AMEN PROPERTIES

2014 Third Quarter Report

Consolidated Financial Statements (Unaudited)
Periods Ended September 30, 2014 and 2013

 # Shares Outstanding at 9/30/14: 51,333

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2014 THIRD QUARTER REPORT
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COMPANY OVERVIEW

Background

Amen Properties was originally incorporated under the name DIDAX in 1997 and soon thereafter began doing business as Crosswalk.com. For several years the company operated one of the leading Christian sites on the web, *crosswalk.com*. In late 2002, on the brink of insolvency, the Company sold almost all of its assets and changed its name to Amen Properties.

Amen Properties is a Christian corporation that donates 10% of its net earnings to Christian organizations with an emphasis on benevolence and youth outreach.

Strategic Asset: Net Operating Loss Carryforward

The Company was unprofitable from its inception through 2002, amassing a **cumulative net operating loss of approximately $30 million**. This NOL can be used to offset prospective taxable income and eliminate the Company's Federal income tax liability.

Evolution of Strategy – Increasing Focus on Energy

Real Estate

Having sold all of the its assets except for the tax NOL, the Company embarked on a new business strategy in 2002 focused on real estate investments in secondary and out-of-favor markets. The Company acquired an 18% interest in an entity which owns over 200 thousand square feet of office space located in Midland, Texas but was unable to find additional viable real estate investment opportunities. Consequently, the Company decided to maintain its relatively small investment in real estate and focus on other areas for growth.

Energy Services

In 2003 deregulation of the Texas electricity market, the largest electricity market in the United States, created numerous opportunities for growth. The Company decided to approach this market in two ways:

- **Retail Electricity Provider (REP)**: In 2004 the Company started a REP named W Power. As a REP, W Power sold electricity and provided the related billing, customer service and collection services to residential and commercial customers. ***In June of 2008 the Company decided to shut down the operations of W Power due to the significant credit requirements imposed on REP's by the State of Texas and adverse changes in the business climate of the Texas retail electricity market.***
- **Energy Management and Consulting**: In 2006 the Company acquired Priority Power, one of the leading electricity aggregation, brokering and consulting firms in the State of Texas, for a total purchase price of $3.5 million. Priority provides services to its customers in the areas of load aggregation, natural gas and electricity procurement, energy risk management, and energy consulting in both regulated and deregulated domestic markets. ***In October of 2010, the Company sold Priority Power to its management team.***

Energy Resources

One of the elements of the Company's revised business plan was to tap into the oil and gas expertise possessed by several of its Directors to acquire profitable oil and gas-related assets. The Company owns a number of oil and gas royalty and working interests in several states, including those acquired from the former Santa Fe Energy Trust in 2007:

- **Santa Fe Energy Trust Assets**: in December 2007 the Company acquired a one-third interest in the royalty (SFF Royalty, LLC) and working (SFF Production, LLC) interests formerly owned by the Santa Fe Energy Trust for a total purchase price of $10 million. In December 2008 the Company increased its ownership of SFF Production to approximately 79% for an additional investment of $6.9 million.

People

Amen's Board of Directors

Eric L. Oliver was appointed as a director of AMEN in July 2001, and was appointed Chairman of the Board and Chief Executive Officer on September 19, 2002. Mr. Oliver resigned as Chief Executive Officer effective March 7, 2007. Since 1997, he has been President of SoftSearch Investment, Inc., an investment firm in Abilene, Texas. Since 1998, he has also served as President of Midland Map Company LLC, a company that creates hand drafted ownership maps throughout the Permian Basin. He is on the Board of Directors of the First National Bank of Midland, and of Love and Care Ministries, an inner city homeless initiative. Mr. Oliver is the brother of Kris Oliver, the Company's Chief Financial Officer.

Jon M. Morgan was appointed as a director of AMEN in October 2000. Mr. Morgan has more than 19 years' experience in launching and managing successful businesses in both investment management services and in the energy field. He is founder of several businesses including Morgan Capital Group, Inc., the Packard Fund, and is President of J.M. Mineral & Land Co.

Bruce E. Edgington has been director of AMEN since November 1995. From 1979 through 1988, Mr. Edgington was a registered representative with Johnston Lemon & Co., a securities broker-dealer, where his responsibilities included the management of retail securities accounts and administration. In 1988 he founded and continues to be an officer, director and stockholder of DiBiasio & Edgington, a firm engaged in providing software to investment firms and money managers.

