

# 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. 20444**  
**Order No. R - 21213**

Dear Ms. Murphy:

Pursuant to Paragraph 22 of Order No. R-21213, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Rodney Robinson Fed Com Well #108H:

	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:  
E/2E/2 of Section 6 and E/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. 108H, API No. 30-015-PENDING**

SHL: 576 feet from the South line and 185 feet from the East line  
(Unit P) of Section 7, Township 23 South, Range 33 East, NMPM  
BHL: 60 feet from the North line and 340 feet from the East line  
(Lot 1, or Unit A) 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: standard

CASE NO. 20444  
ORDER NO. R-21213

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	July 31, 2020	AFE NO.:	500000 715.01.001 R1
WELL NAME:	Rodney Robinson Fed Com #108H	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 >	2,630,196	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:	WTX/NM <u>LUTE</u>
Completions Engineer:	Garrett Hunt		WTX
Production Engineer:	Jan Mosnes		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	DEL	EVP - Res Engineering	BMR	EVP - Operations	BG
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 controlled as savings on any specific items; the total cost of the project. Timing resolution 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, rig, camp, 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 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 spud.