

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 21, 2014	AFE NO.:	300025-003-001
WELL NAME:	Cimarron State 16-19-34 RN #134H	FIELD:	Bone Spring
LOCATION:		MDITVD:	15,000/10,700
COUNTY/STATE:	Lea	LATERAL LENGTH:	4,300
MRC Wt:	50.00%	DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd BS	COMPLETION DAYS:	12
REMARKS:	DRS a horizontal well and complete with 17 stages, Gen 1 Bone Spring frac design		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
01 Land / Legal / Regulatory	\$ 36,700	\$ -	\$ -	\$ 36,700
02 Location, Surveys & Damages	128,500	137,500	4,000	268,000
10 Drilling	1,025,000	-	-	1,025,000
18 Cementing & Float Equip	215,000	-	-	215,000
20 Logging / Formation Evaluation	-	6,500	-	6,500
21 Mud Logging	38,500	-	-	38,500
23 Mud Circulation System	93,950	-	-	93,950
24 Mud & Chemicals	165,000	36,000	-	201,000
25 Mud / Wastewater Disposal	95,000	-	-	95,000
26 Freight / Transportation	36,000	15,000	-	51,000
28 Rig Supervision / Engineering	128,000	61,250	18,000	205,250
31 Drill Bits	105,000	-	-	105,000
32 Fuel & Power	210,000	-	-	210,000
33 Water	12,500	171,000	-	183,500
34 Drig & Completion Overhead	17,500	17,000	-	34,500
35 Plugging & Abandonment	-	-	-	-
38 Directional Drilling, Surveys	192,000	-	-	192,000
40 Completion Unit, Swab, CTU	-	180,000	28,000	188,000
44 Perforating, Wireline, Slickline	-	118,000	20,000	138,000
45 High Pressure Pump Truck	-	50,000	-	50,000
46 Stimulation	-	2,295,000	-	2,295,000
47 Stimulation Flowback & Disp	-	44,780	-	44,780
48 Insurance	26,100	-	-	26,100
50 Labor	193,500	26,250	6,000	225,750
51 Rental - Surface Equipment	120,500	246,425	12,000	378,925
52 Rental - Downhole Equipment	12,500	55,000	-	67,500
53 Rental - Living Quarters	71,750	31,210	2,000	104,960
54 Contingency	291,000	347,092	9,000	647,992
TOTAL INTANGIBLES >	3,210,900	3,818,007	98,000	7,127,907
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
41 Surface Casing	\$ 74,150	\$ -	\$ -	\$ 74,150
42 Intermediate Casing	166,800	-	-	166,800
43 Drilling Liner	-	-	-	-
44 Production Casing	417,150	-	-	417,150
45 Production Liner	-	-	-	-
46 Tubing	-	-	55,000	55,000
47 Wellhead	100,000	-	40,000	140,000
48 Packers, Liner Hangers	-	65,600	20,000	85,600
49 Tanks	-	-	-	-
50 Production Vessels	-	-	74,000	74,000
51 Flow Lines	-	-	-	-
52 Rod string	-	-	-	-
53 Artificial Lift Equipment	-	-	20,000	20,000
54 Compressor	-	-	-	-
55 Installation Costs	-	-	82,000	82,000
56 Surface Pumps	-	-	5,000	5,000
58 Non-controllable Surface	-	-	66,000	66,000
59 Non-controllable Downhole	-	-	-	-
61 Downhole Pumps	-	-	-	-
63 Measurement & Meter Installation	-	-	12,500	12,500
64 Gas Conditioning / Dehydration	-	-	-	-
65 Interconnecting Facility Piping	-	-	-	-
66 Gathering / Bulk Lines	-	-	-	-
67 Valves, Dumps, Controllers	-	-	-	-
68 Tank / Facility Containment	-	-	-	-
69 Flare Stack	-	-	-	-
70 Electrical / Grounding	-	-	-	-
71 Communications / SCADA	-	-	-	-
72 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	758,100	65,600	374,500	1,198,200
TOTAL COSTS >	3,969,000	3,883,607	473,500	8,326,107

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Aaron Byrd	Team Lead - WTX/NM	<i>[Signature]</i>
Completions Engineer:	Adam Lange		RCL
Production Engineer:	Casey McCain		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BMR	BO
Executive VP, Legal	Exec Dir - Exploration	VP - Production
CA	DEF	WFM
President	VP & General Manager	
MVH	RCL	

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes No (mark one)	

The costs on this AFE are estimates only and may not be corrected by meetings or any specific item to the total cost of the project. Funding will be when approved under the AFE. This AFE may be changed up to 90 days after the well has been completed. In executing this AFE, the Partner hereby agrees to pay the pro-rata share of all costs incurred including legal, regulatory, engineering, and well costs under the terms of the applicable (and operating) agreement, regulatory order or other agreement governing this well. Participants shall be deemed to have agreed to the costs of this well under the applicable regulatory order or other agreement governing this well. Participants shall be deemed to have agreed to the costs of this well under the applicable regulatory order or other agreement governing this well. Participants shall be deemed to have agreed to the costs of this well under the applicable regulatory order or other agreement governing this well.

Oil Conservation Division
Case No. 3/5243
Exhibit No.