

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

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FILER

EL PASO NATURAL GAS CO

CIK: **31986** | IRS No.: **740608280** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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SIC: **4922** Natural gas transmission

Business Address
ONE PAUL KAYSER CENTER
304 TEXAS AVE
EL PASO TX 79901
9155412600

As filed with the Securities and Exchange Commission on
January 10, 1994

Registration No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EL PASO NATURAL GAS COMPANY
(Exact name of Registrant as specified in its charter)

<TABLE>

<S>	<C>
Delaware	74-0608280
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

</TABLE>

One Paul Kayser Center
304 Texas Avenue
El Paso, Texas 79901
(Address of principal executive offices, including zip code)

EL PASO NATURAL GAS COMPANY
INCENTIVE COMPENSATION PLAN
(Full title of the plan)

BRITTON WHITE, JR.
Senior Vice President and General Counsel

EL PASO NATURAL GAS COMPANY
One Paul Kayser Center
304 Texas Avenue
El Paso, Texas 79901
(915) 541-2600
(Name, address and telephone number,
including area code, of agent for service)

(a) The Registrant's Annual Report on Form 10-K for the year ended December 31, 1992, which contains audited financial statements for the most recent year for which such statements have been filed;

(b) All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Exchange Act, since the end of the fiscal year covered by the Annual Report referred to in (a) above; and

(c) The description of the Registrant's common stock, \$3 par value (the "Common Stock"), contained in the Registration Statement on Form 8-A (Registration No. 1-2700) filed with the Commission on February 13, 1992 under Section 12 of the Exchange Act, including any amendments or reports filed for the purpose of updating such descriptions.

All documents and reports filed by the Registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, after the date hereof and prior to the filing of a post-effective amendment to the Registration Statement which indicates that the securities offered hereby have been sold, or which deregisters all such securities remaining unsold, shall also be deemed to be incorporated by reference into this Registration Statement and to be a part hereof commencing on the respective dates on which such documents are filed.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation--a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with

the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's by-laws, disinterested director vote, stockholder vote, agreement or otherwise.

Article X of the By-laws of the Registrant requires indemnification to the full extent permitted under Delaware law as from time to time in effect. Subject to any restrictions imposed by Delaware law, the By-laws provide an unconditional right to indemnification for all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by any person in connection with any actual or threatened proceeding (including, to the extent permitted by law, any derivative action) by reason of the fact that such person is or was serving as a director, officer or employee of the Registrant or that, being or having been such a director or officer or an employee of the Registrant, such person is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including an employee benefit plan. The By-laws also provide that the Registrant may, by action of its Board of Directors, provide indemnification to its agents with the same scope and effect as the foregoing indemnification of directors and officers.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for (i) any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) payment of unlawful dividends or unlawful stock purchases or redemptions, or (iv) any transaction from which the director derived an improper personal benefit.

Article 10 of the Registrant's Restated Certificate of Incorporation, as amended, provides that to the full extent that the Delaware General Corporation Law, as it now exists or may hereafter be amended, permits the limitation or elimination of the liability of directors, a director of the Registrant shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director. Any amendment to or repeal of such Article 10 shall not adversely affect any right or protection of a director of the Registrant for or with respect to any acts or omissions of such director occurring prior to such

amendment or repeal.

The Registrant maintains Directors' and Officers' liability insurance which provides for payments on behalf of the directors and officers of all losses of such persons (other than matters uninsurable under the law) arising from claims, including claims arising under the Securities Act of 1933, as amended (the "Securities Act"), for acts or omissions by such persons while acting as directors or officers.

Item 7. Exemption From Registration Claimed.

Not Applicable.

Item 8. Exhibits.

<TABLE>

<CAPTION>

Exhibit

Number

Description

<S>	<C>
4.1	Restated Certificate of Incorporation of the Registrant dated January 22, 1992 (filed as Exhibit 3.A to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference)
4.2	El Paso Natural Gas Company Incentive Compensation Plan
5.1	Opinion of Mudge Rose Guthrie Alexander & Ferdon regarding legality of the Common Stock being registered
5.2	Opinion of Mudge Rose Guthrie Alexander & Ferdon regarding the Plan's compliance with ERISA
23.1	Consents of Mudge Rose Guthrie Alexander & Ferdon (included in their opinions filed as Exhibits 5.1 and 5.2)
23.2	Consent of Coopers & Lybrand
24	Power of Attorney (see Signature Page)

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Item 9. Undertakings.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration

Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (1)(i) and (1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions of Item 6, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant

of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of El Paso, State of Texas, on January 10, 1994.

