

Date Gas Service Desired _____
 Date of Application _____
 Own Rent Type of Gas Service (check one) Residential
 Commercial Other: _____
 Customer's Name _____

 Business Name (if applicable) _____

 Type of Business (check one) Corporation Partnership Sole
 Proprietorship Other _____
 Social Security Number _____ / _____ / _____
 Service Address (City/State/Zip) _____

 Mailing Address (City/State/Zip) _____

 Occupation _____
 Employer _____ Phone _____
 Applicant's Telephone No. (Home) _____
 Spouse Employer _____
 Phone _____
 Owner of Premises (Name) _____

 Address _____

 Previous Owner/Tenant _____
 Phone _____
 Have you previously had an account with Zia? Yes No
 Number of years _____
 If Yes, at what location? _____

 Do you presently have gas service in your name? Yes No
 If yes, what address? _____

 Do you want to discontinue your present gas service?
 Yes No If yes, what date? _____

 After Hours Emergency Contact:
 Name _____
 Telephone _____ Nearest Relative (other than Spouse)
 Name _____
 Address _____
 Application Taken By _____
 Officer's Signature (if business): _____

 Application Taken By _____
 The Customer attests that by signing this application, he/she has received
 and read a copy of the Company's Customer service guide.
 Customer's Signature: _____

ZIA NATURAL GAS COMPANY

CUSTOMER SERVICE GUIDE

Zia Natural Gas Company is committed to providing reliable and economical natural gas service to all its customers. This Customer Service Guide is provided to you as a summary of the terms and conditions of service Zia is required to maintain under state regulation. A complete copy of Zia's Rates, Rules and Forms is available for your review in each of our district offices. If you have any questions about your natural gas service, please call or visit your local district office.



**NEW MEXICO'S NATURAL CHOICE....
 ZIA NATURAL GAS COMPANY**

APPLYING FOR SERVICE

All customers are required to fill out an Application Form and bring it or send it by fax to the local office. All customers are required to fill out an Application Form and bring it or send it by fax to the local office. A customer who owns or is purchasing a home, or is currently employed full-time and has been for a year, or can provide a credit reference from another utility will not be required to pay a security deposit. Security deposits will be required for a customer who is renting and/or who has not previously had utility service and who has not established an acceptable credit rating, for a customer who has been delinquent in payments three or more times in one year ("Chronically Delinquent"), or as a condition for reconnection of service following discontinuance of service by the company. The deposit is equal to one sixth (1/6) of the estimated annual billings for that location, or not more than one and one-half (1 & 1/2) times an estimated maximum monthly bill, if there is no usage history at that location. Your deposit will be returned, with interest, after 12 months.

BILLING PROCEDURES

Your Natural Gas Bill

Your natural gas bill includes the following charges, based upon the amount of usage:

1. Cost of gas - this is the cost for the gas supply purchased by Zia for delivery to its customers. Zia purchases its gas supply on a contract based on market costs. Zia does not mark-up this cost, and it is subject to state review and approval.
2. Distribution and Transmission charges: these are the costs for operating and maintaining Zia's transmission and distribution systems, including the pipelines, meters, and regulators and all equipment and personnel necessary to provide your service.

Your bill will also include a monthly Base Charge that is incurred regardless of whether you use any gas. This is a customer access fee, associated with meter reading, administrative and accounting operations, and other customer service operations.

The Distribution, Transmission and Base Charges are reviewed and approved by the state regulatory commission, and cannot be changed without a general rate case. Your bill will also reflect the local sales tax and in some areas, a franchise fee, which is paid by Zia to the city or county for use of public rights-of-way in providing your natural gas service.

Your bill is due when you receive it, and if not paid, after twenty (20) calendar days from the mailing date, it is considered Delinquent. A late charge of 1.5% will be imposed on Delinquent balances.

