

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.

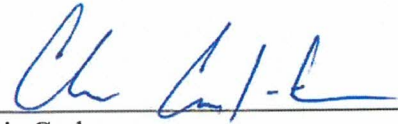
13. Matador has made an estimate of overhead and administrative costs for drilling and producing the proposed wells. It is \$8,000/month while drilling, and \$800/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. Matador respectfully 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

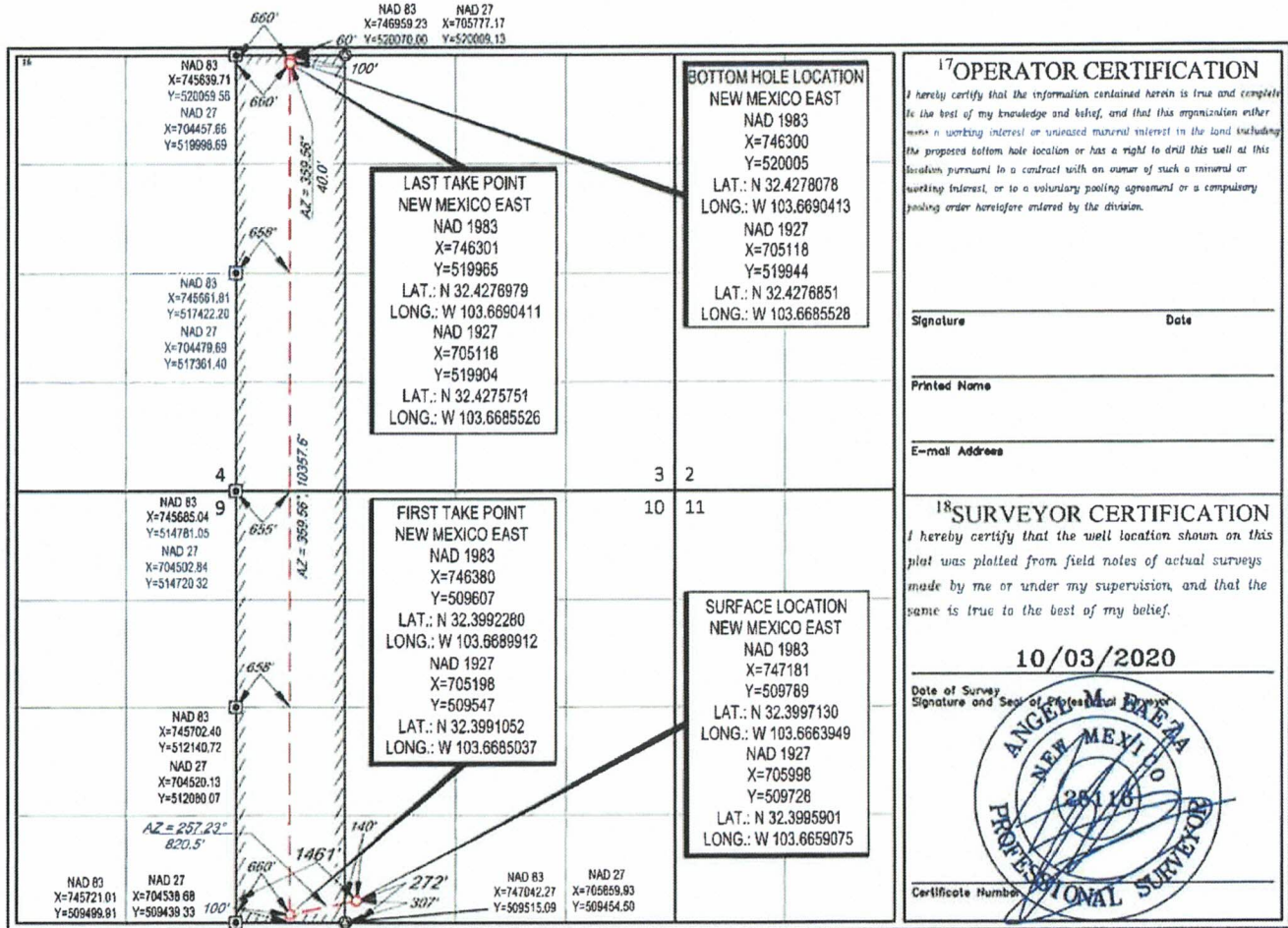
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 22-S | 32-E | - | 272'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



