

Catanach

devon

ENERGY PRODUCTION COMPANY, L.P.

20 North Broadway, Suite 1500  
Oklahoma City, Oklahoma 73102-8260

Telephone: (405) 552-4633  
Fax: (405) 552-8113

March 20, 2001

VIA OVERNIGHT MAIL

MAR 23 2001

Matador Petroleum Corporation  
Suite 158, Pecan Creek  
8340 Meadow Road  
Dallas, TX 75231-3751

DO  
COPY FILE  
12573

Attn: Mark A. Virant

**Re: Laura State "13" Com No. 1  
NMOCD Case No. 12573  
Order No. R-11525**

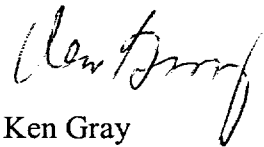
Gentlemen:

In accordance with Paragraph 7 of the referenced Compulsory Pooling Order, enclosed you will find an executed AFE and Devon's Check No. 00110428 in the amount of \$350,500.00 representing Devon's proportionate share of completed well costs, and further representing Devon's election to participate in the referenced well.

Matador's form of Joint Operating Agreement is currently circulating for execution and will be forwarded to you in the near future.

Please contact the undersigned if there are any questions regarding Devon's execution.

Yours very truly,



Ken Gray  
Sr. Land Advisor

KG:mb\matador.5

enc.

cc: New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

DEVON ENERGY PRODUCTION COMPANY, L.P. 20 N. BROADWAY, SUITE 1500  
OKLAHOMA CITY, OK 73102-8260 PH: 405-235-3611

DATE 3/19/01

014800

NO. 001104280

YOUR REFERENCE	OUR REFERENCE		NET AMOUNT
031501/350500.00	01/03/276539	PREPY DRY HOLE/COMPL COSTS	350500.00
TOTAL AMOUNT			350500.00

■ VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT. ■ CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM. ■

**devon**

20 N. BROADWAY, SUITE 1500  
OKLAHOMA CITY, OK 73102-8260  
PH: 405-235-3611

Bank of America  
Bank of America Customer Connection  
Bank of America, N.A.  
Atlanta, Dekalb County, Georgia

64-1278

611

3/19/01

VENDOR NO. 014800

NO. 001104280

ENERGY PRODUCTION COMPANY, L.P.

PAY ONLY **350500.00** CTCTS

PAY THIS AMOUNT

\*\*\*\$350,500.00

PAY  
TO THE  
ORDER  
OF

MATADOR PETROLEUM CORPORATION  
PECAN CRK, SUITE 158  
8340 MEADOW RD  
DALLAS TX 75231

VOID OVER \$350,500.00

VOID AFTER 90 DAYS

AUTHORIZED SIGNATURE

⑈001104280⑈ ⑆061112788⑆ 329 995 9892⑈

014800

**devon**

20 N. BROADWAY, SUITE 1500  
OKLAHOMA CITY, OK 73102-8260

ENERGY PRODUCTION COMPANY, L.P.

MATADOR PETROLEUM CORPORATION  
PECAN CRK, SUITE 158  
8340 MEADOW RD  
DALLAS TX 75231

# MATADOR PETROLEUM CORPORATION

8340 MEADOW ROAD, Ste 158

DALLAS, TEXAS 75231-3751

(214) 987-3650

FAX # (214) 691-1415

## ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	10/20/00	AFE NO.:	
PROSPECT NAME:	WILSON-OSUDO	OPERATOR:	MATADOR OPERATING COMPANY
LEASE NAME:	LAURA STATE 13 COM #2		
DESCRIPTION:	12900' MORROW TEST		
LOCATION:	660' FNL & 1980' FEL, SEC 13, T21S-R34E		
COUNTY:	LEA	STATE:	NM
		PROPOSED TD:	12,900'

INTANGIBLE COSTS		DRILLING COSTS	COMPLETION COSTS	TOTAL COSTS
01 Land/Legal/Regulatory		\$ 2,000	\$	\$ 2,000
02 Location, surveys & damages		35,000	2,500	37,500
10 Rig Costs, Ftg, DW, Turnkey	41 + 3 DAYS @ \$7600/DAY	312,000	22,000	334,000
13 Mob & Demob		30,000		30,000
16 Cementing & Float Equip		35,000	25,000	60,000
18 Testing, DST & Production			5,000	5,000
19 Coring & Core Evaluation				0
20 Open Hole Logging	PEX-HRLA-BHC, SWC	35,000		35,000
21 Mudlogging	START @ 6000'	18,000		18,000
22 Geological Supervision		2,000		2,000
24 Mud & Chemicals		60,000		60,000
25 Mud & Cuttings Disposal				0
26 Freight / Transportation		10,000	5,000	15,000
28 Supervision / Engineering		30,000	10,500	40,500
30 Rental Equipment		50,000	15,000	65,000
31 Drill Bits		55,000		55,000
32 Fuel & Power		40,000	2,000	42,000
33 Water		25,000	10,000	35,000
34 Overhead		15,000	5,000	20,000
38 Directional Drilg, Surveys				0
40 Completion Unit / Swab Unit			25,000	25,000
44 Cased Hole Log, Perforating			20,000	20,000
46 Stimulation			100,000	100,000
48 Insurance		3,000		3,000
50 Labor		15,000	3,000	18,000
52 Miscellaneous		8,000		8,000
54 Contingency				0
TOTAL INTANGIBLES >		\$780,000	\$250,000	\$1,030,000

TANGIBLE COSTS				
40 Conductor Casing	20" @ 40'	\$ 2,000	\$	\$ 2,000
41 Surface Casing	13-3/8" @ 1400'	25,000		25,000
42 Intermediate Casing	9-5/8" @ 5750'	90,000		90,000
43 Drilling Liner				0
44 Production Casing	5-1/2" @ 12900'		100,000	100,000
45 Production Liner				0
46 Tubing	2-3/8" @ 12900'		42,000	42,000
47 Wellhead		5,000	15,000	20,000
48 Packers, Liner Hangers			25,000	25,000
49 Tanks			15,000	15,000
50 Production Vessels			15,000	15,000
51 Flow Lines			7,000	7,000
52 Rod String				0
53 Pump Unit & Prime Mover				0
55 Installation Costs			12,000	12,000
57 Miscellaneous			10,000	10,000
58 Non-Controllable Surface			6,000	6,000
59 Non-Controllable Downhole			3,000	3,000
TOTAL TANGIBLES >		\$122,000	\$250,000	\$372,000
TOTAL COSTS >		\$902,000	\$500,000	\$1,402,000

MATADOR OPERATING COMPANY

Prepared By: [Signature] Date: 10/20/00  
 Approved By: [Signature] Date: \_\_\_\_\_  
 R. F. Burke, Vice President

APPROVAL: \_\_\_\_\_ This AFE is an estimate only. By signing this AFE, you agree to pay your share of the total actual costs.  
 NON-OPERATOR: DEVON ENERGY PRODUCTION COMPANY, L.P.

Approved: [Signature] Disapproved: \_\_\_\_\_ Tax ID: \_\_\_\_\_

Working Interest: \_\_\_\_\_ Division: \_\_\_\_\_ Signed by: \_\_\_\_\_ Date: 3-16-01  
 For AFE Approval Only