

NATURAL GAS WEEK

March 2, 1992

"Gas demand is at a 10 year high." The Energy Information Administration (EIA) says, "gas demand for 1991 was up 3.3% over 1990".

Gary D. Simon
Cambridge Energy Research Associates

Before the
OIL CONSERVATION COMMISSION
Santo Fe, New Jersey
Case No. 9018 Exhibit No. 1
Submitted By: M. Simon 011
Hearing Date: 3/12/92

NATURAL GAS WEEK

March 2, 1992

Canada's gas exports to the United States reached a record 1.62 TCF in the contract year ending October 31, 1991. National Energy Board (NEB) data show annual export volumes rose 14%, or nearly 200 BCF, to 1.62 TCF. This continued a trend that has seen exports grow by about 75% since the 1986-87 contract year.

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SUBMITTED BY: 9018 EXHIBIT NO. 2
HEARING DATE: _____

NATURAL GAS WEEK

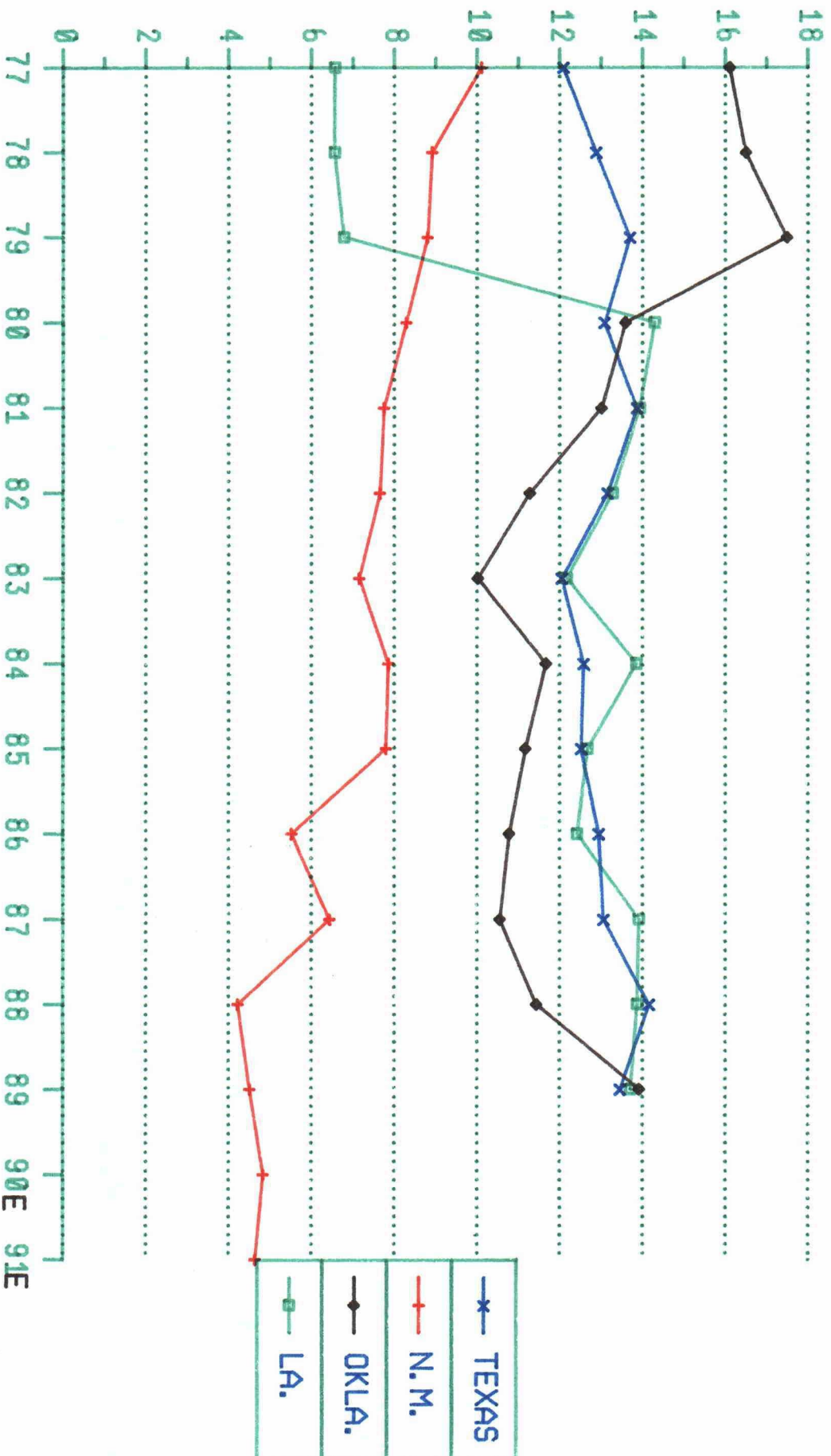
March 2, 1992

"Continuing disputes between the CPUC and the Canadian interests may open the door for Southwest supplies."
"Naturally we believe that production in the Southwest can provide the lowest-cost supplies rather than building new high-cost expansions from Canada."

Ronald H. Merrett
Director of New Mexico's
Office of Interstate Gas Marketing

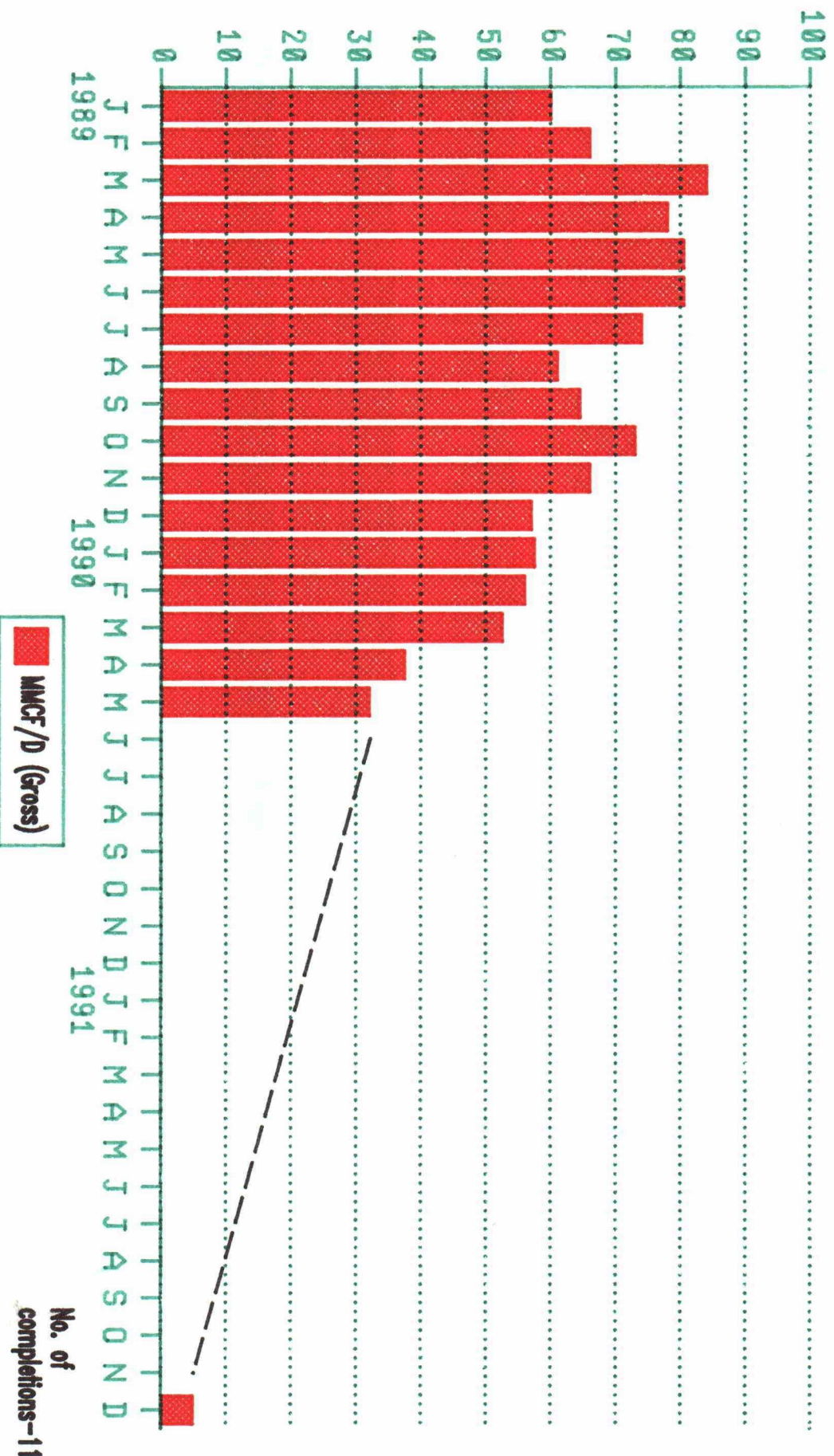
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OIL COMMISSION
CASE NO. 298 EXHIBIT NO. 3
SUBMITTED BY: _____
HEARING DATE: _____