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|----------------------------|--|--|--|------------------------|----------------------------------|
| 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' |

¹⁰Surface Location

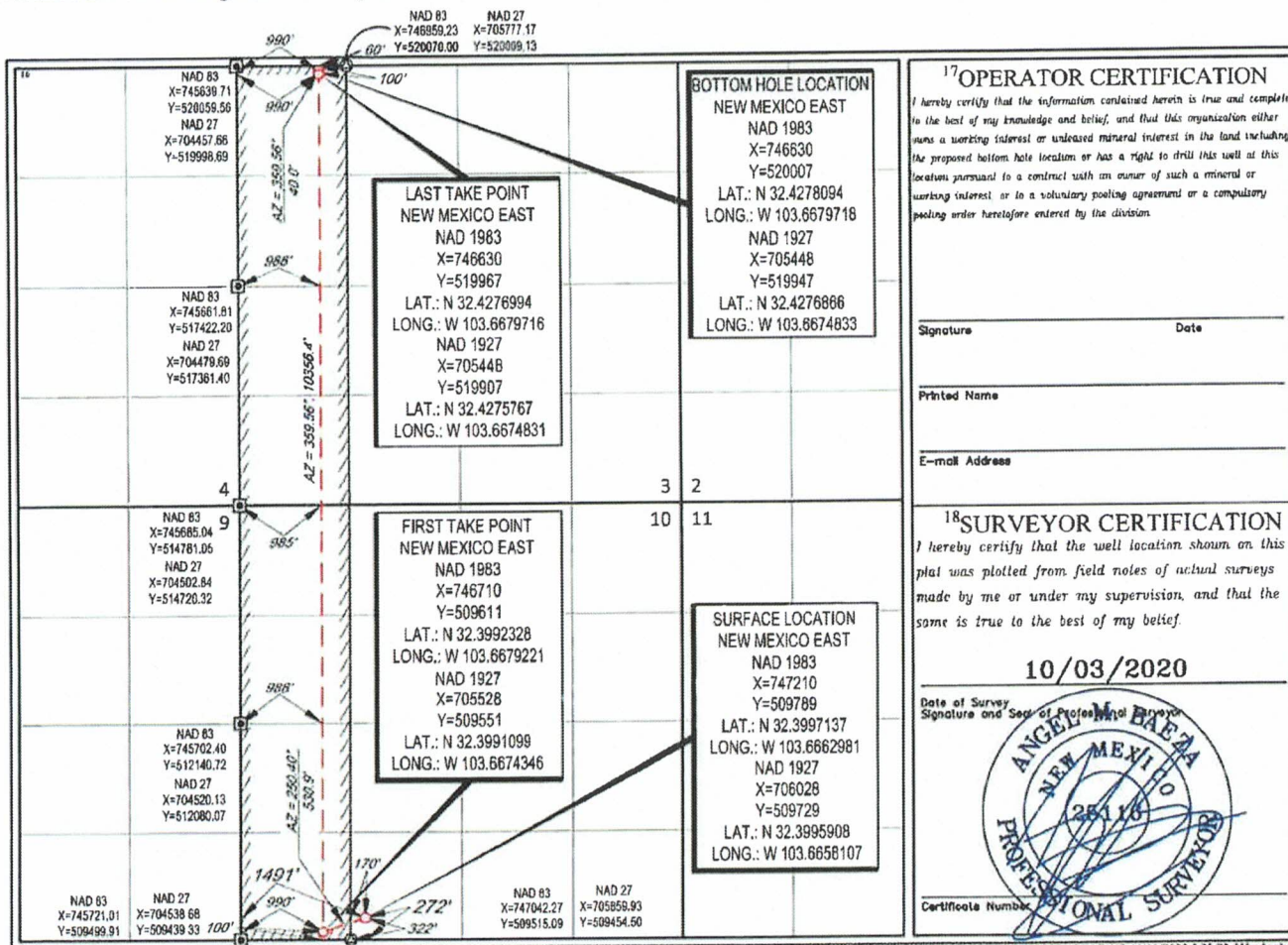
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 22-S | 32-E | - | 272'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

