

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	August 29 2016	AFE NO	0
WELL NAME	Michael Collins 11 23S-27E RB #206H	FIELD	0
LOCATION	Section 11 23S-27E	MD/TVD	14350 /9250
COUNTY/STATE	Eddy	LATERAL LENGTH	about 4500
MRC WI			
GEOLOGIC TARGET	Wolfcamp		
REMARKS	Drill and complete a horizontal upper Wolfcamp Gen 2 design with 22 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	48,700			6,000	51,700
Location Surveys & Damages	131,000	13,000	4,000	70,000	218,000
Drilling	512,600				512,600
Cementing & Float Equipment	138,000				138,000
Logging / Formation Evaluation		4,500			4,500
Mud Logging	12,000				12,000
Mud Circulation System	39,605				39,605
Mud & Chemicals	81,000	20,000			101,000
Mud / Wastewater Disposal	120,000				120,000
Freight / Transportation	15,000	16,500		7,000	38,500
Rig Services / Engineering	79,200	37,700	14,400	36,000	167,300
Drill Bits	51,500				51,500
Fuel & Power	85,000				85,000
Water	40,000	286,280			306,280
Drill & Completion Overhead	8,500	18,000			24,500
Plugging & Abandonment					
Directional Drilling, Surveys	140,000				140,000
Completion Unit, Swab CTU		40,000	30,000		70,000
Perforating Wireline Slickline		77,500			77,500
High Pressure Pump Truck		38,500			38,500
Stimulation		1,144,000			1,144,000
Stimulation Flowback & Disposal		60,500			60,500
Insurance	25,560				25,560
Labor	121,500	17,000	8,000		144,500
Rental Surface Equipment	83,250	182,475	12,000	15,000	252,725
Rental Downhole Equipment	50,000	20,000		20,000	90,000
Rental Living Quarters	43,700	27,080	10,000	10,000	90,780
Contingency	126,288	81,705	7,640		215,633
TOTAL INTANGIBLES	1,930,493	2,042,780	84,040	163,000	4,220,193
TANGIBLE COSTS					
Surface Casing	19,375				19,375
Intermediate Casing	50,000				50,000
Drilling Liner	289,775				289,775
Production Casing	217,813				217,813
Production Liner					
Tubing			48,250		48,250
Wellhead	50,000		35,000		85,000
Packers Liner Hangers		37,800	12,000		49,800
Tools				90,000	90,000
Production Vessels				55,000	55,000
Flow Lines					
Rod string					
Artificial Lift Equipment			20,000		20,000
Compressor					
Installation Costs			90,000	144,000	234,000
Surface Pumps			5,000		5,000
Non-controllable Surface			68,000	60,000	126,000
Non-controllable Downhole					
Downhole Pumps					
Mess Room & Meter Installation			12,500	125,000	137,500
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				27,000	27,000
Gathering / Bulk Lines				85,750	85,750
Valves / Controls			2,000	8,000	10,000
Truck / Facility Containment				30,000	30,000
Flare Stack				25,000	25,000
Electrical / Grounding				30,000	30,000
Communications / SCADA				25,000	25,000
Instrumentation / Safety			10,000	32,000	42,000
TOTAL TANGIBLES	628,963	37,800	298,750	738,750	1,700,263
TOTAL COSTS	2,557,366	2,080,580	382,790	899,750	5,920,455

PREPARED BY MATADOR PRODUCTION COMPANY

Drilling Engineer	Adam Lange	Team Lead	WTX/NM	WTE
Completions Engineer	Chris Calvert			WTE
Production Engineer	John Romano			

MATADOR RESOURCES COMPANY APPROVAL

Executive VP COO/CFO	DEL	VP Res Engineering	BMR	VP Drilling	BG
Executive VP Legal	CA	Exec Dir Exploration	NLF	VP Production	TWG
President	MVH	VP & General Manager	RCL		

NON OPERATING PARTNER APPROVAL

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

The intent of this AFE is to provide a summary of the estimated costs and expenditures for the proposed project. It is not intended to be a contract. The actual costs and expenditures may vary from the estimates. The Operator shall be responsible for the actual costs and expenditures. The Operator shall be responsible for the actual costs and expenditures. The Operator shall be responsible for the actual costs and expenditures.

