



Attn: Manager P&S Dept./Traders/Cashier/Manager Reorganization/Manager Dividends
UNIFORM PRACTICE ADVISORY (UPC # 031-2001) March 30, 2001

Costilla Energy, Inc. - 10¼ % Senior Subordinated Notes due 10/1/2006

Costilla Energy, Inc. - 10¼ % Senior Notes due 10/1/2006

Pursuant to the Plan of Reorganization, the above company made a payment of principal (\$430.798049) and interest (\$18.643979) on November 9, 2000 to holders of record on November 8, 2000. Since holders were required to surrender certificates in order to receive the payment, trades executed on or after November 9, 2000 in the notes should have been on a ***“reduced principal basis”*** of \$569.201951 in lieu of \$1,000 principal amount “ex” the pay-down of \$430.798049 per \$1,000 note.

The company announced that they will made a second payment of principal (\$29.204487) and interest (\$1.263905) on March 28, 2001 to holders of record of March 21, 2001.

Members are advised that effective April 2, 2001, trades executed in the notes should be on an ***“additional reduced principal basis”*** of \$401.593562 (in lieu of \$569.201951) and “ex” the principal pay-down of \$29.204487 and \$1.263905 of interest per original \$1,000 p.a.. Comparisons and/or confirmations should be marked to indicate the reduction in principal.

Considering the foregoing, deliveries in the above securities effected after the record date of November 8, 2000, should have been evidenced by due-bills representing any future distributions. Due-bills representing the inclusion of the second distribution paid on March 28, 2001 should be redeemed on April 4, 2001.

Members should take immediate steps to adjust their records and bookkeeping systems to reflect the reduction in principal.

Questions regarding this notice should be directed to: Market Data Integrity Department, (203) 375-9609.

Dorothy L. Kennedy
Director