Annual Gas Production As A % of Reserves

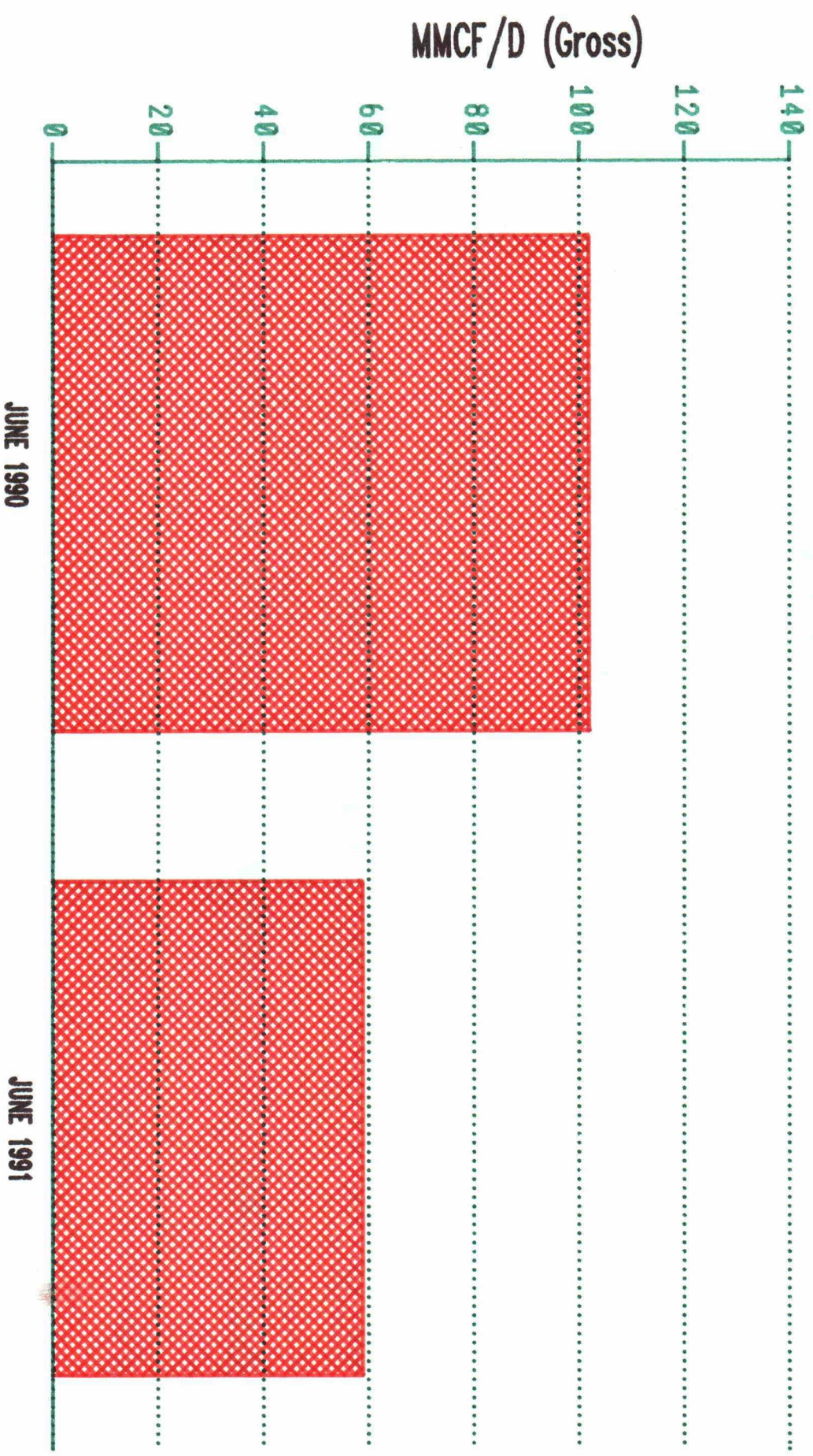


SOURCE: INTERSTATE OIL
COMPACT COMMISSION

Northwest Prorated Gas Pools MERIDIAN OIL - ALL FORMATIONS 12 X's OVERPRODUCED

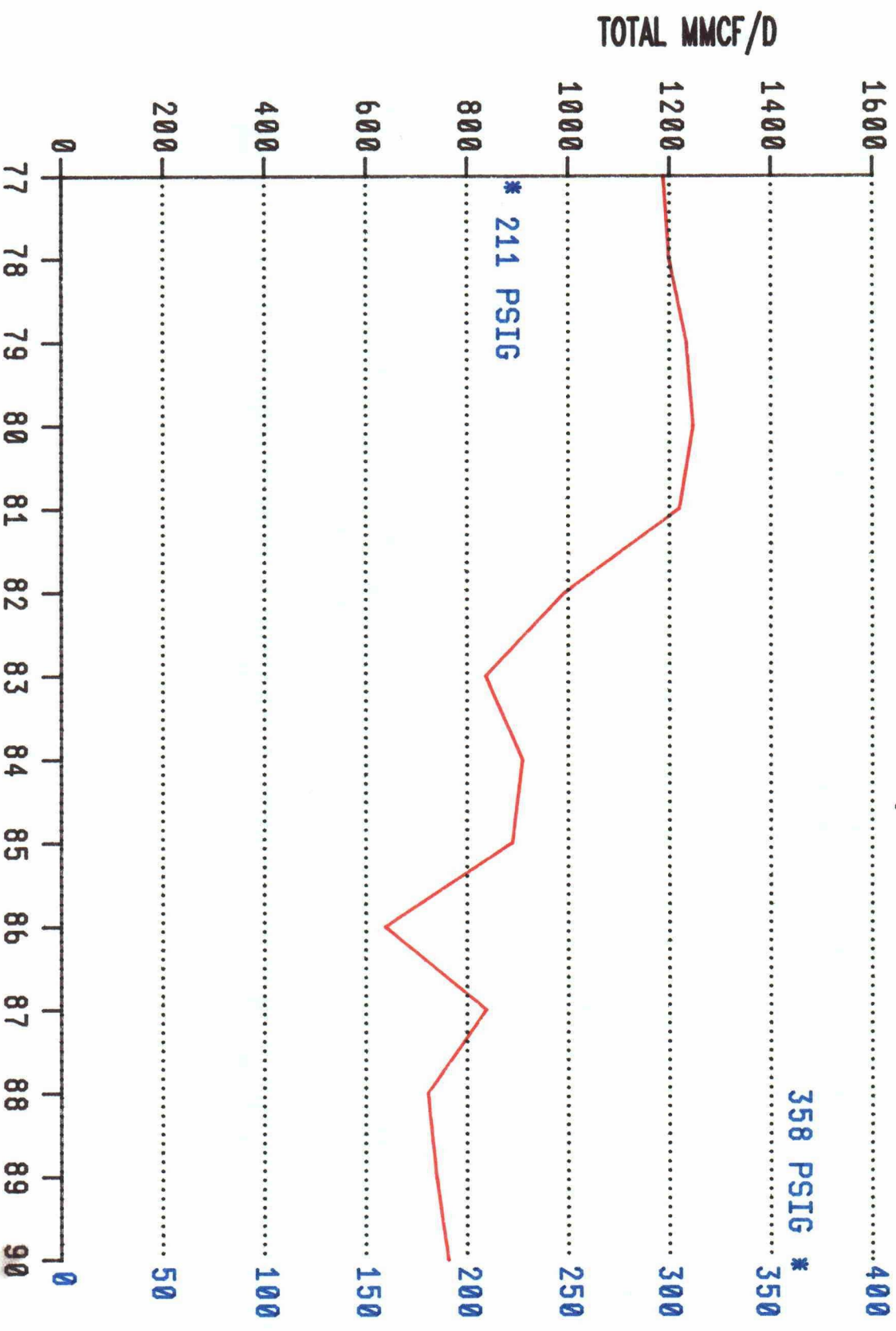


Northwest Prorated Gas Pools
6 TO 12 X's OVERPRODUCED
DELIVERABILITY (D) TOTALS
ALL FORMATIONS AND ALL OPERATORS



Northwest New Mexico Prorated Gas Production 1977-1990 by Year

EPNG HIGH
PRESSURE SYS



STATUS OF SAN JUAN BASIN PIPELINE EXPANSIONS

- Transwestern -

Additional 500 MMCFD of takeaway capacity should be fully operational in March, 1992.

- El Paso Natural Gas -

Additional 800 MMCFD of takeaway capacity should be fully operational in April, 1992.

MERIDIAN'S CONCLUSIONS

