

AMERIND OIL CO.
AUTHORIZATION FOR EXPENDITURE

State "29" Com. No. 1
810' FWL & 1980' FNL
S/2 NW/4 Section 29, T16S, R37E
Lovington Penn, Northeast Field
Lea County, New Mexico

AMERIND
DEC '7 1988
OIL CO.

To drill and complete in the Strawn formation:

INTANGIBLE	Casing Point	Pumping Completion	Total
Drilling 11,400' @ \$13.00	\$148,000	\$	
Daywork - 3 @ \$4,250	13,000		
Drilling mud and water	10,000		
Location and surface damages	15,000		
Drill stem tests	3,000		
Log and perforate	20,000	5,000	
Cementing - surface 400 ex	4,000		
- inter. 1,800 ex	15,000		
- prod. 300 ex		5,000	
Supervision	5,000	5,000	
Geological & mud logging	8,000		
Contract services & equipment rentals	5,000	15,000	
Completion unit		5,000	
Acid treatment - cleanup		5,000	
Drilling and completion overhead	5,000	2,000	
Insurance	3,000		
TOTAL INTANGIBLE	\$254,000	\$ 42,000	\$296,000

RECEIVED BY: [Signature]
 DATE: 12/5/88
 AMERIND OIL CO.

TANGIBLE			
Casing			
Surface 400' 12 3/4" 35.0# J55STC	\$ 7,000	\$	\$
Inter. 2,500' 8 5/8" 24.0# J55STC	22,000		
1,700' 8 5/8" 32.0# J55STC	22,000		
Prod. 11,400' 5 1/2" 17.0# & 20#		90,000	
Tubing 11,200' 2 7/8" 6.4# N80T&C		40,000	
Pumping equipment		60,000	
Wellhead and packer	6,000	7,000	
Tank battery & misc.		40,000	
TOTAL TANGIBLE	\$ 57,000	\$237,000	\$294,000
Contingencies	14,000	11,000	25,000
TOTAL	\$325,000	\$290,000	\$615,000

RECOMMENDED BY:

APPROVED BY:

Robert C. Leibrock
Robert C. Leibrock

Cibola Energy Corporation
by [Signature]
Date: 12/5/88

Date: October 25, 1988

Cibola agrees to AFE as to its proportionate share (approx 3.18%) but retains right to approve or disapprove of any cost exceeding the AFE to be included by 10% or more