G. Randy Nicholson was appointed to the Board of Directors on February 26, 2003. He graduated from Abilene Christian College in 1959. From 1959 to 1971, Mr. Nicholson was self-employed in Abilene as a CPA. In 1971, he established E-Z Serve, Inc., a gasoline marketing company. Mr. Nicholson has served as Chairman of the Board of Auto-Gas Systems, Inc. since 1987. AutoGas developed the pay-at-the pump technology processing paperless credit and debit card transactions at the fuel island. Headquartered in Abilene, Texas, AutoGas continues to introduce innovative technological advancements in the automated fueling industry, most recently with loyalty products such as DIGITAL REWARDS and Quantum 360sm. He joined the Board of Trustees of Abilene Christian University in 1981. Mr. Nicholson is a member of the Texas Society of Certified Public Accountants and was recently named an honorary member of the American Institute of Certified Public Accountants (AICPA) having been a member for 40 years. He is presently serving as Chairman of the Technology Committee for the City of Abilene.

Management Team

Kris Oliver was appointed Chief Financial Officer of the Company on March 7, 2007 and assumed the role of Chief Executive Officer in March of 2009. Mr. Oliver is a Certified Public Accountant and began his career in the Audit Practice of Arthur Andersen, where he left as an Audit Senior in 1990. After receiving an MBA in Finance from the University of Texas at Austin in 1992, Mr. Oliver spent 14 years at American Airlines / Sabre in a variety of roles including Corporate Finance, Business Development, Marketing and Sales. Just prior to joining the Company, Mr. Oliver was a Senior Financial Advisor with Technology Partners International, the world's largest outsourcing advisory firm. Mr. Oliver is the brother of Eric Oliver, the Company's Chairman of the Board of Directors.

MANAGEMENT DISCUSSION and ANALYSIS
2014 THIRD QUARTER FINANCIAL RESULTS

Oil and Gas Activities

The Company recognized $770 thousand in oil and gas revenue for the quarter, an increase of 0.4% versus the same quarter in 2013. The Company also recognized a gain of $2.7 million during the quarter in connection with the sale of a leasehold interest held by SFF Production. As a result of this large gain, Amen's oil and gas operations generated income of $2.2 million versus $101 thousand for the same quarter in 2013.

During the quarter, the Company recognized $325 thousand of equity income and received cash distributions totaling $348 thousand in connection with its investment in SFF Royalty, LLC.

Amen's Board approved a plan in 2012 whereby the Company will no longer hedge the revenue stream associated with its oil and gas royalties. The Board reached this decision based on reduced cash flow risk associated with the retirement of the Company's debt in 2011. The Company has notified shareholders that they now hold an unhedged long oil and gas position and should pursue their own hedging strategy if they are uncomfortable with that risk.

Real Estate

The Company recognized equity income of $81 thousand during the quarter related to its 18% investment in HPG Acquisition, LLC.

On December 28, 2012, HPG completed a transaction whereby it secured a non-recourse loan and used a portion of the proceeds to purchase a property in downtown Midland (the "Superblock") located near the other properties owned by HPG. HPG then announced that the remaining loan proceeds would be distributed to its owners commensurate with their ownership percentages.

As a result of this transaction, the Company:

- Received individual, undivided title to approximately 18% of the Superblock with an allocated value of $650 thousand.
- Received a cash distribution of $1.5 million. This distribution was recorded as a dividend and receivable at the end of 2012 and was collected in the first quarter of 2013.

Subsequent to the end of the third quarter, the ownership group completed the sale of the office buildings in downtown Midland. Amen received proceeds after the retirement of associated debt of $3.6 million and anticipates recognizing a gain of approximately $2 million in the fourth quarter of 2014.

Corporate

The Company recognized Net Income Applicable to Common of $2.5 million for the quarter versus $535 thousand for the same quarter in 2013. The increase is attributable primarily to the gain recognized on the sale of a leasehold interest described above.

The Company declared a dividend of $13 per common share during the quarter and anticipates making regular quarterly dividends to common stockholders, the amount of which will be largely determined by fluctuations in commodity prices for oil and gas.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30 2014 (Unaudited)	December 31, 2013 (Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,956,985	$ 764,664
Accounts Receivable, net of allowance	490,181	1,193,293
Marketable Securities	594,804	730,448
Other Current Assets	8,150	27,494
Total Current Assets	4,050,120	2,715,899
PROPERTY AND EQUIPMENT	14,047	12,144
OIL AND GAS INVESTMENT IN SFF GROUP	191,705	180,434
OIL AND GAS ROYALTY AND WORKING INTERESTS	5,156,213	5,733,700
INVESTMENT IN REAL ESTATE	2,891,839	2,632,495
LONG-TERM INVESTMENTS	23,941	23,942
OTHER ASSETS		
Deposits and Other Assets	38,698	54,662
Total Other Assets	38,698	54,662
TOTAL ASSETS	$ 12,366,563	$ 11,353,276

