

# PRESTON EXPLORATION, LLC

## AUTHORIZATION FOR EXPENDITURE

Lease and Well No. <b>Roughneck Red "29" State #1</b>		Prospect <b>Roughneck Red</b>	AFE no. <b>04108C (V)</b>
<input checked="" type="checkbox"/> Exploratory Well <input type="checkbox"/> Development Well	<input type="checkbox"/> Recompletion <input type="checkbox"/> Workover	<input type="checkbox"/> Injection <input type="checkbox"/> SWD	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Supplement
County/Parish, State <b>Eddy Co., New Mexico</b>	Survey/Township <b>Sec. 29, T17S, R26E</b>	Unit Description/Measured Location <b>1480' FNL &amp; 1980' FWL</b>	Projected TD <b>8,600</b>
Description of Work <b>Drill and Evaluate Morrow formation Vertical hole</b>			

### 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	18,000	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 26,400
Drilling Rig - Day Rate	29 Days @ \$8,100.00 P/Day	108	208 234,900
Cementing - Materials / Services		111	211 22,000
Drilling Mud / Completion Fluids		112	212 29,000
Water		113	213 25,000
Fuel	29 Days @ \$800.00 P/Day	114	214 23,200
Open Hole - Logging / Coring		115	215 16,000
Engineering / Supervision		116	216 24,000
Geological / Petrophysical Services		117	
Casing Services		118	218 5,500
Supplies		119	219
Drilling / Completion Overhead		120	220 7,000
Equipment Rentals		123	223 30,000
Surface Damages		124	224 5,000
Wellhead Equipment		133	225 13,500
Slickline / Swabbing			228
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	256 50,000
Treating			258 8,500
Testing / Analysis		160	260 3,500
Communications		161	262 2,000
Labor		162	262 6,600
P & A Expense		197	299 15,000
Miscellaneous		199	299 10,000
Insurance			35,000
Directional Services	0 Days @ \$ 6,000.00		
Contingencies			
<b>Total Intangibles</b>	<b>199</b>	<b>616,700</b>	<b>299 187,100</b>

### TANGIBLE COSTS

Conductor Pipe	40 ft of 20"	110	4,500	
Surface Casing	420 ft of 13-3/8" \$25.00 Per Ft	121	10,500	
Intermediate Liner	1400 ft of 8-5/8" \$20.00 Per Ft	122	28,000	
Drilling Liner		122		
Production	8600 ft of 5-1/2" \$10.50 Per Ft			226 90,300
Tie-Back				226
Tubing	8400 ft of 2-7/8" \$6.00 Per Ft			227 50,400
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.				235 5,000
Separators, Treaters, Heaters, etc.				236 25,000
<b>Total Tangibles</b>			<b>43,000</b>	<b>199,200</b>

<b>Dry Hole Cost</b>	<b>659,700</b>
<b>Completed Well Cost</b>	<b>1,031,000</b>

### APPROVALS

Company \_\_\_\_\_ Signature \_\_\_\_\_ Title \_\_\_\_\_

**IT IS RECOGNIZED THAT THE AMOUNTS HEREIN ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORITY COSTS INCURRED IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN**

NMCD CASE NO. 13236  
MAY 27, 2004  
PRESTON EXPLORATION, LLC  
EXHIBIT NO. 15