

CHRONOLOGY RELATING TO PRAIRIE SUN'S COMPULSORY POOLING APPLICATION

AUGUST 16, 1999:

Received notice of Prairie Sun's August 9, 1999 well proposal letter with a copy of the compulsory pooling application dated August 6, 1999.

Called Mr. H.E. Lee, agent for Prairie Sun, at approximately 1:15 P.M. CST and left message on voice mail to call me back.

AUGUST 17, 1999:

Received a call at approximately 2:45 PM CST from Mr. Lee. He wanted to discuss terms for a trade on the subject acreage. I 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 we would entertain an offer on all or a portion of the tract. Terms for a trade would be that Exxon would grant an 18 month term assignment of the acreage requested for a bonus consideration of \$275.00 per acre with Exxon delivering a 75% Net Revenue Interest.

Also advised Mr. Lee that Exxon would oppose his application due to the short notice, and Mr. Lee stated that he would get back to me after talking to his folks. He mentioned that he did not think that his folks would want the whole tract but that he would let me know.

SEPTEMBER 2, 1999:

Testified at NMOCD hearing in Santa Fe. Talked personally with Gene Lee and advised Gene that Exxon is interested in working a trade with Prairie Sun. I asked Gene to submit an offer for a term assignment as no detailed offer was received before the hearing. I also advised Gene that we would be flexible in the cash bonus that was usually received for Exxon's acreage.

SEPTEMBER 8, 1999:

Received a fax copy of a letter dated September 7, 1999, whereby Prairie Sun offered to purchase a 1-year term assignment for \$75.00 per net mineral acre for depths from the base of the Wolfcamp to the base of the Morrow. NRI to be delivered was 78%.

SEPTEMBER 10, 1999:

Called Gene Lee and left a message on voice mail to call me back to discuss trade. No response was received.

SEPTEMBER 15, 1999:

Called Gene Lee again and left a message on voice mail to call me back. No return call was received.

SEPTEMBER 17, 1999:

Sent a letter via fax and first class mail outlining the general terms of the trade that Exxon would propose. The bonus offered by Prairie was acceptable and the only difference was in the NRI delivered. Exxon proposed to deliver a 75% NRI.

Exhibit No. 2
Exxon Corporation
Case No. 12236
Hearing Date: Oct. 21, 1999

SEPTEMBER 22, 1999:

Received a voice mail message left at 8:11 PM C.S.T. from Gene Lee advising that he had received my fax and telephone calls but he was out of town and therefore unable to return my calls. He said that he was faxing a response to Exxon that would decline the 75% NRI and stated that it would not be in Prairie's interest to accept any less than 78% NRI as Exxon would be receiving a 8.50 % ORRI in the deal as proposed by Prairie.

Received a fax time stamped 6:37 P.M. C.S.T. of a letter dated September 22, 1999, the original of which was sent by Certified Mail. The letter stated that Prairie would not change their earlier offer.

SEPTEMBER 28, 1999:

Received a letter via Priority Mail, Return Receipt Requested, dated September 15, 1999, written by Gene Lee, advising that if Exxon did not respond to the September 7, 1999 letter, that Prairie would be forced to notify the NMOCD that negotiations have been unsuccessful and to enter an order for forced pooling under Cause No. 12236.

Interestingly, this letter was typed during the period that Gene Lee was allegedly out of town and could not respond to my phone calls and no mention was made in this letter, of my phone calls of September 10 & September 15. It appears this letter was produced to serve as a future exhibit to the hearing to indicate unwillingness on Exxon's part to negotiate.

Called Gene Lee to ask if there was any flexibility to negotiate the NRI issue. Left message on voice mail but did not receive a return phone call.

OCTOBER 5, 1999:

9:45 AM CST: Called Gene Lee again to discuss the possibility of negotiating the NRI issue. No answer received on the telephone and no voice mail was in effect. Could not leave message.

OCTOBER 7, 1999:

Received a call from Gene Lee. He stated that that there had been too much delay in this matter and that he would "advise his attorney to tell the NMOCD to take the force pooling under advisement". I mentioned that I had an interested party who would take the 75% NRI assignment from Exxon for no bonus and that Exxon would accept the same terms from Prairie Sun. I explained to Gene that it would be in Prairie Sun's interest to have Exxon's 50% interest via an agreement because if Exxon were to grant the assignment to a 3rd party, the ORRI burden would be the same in either case and whether or not the property was eventually force pooled. Gene said he would consult with his principals and get back to me.

OCTOBER 8, 1999

Received a fax letter from Gene Lee advising that Prairie Sun would not accept the 75% NRI for no bonus and would proceed with the force pooling application.