

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
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chahn@matadorresources.com

**Cassie Hahn
Landman**

November 21, 2018

VIA CERTIFIED RETURN RECEIPT MAIL

Occidental Permian LP
5 E. Greenway Plaza #110
Houston, TX 77046

Re: Boros Fed Com #101H, #102H, #103H, #104H, #121H, #122H, #123H, #124H, #201H,
#202H, #203H, #204H, #221H, #222H, #223H, #224H (the "Wells")
Participation Proposal
Sections 15 & 22, Township 26 South, Range 31 East
Eddy County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of the following Matador Production Company's Wells, located in Sections 15 and 22, Township 26 South, Range 31 East, Eddy County, New Mexico. Accordingly, enclosed are the AFE's dated on October 2018 and November 2018 for the following:

In connection with the above, please note the following:

- **Boros Fed Com #101H** to be drilled from SHL in the SW/4SW/4 of Section 10-26S-31E to a BHL in the SW/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 8475' subsurface in the Avalon Formation. The proposed well will have a MD of approximately 18642'.
- **Boros Fed Com #102H** to be drilled from SHL in the SE/4SW/4 of Section 10-26S-31E to a BHL in the SE/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 8475' subsurface in the Avalon Formation. The proposed well will have a MD of approximately 18642'.
- **Boros Fed Com #103H** to be drilled from SHL in the SW/4SE/4 of Section 10-26S-31E to a BHL in the SW/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 8475' subsurface in the Avalon Formation. The proposed well will have a MD of approximately 18642'.
- **Boros Fed Com #104H** to be drilled from SHL in the SE/4SE/4 of Section 10-26S-31E to a BHL in the SE/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5A
Submitted by: **MATADOR RESOURCES**
Hearing Date: April 4, 2019
Case Nos. 20365 & 20366

approximate TVD of 8475' subsurface in the Avalon Formation. The proposed well will have a MD of approximately 18642'.

- **Boros Fed Com #121H** to be drilled from SHL in the SW/4SW/4 of Section 10-26S-31E to a BHL in the SW/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 10,075' subsurface in the Bone Spring Formation. The proposed well will have a MD of approximately 20,242'.
- **Boros Fed Com #122H** to be drilled from SHL in the SE/4SW/4 of Section 10-26S-31E to a BHL in the SE/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 10,075' subsurface in the Bone Spring Formation. The proposed well will have a MD of approximately 20,242'.
- **Boros Fed Com #123H** to be drilled from SHL in the SW/4SE/4 of Section 10-26S-31E to a BHL in the SW/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 10,075' subsurface in the Bone Spring Formation. The proposed well will have a MD of approximately 20,242'.
- **Boros Fed Com #124H** to be drilled from SHL in the SE/4SE/4 of Section 10-26S-31E to a BHL in the SE/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 10,075' subsurface in the Bone Spring Formation. The proposed well will have a MD of approximately 20,242'.
- **Boros Fed Com #201H** to be drilled from a SHL in the SW/4SW/4 of Section 10-26S-31E to a BHL in the SW/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 11,480' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 21,547'.
- **Boros Fed Com #202H** to be drilled from SHL in the SE/4SW/4 of Section 10-26S-31E to a BHL in the SE/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 11,480' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 21,547'.
- **Boros Fed Com #203H** to be drilled from SHL in the SW/4SE/4 of Section 10-26S-31E to a BHL in the SW/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 11,480' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 21,547'.
- **Boros Fed Com #204H** to be drilled from SHL in the SE/4SE/4 of Section 10-26S-31E to a BHL in the SE/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 11,480' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 21,547'.
- **Boros Fed Com #221H** to be drilled from a SHL in the SW/4SW/4 of Section 10-26S-31E to a BHL in the SW/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 12,600' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 22,667'.
- **Boros Fed Com #222H** to be drilled from SHL in the SE/4SW/4 of Section 10-26S-31E to a BHL in the SE/4SW/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 12,600' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 22,667'.
- **Boros Fed Com #223H** to be drilled from SHL in the SW/4SE/4 of Section 10-26S-31E to a BHL in the SW/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to

an approximate TVD of 12,600' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 22,667'.