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30 2014 (Unaudited)	December 31, 2013 (Unaudited)
CURRENT LIABILITIES		
Accounts Payable	$ 177,702	$ 451,396
Accrued Liabilities	325,238	302,926
Accrued Dividends	-	227,271
Income & Franchise Taxes Payable	-	-
Total Current Liabilities	502,940	981,593
EQUITY		
Stockholders' Equity:		
Common Stock, $.01 par value; 20,000,000 shares authorized; 51,333 shares issued and outstanding at June 30, 2014 and December 31, 2013	513	513
Treasury Stock, at cost	(143,865)	(143,865)
Additional Paid-in Capital	53,856,900	53,856,900
Accumulated Deficit	(43,147,205)	(44,295,966)
Accumulated Other Comprehensive Income	48,673	19,553
Total Stockholders' Equity	10,615,016	9,437,135
Noncontrolling Interest	1,248,607	934,548
Total Equity	11,863,623	10,371,683
TOTAL LIABILITIES AND EQUITY	$ 12,366,563	$ 11,353,276

These financial statements and the notes thereto present fairly, in all material respects, the financial position of the Company and the results of its operations for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by Kris Oliver, Chief Executive Officer of Amen Properties, Inc.

AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30		Nine Months Ended September 30	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
OPERATING REVENUE				
Oil and Gas Revenue	$ 770,049	$ 766,961	$ 2,324,283	$ 2,130,157
Total Operating Revenue	770,049	766,961	2,324,283	2,130,157
OPERATING EXPENSE				
Oil and Gas Operations	304,798	312,718	875,644	894,731
General and Administrative	281,475	123,452	580,979	384,473
Depreciation, Amortization and Depletion	299,601	293,187	887,130	821,476
Corporate Tithing	-	287	-	287
Total Operating Expenses	885,874	729,644	2,343,753	2,100,967
INCOME FROM OPERATIONS	(115,825)	37,317	(19,470)	29,190
OTHER INCOME (EXPENSE)				
Interest Income	1	5	1	128
Income from Real Estate Investment	80,981	57,564	312,494	262,699
Income from SFF Group Investment	324,994	432,320	1,100,721	1,125,552
Other Income	2,703,093	14,347	2,747,579	22,056
Total Other Income	3,109,069	504,236	4,160,795	1,410,435
INCOME BEFORE TAXES	2,993,244	541,553	4,141,325	1,439,625
Franchise and Income Taxes	(7,815)	(8,325)	(36,445)	(34,368)
NET INCOME	2,985,429	533,228	4,104,880	1,405,257
Less: Net Income Attributable to the Noncontrolling Interest	(518,313)	(36,780)	(602,285)	(95,223)
NET INCOME APPLICABLE TO COMMON SHAREHOLDERS	$ 2,467,116	$ 496,448	$ 3,502,595	$ 1,310,034
Earnings Attributable to Common Shareholders Per Share - Basic	$ 48.06	$ 9.67	$ 68.23	$ 25.52
Earnings Attributable to Common Shareholders Per Share - Diluted	$ 48.06	$ 9.67	$ 68.23	$ 25.52
Weighted Average Number of Common Shares Outstanding - Basic	51,333	51,333	51,333	51,333
Weighted Average Number of Common Shares Outstanding - Diluted	51,339	51,338	51,339	51,338
Other Comprehensive Income:				
Net Income Applicable to Common Shareholders	$ 2,467,116	$ 496,448	$ 3,502,595	$ 1,310,034
Unrealized Gain (Loss) on Investments	(37,296)	38,414	48,672	(88,823)
Comprehensive Income	$ 2,429,820	$ 534,862	$ 3,551,267	$ 1,221,211

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AMEN Properties, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2014 (Unaudited)	2013 (Unaudited)
Cash Flows from Operating Activities		
Income from Operations	$ 4,104,880	$ 1,405,257
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities		
Depreciation, Amortization & Depletion	887,130	821,476
Equity Income from Real Estate Investment	(312,494)	(262,699)
Equity Income from SFF Royalty Investment	(1,100,721)	(1,125,552)
Changes in Operating Assets and Liabilities		
Accounts Receivable	703,112	(47,505)
Other Assets	35,308	(28,211)
Accounts Payable	(273,694)	(43,483)
Income and Franchise Taxes Payable	-	(10,000)
Accrued Liabilities	22,312	(62,924)
Net Cash Provided by / (Used In) Operations	4,065,833	646,359
Cash Flows from Investing Activities		
(Purchases) / Sales of Property & Equipment, net	(3,329)	(1,914)
Development of Oil & Gas Interests	(290,676)	(150,209)
(Purchases) / Sales of Marketable Securities, net	164,764	(750,362)
Distributions to Non-Controlling Interest	(288,226)	(128,688)
Distributions from HPG	35,609	1,526,779
Distributions from SFF Royalty	1,089,450	1,083,333
Net Cash Provided by Investing Activities	707,592	1,578,939
Cash Flows from Financing Activities		
Purchase of Treasury Stock	-	(16,120)
Common Stock Dividends	(2,581,105)	(2,401,409)
Net Cash Provided by / (Used In) Financing Activities	(2,581,105)	(2,417,529)
Net Increase / (Decrease) in Cash	2,192,320	(192,231)
Cash at Beginning of Period	764,664	651,552
Cash at End of Period	$ 2,956,984	$ 459,321
Non-Cash Financing and Investing Activities:		
Unrealized Gain / (Loss) on Marketable Securities	$ 48,672	$ (88,823)

