

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David F. Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David Catanach
Division Director
Oil Conservation Division



February 19, 2016

SIANA OPERATING LLC [OGRID 168687]
P.O. Box 10303
Midland, TX 79702

Via Certified Mail: 7012-0470-0000-0882-

4461

Dear Operator:

Rule 19.15.7.24 of the Oil Conservation Division (OCD) requires that C-115(s) (Monthly Production Reports) be filed electronically on or before the 15th day of the second month following the month of production. As of today, we have not received your electronically submitted C-115(s) for **AUGUST 2015**. It is the Operator's duty to file their monthly reports per 19.15.7.24 NMAC, and update the OCD with any change in contact information per 19.15.9.8 NMAC.

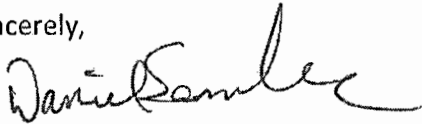
Despite our attempts to notify you of this issue, no reports has been received by the OCD. You are hereby being notified that **effective immediately, the OCD has revoked your authorization to transport from or inject into all wells your company operates.**

In addition to the State Land Office, the New Mexico Taxation and Revenue Department, and the Bureau of Land Management, we will also take steps to notify purchasers and transporters of this revocation. Any unauthorized transportation or injection will be in violation of the Oil and Gas Act (the Act) and the OCD will bring compliance actions against anyone participating in violations of the Act.

Immediate action is now required by you if you wish to restore your transportation and injection authority. If you wish to have your authority reinstated and your last report was within one year from the time you request reinstatement, please submit a written request at the address below, or Daniel.Sanchez@state.nm.us for review. In your request, please verify that your company has filed all missing C-115 reports and is currently in compliance with 19.15.5.9 NMAC. Operators who are more than one year out of compliance, or are not compliant with 19.15.5.9 NMAC, will require additional review. Please contact Daniel Sanchez at (505-476-3493) to discuss your company's compliance status.

If no attempt to contact the OCD is made and the wells fall on to the OCD's inactive well list, the OCD will schedule a compliance hearing and seek an order requiring the wells to be plugged in accordance with division rules. In the event of non-compliance with a division order, the OCD will be authorized to plug and abandon your wells, seize any associated financial assurance, and seek any indemnification and additional penalties available under the Act. Any operator or their principals who are out of compliance with a division order will not be authorized to operate in the state of New Mexico.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", written in a cursive style.

Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Aubrey Dunn, adunn@slo.state.nm.us, New Mexico State Land Office, P.O. Box 1148, Santa Fe, NM 87504. Tom Zelenka, Joseph Galluzzi, tzelenka@blm.gov, jgalluzz@blm.gov, Bureau of Land Management, P.O. Box 27115, Santa Fe, NM 87502. Judy Vigil, judy.vigil@state.nm.us, New Mexico Taxation and Revenue Dept., 1200 South Saint Francis Dr., Santa Fe, NM 87505

SENDER: COMPLETE THIS SECTION

- ☒ Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Siana Operating
PO BOX 10303
Midland, TX
79702*

2. Article Number

(Transfer from service label)

7012 0470 0000 0882 4461

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

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☐ Express Mail

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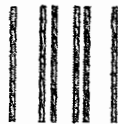
☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

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OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505