- **Boros Fed Com #224H** to be drilled from SHL in the SE/4SE/4 of Section 10-26S-31E to a BHL in the SE/4SE/4 of Section 22-26S-31E. The proposed well will be drilled to an approximate TVD of 12,600' subsurface in the Wolfcamp Formation. The proposed well will have a MD of approximately 22,667'.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter to the undersigned. MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The enclosed Operating Agreement dated October 31, 2018, by and between Matador Production Company, as operator and MRC Permian Company et al as Non-Operators covers all of Section 15 and Section 22, Township 22 South, Range 31 East, Eddy County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$8,000/\$800 Drilling and Producing rate
- Matador Production Company named as Operator

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

MRC PERMIAN COMPANY


Cassie Hahn

Occidental Permian LP hereby elects to:

_____ Participate in the **Boros Fed Com #101H**

_____ Not to participate in the **Boros Fed Com #101H**

_____ Participate in the **Boros Fed Com #102H**

_____ Not to participate in the **Boros Fed Com #102H**

_____ Participate in the **Boros Fed Com #103H**
_____ Not to participate in the **Boros Fed Com #103H**

_____ Participate in the **Boros Fed Com #104H**
_____ Not to participate in the **Boros Fed Com #104H**

_____ Participate in the **Boros Fed Com #104H**
_____ Not to participate in the **Boros Fed Com #104H**

_____ Participate in the **Boros Fed Com #104H**
_____ Not to participate in the **Boros Fed Com #104H**

_____ Participate in the **Boros Fed Com #111H**
_____ Not to participate in the **Boros Fed Com #111H**

_____ Participate in the **Boros Fed Com #112H**
_____ Not to participate in the **Boros Fed Com #112H**

_____ Participate in the **Boros Fed Com #113H**
_____ Not to participate in the **Boros Fed Com #113H**

_____ Participate in the **Boros Fed Com #114H**
_____ Not to participate in the **Boros Fed Com #114H**

_____ Participate in the **Boros Fed Com #121H**
_____ Not to participate in the **Boros Fed Com #121H**

_____ Participate in the **Boros Fed Com #122H**
_____ Not to participate in the **Boros Fed Com #122H**

_____ Participate in the **Boros Fed Com #123H**
_____ Not to participate in the **Boros Fed Com #123H**

_____ Participate in the **Boros Fed Com #124H**
_____ Not to participate in the **Boros Fed Com #124H**

_____ Participate in the **Boros Fed Com #131H**
_____ Not to participate in the **Boros Fed Com #131H**

_____ Participate in the **Boros Fed Com #132H**
_____ Not to participate in the **Boros Fed Com #132H**

_____ Participate in the **Boros Fed Com #133H**
_____ Not to participate in the **Boros Fed Com #134H**

_____ Participate in the **Boros Fed Com #134H**
_____ Not to participate in the **Boros Fed Com #134H**

_____ Participate in the **Boros Fed Com #201H**
_____ Not to participate in the **Boros Fed Com #201H**

_____ Participate in the **Boros Fed Com #202H**
_____ Not to participate in the **Boros Fed Com #202H**

_____ Participate in the **Boros Fed Com #203H**
_____ Not to participate in the **Boros Fed Com #203H**

_____ Participate in the **Boros Fed Com #204H**
_____ Not to participate in the **Boros Fed Com #204H**

_____ Participate in the **Boros Fed Com #221H**

_____ Not to participate in the **Boros Fed Com #221H**

_____ Participate in the **Boros Fed Com #222H**

_____ Not to participate in the **Boros Fed Com #222H**

_____ Participate in the **Boros Fed Com #223H**

_____ Not to participate in the **Boros Fed Com #223H**

_____ Participate in the **Boros Fed Com #224H**

_____ Not to participate in the **Boros Fed Com #224H**

Occidental Permian LP

