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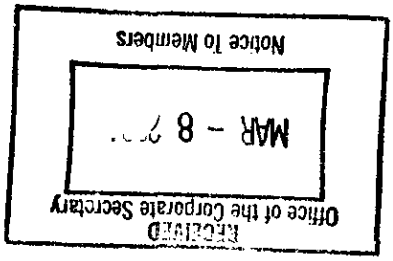

March 5, 2004

Ms. Barbara Sweeney
NASD
Office of the Corporate Secretary
1735 K Street, NW
Washington, DC 20006-1500

RE: Comments on Proposed Amendment to Rule 2810

Dear Ms. Sweeney:

This letter comments on the proposed amendment of Rule 2810 4B(i), "Dual Employees", as discussed in Notice to Members 04-07, solely.

Mewbourne Securities, Inc., "MSI", an NASD member, is affiliated through common ownership with Mewbourne Development Corp., "MDC", a sponsor of publicly registered drilling programs. As such, MSI serves as dealer manager for its affiliate MDC in its offerings but does not conduct business for any other entities. It has little or no retail business. MSI's registered representatives are involved in various roles during the distribution of partnership interest but for most of the year are working for other affiliated entities. Their compensation is not transaction based.

MDC has been sponsoring public drilling programs since 1993 and since 1996 it has sponsored only one program per year. In recent years the programs have tended to subscribe quickly, hopefully because of the good results investors have received.

My concerns regarding the Department's modification of the review procedures such that all payments and expenses associated with dual employees who perform any wholesaling functions would be included in the 10 percent underwriting limitation, regardless of whether the employees are paid transaction-based compensation, are as follows:

1. Many direct participation programs, including the one offered by our affiliate, MDC, are sold on a minimum-maximum basis. As such, the amount of money to be raised is indeterminate at the beginning. Since the dealer/manager or sponsor must engage employees who may perform wholesaling efforts before the offering commences, how can a member insure compliance with this rule if, almost certainly, their compensation (including all compensation, benefits and related expenses) will exceed the allowed percentages if only the minimum, or a less than expected amount, is raised?

2. If the review procedures are so modified and any "wholesaling" dual employees compensation is included in the 10% underwriting limit, there will clearly be economies of scale which benefit entities raising large or multiple large offerings. Entities, such as ourselves, that try to raise capital commensurate with their ability to deploy that capital in the marketplace would not enjoy this economy of scale and would be hindered for their prudent business practices.

3. The wording of Department's Notice to Members contemplates that there are dual employees (with non transaction based compensation) who perform both wholesaling and other functions but that those performing wholesaling functions would be underwriting while non-wholesaling would be O&O. A search of the Department's manual (both hard copy & online) did not reveal a definitive answer for what constitutes "wholesaling". Further, how much time spent doing "wholesaling" functions would cause an employee's compensation to be categorized as underwriting or not? If the Department proceeds with this aspect of the Notice to Members it would seem some proration of compensation would be more reasonable and guidelines should be promulgated to address such proration.

4. The proposed modification would be a severe restraint on new sponsor/entities entering the direct participation marketplace. The fact is that it takes a significant amount of manpower and money, including wholesaling effort, to penetrate a market with a new product and get established. The "wholesaling" component of such cost can be significant and to restrict these cost to the 10% limit would prohibit new entities coming to the market.

5. The hurdles for a sponsor/dealer manager of offering public programs are significant already and such a modification would cause more sponsors to offer only private placements. The small investor would be further deprived of valid investment opportunities.

I appreciate your consideration of these comments and urge you to cautiously consider modifications to review procedures so that smaller, prudently operating entities, such as us, are not placed in an untenable position.

Yours truly,

Roe Buckley
President

RB/gk