Matador Production Company

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March 6, 2017

Bureau of Land Management Carlsbad Field Office 620 E. Greene St. Carlsbad, New Mexico 88220

Attention:

Deputy Minerals Manager for Oil and Gas

Re: Young Deep Unit

Contract #14-08-0001-18042 T-18S, R-32E, N.M.P.M. Lea County, New Mexico 2015 Plan of Development and Operation

2015 Plan of Development and Operation

Ladies & Gentlemen:

Matador Production Company ("Matador") as Unit Operator, submits its 2017 Plan of Development and Operation (in triplicate) as prescribed by Section 10 of the Young Deep Unit Agreement. Matador took over operations from HEYCO Energy Group, Inc. ("HEYCO") in March 2015 when the operated holdings of the latter company were merged into MRC Delaware Resources, LLC, an affiliate of Matador Production Company. This plan covers the Participating Areas for the Bone Spring, Delaware and Wolfcamp formations in the Young Deep Unit (the "Unit").

Attachment 1 provides a complete list of all the wells in the Young Deep Unit, including the API numbers, completion date, producing zone and current status. All of the wells are classified as producing wells, with the exception of the three water injection wells (WIW) utilized for Bone Spring Carbonate pressure maintenance, as noted on Attachment. Maps are included which show well locations along with the roads and layout of pipelines in the field. A general land plat is also provided for additional information as Attachment 2.

The facilities and batteries associated with the Unit are described as Attachment 3. This attachment details the wells and facilities into which each well is producing.

Attachment 4 details a summary of production from the Young Deep Unit over the last two years. Cumulative production since the field's discovery in 1980 is also provided. A graph of the production history for the entire unit, as well as individual graphs for each reservoir are also included.

Since the 2015 merger, Matador has been and continues to evaluate the potential of the Unit. The tight Bone Spring sands in the northern Delaware Basin of Southeast New Mexico, from which the Unit produces (represented by the attached Type Log of the Young Deep Unit #1) have seen aggressive industry activity in the last five years driven by horizontal drilling and advances in fracture stimulation. Matador is an experienced horizontal operator and believes the Second Bone Spring sand, in particular, is a viable target for drilling in the Young Deep Unit. In lieu of the Young Deep Unit #40H APD, which was originally submitted by HEYCO and that expired in 2016, Matador intends to submit a replacement APD for the Bureau of Land Management's review in the third quarter of 2017. The Young Deep Unit #40H was originally scheduled for drilling in late 2014, was postponed due to the merger and declining commodity prices.

Furthermore, Matador has been evaluating the existing production equipment and flowline operations in the Young Deep Unit for greater efficiency. In 2016, Matador made a number of improvements to the production equipment and facilities, which are described on Attachment 5. Additionally, Matador is preparing a commingling application to reduce the total number of production facilities serving the Young Deep Unit from sixteen tank battery sites to only two tank battery sites. The approval of this application will result in more economically viable projects to pursue for the Unit.

Based on the information submitted herewith, Matador respectfully requests the Bureau of Land Management approve this 2017 Plan of Development and Operation. We will be glad to supply further information if such is required.

