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2007 JUL 18 PM 12 21

July 18, 2007

VIA FACSIMILE FILING 505-476-3462 and U.S. Mail

Florene Davidson, Hearing Clerk
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

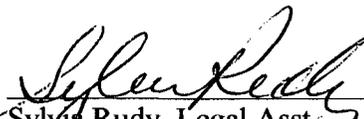
RE: Matter of the Application of DKD, LLC for an Order Directing Gandy Corporation to Show Case, Lea County, New Mexico; Case No. 13686

Dear Ms. Davidson:

Please find attached Gandy-Marley's *Pre-Hearing Statement* for filing in the above captioned case. The originals are being sent via U.S. Mail. Please return the endorsed copy in the enclosed envelope.

Thank you for your courtesies.

Sincerely,
DOMENICI LAW FIRM, P.C.


Sylvia Rudy, Legal Asst.

cc: 1679
J. Scott Hall, Attorney for DKD
Jerry Carlisle
Edgar Huffman
P. Kay Stokes
Deward B. Wharton

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

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IN THE MATTER OF GANDY
CORPORATION'S APPLICATION FOR
AUTHORIZATION TO INJECT
INTO THE JULIA CULP No. 2 WELL,
LEA COUNTY, NEW MEXICO

CASE NO. 13,962

GANDY CORPORATION'S PRE-HEARING STATEMENT

COMES NOW Gandy Corporation, by and through undersigned counsel of record, and submits the following Pre-Hearing Statement in the above-captioned matter.

I. NAME OF THE PARTY AND PARTY'S ATTORNEY

Gandy Corporation
Owner/Operator of Record
PO Box 827
Tatum, NM 88267

Pete V. Domenici, Jr., Esq.
Charles N. Lakins, Esq.
Attorneys for Gandy Corporation
Domenici Law Firm, P.C.
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WVJ 7/19/07

II. GANDY CORPORATION'S STATEMENT OF THE CASE

1. Gandy Corporation has applied for a permit, and seeks approval, to reenter the plugged and abandoned Julia Culp No. 2 Well (API 30-025-30879, located at 2,310 FNL, 660 FEL, Section 34, Township 15 South, Range 35 East, Unit H, Lea County, New Mexico) wellbore for the purpose of injecting commercial saltwater disposal fluids into the non-productive Devonian formation strata, at an interval from 13,865 to 14,500 feet.

2. The 13,865 to 14,500 foot injection interval was chosen to inject commercial saltwater at a sufficient depth in order to avoid the potential problems associated with injection into more shallow strata.
3. The Julia Culp No. 2 wellbore was originally drilled in May 1990 by Bridge Oil USA to a total depth of 13,950 feet.
4. The Devonian zone was drill stem tested and determined to be productive of saltwater only. Following several other production tests in the Atoka and Mississippian strata, the Julia Culp No. 2 well was plugged and abandoned in January 1991.
5. The Devonian injection interval being applied for is penetrated by only one (1) well within the one-mile Area of Review encircling the well.
6. The deepest producing interval in the immediate area, the Strawn, is typically perforated at depths ranging from 11,500 to 12,000 feet.
7. Produced water and typical oilfield fluids are proposed to be disposed of into the Devonian injection interval from 13,865 to 14,500 feet, with an expected maximum injection rate of 5,000 barrels per day and a maximum injection pressure of 2,500 psi.

III. WITNESSES TO TESTIFY AT THE HEARING

Gandy will call the following witnesses to testify at the hearing in this matter:

1. Dale Gandy, Gandy Corporation.
2. Terry M. Duffy, EverQuest Energy Corporation.

IV. APPROXIMATE TIME NEEDED TO PRESENT GANDY'S CASE.

Gandy will need approximately two (2) hours to present its case.

V. PROCEDURAL MATTERS TO BE RESOLVED PRIOR TO THE HEARING

None.

Respectfully Submitted,
DOMENICI LAW FIRM, P.C.



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I hereby certify that a true and correct copy of the foregoing was sent via facsimile and/or U.S. mail to all parties of record this 18th day of July 2007.



Charles N. Lakins, Esq.