



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 17, 2005

Larry Gandy
Gandy Marley Inc.
P.O. Box 1658
Roswell, NM 88202

**Before the OCD
Case 13454 & 13455
OCD Ex. 12**

Certified Mail No.: 7002 3150 0004 4924 2490

Fax: 505 398-6887
e-mail: Gandy2@leaco.net

via certified mail, fax and e-mail

Re: Case No. 13454
Emergency Order No. R-12306
Landfarm Permit No. NM-01-0019

Dear Mr. Gandy,

On March 11, 2005, Division Director Mark Fesmire issued Emergency Order No. R-12307 allowing Gandy Marley Inc. to accept salt-contaminated oilfield wastes pending a decision on its application for a modification of its landfarm permit, No. NM-01-0019. By statute, an emergency order issued without public notice and a hearing shall remain in effect no longer than fifteen days from its effective date. See NMSA 1978, § 70-2-23. Unless an extension is granted, Emergency Order No. R-12307 will be of no effect after March 26, 2005.

The Oil Conservation Division (OCD) has scheduled a hearing before a Division hearing officer for Friday, March 25, 2005 at 10:00 a.m. in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe New Mexico, to consider whether Emergency Order No. R-12307 should be extended until a decision is reached on Gandy Marley Inc.'s pending application for a modification of its landfarm permit. At that hearing, the OCD will present evidence and testimony that conditions at the site of the landfarm are such that the landfarm may accept salt-contaminated oilfield wastes without posing a hazard to groundwater, that salt-contaminated oilfield waste will be kept separate from hydrocarbon-contaminated oilfield waste at the site, and that an order allowing the landfarm to accept salt-contaminated oilfield waste pending action on its application for a modification of its landfarm permit is necessary because there is a critical need in the area of the landfarm for a facility that can accept salt-contaminated soils due to extensive drilling programs and remediation programs in the area. Enclosed is a copy of the public notice for the hearing, and the OCD's pre-hearing statement.

If Gandy Marley Inc. intends to present evidence at the hearing it should file a pre-hearing statement, as required by 19.15.14.1208.B NMAC.

Please note that this hearing will determine only if Gandy Marley Inc. may continue to accept salt-contaminated oilfield wastes pending a decision on its application for permit modification. A decision on the application for permit modification will be made only after compliance with the notice requirements of 19.15.9.711.B NMAC, and may require a separate hearing.

If you have any questions, please contact me at (505) 476-3451 or gmacquesten@state.nm.us. Please note that I may be out of the office on March 23 and March 24.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Gail MacQuesten".

Gail MacQuesten
OCD Attorney