Respectfully submitted, Matador Production Company

Frent Goodwin, Asset Manager

VW/GKY Enclosures

Attachment 1: Young Deep Unit Well Status List

Attachment 2: General Land Plat

Attachment 3: Summary of Production Facilities

Attachment 4: Unit Production Summary

Attachment 5: Summary of Activity

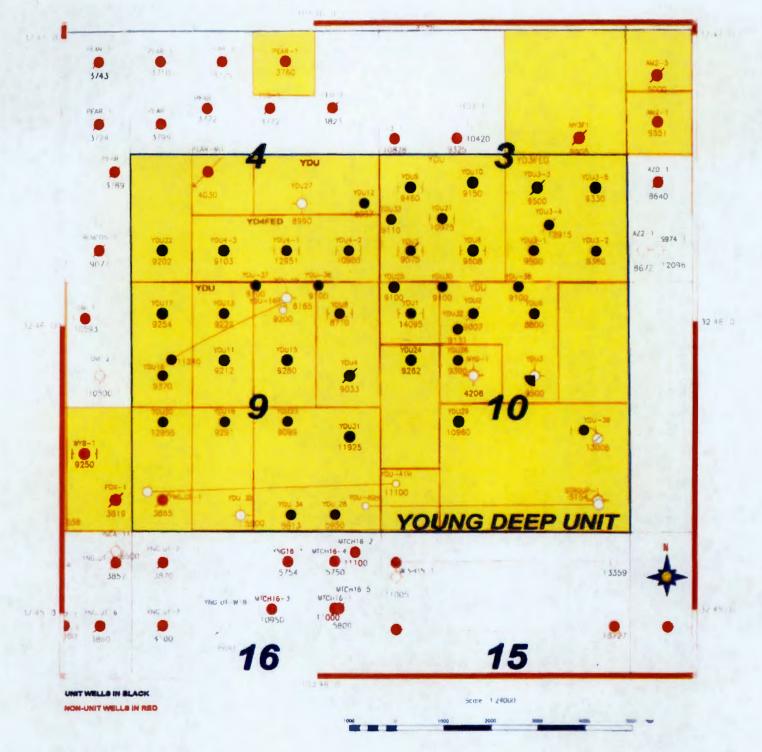
xc: Oil Conservation Division (w/encl.)

1220 S. St. Francis Dr.

Santa Fe, New Mexico 87505 Attn: Sr. Petroleum Geologist

ATTACHMENT 1 - YOUNG DEEP UNIT POD WELL STATUS AS OF 1/1/2017

#	WELL NAME AND NUMBER	API NUMBER	COMP DATE PROD ZONE		STATUS	
1.	YOUNG DEEP UNIT 1	30025266400003		WOLFCAMP	ACTIVE	
	YDU 2	30025271210000	8/17/2005		P&A	
	YDU 3	30025272290000	12/04/1984		D&A - PLUGGED	
	YDU 4	30025273000000	7/2/1981		P&A	
	YDU 5	30025273360000	10/31/1983	BONE SPRING	ACTIVE-WIW	
6.	YDU 6	30025274770001	4/21/1994	BONE SPRING	ACTIVE	
7.	YDU 7	30025275470001	11/29/1994	BONE SPRING	ACTIVE	
	YDU 8	30025275350201	11/19/1987	BONE SPRING	ACTIVE	
	YDU 9	30025284000001		BONE SPRING	ACTIVE	
	YDU 10	30025284730000	2/3/1984	BONE SPRING	ACTIVE	
	YDU 11	30025287930001	12/25/1993	BONE SPRING	ACTIVE	
	YDU 12	30025308660000	4/6/1990	BONE SPRING	ACTIVE	
	YDU 13	30025289660000		BONE SPRING	ACTIVE	
	YDU 14H	30025290150101	12/16/2005		P&A 8/2013	
	YDU 15	30025290460000	7/5/1985	BONE SPRING	ACTIVE	
	YDU 16	30025290470000	3/30/1993	BONE SPRING	ACTIVE-WIW	
17.	YDU 17	30025290600000	4/17/1985	BONE SPRING	ACTIVE	
18.	YDU 18	30025313590000	9/27/1991	BONE SPRING	ACTIVE	
	YDU 19	30025292780000	6/16/1986		D&A - PLUGGED	
	YDU 20	30025309240000	11/21/1990	BONE SPRING	ACTIVE	
21.	YDU 21	30025322880001	9/4/2009	BONE SPRING	ACTIVE	
22.	YDU 22	30025292530000	7/6/1985	BONE SPRING	ACTIVE	
23.	YDU 23	30025298960000	1/9/1988	BONE SPRING	ACTIVE	
24.	YDU 24	30025307830000	7/26/1990	BONE SPRING	ACTIVE	
25.	YDU 25	30025331730000	1/22/1996	BONE SPRING	ACTIVE	
26.	YDU 26	30025309520000	10/5/1990	BONE SPRING	ACTIVE	
27.	YDU 27	30025309760000	12/15/1993		D&A - PLUGGED	
28.	YDU 28	30025310480000	4/3/1992	DELAWARE	ACTIVE	
29.	YDU 29	30025312990000	9/12/1991	BONE SPRING	ACTIVE	
	YDU 30	30025331740000	12/22/1995	BONE SPRING	ACTIVE	
31.	YDU 31	30025310930000	5/13/1991	BONE SPRING	ACTIVE	
32.	YDU 32	30025333150000	4/14/1996	BONE SPRING	ACTIVE	
33.	YDU 33	30025334620000	8/24/1996	BONE SPRING	ACTIVE	
	YDU 34	30025314670000	12/24/1991	DELAWARE	ACTIVE	
35.	YDU 35	30025315960000	6/12/1992		D&A - PLUGGED	
	YDU 36	30025336420000	11/28/1996	BONE SPRING	ACTIVE	
37.	YDU 37	30025336430000	12/14/1996	BONE SPRING	ACTIVE	
38.	YDU 38	30025338640000	12/25/1997	BONE SPRING	ACTIVE	
39.	YDU 39	30025381790001	4/6/2007	BONE SPRING	ACTIVE-RECOMPL 2012	
40.	YDU 40H	30025408200000		BONE SPRING	PROPOSED NEW DRILL	
	YDU 41H			BONE SPRING	STAKED NEW DRILL	
42.	YOUNG DEEP UNIT 3 FED 1	30025273690000	12/1/1990	BONE SPRING	ACTIVE-WIW	
43.	YDU 3 FED-2	30025289070000	11/19/1984	BONE SPRING	ACTIVE	
44.	YDU 3 FED-3	30025275340000	8/6/1993		P&A	
45.	YDU 3 FED-4	30025284810000	4/18/1984		P&A	
46.	YDU 3 FED-5	30025287180000	6/30/1984	BONE SPRING	ACTIVE	
47.	YDU 4 FED-1	30025268130000	8/8/1996		P&A	
48.	YDU 4 FED-2	30025276790102	5/7/1995	BONE SPRING	ACTIVE	
49.	YDU 4 FED-3	30025292680000	10/3/1985	BONE SPRING	ACTIVE	



