

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

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Kyle Perkins
Operations and Regulatory Counsel

February 5, 2020

Kathleen Murphy
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Itemized Schedule of Estimated Costs
Case No. 20681
Order No. R-20951

Dear Ms. Murphy:

Pursuant to Paragraph 10 of Order No. R-20951, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Pennzoil 3231 Fed Com#126H well:

	Intangible	Tangible
Drilling	\$3,081,313	\$691,806
Completion	\$5,015,333	\$112,800
Production	\$468,000	\$913,450
Total Intangible	\$8,564,646	
Total Tangible		\$1,718,056
Total	\$10,282,702	

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us

MATADOR PRODUCTION COMPANY

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	February 3, 2020	AFE NO.:	
WELL NAME:	Pennzoil 3231 Fed Com #126H	FIELD:	
LOCATION:	Section 32 & 31, T20S-R29E	MD/TVD:	18550'/8050'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,000
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill, complete and equip a horizontal 2nd Bone Spring well		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 101,500				\$ 101,500
Location, Surveys & Damages	216,000	13,000	45,000	30,000	304,000
Drilling	932,750				932,750
Cementing & Float Equip	214,000				214,000
Logging / Formation Evaluation	-	6,500			6,500
Flowback - Labor			4,500		4,500
Flowback - Surface Rentals			95,000		95,000
Flowback - Rental Living Quarters					
Flowback Chemicals					
Mud Logging	30,150				30,150
Mud Circulation System	43,350				43,350
Mud & Chemicals	240,000	65,000			305,000
Mud / Wastewater Disposal	150,000				150,000
Freight / Transportation	10,000	39,000			49,000
Rig Supervision / Engineering	131,100	115,800	7,000	15,000	268,900
Drill Bits	86,500				86,500
Fuel & Power	118,125				118,125
Water	42,500	833,000			875,500
Drig & Completion Overhead	15,750	25,000			40,750
Plugging & Abandonment					
Directional Drilling, Surveys	245,000				245,000
Completion Unit, Swab, CTU		220,000	12,600		232,600
Perforating, Wireline, Slickline		282,000			282,000
High Pressure Pump Truck		92,400	3,000		95,400
Stimulation		2,652,000			2,652,000
Stimulation Flowback & Disp		12,400	240,000		252,400
Insurance	32,328				32,328
Labor	136,000	35,750			171,750
Rental - Surface Equipment	60,735	293,250			353,985
Rental - Downhole Equipment	64,400	70,000		3,000	137,400
Rental - Living Quarters	41,360	45,385		1,000	87,745
Contingency	145,577	214,849	7,000	4,900	372,326
MaxCom	24,188				24,188
TOTAL INTANGIBLES >	3,081,313	5,015,334	414,100	53,900	8,564,646

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 51,442				\$ 51,442
Intermediate Casing	64,304				64,304
Drilling Liner	89,900				89,900
Production Casing	401,160				401,160
Production Liner					
Tubing			52,000		52,000
Wellhead	76,000		16,000		92,000
Packers, Liner Hangers	9,000	112,800			121,800
Tanks				85,000	85,000
Production Vessels			100,000	28,750	128,750
Flow Lines			75,000		75,000
Rod string					
Artificial Lift Equipment			172,200		172,200
Compressor				15,000	15,000
Installation Costs			35,000	65,000	100,000
Surface Pumps				2,500	2,500
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps					
Measurement & Meter Installation			17,000	42,000	59,000
Gas Conditioning / Dehydration					
Interconnecting Facility Piping				70,000	70,000
Gathering / Bulk Lines				20,000	20,000
Valves, Dumps, Controllers				8,000	8,000
Tank / Facility Containment				7,500	7,500
Flare Stack				7,500	7,500
Electrical / Grounding			40,000	10,000	50,000
Communications / SCADA			10,000		10,000
Instrumentation / Safety			10,000	27,000	37,000
TOTAL TANGIBLES >	691,806	112,800	527,200	386,250	1,718,056
TOTAL COSTS >	3,773,119	5,128,134	941,300	440,150	10,282,702

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Tyler Brooking	Team Lead - WTX/NM	
Completions Engineer:	Matt Bell		
Production Engineer:	Rakesh Patel		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BMR	BEG
Executive VP, Legal	Chief Geologist	VP - Production
CA	NLF	TWG
President		
MVH		

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 construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. Participants shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign-off.