By: _____

Title: _____

Date: _____

Contact Number: _____

MATADOR PRODUCTION COMPANY
 ONE LINCOLN CENTRE • 6400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
 Phone (972) 371-8200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 18, 2018	AFE NO.:	500000 627.01 001
WELL NAME:	Boros Fed Com #101H	FIELD:	
LOCATION:	Section 15&22-26S-31E	MD/TVD:	18642/18475
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	about 9700'
MRC WI:			
GEOLOGIC TARGET:	Avalon		
REMARKS:	Drill and complete a horizontal Avalon target with 46 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500				\$ 61,500
Location, Surveys & Damages	103,000	13,000	10,000	5,000	131,000
Drilling	866,000				866,000
Cementing & Float Equip	216,000				216,000
Logging / Formation Evaluation		6,500			6,500
Mud Logging	36,000				36,000
Mud Circulation System	66,000				66,000
Mud & Chemicals	111,000	67,000			178,000
Mud / Wastewater Disposal	195,000				195,000
Freight / Transportation	16,000	43,700			59,700
Rig Supervision / Engineering	168,000	126,600	7,200	5,400	307,200
Drill Bits	113,000				113,000
Fuel & Power	156,000				156,000
Water	90,000	402,500	180,000		672,500
Rig & Completion Overhead	15,000	42,000			57,000
Plugging & Abandonment					
Directional Drilling, Surveys	302,000				302,000
Completion Unit, Swab, CTU		144,000	20,000		164,000
Perforating, Wireline, Slickline		294,000			294,000
High Pressure Pump Truck		175,700			175,700
Stimulation		4,186,000			4,186,000
Stimulation Flowback & Disp		206,000			206,000
Insurance	33,556				33,556
Labor	165,500	102,000	30,000	1,000	298,500
Rental - Surface Equipment	90,000	490,500	60,000	3,000	643,500
Rental - Downhole Equipment	130,000	85,000			215,000
Rental - Living Quarters	62,950	56,260	6,000	2,000	127,210
Contingency	242,660	225,556			468,216
Operations Center	32,250				32,250
TOTAL INTANGIBLES >	3,289,416	6,668,216	313,200	16,400	10,287,232
TANGIBLE COSTS					
Surface Casing	\$ 53,000				\$ 53,000
Intermediate Casing	140,300				140,300
Drilling Liner					
Production Casing	563,581				563,581
Production Liner					
Tubing			52,000		52,000
Wellhead	65,000		40,000		105,000
Packers, Liner Hangers		109,600	10,000		119,600
Tanks				16,000	16,000
Production Vessels			66,000	13,025	79,025
Flow Lines			50,000		50,000
Rod string					
Artificial Lift Equipment			270,000		270,000
Compressor				2,000	2,000
Installation Costs				24,000	24,000
Surface Pumps			5,000		5,000
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	8,500	21,000
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				15,000	15,000
Gathering / Bulk Lines					
Valves, Dumps, Controllers			2,000	1,000	3,000
Tank / Facility Containment				2,000	2,000
Flare Stack				2,000	2,000
Electrical / Grounding			5,000	500	5,500
Communications / SCADA			10,000	1,000	11,000
Instrumentation / Safety			5,000		5,000
TOTAL TANGIBLES >	641,881	109,600	521,500	67,025	1,339,006
TOTAL COSTS >	4,131,297	6,776,816	834,700	103,425	11,846,238

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer	_____	Team Lead - WTX/NM	<u>LTE</u>
Completions Engineer	_____		
Production Engineer	_____		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	_____	VP - Res Engineering	_____	VP - Drilling	_____
Executive VP - Legal	_____	Exec Dir - Exploration	_____		
President	_____				

NON OPERATING PARTNER APPROVAL:

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

MATADOR PRODUCTION COMPANY
 ONE LINCOLN CENTRE • 6400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
 Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 18, 2018	AFE NO.:	500000435.01.001
WELL NAME:	Boros Fed Com #12111	FIELD:	
LOCATION:	Section 15&22-26S-31E	MD/TVD:	20242' / 10075'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	about 9700'
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill and complete a horizontal 2nd Bone Spring target with 46 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500				\$ 61,500
Location, Surveys & Damages	103,000	13,000	10,000	5,000	131,000
Drilling	866,000				866,000
Cementing & Float Equip	218,000				218,000
Logging / Formation Evaluation	-	6,500			6,500
Mud Logging	36,000				36,000
Mud Circulation System	68,000				68,000
Mud & Chemicals	111,000	41,000			152,000
Mud / Wastewater Disposal	195,000				195,000
Freight / Transportation	18,000	40,500			58,500
Rig Supervision / Engineering	160,000	119,400	7,200	5,400	392,000
Drill Bits	115,000				115,000
Fuel & Power	156,000				156,000
Water	90,000	392,800	189,600		662,400
Drig & Completion Overhead	15,000	40,000			55,000
Plugging & Abandonment	-				-
Directional Drilling, Surveys	302,000				302,000
Completion Unit, Swab, CTU	-	240,000	20,000		260,000
Perforating, Wireline, Stuckline	-	294,000			294,000
High Pressure Pump Truck	-	126,500			126,500
Stimulation	-	4,370,000			4,370,000
Stimulation Flowback & Disp.	-	203,000			203,000
Insurance	36,436				36,436
Labor	165,500	60,000	30,000	1,000	256,500
Rental - Surface Equipment	59,000	441,300	60,000	2,000	602,300
Rental - Downhole Equipment	130,000	50,000			180,000
Rental - Living Quarters	62,500	51,500	6,000	2,000	122,000
Contingency	243,891	216,000			459,891
Operations Center	32,250				32,250
TOTAL INTANGIBLES >	3,292,526	6,746,220	313,200	16,400	10,368,346
TANGIBLE COSTS					
Surface Casing	\$ 53,000				\$ 53,000
Intermediate Casing	140,300				140,300
Drilling Liner	-				-
Production Casing	632,381				632,381
Production Liner	-				-
Tubing	-		101,200		101,200
Wellhead	65,000		30,000		95,000
Packers, Liner Hangers	-	105,000	10,000		115,000
Tanks	-			16,000	16,000
Production Vessels	-		50,000	15,025	65,025
Flow Lines	-		50,000		50,000
Rod string	-				-
Artificial Lift Equipment	-		30,000		30,000
Compressor	-			2,000	2,000
Installation Costs	-			24,000	24,000
Surface Pumps	-		5,000		5,000
Non-controllable Surface	-				-
Non-controllable Downhole	-				-
Downhole Pumps	-				-
Measurement & Meter Installation	-		12,500	5,500	18,000
Gas Conditioning / Dehydration	-				-
Interconnecting Facility Piping	-			15,000	15,000
Gathering / Bulk Lines	-				-
Valves, Dumps, Controllers	-		2,000	1,000	3,000
Tank / Facility Containment	-			2,000	2,000
Flare Stack	-			2,000	2,000
Electrical / Grounding	-			500	500
Communications / SCADA	-			1,000	1,000
Instrumentation / Safety	-		5,000	5,000	10,000
TOTAL TANGIBLES >	890,681	105,000	335,700	87,025	1,418,406
TOTAL COSTS >	4,183,207	6,851,220	648,900	103,425	11,786,752

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: <u>Camille Hanks</u>	Team Lead - W1X/NM: <u>WTE</u>
Completions Engineer: <u>Wayne Hanks</u>	
Production Engineer: <u>Gar Peterson</u>	

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO: <u>CEL</u>	VP - Res Engineering: <u>DMR</u>	VP - Drilling: <u>PO</u>
Executive VP, Legal: <u>CA</u>	Exec VP - Exploration: <u></u>	
President: <u>MVR</u>		

NON OPERATING PARTNER APPROVAL:

Company Name: <u></u>	Working Interest (%): <u></u>	Tax ID: <u></u>
Signed by: <u></u>	Date: <u></u>	
Title: <u></u>	Approval: <u>Yes</u> <u>No</u> (If "No" only)	

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 85,500	\$ -	\$ -	\$ -	\$ 85,500
Location, Surveys & Damages	100,500	13,000	10,000	5,000	128,500
Drilling	997,000	-	-	-	997,000
Cementing & Float Equip	237,000	-	-	-	237,000
Logging / Formation Evaluation	-	6,500	-	-	6,500
Mud Logging	34,800	-	-	-	34,800
Mud Circulation System	88,525	-	-	-	88,525
Mud & Chemicals	151,000	47,000	-	-	198,000
Mud / Wastewater Disposal	195,000	-	-	-	195,000
Freight / Transportation	30,000	40,500	-	-	70,500
Rig Supervision / Engineering	192,000	115,400	7,200	5,400	324,000
Drill Bits	131,200	-	-	-	131,200
Fuel & Power	182,000	-	-	-	182,000
Water	60,000	392,500	-	-	452,500
Drig & Completion Overhead	17,500	40,000	-	-	57,500
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	340,000	-	-	-	340,000
Completion Unit, Swab, CTU	-	240,000	20,000	-	260,000
Perforating, Wireline, Slickline	-	294,000	-	-	294,000
High Pressure Pump Truck	-	126,500	-	-	126,500
Stimulation	-	4,692,000	-	-	4,692,000
Stimulation Flowback & Disp	-	208,000	100,000	-	308,000
Insurance	38,785	-	-	-	38,785
Labor	183,000	50,000	30,000	-	303,000
Rental - Surface Equipment	105,750	441,300	60,000	1,000	611,050
Rental - Downhole Equipment	105,000	50,000	-	3,000	158,000
Rental - Living Quarters	72,200	51,500	6,000	2,000	131,700
Contingency	270,751	216,020	-	-	486,771
Operations Center	37,825	-	-	-	37,825
TOTAL INTANGIBLES >	3,655,135	7,069,220	313,200	16,400	11,052,955