LEGEND

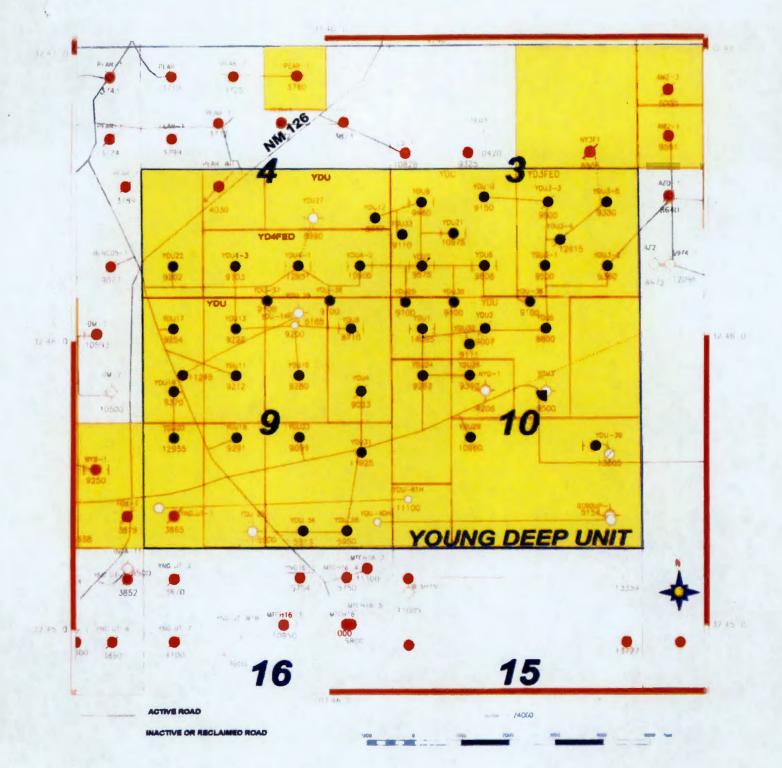
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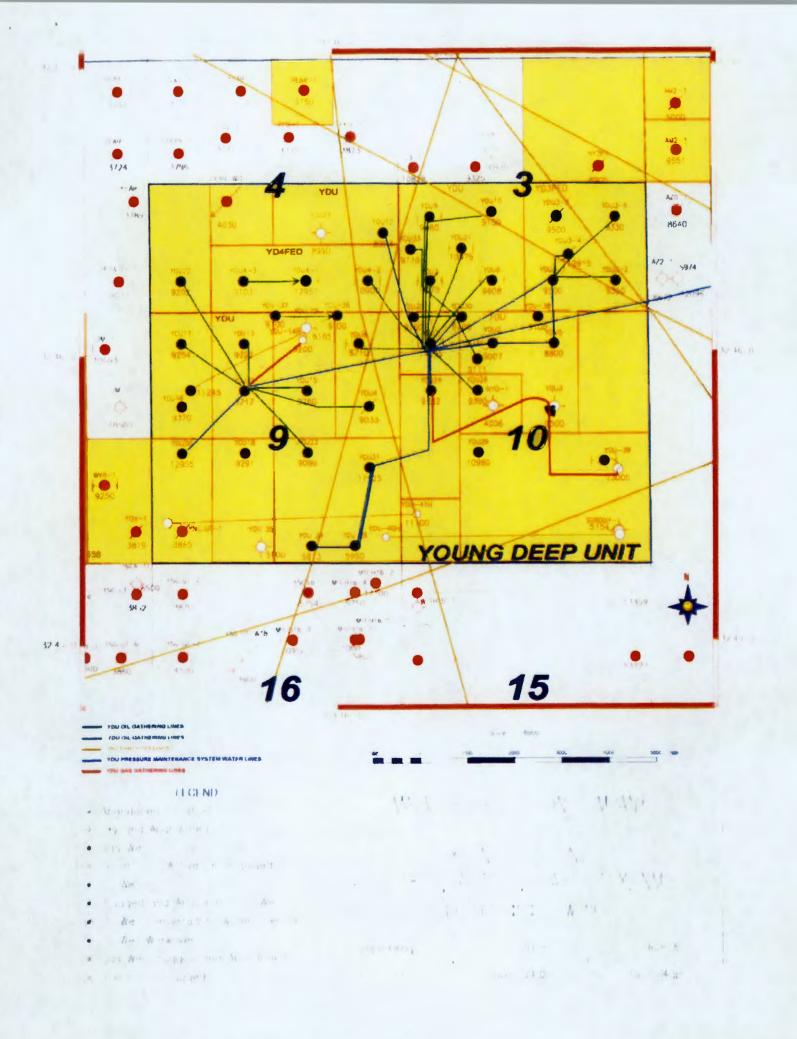
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1,500