- **The continuation of the Rule 11(b) provides needed flexibility to the proration system in the San Juan Basin;**
- **There will be a reduction in the gas sales from the San Juan Basin Prorated Gas Pools without the 12 times overproduction rule;**
- **New Mexico could lose United States domestic market share to Canadian gas imports if Rule 11(b) is terminated;**
- **It is premature to alter Rule 11(b) until both the Transwestern and El Paso Natural Gas Company pipeline expansions are in place and fully operational;**
- **Rule 11(b) has not been demonstrated to cause waste or to impair correlative rights; and**
- **There have been no adverse effects attributed to this Rule since the last hearing.**

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 9018 Exhibit No. 9
Submitted By: _____
Hearing Date: _____

MERIDIAN'S RECOMMENDATION

- **Continuance of Rule 11(b) as amended by Order R-8170-A for an additional two years to June 1, 1994.**

OVERPRODUCTION LIMITS

NORTHWEST NEW MEXICO

AMOCO RECOMMENDATION:

EXTEND THE AMENDED RULE 11 (b) ALLOWING 12 TIMES OVERPRODUCTION FOR A PERIOD OF AT LEAST ONE YEAR

CONCERNS:

- 1) NEW PIPELINE CAPACITY IS EXPECTED TO HAVE SIGNIFICANT IMPACT ON PRODUCTION AND ALLOWABLES
- 2) NOT ALL REVISIONS TO PRORATION SYSTEM ARE FULLY IMPLEMENTED
- 3) NEED TO UNDERSTAND THESE IMPACTS BEFORE INTRODUCING ANY OTHER CHANGES TO THE NEW MEXICO PRORATION SYSTEM

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Ronald H. Merrett
Director of New Mexico's
Office of Interstate Gas Marketing

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 5048 Exhibit No. 3
Submitted By: _____
Hearing Date: _____