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RECEIVED

JAN 10 2005

OIL CONSERVATION
DIVISION

January 7 2005

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

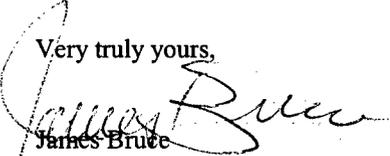
Re: Case No. 13359; Mewbourne Oil Company

Dear Mr. Stogner:

We have reviewed the proposed orders of Chesapeake and Finley, and feel compelled to correct some erroneous statements in those orders:

1. In Chesapeake's proposed order, in Finding Paragraphs 9 and 10, it states that it signed an operating agreement in August 2004, before Mewbourne filed the pooling application. That is incorrect: Attached hereto are Chesapeake's signature pages to the operating agreement, showing that the agreement was signed on October 20th (one day before the hearing).
2. Finding Paragraph 20 on page 4 of Chesapeake's proposed order states that Mewbourne seeks an 80/20 cost allocation between shallow and deep zones. Again, that is incorrect: As Mr. Smith testified at the December 16th hearing, the allocation percentage will be equal to 100 feet below deepest perforation divided by 12,500 feet. Thus, if the deepest perforation is 4900 feet, the allocation to the shallow zone owners will be $5000/12,500 = 40\%$. And, the shallow owners will not be required to pay costs of pipe, logs, etc.
3. Throughout Chesapeake's proposed order it is asserted that the shallow zone owners will be "required" to reimburse the deep zone owners. Finley's proposed order seems to imply the same thing. However, under Mewbourne's proposal the shallow zone owners will have an election. ONLY IF they are consenting parties they will be required to reimburse the deep owners for a portion of drilling costs, as discussed in paragraph 1 above. If they think a shallow completion is uneconomic and they go non-consent, they pay nothing.
4. Finley's order states that Mewbourne's farmout expired in December 2004. I believe that the testimony at the initial hearing was that Mewbourne desired to commence the well by December, which has not occurred. Mewbourne would, however, like to commence the well as soon as possible.

Very truly yours,


James Bruce

Cc: W. Thomas Kellahin & J. Scott Hall

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

1 IN WITNESS WHEREOF, this agreement shall be effective as of the 1st day of AUGUST
2 2004

3 _____ who has prepared and circulated this form for execution, represents and warrants
4 that the form was printed from and, with the exception(s) noted below, is identical to the A.A.P.L. Form 610 1989 Model Form
5 Operating Agreement as published in computerized form by Forms On A Disk, Inc. No changes, alterations, or
6 modifications other than those made by strikethrough and/or insertion and that are clearly recognizable as changes in
7 Articles _____ have been made to the form.

6 ATTEST OR WITNESS:

OPERATOR

7 _____
8 _____
9 _____
10 _____
11 _____
12 _____
13 _____
14 _____

MEWBOURNE OIL COMPANY

By James Allen Bringen

James Allen Bringen
Type or print name

are
SIS

Title Attorney-In-Fact

Date _____

Tax ID or S.S. No. 75-1254872

NON-OPERATORS

16 _____
17 _____
18 _____
19 _____
20 _____
21 _____
22 _____
23 _____
24 _____
25 _____

Chesapeake Exploration Limited Partnership

By Henry J. Hood

Henry J. Hood
Type or print name
General Partner - Land and Legal of
Chesapeake Operating, Inc., General Partner of
Chesapeake Exploration Limited Partnership an
Oklahoma limited partnership

Title _____

Date _____

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

ACKNOWLEDGMENTS

Note: The following forms of acknowledgment are the short forms approved by the Uniform Law on Notarial Acts. The validity and effect of these forms in any state will depend upon the statutes of that state.

Individual acknowledgment:

State of _____)
_____) ss.
County of _____)

This instrument was acknowledged before me on
_____ by _____

(Seal, if any) _____
Title (and Rank) _____
My commission expires: _____

Acknowledgment in representative capacity:

State of Oklahoma)
_____) ss.
County of Oklahoma)

This instrument was acknowledged before me on
October 20, 2004 by Henry J. Hood as

Senior Vice President Chesapeake Operating, Inc. General Partner of Chesapeake Exploration Limited
Land and legal Partnership, an Oklahoma Limited Partnership.
James R. Brody

(Seal, if any) _____
Title (and Rank) _____
My commission expires: April 17, 2007



Acknowledgment in representative capacity:

State of Texas)
_____) ss.
County of Smith)

This instrument was acknowledged before me on
August 26, 2004 by James Allen Brinson as

Attorney-in-Fact for Mewbourne Oil Company, a Delaware corporation, on behalf
of said corporation.
R.D. Sharpling

(Seal, if any) _____
Title (and Rank) _____
My commission expires:

