

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: January 3, 2015 AFE NO.: 300014-014-001
 WELL NAME: Paul 25-24-28 #221H FIELD: 0
 LOCATION: MDTVD: 14500/10000'
 COUNTY/STATE: Eddy LATERAL LENGTH: 4,600
 MRC WI: 32.81% DRILLING DAYS: 31
 GEOLOGIC TARGET: Wolfcamp COMPLETION DAYS: 10
 REMARKS: Drill a horizontal well and complete with 19 stages Wolfcamp Gen 1 design.



	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS				
01 Land / Legal / Regulatory	\$ 31,700	\$ -	\$ -	\$ 31,700
02 Location, Surveys & Damages	145,000	13,000	4,000	162,000
10 Drilling	1,013,000	-	-	1,013,000
16 Cementing & Float Equip	208,000	-	-	208,000
20 Logging / Formation Evaluation	-	6,500	-	6,500
21 Mud Logging	19,300	-	-	19,300
23 Mud Circulation System	104,225	-	-	104,225
24 Mud & Chemicals	106,000	36,000	-	142,000
25 Mud / Wastewater Disposal	145,000	-	-	145,000
26 Freight / Transportation	36,000	16,500	-	52,500
28 Rig Supervision / Engineering	129,600	64,250	18,000	211,850
31 Drill Bits	97,500	-	-	97,500
32 Fuel & Power	182,700	-	-	182,700
33 Water	27,500	333,000	-	360,500
34 Drtg & Completion Overhead	14,500	18,000	-	29,500
36 Plugging & Abandonment	-	-	-	-
38 Directional Drilling, Surveys	192,000	-	-	192,000
40 Completion Unit, Swab, CTU	-	110,000	28,000	138,000
44 Perforating, Wireline, Slickline	-	135,000	20,000	155,000
45 High Pressure Pump Truck	-	68,000	-	68,000
46 Stimulation	-	2,090,000	-	2,090,000
47 Stimulation Flowback & Dlap	-	45,500	-	45,500
48 Insurance	26,100	-	-	26,100
50 Labor	127,500	17,000	6,000	150,500
51 Rental - Surface Equipment	114,700	254,525	12,000	381,225
52 Rental - Downhole Equipment	40,000	43,000	-	83,000
53 Rental - Living Quarters	69,475	31,950	10,000	111,425
54 Contingency	282,980	327,923	9,800	620,703
TOTAL INTANGIBLES >	3,112,780	3,607,148	107,800	6,827,728
TANGIBLE COSTS				
41 Surface Casing	\$ 24,875	\$ -	\$ -	\$ 24,875
42 Intermediate Casing	78,500	-	-	78,500
43 Drilling Liner	304,000	-	-	304,000
44 Production Casing	401,875	-	-	401,875
45 Production Liner	-	-	-	-
46 Tubing	-	-	50,000	50,000
47 Wellhead	50,000	-	60,000	110,000
48 Packers, Liner Hangers	-	73,800	12,000	85,800
49 Tanks	-	-	-	-
50 Production Vessels	-	-	74,000	74,000
51 Flow Lines	-	-	-	-
52 Rod string	-	-	-	-
53 Artificial Lift Equipment	-	-	30,000	30,000
54 Compressor	-	-	-	-
55 Installation Costs	-	-	82,000	82,000
56 Surface Pumps	-	-	5,000	5,000
58 Non-controllable Surface	-	-	66,000	66,000
59 Non-controllable Downhole	-	-	-	-
61 Downhole Pumps	-	-	-	-
63 Measurement & Meter Installation	-	-	12,500	12,500
64 Gas Conditioning / Dehydration	-	-	-	-
65 Interconnecting Facility Piping	-	-	-	-
66 Gathering / Bulk Lines	-	-	-	-
67 Valves, Dumps, Controllers	-	-	-	-
68 Tank / Facility Containment	-	-	-	-
69 Flare Stack	-	-	-	-
70 Electrical / Grounding	-	-	-	-
71 Communications / SCADA	-	-	-	-
72 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	859,250	73,800	391,500	1,324,550
TOTAL COSTS >	3,972,030	3,680,948	499,300	8,152,278

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Aaron Byrd Team Lead - WTX/NM *[Signature]*
 Completions Engineer: Chris Cavers
 Production Engineer: Casey McCann

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO: DEL VP - Res Engineering: BMR VP - Drilling: BG
 Executive VP, Legal: CA Exec Dir - Exploration: DFN VP - Production: WFM
 President: MVM VP & General Manager: RCL

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 accurate. All specific costs of the well shall be the property of the well owner. The well owner shall be responsible for the accuracy of the costs. The well owner shall be responsible for the accuracy of the costs. The well owner shall be responsible for the accuracy of the costs.