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1 inch = 1,500 feet

Feet

6,000

Map Prepared by: thudgins
Date: March 6, 2017
Filename: YoungDeepUnitArea_MidlandMap
Coordinate System: NAD 1927 StatePlane New Mexico East FIPS 3001
Projection: Transverse Mercator; Dalum: North American 1927; Units: Foot US
Sources: IHS; ESRI;

YDU WELLS WITH INDIVIDUAL TANKS

YDU 12
YDU 18
YDU 20
YDU 23
YDU 24
YDU 25
YDU 28
YDU 29
YDU 30
YDU 31
YDU 32
YDU 33
YDU 34
YDU 36
YDU 37
YDU 38
YDU 39

YDU WELLS GOING TO YDU 1 - BATTERY

	WELLS GOING TO 25 - BATTERY
YDU	4 FED-2
YDU	26
YDU	21
YDU	10
YDU	9
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YDU 25	
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YDU WELLS GOING TO YDU 36 - BATTERY

YDU	36
YDU	37

YDU WELLS GOING TO YDU 11 - BATTERY

YDU 4	
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YDU 15	
YDU 17	
YDU 22	
YDU 23	

YDU WELLS GOING TO YDU 3 FED 1 - BATTERY

YDU 3 FED 2
YDU 3 FED 4
YDU 3 FED 5

YDU WELLS GOING TO YDU 4 FED 1 - BATTERY

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YDU WELLS BY PARTICIPATING AREA

MORROW:

None

WOLFCAMP:

YDU 1

DELAWARE:

YDU 28 YDU 34

BONE SPRING:

ALL OTHERS

ATTACHMENT 4 - PRODUCTION DATA

MONTHLY SUMMARY PRODUCTION - YOUNG DEEP UNIT (Multiple Wells Active)

