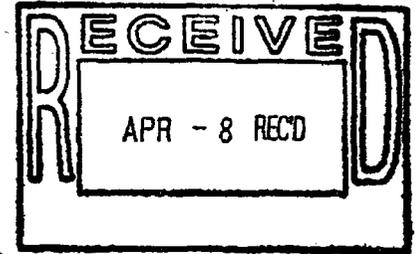


Preston Exploration, L.L.C.



April 6, 2004

Cactus Energy, Inc.
P.O. Box 2412
Midland, TX 79702
Attn: Mr. Richard H. Coats

MEC Petroleum Corp.
414 W. Texas, Suite 410
Midland, TX 79702

Saguaro Resources, Inc.
1409 S. Country Road 1130
Midland, TX 79706
Attn: Mr. Thomas R. Smith

✓ Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, TX 75093
Attn: Mr. Mike Daugherty, CPL

E3 Energy, Ltd.
P.O. Box 205
Midland, TX 79702
Mr. Wendell W. Iverson, Jr.

Chase Oil Corporation
Caza Energy LLC
Robert C. Chase
Richard L. Chase
Gerene Diane Chase Crouch
P.O. Box 1767
Artesia, NM 88211

Re: AFE to drill Roughneck Red "29" Com #1
N/2 of Section 29, T17S, R26E
Roughneck Red Prospect
Eddy County, New Mexico

Gentlemen:

Reference is made to that certain letter dated January 13 wherein the referenced well was originally proposed. Because of surface considerations, we are having to drill this well directionally to the same bottom hole location. The surface location is 1200' FLN and 1280' FWL of Section 29. The bottom hole location is 1480' FNL and 1980' FWL of Section 29. The sidetrack portion added approximately \$100,000 to AFE.

Preston will operate the well. If you desire to participate, please execute and forward one (1) of the enclosed AFE's to the undersigned at your earliest convenience.

In the alternative, Preston would like to negotiate a term assignment of your leasehold right in the N/2 of Section 29.

Should you have any questions, please contact me.

Yours very truly,

Bo Blue
Bo Blue
New Ventures Land Manager

BB:bc

1717 WOODSTEAD COURT •

NMOCD CASE NO. 13236
MAY 27, 2004
PRESTON EXPLORATION, LLC
EXHIBIT NO. 9

PHONE: 281-367-8697

Preston Exploration, L.L.C.

April 6, 2004

7003 1680 0006 9703 9751

Cactus Energy, Inc.
P.O. Box 2412
Midland, TX 79702
Attn: Mr. Richard H. Coats

7003 1680 0006 9703 9768

Saguaro Resources, Inc.
1409 S. Country Road 1130
Midland, TX 79706
Attn: Mr. Thomas R. Smith

7003 1680 0006 9703 9775

E3 Energy, Ltd.
P.O. Box 205
Midland, TX 79702
Mr. Wendell W. Iverson, Jr.

7003 1680 0006 9703 9782

MEC Petroleum Corp.
414 W. Texas, Suite 410
Midland, TX 79702

7003 1680 0006 9703 9799

Murchison Oil & Gas, Inc.
1100 Mira Vista Blvd.
Plano, TX 75093
Attn: Mr. Mike Daugherty, CPL

7003 1680 0006 9703 9744

Chase Oil Corporation
Caza Energy LLC
Robert C. Chase
Richard L. Chase
Gerene Diane Chase Crouch
P.O. Box 1767
Artesia, NM 88211

Re: AFE to drill Roughneck Red "29" Com #1
N/2 of Section 29, T17S, R26E
Roughneck Red Prospect
Eddy County, New Mexico

Gentlemen:

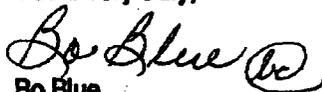
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In the alternative, Preston would like to negotiate a term assignment of your leasehold right in the N/2 of Section 29.

Should you have any questions, please contact me.