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AMEN Properties, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
Third Quarter 2014

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Organization*

Company Background

- The Company was originally incorporated as DIDAX, Inc., in January 1997
- Until December 2002 the Company operated under the name Crosswalk.com; its primary businesses were operation of the Christian web portal *crosswalk.com*™ and a direct mail advertising service.
- During the last quarter of 2002, the Company sold substantially all of its assets with the exception of the Company's accumulated Net Operating Loss ("NOL") and changed its name to AMEN Properties, Inc.
- A revised business plan was approved by the shareholders in 2002, and called for the Company to grow via the selective acquisition of cash-generating assets in three categories:
    - Commercial real estate in secondary stagnant markets
    - Commercial real estate in out of favor growth markets
    - Oil and gas royalties

During the time the Company operated as Crosswalk.com, it generated a Net Operating Loss in excess of $30 million. Provisions in the United States Federal Tax Code dictate that a significant ownership change (in excess of 50% in a three-year period) would eliminate the Company's ability to use the NOL to offset its Federal Income Tax liability. It is the Company's intention to preserve its NOL, which requires funding our growth without access to many traditional sources of capital which would result in a significant change in ownership.

Company Organization

In initiating the 2002 business plan the Company, in October 2002, formed the following entities:

- NEMA Properties LLC ("NEMA"), a Nevada limited liability company 100% owned by AMEN
- AMEN Delaware LP ("Delaware"), a Delaware limited partnership owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner
- AMEN Minerals LP ("Minerals"), a Delaware limited partnership, owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner.

On July 30, 2004, the Company formed W Power and Light LP ("W Power"), a Delaware limited partnership owned 99% by NEMA as the sole limited partner and 1% by AMEN, as the sole general partner. On May 18, 2006, the Company acquired 100% of Priority Power Management, Ltd. and Priority Power Management Dallas, Ltd. (collectively "Priority Power") effective April 1, 2006. Priority Power is owned 1% by AMEN, as the sole general partner, and 99% by NEMA, as the sole limited Partner.

Corporate Reorganization

On December 17, 2007, the Company approved a corporate reorganization (the "Reorganization") effective January 1, 2008. As part of the Reorganization, the Delaware Partnership, the Minerals Partnership, the PPM Partnership, and the W Power Partnership were each converted from limited partnerships into limited liability companies with AMEN owning 100% of the shares and as the sole managing member of each entity. The converted entities are:

- AMEN Delaware, LLC, ("Delaware")
- AMEN Minerals, LLC, ("Minerals")
- NEMA Properties, LLC , ("NEMA")
- Priority Power Management, LLC ("Priority Power")
- W Power and Light, LLC, ("W Power")

On May 31, 2008, as part of the Reorganization, NEMA was converted from a Nevada Limited Liability Company to a Texas Limited Liability Company.

As used herein, the terms "Company" and "AMEN" and references to "we" and "our" refer to all of AMEN Properties, Inc., NEMA, Delaware, Minerals, and W Power and Priority Power unless the context otherwise requires.

On September 28th, 2009, the Company approved a reorganization plan effective January 1, 2010 whereby Delaware, Minerals and NEMA were dissolved and the assets and liabilities of each entity were conveyed to Amen Properties, Inc.

Status of 2002 Business Plan

The Company's first act in implementing the 2002 business plan was the acquisition of a 64.9% limited partnership interest in TCTB Partners, Ltd. ("TCTB"), a real estate investment partnership which owned two commercial office properties in Midland, Texas (collectively referred to as "the Properties"). Effective January 1, 2004, the Company acquired an additional 6.4% limited partnership interest in TCTB giving the Company a 71.3% interest.

