

MRC Permian Company

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**Chris Carleton
Landman**

November 13, 2015

VIA CERTIFIED RETURN RECEIPT MAIL

New Mexico State Highway and Transportation Department (N.M.S.H. & T.D.)
P.O. Box 1149
Santa Fe, New Mexico

Re: Matador Production Company – Guitar 10-24S-28E RB #202H
Participation Proposal
Section 10, Township 24-South, Range 28-East
Eddy County, New Mexico

Gentlemen and Ladies:

MRC Permian Company (“MRC”) proposes the drilling of the Matador Production Company’s Guitar 10-24S-28E RB #202H well, located in Section 10, Township 24-South, Range 28-East, Eddy County, New Mexico, to the Wolfcamp formation.

MRC is requesting that you indicate below your election of whether to participate in the drilling and completion of this proposed well as set out herein. Please indicate your election in the space provided below, sign and return one (1) copy of this letter to the undersigned.

In connection with the above, please note the following:

1. The estimated cost of drilling, testing, completing, and equipping the subject well is \$9,586,639 as itemized on the enclosed Authority for Expenditure (“AFE”) dated September 5, 2014.
2. The proposed surface location of the subject well is approximately 1733’ FNL and 204’ FEL of Section 10, Township 24-South, Range 28-East, Eddy County, New Mexico. The proposed point of penetration of the subject well is approximately 2232’ FNL and 330’ FEL. The proposed bottom hole location of the subject well is 2305’ FNL and 240’ FWL; see the enclosed plat for more detail.
3. In this well, there is a targeted interval within the Wolfcamp formation. We will drill horizontally in the Wolfcamp A “Y” (~9,600’ TVD) to a Total Measured Depth of

BEFORE THE OIL CONSERVATION
DIVISION

Santa Fe, New Mexico

Exhibit No. 8

Submitted by: OXY USA Inc.

Hearing Date: July 7, 2016

approximately 14,400' resulting in a productive lateral of approximately 4,300' that will require 18 frac stages to be completed.

4. New Mexico State Highway and Transportation Department will own an approximate 0.0184375% working interest in the proposed well, subject to title verification.

If your election is to participate in the drilling and completion of the proposed well, please sign and return a copy of the enclosed AFE within 30 days of receipt of this notice. Please be aware that the enclosed AFE is only an estimate of costs to be incurred and in electing to participate in the proposed well, New Mexico State Highway and Transportation Department shall be responsible for 0.0184375 % of all costs incurred.

Sincerely,

MRC PERMIAN COMPANY



Chris Carleton

Enclosure(s)

Please elect one of the following and return to sender:

_____ New Mexico State Highway and Transportation Department hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company Guitar 10-24S-28E RB #202H well, located in Eddy County, New Mexico.

_____ New Mexico State Highway and Transportation Department hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE for the Matador Production Company Guitar 10-24S-28E RB #202H well, located in Eddy County, New Mexico.

_____ New Mexico State Highway and Transportation Department hereby elects lease its minerals for \$1,500.00/net mineral acre, 20% royalty, and a 3 year term on the lease form enclosed.

New Mexico State Highway and Transportation Department

By: _____

Title: _____

Date: _____

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE - 8400 LBJ FREEWAY - SUITE 1500 - DALLAS, TEXAS 75240
Phone (972) 371-6300 • Fax (972) 371-6361

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	September 5, 2014	AFE NO.:	300014-011-01
WELL NAME:	Guitar 10-24S-29E RB #202H	FIELD:	South Culebra Buft-Well
LOCATION:		MCHVD:	1640079207
COUNTY/STATE:	Eddy	LATERAL LENGTH:	4,300
NRC Wt:	3/ 01%	DRILLING DAYS:	31
GEOLOGIC TARGET:	Wolfcamp A "Y"	COMPLETION DAYS:	13
REMARKS:	Drill a horizontal well and complete with 18 stages. WC Gen 1 fac design		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS				
01 Land / Lease / Regulatory	36,700			36,700
02 Location, Surveys & Damages	130,500	197,500	4,000	772,700
10 Drilling	291,500			691,500
18 Cementing & Float Equip	223,000			225,000
20 Logging / Formation Evaluation		5,500		6,500
21 Mud Logging	36,700			39,700
23 Mud Circulation Systems	102,865			102,865
24 Mud & Chemicals	214,100	38,000		250,100
25 Mud / Waste Water Disposal	120,000			120,000
26 Freight / Transportation	38,000			32,500
28 Rig Supervision / Engineering	126,000	69,500	18,000	713,500
31 Drill Bits	98,500			98,500
32 Fuel & Power	217,000			217,000
33 Water	28,000	353,000		373,000
34 Drig & Completion Overhead	17,500	18,000		15,500
36 Plugging & Abandonment				
38 Directional Drilling, Surveys	316,000			315,000
40 Completion Unit, Seab, CTU		160,000	28,000	183,000
44 Perforating, Wireline, Sticks		124,500	18,000	143,500
45 High Pressure Pump Truck		60,000		60,000
46 Stimulation		2,460,000		2,483,000
47 Stimulation Flowback & Disp		45,500		45,500
48 Insurance	27,180			27,180
50 Labor	136,000	24,500	10,000	170,500
51 Rental - Surface Equipment	144,770	250,000	20,000	415,370
52 Rental - Downhole Equipment	40,000	55,000		95,000
53 Rental - Living Quarters	71,735	33,340	2,000	109,075
54 Contingency	311,965	427,044	9,600	742,745
TOTAL INTANGIBLES >	3,432,953	4,997,484	107,800	8,238,237
TANGIBLE COSTS				
41 Surface Casing	25,375			25,375
42 Intermediate Casing	83,500			83,500
43 Drilling Liner	274,400			274,400
44 Production Casing	400,475			400,475
45 Production Liner				
46 Tubing			47,500	47,500
47 Wellhead	102,000		40,000	142,000
48 Packers, Liner Hangers		87,700	12,000	99,700
49 Tanks				
50 Production Vessels			74,000	74,000
51 Flow Lines				
52 Rod string				
53 Artificial Lift Equipment			20,000	20,000
54 Compressor				
55 Installation Costs			95,000	95,000
56 Surface Pumps			5,000	5,000
58 Non-controllable Surface			68,000	68,000
59 Non-controllable Downhole				
61 Downhole Pumps				
62 Measurement & Water Installation			12,500	12,500
64 Gas Conditioning / Dehydration				
66 Interconnecting Facility Piping				
68 Gathering / Bunk Lines				
67 Valves, Dumps, Controllers				
68 Tank / Facility Containment				
69 Flare Stack				
70 Electrical / Grounding				
71 Communications / SCADA			10,000	10,000
72 Instrumentation / Safety			5,000	5,000
TOTAL TANGIBLES >	883,700	68,700	297,000	1,350,400
TOTAL COSTS >	4,316,653	4,767,184	804,800	9,888,639

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Aron Byrd	Team Lead - WT/XNM	CBS
Completion Engineer:	Adam Lange		RCL
Production Engineer:	Casey McCain		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
Executive VP, Legal	Exec O - Exploration	VP - Production
President	VP & General Manager	

NON OPERATING PARTNER APPROVAL:

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