

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE - 5400 LBJ FREEWAY - SUITE 1500 - DALLAS, TEXAS 75248

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 18, 2015	AFE NO.:	0
WELL NAME:	Airstrip State Com 31-18S-35E #201H	FIELD:	0
LOCATION:		MD/TVD:	15500/10840'
COUNTY/STATE:	Lea / NM	LATERAL LENGTH:	4,400
NRC Wt:	52.37%	DRILLING DAYS:	38
GEOLOGIC TARGET:	Wolfcamp A "X/Y"	COMPLETION DAYS:	10
REMARKS:	Drill a horizontal well and complete with 15 stages, Gen 2 Upper Wolfcamp Design		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS				
01 Land / Legal / Regulatory	\$ 85,000			\$ 85,000
02 Location, Surveys & Damages	180,500	137,500	4,000	322,000
10 Drilling	1,348,000			1,348,000
16 Cementing & Float Equip	250,500			250,500
20 Logging / Formation Evaluation		6,000		6,000
21 Mud Logging	38,500			38,500
23 Mud Circulation System	112,850			112,850
24 Mud & Chemicals	301,600	30,000		331,600
25 Mud / Wastewater Disposal	145,000			145,000
26 Freight / Transportation	36,000	15,000		51,000
28 Rig Supervision / Engineering	154,800	82,000	19,000	255,800
31 Drill Bits	105,450			105,450
32 Fuel & Power	190,000			190,000
33 Water	52,000	395,000		447,000
34 Drig & Completion Overhead	21,000	17,000		38,000
36 Plugging & Abandonment				
38 Directional Drilling, Surveys	350,000			350,000
40 Completion Unit, Swab, CTU		90,000	28,000	118,000
44 Perforating, Wireline, Slickline		78,000	20,000	98,000
45 High Pressure Pump Truck		48,000		48,000
46 Stimulation		1,550,000		1,550,000
47 Stimulation Flowback & Disp		68,000		68,000
48 Insurance	27,180			27,180
50 Labor	153,500	19,500	6,000	179,000
51 Rental - Surface Equipment	151,500	208,250	12,000	371,750
52 Rental - Downhole Equipment	39,000	43,000		82,000
53 Rental - Living Quarters	87,630	28,210	10,000	125,840
54 Contingency	390,771	289,446	9,600	689,817
TOTAL INTANGIBLES >	4,299,461	3,183,906	107,800	7,591,167
TANGIBLE COSTS				
41 Surface Casing	\$ 52,068			\$ 52,068
42 Intermediate Casing	151,800			151,800
43 Drilling Liner	355,900			355,900
44 Production Casing	428,825			428,825
46 Production Liner				
46 Tubing			55,000	55,000
47 Wellhead	80,000		60,000	140,000
48 Packers, Uter Hangers		35,000	12,000	47,000
49 Tanks				
50 Production Vessels			74,000	74,000
51 Flow Lines				
52 Rod string				
53 Artificial Lift Equipment			30,000	30,000
54 Compressor				
55 Installation Costs			82,000	82,000
56 Surface Pumps			5,000	5,000
58 Non-controllable Surface			56,000	56,000
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 >	1,079,113	35,000	398,500	1,509,613
TOTAL COSTS >	5,378,574	3,218,906	506,300	9,099,830

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Aaron Dyer
 Completions Engineer: Chris Garrett
 Production Engineer: Jacob McGinn

Team Lead - WTX/NM: *[Signature]*
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MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO: <u>DBL</u>	VP - Res Engineering: <u>DMR</u>	VP - Drilling: <u>WD</u>
Executive VP, Legal: <u>CA</u>	Exec Dir - Exploration: <u>DFH</u>	VP - Production: <u>WFM</u>
President: <u>WVP</u>	VP & General Manager: <u>RCL</u>	

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____
 Signed by: _____ Date: _____
 Title: _____ Approval: Yes _____ No (imp/ans) _____