

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
I. Drilling Costs(Include Running Casing)			
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
Total Drilling Cost	57,901	268,870	326,771
10% Contingency	5,790	26,887	32,677
Grand Total Drilling Costs	63,691	295,757	359,448

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
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
Completion Costs	105,913	182,120	288,033
10% Contingency	10,591	18,212	28,803
Total Completion Costs	116,504	200,332	316,836
Grand Total Well Costs	180,195	496,089	676,284

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