PREPARED BY MATADOR PRODUCTION COMPANY:

MATADOR RESOURCES COMPANY APPROVAL:

NON OPERATING PARTNER APPROVAL:

[illegible]

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 18, 2018	AFE NO.:	500000 646.01.001
WELL NAME:	Boros Federal #202H	FIELD:	
LOCATION:	Section 15&22-26S-31E	MD/TVD:	21547/11480'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	about 9600'
MRC Wt:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill, complete and equip a horizontal lower Wolfcamp target with 46 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 86,500				\$ 86,500
Location, Surveys & Damages	100,500	13,000	10,000	5,000	128,500
Drilling	997,000				997,000
Cementing & Float Equip	232,000				232,000
Logging / Formation Evaluation		6,500			6,500
Mud Logging	34,800				34,800
Mud Circulation System	89,525				89,525
Mud & Chemicals	151,000	47,000			198,000
Mud / Wastewater Disposal	105,000				105,000
Freight / Transportation	30,000	40,500			70,500
Rig Supervision / Engineering	192,000	118,400	7,200	5,400	324,000
Drill Bits	131,200				131,200
Fuel & Power	162,000				162,000
Water	60,000	392,500			452,500
Drig & Completion Overhead	17,500	40,000			57,500
Plugging & Abandonment					
Directional Drilling, Surveys	340,000				340,000
Completion Unit, Swab, CTU		240,000	20,000		260,000
Perforating, Wireline, Slickline		294,000			294,000
High Pressure Pump Truck		126,500			126,500
Stimulation		4,692,000			4,692,000
Stimulation Flowback & Disp		208,000	180,000		388,000
Insurance	38,785				38,785
Labor	183,000	60,000	30,000		303,000
Rental - Surface Equipment	108,750	441,300	60,000	1,000	611,050
Rental - Downhole Equipment	105,000	50,000		3,000	158,000
Rental - Living Quarters	72,200	51,500	6,000	2,000	131,700
Contingency	270,751	216,000			486,751
Operations Center	37,025				37,025
TOTAL INTANGIBLES >	3,655,135	7,058,220	312,200	16,400	11,052,955
TANGIBLE COSTS					
Surface Casing	\$ 59,000				\$ 59,000
Intermediate Casing	140,300				140,300
Drilling Liner	386,975				386,975
Production Casing	445,186				445,186
Production Liner					
Tubing			116,600		116,600
Wellhead	90,000		25,000		115,000
Packers, Liner Hangers		105,000	10,000		115,000
Tanks				16,000	16,000
Production Vessels			90,000	13,025	103,025
Flow Lines			50,000		50,000
Rod string					
Artificial Lift Equipment			30,000		30,000
Compressor				2,000	2,000
Installation Costs				24,000	24,000
Surface Pumps			5,000		5,000
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	5,500	18,000
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				15,000	15,000
Gathering / Bulk Lines					
Valves, Dumps, Controllers			2,000	1,000	3,000
Tank / Facility Containment				2,000	2,000
Flare Stack				500	500
Electrical / Grounding				1,000	1,000
Communications / SCADA			5,000	5,000	10,000
Instrumentation / Safety					
TOTAL TANGIBLES >	1,115,461	105,000	346,100	87,025	1,653,586
TOTAL COSTS >	4,770,596	7,173,220	658,300	103,425	12,708,541

