

MATADOR PETROLEUM CORPORATION

SUITE 158, PECAN CREEK
8340 MEADOW ROAD
DALLAS, TEXAS 75231-3751
(214) 987-3650
FAX # (214) 691-1415

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

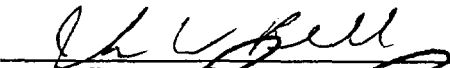
| | | | |
|----------------|--|--------------|---------------------------|
| DATE: | 8/26/98 | AFE NO.: | 300526-10-01 |
| PROSPECT NAME: | MADURO | OPERATOR: | MATADOR OPERATING COMPANY |
| LEASE NAME: | TOPACIO FEDERAL COM "28" #1 | | |
| DESCRIPTION: | 13,800 MORROW AND WOLFCAMP TEST | | |
| LOCATION: | 1650 ' FNL & 1980' FEL OF SEC 28, T19S, R33E | | |
| COUNTY: | LEA | STATE: | NEW MEXICO |
| | | PROPOSED TD: | 13,800' |

| INTANGIBLE COSTS | | DRILLING COSTS | COMPLETION COSTS | TOTAL COSTS |
|--------------------------------|-----------------------------------|----------------|------------------|-------------|
| 01 Land/Legal/Regulatory | | \$ 1,000 | \$ | \$ 1,000 |
| 02 Location, surveys & damages | | 40,000 | 4,000 | 44,000 |
| 10 Rig Costs, Ftg, DW, Trnky | 48 + 2 DAYS @ \$5800/DAY | 300,000 | 12,000 | 312,000 |
| 13 Mob & Demob | | 25,000 | | |
| 16 Cementing & Float Equip | | 40,000 | 32,000 | 72,000 |
| 18 Testing, DST & Production | 2 DST'S | 12,000 | 9,000 | 21,000 |
| 19 Coring & Core Evaluation | | | | 0 |
| 20 Open Hole Logging | DLL-MLL-FDC-CNL, OPT RSWC & RFT'S | 60,000 | | 60,000 |
| 21 Mudlogging | BEGINNING @ 3000' | 20,000 | | 20,000 |
| 22 Geological Supervision | | 2,000 | | 2,000 |
| 24 Mud & Chemicals | | 60,000 | 2,000 | 62,000 |
| 26 Freight / Transportation | | 2,000 | 10,000 | 12,000 |
| 28 Supervision / Engineering | | 30,000 | 5,000 | 35,000 |
| 30 Rental Equipment | | 30,000 | 15,000 | 45,000 |
| 31 Drill Bits | | 60,000 | | 60,000 |
| 32 Fuel & Power | | | | 0 |
| 33 Water | | 30,000 | 5,000 | 35,000 |
| 34 Overhead | | 15,000 | 5,000 | 20,000 |
| 38 Directional Drlg, Surveys | | | | 0 |
| 40 Completion Unit / Swab Unit | | | 20,000 | 20,000 |
| 44 Cased Hole Log, Perforating | | | 24,000 | 24,000 |
| 46 Stimulation | | | 75,000 | 75,000 |
| 48 Insurance | | 8,000 | 1,000 | 9,000 |
| 50 Labor | | 15,000 | 10,000 | 25,000 |
| 52 Miscellaneous | | 15,000 | 6,000 | 21,000 |
| 54 Contingency | | | | 0 |
| TOTAL INTANGIBLES > | | \$765,000 | \$235,000 | \$1,000,000 |

| TANGIBLE COSTS | | DRILLING COSTS | COMPLETION COSTS | TOTAL COSTS |
|------------------------------|--|----------------|------------------|-------------|
| 40 Conductor Casing | | \$ | \$ | \$ 0 |
| 41 Surface Casing | | | | 0 |
| 42 Intermediate Casing | 400' OF 13 3/8" 48 PPF, K55, STC | 9,000 | | 9,000 |
| 43 Drilling Liner | 5000' OF 8 5/8" 32 PPF, K55, STC | 55,000 | | 55,000 |
| 44 Production Casing | 13,750' OF 5 1/2" 17 L80 & S95, LTC | | 115,000 | 115,000 |
| 45 Production Liner | | | | 0 |
| 46 Tubing | 13,750' OF 2 7/8" 6.5 PPF, L80 8RD EUE | | 49,000 | 49,000 |
| 47 Wellhead | | 5,000 | 13,000 | 18,000 |
| 48 Packers, Liner Hangers | | | 15,000 | 15,000 |
| 49 Tanks | | | 16,000 | 16,000 |
| 50 Production Vessels | | | 12,500 | 12,500 |
| 51 Flow Lines | | | 2,000 | 2,000 |
| 52 Rod String | | | | 0 |
| 53 Pump Unit & Prime Mover | | | | 0 |
| 55 Installation Costs | | | 10,500 | 10,500 |
| 57 Miscellaneous | | | 5,000 | 5,000 |
| 58 Non-Controllable Surface | | 1,000 | 5,000 | 6,000 |
| 59 Non-Controllable Downhole | | | 2,000 | 2,000 |
| TOTAL TANGIBLES > | | \$70,000 | \$245,000 | \$315,000 |
| TOTAL COSTS > | | \$835,000 | \$480,000 | \$1,315,000 |

MATADOR OPERATING COMPANY

Prepared By:



Date:

8-26-98

Approved By:



Date:

8-26-98

R. F. Burke, Vice President

APPROVAL:
NON-OPERATOR:

Approved :

Disapproved:

Working Interest (%):

Signed by:

BEFORE THE
OIL CONSERVATION DIVISION

Case No. 12063 Exhibit No. 5

Submitted By:

Matador Petroleum Corp.

Hearing Date: November 19, 1998