

Matador Production Company

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Kyle Perkins
Operations and Regulatory Counsel

August 10, 2020

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

Re: Itemized Schedule of Estimated Costs
Case No. 20443
Order No. R - 21212

Dear Ms. Murphy:

Pursuant to Paragraph 22 of Order No. R-21212, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Rodney Robinson Fed Com Well #103H:

| | Intangible | Tangible |
|------------------|-------------|-------------|
| Drilling | \$2,530,196 | \$723,247 |
| Completion | \$4,189,268 | \$85,900 |
| Production | \$499,042 | \$754,685 |
| | | |
| Total Intangible | \$7,218,506 | |
| Total Tangible | | \$1,563,832 |
| | | |
| Total | \$8,782,338 | |

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us

Exhibit "A"

Applicant: Matador Production Company
Operator: Matador Production Company (OGRID 228937)

Spacing Unit: Horizontal oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 320 acres, more or less
Orientation of Unit: South to North

Spacing Unit Description:
W/2E/2 of Section 6 and W/2E/2 of Section 7,
Township 23 South, Range 33 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: Pronghorn; Bone Spring (Pool code 96228)
Pool Spacing Unit Size: Quarter-Quarter Sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$7000, While producing: \$700
As the charge for risk, 200 percent of reasonable well costs

Proposed Wells:

Rodney Robinson Fed. Com. Well No. 103H, API No. 30-015-PENDING

SHL: 439 feet from the South line and 1634 feet from the East line
(Unit O) of Section 7, Township 23 South, Range 33 East, NMPM
BHL: 60 feet from the North line and 2120 feet from the East line
(Lot 2, or Unit B) of Section 6, Township 23 South, Range 33 East, NMPM

Completion Target: Avalon Bone Spring at approx. 9450 feet TVD
Well Orientation: South to North
Completion Location expected to be: standar

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MATADOR PRODUCTION COMPANY

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

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

| | | | |
|------------------|---|-----------------|----------------------|
| DATE: | July 31, 2020 | AFE NO.: | 500000 710.01.001 R1 |
| WELL NAME: | Rodney Robinson Fed Com #103H | FIELD: | |
| LOCATION: | Section 6&7-23S-33E | MD/TVD: | 19800'/9550' |
| COUNTY/STATE: | Lea, NM | LATERAL LENGTH: | About 9800' |
| MRC WI: | | | |
| GEOLOGIC TARGET: | Bone Spring | | |
| REMARKS: | Drill, complete and equip a horizontal Avalon target with 60 stages | | |

| INTANGIBLE COSTS | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS |
|-----------------------------------|----------------|------------------|------------------|----------------|-------------|
| Land / Legal / Regulatory | \$ 35,000 | \$ | \$ 25,000 | \$ 10,000 | \$ 70,000 |
| Location, Surveys & Damages | 95,500 | 13,000 | 25,000 | 25,000 | 158,500 |
| Drilling | 760,400 | | | | 760,400 |
| Cementing & Float Equip | 170,000 | | | | 170,000 |
| Logging / Formation Evaluation | - | 5,000 | 3,000 | | 8,000 |
| Flowback - Labor | | | | | |
| Flowback - Surface Rentals | | | 75,775 | | 75,775 |
| Flowback - Rental Living Quarters | | | - | | - |
| Mud Logging | 13,500 | | | | 13,500 |
| Mud Circulation System | 63,495 | | | | 63,495 |
| Mud & Chemicals | 203,000 | 49,000 | 6,000 | | 258,000 |
| Mud / Wastewater Disposal | 170,000 | - | | 1,000 | 171,000 |
| Freight / Transportation | 10,000 | 19,500 | | - | 29,500 |
| Rig Supervision / Engineering | 91,000 | 112,000 | 6,400 | 14,400 | 223,800 |
| Drill Bits | 89,200 | | | | 89,200 |
| Drill Bit Purchase | | | | | |
| Fuel & Power | 80,500 | 8,800 | | | 89,300 |
| Water | 40,000 | 600,875 | 3,000 | 1,000 | 644,875 |
| Drig & Completion Overhead | 11,500 | 11,000 | | - | 22,500 |
| Plugging & Abandonment | | | | | |
| Directional Drilling, Surveys | 198,300 | | | | 198,300 |
| Completion Unit, Swab, CTU | - | 130,000 | 20,000 | | 150,000 |
| Perforating, Wireline, Slickline | - | 190,500 | | | 190,500 |
| High Pressure Pump Truck | - | 69,800 | 6,000 | - | 75,800 |
| Stimulation | - | 2,263,525 | | | 2,263,525 |
| Stimulation Flowback & Disp | - | 15,500 | 195,000 | | 210,500 |
| Insurance | 19,800 | | | | 19,800 |
| Labor | 133,000 | 63,500 | 16,000 | | 212,500 |
| Rental - Surface Equipment | 87,935 | 330,980 | 6,100 | 5,000 | 430,015 |
| Rental - Downhole Equipment | 106,500 | 80,000 | | 5,000 | 191,500 |
| Rental - Living Quarters | 50,110 | 51,220 | - | 5,000 | 106,330 |
| Contingency | 73,695 | 175,068 | 38,728 | 6,640 | 294,130 |
| Operations Center | 27,761 | | | | 27,761 |
| TOTAL INTANGIBLES > | 2,530,196 | 4,189,268 | 426,003 | 73,040 | 7,218,506 |