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Blake Hermes	Team Lead - WTX/NM <u>LTE</u>
Completions Engineer: Waylon Wolf	WTF
Production Engineer: John Romanc	

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO _____	VP - Res Engineering _____	VP - Drilling _____
Executive VP, Legal _____	Exec Dir - Exploration _____	
President _____		

NON OPERATING PARTNER APPROVAL:

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

This AFE is prepared by and for use by the operator as a guide only. It is not intended to be a contract. The operator warrants that the AFE is prepared in good faith and that the information contained herein is true and correct to the best of the operator's knowledge. The operator warrants that the AFE is prepared in accordance with the operator's standard operating procedures. The operator warrants that the AFE is prepared in accordance with the operator's standard operating procedures. The operator warrants that the AFE is prepared in accordance with the operator's standard operating procedures.

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 18, 2018	AFE NO.:	
WELL NAME:	Boros Fed Com #221H	FIELD:	
LOCATION:	Section 15&22-26S-31E	MD/TVD:	22667/12600'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	about 9600'
MRC Wt:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill, complete and equip a horizontal lower Wolfcamp target with 46 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 88,500				\$ 88,500
Location, Surveys & Damages	100,500	13,000	10,000	5,000	128,500
Drilling	1,118,500				1,118,500
Cementing & Float Equip	232,000				232,000
Logging / Formation Evaluation		6,500			6,500
Mud Logging	45,000				45,000
Mud Circulation System	102,850				102,850
Mud & Chemicals	167,500	47,000			214,500
Mud / Wastewater Disposal	195,000				195,000
Freight / Transportation	30,000	40,500		\$-	70,500
Rig Supervision / Engineering	216,000	119,400	7,200	5,400	348,000
Drill Bits	131,200				131,200
Fuel & Power	206,000			\$-	206,000
Water	60,000	392,500			452,500
Drig & Completion Overhead	20,000	40,000			60,000
Plugging & Abandonment					
Directional Drilling, Surveys	395,000				395,000
Completion Unit, Swab, CTU		240,000	20,000		260,000
Perforating, Wireline, Slickline		294,000			294,000
High Pressure Pump Truck		126,500			126,500
Stimulation		4,830,000			4,830,000
Stimulation Flowback & Disp		206,000	160,000		366,000
Insurance	40,601				40,601
Labor	183,000	90,000	30,000		303,000
Rental - Surface Equipment	123,000	441,300	60,000	1,000	625,300
Rental - Downhole Equipment	105,000	50,000		3,000	158,000
Rental - Living Quarters	79,700	51,500	6,000	2,000	139,200
Contingency	367,778	216,020		\$-	583,798
Operations Center	37,625				37,625
TOTAL INTANGIBLES >	4,045,553	7,206,220	313,200	16,400	11,581,373
TANGIBLE COSTS					
Surface Casing	\$ 53,000				\$ 53,000
Intermediate Casing	140,300				140,300
Drilling Liner	425,075				425,075
Production Casing	470,506				470,506
Production Liner					
Tubing			121,000		121,000
Wellhead	90,000		30,000		120,000
Packers, Liner Hangers		105,000	10,000		115,000
Tanks				16,000	16,000
Production Vessels			90,000	13,025	103,025
Flow Lines			50,000	\$-	50,000
Rod string					
Artificial Lift Equipment			30,000		30,000
Compressor				2,000	2,000
Installation Costs				24,000	24,000
Surface Pumps			5,000	\$-	5,000
Non-controllable Surface				\$-	
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	5,500	18,000
Gas Conditioning / Dehydration				\$-	
Interconnecting Facility Piping				15,000	15,000
Gathering / Bulk Lines					
Valves, Dumps, Controllers			2,000	1,000	3,000
Tank / Facility Containment				2,000	2,000
Flare Stack				2,000	2,000
Electrical / Grounding				500	500
Communications / SCADA				1,000	1,000
Instrumentation / Safety			5,000	5,000	10,000
TOTAL TANGIBLES >	1,178,881	105,000	355,500	87,025	1,726,406
TOTAL COSTS >	5,224,434	7,311,220	668,700	103,425	13,307,779

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hornet	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	John Romano		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BMR	GG
Executive VP, Legal	Exec Dir - Exploration	
CA	NLF	
President		
NVH		

NON OPERATING PARTNER APPROVAL:

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

We warrant that this AFE was prepared in accordance with the terms of the operating agreement and that the information contained herein is true and correct to the best of our knowledge. We warrant that the information contained herein is true and correct to the best of our knowledge. We warrant that the information contained herein is true and correct to the best of our knowledge. We warrant that the information contained herein is true and correct to the best of our knowledge.