Effective September 27, 2006, the Company entered into an agreement to contemporaneously distribute TCTB's assets to the limited partners and sell 75% of their undivided interest in the Properties to an unaffiliated third party. TCTB continues to hold record title to the remaining undivided 25% interest in the Properties beneficially owned by the Partners of TCTB ("Selling Partners"), including the Company's 18.0% ownership in the Properties. After the sale, TCTB, the Selling Partners and the Buyers, as all of the owners of the Properties, entered into a Management Agreement with TCTB Management Group, LLC ("Management") dated September 29, 2006 relating to the management of the Properties. The owners of Management are the Selling Partners (including the Company) and the Buyers in the same percentages as their proportionate ownership of the Properties. Mr. Jon Morgan, President and CEO of the Company, is the managing member of Management.

Due to the Company's inability to find viable real estate investment opportunities in secondary and out-of-favor markets, the decision was made to revise the business plan and focus on other opportunities for growth. The distribution and sale of a majority of TCTB's assets resulted in the Company maintaining a relatively small investment in Real Estate and deemphasizing that market as a source of growth.

One of the original components of the 2002 Business Plan was to leverage the expertise of the Company's management in the acquisition of oil and gas royalties. In December of 2007, the Company acquired a one third interest in SFF Royalty, LLC ("SFF Royalty") and SFF Production, LLC ("SFF Production"), (collectively "SFF Group"). Through its ownership in these entities, the Company participates in the income generated from oil and gas royalties and working interests in over 1,200 properties in several states.

Expansion into Electricity

A new opportunity was created when the Texas Legislature adopted the Texas Electric Choice Plan, which effectively deregulated the electricity marketplace in the State of Texas, the largest electricity market in the United States. The Company formed a new subsidiary, W Power, to serve the Texas market as a retail electricity provider ("REP"). In September 2004 the Public Utility Commission of Texas ("PUCT") awarded W Power a license to begin commercial REP operations in Texas and in November 2004 W Power received its certification from the Electric Reliability Council of Texas ("ERCOT"). As a REP, W Power sells electricity and provides the related billing, customer service, collection and remittance services to residential, commercial, and industrial customers. W Power offers its customers low electricity rates, flexible payment and pricing choices, simple terms and responsive customer service. The Texas regulatory structure and legislation permits independent REPs (companies unaffiliated with an incumbent utility in a particular geographic area), such as W Power, to procure and sell electricity at unregulated prices and pay the local transmission and distribution utilities a regulated tariff rate for delivering electricity to the customers.

On June 25, 2008 the Company approved a plan to discontinue the operations of W Power. Management recommended this plan to the Board based on significant adverse changes in the business climate of the Texas retail electricity market. The Company settled W Power's existing supply contracts and transferred its customers and their contracts to another retail electricity provider.

Deregulation of the Texas electricity market also created opportunities for companies to provide energy management and consulting services to commercial customers. In 2006 the Company acquired Priority Power, one of the leading electricity aggregation, brokering and consulting firms in the State of Texas. Priority provides services to its customers in the areas of load aggregation, natural gas and electricity procurement, energy risk management, and energy consulting in both regulated and deregulated domestic markets. In October of 2010, the Company sold Priority Power to its management team.

2. *Basis of Presentation*

The consolidated financial statements include the accounts of the Company and its majority-owned/controlled subsidiaries and affiliates. Inter-company balances and transactions have been eliminated.

Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

3. *Cash Equivalents*

The Company considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

4. *Marketable Investments*

The Company invests in U.S. government bonds and treasury notes, municipal bonds, certificates of deposit, corporate bonds and other securities. Investments with original maturities greater than three months but less than twelve months from the balance sheet date are short-term investments. Those investments with original maturities greater than twelve months from the balance sheet date are long-term investments.

The Company's marketable securities are classified as available-for-sale as of the balance sheet date, and are reported at fair value with unrealized gains and losses, net of tax, recorded in stockholders' equity. Realized gains or losses and permanent declines in value, if any, on available-for-sale investments are reported in other income or expense as incurred.

5. *Fair Value of Financial Instruments*

Generally accepted accounting principles require disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheet. Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The fair value estimates of financial instruments are not necessarily indicative of the amounts we might pay or receive in actual market transactions. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying value of cash and cash equivalents, investments, accounts receivable, notes receivable, and accounts payable approximate fair value because of the relatively short maturity of these instruments. Disclosure about fair value of financial instruments is based on pertinent information available to management as of the balance sheet date.

6. *Accounts Receivable*

Management regularly reviews accounts receivable and estimates the necessary amounts to be recorded as an allowance for doubtful accounts.

7. *Depreciation, Amortization and Depletion*

Property and equipment are stated at cost. Depreciation is determined using the straight-line method over the estimated useful lives ranging from three to 10 years. Royalty acquisitions are stated at cost. Depletion is determined using the units-of-production method based on the estimated oil and gas reserves.

