From:	Methanestrategy, NM, NMENV
To:	Hayden, Maddy, NMENV
Subject:	Fw: Methane Comments for State of New Mexico
Date:	Tuesday, February 25, 2020 12:01:51 PM

From: Jerry McHugh <jmchugh@sanjuanbasin.com>
Sent: Thursday, February 20, 2020 2:28 PM
To: Methanestrategy, NM, NMENV
Cc: Lori Walters; Jim Winchester, IPANM Executive Director; 0-MOG, Ryan Merrion
Subject: [EXT] Methane Comments for State of New Mexico

Ladies and Gentlemen,

San Juan Resources, Inc. natural gas and oil producer exclusively in New Mexico's San Juan Basin. Owned by Jerry McHugh, Jr. and his wife, Stacy McHugh, SJR was founded 30 years ago and strives to be an integral, strong, efficient independent producer. However, low natural gas pricing threatens much of SJR production as a number of SJR wells currently don't have ample revenue to meet high operating expenses. Natural gas commodity pricing is at all-time low level--- rock bottom revenues. SJR is a producer with many small volume wells. These wells hold acreage under and around the leases SJR operates with efficiency and under proper ESG guidelines.

In commenting on the proposed methane rules, it serves the State of New Mexico to have *rulemaking which supports the independent producer who operates these low volume wells*. It doesn't make sense (or Cents) to strap a bunch of expensive methane equipment (additional operating costs) on low volume wells when they'd become more uneconomic, shut-in, and plugged and abandoned. Several consequences aggressive methane rules are promulgated on low volume wells:

1) Natural gas and oil revenue lost forever to the Tax and Revenue Department;
2) Loss of valuable jobs of well operation companies or independent contractors;
3) Loss of *'legacy leases'* and potential to develop other formations, employ new technologies on these leases.

For Example-----If these methane rules shut-in and P&A'ed wells happened in the Permian Basin, then HUGE amount of drilling in the State would NOT have happened on the 'legacy leases', usually developed by independents and sold to larger companies. Independents are the one's taking the exploration risks on their acreage, finding more economic resources in the State.

I encourage the methane rule makers to "DO NO HARM TO THE INDEPENDENT PRODUCER" and the low volume wells they operate. I am available to answer questions or provide more comments. Thx for opportunity to comment.

Best, Jerry McHugh, Jr.

SAN JUAN
RESOURCES, INC.
Jerry McHugh, Jr.
1499 Blake St. #10C
Denver, CO 80202
C: 303.550.5958
T: 303.573.6333
www.sanjuanbasin.com