EL PASO NATURAL GAS COMPANY

By: /S/ WILLIAM A. WISE
William A. Wise
Chairman of the Board,
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes H. Brent Austin and Britton White, Jr. and each of them as attorneys-in-fact, with full power of substitution, to execute in the name and on behalf of such person, individually and in each capacity stated below, and to file, any and all amendments to this Registration Statement, including any and all post-effective amendments.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities indicated on January 10, 1994.

<TABLE>

<CAPTION>

Signature

Title

<S>

<C>

/S/ WILLIAM A. WISE
William A. Wise

Chairman of the Board, President,
Chief Executive Officer and Director

/S/ LUINO DELL'OSSO, JR.
Luino Dell'Ossso, Jr.

Executive Vice President, Chief
Operating Officer and Director

/S/ H. BRENT AUSTIN H. Brent Austin	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/S/ THOMAS E. RICKS Thomas E. Ricks	Vice President and Controller (Principal Accounting Officer)
/S/ BYRON ALLUMBAUGH Byron Allumbaugh	Director
/S/ EUGENIO GARZA LAGUERA Eugenio Garza Laguera	Director
/S/ BEN F. LOVE Ben F. Love	Director
/S/ KENNETH L. SMALLEY Kenneth L. Smalley	Director

</TABLE>

EL PASO NATURAL GAS COMPANY

INCENTIVE COMPENSATION PLAN

Dated as of January 1, 1992

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EL PASO NATURAL GAS COMPANY

INCENTIVE COMPENSATION PLAN

SECTION 1 PURPOSES

1.1 Purposes

The purposes of the El Paso Natural Gas Company Incentive Compensation Plan (the "Plan") are to encourage outstanding performances from the executives of El Paso Natural Gas Company (the "Company") and its subsidiaries, to attract and retain exceptional executives, and to provide a direct incentive to the Participants (as defined in Section 3.1) to improve the profitability of the Company.

SECTION 2 ADMINISTRATION

2.1 Administration

With respect to awards made under the Plan to officers and directors ("Section 16 Executives") who are subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Plan shall be administered by a committee (the "Plan Administrator") of the Company's Board of Directors (the "Board"), which shall be constituted at all times so as to meet the requirements of Rule 16b-3 promulgated under Section 16(b) of the Exchange Act so long as any of the Company's equity securities are registered pursuant to Section 12(b) or 12(g) of the Exchange Act. With respect to all other awards, the Plan shall be administered by a management committee (the "Management Committee") consisting of the Chief Executive Officer and such other senior officers as the Chief Executive Officer shall designate. Subject to the Plan Administrator, the Management Committee shall interpret the Plan, prescribe, amend and rescind rules relating to it, select eligible Participants, grant incentive awards, and take all other actions necessary for its administration, which actions shall be final and binding upon all Participants.

It is the intention of the Company that, so long as any of the Company's equity securities are registered pursuant to Section 12(b) or 12(g) of the Exchange Act, the Plan shall comply in all respects with Rule 16b-3 promulgated under Section 16(b) of the Exchange Act and, if any Plan provision is later found not to be in compliance with such Section, that provision shall be deemed null and void, and in all events the Plan shall be construed in favor of its meeting the requirements of Rule 16b-3. Notwithstanding anything in the Plan to the contrary, the Board, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan to Participants who are officers and directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Participants.

