

GANDY CORPORATION
OILFIELD SERVICES
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June 30, 2004

Gail MacQuesten
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

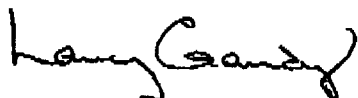
RE: Emergency Permit Approval for State T #2

Dear Ms. MacQuesten:

Gandy Corporation respectfully requests an emergency injection permit to restart injection operations on the State T #2 SWD due to the following hardships.

Gandy Corporation has considerable obligations to its clients to accept their produced water to keep their leases in operation. The availability of capacity at the other area public injections wells makes it extremely difficult to satisfy our clients needs and adds a burden of financial distress because of the additional trucking costs.

Sincerely,



Larry Gandy