MATADOR PRODUCTION COMPANY

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 18, 2018	AFE NO.:	500000.654.01.001
WELL NAME:	Boros Federal #222H	FIELD:	
LOCATION:	Section 15822-26S-31E	MD/TVD:	22667/12600'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	about 9600'
MRC Wt:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill, complete and equip a horizontal lower Wolfcamp target with 46 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 86,500				\$ 86,500
Location, Surveys & Damages	100,500	13,000	10,000	5,000	128,500
Drilling	1,116,500				1,116,500
Cementing & Float Equip	232,000				232,000
Logging / Formation Evaluation	-	6,500			6,500
Mud Logging	45,600				45,600
Mud Circulation System	102,850				102,850
Mud & Chemicals	167,500	47,000			214,500
Mud / Wastewater Disposal	195,000				195,000
Freight / Transportation	30,000	40,500			70,500
Rig Supervision / Engineering	216,000	119,400	7,200	5,400	348,000
Drill Bits	131,200				131,200
Fuel & Power	208,000				208,000
Water	60,000	392,500			452,500
Drig & Completion Overhead	20,000	40,000			60,000
Plugging & Abandonment	-				-
Directional Drilling, Surveys	395,000				395,000
Completion Unit, Swab, CTU	-	240,000	20,000		260,000
Perforating, Wireline, Slickline	-	294,000			294,000
High Pressure Pump Truck	-	126,500			126,500
Stimulation	-	4,435,000			4,435,000
Stimulation Flowback & Disp	-	208,000	160,000		368,000
Insurance	40,800				40,800
Labor	183,000	90,000	30,000		303,000
Rental - Surface Equipment	123,000	441,300	60,000	1,000	625,300
Rental - Downhole Equipment	105,000	50,000		3,000	158,000
Rental - Living Quarters	79,700	51,500	6,000	2,900	139,200
Contingency	567,778	216,020			583,798
Operations Center	37,825				37,825
TOTAL INTANGIBLES >	4,645,953	7,206,220	313,200	16,400	11,561,373
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 53,000				\$ 53,000
Intermediate Casing	140,300				140,300
Drilling Liner	425,075				425,075
Production Casing	470,505				470,505
Production Liner					
Tubing			121,000		121,000
Wellhead	90,000		30,000		120,000
Packers, Liner Hangers		105,000	10,000		115,000
Tanks				16,000	16,000
Production Vessels			90,000	13,025	103,025
Flow Lines			50,000		50,000
Rod string					
Artificial Lift Equipment			30,000		30,000
Compressor				2,000	2,000
Installation Costs				24,000	24,000
Surface Pumps			5,000		5,000
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			12,500	5,500	18,000
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				15,000	15,000
Gathering / Bulk Lines					
Valves, Dumps, Controllers			2,000	1,000	3,000
Tank / Facility Containment				2,000	2,000
Flare Stack				2,000	2,000
Electrical / Grounding				500	500
Communications / SCADA				1,000	1,000
Instrumentation / Safety			5,000		5,000
TOTAL TANGIBLES >	1,175,681	105,500	355,505	67,025	1,726,466
TOTAL COSTS >	5,224,434	7,311,220	668,705	103,425	12,307,779

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hammes	Team Lead - WTX/NM	<u>WTF</u>
Completions Engineer:	Wayon Wolf		
Production Engineer:	John Romano		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
<u>DGL</u>	<u>BMR</u>	<u>BG</u>
Executive VP, Legal	Exec Dir - Exploration	
<u>CA</u>	<u>NLF</u>	
President		
<u>MAVH</u>		

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%)	Tax ID:
Signed by:	Date	
Title:	Approval	Yes <input type="checkbox"/> No <input type="checkbox"/> (mark one)

The parties to this AFE are deemed to be jointly and severally liable for the completion of the project. The parties to this AFE are deemed to be jointly and severally liable for the completion of the project. The parties to this AFE are deemed to be jointly and severally liable for the completion of the project.