| TANGIBLE COSTS | DRILLING COSTS | COMPLETION COSTS | PRODUCTION COSTS | FACILITY COSTS | TOTAL COSTS |
|----------------------------------|----------------|------------------|------------------|----------------|-------------|
| Surface Casing | \$ 48,411 | \$ | \$ | \$ | \$ 48,411 |
| Intermediate Casing | 214,497 | | | | 214,497 |
| Drilling Liner | - | | | | - |
| Production Casing | 392,340 | | | | 392,340 |
| Production Liner | - | | | | - |
| Tubing | - | | 77,900 | | 77,900 |
| Wellhead | 68,000 | | 40,000 | | 108,000 |
| Packers, Liner Hangers | - | 85,900 | 6,000 | | 91,900 |
| Tanks | - | | - | 28,400 | 28,400 |
| Production Vessels | - | | | 126,318 | 126,318 |
| Flow Lines | - | | | 120,000 | 120,000 |
| Rod string | - | | | | - |
| Artificial Lift Equipment | - | | 30,000 | | 30,000 |
| Compressor | - | | | 42,500 | 42,500 |
| Installation Costs | - | | | 80,000 | 80,000 |
| Surface Pumps | - | | 5,000 | 17,217 | 22,217 |
| Non-controllable Surface | - | | | 2,000 | 2,000 |
| Non-controllable Downhole | - | | | | - |
| Downhole Pumps | - | | | | - |
| Measurement & Meter Installation | - | | 35,000 | 21,560 | 56,560 |
| Gas Conditioning / Dehydration | - | | | | - |
| Interconnecting Facility Piping | - | | | 27,500 | 27,500 |
| Gathering / Bulk Lines | - | | | | - |
| Valves, Dumps, Controllers | - | | | | - |
| Tank / Facility Containment | - | | | 9,900 | 9,900 |
| Flare Stack | - | | | 20,000 | 20,000 |
| Electrical / Grounding | - | | 2,000 | 7,040 | 9,040 |
| Communications / SCADA | - | | 10,000 | 1,100 | 11,100 |
| Instrumentation / Safety | - | | | 45,250 | 45,250 |
| TOTAL TANGIBLES > | 723,247 | 85,900 | 205,900 | 548,785 | 1,563,832 |
| TOTAL COSTS > | 3,253,443 | 4,275,168 | 631,903 | 621,825 | 8,782,338 |

PREPARED BY MATADOR PRODUCTION COMPANY:

| | | | |
|-----------------------|--------------|-------------------|------------|
| Drilling Engineer: | Blake Hermes | Team Lead - WTXNM | <u>WTE</u> |
| Completions Engineer: | Garrett Hunt | | WTE |
| Production Engineer: | Jan Mosnes | | |

MATADOR RESOURCES COMPANY APPROVAL:

| | | | | | |
|-----------------------|-----|------------------------|-----|------------------|----|
| Executive VP, COO/CFO | DEL | EVP - Res Engineering | BMR | EVP - Operations | BC |
| Executive VP, Legal | CA | Exec Dir - Exploration | NLF | | |
| 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, operating, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering the well. Participants shall be covered by and held 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 signat