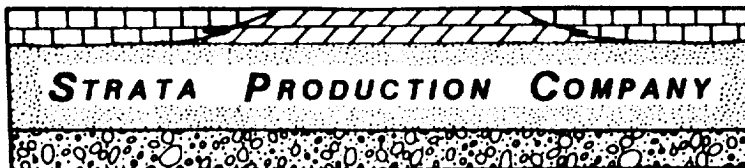


EXHIBIT "F"

GEORGE L. SCOTT, JR.
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June 21, 1990

Mr. Mike Williams
Oil Conservation Division
PO Drawer DD
Artesia, New Mexico 88210

Mr. Shannon Shaw
Bureau of Land Management
PO Box 1778
Carlsbad, New Mexico 88220

Re: Drilling and Casing Program Strata #1 Aguila Fed
Sec. 4-T20S-R28E, 990' FN and 1980' FWL, Eddy Co., NM

Gentlemen:

Accompanying is our proposed drilling and casing program for captioned well. This program reflects the urgent need to reduce the costs associated with drilling and completing wells. At the current, low price of oil it is imperative that the costs for drilling Delaware wells be reduced if we are to continue drilling operations in this area. We believe the accompanying, proposed drilling and casing program will materially reduce our costs and also offer more than adequate production for both the shallow surface water and the Capitan reef fresh water.

1. We will drill to 300 feet with a 17 1/2" bit and set 13 3/8" at 300 feet in heavy mud. A study of logs in the area indicates possible top of the salt at about 330 feet. We do not want to go too deep and set the casing in the salt.

2. We will drill to 720 feet, below the base of the salt section, with a 12 1/4" bit and run 9 5/8" casing. We will then pull the 13 3/8" casing. Following this, we will cement the 9 5/8" casing to the surface.

3. We will then drill to TD 4350 feet in the Delaware with an 8 3/4" bit using a fresh water mud system. We will run 5 1/2" production casing and ~~cement it back into the 9 5/8" casing.~~ We will put centralizers on the 5 1/2" casing opposite the Capitan reef to assure a better cement job.

→ circulate 5 1/2" casing
to surface.

(SSS)