

NEW MEXICO GAS COMPANY

ORIGINAL RULE NO. 2

DESCRIPTION OF SERVICE

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- (a) New Mexico Gas Company is a gas utility operating within the State of New Mexico in the following service areas:

Northwest Service Area: Those portions of the Company's Central and Northwest New Mexico Districts in which gas is supplied from owned facilities of the Northwest supply system including the counties of San Juan (except Fruitland-Kirtland and environs), Rio Arriba (except Chama-Dulce and environs), Taos, Valencia (Rio Grande Valley only, except Belen and environs), Sandoval, Los Alamos, Santa Fe and Bernalillo.

Southeast Service Area: That area of the Company's Eastern New Mexico District in which gas is supplied from owned facilities of the Southeast Supply System including the counties of Chaves, Lea and Eddy (except Loving and environs).

Southern Division Service Area: Those portions of the Company's Eastern New Mexico and Northwest New Mexico Districts in which gas is supplied from El Paso Natural Gas Company's Southern Division or Western Gas Interstate Company's Southern System including the counties of San Juan (Fruitland-Kirtland only), McKinley, Valencia including Belen and environs (except the Rio Grande Valley), Grants, Sierra, Hidalgo, Luna, Dona Ana, Otero and Eddy (Loving and environs only).

Eastern Service Area: That portion of the Company's Eastern New Mexico District in which gas is supplied solely from El Paso Natural Gas Company's Field and Production system including the counties of Curry, Roosevelt and Quay.

Northeast Service Area: That portion of the Company's Eastern New Mexico District located in and around Clayton in Union County.

Chama-Dulce Service Area: That portion of the Company's Northwest New Mexico District in which gas is supplied from Brazos Gas Transmission, Ltd. Located in and around Chama and Dulce in Rio Arriba County.

The Company will provide gas service to any applicant located within any of the above-described service areas in accordance with the provisions of its Rates and the terms and conditions of these Rules as filed with and approved by the New Mexico Public Regulation Commission.

- (b) The following service areas are designated Restricted Supply Areas and the extension of service to any applicant or increase in volumes delivered to any existing non-residential customer shall be limited as provided in Paragraph (c) of this Rule:

None.

**EFFECTIVE**  
JAN 30 2009  
REPLACED BY NMPRC  
BY F10 08-00078-4T

Advice Notice No. 1

Ryan Shell  
V.P. Controller & Treasurer  
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The provisions of paragraph (c) of this Rule shall supersede any conflicting portions of any Rates or Rule of Service applicable in New Mexico.

(c) In any Restricted Supply Area, the Company shall not provide service to additional customers or increase deliveries to existing customers which might imperil the supply of gas to presently served customers except as expressly provided in this Rule. The following rules shall apply in a Restrictive Supply Area.

(1) Service is limited to locations served on the date the service is designated a Restricted Supply Area unless a commitment to serve has been made by the Company. A location shall be considered to be served if gas was being delivered on the indicated date or the location had been previously served and it can be reinstated by a "turn-on" or installation of a meter only. A commitment to provide gas service shall be deemed to exist for:

- (i) any structure which was under construction but not yet completed on the date the service area was designated a Restricted Supply Area that can be served from an existing main providing the owner thereof applies for service within 30 days after such date; and
- (ii) any location which can be served directly from any main upon which an advance has been made and an extension agreement is in effect, providing that the commitment shall apply to only the number of applicants required to refund the advance and only for the term of the extension agreement.

Gas service shall be considered to apply to the location served and may not be transferred to another location.

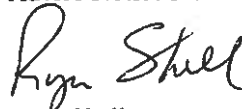
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(2) Existing customers other than those in single family residences must not add or replace any gas burning appliances which will increase usage in any month above the maximum previously delivered during the same month in any previous year (adjusted for changes in weather) or 900 therms, whichever is greater. Service may be discontinued to any customer failing to comply with this provision after notice and a reasonable time to disconnect the necessary appliances (not to exceed 60 days). Service shall be reinstated when the customer has demonstrated to the Company's satisfaction that the cause of the excess consumption has been corrected. A penalty for excess usages of more than one location in the service area provided that service is discontinued to all but one of the locations.

(3) From time to time the Company shall review the supply situation in each restricted supply area. Whenever either additional gas becomes available or usage by existing customers is reduced to the extent that projected future deliveries within the service area will be less than those of a similar period prior to the volume limitation month, the Company may apportion such excess to new and existing customers. The priority of new service shall be:

New single family residences located adjacent to existing mains,

New small (900 Therms per month or less) non-residential applicants located adjacent to existing mains,

New single family residences in any location,

Existing non-residential customers.

To facilitate such releases on an orderly basis, the Company shall maintain a list of applicants for new and increased service. Upon a release of gas, applications within a priority group shall be granted in order received until all applications within the group have been granted. Applications shall apply to location and shall not be transferable from site to site. Any release of gas shall be by service area in toto.

(4) Whenever an applicant has been advised that gas is available for him, he shall have 30 days to accept service and six months thereafter to make the necessary installation of equipment and request service. Any applicant failing to meet either deadline shall be deemed to have refused service and his application shall be discarded.

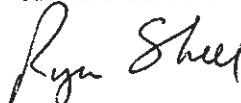
(d) All gas delivered to any customer is for the sole use of such customer on that customer's premises only, and such gas shall not be redelivered or resold unless otherwise expressly agreed to in writing by the Company.

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