

CASE NOS. 21063 - 21065

**APPLICATIONS OF
MATADOR PRODUCTION COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

EXHIBITS – PART I

- A. Landman's Affidavit
- B-1. Affidavit of Notice
- B-2. Affidavit of Publication
- C Geologist's Affidavit
- D. Applications and Proposed Notices
- E. Pooling Checklists

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

APPLICATION OF MATADOR
PRODUCTION COMPANY FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NOS. 21063, 21064, 21065

AFFIDAVIT OF CHRIS CARLETON

Chris Carleton, of lawful age and being first duly sworn, declares as follows:

1. My name is Chris Carleton. I work for MRC Energy Company, an affiliate of Matador Production Company ("Matador"), as a Senior Staff Landman.

2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.

3. I am familiar with the applications filed by Matador in this case, and I am familiar with the status of the lands in the subject area.

4. In these consolidated cases, Matador is seeking an Order pooling all uncommitted interests in the following standard horizontal spacing units underlying the W/2 of Sections 3 and 10, Township 22 South, Range 32 East, NMPM, Lea County, New Mexico:

- In **Case No. 21063**, a 320-acre, more or less, horizontal spacing unit in the Bone Spring formation comprised of the W/2 W/2 of Sections 3 and 10 to be dedicated to the following two initial wells: (i) **Nina Cortell Fed Com #125H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 10, Township 22 South, Range 32 East to bottom hole location in the NW/4 NW/4 of Section 3; and (ii) **Nina Cortell Fed Com #131H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of

Section 10, Township 22 South, Range 32 East to bottom hole location in the NW/4 NW/4 of Section 3.

- In **Case No. 21064**, a 320-acre, more or less, horizontal spacing unit in the Bone Spring formation comprised of the E/2 W/2 of Sections 3 and 10 to be dedicated to the following three initial wells: (i) **Nina Cortell Fed Com #126H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 10, Township 22 South, Range 32 East to bottom hole location in the NE/4 NW/4 of Section 3; (ii) **Nina Cortell Fed Com #132H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 10, Township 22 South, Range 32 East to bottom hole location in the NE/4 NW/4 of Section 3; and (iii) **Nina Cortell Fed Com #112H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 10, Township 22 South, Range 32 East to bottom hole location in the NE/4 NW/4 of Section 3.
- In **Case No. 21065**, a 320-acre, more or less, horizontal spacing unit in the Wolfcamp formation comprised of the E/2 W/2 of Sections 3 and 10 to be dedicated to the **Nina Cortell Fed Com #202H**, which will be horizontally drilled from a surface location in the SE/4 SW/4 of Section 10, Township 22 South, Range 32 East to bottom hole location in the NE/4 NW/4 of Section 3

5. **Matador Exhibit A-1** contains a draft Form C-102 for each of the proposed wells.

The land in the proposed spacing unit is comprised of federal and state lease lands. For Case Nos. 20163 and 21064, Matador understands that these wells will be assigned to the Bilbrey Basin; Bone Spring Pool (Pool Code 5695). For Case No. 21065, Matador understands that this well be assigned to the WC-025 G-09 S233216K; UPR Wolfcamp Pool (Pool Code 98166).

6. The completed intervals for the proposed wells will remain within the standard offset required by the statewide rules set forth in 19.15.16.15 NMAC.

7. **Matador Exhibit A-2** identifies the tracts of land comprising the proposed horizontal spacing units. The proposed wellbores are marked in blue inside the proposed horizontal spacing units which are outlined in red.

8. **Matador Exhibit A-3** identifies the working interest owners that Matador is seeking to pool along with their respective ownership interest in each of the proposed horizontal spacing units. Matador Exhibit A-3 also reflects the overriding royalty interest owners that Matador is seeking to pool in each of the proposed horizontal spacing units. .

9. There are no depth severances within the working interest in the Bone Spring formation for this acreage.

10. There are no depth severances within the working interest in the Wolfcamp formation for this acreage.

11. **Matador Exhibit A-4** contains sample well proposal letters and AFE sent to working interest owners for each well. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area.

12. In addition to sending well proposal letters and AFEs, Matador has called or emailed each of the working interest owners Matador seeks to pool and attempted to reach an agreement with them. Matador has made contact with and spoken with working interest party we seek to pool, ConocoPhillips, at various times between our well proposal and this hearing in an effort to reach voluntary agreement. In my opinion, Matador has made a good faith effort to reach an agreement with each of the working interest owners that Matador seeks to pool.

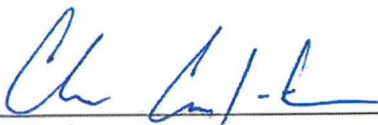
13. Matador has made an estimate of overhead and administrative costs for drilling and producing the proposed wells. It is \$8,000/month while drilling, and \$800/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. Matador respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in these consolidated cases.

14. In my opinion, Matador has made good faith efforts to reach an agreement with the working interest owners it is seeking to pool. If Matador reaches an agreement with any of the proposed pooled parties before the Division enters an order, I will let the Division know that Matador is no longer seeking to pool those parties.

15. Matador provided Matador's outside counsel, Jim Bruce, a list of names and addresses for the parties that Matador is seeking to pool. In compiling these notice lists, Matador conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches.

16. **Matador Exhibits A-1 through A-4** were either prepared by me or compiled under my direction and supervision.

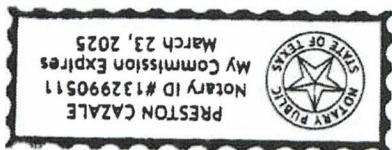
FURTHER AFFIANT SAYETH NOT.



Chris Carleton

STATE OF TEXAS)
)
COUNTY OF Dallas)

SUBSCRIBED and SWORN to before me this 7 day of July 2021 by Chris Carleton.



NOTARY PUBLIC

My Commission Expires:

3/23/2025

EXHIBIT A-1

District I
1625 N French Dr, Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S St Francis Dr, Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		³ Property Name			⁴ Well Number
		NINA CORTELL FED COM			125H
⁵ GRID No.		⁶ Operator Name			⁷ Elevation
		MATADOR PRODUCTION COMPANY			3789'

¹⁰Surface Location

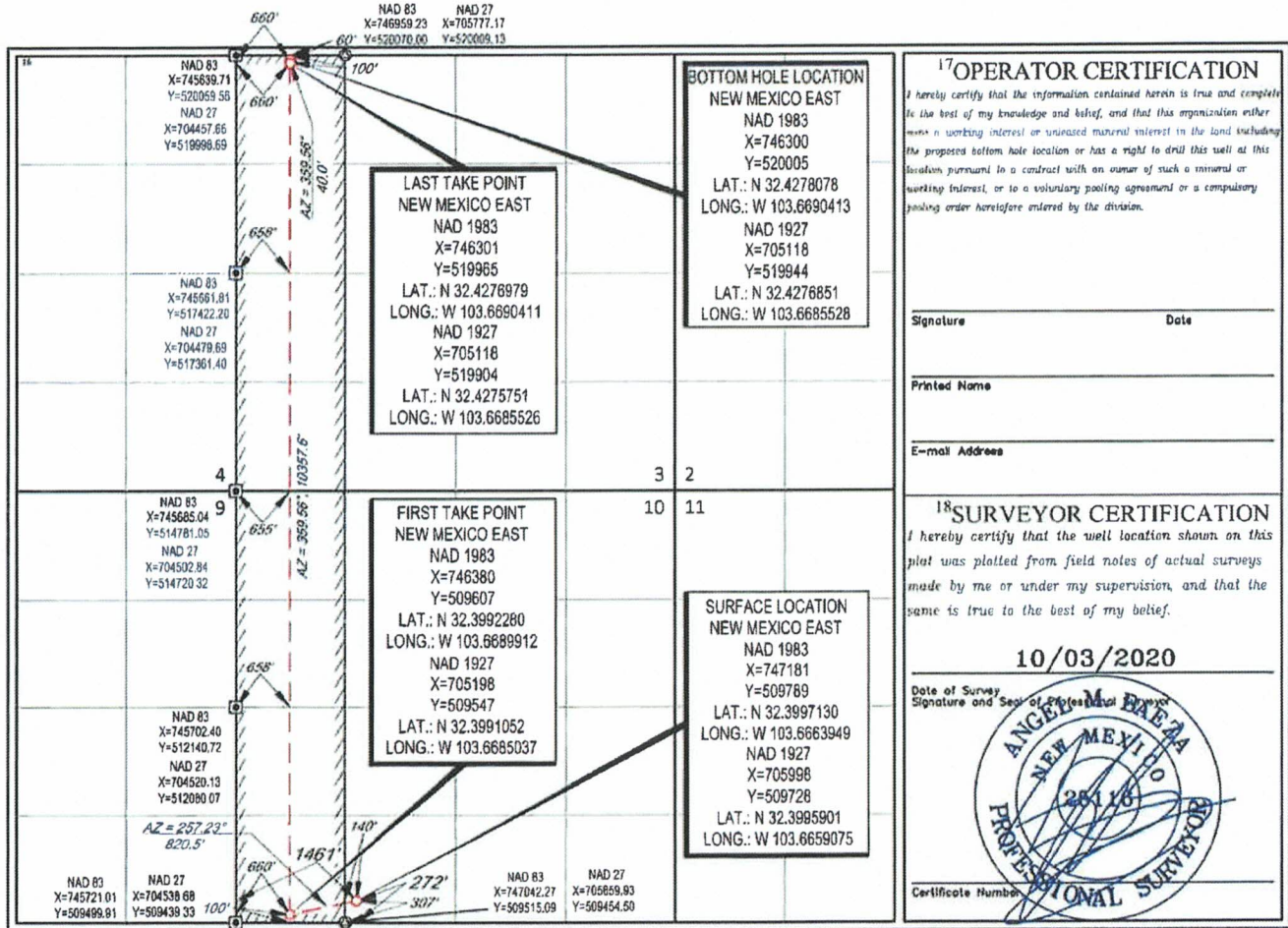
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	272'	SOUTH	1461'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	3	22-S	32-E	-	60'	NORTH	660'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
319.92			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I
1625 N French Dr, Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720
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WELL LOCATION AND ACREAGE DEDICATION PLAT