8. *Impairment of Long-Lived Assets*

Generally accepted accounting principles specify circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected cash flows, the asset's carrying value must be written down to fair value. The Company periodically evaluates the recoverability of the carrying value of its long-lived assets and identifiable intangibles by monitoring and evaluating changes in circumstances that may indicate that the carrying amount of the asset may not be recoverable. Examples of events or changes in circumstances that indicate that the recoverability of the carrying amount of an asset should be assessed include but are not limited to the following: a significant decrease in the market value of an asset, a significant change in the extent or manner in which an asset is used or a significant physical change in an asset, a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator, an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset, and/or a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset used for the purpose of producing revenue.

The Company considers historical performance and anticipated future results in its evaluation of potential impairment. Accordingly, when indicators or impairments are present, the Company evaluates the carrying value of these assets in reaction to the operating performance of the business and future discounted and non-discounted cash flows expected to result from the use of these assets. Impairment losses are recognized when the sum of expected future cash flows are less than the assets' carrying value.

9. *Investment in Real Estate and SFF Group*

The Company's determination of the appropriate accounting method with respect to investments in limited partnerships, limited liability companies and other subsidiaries is based on control. For general partner interests, the Company is presumed to control (and therefore consolidate) the entity, unless the other limited partners have substantive rights that overcome this presumption of control. These substantive rights allow the limited partners to participate in significant decisions made in the ordinary course of the entity's business. The Company accounts for its non-controlling general partner investments in these entities under the equity method. This treatment also applies to the Company's managing member interests in limited liability companies.

The Company's determination of the appropriate accounting method for all other investments in subsidiaries is based on the amount of influence the Company has (including our ownership interest) in the underlying entity. Those other investments where the Company has the ability to exercise significant influence (but not control) over operating and financial policies of such subsidiaries (including certain subsidiaries where the Company has less than 20% ownership) are accounted for using the equity method. The Company eliminates transactions with such equity method subsidiaries to the extent of the ownership in such subsidiaries. Accordingly, the Company's share of the earnings or losses of these equity method subsidiaries is included in net earnings. All of the Company's remaining investments are carried at cost. Under either the equity or cost method, impairment losses are recognized upon evidence of other-than-temporary losses of value.

The Company owns approximately 18% of HPQ Acquisition, LLC, ("HPG") a real estate company which owns commercial properties located in Midland, Texas (see Note E). The Company accounts for its investment in HPG using the equity method of accounting.

The Company's investment in real estate and SFF Group (see Note L) is recorded at cost, adjusted for its equity share of earnings, using the equity method of accounting, and cash contributions and distributions.

10. *Income and Franchise Taxes*

The Company accounts for income taxes in accordance with SFAS No. 109, *"Accounting for Income Taxes"*. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. For the income statement periods herein, no income tax expense has been incurred for Federal income taxes due to the utilization of the Company's net operating losses.

11. *Corporate Tithing*

The Company shall, to the extent permitted by law, expend from the revenues of the Company such sums as are deemed prudent by the Board of Directors to support, encourage, or sustain persons or entities which in the judgment of the Board of Directors are expected to make significant efforts to propagate the Gospel of Jesus Christ in any manner not in conflict with the Statement of Faith. Such expenditures may be made without regard to the tax status or nonprofit status of the recipient. It is expected that the expenditures paid out under the provisions of this policy shall approximate ten percent (10%) of the amount that would otherwise be the net profits of the Company for the accounting period.

12. *Management Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from such estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the recognition of revenues, the estimate of the allowance for doubtful accounts, the estimate of asset impairments and the determination of depreciation and amortization expense.

13. *Income Per Share*

Income per share is computed based on the weighted average common shares and common stock equivalents outstanding during each period.

14. *Environmental*

The Company is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Company to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings.

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can be reasonably estimated.

15. *Recently Issued Accounting Pronouncements*

In April 2009, the Financial Accounting Standards Board ("FASB") issued ASC Topic 805, "Business Combinations" ("ASC Topic 805"). ASC Topic 805 amends the provisions for the initial recognition and measurement, subsequent measurement and accounting, and disclosures for assets and liabilities arising from contingencies in business combinations. ASC Topic 805 is effective for contingent assets and contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company expects ASC Topic 805 will have a future impact on its consolidated financial statements, but the nature and magnitude of the specific effects will depend upon the nature, term and size of the acquired contingencies.

In April 2009, FASB issued ASC Topic 825, "Financial Instruments" ("ASC Topic 825"). ASC Topic 825 extends the annual disclosure requirements regarding the fair value of financial instruments to interim financial statements of publicly traded companies. ASC Topic 825 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. On January 1, 2010, the Company adopted ASC Topic 825. There was no significant impact to the Company's financial statements from the adoption of ASC Topic 825.

