

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

2007 JUL 6 AM 9 42

**IN THE MATTER OF THE HEARING
BEFORE THE HEARING EXAMINER
FOR THE PURPOSE OF CONSIDERING:**

CASE NO. 13293

**THE APPLICATION OF GANDY CORPORATION
FOR APPROVAL OF A SALT WATER DISPOSAL WELL,
LEA COUNTY, NEW MEXICO**

**GANDY CORPORATION REQUEST FOR AUTHORIZATION
OR DESIGNATION FOR DECISION BY HEARING OFFICER
OR DIVISION DIRECTOR**

WWS
7/6/04

COMES NOW, Applicant Gandy Corporation, by and through undersigned counsel of record, and requests an Order, either from the Hearing Officer or the Division Director, holding that, if the Hearing Examiner determines, at the close of evidence, that the operation of the well will meet the requirements for approval of the application, including a determination that the operation of the well will result in the prevention of waste, will be protective of correlative rights, and will not harm the environment, as required by the Division regulations and the July 1, 2004 Order, the Examiner has the authority to give Gandy Corporation approval to begin immediate operation of the injection well. In the alternative, Gandy requests that the Division Director attend the hearing and hear the matter jointly with the Hearing Examiner, or hear the matter himself, in order to determine if Gandy should receive approval to begin immediate operation of the injection well.

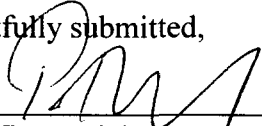
The hearing on this matter is currently set for July 8, 2004. The hearing was originally scheduled for June 24, 2004 but was postponed at the request of DKD, LLC. Gandy Corporation originally opposed the request but, after discussions with the Hearing Examiner, agreed not to

oppose the postponement with the stipulation and understanding that Gandy would be allowed to continue well operations. On June 29, 2004, Gandy received a letter from the Division directing that all well operations cease. Gandy immediately filed a request for an emergency order allowing it to continue in operations. The Division denied the request on July 1, 2004.

At the hearing, Gandy will present testimony and evidence demonstrating that the requested permit will meet all of the applicable regulatory requirements. Gandy's evidence and testimony will demonstrate that the requested injections depths will not harm correlative rights, will prevent waste, will result in the conservation of oil and gas resources, and will not be harmful to the environment.

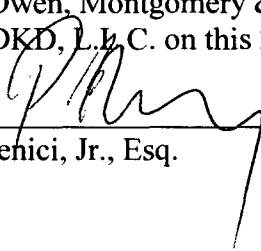
WHEREFORE, Gandy respectfully requests an Order from either the Hearing Examiner, or the Division Director, clarifying that, if the Hearing Examiner determines that the application meets the necessary requirements for approval, the Hearing Examiner has the authority to give Gandy Corporation approval to begin immediate operation of the injection well. In the alternative, Gandy requests that the Division Director attend the hearing and hear the matter jointly with the Hearing Examiner, or hear the matter himself, in order to determine if Gandy should receive approval to begin immediate operation of the injection well.

Respectfully submitted,



Pete V. Domenici, Jr., Esq.
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I hereby certify that a true and correct copy
of the foregoing was sent by facsimile and U.S. Mail
to the Gail MacQuesten of the Oil Conservation Division
and Paul R. Owen, Montgomery & Andrews,
attorney for DKD, L.L.C. on this 2nd day of July, 2004.



Pete V. Domenici, Jr., Esq.