A. A residential budget payment plan is available. The monthly payment amount is determined by taking the total usage for the previous 12 months and dividing by 12, normalized for weather and rate variations. The budget payment plan is available to a residential customer who is current in payments for gas service or who has entered into and is complying with a Payment Agreement and who has at least nine (9) months usage history. You can apply for a budget payment plan in April, May, June and July. Should a budget payment plan customer become Chronically Delinquent, the Company may remove such customer account from the budget payment plan.

B. Estimated Bills-Zia will send an estimated bill only if we are unable to obtain access to your meter or a meter is defective or has been evidently tampered with or bypassed, or weather conditions prohibit meter reading. Bills can only be based on estimated usage for no more than two (2) consecutive billing periods. We will attempt to contact you to alleviate the conditions preventing us from reading your meter. If we underestimate your usage and then correct your bill, you can participate in an installment payment plan with regard to the underestimated amount.

C. Disputed Bills-If you believe your bill is inaccurate, you must advise the Company that utility charges are in dispute by written notice, by telephone, or in person; provided that if notice is provided by telephone or in person, then you need to give us written notice of the dispute within five (5) days from the date of telephone or personal contact. The undisputed amount must still be paid when due. We will attempt to promptly resolve any dispute as quickly as possible, by working with you first through our clerks, then our district manager and our manager of regulatory affairs. If the dispute cannot be resolved, then you may file a complaint with the state regulatory commission. Zia's Rule No. 13 provides more detailed information about disputed bills.

DISCONTINUANCE OF NATURAL GAS SERVICE

For our customer's protection, any customer desiring discontinuance of their natural gas service account must give notice to us in writing at the local office. We also some-

times interrupt service for a reasonable period for repairs or maintenance of our system; when this happens, we will make every effort to notify you and assist in relighting appliances.

The Company may discontinue service without prior notice:

1. In the event of a condition determined to be hazardous.
2. If your use of equipment adversely affects the Company's equipment or service to others.
3. If you tamper with, damage, or deliberately destroy the equipment furnished and owned by the Company.
4. In the event of unauthorized use of service.
5. In an emergency. Service can be discontinued with three (3) days notice under the following conditions:
 1. Refusal to grant access to equipment for the purpose of inspection, meter reading, maintenance or replacement.
 2. Failure to furnish such service, equipment, permits, certificates, and/or rights of way, as shall have been specified by the Company as a condition to obtaining service, or in the event such equipment or permission is withdrawn or terminated.
 3. Violation of and/or non-compliance with the Company's rules on file with and approved by the state regulatory commission.
 4. Failure to fulfill contractual obligations for utility service and/or facilities other than Payment Agreements.

Service may be discontinued after seven (7) days written notice for:

1. Failure to comply with the terms and conditions of a Payment Agreement.

Service may be discontinued after fifteen (15) days written notice for:

1. Nonpayment of a delinquent account.
2. Failure to post a required security deposit or guarantee.

The Company will not discontinue service for:

1. Failure to pay for special services.
2. Failure to pay for service received at a separate service point, residence or location; however any unpaid balance may be transferred to your account.
3. Failure to pay for a different class of service received at the same or different location.
4. Failure to pay the disputed amount of a bill.

5. Delinquency in payment for service to a previous occupant of the same premises unless a court has found the new customer legally liable for the debt of the previous occupant or the previous occupant continues to reside at the premises.
6. Failure to pay the bill of another customer as guarantor thereof.

We will notify a third party - a specific person, organization, or governmental agency - on your behalf, who is willing to assist you in the payment of utility bills. Just fill out one of our Third Party Guaranty forms.

If you are in danger of being disconnected, and there is someone in your household who is chronically or seriously ill, you may avoid discontinuance by submitting a complete Medical Certificate and Financial Certificate, found on the back of your shut-off notice, and executing a Payment Agreement.

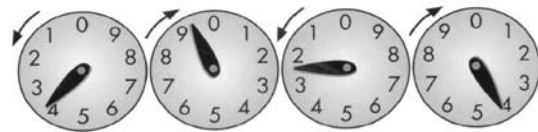
To avoid being disconnected, or if you have been disconnected, you may enter into a Payment Agreement with the Company that will allow for three installment payments of the amount due, over a two week period.