In May 2009, FASB ASC 855 (formerly SFAS 165), Subsequent Events, was issued. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date ("subsequent events"), but before the financial statements are issued or available to be issued and requires disclosure of the date through which the entity has evaluated subsequent events and the basis for that date. ASC 855 is effective for interim and annual periods ending after June 15, 2009; the Company adopted ASC 855 for the quarter ended June 30, 2009. The adoption did not have a material impact on the Company's financial statements.

In June 2009, FASB ASC 105 (formerly SFAS 168), The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, was issued. ASC 105 is the single official source of authoritative u .s. GAAP, superseding all other accounting literature except that issued by the Securities and Exchange Commission. As of July 2009, only one level of authoritative U.S. GAAP exists. All other literature will be considered non-authoritative. The Codification does not change u .s. GAAP; instead, it introduces a new referencing system that is designed to be an easily accessible, user-friendly online research system. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted ASC 105 for the year ended December 31, 2010. The adoption did not have a material impact on the Company's financial statements.

In January 2010, the FASB issued ASC Update 2010-06, “Fair Value Measurements and Disclosures” (“ASC Update 2010-06”) that requires additional disclosures surrounding transfers in and out of Levels 1 and 2, inputs and valuation techniques used to value Level 2 and 3 measurements, and push down of previously prescribed fair value disclosures to each class of asset and liability for Levels 1, 2, and 3. This new authoritative guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Company will apply the new authoritative guidance in 2010. ASC Update 2010-06 also requires that purchases, sales, issuances, and settlements for Level 3 measurements be disclosed. This portion of the new authoritative guidance is effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of ASC Update 2010-06 will not have a material impact on the Company’s financial statements.

In June 2009, FASB ASC 105 (formerly SFAS 168), The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, was issued. ASC 105 is the single official source of authoritative U.S. GAAP, superseding all other accounting literature except that issued by the Securities and Exchange Commission. As of July 2009, only one level of authoritative U.S. GAAP exists. All other literature will be considered non-authoritative. The Codification does not change U.S. GAAP; instead, it introduces a new referencing system that is designed to be all easily accessible, user-friendly online research system. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted ASC 105 for the year ended December 31, 2011. The adoption did not have a material impact on the Company's financial statements.

NOTE B – CONCENTRATIONS OF CREDIT RISK

The Company maintains cash balances at several financial institutions, which at times may exceed federally insured limits. The Company had no uninsured cash and cash equivalents at the balance sheet dates. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on such accounts.

NOTE C – SUBSEQUENT EVENT

On November 10, 2014 the Company, along with the entire ownership group, sold its interest in office buildings located in downtown Midland, Texas. As a result of this transaction, the Company received proceeds after the retirement of associated debt of $3.6 million and anticipates recognizing a gain on the sale of approximately $2 million in the fourth quarter of 2014.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment, at cost, consisted of the following at September 30, 2014 and December 31, 2013:

	9/30/2014	12/31/2013
Furniture, fixtures and equipment	$ 17,580	$ 23,647
Less: accumulated depreciation	(3,533)	(11,503)
	$ 14,047	$ 12,144

NOTE E – INVESTMENT IN REAL ESTATE

The Company owns approximately 18% of HPQ Acquisition, LLC, ("HPG") a real estate company which owns commercial properties located in Midland, Texas. The Company accounts for its investment in HPG using the equity method.

The Company's Investment in real estate consisted of the following at September 30, 2014 and December 31, 2013:

	9/30/2014	12/31/2013
Real estate investment	$ 2,632,495	$ 2,371,039
Equity earnings	312,494	351,613
Step-up Depreciation	(17,541)	(23,388)
Distributions from HPG	(35,609)	(66,769)
	$ 2,891,839	$ 2,632,495

The Company's real estate investment and equity earnings results for the third quarter of 2014 are based on the results of HPG Acquisition, LLC and its subsidiaries. HPG Acquisition, LLC reported the following consolidated financial information at September 30, 2014:

	9/30/2014
Total Assets	$24,668,805
Total Liabilities	13,137,987
Net Income (three months ended 9/30/2014)	475,171

NOTE F – OIL AND GAS ROYALTY AND WORKING INTERESTS

The Company owns oil and gas royalty and working interests in a number of states. Under accounting principles generally accepted in the United States of America, revenues and expenses are recognized on an accrual basis. Oil and gas revenue is generally received one to two months following the month of production and the Company uses estimates to accrue.

SFF Interests

As described in Note L, the Company owns an indirect interest in oil gas and gas royalties through its ownership of 33% of the membership interests of SFF Royalty, LLC. Additionally, the Company controls oil and gas working interests owned by SFF Production, LLC through its ownership of 81.1% of the membership interests of that entity. The working interests owned by SFF Production are consolidated with the financial statements of the Company with the non-controlling interest's share of equity and income reflected on the balance sheet and statement of operations.

