

Matador Production Company

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Kyle Perkins
Operations and Regulatory Counsel

February 5, 2020

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

Re: Itemized Schedule of Estimated Costs
Case No. 20680
Order No. R-20950

Dear Ms. Murphy:

Pursuant to Paragraph 10 of Order No. R-20950, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Pennzoil 3231 Fed Com#125H well:

	Intangible	Tangible
Drilling	\$3,957,789	\$710,708
Completion	\$5,678,527	\$112,500
Production	\$693,780	\$943,224
Total Intangible	\$10,330,096	
Total Tangible		\$1,766,432
Total	\$12,096,527	

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us

MATADOR PRODUCTION COMPANY

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ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

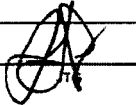
DATE:	February 3, 2020	AFE NO.:	
WELL NAME:	Pennzoil 3231 Fed Com #125H	FIELD:	Arrowhead
LOCATION:	Section 32 & 31, T20S-R29E	MD/TVD:	18878'8128'
COUNTY/STATE:	Eddy County, New Mexico	LATERAL LENGTH:	10,871
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill, complete and equip a horizontal 2nd Bone Spring well and vertical pilot hole w/ OH logs and RSWC plugs		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 70,000	\$	\$ 50,000	\$ 10,000	\$ 130,000
Location, Surveys & Damages	168,000	8,000	25,000	25,000	226,000
Drilling	961,688				961,688
Cementing & Float Equip	448,500				448,500
Logging / Formation Evaluation	285,000	6,500	3,000		274,500
Flowback - Labor			67,700		67,700
Flowback - Surface Rentals			55,500		55,500
Flowback - Rental Living Quarters			-		-
Mud Logging	47,500				47,500
Mud Circulation System	64,250				64,250
Mud & Chemicals	285,000	80,000	6,000		371,000
Mud / Wastewater Disposal	155,000	-		1,000	158,000
Freight / Transportation	7,500	42,000		-	49,500
Rig Supervision / Engineering	156,000	155,400	16,500	10,800	338,700
Drill Bits	90,500				90,500
Drill Bit Purchase	-				-
Fuel & Power	136,875	-		-	136,875
Water	52,750	539,500	2,000	1,000	595,250
Drig & Completion Overhead	18,250	19,000		-	37,250
Plugging & Abandonment	-				-
Directional Drilling, Surveys	328,500				328,500
Completion Unit, Swab, CTU	-	175,000	20,000		195,000
Perforating, Wireline, Slickline	-	337,000	-		337,000
High Pressure Pump Truck	-	147,900	6,000	-	153,900
Stimulation	-	3,443,500			3,443,500
Stimulation Flowback & Disp	-	14,000	338,000		352,000
Insurance	41,445				41,445
Labor	128,000	64,000	15,000	5,000	212,000
Rental - Surface Equipment	93,200	295,250	10,000	5,000	403,450
Rental - Downhole Equipment	160,943	150,000	3,000	-	313,943
Rental - Living Quarters	56,560	35,475	-	5,000	97,035
Contingency	188,466	166,002	7,000	6,280	367,748
MaxCom	33,863				33,863
TOTAL INTANGIBLES >	3,957,789	5,678,527	624,700	69,080	10,330,096
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 47,678	\$	\$	\$	\$ 47,678
Intermediate Casing	61,904				61,904
Drilling Liner	102,264				102,264
Production Casing	432,862				432,862
Production Liner	-				-
Tubing	-		52,000		52,000
Wellhead	66,000		16,000		82,000
Packers, Liner Hangers	-	112,500	-		112,500
Tanks	-		-	39,000	39,000
Production Vessels	-			114,600	114,600
Flow Lines	-			84,000	84,000
Rod string	-				-
Artificial Lift Equipment	-		172,200		172,200
Compressor	-			15,000	15,000
Installation Costs	-			48,000	48,000
Surface Pumps	-		5,000	16,500	21,500
Non-controllable Surface	-		17,424	2,000	19,424
Non-controllable Downhole	-		-		-
Downhole Pumps	-				-
Measurement & Meter Installation	-		10,000	111,500	121,500
Gas Conditioning / Dehydration	-		-	-	-
Interconnecting Facility Piping	-		-	51,750	51,750
Gathering / Bulk Lines	-		-	-	-
Valves, Dumps, Controllers	-		-	-	-
Tank / Facility Containment	-		-	11,250	11,250
Flare Stack	-		-	8,750	8,750
Electrical / Grounding	-		40,000	53,500	93,500
Communications / SCADA	-		4,000	-	4,000
Instrumentation / Safety	-			70,750	70,750
TOTAL TANGIBLES >	710,708	112,500	316,624	626,600	1,766,432
TOTAL COSTS >	4,668,496	5,791,027	941,324	695,680	12,096,527

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Tyler Brooking
Completions Engineer: Matt Bell
Production Engineer: Rakesh Patel

Team Lead - WTX/NM



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 savings on any specific item or the total cost of the project. Tubing installation approved under the 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, insurance and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering the well. Participants 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 spud.