

# MILLER STRATVERT

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March 16, 2005

**VIA FACSIMILE 982-2151**

James Bruce, Esq.

P. O. Box 1056

Santa Fe, New Mexico 87504

Re: Mewbourne Oil Company Osudo "9" State Com. Well No. 1  
N/2 Section 9, T21S, R35E, NMPM, Lea County, New Mexico

Dear Jim:

As you know, this firm represents James Finley and Finley Resources, Inc., the owners of certain oil and gas leasehold working interests in the above-referenced lands. Finley was recently informed by third parties other than Mewbourne Oil Company that Mewbourne had commenced the Osudo "9" State Com Well No. 1 and had drilled the well to the Morrow formation below 10,000'. The well was drilled without Finley's knowledge and without notice.

During the course of the hearings in Case No. 13359 on Mewbourne's application to force pool the interests of Finley Resources and Chesapeake Operating, Inc., Mewbourne acknowledged that certain of Finley's interests both below and above 10,000' were subject to Mewbourne's Joint Operating Agreement dated August 1, 2004. Under Article V.D.7 of the JOA, Mewbourne, as Operator, was obliged to provide Finley with prompt notice of the date the well was spudded. It failed to do so.

The relevant terms of the JOA provide:

7. Drilling and Testing Operations: The following provisions shall apply to each well drilled hereunder, including but not limited to the Initial Well:

(a) Operator will promptly advise Non-Operators of the date on which the well is spudded, or the date on which drilling operations are commenced.

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(b) Operator will send to Non-Operators such reports, test results and notices regarding the progress of operations on the well as the Non-Operators shall reasonably request, including, but not limited to, daily drilling reports, completion reports, and well logs.

Further, Finley has been provided with no notice of any Completion or of proposed Subsequent Operations, including any recompletion, or of any Termination of Operation. As a consequence of Mewbourne's failure to abide by the terms of its own Operating Agreement, Finley has been deprived of the opportunity to exercise its rights under the JOA, including the right to receive reports, test results and notices regarding the well, as well as the right to provide or withhold its consent.

Accordingly, on behalf of James Finley and Finley Resources, we demand that Mewbourne immediately provide all required notices, as well as complete copies of the following:

1. All Test Results
2. All open-hole and cased-hole logs.
3. All mud logs.
4. All DST reports, including pressure charts, fluid recovery data and observed flow rates, together with service company analysis thereof.
5. All daily drilling reports from commencement through completion of the well.
6. All data, analysis and reports for cores and side-wall cores.
7. All documents or a summary reflecting actual expenditures from commencement of operations on the well through total depth and for any subsequent operations.
8. All completion reports as such become available.

To the extent such materials cannot be practicably provided by facsimile transmission (817 336-1938), they should be sent via Federal Express overnight delivery to Finley's offices:

Finley Resources, Inc.  
1308 Lake Street  
Fort Worth, Texas 76102

Finley demands Mewbourne's strict adherence to the terms of its Operating Agreement. These demands are without waiver or prejudice to any other remedies available to Finley.

Sincerely,

MILLER STRATVERT P.A.



J. Scott Hall

James Bruce, Esq.

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JSH/glb

cc: Finley Resources, Inc.

W. Thomas Kellahin, Esq.

Michael Stogner, NMOCD