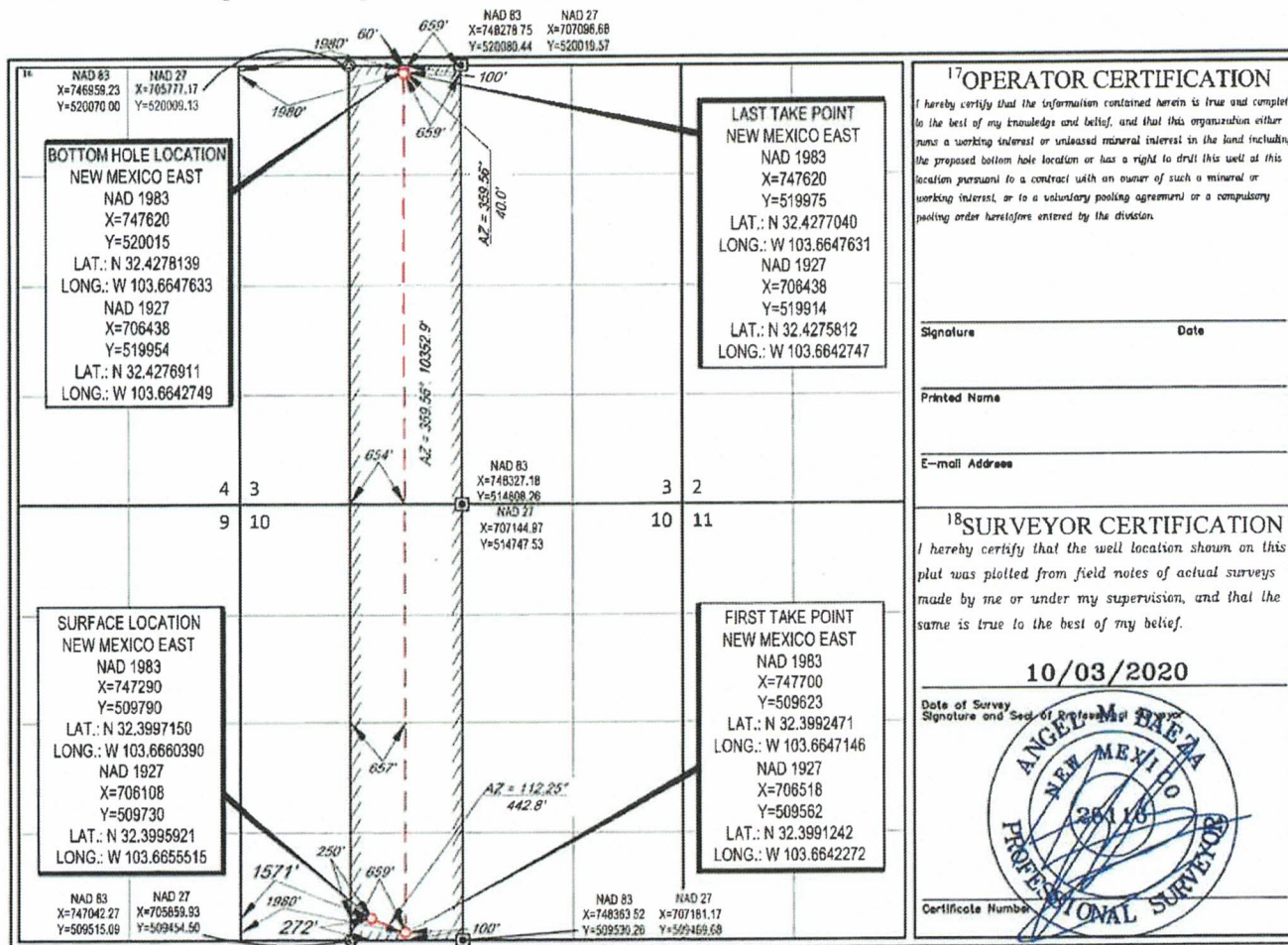
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 22-S | 32-E | - | 272' | 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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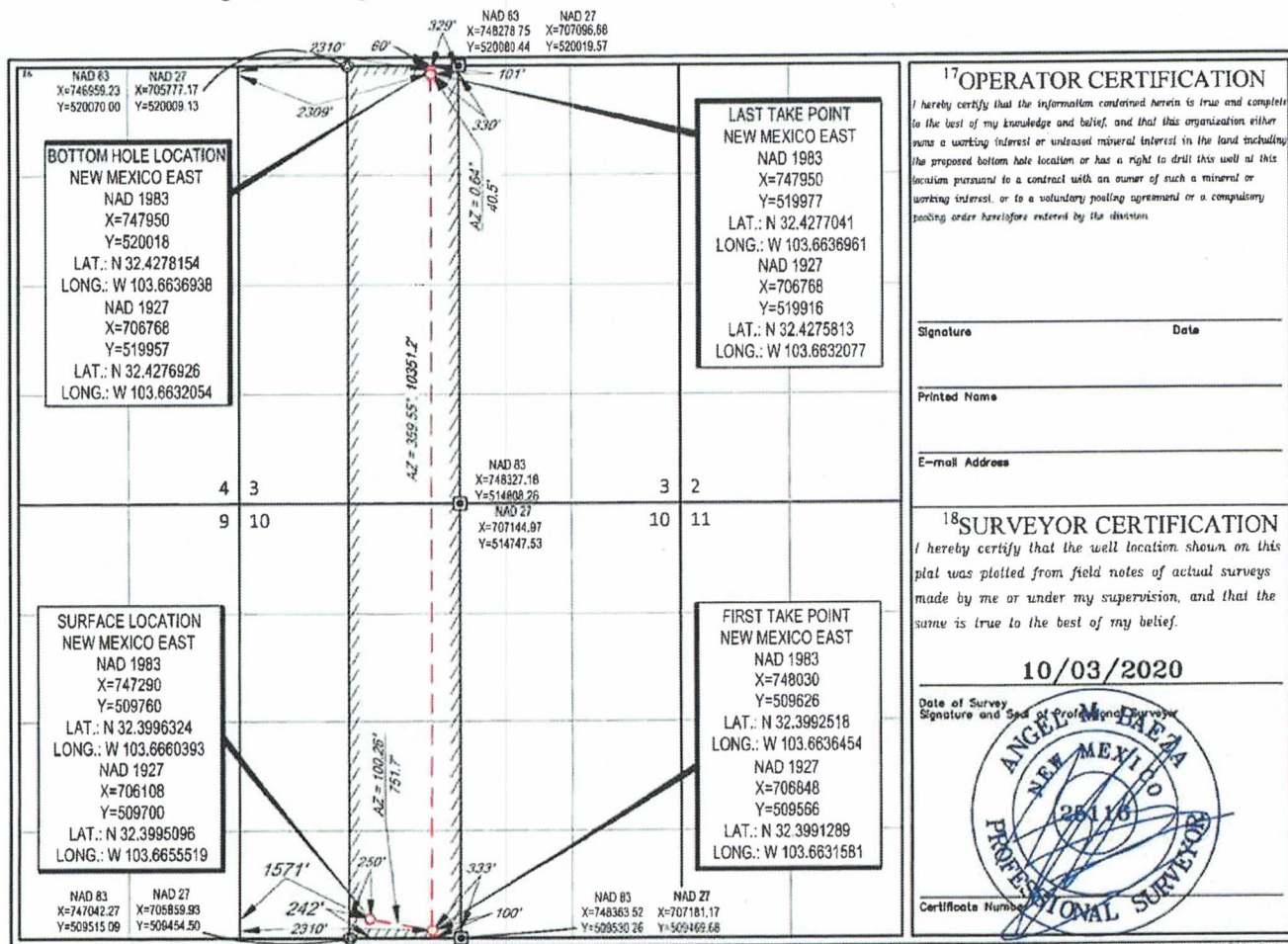
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|--|---------------|--|---------------|----------------------------------|-----------------------|----------------------------------|------------------------|------------------------|---------------|
| ¹ API Number | | ² Pool Code | | ³ Pool Name | | | | | |
| ⁴ Property Code | | ⁵ Property Name NINA CORTELL FED COM | | | | ⁶ Well Number 132H | | | |
| ⁷ GRID No. | | ⁸ Operator Name MATADOR PRODUCTION COMPANY | | | | ⁹ Elevation 3789' | | | |
| ¹⁰ Surface Location | | | | | | | | | |
| UL or lot no. N | Section 10 | Township 22-S | Range 32-E | Lot Idn - | Feet from the 242' | North/South line SOUTH | Feet from the 1571' | East/West line WEST | County LEA |
| ¹¹ Bottom Hole Location If Different From Surface | | | | | | | | | |
| UL or lot no. 3 | Section 3 | Township 22-S | Range 32-E | Lot Idn - | Feet from the 60' | North/South line NORTH | Feet from the 2310' | East/West line WEST | County LEA |
| ¹² Dedicated Acres 319.92 | | ¹³ Joint or Infill | | ¹⁴ Consolidation Code | | ¹⁵ Order No. | | | |

