

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

August 20, 1999

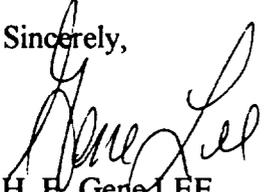
Exxon, Inc.
P.O. Box 2180
800 Bell
Houston, Tx. 77252

Attn: Mr. Bob Mathew, Land Dept.

RE: Farm Out Agreement or Participation Agreement
Eddy County, New Mexico
T23S-R29E, N.M.P.M.
Section 28: W/2E/2
160 Acres

Dear Mr. Mathew:

Thank you for your time on the telephone to discuss the above acreage and our desire to Farmout or have Exxon participate in the workover we previously proposed. Your terms of a Term Assignment for \$275/acre with a 75% Net Revenue Interest that we discussed is not acceptable. Should you decide to reconsider our offer, please contact me at the above numbers. We propose to continue with our Forced Pooling Application since you do not wish to Farm Out the W/2 E/2 of Sec. 28-T23S-R29E.

Sincerely,

H. E. Gene LEE