

**WALSH** ENGINEERING & PRODUCTION CORP.

**Drilling and Completion Cost Estimate**

San Juan Resources of Colorado  
AUTHORITY FOR EXPENDITURE

*Tecumseh #1E*

Location: Section 18, S/2 T30N, R11W, San Juan Co., NM

Proposed Depth: 6750'

Objective: Mesaverde and Dakota,

	Tangible	Intangible	Total
<b>I. Drilling Costs( Include Running Casing)</b>			
Survey and Permits		1,000	1,000
Drilling Title Opinion/Ownership Report/Curative Costs		5,000	5,000
Surface Damages, legal and logistics on surface owner		12,000	12,000
Dirt Work		20,000	20,000
Pit Liner and Fence		1,000	1,000
Drilling Daywork at \$8500/day @ 11 days		93,500	93,500
Rig Rentals		16,000	16,000
Drill Bits		10,000	10,000
Rig Mob and Demob		8,000	8,000
Water and Water Hauling		15,000	15,000
Drilling Mud, Air Pkg., and Nitrogen		20,000	20,000
Surface Casing (250' of 9-5/8" @ 20.36 \$/ft.)	5,090		5,090
Casing Head	10,000		10,000
Cement Surface		3,500	3,500
Logs		5,000	5,000
Mud Logger		0	0
Intermediate Casing (3625' of 7" @ 11.81 \$/ft.)	42,811		42,811
Casing Crew		6,000	6,000
Cement Intermediate		11,000	11,000
Miscellaneous		8,000	8,000
Trucking		26,000	26,000
Engineering/Supervision		8,200	8,200
Overhead		1,670	1,670
<b>Total Drilling Cost</b>	<b>57,901</b>	<b>268,870</b>	<b>326,771</b>
10% Contingency	5,790	26,887	32,677
<b>Grand Total Drilling Costs</b>	<b>63,691</b>	<b>295,757</b>	<b>359,448</b>
<b>II. Completion Costs (as needed).</b>			
Production Casing (6750' at \$6.86/ft)	46,305		46,305
Cement Production Casing		8,200	8,200
Casing Crew		4,000	4,000
Tubing Head and Well Connection Fittings	600		600
Tubing (6750' of 2-3/8" @ 3.29 \$/ft.)	22,208		22,208
Perf		11,000	11,000
Stimulation		105,000	105,000
Tool Rental (Frac Valve)		1,100	1,100
Frac Tank Rental		1,300	1,300
Completion Fluids		4,000	4,000
Completion Rig (7 days at \$2100/day)		14,700	14,700
Separator	6,900		6,900
Flowlines and Install	2,000	4,650	6,650
Tank and Fittings	12,900		12,900
Trucking		8,000	8,000
Pipeline/gathering facility	15,000	15,000	30,000
Restore Location		1,500	1,500
Engineering/Supervision		2,000	2,000
Overhead		1,670	1,670
<b>Completion Costs</b>	<b>105,913</b>	<b>182,120</b>	<b>288,033</b>
10% Contingency	10,591	18,212	28,803
<b>Total Completion Costs</b>	<b>116,504</b>	<b>200,332</b>	<b>316,836</b>
<b>Grand Total Well Costs</b>	<b>180,195</b>	<b>496,089</b>	<b>676,284</b>

Prepared By: Paul C. Thompson, P.E.  
Date: December 14, 2004

Working Interest Owner

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ESTIMATED COSTS ONLY--Each participating  
Owner to pay Proportionate Share of Actual  
Well Costs Subject to Operating Agreement

REVISED AFE

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 13391 Exhibit No. 4  
Submitted By:  
San Juan Resources  
Hearing Date: January 6, 2005