Yours very truly,



Bo Blue
New Ventures Land Manager

BB:bc

**Mr. Dale Douglas
Capstone Oil & Gas Company, L.P.
P. O. Box 10187
Midland, TX 79702**

**Mr. Randy Ford
R.K. Ford & Associates
415 W. Wall, Suite 1700
Midland, TX 79701**

PRESTON EXPLORATION, LLC

AUTHORIZATION FOR EXPENDITURE

Lease and Well No. Roughneck Red 29 #1		Prospect Roughneck Red	AFE no. 04108C
<input checked="" type="checkbox"/> Exploratory Well	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Injection	<input checked="" type="checkbox"/> Original
<input type="checkbox"/> Development Well	<input type="checkbox"/> Workover	<input type="checkbox"/> SWD	<input type="checkbox"/> Supplement
County/Parish, State Eddy Co., New Mexico	Survey/Township Sec. 29, T17S, R26E	Unit Description/Measured Location 1200' FNL & 1280' FWL (Surface Location)	Projected TD 8600' TVD
Description of Work Drill and evaluate Morrow formation.		1480' FNL & 1980' FWL (Bottom Hole Location)	
(Drill directionally due to necessary offset of surface location.)			

INTANGIBLE COSTS

Description		Drilling	Completion	
Abstracts / Legal Fees		101		201
Surveys / Permits / Environmental		102	1,500	
Right - of - Way		103	5,000	
Location / Restoration		104	33,000	204 1,500
Mob & Demob		105	35,000	205
Transportation / Hauling / Barges		106		206
Completion Rig	12 Days @ \$2,200.00 P/Day	107		207 25,400
Drilling Rig - Day Rate	29 Days @ \$8,100.00 P/Day	108	234,900	208
Cementing - Materials / Services		111	33,000	211 17,000
Drilling Mud / Completion Fluids		112	29,000	212 3,000
Water		113	25,000	213 3,000
Fuel	29 Days @ \$800.00 P/Day	114	23,200	214
Open Hole - Logging / Coring		115	16,000	215
Engineering / Supervision		116	24,000	216 10,500
Geological / Petrophysical Services		117		
Casing Services		118	5,500	218 5,200
Supplies		119		219
Drilling / Completion Overhead		120	7,000	220 7,000
Equipment Rentals (incl. Drill Pipe)		123	75,000	223 9,500
Surface Damages		124	5,000	
Wellhead Equipment		133	13,500	8,500
Slickline / Swabbing				226
Cased Hole - Logging / Perforating				229 14,000
Stimulation - Materials / Services				230 65,000
Coiled Tubing - Materials / Services				250
Chemicals - Other				254
Gravel Pack - Materials / Services				255
Bits - Drilling / Completion		156	65,000	256 500
Treating				258 8,500
Testing / Analysis		160	3,500	260
Communications		161	2,000	162
Labor		162	3,500	262 5,000
P & A Expense		197	15,000	
Miscellaneous		199	10,000	299 2,500
Insurance			54,800	
Directional Services	17 Days @ \$ 6,000.00 P/Day		102,000	
Contingencies				
Total Intangibles		199	821,200	299 187,100

TANGIBLE COSTS

Conductor Pipe	20" Set @ 40'	110	4,500	
Surface Casing	13 3/8" Set @ 400'	121	10,000	
Intermediate Liner	9 5/8" Set @ 1,400'	122	28,000	
Drilling Liner		122		
Production	5 1/2" Set @ 8,900'			226 106,800
Tie-Back				226
Tubing	2 7/8" @ 8,600		\$7.00 P/Ft	227 60,200
Downhole Equipment				231 7,500
Artificial Lift Equipment	Pumping Unit, Rods			232
Tree & Other Production Equipment				233 3,000
Tanks				234 18,000
Pipe, Fittings, Valves, etc.				236 5,000
Separators, Treaters, Heaters, etc.				236 25,000
Total Tangibles			42,500	236 225,500

Dry Hole Cost	863,700
Completed Well Cost	1,281,300

APPROVALS

Company	Signature	Title	Date
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IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN THE AMOUNTS HEREIN SET OUT.