Operator: Matador Production Co. Location: T18S-R32E Lea County, New Mexico

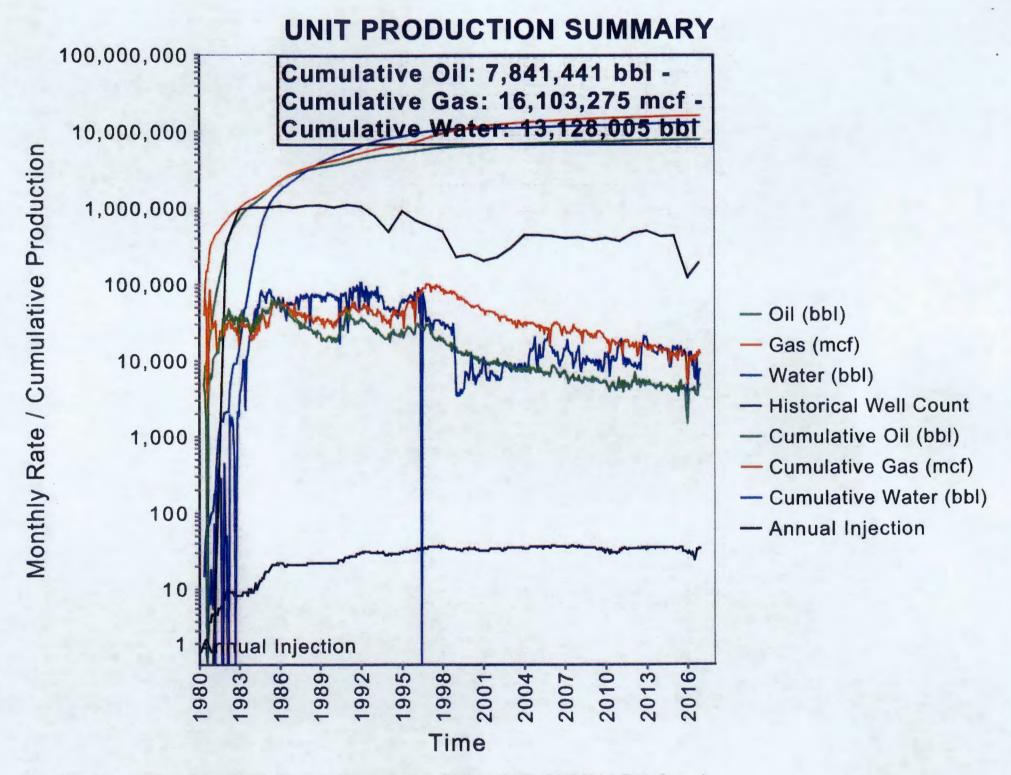
MORROW; PENNSYLVANIAN (GAS) - INACTIVE

NOLFCAMP; PERMIAN (OIL) - ACTIVE

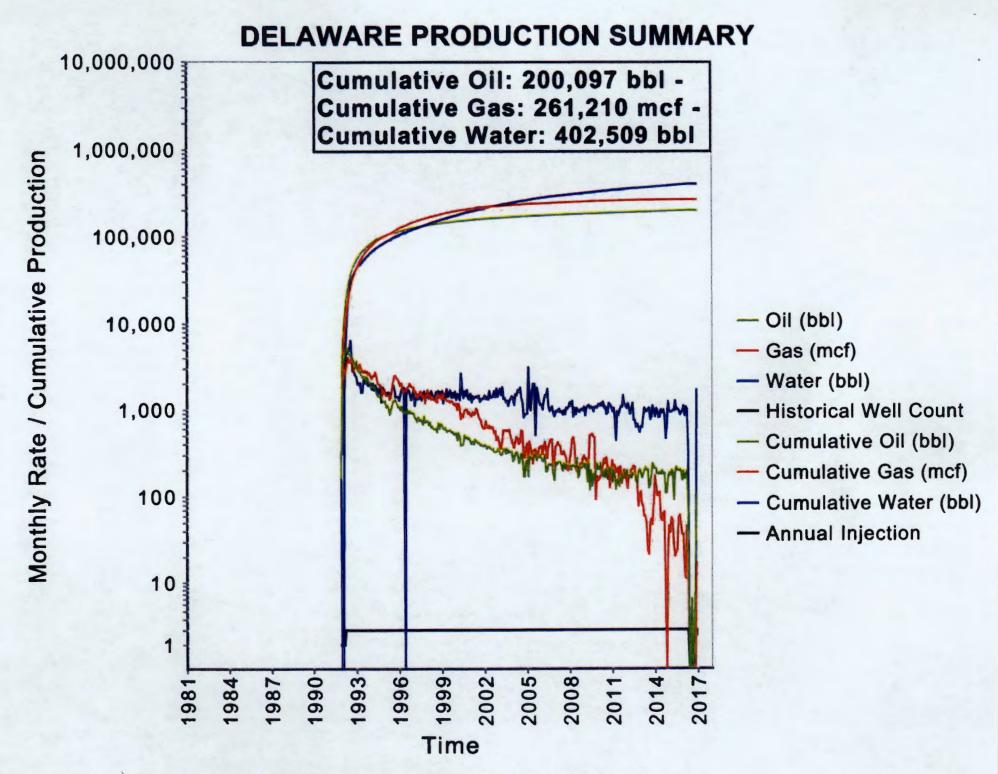
3ONE SPRING; PERMIAN (OIL AND INJECTION) - ACTIVE

