

MRC Delaware Resources, LLC

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Jeff Lierly, CPL
Senior Landman

January 5, 2016

VIA CERTIFIED RETURN RECEIPT MAIL

Working Interest Owners See Exhibit "A"

Re: Mallon 27 Fed Com 1H Participation Proposal
SHL: 330' FSL & 660' FEL; BHL: 660' FSL & 2,310' FEL
Section 22 and 27 Township 19 South, Range 34 East
Lea County, New Mexico

James K. and Martha L. Lusk, Trustees of the James K. Lusk and Martha L. Lusk Trust:

MRC Delaware Resources, LLC and its operating company Matador Production Company (collectively "MRC") propose the drilling of the Mallon 27 Fed Com 1H well (the "Well"), located in the E/2E/2 of Section 27 and E/2SE/4 of Section 22, Township 19 South, Range 34 East, Lea County, New Mexico, to test the Bone Spring formation. The estimated cost of drilling, testing, completing, and equipping the Well is \$8,983,961.00, as itemized on the enclosed Authority for Expenditure ("AFE") dated December 17, 2015.

The Well will be drilled to a total vertical depth of 10,860' and a total measured depth of 17,929', producing a treatable lateral of approximately 7,200' within the Bone Spring formation to be completed with 18 stages.

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement ("OA") which was previously furnished for your review and approval. The Operating Agreement will cover the E/2SE/4 of Section 22 and E/2E/2 of Section 27, Township 19 South, Range 34 East, Lea County, New Mexico from the surface to the base of the Bone Spring formation ("Contract Area") pursuant to the following terms:

- 100/300/300% Non-consent penalty
- \$7,000/\$700 Drilling and Producing overhead rate

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter along with your geological well requirements, the AFE, the OA and four (4) copies of the Communitization Agreement for the Well to the undersigned. Please be advised that MRC intends to file for compulsory pooling in an effort to ensure all required documents are obtained from all working interest owners in a timely fashion.

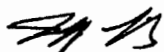
**BEFORE THE OIL CONVERSATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 8
Submitted by: Matador Production Co.

James K. and Martha L. Lusk, Trustees of the James K. Lusk and Martha L. Lusk Trust will own approximately 0.125000% working interest in the Well, subject to title verification.

If your election is to participate in the drilling and completion of the Well, please sign and return a copy of the enclosed AFE within thirty (30) days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and by electing to participate in the Well, each working interest owner shall be responsible for its proportionate share of all costs incurred.

Please contact me if you have any questions.

Sincerely,



Jeff Lierly, CPL

Enclosures

Please elect one of the following and return to sender.

_____ James K. and Martha L. Lusk, Trustees of the James K. Lusk and Martha L. Lusk Trust hereby elect(s) to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Mallon 27 Fed Com 1H.

_____ James K. and Martha L. Lusk, Trustees of the James K. Lusk and Martha L. Lusk Trust hereby elect(s) not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Mallon 27 Fed Com 1H.

_____ I / We are interested in selling our interest in the Contract Area, please contact us to discuss.

James K. and Martha L. Lusk, Trustees of the James K. Lusk and Martha L. Lusk Trust

By: _____

Title: _____

Date: _____

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	December 17, 2015	AFE NO.:	0
WELL NAME:	Mallon 27 Fed Com 1H	FIELD:	Bone Spring
LOCATION:		MD/TVD:	17929/10860'
COUNTY/STATE:	Lea	LATERAL LENGTH:	~7,200
MRC Wt:			
GEOLOGIC TARGET:	3rd Bone Spring		
REMARKS:	Drill and complete a horizontal 3rd Bone Spring well with 18 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 36,700	\$ -	\$ -	\$ -	\$ 36,700
Location, Surveys & Damages	100,500	13,000	4,000	-	117,500
Drilling	765,000	-	-	-	765,000
Cementing & Plast Equip	220,000	-	-	-	220,000
Logging / Formation Evaluation	-	6,500	-	-	6,500
Mud Logging	38,500	-	-	-	38,500
Mud Circulation System	59,360	-	-	-	59,360
Mud & Chemicals	75,000	24,000	-	-	99,000
Mud / Wastewater Disposal	170,000	-	-	-	170,000
Freight / Transportation	36,000	12,000	-	21,000	69,000
Rig Supervision / Engineering	100,800	51,200	18,000	54,000	224,000
Drill Bits	85,000	-	-	-	85,000
Fuel & Power	84,000	-	-	-	84,000
Water	42,500	514,000	-	15,000	571,500
Drig & Completion Overhead	14,500	11,000	-	-	25,500
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	274,000	-	-	-	274,000
Completion Unit, Swab, CTU	-	76,000	28,000	-	104,000
Perforating, Wireline, Stickline	-	60,800	20,000	-	80,800
High Pressure Pump Truck	-	56,000	-	-	56,000
Stimulation	-	2,250,000	-	-	2,250,000
Stimulation Flowback & Disp	-	80,000	-	-	80,000
Insurance	32,272	-	-	-	32,272
Labor	116,500	19,500	6,000	-	142,000
Rental - Surface Equipment	76,200	132,250	12,000	15,000	235,450
Rental - Downhole Equipment	50,000	39,000	-	20,000	109,000
Rental - Living Quarters	57,980	22,130	2,000	-	82,110
Contingency	243,481	336,738	9,000	11,000	600,219
TOTAL INTANGIBLES >	2,678,283	3,704,118	99,000	136,000	6,817,411

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 62,150	\$ -	\$ -	\$ -	\$ 62,150
Intermediate Casing	157,350	-	-	-	157,350
Drilling Liner	-	-	-	-	-
Production Casing	459,500	-	-	-	459,500
Production Liner	-	-	-	-	-
Tubing	-	-	52,000	-	52,000
Wellhead	55,000	-	65,000	-	120,000
Packers, Liner Hangers	-	36,000	-	-	36,000
Tanks	-	-	-	120,000	120,000
Production Vessels	-	-	70,000	82,000	152,000
Flow Lines	-	-	50,000	125,000	175,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	250,000	-	250,000
Compressor	-	-	-	-	-
Installation Costs	-	-	97,000	240,000	337,000
Surface Pumps	-	-	5,000	-	5,000
Non-controllable Surface	-	-	36,000	150,000	186,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	12,500	24,000	36,500
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	-	-
Gathering / Bulk Lines	-	-	-	15,050	15,050
Valves, Cumps, Controllers	-	-	-	8,000	8,000
Tank / Facility Containment	-	-	-	40,000	40,000
Flare Stack	-	-	-	50,000	50,000
Electrical / Grounding	-	-	-	30,000	30,000
Communications / SCADA	-	-	-	-	-
Instrumentation / Safety	-	-	-	75,000	75,000
TOTAL TANGIBLES >	734,000	36,000	637,500	989,050	2,366,550
TOTAL COSTS >	3,412,293	3,740,118	736,500	1,095,050	8,983,961

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer: Patrick Walsh Team Lead - WT X/NM KTS
 Completions Engineer: Ben Peterson KTS
 Production Engineer: Trent Goodwin

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	SMR	BG
Executives VP, Legal	Exec Dir - Exploration	VP - Production
CA	NE F	TWG
President	VP & General Manager	
MAH	SCI	

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%): _____ Tax ID: _____

Signed by: _____ Date: _____

Title: _____ Approval: **Yes** _____ **No** (mark one)

[illegible]