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|----------------------------|--|--|--|------------------------|----------------------------------|
| 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

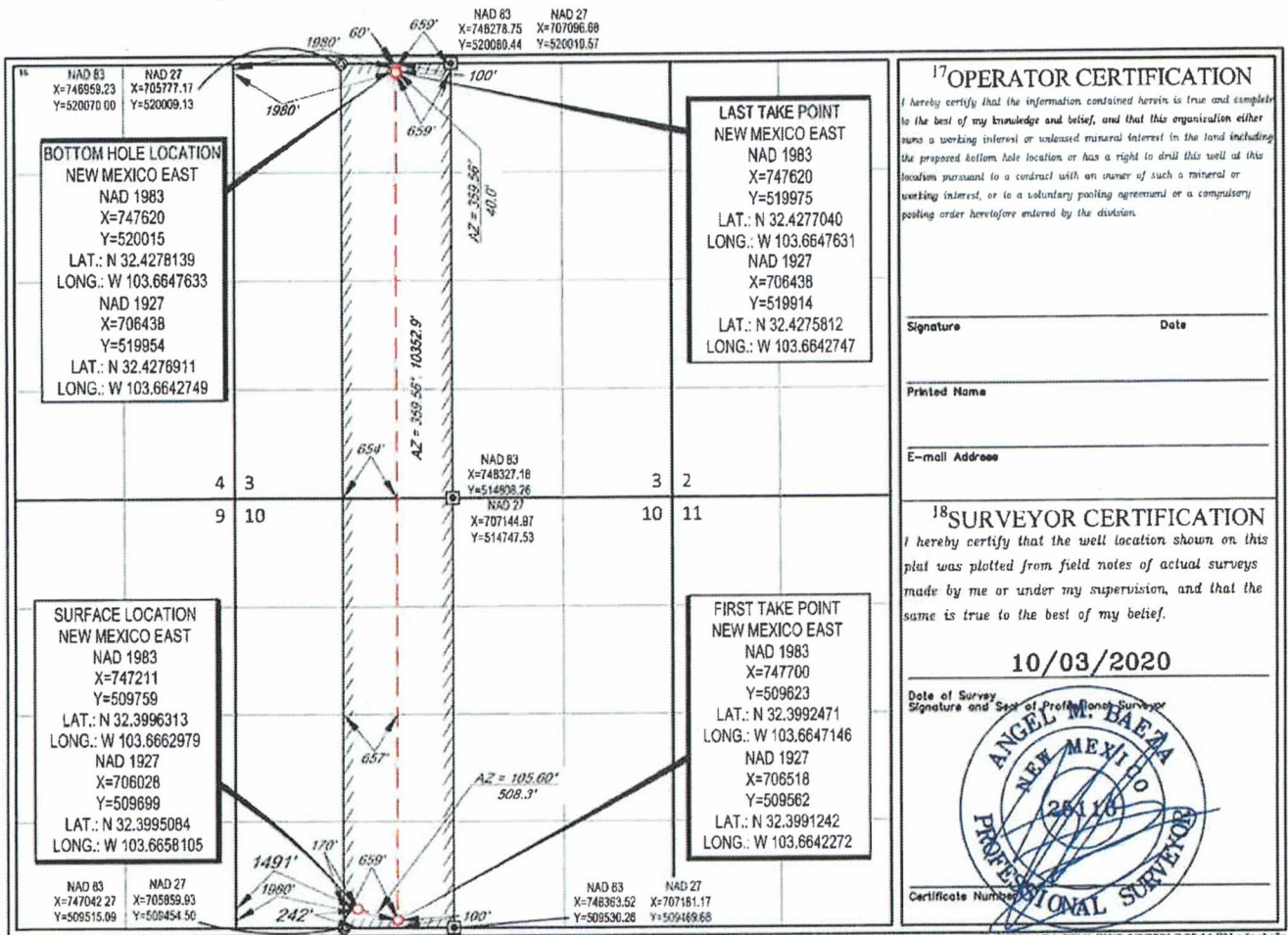
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 22-S | 32-E | - | 242'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