DELAWARE; PERMIAN (OIL) - ACTIVE

2015 MONTH	OIL	/COND	GAS	WATER	# WELLS	DAYS ON	INI	# WELLS
	Jan	4120	11791	14921	34	987	41778	3
	Feb	3884	11122	13842	34	885	40392	3
	Mar	4503	12637	14762	34	989	39493	3
	Apr	4338	10033	15428	34	951	40104	3
	May	3432	11999	12792	34	777	34893	3 3 3 3
	Jun	4992	13813	13652	34	958	36993	3
	Jul	5437	13785	15132	34	995	3 854 3	3
	Aug	4182	12214	11458	34	938	33131	
	Sep	4189	12405	11798	30	864	31471	3
	Oct	4606	11908	13571	30	901	33282	3
	Nov	4090	11395	12608	30	872	3 1659	3
	Dec	2177	5847	7406	29	555	23663	3
2015 Total Cum to 1/1/2016:		49,950	138,949	157,370		10,672	425,402	
2016 MONTH	OII	_/COND	GAS	WATER	# WELLS	DAYS ON	IN I	# WELLS
	Jan	1467	4932	3609	34	294	1689 3	3
	Feb	3920	10982	12497	34	658	26400	3
	Mar	4017	9722	12899	34	622	23519	3
	Apr	4105	9581	12919	34	647	19206	3
	May	4104	11177	8596	34	697	17201	3
	Jun	4067	10721	9944	34	701	16116	3
	Jul	4404	11618	5958	34	713	16948	3
	Aug	3666	9463	5640	34	642	9718	3
	Sep	3514	12592	12697	34	732	8870	2 3
	Oct	3457	11522	3977	34	626	11557	
	Nov	4814	13539	7227	34	925	13701	3
	Dec	4746	12427	7645	34	985	15816	3
2016 Total Cum to 1/1/2017:		46281	128276	103608		8242	195945	
TOTAL PROD FROM 5	/1/1980:	7,841,441	16,103,275	13,128,005				



Create date: Mar 03, 2017 Graph Template: GKY UNIT SUMMARY Graph



Create date: Mar 03, 2017 Graph Template: GKY DLWR SUMMARY Graph

BONE SPRING PRODUCTION SUMMARY 100,000,000 Cumulative Oil: 6,829,223 bbl -Cumulative Gas: 13,923,441 mcf -Cumulative Water: 12,637,411 bbl 10,000,000 Monthly Rate / Cumulative Production 1,000,000 Injual Injection 100,000 - Oil (bbl) — Gas (mcf) 10,000 - Water (bbl) - Historical Well Count 1,000 Cumulative Oil (bbl) Cumulative Gas (mcf) — Cumulative Water (bbl) 100 - Annual Injection 10 1990 1993 2002 2005 1987 1981

