

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:          | 08/18/2000                                 | AFE NO.:     | 300553-01-001             |
| PROSPECT NAME: | Wilson South                               | OPERATOR:    | Matador Operating Company |
| LEASE NAME:    | Mary State Com #1                          |              |                           |
| DESCRIPTION:   | 12,900' Morrow Test                        |              |                           |
| LOCATION:      | 660' FSL; 1980' FEL Section 12, T21S, R34E |              |                           |
| COUNTY:        | Lea  | STATE:       | NM                        |
|                |  | PROPOSED TD: | 12,900'                   |

| INTANGIBLE COSTS               | DRILLING COSTS          | COMPLETION COSTS | TOTAL COSTS |
|--------------------------------|-------------------------|------------------|-------------|
| 01 Land/Legal/Regulatory       | \$ 1,000                | \$               | \$ 1,000    |
| 02 Location, surveys & damages | 35,000                  | 2,500            | 37,500      |
| 10 Rig Costs, Ftg, DW, Turnkey | 42 days +2 @ \$6500/day | 13,500           | 302,500     |
| 13 Mob & Demob                 | 30,000                  |                  | 30,000      |
| 16 Cementing & Float Equip     | 50,000                  | 18,000           | 68,000      |
| 18 Testing, DST & Production   |                         | 5,000            | 5,000       |
| 19 Coring & Core Evaluation    |                         |                  | 0           |
| 20 Open Hole Logging           | 50,000                  |                  | 50,000      |
| 21 Mudlogging                  | 17,000                  |                  | 17,000      |
| 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   | 32,000                  | 10,500           | 42,500      |
| 30 Rental Equipment            | 45,000                  | 15,000           | 60,000      |
| 31 Drill Bits                  | 52,000                  |                  | 52,000      |
| 32 Fuel & Power                | 40,000                  |                  | 40,000      |
| 33 Water                       | 25,000                  | 10,000           | 35,000      |
| 34 Overhead                    | 16,000                  | 5,000            | 21,000      |
| 38 Directional Drlg, 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                   | 5,000                   |                  | 5,000       |
| 50 Labor                       | 15,000                  |                  | 15,000      |
| 52 Miscellaneous               | 7,000                   |                  | 7,000       |
| 54 Contingency                 |                         |                  | 0           |
| TOTAL INTANGIBLES >            | \$781,000               | \$229,500        | \$1,010,500 |

| TANGIBLE COSTS               |                  |             |             |
|------------------------------|------------------|-------------|-------------|
| 40 Conductor Casing          | 20" @ 40'        | \$ 4,500    | \$ 4,500    |
| 41 Surface Casing            | 13 3/8" @ 1400'  | 30,000      | 30,000      |
| 42 Intermediate Casing       | 9 5/8" @ 5750'   | 85,000      | 85,000      |
| 43 Drilling Intermediate     | 7" @ 11,650'     | 140,000     | 140,000     |
| 44 Production Casing         |                  |             | 0           |
| 45 Production Liner          | 4 1/2" @ 12,900' |             | 12,000      |
| 46 Tubing                    | 2 3/8" @ 12,900' |             | 42,000      |
| 47 Wellhead                  |                  | 5,000       | 17,000      |
| 48 Packers, Liner Hangers    |                  |             | 25,000      |
| 49 Tanks                     |                  |             | 15,000      |
| 50 Production Vessels        |                  |             | 15,000      |
| 51 Flow Lines                |                  |             | 7,500       |
| 52 Rod String                |                  |             | 0           |
| 53 Pump Unit & Prime Mover   |                  |             | 0           |
| 55 Installation Costs        |                  |             | 12,000      |
| 57 Miscellaneous             |                  |             | 10,000      |
| 58 Non-Controllable Surface  |                  |             | 6,000       |
| 59 Non-Controllable Downhole |                  |             | 3,000       |
| TOTAL TANGIBLES >            |                  | \$264,500   | \$164,500   |
| TOTAL COSTS >                |                  | \$1,045,500 | \$394,000   |
|                              |                  |             | \$1,439,500 |

MATADOR OPERATING COMPANY

Prepared By: R. F. Burke Date: 8-18-00  
Approved By: [Signature] Date: 8-18-00  
R. F. Burke, Vice President

APPROVAL: \_\_\_\_\_  
NON-OPERATOR: \_\_\_\_\_  
Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Tax in: \_\_\_\_\_  
Working Interest: \_\_\_\_\_ Signed by: \_\_\_\_\_

BEFORE THE  
OIL CONSERVATION DIVISION  
Case No. 12519 Exhibit No. 5  
Submitted By:  
Matador Petroleum Corp.  
Hearing Date: October 19, 2000