

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO**

OIL CONSERVATION DIV.

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR A SHOW CAUSE HEARING REQUIRING AVRA OIL COMPANY TO APPEAR AND SHOW CAUSE WHY THE DIVISION SHOULD NOT: (1) ORDER AVRA'S PIT AND OTHER FACILITIES LOCATED IN UNIT G OF SECTION 11, TOWNSHIP 18 SOUTH, RANGE 38 EAST, LEA COUNTY, NEW MEXICO CLEANED UP AND/OR CLOSED IN ACCORDANCE WITH DIVISION REQUIREMENTS, (2) CLEAN UP AND/OR CLOSE THE SITE IF AVRA DOES NOT AND ASSESS THE COSTS AGAINST AVRA, (3) DECLARE AVRA'S \$50,000 BLANKET BOND FORFEITED, FORECLOSE ON THAT BOND AND COLLECT ANY COSTS IN EXCESS OF THE BOND FROM AVRA, (4) REVOKE AVRA'S AUTHORIZATION TO OPERATE, AND (5) ASSESS PENALTIES AGAINST AVRA FOR FAILURE TO PROPERLY CLEAN UP AND/OR CLOSE THE SITE

CASE NO. 12315

APPLICATION FOR SHOW CAUSE HEARING

1. Avra Oil Company (the "Operator") is the operator of a pit and other facilities located in Unit G of Section 11, Township 18 South, Range 38 East, Lea County, New Mexico (the "Site").
2. The Operator has filed a \$50,000 blanket bond with the Division that is conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations, and orders of the Oil Conservation Commission. The bond is issued by Underwriters Indemnity Company, Bond No. BO4585.
3. The condition of the Site is such that it is in violation of Division laws, rules and orders and needs to be cleaned up and/or closed according to Division requirements.
4. Despite repeated requests and demands from the Division's Hobbs District Office, the Operator has failed to clean up and/or close the Site in accordance with Division

requirements.

WHEREFORE, the Division applies to the Director for an order:

A. Determining the Site should be closed and/or cleaned up in accordance with a Division-approved closure and/or clean up plan.

B. Upon a determination that the Site should be cleaned up and/or closed, directing Operator to clean up and/or close the Site.

C. If Operator fails to clean up and/or close the Site as ordered by the Division, authorizing the Division to:

- i. clean up and/or close the Site,
- ii. declare forfeit on the \$50,000 blanket bond and to take such action to foreclose on that bond, and
- iii. recover from the Operator any costs of clean up and/or closing the Site in excess of the amount of the bond, if any.

D. Revoking Operator's authorization to operate wells in New Mexico.

E. Assessing penalties against the Operator for failure to clean up and/or close the Site.

F. Granting such other and further relief as the Division deems just and proper.

RESPECTFULLY SUBMITTED,

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