

Oil Conservation Commission
Florene Davidson, Clerk
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December 31, 2020



Dear Members of the Oil Conservation Commission,

I'm a business general management consultant in Farmington, NM. My clients include small San Juan County businesses who, directly and indirectly, depend on the operations of San Juan County natural gas and oil producers.

My clients and I are fearful. To say the industry is in peril would be a gross understatement. Natural gas that in 2008 was selling for \$11 now clears at as little as \$1.50. No surprise, there are no drilling rigs working in the San Juan Basin and hundreds have jobs have left the community.

Now there's concern regarding implementation of the OCC's "methane rule". No one (most especially oil and gas producers) want to see produced methane go anywhere but into the pipeline. However, it's not the environmental intent of the "methane rule" that has my clients and I concerned: It's the implementation of same and the need for regulatory flexibility in the final rule-making.

Our hope is that the OCC sees the need to balance implementation of the "methane rule" between the desirable environmental objective of mitigating methane release and the fiscal realities facing the State of New Mexico's dependence on natural gas and oil royalty revenue and the very livelihoods of hundreds of people in San Juan County.

We hope the OCC recognizes and takes seriously its statutory obligation to serve the long term interests of all New Mexicans. It can best do this by choosing to work with industry and environmentalists to reduce methane emissions while at the same time not forcing producers to permanently shut-in wells because of a lack of regulatory implementation flexibility.

Bottom Line: A goal of 98% gas capture is desirable, but smart implementation of the rule requires that the OCC consider the realities of the industry, technology and markets. We're counting on the OCC to strike the balance needed by all New Mexicans for the long term.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Hunter", is written over a light blue background.

Chris Hunter, MBA
Principal

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