

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:	December 1, 2015	AFE NO.:	0
WELL NAME:	Eland State 32-18S-33E RN #123H	FIELD:	0
LOCATION:		MD/TVD:	14800'/9695'
COUNTY/STATE:	Lea	LATERAL LENGTH:	about 4600'
MRC Wt:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill and complete a horizontal 2nd Bone Spring well with 18 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 36,700	\$ -	\$ -	\$ -	\$ 36,700
Location, Surveys & Damages	126,500	267,500	4,000	40,000	438,000
Drilling	727,500				727,500
Cementing & Float Equip	198,000				198,000
Logging / Formation Evaluation	-	4,500			4,500
Mud Logging	32,500				32,500
Mud Circulation System	55,330				55,330
Mud & Chemicals	50,000	14,000			64,000
Mud / Wastewater Disposal	155,000	-		-	155,000
Freight / Transportation	36,000	15,000		21,000	72,000
Rig Supervision / Engineering	97,200	55,500	30,000	54,000	236,700
Drill Bits	65,000				65,000
Fuel & Power	100,000	-		-	100,000
Water	42,500	500,400		15,000	557,900
Drig & Completion Overhead	13,500	9,000		-	22,500
Plugging & Abandonment	-				-
Directional Drilling, Surveys	257,500				257,500
Completion Unit, Swab, CTU	-	32,000	21,000		53,000
Perforating, Wireline, Slickline	-	57,500	10,000		67,500
High Pressure Pump Truck	-	45,000		-	45,000
Stimulation	-	1,800,000			1,800,000
Stimulation Flowback & Disp	-	84,000			84,000
Insurance	28,840				28,840
Labor	135,000	17,500	-		152,500
Rental - Surface Equipment	83,300	170,420	15,000	15,000	283,720
Rental - Downhole Equipment	60,000	16,500		30,000	106,500
Rental - Living Quarters	52,025	22,720	-	-	74,745
Contingency	235,020	309,164	8,000	16,000	568,184
TOTAL INTANGIBLES >	2,585,215	3,400,804	88,000	191,000	6,265,019
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 45,196	\$ -	\$ -	\$ -	\$ 45,196
Intermediate Casing	136,750				136,750
Drilling Liner					
Production Casing	371,420				371,420
Production Liner	-				-
Tubing	-		50,000		50,000
Wellhead	55,000		60,000		115,000
Packers, Liner Hangers	-	28,900	15,000		43,900
Tanks	-		-	150,000	150,000
Production Vessels	-		74,000	87,500	161,500
Flow Lines	-		50,000	37,500	87,500
Rod String	-		-		-
Artificial Lift Equipment	-		30,000		30,000
Compressor	-		-		-
Installation Costs	-		100,000	240,000	340,000
Surface Pumps	-		-	-	-
Non-controllable Surface	-		55,000	250,000	305,000
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		12,500	24,000	36,500
Gas Conditioning / Dehydration	-		-	-	-
Interconnecting Facility Piping	-		-	46,000	46,000
Gathering / Bulk Lines	-		-	154,000	154,000
Valves, Dumps, Controllers	-		-	8,000	8,000
Tank / Facility Containment	-		-	40,000	40,000
Flare Stack	-		-	50,000	50,000
Electrical / Grounding	-		-	30,000	30,000
Communications / SCADA	-		10,000	-	10,000
Instrumentation / Safety	-		-	49,500	49,500
TOTAL TANGIBLES >	608,366	28,900	456,500	1,166,500	2,260,266
TOTAL COSTS >	3,193,580	3,429,704	544,500	1,357,500	8,525,284

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Walsh	Team Lead - WTX/NM	
Completions Engineer:	Ben Peterson		KTS
Production Engineer:	Trent Goodwin		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BMR	BG
Executive VP, Legal	Exec Dir - Exploration	VP - Production
CA	NLF	TWG
President	VP & General Manager	
MVH	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 construed as ceilings on any specific item or the total scope of the project. Funding obligations under the AFE may be deferred up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay the Proportional share of certain costs incurred including, but not limited to, regulatory, insurance and cost items until the terms of the applicable joint operating agreement, regulatory order or other agreement governing the well. Parties agree that no cost shall be covered by cost interest proportionately for Operator's well control and general liability insurance. A safety participant provides Operator a certificate of insurance for the well location in an amount acceptable to the Operator by the date of bond.