

1. no comments

2. Exxon has been candid and truthful with counsel.

3. Mr. H. E. Lee claims to have called Exxon's Midland Office in January, 1999. Exxon closed its Midland Office effective August 1, 1997 and all personnel who elected to take jobs with Exxon in Houston moved to Houston during early August. The main switchboard number for the Exxon office in Midland (915 688-6100) had a forwarding message for a few weeks and the number was deactivated on September 15, 1997. Mr. Lee could not have called the Midland Office in January, 1999 as the number was not active and the office did not exist. Also Mr. Randy Lewicki was never the head of Exxon's Land Department in Midland and he left the company for other employment effective July 1, 1997.

3. (Duplicate para 3)

Obviously Mr. Lewicki could not return the alleged calls, as he was no longer employed with Exxon at the time of Mr. Lee's calls. Mr. Lee's Letter of March 3, 1999 was addressed to Exxon's closed Midland Office and Exxon did not receive this letter (Exhibit A) in Houston.

4. Regarding Mr. Lee's letters of April 20, 1999, Exxon did not receive either letter. We note that neither letter (Exh B & C) were signed by Mr. Lee and no proof of mailing was provided. Exxon's Midland office was closed at the time of mailing and we do not know why the letter to the Houston address did not reach the Land Department. The Houston address was a general P. O. Box for Exxon and not the address for the Land Dept.

5. Mr. Lee could not have talked to anyone in Exxon's office in Midland during 1999 or reached a voice mail as the office was closed in 1997 and the telephone system deactivated.

6. No evidence of "one last attempt" was offered.

7. & 8. On August 16, 1999, Exxon's Land Representative for New Mexico, first received notice of the well proposal dated August 9, 1999 addressed to Exxon's Sprayberry Field Office and a copy of Prairie Sun's Forced Pooling application. This is the first notice that Exxon Land has received of this well proposal and force pooling application. On August 16, also a call was placed to Mr. Lee at approximately 1:15 CST. A voice message was left for Mr. Lee to call Bob Mathew back regarding the application and well proposal.

On August 17 at approximately 2:45 PM CST Mr. Lee called to discuss Exxon's terms for a trade on the subject acreage. Bob Mathew informed Mr. Lee that it would be Exxon's preference to trade all of the approximately 1700 acres as we were currently attempting to promote the tract as a whole to industry but that we would entertain an offer on all or a portion of the tract for \$275 per net mineral acre bonus for an 18-month term assignment with Exxon delivering a 75% NRI.

NEW MEXICO  
OIL CONSERVATION DIVISION  
Exxon EXHIBIT 2  
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Also, Mr. Mathew advised Mr. Lee that Exxon would oppose his application due to the short notice and Mr. Lee advised that he would get back to Mr. Mathew after talking to his folks although he mentioned that he did not think his folks would ~~not~~ want to take the whole tract. He did not call back as of this date.

Mr. Lee has not accurately portrayed the telephone conversation on August 17 in the response and has made it appear that Exxon wanted an all or nothing deal and refused to negotiate. Exxon's offer to Prairie Sun is still available on all or a portion of the acreage. No further discussions were had with Mr. Lee other than this one conversation and Mr. Lee incorrectly states that "he again asked Exxon for a farmout on 160 acres". No proposal or response either verbally or in writing was received by Exxon after the August 17 conversation.