

MODEL FORM OPERATING AGREEMENT

Eland State 32 Working Interest Unit

OPERATING AGREEMENT

DATED

October 15 , 2015 ,
year

OPERATOR Matador Production Company

CONTRACT AREA Township 18 South, Range 33 East, N.M.P.M.

Section 32: All, see Exhibit A for depth and other limitations

COUNTY OF Lca , STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD.
FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 - 1989

NMOCD CASE NO. 15433
Nearburg Producing Company
Exhibit No. 5
January 21, 2016

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989

ARTICLE II.

EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

- X A. Exhibit "A," shall include the following information:
- (1) Description of lands subject to this agreement,
 - (2) Restrictions, if any, as to depths, formations, or substances,
 - (3) Parties to agreement with addresses and telephone numbers for notice purposes,
 - (4) Percentages or fractional interests of parties to this agreement,
 - (5) Oil and Gas Leases and/or Oil and Gas Interests subject to this agreement,
 - (6) Burdens on production.
- B. ~~Exhibit "B," Form of Lease.~~
- X C. Exhibit "C," Accounting Procedure.
- X D. Exhibit "D," Insurance.
- X E. Exhibit "E," Gas Balancing Agreement.
- X F. Exhibit "F," Non-Discrimination and Certification of Non-Segregated Facilities.
- G. ~~Exhibit "G," Tax Partnership.~~
- X H. Other: Model Form Recording Statement to Operating Agreement and Financing Statement

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated October 15, 2015, by and among Matador Production Company, as Operator, and MRC Delaware Resources, LLC et al, as Non-Operators (this "Agreement")

I. CONTRACT AREA:

Township 18 South, Range 33 East, N.M.P.M.
Section 32: All
Containing 640 acres, more or less
Lea County, New Mexico

Save and except the following wellbores:

- Atlantic 32 State #2 (API #30-025-31222) located 1980' FNL & 990' FWL of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
- Atlantic 32 State #4 (API #30-025-31378) located 1650' FNL & 1650' FWL of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
- Atlantic 32 State #7 (API #30-025-35237) located 1980' FNL & 780' FWL of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
- Gazelle 32 State #1 (API #30-025-35009) located 660' FSL & 660' FWL of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

This Operating Agreement shall replace and supersede all existing Operating Agreements between all or any portion of the parties hereto but only insofar as to the depth limitations from 4,600' to the base of the Bone Spring formation, as defined below, within the Contract Area described in this Operating Agreement. ✓

II. DEPTH RESTRICTIONS:

This Agreement covers all depths from 4,600' subsurface to the base of the Bone Spring formation. As used in this Agreement, the term "base of the Bone Spring formation" shall mean the stratigraphic equivalent of the geologic interval having a subsurface depth ending at a total vertical depth of approximately 10,672', as identified on the LEK 28 Federal #1 (API #30-025-31590) Halliburton Dual Laterolog, located 810' FSL & 660' FWL of Section 28, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

III. ADDRESS OF THE PARTIES:

Matador Production Company
MRC Delaware Resources, LLC
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn: David E. Lancaster, Executive Vice President
Phone: (972) 371-5200
Fax: (972) 371-5201
Email:

MRC Spiral Resources Company, LLC
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn:
Phone:
Fax:
Email:

MRC Explorers Resources Company, LLC
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, Texas 75240
Attn:
Phone:
Fax:
Email:

Nearburg Exploration Co., L.L.C.
3300 N. A Street, Bld.2, Suite 120
Midland, Texas 79705
Attn: Randy Howard, Land Manager
Phone: (432) 818-2914
Fax:
Email: rhoward@nearburg.com

Colkelan Corporation
903 S. St. Francis Drive, Suite C
Santa Fe, New Mexico 87501
Attn:
Phone:
Fax:
Email:

Nadel and Gussman Capitan LLC
15 East 5th Street, Suite 3200
Tulsa, Oklahoma 74103
Attn:
Phone:
Fax:
Email:

Sybel Blackman Carney, as her separate property
21 Trovita
Irvine, California 92720-1952
Phone:
Fax:
Email:

Dr. Robert B. Cahan and Bernice A. Cahan, husband and wife
2340 Sutter Street
San Francisco, California 94115
Phone:
Fax:
Email:

Lauralind Corporation
P.O. Box 2143
Roswell, New Mexico 88201
Attn:
Phone:
Fax:
Email:

Yvonne Maday Crandell
174 S. Mansfield
Los Angeles, California 90036
Phone:
Fax:
Email:

Rohoel, Inc.
1600 Broadway, Suite 1050
Denver, Colorado 80202
Attn:
Phone: (303) 894-9576
Fax:
Email:

IV. PERCENTAGES OF THE PARTIES:

	<u>Initial, Substitute and Subsequent Wells</u>
MRC Delaware Resources, LLC	57.675459%
MRC Spiral Resources Company, LLC	2.625426%
MRC Explorers Resources Company, LLC	2.375426%
Nearburg Exploration Co., L.L.C.	33.333333%
Colkelan Corporation	0.666666%
Nadel and Gussman Capitan LLC	2.625426%
Sybel Blackman Carney, as her separate property	0.118669%
Dr. Robert B. Cahan and Bernice A. Cahan, husband and wife	0.015823%
Lauralind Corporation	0.250000%
Yvonne Maday Crandell	0.015823%
Rohoel, Inc.	0.297949%
TOTAL	100.000000%

V. Oil and Gas Leases subject to this Agreement:

Oil and Gas Lease K0-1860

Date: October 17, 1961

Lessor: State of New Mexico

Lessee: The Atlantic Refining Company

Recorded: Not recorded

Lands Covered: insofar and only insofar as said lease covers the N½ of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico

Oil and Gas Lease VB-0097

Date: May 1, 1987

Lessor: State of New Mexico

Lessee: Harvey E. Yates Company

Recorded: Not recorded

Lands Covered: insofar and only insofar as said lease covers the S½ of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico

VI. Burdens on Production:

Burdens of record as of the effective date of this Agreement. All parties are still subject to their own respective leasehold burdens derived from existing contracts entered into prior to the effective date of this Agreement. The contractual interests of the parties outlined herein are derived from the following Joint Operating Agreements:

- 1) South Corbin Bone Spring Prospect Atlantic "32" State #1 Operating Agreement, dated July 28, 1989, between Harvey E. Yates Company, as Operator, and Spiral, Inc. et al, as Non-Operators, covering the N/2 of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.
- 2) Gazelle Prospect Operating Agreement, dated May 28, 1998, between Harvey E. Yates Company, as Operator, and Nearburg Exploration Company, L.L.C. et al, as Non-Operators, covering the S/2 of Section 32, Township 18 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

End of Exhibit "A"