

PRAIRIE SUN, INC.
AUTHORITY FOR EXPENDITURE

LAGUNA GRANDE FED. #1

1380' FSL & 990' FEL

SEC. 28-T23S-R29E

EDDY COUNTY, NEW MEXICO N.M.P.M.

Pool: Laguna Grande Morrow Proposed Depth: PBD--13,607' Date: 3-3-99

Administrative Order NSL-724 (9-22-75) for Non-Standard Location.

Objective: Well currently is shut in, non commercial in the Delaware. Workover will place well back in production, paying in commercial quantities from the Morrow or Wolfcamp formations.

INTANGIBLE EXPENSES:	Dry Hole	Producer
Road Repairs, Dirt Work	10,500	12,500
Double Drum Pulling Unit (14 Days @ \$1500)	60,000	60,000
Reverse Unit & Rental Equipment	34,800	34,800
Bits	7,500	7,500
Water, KCL & Brine	4,000	4,000
Work String	11,000	11,000
Packers & Cement retainers	4,500	11,600
Perforating and Wireline	9,500	9,500
Cementing charges	22,000	22,000
Acid & Stimulation	25,000	25,000
Frac Tanks & Transportation	3,500	3,500
Forklift and Trucking	4,200	6,000
BHP Bombs & Testing		7,500
Roustabout Gang & installation charges	2,500	4,500
Supervision & Engineering	7,000	9,000
Total Intangibles	206,000	228,400

TANGIBLE EXPENSES:		
Remanufactured & tested 10K Tree		25,500
2 7/8" P-105 tbg. 13,500' @ 4.50		60,750
Misc. Valves & fittings		4,500
Stack-Pack & connections		20,000
Tanks & flowlines		21,000
Packer & On/Off tool		6,500
Meter run, & connections		7,500
Total Tangibles		145,750
TOTAL WELL COSTS:	\$206,000	\$374,150

APPROVALS:

PRAIRIE SUN, INC.

50% WI

By:  **Date:** 3-3-99

Title: Agent

EXXON, INC.

By: _____ **Date:** _____

50% WI

Title: _____

PRAIRIE SUN, INC.
BEFORE EXAMINER ASHLEY
NMOCD CASE NO. 12236
DATE: 09/02/99
EXHIBIT NO. 7