

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

**IN THE MATTER OF THE APPLICATION OF
DKD, LLC FOR AN ORDER REVOKING THE
INJECTION AUTHORITY FOR THE GANDY
CORPORATION STATE "T" WELL NO. 2,
LEA COUNTY, NEW MEXICO**

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

**DKD, LLC'S REPLY
PURSUANT TO
GANDY CORPORATION'S RESPONSE TO DKD'S
REQUEST FOR HEARING**

DKD, LLC, for its Reply to Gandy Corporation's Response to DKD's Request for Hearing On Gandy's Notice of Withdrawal states:

DKD's position is set forth in its Motion To Strike Notice of Withdrawal and its Response to Gandy Corporation's Motion To Continue.

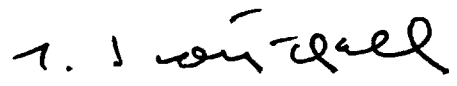
However, DKD notes that Gandy Corporation's Response to DKD's Request For Hearing indicates at paragraph 10 that "*Exhibits have not been exchanged between the parties.*"

In fact, as evidenced by the attached correspondence to counsel dated January 5, 2007, (Exhibit "A"), DKD's exhibits were delivered to Gandy Corporation's counsel.

Respectfully submitted:

MILLER STRATVERT P.A.

By: _____


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Certificate of Mailing

I hereby certify that a true and correct copy of the foregoing was delivered to counsel of record on the 9th day of January 2007, as follows:

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January 5, 2007

VIA FACSIMILE

Pete V. Domenici, Jr., Esq.
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Albuquerque, New Mexico 87102

Re: NMOCC Case No. 13686 *De Novo*; Amended Application of DKD, LLC for an Order Revoking the Injection Authority for the Gandy Corporation State "T" Well No. 2, Lea County, New Mexico

Dear Counsel:

This morning, I called to discuss the exchange of hearing exhibits in the above-referenced de novo proceeding when you informed me that Gandy Corporation would be filing its Notice of Withdrawal. I have not yet received a copy of Gandy Corporation's hearing exhibits. Correspondingly, I delayed the delivery of a set of the DKD, LLC exhibits which were en-route to your office in Albuquerque.

This afternoon, I have filed a Request for Hearing on Gandy Corporation's Notice of Withdrawal in order to discuss the matter before the Commission Chairman. To my knowledge, the Commission has not taken action on the Notice and the hearing has not been cancelled. In view of the possibility that the hearing de novo will proceed as scheduled on January 11, 2007, I suggest we plan on completing the exchange of exhibits. I will plan to have a set delivered to you on Monday and request that you make arrangements to deliver your set to me in Santa Fe. With both parties receiving the other's set of hearing exhibits on the same day, no prejudice results.

Exhibit "A"

A PROFESSIONAL ASSOCIATION

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Pete V. Domenici, Jr., Esq.
Charles Lakins, Esq.
January 5, 2007
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Thank you for your cooperation.

Very truly yours,

MILLER STRATVERT P.A.

A handwritten signature in black ink, appearing to read "J. Scott Hall", with a small dark smudge to the right.

J. Scott Hall

JSH/glb

cc: Danny Watson
Cheryl Bada, Esq.