

EXHIBIT NO. 1  
THREE STATES NATURAL GAS COMPANY

Well Cost Breakdown  
Verde-Gallup Field  
Tribal Well No. 1

NW/4 NW/4 Sec. 30-31N-14W  
San Juan County, New Mexico

|   |                |
|---|----------------|
| Road, location and pits                 | \$ 1,696       |
| Drilling Contract - footage and daywork | 28,706         |
| Mud                                     | 3,987          |
| Water                                   | 4,166          |
| Logging                                 | 1,524          |
| Cement and Cementing Service            | 1,547          |
| Hauling                                 | 2,506          |
| Equipment Rental                        | 328            |
| Casing and Liner                        | 12,525         |
| Tubing                                  | 2,571          |
| Pumping Unit, rods, etc.                | 6,709          |
| Tanks and Separator                     | 5,651          |
| Wellhead and other equip.               | 793            |
| Line pipe                               | 798            |
| Misc. Valves and fittings               | 386            |
| Fracturing treatment                    | 9822.00        |
| Less: Recovered load oil                | <u>2700.00</u> |
| Labor and installation charges          | 7,122          |
| Direct wage and car expense             | 1,036          |
| District Overhead                       | <u>1,303</u>   |
|   | <u>1,010</u>   |

Total Cost                    \$84,364

|                        |      |
|------------------------|------|
| Drilled with rotary to | 3702 |
| Cable tools to         | 3837 |
| Total Depth            | 3837 |

BEFORE THE  
OIL AND GAS REGULATION COMMISSION  
SANTA FE, NEW MEXICO

*Three States* EXHIBIT No. 1  
CASE 1441