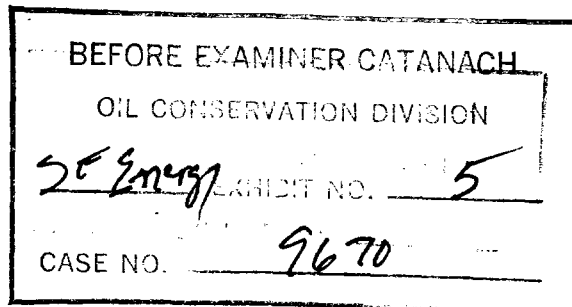


**SANTA FE ENERGY COMPANY
GENERALIZED WELL COST ESTIMATE**

NAME: Malaga Fed. Com. No. 1
 LOC: 2130' FWL & 660' FSL, Section 1-24S-28E, Eddy County, New Mexico
 DESC: Drill and complete a 12,250' Atoka Gas Well

ACCOUNT	DESCRIPTION OF COSTS	DRY HOLE	PRODUCER
501-000	TANGIBLE WELL COSTS		
-41	CONDUCTOR CSG	3,000	3,000
-41	SURFACE CSG	10,345	10,345
-41	PROTECTION CSG	49,085	49,085
-41	DRILLING LINER		
-41	PROD CSG	198,010	198,010
-41	PROD LINER		
-42	TUBING		
-43	WELLHEAD	5,000	40,000
-44	PMPC UNIT		
-45	PRIME MOVER		
-50	OTHER DWN HOLE EQUIP		11,520
-50	RODS		
-50	SUBSURFACE PMPS		
-55	CSG EQUIP	1,175	1,175
-55	ELECTRICAL		
-55	MISC. TANGIBLES		
-55	ROD EQUIP		
-55	TUBING EQUIP		600
	TOTAL TANGIBLE COSTS	266,615	406,570
541-000	LEASE FACILITY COSTS		
-50	FLOW LINES		4,865
-50	LABOR		5,700
-50	OTHER PROD EQUIP		19,540
-50	TANK FACILITIES		9,790
	TOTAL LEASE FACILITY COSTS	0	39,895
511-000	INTANGIBLE WELL COSTS		
-21	LOCATION	28,100	28,100
-22	FENCING	1,000	1,000
-26	WTR & FUEL FOR RIG		
-31	CONTRACTOR MOVING EXP		
-32	CONT FOOTAGE OR TURNKEY	165,890	165,890
-32	CONTRACTOR DAY WORK	68,250	68,250
-33	DRLC FLUID & ADDITIVES	60,000	60,000
-34	BITS & REAMERS	17,000	17,000
-36	CORING & CORE ANALYSES		
-37	CEMENT	56,920	74,920
-39	INSPECTION & TSTG OF TANG	5,240	7,680
-41	DIRECTIONAL DRLG SURVEYS	3,600	3,600
-42	DRILLING EQUIP RENTAL	34,215	34,215
-43	OPEN HOLE LOGGING	40,500	40,500
-44	DRILL STEM TSTG	20,000	20,000
-45	MUD LOGGING	11,375	11,375
-51	TRANSPORTATION	9,500	9,500
-52	COMPLETION UNIT		6,480
-53	COMPLETION TOOL RENTAL		9,700
-54	CASED HOLE LOGS & PERFING		9,300
-55	STIMULATION		8,520
-56	RIG SITE SUPERVISION	15,750	23,150
-72	ADMINISTRATIVE OVERHEAD	5,000	10,000
-99	FSHG TOOLS & EXPENSES		
-99	TESTING: BHP, COR, & PT. POT		6,000
	ABANDONMENT COST	10,000	
	OTHER INTANGIBLES	17,000	19,000
0	CONTINGENCY (10%)	56,934	63,418
	TOTAL INTANGIBLES	626,274	697,598
	TOTAL COSTS	892,889	1,144,063



Drilling Dept: Michael R. Burtz Date: 6/30/89
 Operations Dept: Thomas J. Burtz Date: 7-10-89
 SFEC Approval By: _____ Date: _____
 Non Operator Approval By: _____ Date: _____