

## Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5202 • Fax 214.866.4802

[kperkins@matadorresources.com](mailto:kperkins@matadorresources.com)

Kyle Perkins  
Operations and Regulatory Counsel

December 20, 2019

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

**Re: Itemized Schedule of Estimated Costs**  
**Case No. 16463**  
**Order No. R-20292**

Dear Ms. Murphy:

Pursuant to Paragraph 12 of Order No. R-20292, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Brad Lummis Federal Com Well No. 122H well:

	Intangible	Tangible
Drilling	\$2,206,252	\$651,137
Completion	\$2,691,687	\$58,500
Production	\$555,599	\$577,175
Total Intangible	\$5,453,538	
Total Tangible		\$1,286,811
Total	\$6,740,349	

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us

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:	November 13, 2019	AFE NO.:	500000.415.01.001 R1
WELL NAME:	Brad Lummis Com #122H	FIELD:	
LOCATION:	Section 23-24S-34E	MD/TVD:	16250'/11350'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	about 4500'
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 2nd Bone Spring Sand well with 24 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 40,700	\$ -	\$ 7,000	\$ -	\$ 47,700
Location, Surveys & Damages	89,500	13,000	30,000	25,000	157,500
Drilling	537,050				537,050
Cementing & Float Equip	182,500				182,500
Logging / Formation Evaluation	-	6,000	3,000		9,000
Flowback - Labor			81,540		81,540
Flowback - Surface Rentals			69,750		69,750
Flowback - Rental Living Quarters			-		-
Mud Logging	18,200				18,200
Mud Circulation System	64,150				64,150
Mud & Chemicals	46,000	37,000	6,000		89,000
Mud / Wastewater Disposal	160,000	-	-	-	160,000
Freight / Transportation	20,000	22,500	-	-	42,500
Rig Supervision / Engineering	110,400	73,400	15,000	10,800	209,600
Drill Bits	95,500				95,500
Fuel & Power	97,290	-		-	97,290
Water	60,000	425,000	2,000	-	487,000
Drig & Completion Overhead	8,500	14,000		-	22,500
Plugging & Abandonment	-				-
Directional Drilling, Surveys	198,000				198,000
Completion Unit, Swab, CTU	-	100,000	20,000		120,000
Perforating, Wireline, Slickline	-	133,500	-		133,500
High Pressure Pump Truck	-	33,600	6,000	-	39,600
Stimulation	-	1,344,000			1,344,000
Stimulation Flowback & Disp	-	13,000	195,000		208,000
Insurance	27,900				27,900
Labor	131,500	52,000	15,000		198,500
Rental - Surface Equipment	63,200	194,850	10,000	4,000	272,050
Rental - Downhole Equipment	85,800	50,000	-	5,000	140,800
Rental - Living Quarters	45,550	57,320	-	-	102,870
Contingency	104,087	122,517	46,029	4,480	277,113
Maxcom - Remote Tech Center	20,425	-		-	20,425
TOTAL INTANGIBLES >	2,206,252	2,691,687	506,319	49,280	5,453,538

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 57,512	\$ -	\$ -	\$ -	\$ 57,512
Intermediate Casing	188,150				188,150
Drilling Liner	-				-
Production Casing	344,475				344,475
Production Liner	-				-
Tubing	-		110,000		110,000
Wellhead	61,000		25,000		86,000
Packers, Liner Hangers	-	58,500	6,000		64,500
Tanks	-		-	37,112	37,112
Production Vessels	-			81,688	81,688
Flow Lines	-			70,000	70,000
Rod string	-				-
Artificial Lift Equipment	-		20,000		20,000
Compressor	-			6,000	6,000
Installation Costs	-			63,000	63,000
Surface Pumps	-		5,000	1,625	6,625
Non-controllable Surface	-				-
Non-controllable Downhole	-				-
Downhole Pumps	-				-
Measurement & Meter Installation	-		10,000	24,750	34,750
Gas Conditioning / Dehydration					-
Interconnecting Facility Piping				50,000	50,000
Gathering / Bulk Lines					-
Valves, Dumps, Controllers				10,000	10,000
Tank / Facility Containment				8,750	8,750
Flare Stack				750	2,750
Electrical / Grounding			2,000		
Communications / SCADA			6,000	6,250	12,250
Instrumentation / Safety				33,250	33,250
TOTAL TANGIBLES >	651,137	58,500	184,000	393,175	1,286,811
TOTAL COSTS >	2,857,389	2,750,187	690,319	442,455	6,740,349

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Fred Mihal	Team Lead - WTX/NM	WTE
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	Ben Peterson		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	DEL	VP - Res Engineering	BMR	VP - Drilling	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 construed as savings on any specific item or the total cost of the project. Tubing installation approved under this 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, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory orders or other agreements covering this well. Participant's 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 input.

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December 20, 2019

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

**Re: Itemized Schedule of Estimated Costs**  
**Case No. 16463**  
**Order No. R-20292**

Dear Ms. Murphy:

Pursuant to Paragraph 12 of Order No. R-20292, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Brad Lummis Federal Com Well No. 112H well:

	Intangible	Tangible
Drilling	\$2,446,968	\$727,005
Completion	\$2,681,127	\$58,500
Production	\$558,599	\$595,175
Total Intangible	\$5,686,694	
Total Tangible		\$1,380,679
Total	\$7,067,373	

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us



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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	October 25, 2019	AFE NO.:	500000.414.01.001
WELL NAME:	Brad Lummis Corn #112H	FIELD:	
LOCATION:	Section 23-24S-34E	MD/TVD:	15200'/10450'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	about 4500'
MRC WI:			
GEOLOGIC TARGET:	1st Bone Spring Sand		
REMARKS:	Drill and complete a horizontal 1st Bone Spring Sand well with 24 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 20,700	\$	\$ 7,000	\$ -	\$ 27,700
Location, Surveys & Damages	211,500	13,000	30,000	25,000	279,500
Drilling	661,875				661,875
Cementing & Float Equip	182,500				182,500
Logging / Formation Evaluation	-	6,000	3,000		9,000
Flowback - Labor			81,540		81,540
Flowback - Surface Rentals			69,750		69,750
Flowback - Rental Living Quarters			-		-
Mud Logging	18,200				18,200
Mud Circulation System	64,150				64,150
Mud & Chemicals	81,000	37,000	6,000		124,000
Mud / Wastewater Disposal	155,000	-		-	155,000
Freight / Transportation	20,000	16,500	3,000	-	39,500
Rig Supervision / Engineering	110,400	59,800	15,000	10,800	196,000
Drill Bits	95,500				95,500
Fuel & Power	97,290	-		-	97,290
Water	60,000	437,000	2,000	-	499,000
Drlg & Completion Overhead	8,500	10,000		-	18,500
Plugging & Abandonment	-				-
Directional Drilling, Surveys	198,000				198,000
Completion Unit, Swab, CTU	-	100,000	20,000		120,000
Perforating, Wireline, Slickline	-	157,500	-		157,500
High Pressure Pump Truck	-	64,000	6,000	-	70,000
Stimulation	-	1,344,000			1,344,000
Stimulation Flowback & Disp	-	13,000	195,000		208,000
Insurance	27,900				27,900
Labor	131,500	48,000	15,000		194,500
Rental - Surface Equipment	61,200	162,570	10,000	4,000	237,770
Rental - Downhole Equipment	50,300	50,000	-	5,000	105,300
Rental - Living Quarters	55,550	41,200	-	-	96,750
Contingency	115,553	121,557	46,029	4,480	288,619
Maxcom - Remote Tech Center	19,350	-		-	19,350
TOTAL INTANGIBLES >	2,446,968	2,681,127	509,319	49,280	5,686,694

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 57,512	\$	\$	\$	\$ 57,512
Intermediate Casing	188,150				188,150
Drilling Liner	-				-
Production Casing	420,343				420,343
Production Liner	-				-
Tubing	-		110,000		110,000
Wellhead	61,000		45,000		106,000
Packers, Liner Hangers	-	58,500	6,000		64,500
Tanks	-		-	37,112	37,112
Production Vessels	-			81,688	81,688
Flow Lines	-			70,000	70,000
Rod string	-		-		-
Artificial Lift Equipment	-		20,000		20,000
Compressor	-			6,000	6,000
Installation Costs	-		-	63,000	63,000
Surface Pumps	-		5,000	1,625	6,625
Non-controllable Surface	-		-	-	-
Non-controllable Downhole	-		-		-
Downhole Pumps	-		-		-
Measurement & Meter Installation	-		10,000	24,750	34,750
Gas Conditioning / Dehydration			-	-	-
Interconnecting Facility Piping			-	50,000	50,000
Gathering / Bulk Lines			-	-	-
Valves, Dumps, Controllers			-	-	-
Tank / Facility Containment			-	10,000	10,000
Flare Stack			-	8,750	8,750
Electrical / Grounding			2,000	750	2,750
Communications / SCADA			4,000	6,250	10,250
Instrumentation / Safety				33,250	33,250
TOTAL TANGIBLES >	727,005	58,500	202,000	393,175	1,380,679
TOTAL COSTS >	3,173,973	2,739,627	711,319	442,455	7,067,373

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	James Long	Team Lead - WTX/NM	WTE
Completions Engineer:	Waylon Wolf		WTE
Production Engineer:	Ben Peterson		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	DEI	VP - Res Engineering	BMR	VP - Drilling	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 confirmed by findings in any specific well or the total cost of this project. Tubing and tool joints required under the AFE may be drilled 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, narrative, regulatory, brokerage and well costs under the terms of the applicable well spending agreement, regulatory order or other agreement covering this well. Participant shall be covered by and to best professional judgment Operator's well casing and general liability insurance which Participant provides Operator a certificate evidencing its own insurance in an amount acceptable to the Operator by the date of sign.