

EXHIBIT "F"

**DRILLING PROGNOSIS
HADSON FEDERAL #3**

LOCATION: 2,310' FNL & 2310' FEL , 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# J-55 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.