

EXHIBIT 4

PRESTON EXPLORATION, LLC

AUTHORIZATION FOR EXPENDITURE

Lease and Well No. E. S. Schaap # 1		Prospect Northwest Knowles	AFE No. 102001
<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 Lea County, NM	Survey/Township Sec 4 - T17S - R38E	Unit Description/Measured Location 909' FNL & 2,310' FWL	Projected TD 12,000
Description of Work Drill and complete exploratory well to Strawn formation.			

INTANGIBLE COSTS

Description	Drilling	Completion
Abstracts / Legal Fees	101 500	201
Surveys / Permits / Environmental	102 500	
Right - of - Way	103	
Location / Restoration	104 24,000	204 2,500
Mob & Demob	105 45,000	205
Transportation / Hauling / Barges	106 10,000	206 15,000
Drilling / Completion Rig - Turnkey	107	207
Drilling / Completion Rig - Day Rate 42 Days @ \$ 12,500 / D & 10 days @ \$ 1,800 / D	108 525,000	208 18,000
Cementing - Materials / Services	111 37,000	211 25,000
Drilling Mud / Completion Fluids	112 40,000	212
Water	113 15,000	213 3,000
Fuel	114	214
Open Hole - Logging / Coring	115 62,000	215
Engineering / Supervision	116 31,500	216 8,400
Geological / Petrophysical Services Mud Logging - 28 days @ \$ 700 / D	117 19,600	
Casing Services	118 5,500	218 5,500
Supplies	119	219
Drilling / Completion Overhead	120 11,600	220
Equipment Rentals	123 18,000	223 12,000
Surface Damages	124	
Slickline / Swabbing		228
Cased Hole - Logging / Perforating		229 25,000
Stimulation - Materials / Services		230 50,000
Coiled Tubing - Materials / Services		250
Chemicals - Other		254
Gravel Pack - Materials / Services		255
Bits - Drilling / Completion	156 50,000	256 2,000
Treating		258
Testing / Analysis		260
Communications	161	162
Labor	162 7,500	262 31,000
P & A Expense	197 8,000	
Miscellaneous	199 44,400	299
Insurance	57,600	
Contingencies	199 10,000	299 5,000
Total Intangibles	1,022,700	202,400

TANGIBLE COSTS

Conductor Pipe	110		
Surface Casing	121 8,800		
Intermediate Liner	122 69,000		
Drilling Liner	122		
Production Liner	12,000 ft 7" \$9.50 / ft		226 114,000
Tie-Back			226
Tubing	12,000 ft 2 7/8" \$3.25 / ft		227 39,000
Downhole Equipment			231 20,000
Artificial Lift Equipment			232 35,000
Tree & Other Production Equipment	133 4,000	233 4,000	
Tanks		234 15,000	
Pipe, Fittings, Valves, etc.		235 5,000	
Separators, Treaters, Heaters, etc.		236 5,000	
Total Tangibles	81,800		237,000

Dry Hole Cost	1,104,500
Completed Well Cost	1,535,900

APPROVALS

Company	Signature	Title	Date
<p>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.</p>			