

EXHIBIT #7

COSTILLA ENERGY ,INC.

Date: 5/21

Lease Name & Well No.

Funk 49 #1

AUTHORITY FOR EXPENDITURE

Field Name: WC

Location:

Sec. 33, T - 16S, R - 26E

State:

County:

Eddy

Objective:

Morrow

Depth:

8,500 ft.

AFE #:	JIB #:	INTANGIBLES:	DRILLING	COMPLETION
102	507	1. Surveyors	\$ 1,500	
139	508	2. Insurance	\$ 2,500	
140	512	3. Pit Lining	\$ 2,850	
141/338	505	4. Road & Location	\$ 18,000	\$ 3,500
101	502	5. Damages	\$ 5,000	
103		6. Cement Services		
104	503	a. Surface Casing Cmt. 400 sxs.	\$ 4,800	
105	504	b. Intermediate Casing Cmt. 800 sxs.	\$ 12,500	
306	806	c. Production Casing Cmt. 750 sxs.		\$ 17,500
138	511	d. Cmt for P & A		
		7. Rig Costs		
109	530	a. Footage 8,500 \$16.00 per ft.	\$ 136,000	
110	529	b. Daywork 5 \$5,500 per day	\$ 27,500	
311	842	c. Comp Unit: 8 \$1,800 per day		\$ 14,400
112	572	d. Mobilization/Demobilization (Rig Move)		
335	552/852	e. Swabbing Unit		
132	535	f. Fuel & Power		
113/313	557	8. Equipment Rental & Expendable Supplies	\$ 3,500	\$ 1,500
142/337	560/862	9. Tool Rental		\$ 1,250
137/336	532/832	10. Casing Crew		\$ 2,125
114	515	11. Drilling mud, Chemicals	\$ 18,500	
		12. Drilling Water		
116	524	a. Water Line Rental		
143	527	b. Water Well		
144/344	535	c. Water Hauled	\$ 20,000	\$ 3,500
		13. Wireline & Formation Evaluation Services		
118	526	a. Open Hole Logging	\$ 14,500	
119	537	b. Mud Log 15 \$500 per day	\$ 7,500	
120	533	c. Drilling Stem Test & Analysis	\$ 4,500	
121	550	d. Coring & Analysis		\$ 4,500
322	828	e. Cased Hole Logging		\$ 3,500
323	853	f. Perforating		
145/345	501	g. Gyro Survey		
		14. Well Stimulation		
326	814	a. Acidizing		\$ 8,500
327	869	b. Fracturing		
128/328	520/820	15. Transporation/Trucking/Forklift	\$ 2,500	\$ 3,850
129/329	559/859	16. Welding & Misc Services	\$ 1,500	\$ 2,000
130/330	521/821	17. Engineering and/or Geological Service		
131/331	571/871	18. Overhead & Contingencies 10.00%	\$ 28,315	\$ 6,613
		19. Supervision	\$ 14,000	\$ 7,500
146/339	545/845	20. Bits/Reamers		\$ 750
147/340	567/867	21. Contract Labor	\$ 2,500	\$ 5,000
TOTAL INTANGIBLES:			\$ 327,965	\$ 85,988

AFE #:	JIB #:	TANGIBLES:	DRILLING	COMPLETION
210	410	1. Casing		
		a. Surface 13.375 \$17.25 450	\$ 7,763	
212	412	b. Intermediat 9.625 \$12.50 1350	\$ 16,875	
415	715	c. Production 5.500 \$6.35 8,500		\$ 53,975
216/416	422/722	d. Liner & Hanger		
230	417	e. Conductor Casing		
417	725	2. Tubing 2.875 \$2.75 8500		\$ 23,375
218/418	430/730	3. Wellhead	\$ 3,000	\$ 2,000
419	720	4. Packer & Downhole flow controls		\$ 12,500
420	750	5. Pumping unit & Prime mover		
421	760	6. Rods, Pump & Tubing Anchor		
222/422	449/749	7. Surface Equipment		
223/423	455/755	a. Flowline, valves & connections		\$ 8,000
424	748	b. Separation & Treating Vessels		\$ 12,500
425	740	c. Tankage		\$ 12,500
227/427	446/746	8. Installation Costs & Other Misc Tangibles		\$ 9,000
231/429	427/727	9. Compressors (Purchase)		
428	745	10. Heaters & Treaters		\$ 7,500
430	752	11. Artificial Lift Devices		
232/431	499/799	12. Lease & Well Equipment - Other		\$ 8,000
TOTAL TANGIBLES:			\$ 27,638	\$ 149,350

ESTIMATED TOTAL COSTS:

	DRILLING	COMPLETION
1. Drilling Intangibles	\$ 327,965	\$ 327,965
2. Drilling Tangibles	\$ 27,638	\$ 27,638
3. Completion Intangibles		\$ 85,988
4. Completion Tangibles		\$ 149,350
5. Plugging Expense		
TOTAL WELL COSTS:	\$ 355,603	\$ 590,940

COMPANY PARTNER:

DATE:

W.I. PARTNER:

DATE: