

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:	March 1, 2016	AFE NO.:	0
WELL NAME:	Jim Torn Lontos 30-23S-28E RB #221H	FIELD:	0
LOCATION:		MD/TVD:	15200'/10200'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	about 4400'
MRC Wt:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a horizontal Wolfcamp well with 22 stages and 3,000 lbs/ft		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 101,700				\$ 101,700
Location, Surveys & Damages	65,500	13,000	4,000	35,000	147,500
Drilling	532,000				532,000
Cementing & Float Equip	210,000				210,000
Logging / Formation Evaluation		4,500			4,500
Mud Logging	18,000				18,000
Mud Circulation System	53,865				53,865
Mud & Chemicals	111,000	20,000			131,000
Mud / Wastewater Disposal	175,000				175,000
Freight / Transportation	36,000	16,500		21,000	73,500
Rig Supervision / Engineering	79,200	61,500	9,000	36,000	185,700
Drill Bits	89,500				89,500
Fuel & Power	105,000				105,000
Water	50,000	319,000		15,000	384,000
Drig & Completion Overhead	9,000	16,000			25,000
Plugging & Abandonment					
Directional Drilling, Surveys	190,000				190,000
Completion Unit, Swab, CTU		50,000	30,000		80,000
Perforating, Wireline, Stickline		77,500	10,000		87,500
High Pressure Pump Truck		34,000			34,000
Stimulation		1,210,000			1,210,000
Stimulation Flowback & Disp		60,500			60,500
Insurance	27,360				27,360
Labor	121,000	17,000	6,000		144,000
Rental - Surface Equipment	77,850	158,475	12,000	15,000	263,325
Rental - Downhole Equipment	50,000	40,000		10,000	100,000
Rental - Living Quarters	46,700	27,080	10,000	10,000	93,780
Contingency	152,507	212,506	8,100		373,113
TOTAL INTANGIBLES >	2,331,182	2,337,561	89,100	142,000	4,899,843

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 26,450				\$ 26,450
Intermediate Casing	74,250				74,250
Drilling Liner	280,400				280,400
Production Casing	223,000				223,000
Production Liner					
Tubing			50,000		50,000
Wellhead	70,000		35,000		105,000
Packers, Liner Hangers		37,800	12,000		49,800
Tanks				90,000	90,000
Production Vessels			74,000	50,750	124,750
Flow Lines					
Rod string					
Artificial Lift Equipment			20,000		20,000
Compressor					
Installation Costs			87,000	160,000	227,000
Surface Pumps			5,000		5,000
Non-controllable Surface			66,000		66,000
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				133,000	133,000
Valves, Dumps, Controllers				8,000	8,000
Tank / Facility Containment				45,000	45,000
Flare Stack				35,000	35,000
Electrical / Grounding				30,000	30,000
Communications / SCADA					
Instrumentation / Safety				32,000	32,000
TOTAL TANGIBLES >	674,100	37,800	341,500	653,750	1,707,150
TOTAL COSTS >	3,005,282	2,375,361	430,600	795,750	6,606,993

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Patrick Walsh	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Chris Calvert		WTE
Production Engineer:	John Romano		

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)

This estimate and the AFE are estimates only and may not be relied upon as savings on any specific item or the total cost of the project. Telling completion approved under the AFE may be delayed up to a year after the well has been completed. If completion has AFE, the Permittee agrees to pay its proportionate share of actual costs incurred including rig, repair, materials, equipment, labor and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement governing the well. Participants shall be governed by and their responsibility for completion shall remain with the Permittee unless the Permittee provides a release of completion to the Operator by the date of report.