SECTION 3 PARTICIPANTS

3.1 Participants

The Plan Administrator shall determine and designate the Section 16 Executives and the Management Committee shall designate all other executives of the Company and its subsidiaries who are eligible to receive awards under the Plan (the "Participants"). Participants, in general, will be limited to those executives who because of their management or staff positions have the principal responsibility for the management, direction and success of the Company as a whole or a particular business unit thereof. Directors of the Company who are full-time executives of the Company shall be eligible to participate in the Plan. Any Participant in the Burlington Resources Inc. Incentive Compensation Plan (the "BR Plan") on the day immediately preceding the effective date of this Plan, who is an employee of the Company, shall become a Participant of this Plan on the effective date and shall immediately cease participation in the BR Plan.

SECTION 4 INCENTIVE AWARD POOL

4.1 Incentive Award Pool

A memorandum account (the "Incentive Award Pool") shall be established for the Company and each participating subsidiary for purposes of determining the amount of money which shall be available for incentive awards for each year. The Incentive Award Pool of an employer (the Company or a participating subsidiary) for each year shall be an amount equal to the sum total of the aggregate maximum incentive awards available for its Participants for that year. Each Participant's maximum incentive award for a particular year (the "Maximum Incentive Award") shall equal the Participant's annual salary multiplied by the Maximum Award Percentage (as defined in Section 4.3), which amount is then multiplied by the Performance Standard Percentage (as defined in Section 4.2) of the Participant's employer for that year; provided, however, that for Participants in grade F and above who are employed by a participating subsidiary, the Maximum Incentive Award shall be the sum of (a) the Participant's annual salary multiplied by the Participant's Maximum Award Percentage, which amount is then multiplied by one-half of the subsidiary's Performance Standard Percentage for the year, plus (b) the Participant's annual salary multiplied by the Participant's Maximum Award Percentage, which amount is then multiplied by one-half of the Company's Performance Standard Percentage for the year.

4.2 Company/Subsidiary Performance

At the beginning of each year, the Plan Administrator shall approve strategic and financial objectives for the Company and for the participating subsidiaries for the year. At the end of the year, the Plan Administrator shall assess the Company or

subsidiary's performance in relation to those objectives for purposes of establishing the size of the Incentive Award Pool in accordance with the following table of Performance Categories and Standard Percentages:

<TABLE>

<CAPTION>

Company or Subsidiary Performance Category	Performance Standard Performance
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<C>

I. Performance for the year was outstanding and exceeded objectives.	100%
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II. Performance for the year met or exceeded objectives or was excellent in view of prevailing conditions.	75%
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III. Performance for the year generally met objectives or was very acceptable in view of prevailing conditions.	50%
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IV. Performance for the year did not meet objectives and was generally below acceptable levels.	0 to 25%
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4.3 Maximum Award Percentage

Each participating employer (the Company or a subsidiary) shall establish the salary grades of its Participants. The Plan Administrator shall assign a percentage of annual salary (the "Maximum Award Percentage") for each of the Section 16 Executives and the Management Committee and assign the Maximum Award Percentages applicable to all other Participants. The Maximum Award Percentages of the Participants shall be used to calculate the Incentive Award Pools, as set forth in Section 4.1. The Maximum Award Percentage shall not exceed one hundred percent (100%) for any Participant.

SECTION 5 INDIVIDUAL AWARDS

5.1 Section 16 Executives

The Plan Administrator shall annually grant the incentive award for the Section 16 Executives. In evaluating the Section 16 Executives, the Plan Administrator shall consider the corporate

objectives of the Company and the Section 16 Executives' responsibilities and accomplishments, and such other factors as it deems appropriate.

5.2 Other Participants

The Management Committee shall annually grant the incentive awards to the Participants other than the Section 16 Executives in accordance with their individual performances. In evaluating a Participant, the Management Committee shall consider the corporate objectives of the Participant's employer, the Participant's responsibilities and accomplishments, and such other factors as it deems appropriate.

5.3 Incentive Award Limits

The aggregate individual incentive awards for an employer's Participants may not exceed that employer's Incentive Award Pool. A Participant's performance must be satisfactory, regardless of Company or subsidiary performance, before the Participant may be granted an incentive award.

5.4 New Employee, or Retirement, Death, Disability or Termination of Employment

The Plan Administrator or the Management Committee, as applicable and in its discretion, may grant all or such portion of an incentive award for the year as it deems advisable to a Participant (or the Participant's Beneficiary (as defined in Section 7.5) in the case of the Participant's death) who is employed or who is promoted to an executive grade during the year, or whose employment is terminated because of the Participant's retirement, death, permanent disability, resignation or discharge.