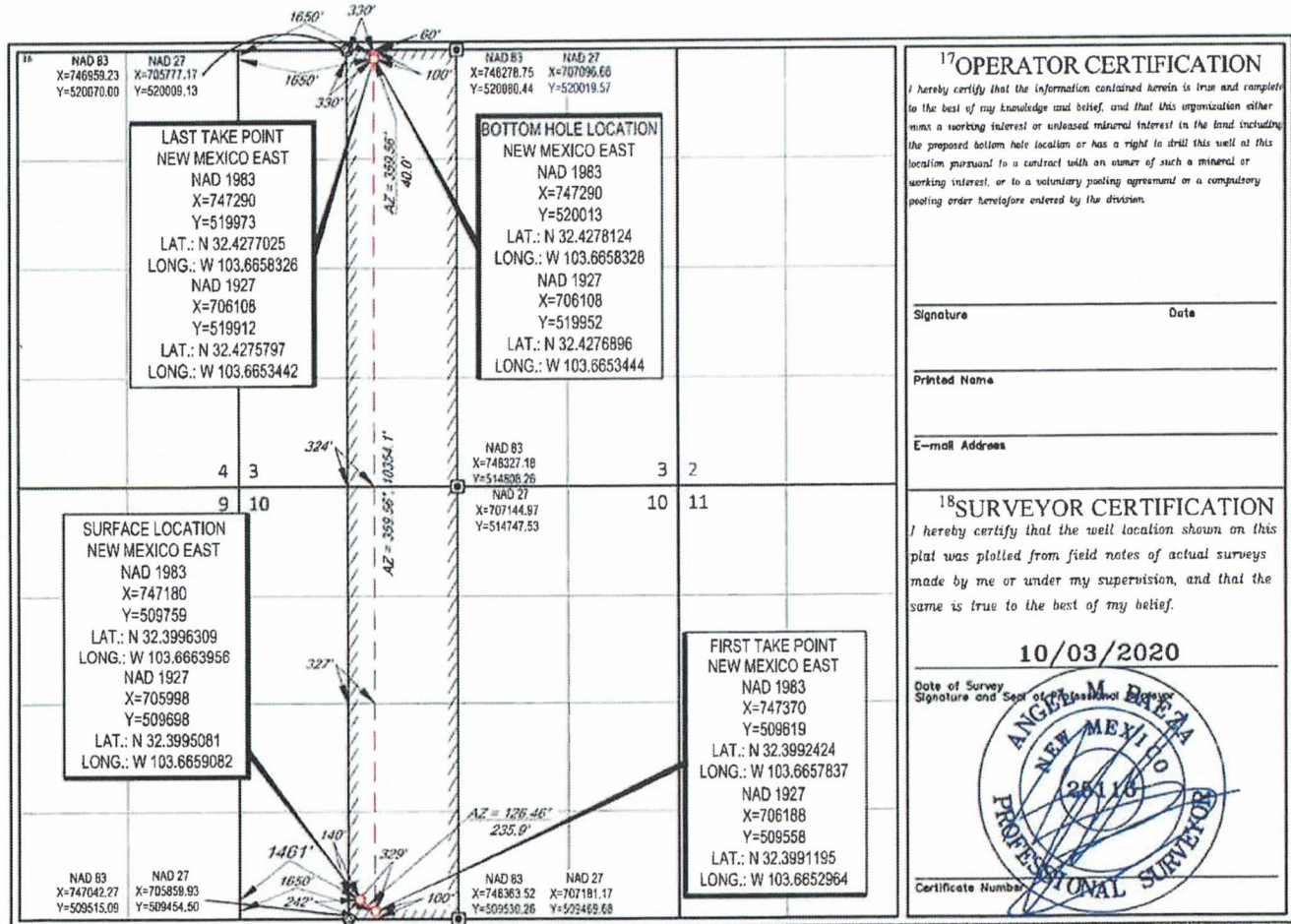
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 10 | 22-S | 32-E | - | 242'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