NOTE G – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at September 30, 2014 and December 31, 2013:

	9/30/2014	12/31/2013
Accrued oil & gas operating expenses	237,962	192,962
Accrued corporate tithing	62,112	109,987
Other liabilities	25,164	(23)
Total Accrued Liabilities	$ 325,238	$ 302,926

NOTE H – RELATED PARTY TRANSACTIONS

The Company engaged in no related party transactions during the periods presented.

NOTE I – COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position of the Company.

NOTE J – STOCKHOLDERS' EQUITY

Treasury Stock

The Company has purchased 222 shares under the Company's stock repurchase program. These shares are being held by the Company as treasury stock and are reflected on the balance sheet at cost.

Common Dividend

During the quarter, the Company's Board of Directors declared a dividend of $13 per common share with a record date of September 23, 2014 and payment date of September 30, 2014.

NOTE K – STOCK OPTION PLAN

Since the inception of the Company, various options have been granted by the Board of Directors to founders, directors, employees, consultants and ministry partners. In February 1997, the Company authorized 671 additional shares of common stock to underlie additional options reserved for key employees and for future compensation to members of the Board of Directors. The Board of Directors also adopted, and the Stockholders approved, the 1997 Stock Option Plan ("1997 Plan"), which provides for the granting of either qualified or non-qualified options to purchase an aggregate of up to 5,145 shares of common stock, inclusive of the 671 shares mentioned above, and any and all options or warrants granted in prior years by the Company. As of September 30, 2014, all options available under the 1997 Plan have been granted: 751 options have been exercised, and no options remain outstanding.

The 1998 Stock Option Plan ("1998 Plan") was approved by the Board of Directors in April 1998, with approved amendment in May 2000. The 1998 Plan gives the Company the authority to issue 300,000 options to purchase AMEN common stock. If any stock options granted under the 1998 Plan terminate, expire or are canceled, new stock options may thereafter be granted covering such shares. In addition, any shares purchased under the 1998 Plan subsequently repurchased by the Company, if management elects, pursuant to the terms hereof may again be granted under the 1998 Plan. The shares issued upon exercise of stock options under the 1998 Plan may, in whole or in part, be either authorized but unissued shares, or issued shares reacquired by the Company. As of September 30, 2014, 240 options have been exercised and 697 options are outstanding and are fully vested and range in price from $198 to $4,550.

The table below summarizes the stock option activity for the period ended September 30, 2014:

Options Outstanding	Options Outstanding	Weighted Average Price
Outstanding December 31, 2013	697	$ 631
Options exercised	--	--
Options forfeited	--	--
Options issued	--	--
Outstanding September 30, 2014	697	$ 631

At September 30, 2014 the 697 outstanding options are fully vested and exercisable. They range in price from $198 to $4,550 and have a weighted average contractual maturity of 2.3 years.

NOTE L – INVESTMENT IN SFF GROUP

On December 17, 2007, the Company invested $7.6 million in SFF Royalty, LLC ("SFF Royalty") and $2.4 million in SFF Production ("SFF Production") in exchange for a one-third ownership interest in each entity. Also on December 17, 2007, SFF Royalty and SFF Production acquired the following properties from Santa Fe Energy Trust (the "Trust") and Devon Energy Production Company, LP ("Devon"):

	Acquired from the Trust		**Acquired from Devon**		
Acquiring Entity	**Description**	**Purchase Amount**	**Description**	**Purchase Amount**	**Total Purchase**
SFF Royalty	Net profits interests in royalty interests owned by Devon	$ 21,077,688	Royalty interests subject to Trust's net profits interests	$ 2,254,662	$ 23,332,350
SFF Production	Net profits interests in working interests owned by Devon	6,072,125	Working interests subject to Trust's net profits interests	649,531	6,721,656
Totals		$ 27,149,813		$ 2,904,193	$ 30,054,006

The Company's Investment in SFF Group consisted of the following at September 30, 2014 and December 31, 2013:

	9/30/2014	12/31/2013
Investment in SFF Group	$ 180,434	$ 186,088
Capital Distributions	(1,089,450)	(1,500,000)
Equity Earnings	1,100,721	1,494,346
	$ 191,705	$ 180,434

The Company's investment and equity earnings results for the third quarter of 2014 are based on the results of SFF Royalty, LLC. SFF Royalty, LLC reported the following consolidated financial information at September 30, 2014:

	SFF Royalty
Total Assets	$ 763,111
Total Liabilities	131,277
Net Income (three months ended September 30, 2014)	975,079