

Case No. 13359

MEWBOURNE OIL COMPANY

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RECEIVED

APR 04 2005

OIL CONSERVATION
DIVISION

March 31, 2005

VIA FAX (505) 989-9857

J. Scott Hall, Esq.
Miller Stratvert P.A.
150 Washington Ave., Suite 300
Santa Fe, NM 87501

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

Dear Mr. Hall:

Mewbourne Oil Company has received your letter of March 29, 2005. We fail to see any merit in Finley's retrodden allegations. As stated in our letter of March 23, 2005, any statements other than testimony, made by Mewbourne's representatives (which would include pleadings) about the effect, with respect to the JOA, of a trade between Finley and Chesapeake were premised upon the presumed veracity of the testimony of Finley's witness that such a trade took place. We infer from the glaring absence in your most recent demand letter of any reference whatsoever to an instrument of conveyance, written agreement or the details of an unwritten deal between Finley and Chesapeake, that the trade Finley testified about as being a completed trade may not have been completed at the time of Finley's testimony and indeed may never have been completed. It appears that Finley may have been less than candid with the New Mexico Oil Conservation Division and the participants about the actual status of the supposed trade.

Mewbourne, obviously, is not a party to any such trade and does not know the details of the trade if one did occur. Further, it makes no difference to Mewbourne whether Chesapeake traded some of its Morrow rights to Finley or not. We just need appropriate proof of the transaction and its details. That Mewbourne as the Operator is entitled to receive such proof under the JOA is an axiom. Reiteration of inappropriate demand letters not only does not constitute reasonable proof of the trade, it suggests, strongly, that no proof exists. Mewbourne has made two attempts to obtain Chesapeake's position on this matter but we have not been favored with any response whatsoever. Perhaps Finley should address one of its demand letters to Chesapeake.

J. Scott Hall, Esq.
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Mewbourne does not plan to debate the matter further.

Sincerely,

MEWBOURNE OIL COMPANY



Michael F. Shepard
General Counsel

MFS/pm

cc: James Bruce, Esq.
P.O. Box 1056
Santa Fe, New Mexico 87504

W. Thomas Kellahin, Esq.
P.O. Box 2285
Santa Fe, New Mexico 87504

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

Chesapeake Energy Corporation
Attn: Ms. Lynda F. Townsend
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496