

PRAIRIE SUN, INC.
P.O. Box 8280
Roswell, New Mexico 88202
505-622-7355
505-624-2911 Fax

December 23, 1999

FACSIMILE TRANSMISSION

713-431-1475

Certified Mail—Return Receipt #Z 263 868 713

Exxon USA, Inc.
P.O. Box 4697
Houston, Tx. 77267

Attn: Mr. M. P. "Bob" Mathew, Land Dept.

RE: NMOCD Pooling Order #R-11292 (Case #12236)
Laguna Grande Fed. #1
Eddy County, New Mexico
Sec. 28-T23S-R29E, N.M.P.M. (E/2)

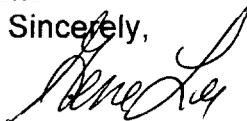
Dear Mr. Mathew:

Pursuant to Pooling Order #R11292, please find attached a copy of a revised AFE showing the proposed estimated well costs to attempt to establish production in the Laguna Grande Fed. #1. Also attached is the workover procedure which will be followed in an attempt to establish production from the Morrow Formation or Wolfcamp Formation.

I have previously forwarded to you a copy of our Form 610, Joint Operating Agreement. If your company desires to participate in the above well, please return an executed copy of the AFE along with a check in the amount of \$206,565 for your pro-rata share of anticipated expenses. A copy of the joint operating agreement will be forwarded to you for signature upon receipt of the executed AFE and payment of your pro-rata share of the estimated expenses. Please return the AFE within 30 days from receipt of this notice to the above office address.

If you have any questions, please contact me at the above address and telephone numbers. Thank you for your assistance in this matter.

Sincerely,



H. E. Gene LEE
Agent for Prairie Sun, Inc.

cc: Mr. Mark Ashley
NMOCD
Losee, Carson, Haas, & Carroll
Enclosures: AFE
Procedure