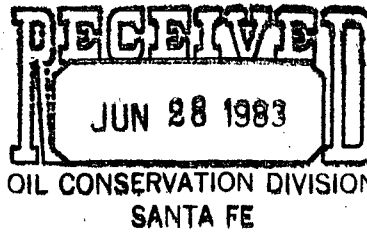


ERNEST L. PADILLA
ATTORNEY AND COUNSELOR AT LAW



First Northern Plaza
P.O. Box 2523
Santa Fe, New Mexico 87501
(505) 9887577

May 23, 1983

Jerome P. McHugh & Assoc.
650 S. Cherry Street
Denver, Colorado 80222
ATTN: Jim Fullerton

Caribou Four Corners, Inc.
2506 West Main Street
Farmington, New Mexico 87401
ATTN: Patsy Hedgecock

RE: Order No. R-7176 - Application of Overland Energy, Inc.
for Compulsory Pooling the NW/4NE/4 of Section 10, Town-
ship 29 North, Range 15 West, San Juan County, New Mexico

Ladies and Gentlemen:

In accordance with the provisions of the above referenced order of the Oil Conservation Division, enclosed please find an AFE which is an estimate of well costs for a well to test the Gallup formation which is to be commenced within the next thirty days. Enclosed also is a copy of a letter whereby the Oil Conservation Division has, after application, extended the commencement of drilling date to July 1, 1983.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ernest L. Padilla".

Ernest L. Padilla

ELP/bv

Enc

cc: Overland Energy, Inc.
Fairmount Oil Company

Case 7742
Stamps
B. H.

WELL COST ESTIMATE

Lease Name Brimhall Well No. 1 Field Fruitland
Location NW/4 NE/4 Sec.10:T29N.,R.15W. County San Juan State New Mexico
Formation GALLUP Total Depth 4300 Total Days six days

	SUB	TOTAL	DRY HOLE
Acquisition Cost to Date		\$	\$
TUBULAR GOODS:			
Surface Casing 200 ft. 8-5/8" @ 8.50	\$ 1,700.00		1,700.00
Int. Casing			
Prod. Casing			
Tubing 4300 ft. 2-3/8" @ 1.80	8,000.00		
Casing 4300 ft. 4 1/2" @ 3.54	16,000.00	25,700.00	
WELLHEAD EQUIPMENT: Larkin	2,000.00	2,000.00	
OTHER EQUIPMENT:			
Surface Production Equipment, Tank Battery	15,000.00		
6,000.00 Separator 8,500.00			
Liner Hangers & Production Packers			
Tubing Accessories-Hook Up	3,000.00	18,000.00	
Pump Jacks, Motors, Bases & Rods	30,000.00	30,000.00	
DRILLING COSTS:			
Footage-Turnkey	47,000.00		47,000.00
Day Work, 2 days @ 5,200.00	10,400.00		5,200.00
Service Unit-4 days @ 1,900.00	7,600.00		
Rig Moving Costs		65,000.00	
CEMENTING:			
Surface 200'	2,000.00		2,000.00
Production	18,000.00		
Sq. Jobs		20,000.00	
FORMATION TREATMENT:			
Acidizing	16,000.00		
Tank Rental	2,000.00	18,000.00	
SPECIAL SERVICES:			
Perforating	4,000.00		
Electric & Radioactive Logging	10,000.00		10,000.00
Cores		14,000.00	
MATERIALS:			
Water (Frac)	8,000.00		
Bits	500.00		
Hauling	2,000.00		1,000.00
Miscellaneous	2,000.00	12,500.00	1,000.00
ACCESS AND LOCATION AND CLEANUP SUPERVISION, LEGAL, ETC.	18,000.00	18,000.00	18,000.00
TOTAL DIRECT COST		\$ 223,200.00	\$ 85,900.00

ESTIMATED COST ONLY - Each Participating Owner to
Pay Proportionate Share of Actual Well Cost
Subject to Operating Agreement.

WORKING INTEREST: _____

Others _____

Date 11-5-82

PARTNERS APPROVAL:

Prepared By: Dick Lauritsen

Date: _____

Approved By: W.M. Spriggs

By: _____