SECTION 6 PAYMENT OF INCENTIVE AWARDS

6.1 Immediate Payment

Each Participant who has elected to receive his or her incentive award for the year currently shall be paid not later than the month following the month in which the award is made as follows:

(a) in cash or

(b) at the election of the Participant, in shares of common stock of the Company, par value \$3 per share (the "Common Stock"), having a value equal to the portion of the incentive award which the Participant has elected to receive in stock; provided, that if required by Rule 16b-3 promulgated under Section 16(b) of the Exchange Act, any election made by an officer or director subject to Section 16 of the Exchange Act to receive all or a

portion of an incentive award in Common Stock shall be made six months and one day prior to the date of the grant of the incentive award.

For purposes of this Plan, the value of a share of Common Stock shall be the mean between the highest and lowest quoted selling prices at which the Common Stock was sold on the date of the grant of the incentive award as reported in the NYSE Composite Transactions by The Wall Street Journal on such date or, if no Common Stock was traded on such date, on the next preceding date on which the Common Stock was so traded. The value of any fractional share shall be paid in cash.

6.2 Deferred Payment

Prior to the end of the year, each Participant may elect to have the payment of all or a portion of his or her incentive award for the year deferred until the Participant's retirement, death, permanent disability, resignation or termination of employment, subject to a \$1,000 minimum. The election shall be irrevocable and shall be made on a form prescribed by the Management Committee. Any election made under the BR Plan shall continue to be effective for Participants in the BR Plan who become Participants in this Plan on its effective date. The election shall apply only to that year. If a Participant has not made an election, any incentive award granted to the Participant for that year shall be paid pursuant to Section 6.1(a).

6.3 Special Deferrals

The Management Committee may, in its discretion, approve deferred payments ("Special Deferrals") as follows. Prior to the end of the year, each Participant may elect to have the payment of all or a portion of his or her incentive award for the year deferred until a date specified by the Management Committee. The Special Deferral shall be subject to a \$1,000 minimum. The election shall be irrevocable and shall be made on a form subscribed by the Management Committee. The Special Deferral election shall apply only to the incentive award for that year. If a Participant has not made an election, any incentive award granted to the Participant for that year shall be paid pursuant to Section 6.1(a) or 6.2.

6.4 Memorandum Account

The Company shall establish a ledger account (the "Memorandum Account") for each Participant who has elected to defer the payment of his or her incentive award for the purpose of reflecting the Company's obligation to pay the deferred incentive award as provided in Section 6.6. Interest shall accrue on the deferred incentive award to the date of distribution and shall be credited to the Memorandum Account at the end of each calendar quarter or

such other periods as may be determined by the Management Committee. The Management Committee shall determine the rate of interest periodically and in so doing may take into account the earnings, losses, appreciation or depreciation attributable to any discretionary investment made pursuant to Section 6.5.

6.5 Discretionary Investment by Company

The deferred incentive awards to be paid to the Participants are an unfunded obligation of the Company. The Management Committee may annually direct that an amount equal to the deferred incentive awards for that year shall be invested by the Company as the Management Committee, in its sole discretion, shall determine. The Management Committee may, in its sole discretion, determine that all or a portion of an amount equal to the deferred incentive awards shall be paid into one or more grantor trusts to be established by the Company of which it shall be the beneficiary, and to the assets of which it shall become entitled as and to the extent that Participants receive benefits under the Plan. The Management Committee may designate an investment advisor to direct investments and reinvestments of the funds.

6.6 Payment of Deferred Incentive Award

Upon the retirement, death, permanent disability, Special Deferral payment date, resignation or termination of employment of a Participant who has elected to defer an incentive award in a prior year, the Company shall pay to such Participant (or the Participant's Beneficiary in the case of his or her death) an amount equal to the balance of the Participant's Memorandum Account, plus interest (as determined by the Management Committee pursuant to Section 6.4) on the outstanding account balance to the date of distribution and subject to approval of the Management Committee, as follows:

(a) a lump sum cash payment or

(b) in periodic installments over a period of years to be determined by the Management Committee, in its discretion.