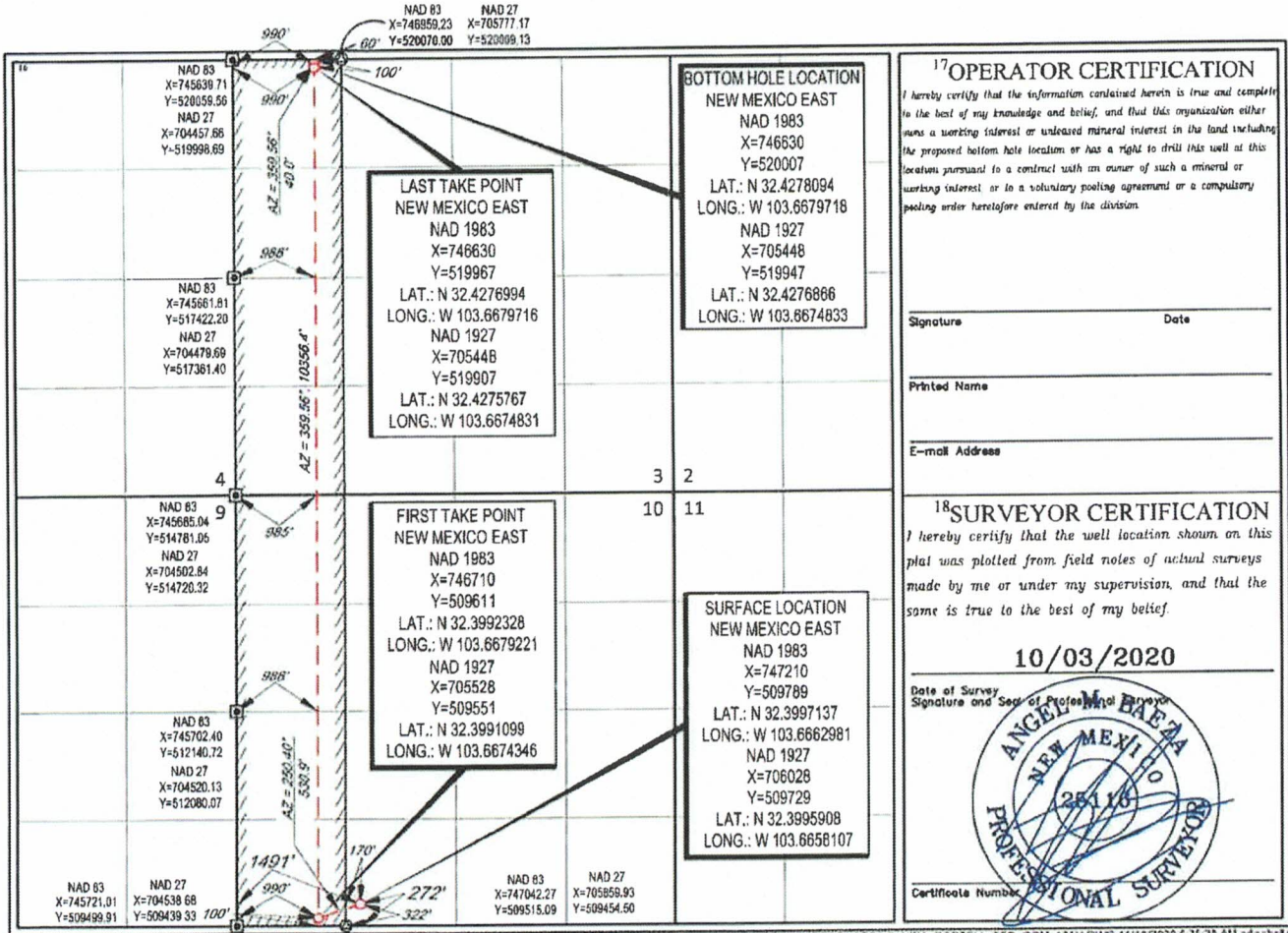
1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name NINA CORTELL FED COM			6 Well Number 131H
7 GRID No.		8 Operator Name MATADOR PRODUCTION COMPANY			9 Elevation 3789'

10 Surface Location									
1/4 or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	272'	SOUTH	1491'	WEST	LEA

11 Bottom Hole Location If Different From Surface									
1/4 or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	3	22-S	32-E	-	60'	NORTH	990'	WEST	LEA

12 Dedicated Acres 319.92	13 Joint or Infill	14 Consolidation Code	15 Order No.
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name NINA CORTELL FED COM			⁶ Well Number 126H
⁷ GRID No.		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3789'

¹⁰Surface Location

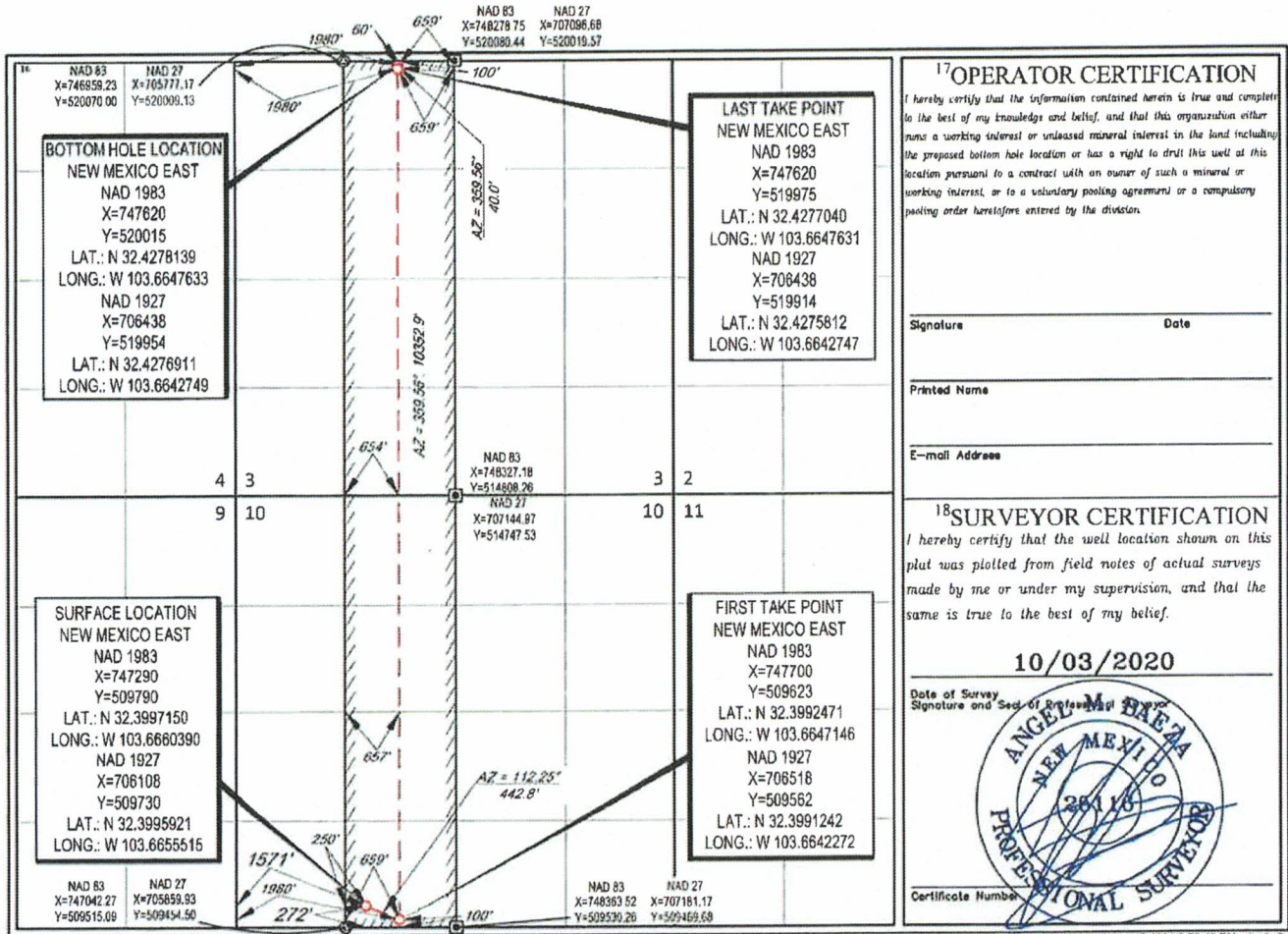
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	272'	SOUTH	1571'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	22-S	32-E	-	60'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres 319.92	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



