

AMERISTATE EXPLORATION, LLC AUTHORIZATION FOR EXPENDITURE				AFE Number	11-Dec-99
Lease Name STATE "13" COM #1		State NM	County/Parish LEA	Well No.1. MORROW TEST	
Asset Code	INTANGIBLE DESCRIPTION	COST TO CASING POINT	COMPLETION COST	TOTAL WELL COST	
1	Surveys / Permits / Bonds	850		850	
2	Roads/Location/Damages	43,000		43,000	
3	Mob/demob	27,000		27,000	
4	Drilling Contract-				
5	Daywork:35/3 days At \$6048 /day.	211,680	12,096	223,776	
6	Footage:				
7	Completion Unit: 5 days At \$ 1,400 /day		9,800	9,800	
8	Mud/Chemicals	20,356		20,356	
9	Water	12,200	1,000	13,200	
10	Cement/Cementing Services	23,439	25,300	48,739	
11	Fuel/Electricity/Generator/Lights	19,985	1,142	21,127	
12	Bits	38,750	650	39,400	
13	Reamers / Stabilizers	3,500		3,500	
14	Service Equipment	780	8,180	8,960	
15	Equipment rentals	15,150	9,100	24,250	
16	Wire line Unit	1,850		1,850	
17	Mud Logging/Paleo/Bioassay	7,875		7,875	
18	Open Hole Logging	18,000		18,000	
19	Drill Stem Testing and curing	4,700		4,700	
20	Tubular Inspection/Testing				
21	Transportation (land)		450	450	
22	Equipment inspection/testing				
23	Casing Crews/Tonga	2,475	2,340	4,815	
24	Drilling Overhead	8,300	1,280	9,580	
25	Supervision	1,000	6,000	7,000	
26	Cased Hole Logging & Perf		11,700	11,700	
27	Stimulation		78,500	78,500	
28	Directional Drilling Costs				
29	Completion Fluids				
30	Fishing Tools, Supervisor				
31	Contract Labor	350	8,480	8,830	
32	Insurance	21,385		21,385	
33	Plug and Abandon	13,840	(13,840)		
34	Contingency (5%)	23,600	8,700	32,300	
TOTAL INTANGIBLE ESTIMATED COST		\$518,184	\$188,358	\$685,022	
TANGIBLE DESCRIPTION					
35	Conductor				
36	450' of 13 3/8" Surface Casing	7,920		7,920	
37	4,900' of 8 5/8" Intermediate Cag	55,125		55,125	
38	Intermediate Cag				
39	Intermediate Cag				
40	12,900' 5 1/2" 17# N-80& S-85 Production Cag		98,885	98,885	
41	Tieback String				
42	12,900' of 2 7/8" Tubing		35,475	35,475	
43	Tubing				
44	Tubing				
45	Wellhead Equipment	3,000	9,000	12,000	
46	Float Equipment				
47	Liner Equipment				
48	Pumping Unit / Base / Engine				
49	Sucker rods, Polished Rods				
50	Tank Battery, Heater, Separator		23,500	23,500	
51	Valves, Fittings/Connections		5,000	5,000	
52	Packers & Other Subsurface Tools		2,500	2,500	
53	Compressor				
54	Miscellaneous Sale Items				
55	Contingency (5%)	3,300	8,700	12,000	
TOTAL TANGIBLE ESTIMATED COST		\$69,345	\$182,880	\$252,205	
TOTAL AFE ESTIMATED COST		\$585,369	\$351,718	\$937,227	
APPROVAL AND ACCEPTANCE				IT IS RECOGNIZED THAT AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN THE HEREIN SET FORTH	
Participant _____				_____ I Wish to be covered by TMBR/Sharp's blow out insurance.	
W.I. _____				_____ I DO NOT Wish to be covered by TMBR/Sharp's blow out insurance.	
Title _____				Date _____	
Signature _____				Date _____	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 12330 Exhibit No. 3
Submitted by: Ameristate Oil & Gas, Inc.
Hearing Date: January 20, 2000