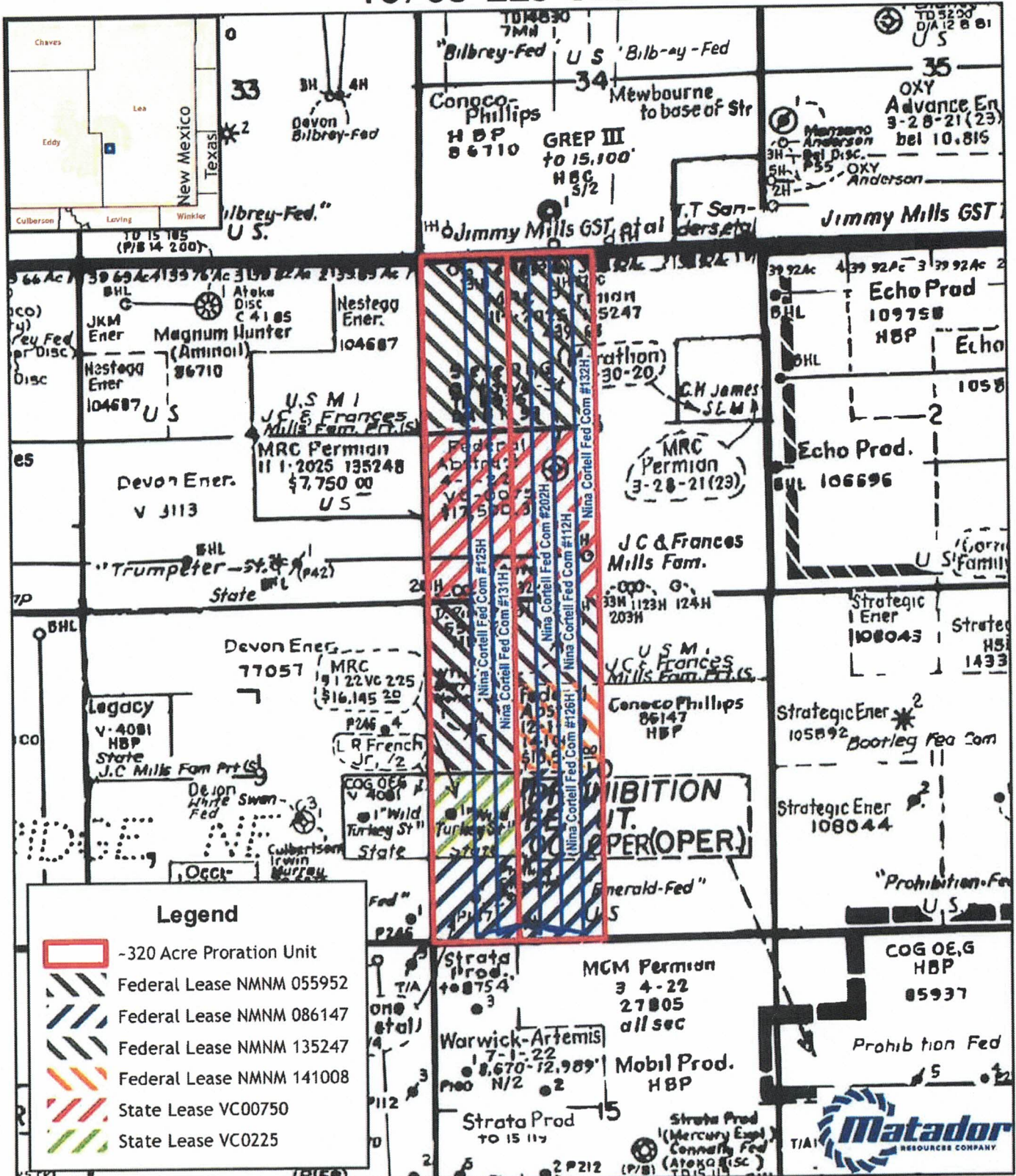
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EXHIBIT A-2

10/03-22S-32E



Legend

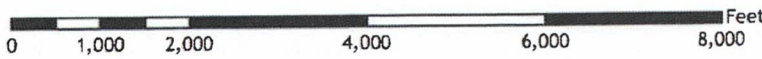
- 320 Acre Proration Unit
- Federal Lease NMMN 055952
- Federal Lease NMMN 086147
- Federal Lease NMMN 135247
- Federal Lease NMMN 141008
- State Lease VC00750
- State Lease VC0225

GIS Standard Map Disclaimer:
 The user agrees to be bound by the disclaimer and to hold the provider harmless for any and all claims, damages, losses, and expenses, including reasonable attorneys' fees, arising out of or from the use of the information provided, whether or not such claims, damages, losses, and expenses could have been avoided by the exercise of reasonable care and skill.

