

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

2007 JAN 10 AM 11 18

**IN THE MATTER OF THE APPLICATION OF
DKD, LLC FOR AN ORDER DIRECTING
GANDY CORPORATION TO SHOW CAUSE,
LEA COUNTY, NEW MEXICO**

**CASE NO. 13686
Order NO. R-12649
DE NOVO**

**GANDY CORPORATION'S RESPONSE TO DKD'S
REQUEST FOR HEARING ON GANDY'S NOTICE OF WITHDRAWAL**

COMES NOW Gandy Corporation, by and through undersigned counsel of record, and in Response to DKD's Request for Hearing on Gandy's Notice of Withdrawal states as follows:

1. DKD filed its Application and its Amended Application requesting that the Oil Conservation Division issue an Order immediately and permanently revoking the authority of Gandy Corporation to utilize its State "T" Well No. 2 for injecting produced water for disposal purposes. DKD also requested the Division to require Gandy to reduce pressures in the injection formation, to plug and abandon the State "T" Well No. 2, and to repair or plug any wells determined to have been damaged by Gandy's operations.
2. The Oil Conservation Division held a hearing on DKD's Application and Amended Application on April 27, 2006.
3. On October 24, 2006 the OCD issued its Order No. R-12649. No Stay was granted on that Order; the Order is in effect.
4. DKD did not challenge any aspect of Order No. R-12649, nor did DKD request a *de novo* hearing regarding any aspect of Order No. R-12649.
5. Gandy Corporation timely filed a request for a *de novo* hearing of Order No. R-12649.

6. Gandy Corporation shut in the State "T" Well No. 2 per the requirement of Order No. R-12649.
7. Gandy has filed a C-103 form, which sets out its plan to plug and abandon the State "T" Well No. 2 by July 31, 2007.
8. Gandy Corporation has withdrawn its request for a *de novo* hearing.
9. There exists no reason for the Commission to hold a hearing on Gandy's withdrawal of its request for a *de novo* hearing.
10. As the adversely affected party of Order R-12649, under NMAC 19.15.14.1221 Gandy requested a *de novo* hearing. Gandy has withdrawn that request, Order R-12649 stands, and DKD did not appeal any aspect of Order R-12649. Gandy's witnesses were informed that the hearing request is withdrawn, and would not be prepared to testify on January 11, 2007. Exhibits have not been exchanged between the parties.
11. DKD should be required to follow the procedure set forth in NMAC 19.15.14.1233, which sets out that "within 20 days after entry of any commission order any party of record whom the order adversely affects may file with the commission clerk an application for rehearing on any matter the order determined." DKD has claimed no reasons for requesting a hearing on Gandy's withdrawal, and DKD does not claim any harm due to Gandy's withdrawal. If DKD is claiming an adverse affect due to Gandy's withdrawal of its request for *de novo* hearing, DKD should be required to follow the procedures set forth in the NMAC.

WHEREFORE, Gandy Corporation requests that the Oil Conservation Commission either deny DKD's Request for Hearing on Gandy Corporation's Notice of Withdrawal, or

set a hearing on DKD's Request at a later Commission hearing, at a date determined according to the procedures set forth in Section 19.15.14 NMAC.

Respectfully Submitted,



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I hereby certify that a true and correct copy of the foregoing was sent via facsimile and U.S. mail to all parties of record this 8th day of January 2007.



Charles N. Lakins, Esq.