	1.403	1.333	1.437
June	1.433	1.240	1.547
July	1.420	1.040	1.440
August	1.397	1.203	1.857

2.) Location Of Gas Supply

- Gas supply source is strategically located to service markets on the Gulf Coast, East Coast, and West Coast through various transportation arrangements on numerous pipelines and interconnects.

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3.) Available Plant Capacity

- Sid Richardson's Jal Plant

Sid Richardson is actively pursuing new and retaining old gas supply.

Jal Plant design capacity is 140,000 MCF/D but is only processing 105,000 MCF/D for a plant 75% plant utilization.

Jal Plant is currently being upgraded by adding a Cryogenic facility for greater product recovery efficiencies.

- Texaco Eunice Plant

Texaco is actively pursuing new gas supplies in this area.

Texaco has recently extend its system to this area laying 18 miles of 10" & 20" mainline trunk. They have also installed 2 new compressor stations to handle this and other gas in this area.

Eunice Plant design is 140,000 MCF/D but is only processing 100,000 MCF/D for a plant utilization of 71%.

4.) Natural Gas Liquids

- Currently there is an exceptionally strong market for NGL's, with chemical plant demands overloading the NGL pipeline transportation system and keeping the price high for this time of year.

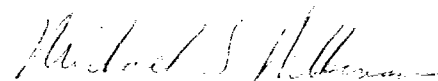
- Seminole Pipeline/Mapco has constructed a new liquids pipeline from the Hobbs area to Mount Belview, Texas to be completed in January 1993, that adds an additional 150,000 barrels/d capacity which will alleviate any future capacity constraints.

5) Sales Agreements

- Meridian Oil has in place gathering, processing, and marketing arrangements for our current and additional supplies of gas if the allowable is increased for this field.

- See attached letter from Sid Richardson Carbon and Gasoline Company, stating the available capacity and desire to purchase additional volumes.

I, Michael S. Wilkinson certify that the information as stated is true and correct to the best of my knowledge and belief.



Michael S. Wilkinson

Meridian Oil Inc.

Regional Supply Coordinator