

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David Catanach, Division Director
Oil Conservation Division



March 17, 2016

Tom M. Ragsdale, President
Siana Operating, LLC
12012 Wickchester Lane
Suite 410
Houston, TX 77079

Certified Mail Return Receipt No. 7012 0470 0000 0881 0235

Re: OCD Case No. 15475 APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER AGAINST SIANA OPERATING, LLC, FOR WELLS OPERATED IN LEA COUNTY, NEW MEXICO.

Dear Mr. Ragsdale:

You are hereby notified that on March 31, 2016 at 8:15 AM, the New Mexico Oil Conservation Division ("OCD") Enforcement and Compliance Bureau will hold a hearing in front of a Division examiner seeking an order against Siana Operating, LLC, requesting a finding that the operator out of compliance with OCD rules 19.15.7.24 NMAC, 19.15.20 NMAC, 19.15.25.8, 19.15.26 NMAC, 19.15.29 NMAC, and NMSA 1978 § 70-2-32; (2) requiring Operator to return to compliance with OCD rules; and (3) in the event of non-compliance, finding the Operator in violation of a Division order, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by § 70-2-14(E), NMSA 1978. The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the commission chairman or the division examiner, for good cause, otherwise directs.



March 17, 2016

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If you have any questions regarding the hearing process please contact me at (505) 476-3463.

Sincerely



Keith Herrmann
Assistant General Counsel
Keith.Herrmann@state.nm.us

Cc: RLI Insurance Co. Via the NM Superintendent of Insurance
Tom M. Ragsdale, President
Siana Operating, LLC
Registered Agent Solutions, Inc., 530-B Harkle Rd., Ste. 100, Santa Fe, NM 87505
Certified Mail Return Receipt No. 7012 0470 0000 0881 0204
Tom M. Ragsdale, President
Siana Operating, LLC
11 Marchelle Court, Midland, TX 79705
Certified Mail Return Receipt No. 7012 0470 0000 0881 0211

Encl: OCD Application for Hearing, Case No. 15475
OCD Emergency Order E-41

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1. Article Addressed to:

**Tom M. Ragsdale, President
Siana Operating, LLC
Registered Agent Solutions, Inc.,
530-B Harkle Rd., Ste. 100,
Santa Fe, NM 87505**

9590 9401 0184 5234 5096 40

2. Article Number (transfer from service label)

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PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Victoria Carrizosa

- Agent
- Addressee

B. Received by (Printed Name)

Victoria Carrizosa

C. Date of Delivery

3-21-16

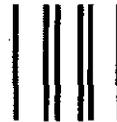
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**New Mexico Energy, Minerals and
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Office of the General Counsel
1220 South St. Francis Drive
Santa Fe, NM 87505**

Attn: Keith Hermann, Esq.



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1. Article Addressed to:

**Tom M. Ragsdale, President
Siana Operating, LLC
12012 Wickchester Lane
Suite 410
Houston, TX 77079**

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2. Article Number (Transfer from service label)

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PS Form 3811, July 2015 PSN 7530-02-000-9053

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[Handwritten Signature] Agent
 Addressee

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**New Mexico Energy, Minerals and
Natural Resources Department
Office of the General Counsel
1220 South St. Francis Drive
Santa Fe, NM 87505**

Attn: Kathi Herrmann, Esq.

505422638



Herrmann, Keith, EMNRD

From: Microsoft Outlook
To: Tom Ragsdale; Jason Kilpatrick; Scotty Holloman; Mark Crosswell
Sent: Thursday, March 17, 2016 3:38 PM
Subject: Relayed: OCD Case 15475

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

Tom Ragsdale (tmragsdale@sianaoil.com)

Jason Kilpatrick (Jason.Kilpatrick@rlcorp.com)

Scotty Holloman (sholloman@hobbsnmlaw.com)

Mark Crosswell (mcrosswell@sianaoil.com)

Subject: OCD Case 15475

Herrmann, Keith, EMNRD

From: Tom Ragsdale <tmragsdale@sianaoil.com>
To: Herrmann, Keith, EMNRD
Sent: Thursday, March 17, 2016 3:46 PM
Subject: Read: OCD Case 15475

Your message

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Subject: OCD Case 15475
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Herrmann, Keith, EMNRD

From: Mark Crosswell <mcrosswell@sianaoil.com>
To: Herrmann, Keith, EMNRD
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Subject: Read: OCD Case 15475

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Herrmann, Keith, EMNRD

From: Scotty Holloman <sholloman@hobbsnmlaw.com>
To: Herrmann, Keith, EMNRD
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Herrmann, Keith, EMNRD

From: Jason Kilpatrick <Jason.Kilpatrick@rlicorp.com>
To: Herrmann, Keith, EMNRD
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