

PRESTON EXPLORATION, LLC

AUTHORIZATION FOR EXPENDITURE

Lease and Well No. Roughneck Red "29" State #1		Prospect Roughneck Red	AFE no. 04108C (V)
<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 Eddy Co., New Mexico	Survey/Township Sec. 29, T17S, R26E	Unit Description/Measured Location 1480' FNL & 1980' FWL	Projected TD 8,600
Description of Work Drill and Evaluate Morrow formation			
Vertical hole			

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					107		207	26,400
Drilling Rig - Day Rate					108	234,900	208	
Cementing - Materials / Services					111	22,000	211	17,000
Drilling Mud / Completion Fluids					112	29,000	212	3,000
Water					113	25,000	213	3,000
Fuel					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					123	30,000	223	9,500
Surface Damages					124	5,000		
Wellhead Equipment					133	13,500		8,500
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	50,000	256	500
Treating							258	8,500
Testing / Analysis					160	3,500	260	
Communications					161	2,000	162	
Labor					162	6,600	262	5,000
P & A Expense					197	15,000		
Miscellaneous					199	10,000	299	2,500
Insurance						35,000		
Directional Services					0	Days @ \$ 6,000.00		
Contingencies								
Total Intangibles					199	616,700	299	187,100

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			Per Ft			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, Treators, Heaters, etc.						236	25,000
Total Tangibles					43,000		199,200

Dry Hole Cost

Completed Well Cost

659,700

1,031,000

APPROVALS

Company	Signature	Title	
<p>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</p>			

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