Payment of deferred incentive awards shall commence or be made in the month following the Participant's retirement, death, permanent disability, resignation, termination of employment or Special Deferral payment date.

6.7 Acceleration of Payment of Deferred Incentive Award

The Management Committee, in its discretion, may accelerate the payment of the unpaid balance of a Participant's Memorandum Account in the event of the Participant's death, permanent disability or termination of employment, or upon its determination

that the Participant (or the Participant's Beneficiary in the case of the Participant's death) has incurred a severe financial hardship. The Management Committee in making its determination may consider such factors and require such information as it deems appropriate.

6.8 Payment of Burlington Resources Inc. Deferred Incentive Award

Incentive awards which were deferred by a Participant under the BR Plan, together with interest accrued thereon, shall be paid by the Company in accordance with the terms of this Plan and in lieu of payment by Burlington Resources Inc. ("BR").

6.9 Payment Upon Change in Control

Notwithstanding any other provision of this Plan, in the event of a Change in Control of the Company, the maximum bonus amount attributable to the year in which the Change in Control occurs shall become fully vested and distributable within 30 days after the date of the Change in Control.

For purposes of this Plan a "Change in Control" shall be deemed to occur:

(a) if any person (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act), except BR, is or becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company's then outstanding securities;

(b) upon the first purchase of the Common Stock pursuant to a tender or exchange offer (other than a tender or exchange offer made by the Company);

(c) upon the approval by the Company's stockholders of a merger or consolidation, a sale or disposition of all or substantially all the Company's assets or a plan of liquidation or dissolution of the Company; or

(d) if, during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election or nomination for the election by the Company's stockholders of each new director was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the period. Notwithstanding the above, any distribution of Common Stock solely to BR stockholders, and any change in the constitution of the Board occurring in connection therewith, shall not be deemed a Change in Control. For purposes of this Section 6.9, the term "the Company"

shall include BR until such time as BR distributes all the outstanding Common Stock owned by it to the stockholders of BR.

SECTION 7 GENERAL PROVISIONS

7.1 Issuance of Common Stock

The shares of Common Stock to be issued pursuant to this Plan may be from shares held in the Company's treasury or out of the authorized but unissued shares of the Company. The Company, however, shall not be required to issue any certificate for shares of Common Stock prior to:

- (a) obtaining any approval or ruling from the Securities and Exchange Commission or other governmental agencies which the Company, in its sole discretion, deems necessary or advisable;
- (b) the listing of the shares on any stock exchange on which the Common Stock may then be listed; or
- (c) the completion of any registration or other qualification of such shares under any federal or state laws, rulings or regulations of any governmental body which the Company, in its sole discretion, determines to be necessary or advisable.

7.2 Unfunded Obligation

The incentive awards to be paid to Participants pursuant to this Plan are an unfunded obligation of the Company. The Management Committee, in its sole discretion, may direct the Company to share with its subsidiaries the costs of a portion of the incentive awards paid to Participants who are executives of those companies. The Company is not required to segregate any monies from its general funds, to create any trusts or to make any special deposits with respect to this obligation. Title to and beneficial ownership of any investments which the Company may make to fulfill this obligation shall at all times remain in the Company. Any investments and the creation or maintenance of any Memorandum Accounts shall not create or constitute a trust or a fiduciary relationship between the Plan Administrator, the Management Committee or the Company and a Participant, or otherwise create any vested interest in any Participant or his or her Beneficiary or his or her creditors in any assets of the Company whatsoever. The Participants shall have no claim against the Company for any changes in the value of any assets which may be invested or reinvested by the Company with respect to this Plan.

7.3 Other Benefits

Incentive awards shall not be considered as part of a Participant's salary or used for the calculation of any other pay, allowance, pension or other benefit unless otherwise permitted by other benefit plans provided by the Company or its subsidiaries, or required by law or by contractual obligations of the Company or its subsidiaries.

7.4 Annual Salary

The term "annual salary" shall mean the Participant's annual salary being paid at the end of the year, exclusive of bonuses or other forms of cash incentive compensation for the year.