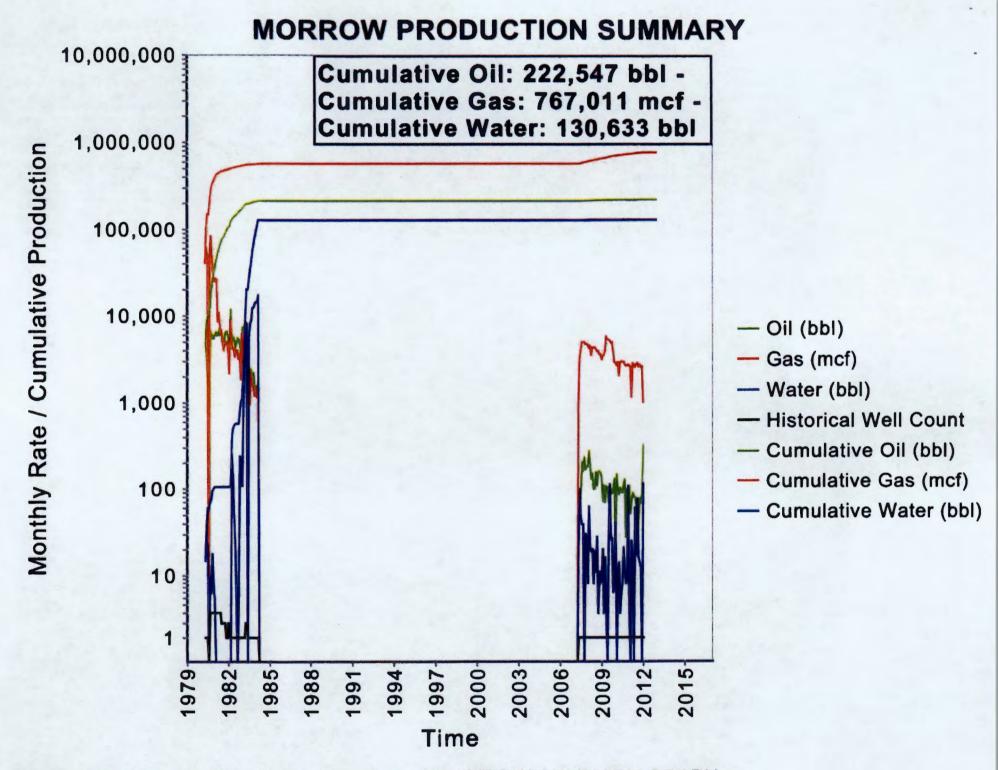
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Time

WOLFCAMP PRODUCTION SUMMARY 10,000,000 Cumulative Oil: 647,997 bbl -Cumulative Gas: 1,034,619 mcf -Cumulative Water: 73,802 bbl 1,000,000 Monthly Rate / Cumulative Production 100,000 10,000 - Oil (bbl) — Gas (mcf) - Water (bbl) 1,000 - Historical Well Count — Cumulative Oil (bbl) — Cumulative Gas (mcf) 100 Cumulative Water (bbl) — Annual Injection 10 1 2005 2008 1990 2002 1984 993 2014 2011 1987 Time

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ATTACHMENT 5 - SUMMARY OF ACTIVITY

2011 UNIT ACTIVITY	YDU 3 FED 4 - P&A, YDU 4 - P&A
2012 UNIT ACTIVITY	YDU #39 RECOMPLETED IN TO BONE SPRING FM. 1/2012
2013 UNIT ACTIVITY	YDU #14H - P&A 8/2013
2014 UNIT ACTIVITY	RECLAMATION OF YDU 14H WELL SITE
2015 UNIT ACTIVITY	PROPOSED YDU 40H HORIZONTAL 2ND BONE SPRING SAND TEST POSTPONED DUE TO LOW COMMODITY PRICES
2016 UNIT ACTIVITY	- EVALUATION OF THE ECONOMICS OF DRILLING YDU #40H & #41H HORIZONTAL 2ND BONE SPRING SAND TESTS - REVIEW OF POSSIBLE PRODUCTION EQUIPMENT AND FLOW LINE REVISIONS FOR GREATER EFFECIENCY AND IMPROVED ECONOMICS CONSTRUCTED NEW CONTAINMENT FOR THE FOLLOWING YOUNG DEEP UNIT BATTERIES: - YOUNG DEEP UNIT 1 BATTERY - YOUNG DEEP UNIT 11 BATTERY CONSTRUCTED NEW CONTAINMENT FOR THE FOLLOWING YOUNG DEEP UNIT WELLS: - YOUNG DEEP UNIT #28 - YOUNG DEEP UNIT #29 REPLACED TWO HEATER TREATERS AT THE YOUNG DEEP UNIT 11 BATTERY REMOVED OUT OF SERVICE EQUIPMENT FROM YOUNG DEEP UNIT #18 WELL PERFORMED LDAR AS PART OF EPA OOOOa REGULATIONS COMPLIANCE
2017 PLANNED ACTIVITY	- IMPLEMENTATION OF PRODUCTION EQUIPMENT AND FLOWLINE REVISIONS - CONTINUED ECONOMIC EVALUATION OF YDU #40H & #41H HORIZONTAL 2ND BONE SPRING SAND TESTS FOR PLACEMENT ON 2018 DRILL SCHEDULE