

EXHIBIT #7
COSTILLA ENERGY ,INC.

AUTHORITY FOR EXPENDITURE

Date: 5/21
Lease Name & Well No. Funk 49 #1 Field Name: WC
Location: Sec. 33, T - 16S, R - 26E State: County: Eddy
Objective: Morrow Depth: 8,500 ft.

A/E #:	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					
322	828	e. Cased Hole Logging					\$ 4,500
323	853	f. Perforating					\$ 3,500
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

A/E #:	JIB #:	TANGIBLES:				DRILLING	COMPLETION
		1. Casing					
210	410	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: _____