7.5 Beneficiary

The term "Beneficiary" shall mean the person or persons to whom payments are to be paid pursuant to the terms of the Plan in the event of the Participant's death. The designation shall be on a form provided by the Management Committee, executed by the Participant and delivered to the Committee. A Participant may change his or her beneficiary designation at any time. A designation by a Participant under the BR Plan shall remain in effect under this Plan unless it is revoked or changed under this Plan. If no beneficiary is designated, the designation is ineffective, or in the event the Beneficiary dies before the balance of the Memorandum Account is paid, the balance shall be paid to the Participant's spouse or, if there is no surviving spouse, to his or her lineal descendants, pro rata, or, if there is no surviving spouse or lineal descendants, to the Participant's estate (unless the Management Committee for a given year has designated investment in an annuity, in which case the payment options selected by the Participant with respect thereto shall govern).

7.6 Permanent Disability

A Participant shall be deemed to have become "permanently disabled" for purposes of this Plan if the Management Committee finds, upon the basis of medical evidence satisfactory to it, that the Participant is totally disabled, whether due to physical or mental condition, so as to be prevented from engaging in further employment by the Company or any of its subsidiaries and that such disability will be permanent and continuous during the remainder of his or her life.

7.7 Incapacity of Participant or Beneficiary

If the Management Committee finds that any Participant or Beneficiary to whom a payment is payable under the Plan is unable to care for the Participant's affairs because of illness or accident or is under a legal disability, any payment due (unless a

prior claim therefore shall have been made by a duly appointed legal representative), at the discretion of the Committee, may be paid to the spouse, child, parent or brother or sister of such Participant or Beneficiary or to any person who the Committee has determined has incurred expense for such Participant or Beneficiary. Any such payment shall be a complete discharge of the obligations of the Company under the provisions of the Plan.

7.8 Withholding Taxes

Appropriate payroll taxes shall be withheld from payments made to Participants pursuant to this Plan, whether such payments are made in cash or Common Stock.

7.9 Nonassignment

The right of a Participant or Beneficiary to the payment of any incentive awards under the Plan may not be assigned, transferred, pledged or encumbered nor shall such right or other interests be subject to attachment, garnishment, execution or other legal process.

7.10 No Right to Continued Employment

Nothing in the Plan shall be construed to confer upon any Participant any right to continued employment with the Company or a subsidiary, nor interfere in any way with the right of the Company or a subsidiary to terminate the employment of such Participant at any time without assigning any reason therefor.

7.11 Termination and Amendment

The Board and the Plan Administrator may from time to time amend, suspend or terminate the Plan, in whole or in part, including, but not limited to, any amendment necessary to insure that the Company may obtain any regulatory approval referred to in Section 7.1, and if the Plan is suspended or terminated, the Board of Directors and the Plan Administrator may reinstate any or all of its provisions. The Management Committee may amend the Plan provided that it may not suspend or terminate the Plan, substantially increase the administrative cost of the Plan or increase the obligations of the Company, or expend the classification of employees who are eligible to participate in the Plan. No amendment, suspension or termination may impair the right of a Participant or his or her designated Beneficiary to receive the deferred compensation benefit accrued prior to the effective date of such amendment, suspension or termination.

7.12 Stockholder Approval

The Board, the Plan Administrator and the Management Committee

may not amend the Plan without the approval of the stockholders of the Company to

(a) materially increase the number of shares that may be issued under the Plan;

(b) materially modify the requirements as to eligibility for participation in the Plan; or

(c) otherwise materially increase the benefits accruing to the Participants under the Plan.

7.13 Applicable Law

The Plan shall be construed and governed in accordance with the laws of the State of Texas.

7.14 Effective Date

The Plan shall be dated as of January 1, 1992 and shall be effective upon the date of adoption by the Board, provided that the Plan is approved by the Company's stockholders at or prior to the Company's 1993 Annual Meeting of Stockholders.

Mudge Rose Guthrie Alexander & Ferdon
180 Maiden Lane
New York, New York 10038

January 7, 1994

El Paso Natural Gas Company
One Paul Kayser Center
304 Texas Avenue
El Paso, Texas 79901

El Paso Natural Gas Company
Incentive Compensation Plan
100,000 Shares of Common Stock,
\$ 3.00 Par Value

Dear Sirs:

We are acting as special counsel to El Paso Natural Gas Company, a Delaware Corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission of a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with respect to the Company's Incentive Compensation Plan (the "Plan"). The Registration Statement covers 100,000 shares of Common Stock, \$3 par value, of the Company (the "Shares").

As special counsel to the Company, we have examined the Registration Statement and such corporate records and other documents and instruments and have made such investigations of law, as we have considered necessary or appropriate for the purpose of rendering this opinion.

Based upon and subject to the foregoing we are of the opinion that:

(1) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Delaware.

(2) The Shares issuable pursuant to the Plan have been

duly authorized and reserved for issuance and, when the certificates for the Shares have been duly executed by the Company, countersigned by a transfer agent, duly registered by a registrar for the Shares and issued in accordance with the terms of the Plan, the Shares will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. By giving the foregoing consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/S/ MUDGE ROSE GUTHRIE ALEXANDER & FERDON

Mudge Rose Guthrie Alexander & Ferdon
180 Maiden Lane
New York, New York 10038

January 5, 1994

El Paso Natural Gas Company
One Paul Kayser Center
304 Texas Avenue
El Paso, Texas 79901

El Paso Natural Gas Company
Incentive Compensation Plan
100,000 Shares of Common Stock,
\$3.00 Par Value

Dear Sirs:

We are acting as special counsel to El Paso Natural Gas Company, a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission of a Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), with respect to the Company's Incentive Compensation Plan (the "Plan"). The Registration Statement covers 100,000 shares of Common Stock, \$3 par value, of the Company. You have requested that we provide you with our opinion regarding the compliance of the Plan with the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

In rendering this opinion, we have reviewed the Plan as adopted effective January 1, 1992, which you have represented to us to be the full and complete Plan in effect on the date hereof. We have also reviewed such other records and documents and obtained such verifications and confirmations of fact as we have deemed necessary for the purposes of this opinion. We have relied upon the representations and warranties contained in such documents and upon such verifications and confirmations, and, as to all matters of fact covered by such documents, we have relied, without independent investigation or verification, on such documents. In such examination we have assumed the genuineness of all signatures and the authenticity, accuracy and completeness of all documents

submitted to us as originals and the conformity with the originals and accuracy and completeness of all documents submitted to us as copies. We have assumed the due authorization, execution, acknowledgment and delivery of the Plan and of all documents which are a prerequisite to the effectiveness of the Plan.

We have also assumed that the Plan is and will be operated in accordance with the terms thereof and in accordance with the requirements of ERISA and published regulations and interpretations thereof as they apply to the interpretation and operation of the Plan. We have assumed that all reporting and disclosure requirements applicable to the Plan have been met and will continue to be met in a timely manner. We are not, and have not been, responsible for the day-to-day administration and operation of the Plan nor have we reviewed for the purpose of this opinion any trust or trusts which may have been established with respect to the Plan.

Based on the foregoing, we are of the opinion that, as of the date hereof, the provisions of the written documents constituting the Plan meet all material applicable requirements of ERISA. This opinion is limited to matters governed by ERISA as they exist on the date hereof, and we express no opinion as to the effect of any other federal laws or as to the effect of the laws of any state.

This opinion is being offered solely for your benefit and is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with any governmental agency or other person, without our prior written consent. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. By giving the foregoing consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/S/ MUDGE ROSE GUTHRIE ALEXANDER & FERDON

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this El Paso Natural Gas Company registration statement on Form S-8, relating to the El Paso Natural Gas Company Incentive Compensation Plan, of our report dated January 29, 1993, on our audits of the consolidated financial statements and the related consolidated financial statement schedules of El Paso Natural Gas Company at December 31, 1992 and 1991, and for the years ended December 31, 1992, 1991 and 1990, which are included in the El Paso Natural Gas Company Annual Report on Form 10-K.

/S/ COOPERS & LYBRAND

El Paso, Texas
January 10, 1994