1:24,000
 1 inch = 2,000 feet

Southeast New Mexico

Coordinate System: NAD 1983 StatePlane New Mexico East FIPS 3001 Feet
 Projection: Transverse Mercator; Datum: North American 1983; Units: Foot US
 Sources: IHS; ESRi



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 | 12.503126% |
| | Working Interest |



Matador
Exhibit A-3

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

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- Jack Lowry, whose marital status is unknown
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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 • 0400 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 | 109,400 | 7,200 | 14,400 | 215,000 |
| 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 | 178,500 |
| Labor | 43,740 | 204,105 | 10,000 | 5,000 | 342,845 |
| Rental - Surface Equipment | 166,000 | 66,000 | 3,000 | - | 195,000 |
| Rental - Downhole Equipment | 28,300 | 43,795 | - | 5,000 | 76,995 |
| Rental - Living Quarters | 163,825 | 180,225 | 45,570 | 5,807 | 425,216 |
| 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: | Brian 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 | 22,000 | 85,000 | 3,600 | - | 110,600 |
| Rental - Living Quarters | 28,588 | 43,295 | - | 5,000 | 76,883 |
| Contingency | 119,809 | 180,225 | 45,370 | 5,800 | 351,204 |
| 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 | - | - | 10,000 | 32,667 | 42,667 |
| Measurement & Meter Installation | - | - | - | - | - |
| Gas Conditioning / Dehydration | - | - | - | 41,967 | 41,967 |
| 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 > | 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 Mosnes | | |

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 W/: | | | |
| 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 | 3,991,675 | 499,169 | 63,873 | 7,205,327 |
| 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 (the AFE) is submitted to the regulatory agencies for review and approval. It is not intended to be a contract. It is a statement of intent. It is not intended to be a contract. It is a statement of intent. It is not intended to be a contract. It is a statement of intent.

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 | \$ 81,500 | | \$ 25,000 | \$ 19,000 | \$ 125,500 |
| Location, Surveys & Damages | 116,000 | 13,000 | 25,000 | 16,667 | 170,667 |
| Drilling | 883,000 | | | | 883,000 |
| Cementing & Float Equip | 192,000 | | | | 192,000 |
| 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 | 91,400 | | | | 91,400 |
| 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 | | 2,156,904 | | | 2,156,904 |
| 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 | 386,890 | 10,000 | 5,000 | 459,170 |
| 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 | 1,676,229 |
| TOTAL COSTS > | 3,828,106 | 4,430,558 | 657,419 | 667,372 | 9,583,755 |

PREPARED BY MATADOR PRODUCTION COMPANY:

| | | | |
|-----------------------|-------------|---------------------|------------|
| Drilling Engineer: | Jamez Long | Team Lead - WTX/NM: | <i>WTE</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'.

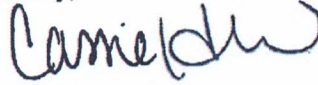
ConocoPhillips Company will own an approximate 0.12503126 working interest in the Well, subject to title verification.

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 | - | - | - | 109,460 |
| Completion Unit, Swab, CTU | - | 130,000 | 18,000 | - | 148,000 |
| 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 | 67,500 | 81,000 | 15,000 | 5,000 | 168,500 |
| 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 | 7,022,709 |

| 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 project may be higher or lower than the estimated cost. The actual cost of the project may be higher or lower than the estimated cost. The actual cost of the project may be higher or lower than the estimated cost. The actual cost of the project may be higher or lower than the estimated cost.

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1600 • DALLAS, TEXAS 75240

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 | 400,750 | 102,400 | 7,200 | 14,400 | 524,750 |
| 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 Markins | | |

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) _____