ENERGY ASSISTANCE PROGRAMS

The New Mexico Human Services Department offers the Low-Income Home Energy Assistance Program to help low income families pay their heating bills. In Hobbs, the office is located at 2120 North Alto, Suite D, (505)397-3400. In Lincoln County, the office is located at 101 Fifth Street, Ruidoso (505)257-6165.

HOW TO READ YOUR METER

On your gas meter, refer to the four large dials. Read the dials from left to right, and write down the lowest number the hand of each dial has passed. That gives you the current reading on your meter. To determine how much gas you've used, subtract the previous month's reading, shown on your bill, from the current reading.



If you have any questions about your natural gas service, please call or visit your local office. We're here to help you.

For the Lincoln County, Alto, Ruidoso, Ruidoso Downs Areas:

707 Short Drive
Ruidoso Downs, New Mexico 88346
505-378-4277
800-520-4277

For the Hobbs Area:

510 E. Bender
Hobbs, New Mexico 88240
505-392-4277
800-470-9900

For the Jal Area:

101 South Fourth Street
Jal, NM 88252
505-395-2080

For the Maxwell, Springer and Raton Areas:

Maxwell Village Hall
316 Maxwell Avenue
Maxwell, New Mexico 87728
505-375-2277

For the Cimarron Area:

Blue Moon Eclectics
333 Ninth Street
Cimarron, New Mexico 87714
505-376-9040



ZIA NATURAL GAS COMPANY

APPLICATION FOR GAS SERVICE

Zia Natural Gas Company, (the "Company") is hereby requested to provide gas service at the location herein described (the "premises"), and to furnish, own and maintain metering and regulating equipment located on the premises, and the Customer agrees to take and pay for such service.

As a condition to such service, it is understood and agreed as follows:

1. All private service lines, piping, appurtenant facilities, and gas-burning appliances or equipment (excluding metering and regulating equipment), located on or within the premises, shall be owned, maintained and controlled by the Customer and/or premises' owner in accordance with the Company's rules, tariffs, and other applicable laws and regulations as amended from time to time. Except as otherwise required by law, the Company is in no way responsible for the inspection, testing, maintenance, or repair of equipment or facilities not owned by the Company.
2. The Customer agrees to pay for gas service at the Company's established rates as amended and changed from time to time, plus all sales, use, excise and other taxes and fees. The Customer further agrees to abide by the Company's present and future rules, tariffs and other applicable laws and regulations as a condition of gas service.
3. The Customer agrees that the Company will have the right of access to the Customer's premises at reasonable times for the purpose of installing, reading, inspecting, testing, maintaining, or repairing metering and regulating equipment, or for the purpose of removing its property, and for all other proper and lawful purposes. The Customer shall properly protect the Company's property located on the premises.
4. The Company shall not be liable for damages due to interruptions in service and the Customer shall hold the Company harmless from any and all claims or liability for damage or injury to persons or property which may arise out of or be caused by the construction, maintenance, use, or operation of service lines, piping, facilities, equipment, or appliances which are located on the premises.
5. For gas service requiring conversion to natural gas from alternative fuel source: Customer understands that in some cases the conversion to natural gas of a Customer-owned appliance may result in the nullification of the manufacturer's warranty for the Customer-owned appliance.
6. Customer agrees that in the event the manufacturer's warranty is nullified by the conversion to natural gas by a Company representative, that Customer shall be fully responsible and shall hold the Company harmless for any and all claims which may have been covered by the manufacturer's warranty.
7. This application pertains solely to one meter to be installed at the premises. Separate applications will be required for other meters or locations.
8. It is further understood and agreed that I will be billed a minimum base charge \$ _____ plus gas consumption upon installation of service line and meter commencing with the Company's next applicable billing cycle.