

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' NW/4SW/4

Objective: Mesaverde and Dakota,
with completion in DK & MV

	Tangible	Intangible	Total
I. Drilling Costs(Include Running Casing)			
Survey and Permits		1,000	1,000
Drilling Title Opinion/Ownership Report/Curative Costs		10,000	10,000
Damages		5,000	5,000
Dirt Work		10,000	10,000
Pit Liner and Fence		1,000	1,000
Drilling Daywork at \$8200/day		90,200	90,200
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		6,000	6,000
Trucking		26,000	26,000
Engineering/Supervision		8,200	8,200
Overhead		1,670	1,670
Total Drilling Cost	57,901	253,570	311,471
10% Contingency	5,790	25,357	31,147
Grand Total Drilling Costs	63,691	278,927	342,618

II. Completion Costs (as needed).			
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
Pipelines/gathering Lines	10,000	10,000	20,000
Restore Location		1,500	1,500
Engineering/Supervision		2,000	2,000
Overhead		1,670	1,670
Completion Costs	100,913	177,120	278,033
10% Contingency	10,091	17,712	27,803
Total Completion Costs	111,004	194,832	305,836
Grand Total Well Costs	174,695	473,759	648,454

Prepared By: Paul C. Thompson, P.E.
Date: Sept 21, 2004Working Interest Owner 1.02587%
Leonard Mosley et ux \$6,652.30ESTIMATED COSTS ONLY--Each participating
Owner to pay Proportionate Share of Actual
Well Costs Subject to Operating AgreementBy: _____
Title: _____

BEFORE THE
OIL CONSERVATION DIVISION
 Case No.13391 Exhibit No. — **3**
 Submitted By:
San Juan Resources
 Hearing Date: January 6, 2005