

State of New Mexico
Energy, Minerals and Natural Resources Department

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Siana Operating LLC Ordered to Cease Operations in New Mexico, Pay More Than \$2 million in Penalties and Clean its Contaminated Sites

Santa Fe, NM – After violating the Oil and Gas Act and a settlement agreement with the Energy, Minerals and Natural Resources Department’s Oil Conservation Division (OCD), oil and gas operator Siana Operating, LLC was ordered to pay more than \$2.18 million in penalties, clean up its contaminated sites and cease operations in New Mexico by First Judicial District Judge Francis J. Mathew on November 15th. The order was issued after a trial held last month.

In 2016, the OCD entered into a Settlement Agreement with Siana to resolve its multiple admitted violations of the Oil and Gas Act that arose from Siana’s failing to address releases of oil, produced water, and other oilfield waste on five separate sites across Lea County in southeast New Mexico, failing to plug and abandon its inactive wells, and continuing to operate after its authority had been revoked.

Judge Mathew entered an order fully enforcing the terms of the agreement and subsequent amendment, including a \$2,180,500 penalty plus accrual of \$3,000 per day for unfulfilled terms (\$1,000 per day per violation) and interest of 15 percent per year for Siana’s intentional, willful and bad faith breach of contract. Additionally, Siana was ordered to comply with the terms of the agreement, amendment, and the Oil and Gas Act, ordered to shut-in all its wells, cease operations in the State of New Mexico, and in the event Siana does not comply with the Order, judgment for any cost the State incurs to clean up Siana’s contaminated sites.

“The Division holds oil and gas operators to high standards in New Mexico, working collaboratively to eliminate waste and protect the environment,” said Cabinet Secretary Ken McQueen. “We reached an agreement in good faith more than a year ago and we expected them to deliver. We are holding these bad actors accountable.”

The OCD will work with the Attorney General’s Office to enforce the order.

November 21, 2018

Page 2

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