

GANDY CORPORATION
OILFIELD SERVICES
P.O. BOX 827
TATUM, NEW MEXICO 88267
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FAX 505-398-6887

FUT.
DM
5D

July 9, 2004


Mr. Chris Williams
New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

RE: Gandy Corporation, State "T" Well No. 2, T16S, R34E, NMPM, Lea County, New Mexico NMOCD 836

Dear Mr. Williams:

This letter is to inform you that Gandy Corporation has received the letter dated July 9th from the NMOCD authorizing utilization of the above referenced well in such a manner as to permit injection of produced water for disposal purposes. The injection operations will commence at 5:30P. M. on this date and we will comply with all conditions set forth by the Division.

Sincerely,


Larry Gandy