

GANDY CORPORATION

OILFIELD SERVICES

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June 30, 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 June 29th from the NMOCD to cease injection. At this time, the injection well is shut in and operations have ceased pending permit approval.

Sincerely,



Larry Gandy