

Matador Production Company

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Kyle Perkins
Operations and Regulatory Counsel

August 10, 2020

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

Re: Itemized Schedule of Estimated Costs
Case No. 20446
Order No. R-21216

Dear Ms. Murphy:

Pursuant to Paragraph 22 of Order No. R-21216, Matador Production Company hereby submits the following itemized schedule of estimated costs for its Rodney Robinson Fed Com Well #218H:

	Intangible	Tangible
Drilling	\$3,136,913	\$848,074
Completion	\$4,204,569	\$90,150
Production	\$559,680	\$775,185
Total Intangible	\$7,901,162	
Total Tangible		\$1,713,409
Total	\$9,614,571	

Thank you, and please contact me with any questions.

Sincerely,



Kyle Perkins

cc:florene.davidson@state.nm.us

Exhibit "A"

Applicant: Matador Production Company
Operator: Matador Production Company (OGRID 228937)

Spacing Unit: Horizontal oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 320 acres, more or less
Orientation of Unit: South to North

Spacing Unit Description:
E/2E/2 of Section 6 and E/2E/2 of Section 7,
Township 23 South, Range 33 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: WC-025 G-9 S223332A: Upper Wolfcamp (Pool code
98177)
Pool Spacing Unit Size: Quarter-Quarter Sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$8000, While producing: \$800
As the charge for risk, 200 percent of reasonable well costs

Proposed Wells:

Rodney Robinson Fed. Com. Well No. 218H, API No. 30-015-PENDING

SHL: 576 feet from the South line and 155 feet from the East line
(Unit P) of Section 7, Township 23 South, Range 33 East, NMPM
BHL: 60 feet from the North line and 330 feet from the East line
(Lot 1, or Unit A) of Section 6, Township 23 South, Range 33 East, NMPM

Completion Target: Upper Wolfcamp at approx. 12430 feet TVD
Well Orientation: South to North
Completion Location expected to be: standard

CASE NO. 20446
ORDER NO. R- 21216

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:	July 9, 2020	AFE NO.:	500000 730 01.001 R1
WELL NAME:	Rodney Robinson Fed Com #218H	FIELD:	
LOCATION:	Section 6&7-23S-33E	MD/TVD:	22800'/12600'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9800'
MRC WI:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill, complete and equip a horizontal upper Wolfcamp target with 60 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 47,500	\$	\$ 25,000	\$ 10,000	\$ 82,500
Location, Surveys & Damages	110,500	13,000	25,000	25,000	173,500
Drilling	956,750				956,750
Cementing & Float Equip	235,000				235,000
Logging / Formation Evaluation	-	5,000	3,000		8,000
Flowback - Labor			16,800		16,800
Flowback - Surface Rentals			114,100		114,100
Flowback - Rental Living Quarters			-		-
Mud Logging	40,500				40,500
Mud Circulation System	92,415				92,415
Mud & Chemicals	206,000	54,500	6,000		266,500
Mud / Wastewater Disposal	200,000	-		1,000	201,000
Freight / Transportation	24,000	19,500		-	43,500
Rig Supervision / Engineering	117,000	126,400	6,400	14,400	264,200
Drill Bits	101,400				101,400
Drill Bit Purchase					
Fuel & Power	97,650	9,600		-	107,250
Water	40,000	655,500	3,000	1,000	699,500
Drig & Completion Overhead	15,500	12,000		-	27,500
Plugging & Abandonment	-				-
Directional Drilling, Surveys	203,800				203,800
Completion Unit, Swab, CTU	-	145,000	20,000		165,000
Perforating, Wireline, Slickline	-	208,000			208,000
High Pressure Pump Truck	-	75,600	6,000	-	81,600
Stimulation	-	2,109,300			2,109,300
Stimulation Flowback & Disp	-	15,500	195,000		210,500
Insurance	22,800				22,800
Labor	188,000	65,750	16,000		269,750
Rental - Surface Equipment	111,455	355,715	6,100	5,000	478,270
Rental - Downhole Equipment	132,000	87,750	-	5,000	224,750
Rental - Living Quarters	65,860	55,975		5,000	126,835
Contingency	91,366	190,479	44,240	6,640	332,725
Operations Center	37,417				37,417
TOTAL INTANGIBLES >	3,136,913	4,204,569	486,840	73,040	7,901,162

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 52,222	\$	\$	\$	\$ 52,222
Intermediate Casing	280,612				280,612
Drilling Liner	-				-
Production Casing	447,240				447,240
Production Liner	-				-
Tubing	-		98,400		98,400
Wellhead	68,000		40,000		108,000
Packers, Liner Hangers	-	90,150	6,000		96,150
Tanks	-		-	28,400	28,400
Production Vessels	-			126,318	126,318
Flow Lines	-			120,000	120,000
Rod string	-				-
Artificial Lift Equipment	-		30,000		30,000
Compressor	-			42,500	42,500
Installation Costs	-			80,000	80,000
Surface Pumps	-		5,000	17,217	22,217
Non-controllable Surface	-			2,000	2,000
Non-controllable Downhole	-				-
Downhole Pumps	-				-
Measurement & Meter Installation	-		35,000	21,560	56,560
Gas Conditioning / Dehydration	-				-
Interconnecting Facility Piping	-			27,500	27,500
Gathering / Bulk Lines	-				-
Valves, Dumps, Controllers	-				-
Tank / Facility Containment	-			9,900	9,900
Flare Stack	-			20,000	20,000
Electrical / Grounding	-		2,000	7,040	9,040
Communications / SCADA	-		10,000	1,100	11,100
Instrumentation / Safety	-			45,250	45,250
TOTAL TANGIBLES >	848,074	90,150	226,400	548,785	1,713,409
TOTAL COSTS >	3,984,987	4,294,719	713,040	621,825	9,614,571

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Hermes	Team Lead - WTX/NM	<u>WTE</u>
Completions Engineer:	Garrett Hunt		WTE
Production Engineer:	Jan Mosnes		

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 being an any specific item or the total cost of the project. Estimating institution approved under the AFE may be delayed up to a week after the well has been completed in executing this AFE. The Participant agrees to pay its proportionate share of actual costs incurred including "out of pocket" regulatory, bioregulatory and well cost under the terms of the applicable joint operating agreement, regulatory permit or other agreement covering this well. Participant shall be covered by and billed proportionately for Operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance or an alternate acceptable to the Operator by the date of sign-off.