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE	August 19 2016	AFE NO	0
WELL NAME	Michael Collins 11 23S-27E RB #208H	FIELD	0
LOCATION	Section 11 23S-27E	MD/TVD	14350/9250'
COUNTY/STATE	Eddy	LATERAL LENGTH	about 4500'
MRC WI			
GEOLOGIC TARGET	Wolfcamp		
REMARKS	Drill and complete a horizontal upper Wolfcamp Gen 2 design with 22 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 46 700			\$ 5 000	\$ 51 700
Location Surveys & Damages	131 000	13 000	4 000	70 000	218 000
Drilling	512 600				512 600
Cementing & Float Equip	138 000				138 000
Logging / Formation Evaluation		4 500			4 500
Mud Logging	12 000				12 000
Mud Circulation System	39 605				39 605
Mud & Chemicals	81 000	20 000			101 000
Mud / Wastewater Disposal	120 000				120 000
Freight / Transportation	15 000	16 500		7 000	38 500
Rig Supervision / Engineering	79,200	37 700	14 400	36 000	167 300
Drill Bits	51 500				51 500
Fuel & Power	85 000				85 000
Water	40 000	286 290			306 290
Drill & Completion Overhead	8 500	16 000			24 500
PI gaging & Abandonment					
Directional Drilling Surveys	140 000				140 000
Completion Unit, Swab CTU		40 000	30 000		70 000
Perforating Wireline Sili kilne		77 500			77 500
High Pressure Pump Truck		36 500			36 500
Stimulation		1 144 000			1 144 000
Stimulation Flowback & Disposal		60 500			60 500
Insurance	25 560				25 560
Labor	121 500	17 000	8 000		144 500
Rental Surface Equipment	63 250	162 475	12 000	15 000	252 725
Rental Downhole Equipment	50 000	20 000		20 000	90 000
Rental Living Quarters	43 700	27 080	110 000	10 000	290 780
Contingency	126 288	81 705	7 640		215 633
TOTAL INTANGIBLES	1 930 403	2 042 750	184 040	163 000	4,220 193
TANGIBLE COSTS					
Surface Casing	\$ 19 375				\$ 19 375
Intermediate Casing	50 000				50 000
Drilling Liner	289 775				289 775
Production Casing	217 813				217 813
Production Line					
Tubing			146 250		146 250
Wellhead	50 000		35 000		85 000
Producers Line Hangers		37 800	12 000		49 800
Tools				60 000	60 000
Production Vessels				55 000	55 000
Flow Lines					
Rod string					
Artificial Lift Equipment			20 000		20 000
Compressor					
Installation Costs			180 000	144 000	324 000
Surface Pumps			5 000		5 000
Non-controllable Surface			186 000	60 000	246 000
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	125 000	137 500
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				27 000	27 000
Gathering / Bulk Lines				85 750	85 750
Valves / Dump Controllers			12 000	8 000	20 000
Flare / Facility Containment				30 000	30 000
Flare Stack				25 000	25 000
Electrical / Grounding				30 000	30 000
Communications / SCADA				25 000	25 000
Instrumentation / Safety			110 000	32 000	142 000
TOTAL TANGIBLES	626 963	37,800	1,298 750	736 750	1,700,263
TOTAL COSTS	2 557 366	2 080 550	382 790	899 750	5 920 456

PREPARED BY MATADOR PRODUCTION COMPANY

Drilling Engineer	Adam Lange	Team Lead	WTX/NM	WTE
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NON OPERATING PARTNER APPROVAL

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

The AFE is prepared by the Operator and may not contain all the information required by the non-operating partner. The non-operating partner should review the AFE and provide comments or approval. The non-operating partner's approval is required for the Operator to proceed with the project. The non-operating partner's approval is required for the Operator to proceed with the project. The non-operating partner's approval is required for the Operator to proceed with the project.