

EXHIBIT "F"
DRILLING PROGNOSIS
YATES FEDERAL #3

LOCATION: 660' FSL & 990' FWL, Section 11
T19S,R31E Eddy County, New Mexico

PROPOSED DEPTH
AND OBJECTIVE: 3,800' Yates and Seven Rivers Test

CASING PROGRAM: Surface: 8 5/8" 24# J-55 Set at
650' in an 12 1/4" hole

Production; 5 1/2" 15.50# J55 from
surface to 3,800'. Sufficient
cement will be used to bring the
top of cement up 100' feet into
surface casing.

LOGGING PROGRAM:
A compensated neutron/formation
density, with gamma ray, and
caliper. A dual laterolog will be
run for water saturation
analysis. All logs will be run
from the TD to the base of surface
casing.

MUD LOGGING: Samples will be taken every 10
feet from 2,300 feet to TD.

MUD PROGRAM:

0-650' Spud 12 1/4" hole with fresh water
containing gel and lime, if
necessary for hole cleaning. Mud
weight should be 8.5 - 8.7 lb/gal
with a viscosity of 33-35 sec/1000
cc.

650' - 3,800' Drill out below surface pipe using
7 7/8" bit with 10 lb/gal brine
for drilling the native salt
section. Lime will be added to
maintain a pH of 9.5 - 10.0
Partial or total lost circulation
is expected in the top of the
Capitan Reef at + 2,850 feet. If
total loss does occur, the
remainder of the hole will be dry
drilled with sweeps to 3,800 feet.