S:\SURVEY\MATADOR_RESOURCE\NINA_CORTELL_16-225-32E\FINAL_PRODUCT\SLD_HNA_CORTELL_FED_COM_126H.DWG 11/17/2020 2:26:43 PM adaa@brh

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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name			
⁴ Property Code		⁵ Property Name				⁶ Well Number	
		NINA CORTELL FED COM				132H	
⁷ OGRID No.		⁸ Operator Name				⁹ Elevation	
		MATADOR PRODUCTION COMPANY				3789'	

¹⁰Surface Location

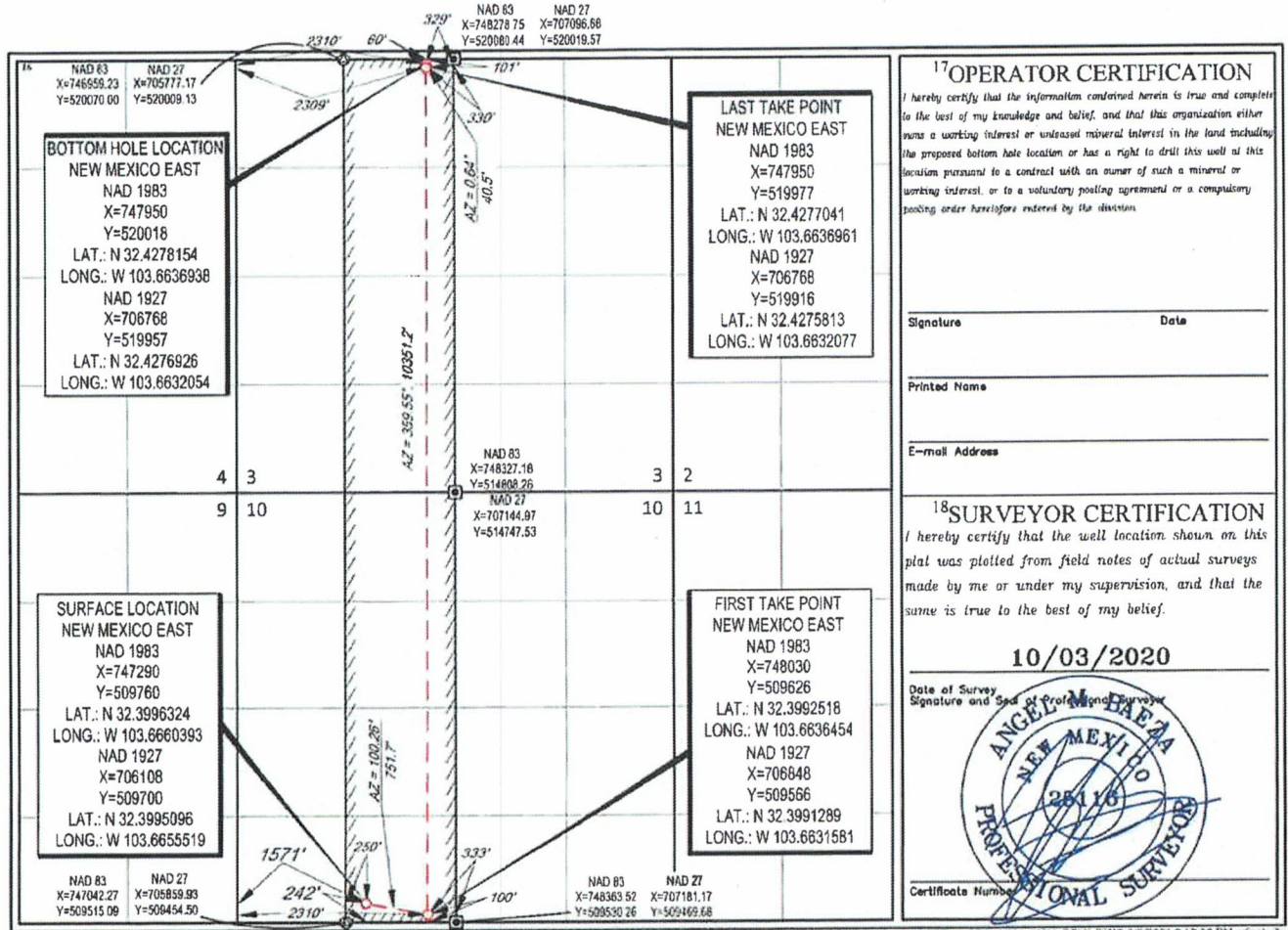
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	242'	SOUTH	1571'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	22-S	32-E	-	60'	NORTH	2310'	WEST	LEA

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
319.92			

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name NINA CORTELL FED COM			⁶ Well Number 112H
⁷ GRID No.		⁸ Operator Name MATADOR PRODUCTION COMPANY			⁹ Elevation 3789'

¹⁰Surface Location

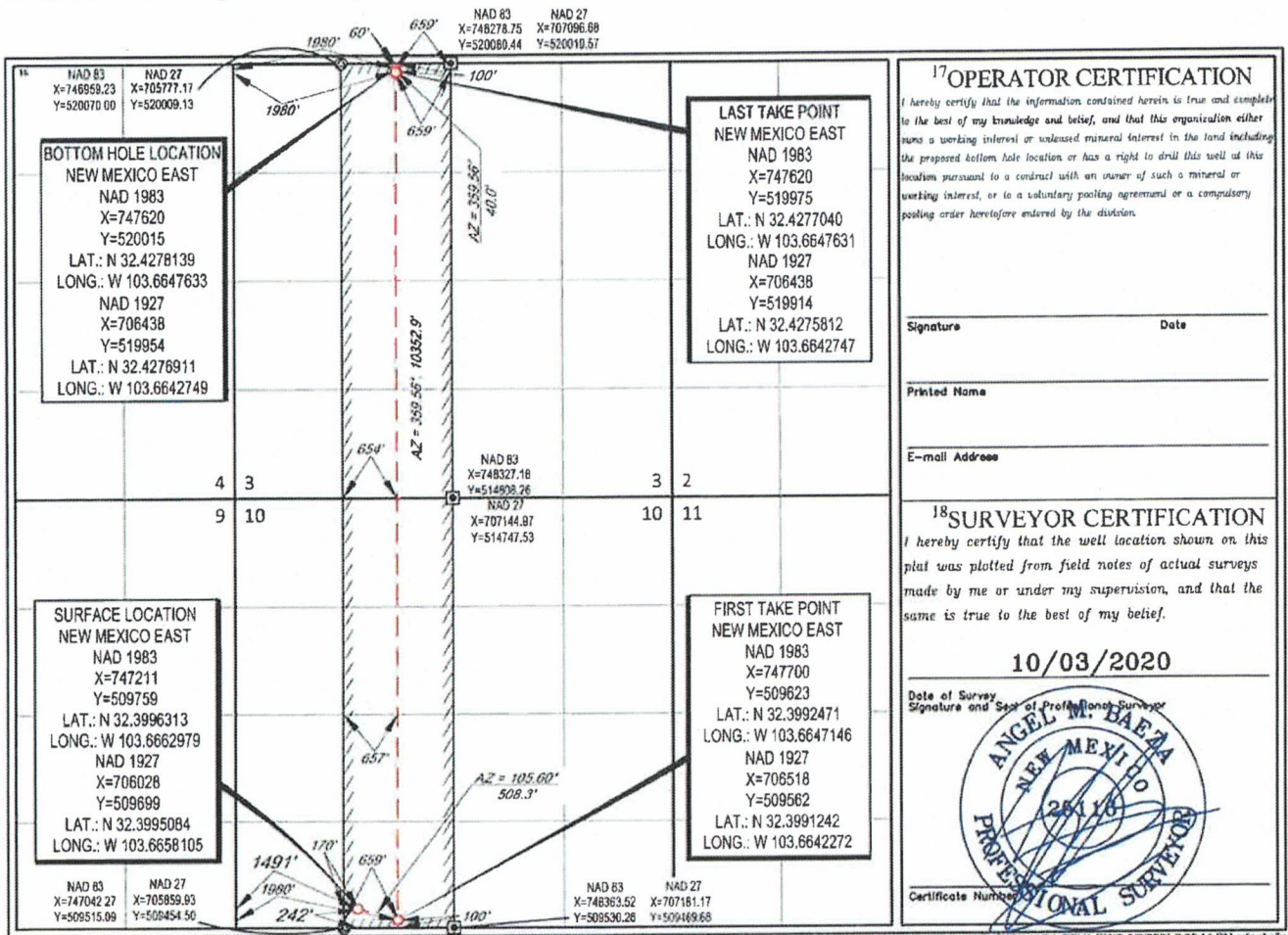
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	242'	SOUTH	1491'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	22-S	32-E	-	60'	NORTH	1980'	WEST	LEA

¹² Dedicated Acres 319.92	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name			⁶ Well Number
		NINA CORTELL FED COM			202H
⁷ GRID No.		⁸ Operator Name			⁹ Elevation
		MATADOR PRODUCTION COMPANY			3789'

¹⁰Surface Location

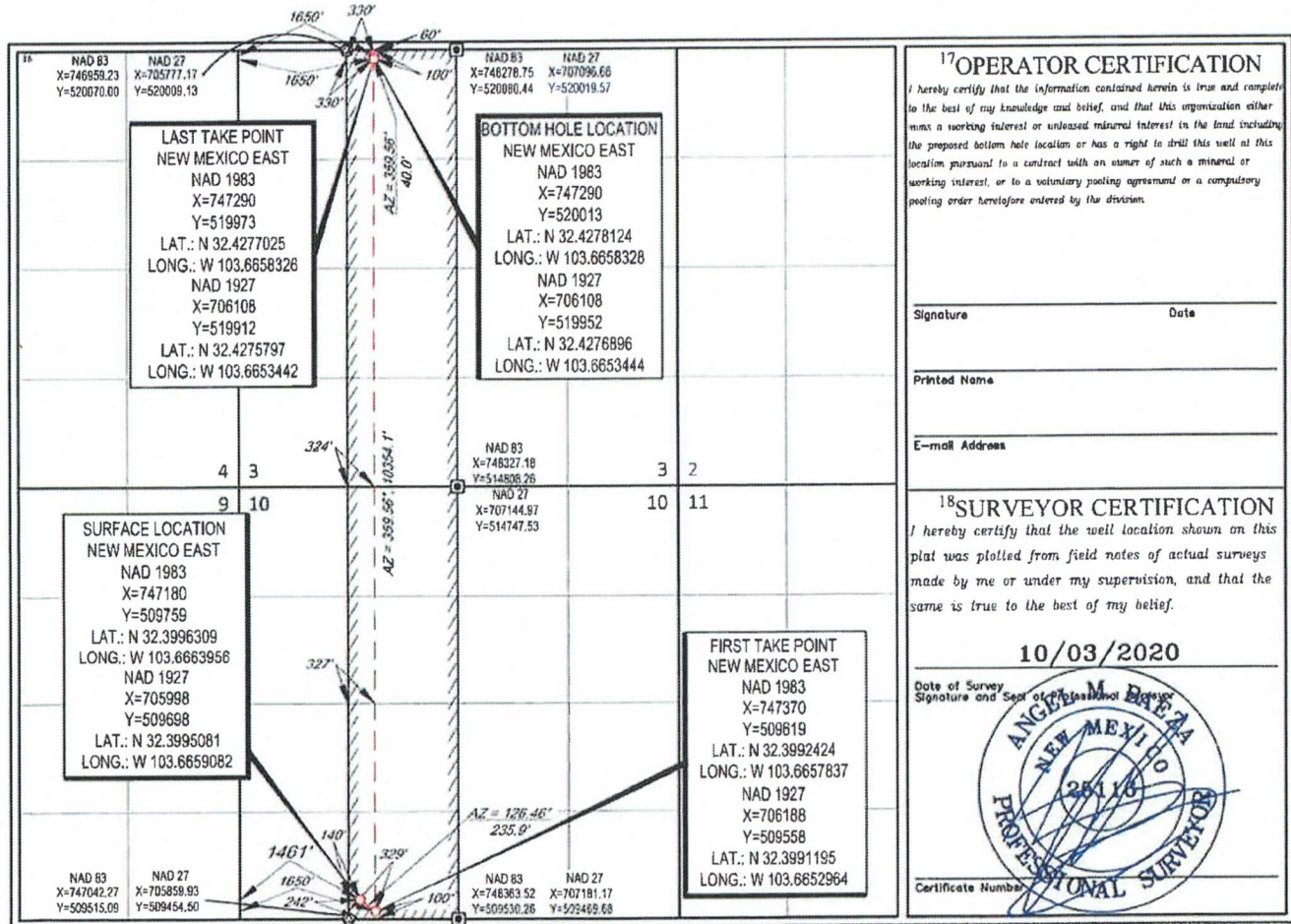
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	10	22-S	32-E	-	242'	SOUTH	1461'	WEST	LEA

¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	3	22-S	32-E	-	60'	NORTH	1650'	WEST	LEA

¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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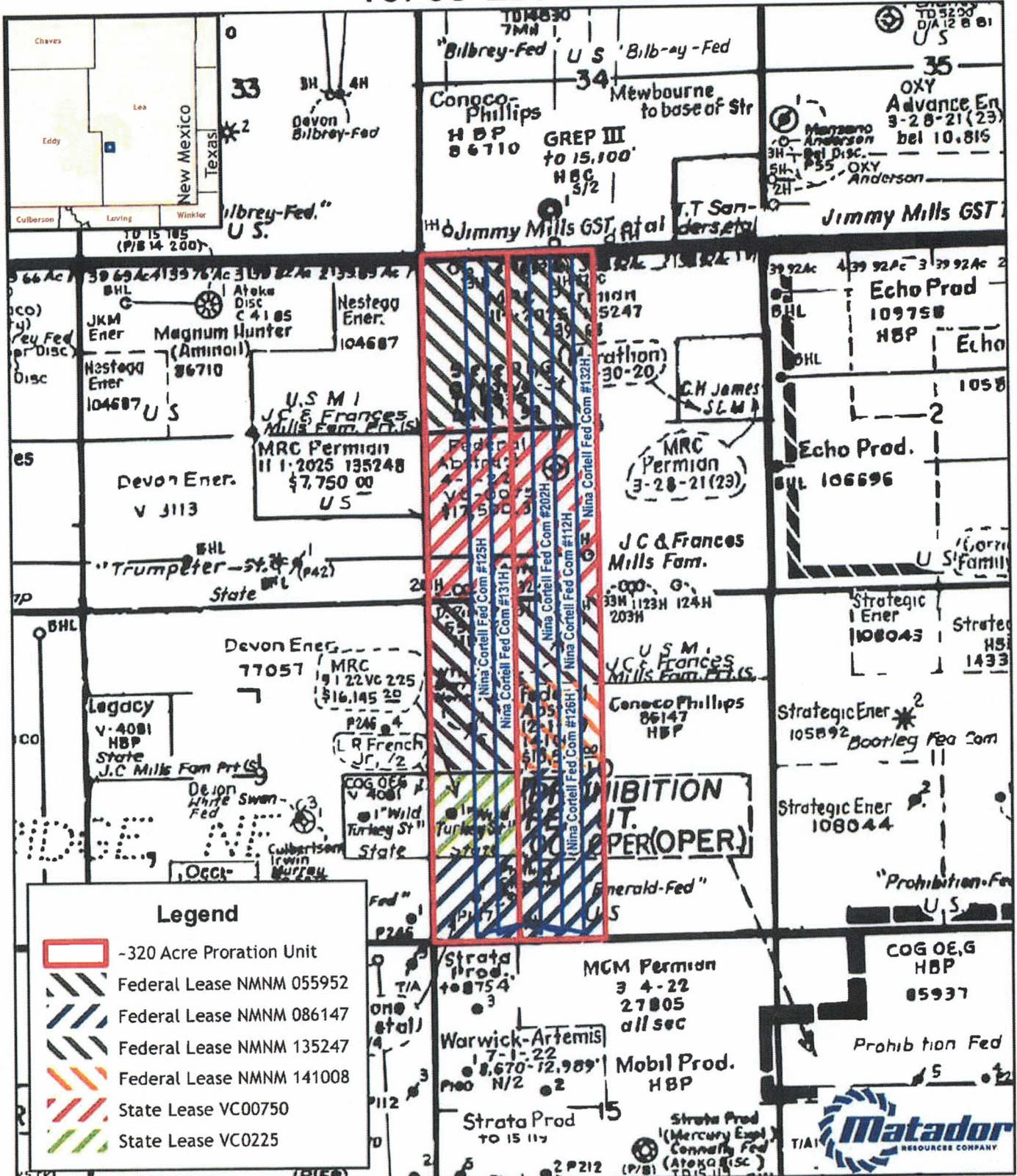
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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EXHIBIT A-2

10/03-22S-32E



Legend

-  - 320 Acre Proration Unit
-  Federal Lease NMMN 055952
-  Federal Lease NMMN 086147
-  Federal Lease NMMN 135247
-  Federal Lease NMMN 141008
-  State Lease VC00750
-  State Lease VC0225

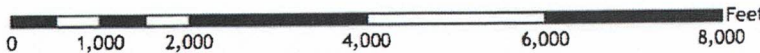
GIS Standard Map Disclaimer:
 The information provided on this map was derived from the best available data at the time of publication. The user assumes all responsibility for any errors or omissions on this map. The user also assumes all responsibility for any use of this information.

1:24,000

1 inch = 2,000 feet

Southeast New Mexico

Date: June 8, 2021
 Coordinate System: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
 Projection: Transverse Mercator; Datum: North American 1983; Units: Foot US
 Sources: IHS; ESR!



Matador
Exhibit A-3

CASE No. 21063

Summary of Interests

MRC Permian Company:	61.577895%
MRC Permian LKE Company LLC:	24.981245%
Anticipated Voluntary Joinder:	00.937734%
Compulsory Pool:	12.503126%
Interest Owner:	Interest:
ConocoPhillips Company	Working Interest 12.503126%



CASE No. 21063

Overriding Royalty Interest Owners

- Abyss, Inc.
- Adley Properties LLC
- Beverly Jean Renfro Barr, Trustee of the Family Trust created under the Last Will and Testament of Richard Kevin Barr, deceased
- Capstan Properties, LP
- Cynthia Mae Wilson, Trustee of the Bypass Trust established under the Last Will and Testament of Scott E. Wilson
- Dehlinger Revocable Trust
- Foundation Minerals, LLC
- Hunt Oil Company
- Jack Lowry, whose marital status is unknown
- Judson Exploration, LP
- Judson Land and Minerals, LP



CASE No. 21063

Overriding Royalty Interest Owners

- Lyra Properties, LLC
- Magic Dog Oil & Gas, Ltd.
- Marjean Martin Murphy, Trustee of the Marjean Martin Murphy Heritage Trust under Trust Agreement dated August 22, 2014
- Mavros Minerals, LLC
- Mountain Lion Oil & Gas, LLC
- Oak Valley Mineral and Land, LP
- Richard C. Geesaman and wife, Breida Geesaman
- Shumana Exploration, LP
- Taffrail Investments, LP
- W/K Land Company
- Ostrich Oil & Gas, LLC



Matador
Exhibit A-3

Case Nos. 21064 + 21065

Summary of Interests

MRC Permian Company:	49.543636%
MRC Permian LKE Company LLC:	24.981245%
Anticipated Voluntary Joinder:	00.468867%
Compulsory Pool:	25.006252%
Interest Owner:	Interest:
ConocoPhillips Company	Working Interest 25.006252%



Nina Cortell Fed Com #202H; Nina Cortell Fed Com #126H; 1
 Nina Cortell Fed Com #132H; Nina Cortell Fed Com #112H

CASE Nos. 21064 + 21065

Matador
Exhibit A-3

Overriding Royalty Interest Owners

- Abyss, Inc.
- Adley Properties LLC
- Beverly Jean Renfro Barr, Trustee of the Family Trust created under the Last Will and Testament of Richard Kevin Barr, deceased
- Capstan Properties, LP
- Cynthia Mae Wilson, Trustee of the Bypass Trust established under the Last Will and Testament of Scott E. Wilson
- Dehlinger Revocable Trust
- Foundation Minerals, LLC
- Hunt Oil Company
- Jack Lowry, whose marital status is unknown
- Judson Exploration, LP
- Judson Land and Minerals, LP



CASE Nos. 21064 + 21065

Matador
Exhibit A-3

Overriding Royalty Interest Owners

- Lyra Properties, LLC
- Magic Dog Oil & Gas, Ltd.
- Marjean Martin Murphy, Trustee of the Marjean Martin Murphy Heritage Trust under Trust Agreement dated August 22, 2014
- Mavros Minerals, LLC
- Mountain Lion Oil & Gas, LLC
- Oak Valley Mineral and Land, LP
- Richard C. Geesaman and wife, Breida Geesaman
- Shumana Exploration, LP
- Taffrail Investments, LP
- W/K Land Company
- Ostrich Oil & Gas, LLC



EXHIBIT A-4

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5440 • Fax 214.866.4883
chahn@matadorresources.com

**Cassie Hahn
Landman**

September 24, 2020

VIA CERTIFIED RETURN RECEIPT MAIL

ConocoPhillips Company
600 North Dairy Ashford
Houston, TX 77079

Re: Nina Cortell Fed Com #112H, #126H, #132H & #202H (the "Wells")
Participation Proposal
Sections 3&10, Township 22 South, Range 32 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of the following Matador Production Company's Nina Cortell Fed Com #112H, #126H, #132H & #202H (the "Wells"), located in Sections 3 & 10, Township 22 South, Range 32 East, Lea County, New Mexico.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the four (4) enclosed Authority for Expenditures ("AFE"), all dated September 9, 2020.

- **Nina Cortell Fed Com #112H:** to be drilled from a legal location with a proposed surface hole location in the NE/4 NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SE/4 SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,050' TVD) to a Measured Depth of approximately 20,250'.
- **Nina Cortell Fed Com #126H:** to be drilled from a legal location with a proposed surface hole location in the NE/4 NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SE/4 SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,950' TVD) to a Measured Depth of approximately 21,114'.
- **Nina Cortell Fed Com #132H:** to be drilled from a legal location with a proposed surface hole location in the NE/4 NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SE/4 SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 22,067'.

- **Nina Cortell Fed Com #202H:** to be drilled from a legal location with a proposed surface hole location in the NE/4 NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SE/4 SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Wolfcamp formation and will be drilled horizontally in the Wolfcamp (~12,200' TVD) to a Measured Depth of approximately 22,350'.


ConocoPhillips Company will own an approximate 0.25006251 working interest in the Well, subject to title verification.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

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

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,



Cassie Hahn

ConocoPhillips Company hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Nina Cortell #112H** well.
 _____ Not to participate in the **Nina Cortell #112H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Nina Cortell #126H** well.
 _____ Not to participate in the **Nina Cortell #126H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Nina Cortell #132H** well.
 _____ Not to participate in the **Nina Cortell #132H**.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's **Nina Cortell #202H** well.
 _____ Not to participate in the **Nina Cortell #202H**.

ConocoPhillips Company

By: _____

Title: _____

Date: _____

Contact Number: _____

Email Address: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 4400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-6201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2026	AFE NO.:	
WELL NAME:	Nina Cortell Fed Com #112rt	FIELD:	
LOCATION:	Sections 36 10-22S-32E	MD/TVD:	20,250/10,050'
COUNTY/STATE:	Lea NM	LATERAL LENGTH:	9,800
MRC W#:			
GEOLOGIC TARGET:	1st Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 1st Bone Spring Sand well with approximately 50 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	16,651	172,651
Drilling	679,000	-	-	-	679,000
Cementing & Float Equip	103,000	-	-	-	103,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	45,300	-	-	-	45,300
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,050	141,000
Freight / Transportation	12,850	26,700	-	-	39,550
Rig Supervision / Engineering	91,600	107,400	7,200	14,400	216,600
Drill Bits	91,400	-	-	-	91,400
Drill Bit Purchase	98,000	8,500	-	-	106,500
Fuel & Power	75,000	738,750	2,000	1,000	816,750
Water	11,500	-	-	-	11,500
Drig & Completion Overhead	-	-	-	-	-
Plugging & Abandonment	169,125	-	-	-	169,125
Directional Drilling, Surveys	-	130,000	16,000	-	146,000
Completion Unit, Swab, CTU	-	173,000	-	-	173,000
Perforating, Wireline, Slickline	-	67,500	6,000	-	73,500
High Pressure Pump Truck	-	1,000,400	-	-	1,000,400
Stimulation	-	15,500	260,000	-	275,500
Stimulation Flowback & Disp	30,375	-	-	-	30,375
Insurance	57,500	61,000	15,000	5,000	138,500
Labor	43,740	204,105	10,000	5,000	262,845
Rental - Surface Equipment	166,000	66,000	3,000	-	235,000
Rental - Downhole Equipment	28,300	43,795	-	5,000	77,095
Rental - Living Quarters	163,825	180,225	45,570	5,807	495,427
Contingency	24,725	-	-	-	24,725
MaxCom	-	-	-	-	-
TOTAL INTANGIBLES >	2,616,370	3,891,875	499,169	63,873	7,071,287
TANGIBLE COSTS					
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	210,100	-	-	-	210,100
Drilling Liner	-	-	-	-	-
Production Casing	430,125	-	-	-	430,125
Production Liner	-	-	-	-	-
Tubing	-	-	73,500	-	73,500
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	104,000	104,000
Surface Pumps	-	-	5,000	17,335	22,335
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,657	42,657
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,667	41,667
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	2,000	-	2,000
Tank / Facility Containment	-	-	-	7,500	7,500
Flare Stack	-	-	-	13,533	13,533
Electrical / Grounding	-	-	2,000	10,000	12,000
Communications / SCADA	-	-	5,000	1,667	6,667
Instrumentation / Safety	-	-	-	48,500	48,500
TOTAL TANGIBLES >	750,175	69,600	147,500	603,498	1,570,773
TOTAL COSTS >	3,366,545	3,961,475	646,669	867,372	8,642,061

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Blake Holman	Team Lead - WTA/NM:	<u>WTF</u>
Completions Engineer:	Gerald Hunt		WTF
Production Engineer:	Joe Moore		

MATADOR RESOURCES COMPANY APPROVAL:

Exec. VP & CEO:	<u>DEL</u>	Exec. VP - Res. Engineering:	<u>SP</u>	Exec. VP & COO - Legal & Reg:	<u>CS</u>
President:	<u>MVH</u>	Senior VP - Geoscience:	<u>SP</u>	Exec. VP & COO - Operations:	<u>BLG</u>

NON OPERATING PARTNER APPROVAL:

Company Name:	_____	Working Interest (%):	_____	Tax ID:	_____
Signed by:	_____	Title:	_____		
Title:	_____	APPROVE:	Yes _____ No (mark one)		

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 6400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-8200 • Fax (972) 371-9201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2020	AFE NO.:	
WELL NAME:	Nina Cortell Fed Com #126H	FIELD:	
LOCATION:	Sections 3&10-22S-32E	MD/TVD:	21,114/10,950'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9,800
MRC WI:			
GEOLOGIC TARGET:	2nd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 2nd Bone Spring Sand well with approximately 50 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 16,000	\$ 102,500
Location, Surveys & Damages	118,000	13,000	25,000	16,500	172,500
Drilling	692,650	-	-	-	692,650
Cementing & Float Equip	183,000	-	-	-	183,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	45,938	-	-	-	45,938
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,800	28,700	-	-	41,500
Rig Supervision / Engineering	92,625	102,400	7,200	14,400	216,625
Drill Bits	73,400	-	-	-	73,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	99,750	8,500	-	-	108,250
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,750	-	-	-	11,750
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	199,469	-	-	-	199,469
Completion Unit, Swab, CTU	-	139,000	18,000	-	157,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	6,000	-	73,500
Stimulation	-	1,929,400	-	-	1,929,400
Stimulation Flowback & Diap	-	15,000	260,000	-	275,000
Insurance	21,671	-	-	-	21,671
Labor	97,500	61,000	15,000	5,000	178,500
Rental - Surface Equipment	44,180	284,105	10,030	5,000	343,315
Rental - Downhole Equipment	32,000	85,000	3,600	-	120,600
Rental - Living Quarters	28,588	43,295	-	5,000	76,883
Contingency	119,899	180,225	45,370	5,800	351,319
MaxCom	25,263	-	-	-	25,263
TOTAL INTANGIBLES >	2,517,882	3,941,875	499,169	65,873	7,024,799
TANGIBLE COSTS					
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	227,300	-	-	-	227,300
Drilling Liner	-	-	-	-	-
Production Casing	447,837	-	-	-	447,837
Production Liner	-	-	-	-	-
Tubing	-	-	75,000	-	75,000
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	60,000	5,000	-	65,000
Tanks	-	-	-	29,500	29,500
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	5,000	104,000	109,000
Surface Pumps	-	-	-	17,333	17,333
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,667	42,667
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,967	41,967
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	-	7,500	7,500
Tank / Facility Containment	-	-	-	13,333	13,333
Flare Stack	-	-	2,000	19,000	21,000
Electrical / Grounding	-	-	5,000	1,667	6,667
Communications / SCADA	-	-	-	49,500	49,500
Instrumentation / Safety	-	-	-	-	-
TOTAL TANGIBLES >	785,087	88,600	147,009	602,499	1,603,195
TOTAL COSTS >	3,302,969	4,011,475	646,169	667,372	8,627,984

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Jamoz Long	Team Lead - WTX/NM	<i>WTE</i>
Completions Engineer:	Garrett Hunt		WTE
Production Engineer:	Jan Mosher		

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO	DEL	Exec VP - Res Engineering	BMR	Exec VP & COO - Land & Legal	CNA
President	MVH	Senior VP - Geoscience	NLF	Exec VP & COO - Operations	BEG

NON OPERATING PARTNER APPROVAL:

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

Signed by: _____ Date: _____

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

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE - 6400 LBJ FREEWAY - SUITE 1500 - DALLAS, TEXAS 75240

Phone (872) 371-6200 • Fax (872) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2020	AFE NO.:	
WELL NAME:	Nina Cortell Fed Com #132H	FIELD:	
LOCATION:	Sections 3&10-22S-32E	MD/TVD:	22,067/11,900
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9,800
MRC WI:			
GEOLOGIC TARGET:	3rd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 3rd Bone Spring Sand well with approximately 50 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 51,500	\$ -	\$ 25,000	\$ 10,000	\$ 86,500
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	756,400	-	-	-	756,400
Cementing & Float Equip	183,000	-	-	-	183,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	49,125	-	-	-	49,125
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,500	26,700	-	-	39,200
Rig Supervision / Engineering	100,750	102,400	7,200	14,400	224,750
Drill Bits	91,400	-	-	-	91,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	108,500	8,500	-	-	117,000
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	13,000	-	-	-	13,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	207,570	-	-	-	207,570
Completion Unit, Swab, CTU	-	130,000	18,000	-	148,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	6,000	-	73,500
Stimulation	-	2,009,400	-	-	2,009,400
Stimulation Flowback & Disp	-	16,500	260,000	-	276,500
Insurance	33,101	-	-	-	33,101
Labor	87,500	81,000	15,000	5,000	178,500
Rental - Surface Equipment	48,800	284,105	10,000	5,000	347,905
Rental - Downhole Equipment	77,000	86,000	3,000	-	166,000
Rental - Living Quarters	30,025	43,295	-	5,000	78,320
Contingency	126,220	180,225	45,370	6,807	358,622
MaxCom	27,650	-	-	-	27,650
TOTAL INTANGIBLES >	2,850,670	3,991,875	499,169	63,873	7,205,527
TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 44,850	\$ -	\$ -	\$ -	\$ 44,850
Intermediate Casing	248,308	-	-	-	248,308
Drilling Liner	-	-	-	-	-
Production Casing	407,374	-	-	-	407,374
Production Liner	-	-	-	-	-
Tubing	-	-	82,500	-	82,500
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	28,900	28,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	104,000	104,000
Surface Pumps	-	-	5,000	17,333	22,333
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,667	42,667
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,867	41,867
Gathering / Bulk Lines	-	-	-	-	-
Valves, Cumps, Controllers	-	-	2,000	-	2,000
Tank / Facility Containment	-	-	-	7,500	7,500
Flare Stack	-	-	-	13,333	13,333
Electrical / Grounding	-	-	2,000	19,000	21,000
Communications / SCADA	-	-	5,000	1,667	6,667
Instrumentation / Safety	-	-	-	49,500	49,500
TOTAL TANGIBLES >	825,828	69,600	156,500	603,498	1,655,227
TOTAL COSTS >	3,476,249	4,061,475	655,669	867,372	8,860,765

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	James Long	Team Lead - WTXNM:	WTE
Completions Engineer:	Garrett Hunt		WTE
Production Engineer:	Jan Monroe		

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO:	DEL	Exec VP - Res Engineering:	BMR	Exec VP & COO - Land & Legal:	CHA
President:	MVH	Senior VP - Geoscience:	RLF	Exec VP & COO - Operations:	BEL

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval:	Yes <input type="checkbox"/> No (mark one) <input type="checkbox"/>

This form (AF-1) was developed by the American Petroleum Institute (API) and is intended to be used by all oil and gas operators in the United States. It is not intended to be used by other countries. The information on this form is for informational purposes only and does not constitute an offer of insurance or any other financial product. The information on this form is for informational purposes only and does not constitute an offer of insurance or any other financial product. The information on this form is for informational purposes only and does not constitute an offer of insurance or any other financial product.

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1800 • DALLAS, TEXAS 75240

Phone (817) 371-5200 • Fax (817) 371-8201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2020	AFE NO.:	
WELL NAME:	Nina Cortell Fed Com #202H	FIELD:	
LOCATION:	Sections 3&10-22S-32E	MD/TVD:	22,359/12,200'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9,800
MRC W/:			
GEOLOGIC TARGET:	Wolfcamp A		
REMARKS:	Drill, complete and equip a 2 mile horizontal Wolfcamp A well with approximately 58 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500		\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	116,000	13,000	25,000	16,667	172,667
Drilling	683,000				683,000
Cementing & Float Equip	102,000				102,000
Logging / Formation Evaluation		3,500	3,000		6,500
Flowback - Labor			3,840		3,840
Flowback - Surface Rentals			71,750		71,750
Flowback - Rental Living Quarters					
Mud Logging	37,500				37,500
Mud Circulation System	55,500				55,500
Mud & Chemicals	255,400	49,000	6,000		310,400
Mud / Wastewater Disposal	140,000			1,000	141,000
Freight / Transportation	12,800	26,700			39,500
Rig Supervision / Engineering	117,000	112,000	7,200	14,400	250,600
Drill Bits	61,400				61,400
Drill Bit Purchase					
Fuel & Power	126,000	10,000			136,000
Water	75,000	856,000	2,000	1,000	934,000
Drig & Completion Overhead	15,500				15,500
Plugging & Abandonment					
Directional Drilling, Surveys	205,975				205,975
Completion Unit, Swab, CTU		130,000	16,000		146,000
Perforating, Wireline, Stickline		201,000			201,000
High Pressure Pump Truck		76,000	6,000		82,000
Stimulation		2,156,004			2,156,004
Stimulation Flowback & Disp		15,500	260,000		275,500
Insurance	33,525				33,525
Labor	97,500	62,500	15,000	5,000	180,000
Rental - Surface Equipment	58,280	306,890	10,000	5,000	380,170
Rental - Downhole Equipment	122,000	86,000	3,000		211,000
Rental - Living Quarters	37,000	48,050		5,000	89,850
Contingency	221,520	160,714	45,379	5,807	433,420
MaxCom	33,325				33,325
TOTAL INTANGIBLES >	2,990,525	4,353,758	499,169	63,873	7,907,325
TANGIBLE COSTS					
Surface Casing	\$ 44,950				\$ 44,950
Intermediate Casing	254,756				254,756
Drilling Liner	473,175				473,175
Production Casing					
Production Liner			85,250		85,250
Tubing	65,000		25,000		90,000
Wellhead		76,800	5,000		81,800
Packers, Liner Hangers				29,900	29,900
Tanks				122,432	122,432
Production Vessels				120,000	120,000
Flow Lines					
Rod string			20,000		20,000
Artificial Lift Equipment				42,500	42,500
Compressor				104,000	104,000
Installation Costs			5,000	17,333	22,333
Surface Pumps				2,000	2,000
Non-controllable Surface					
Non-controllable Downhole					
Downhole Pumps			10,000	32,697	42,697
Measurement & Meter Installation					
Gas Conditioning / Dehydration				41,667	41,667
Interconnecting Facility Piping					
Gathering / Bulk Lines					
Valves, Dumps, Controllers				7,500	7,500
Tank / Facility Containment				13,333	13,333
Flare Stack			2,000	19,000	21,000
Electrical / Grounding			5,000	1,667	6,667
Communications / SCADA				49,500	49,500
Instrumentation / Safety					
TOTAL TANGIBLES >	837,681	76,800	158,250	603,498	1,676,429
TOTAL COSTS >	3,828,406	4,430,558	657,419	667,372	9,583,755

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Jamez Long	Team Lead - WTX/NM:	<i>[Signature]</i>
Completions Engineer:	Ganesh Hunt		WTE
Production Engineer:	JIM Mcnease		

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO:	DEL	Exec VP - Res Engineering:	BMR	Exec VP & COO - Land & Legal:	CNA
President:	MWH	Senior VP - Geoscience:	NLF	Exec VP & COO - Operations:	BEG

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)

MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240
Voice 972.371.5440 • Fax 214.866.1883
chahn@matadorresources.com

**Cassie Hahn
Landman**

September 24, 2020

VIA CERTIFIED RETURN RECEIPT MAIL

ConocoPhillips Company
600 North Dairy Ashford
Houston, TX 77079

Re: Nina Cortell Fed Com #125H & #131H (the "Wells")
Participation Proposal
Sections 3&10, Township 22 South, Range 32 East
Lea County, New Mexico

Dear Sir/Madam:

MRC Permian Company ("MRC") proposes the drilling of the following Matador Production Company's Nina Cortell Fed Com #125H & #131H (the "Wells"), located in Sections 3 & 10, Township 22 South, Range 32 East, Lea County, New Mexico.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping of each Well is itemized on the two (2) enclosed Authority for Expenditures ("AFE"), all dated September 9, 2020.

- **Nina Cortell Fed Com #125H:** to be drilled from a legal location with a proposed surface hole location in the NW/4NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SW/4SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~10,950' TVD) to a Measured Depth of approximately 21,114'.
- **Nina Cortell Fed Com #131H:** to be drilled from a legal location with a proposed surface hole location in the NW/4NW/4 of Section 3-22S-32E and a proposed bottom hole location in the SW/4SW/4 of Section 10-22S-32E. The Well will have a targeted interval within the Bone Spring formation and will be drilled horizontally in the Bone Spring (~11,900' TVD) to a Measured Depth of approximately 22,067'.

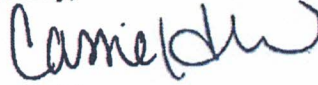
ConocoPhillips Company will own an approximate 0.12503126 working interest in the Well, subject to title verification.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

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

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,



Cassie Hahn

ConocoPhillips Company hereby elects to:

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Nina Cortell #125H well.

_____ Not to participate in the Nina Cortell #125H.

_____ Participate for its proportionate share of the costs detailed in the enclosed AFE associated with Matador Production Company's Nina Cortell #131H well.

_____ Not to participate in the Nina Cortell #131H.

ConocoPhillips Company

By: _____

Title: _____

Date: _____

Contact Number: _____

Email Address: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 6400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2020	AFE NO.:	
WELL NAME:	Nina Corteli Fed Com #125H	FIELD:	
LOCATION:	Sebons 3&10-22S-32E	MD/TVD:	21,114'710,950'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9,800
MRC W#:			
GEOLOGIC TARGET:	2nd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 2nd Bone Spring Sand well with approximately 50 stages		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 10,000	\$ 96,500
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	692,030	-	-	-	692,030
Cementing & Float Equip	193,000	-	-	-	193,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,940	-	3,940
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	45,000	-	-	-	45,000
Mud & Chemicals	255,400	49,000	6,000	-	310,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,500	28,700	-	-	39,500
Rig Supervision / Engineering	92,625	162,400	7,200	14,400	276,625
Drill Bits	73,400	-	-	-	73,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	99,750	8,500	-	-	108,250
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	11,750	-	-	-	11,750
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	109,460	-	18,000	-	127,460
Completion Unit, Swab, CTU	-	130,000	10,000	-	140,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	8,000	-	75,500
Stimulation	-	1,959,400	-	-	1,959,400
Stimulation Flowback & Disp	-	15,500	260,000	-	275,500
Insurance	31,671	-	-	-	31,671
Labor	97,500	81,000	15,000	5,000	198,500
Rental - Surface Equipment	44,180	284,105	10,000	5,000	343,285
Rental - Downhole Equipment	72,000	80,000	3,000	-	155,000
Rental - Living Quarters	28,555	43,265	-	5,000	76,820
Contingency	116,000	180,225	45,379	5,807	347,411
MaxCom	25,263	-	-	-	25,263
TOTAL INTANGIBLES >	2,517,832	3,941,875	496,169	63,823	7,022,700

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	227,300	-	-	-	227,300
Drilling Liner	-	-	-	-	-
Production Casing	447,837	-	-	-	447,837
Production Liner	-	-	-	-	-
Tubing	-	-	75,000	-	75,000
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,000	-	20,000
Compressor	-	-	-	42,500	42,500
Installation Costs	-	-	-	104,000	104,000
Surface Pumps	-	-	5,000	17,333	22,333
Non-controllable Surface	-	-	-	2,000	2,000
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	10,000	32,667	42,667
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	41,667	41,667
Gathering / Bulk Lines	-	-	-	-	-
Valves, Dumps, Controllers	-	-	-	-	-
Tank / Facility Containment	-	-	-	7,500	7,500
Flare Stack	-	-	-	13,333	13,333
Electrical / Grounding	-	-	2,000	18,000	20,000
Communications / SCADA	-	-	5,000	1,667	6,667
Instrumentation / Safety	-	-	-	48,500	48,500
TOTAL TANGIBLES >	785,087	69,800	147,000	603,498	1,605,186
TOTAL COSTS >	3,302,919	4,011,675	643,169	667,372	8,627,504

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	James Long	Team Lead - WTX/NM	<i>WTE</i>
Completions Engineer:	Garrett Hunt		WTE
Production Engineer:	Jean Mooney		

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO	DEL	Exec VP - Res Engineering	BMR	Exec VP & COO - Land & Legal	CNA
President	MVH	Senior VP - Geoscience	NLF	Exec VP & COO - Operations	BEG

NON OPERATING PARTNER APPROVAL:

Company Name: _____ Working Interest (%) _____ Tax ID: _____
 Signed by: _____ Date: _____
 Title: _____ Approval: Yes _____ No (mark one) _____

The cost of this AFE is estimated and not guaranteed. The actual cost of the well may be higher or lower than the estimated cost. The actual cost of the well may be higher or lower than the estimated cost. The actual cost of the well may be higher or lower than the estimated cost. The actual cost of the well may be higher or lower than the estimated cost.

MATADOR PRODUCTION COMPANY

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Phone (972) 371-6200 • Fax (972) 371-6201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 9, 2020	AFE NO.:	
WELL NAME:	Nine Correll Fed Com #131H	FIELD:	
LOCATION:	Sections 3810-22S-32E	MD/TVD:	22,067/11,900'
COUNTY/STATE:	Lea, NM	LATERAL LENGTH:	9,800
MRC WI:			
GEOLOGIC TARGET:	3rd Bone Spring Sand		
REMARKS:	Drill, complete and equip a 2 mile horizontal 3rd Bone Spring Sand well with approximately 50 stages		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 61,500	\$ -	\$ 25,000	\$ 10,650	\$ 97,150
Location, Surveys & Damages	118,000	13,000	25,000	16,667	172,667
Drilling	756,400	-	-	-	756,400
Cementing & Float Equip	183,000	-	-	-	183,000
Logging / Formation Evaluation	-	3,500	3,000	-	6,500
Flowback - Labor	-	-	3,840	-	3,840
Flowback - Surface Rentals	-	-	71,750	-	71,750
Flowback - Rental Living Quarters	-	-	-	-	-
Mud Logging	37,500	-	-	-	37,500
Mud Circulation System	49,125	-	-	-	49,125
Mud & Chemicals	255,400	46,000	6,000	-	307,400
Mud / Wastewater Disposal	140,000	-	-	1,000	141,000
Freight / Transportation	12,800	26,700	-	-	39,500
Rig Supervision / Engineering	100,750	102,400	7,200	14,400	224,750
Drill Bits	61,400	-	-	-	61,400
Drill Bit Purchase	-	-	-	-	-
Fuel & Power	109,500	8,500	-	-	118,000
Water	75,000	738,750	2,000	1,000	816,750
Drig & Completion Overhead	13,000	-	-	-	13,000
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	207,570	-	-	-	207,570
Completion Unit, Swab, CTU	-	130,000	16,000	-	146,000
Perforating, Wireline, Slickline	-	173,000	-	-	173,000
High Pressure Pump Truck	-	67,500	5,000	-	72,500
Stimulation	-	2,009,400	-	-	2,009,400
Stimulation Flowback & Disp	-	15,500	260,000	-	275,500
Insurance	33,101	-	-	-	33,101
Labor	67,500	61,000	15,000	5,000	148,500
Rental - Surface Equipment	46,850	264,105	10,000	5,000	325,955
Rental - Downhole Equipment	77,000	88,000	3,000	-	168,000
Rental - Living Quarters	30,025	43,295	-	5,000	78,320
Contingency	126,225	160,225	45,378	5,807	337,635
MaxCom	27,950	-	-	-	27,950
TOTAL INTANGIBLES >	2,650,620	3,991,075	459,169	63,873	7,204,537
TANGIBLE COSTS					
Surface Casing	\$ 44,950	\$ -	\$ -	\$ -	\$ 44,950
Intermediate Casing	248,306	-	-	-	248,306
Drilling Liner	-	-	-	-	-
Production Casing	467,374	-	-	-	467,374
Production Liner	-	-	-	-	-
Tubing	-	-	82,500	-	82,500
Wellhead	65,000	-	25,000	-	90,000
Packers, Liner Hangers	-	69,600	5,000	-	74,600
Tanks	-	-	-	29,900	29,900
Production Vessels	-	-	-	122,432	122,432
Flow Lines	-	-	-	120,000	120,000
Rod string	-	-	20,000	-	20,000
Artificial Lift Equipment	-	-	-	42,500	42,500
Compressor	-	-	-	104,000	104,000
Installation Costs	-	-	5,000	17,333	22,333
Surface Pumps	-	-	-	2,000	2,000
Non-controllable Surface	-	-	-	-	-
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	10,000	32,667	42,667
Measurement & Meter Installation	-	-	-	-	-
Gas Conditioning / Dehydration	-	-	-	41,667	41,667
Interconnecting Facility Piping	-	-	-	-	-
Gathering / Bulk Lines	-	-	2,000	-	2,000
Valves, Dumps, Controllers	-	-	-	7,500	7,500
Tank / Facility Containment	-	-	-	13,333	13,333
Flare Stack	-	-	2,000	19,000	21,000
Electrical / Grounding	-	-	5,000	1,667	6,667
Communications / SCADA	-	-	-	49,500	49,500
Instrumentation / Safety	-	-	-	-	-
TOTAL TANGIBLES >	826,029	69,600	166,500	663,498	1,655,227
TOTAL COSTS >	3,476,249	4,061,475	655,889	667,372	8,860,785

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Jamie Long	Team Lead - WTX/NM:	<u>WTE</u>
Completions Engineer:	Gareth Hunt		WTE
Production Engineer:	Jan Mackins		

MATADOR RESOURCES COMPANY APPROVAL:

Exec VP & CFO:	<u>DEL</u>	Exec VP - Res Engineering:	<u>BJR</u>	Exec VP & COO - Land & Legal:	<u>CNA</u>
President:	<u>MVH</u>	Senior VP - Geoscience:	<u>HLJ</u>	Exec VP & COO - Operations:	<u>BEG</u>

NON OPERATING PARTNER APPROVAL:

Company Name:	Working Interest (%):	Tax ID:
Signed by:	Date:	
Title:	Approval: Yes	No (mark one)