[Source: TheIslamicWorkplace.com] here is how you pray Salat-ul-Istikhara step-by step:

- Perform Wudu (the ablution) if you do not have it already.
- Pray 2 raka'at either with the intention of praying Istikhara separately by itself or jointly with two non-obligatory rak'at (e.g. the regular sunnah prayers or tahajjud, etc.) *Please make sure that you are not praying during the three times when it is undesirable to pray* In a hadith reported in Muslim 1040, it is narrated: "Three were the times at while Allah's Messenger () forbade us from praying or burying our dead (ie. funeral prayer): when the sun begins to rise until it is fully up; when the sun is at its height until it passes the meridian; and when the sun begins to set until it is completely set. [Muslim, 1040]". In matters that are immediate and cannot be delayed, Istikhara can be prayed even during these three times.
- Immediately after you have completed the 2 rakats, recite the Istikhara Dua below:

اللّهُمُّ إِنِّى أَسْتَخِيْرُكَ بِعِلْمِكَ وَأَسْتَقَلْيرُكَ بِقُدُرُكِكَ وَأَسْأَلْكَ مِنْ فَضُلِكَ الْعَظِيْمِ. فَإِنَّكَ تَقَلْيرُ وَلاَ أَقْلِيرُ. وَتَعَلَّمُ وَلاَ أَعْلَمُ وَلاَ أَقْلِيرُ وَلاَ أَقْلِيرُ. وَتَعَلَّمُ وَلاَ أَعْلَمُ وَأَنْتَ عَلَّمُ أَنَّ هَذَا الأَمْرُ خَيْرٌ لِى فِي دِيْنِي وَمَعَاشِي وَعَاقِيَةٍ أَمْرِي. فَاقْلُرُهُ لِى وَ خَيْرٌ لِى فِي دِيْنِي وَمَعَاشِي وَعَاقِيَةٍ أَمْرِي. فَاقْلُرُهُ لِى وَ يَسِرِّهُ لِى فَي دِيْنِي وَمَعَاشِي وَعَاقِيَةٍ أَمْرِي. فَاصْرِقِهُ عَنِي وَ يَسَرِّهُ لِي فَي دِيْنِي وِمَعَاشِي وَعَاقِيَةٍ أَمْرِي. فَاصْرِقِه عَنِي وَ اصْرِقْهِ عَنِي وَالْمَرْ لِي الْخَيْرَ حَيْثُ كَانَ ثُمَّ ارْضِيقًى بِهِ. اصْرِقْهِ عَنِي الْخَيْرَ حَيْثُ كَانَ ثُمَّ ارْضِيقًى بِهِ. اصْرِقْهِ عَنِي الْخَيْرَ حَيْثُ كَانَ ثُمَّ ارْضِيقًى بِهِ.

- Allahumma inni astakhiruka bi'ilmika, Wa astaqdiruka bi-qudratika, Wa asaluka min fadlika al-'azim Fainnaka taqdiru Wala aqdiru, Wa ta'lamu Wala a'lamu, Wa anta 'allamu I-ghuyub. Allahumma, in kunta ta'lam
 anna hadha-I-amra (then mention the matter for which you are seeking Allah's Guidance) Khairun li fi dini
 wa ma'ashi wa'aqibati amri Faqdirhu li wa yas-sirhu li thumma barik li Fihi, Wa in kunta ta'lamu anna hadhalamra shar-run li fi dini wa ma'ashi wa'aqibati amri Fasrifhu anni was-rifni anhu. Waqdir li al-khaira haithu
 kana Thumma ardini bihi.'
- TRANSLATION: "O Allah, I consult You as You are All-Knowing and I appeal to You to give me power as You are Omnipotent, I ask You for Your great favor, for You have power and I do not, and You know all of the hidden matters. O Allah! If you know that this matter (then mention the matter for which you are seeking Allah's Guidance) is good for me in my religion, my livelihood, and for my life in the Hereafter, then make it (easy) for me. And if you know that this matter is not good for me in my religion, my livelihood and my life in the Hereafter, then keep it away from me and take me away from it and choose what is good for me wherever it is and please me with it."
- While reciting the above du'a, please mention the matter for which you are seeking Allah's Guidance you have at the appropriate point (indicated in red in the du'a above).
- Follow An Nawawi's advice on how to interpret Allah's guidance (please see the Istikhara article theIslamicworkplace.com).
- You can pray Salat-ul-Istikhara as many times as you want though the fuqaha mention that it is recommend to repeat it, up to 7 times if necessary (usually done on separate occasions). [cf: Radd al-Muhtar]