

**EL PASO NATURAL GAS COMPANY'S AMENDMENT TO RULES IMPLEMENTING
THE NATURAL GAS AND CRUDE OIL PRODUCTION INCENTIVE ACT**

El Paso Natural Gas Company respectfully requests an amendment to the proposed Rules and Procedures for Qualification of Well Workover Projects by adding the following definition of "Compression":

*EPNG Exhibits 1 and 2
Complete Set*

C.12. "Compression" means natural gas compressors that an Operator causes to be installed on its lease near the wellhead, or causes to be installed, either acting alone or in conjunction with other Operators, on gathering lines connected to wells on the Operator's lease.

We propose to add this definition to the rules to clarify that "compression" includes both compression installed near the wellhead and compression installed on gathering lines. Like wellhead compression, compression installed on gathering lines increases production from wells. In many cases, compression installed on gathering lines, serving a number of wells, can be more cost effective to the operator than wellhead compression.

Therefore, by adding this definition to the proposed rules, all compression is given the same tax incentive. As a result, the operator is free to select the type of compression that maximizes production at the least cost.

El Paso Natural Gas Angel Peak Lateral Compression Project

