

Matador Production Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Telephone 972.371.5200 • Fax 972.371.5201

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**

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



Trent Goodwin, Asset Manager

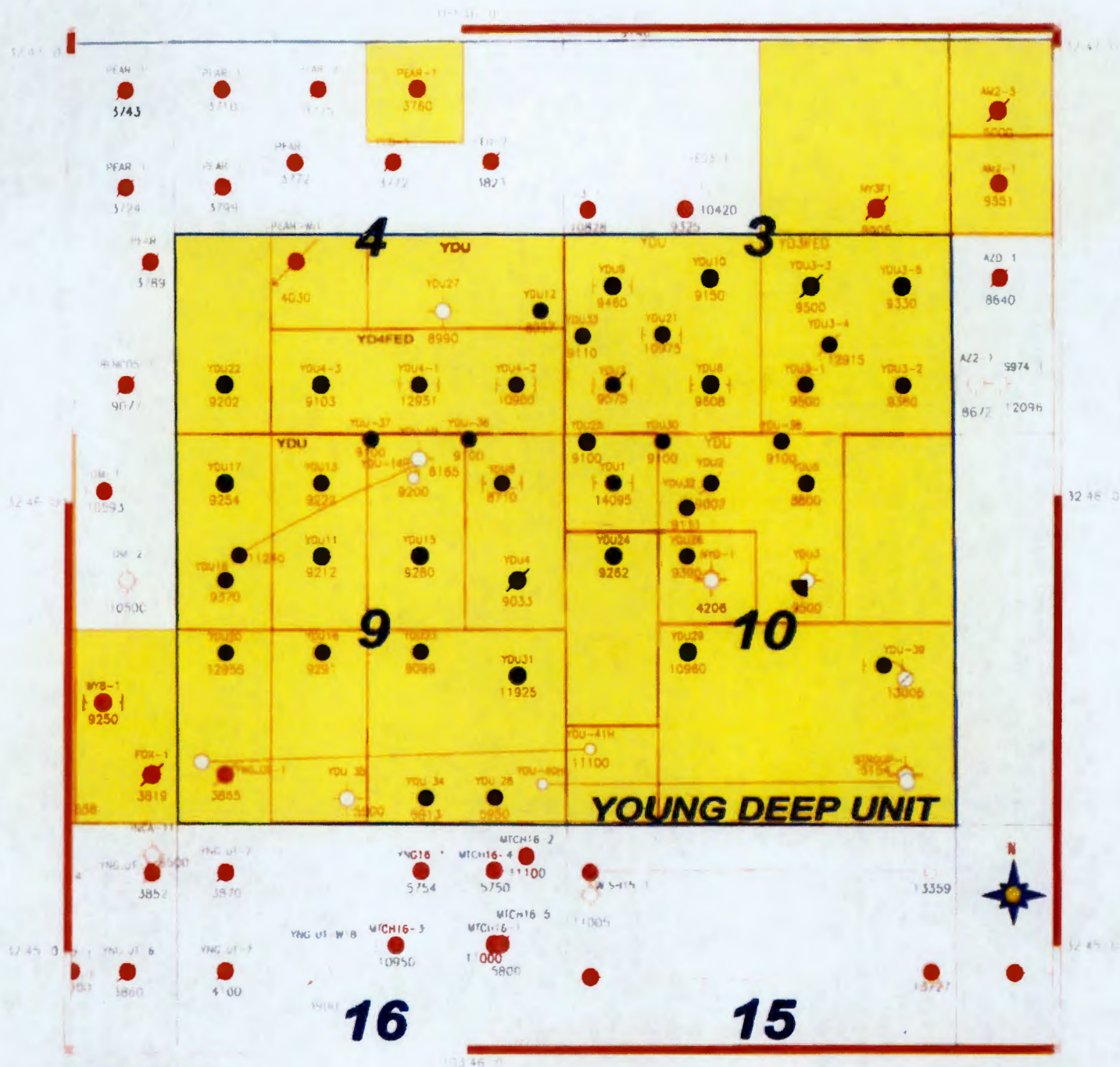
VW/GKY
Enclosures

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	10/30/1990	WOLFCAMP	ACTIVE
2.	YDU 2	30025271210000	8/17/2005		P&A
3.	YDU 3	30025272290000	12/04/1984		D&A - PLUGGED
4.	YDU 4	30025273000000	7/2/1981		P&A
5.	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
8.	YDU 8	30025275350201	11/19/1987	BONE SPRING	ACTIVE
9.	YDU 9	30025284000001	10/23/2009	BONE SPRING	ACTIVE
10.	YDU 10	30025284730000	2/3/1984	BONE SPRING	ACTIVE
11.	YDU 11	30025287930001	12/25/1993	BONE SPRING	ACTIVE
12.	YDU 12	30025308660000	4/6/1990	BONE SPRING	ACTIVE
13.	YDU 13	30025289660000	12/20/1985	BONE SPRING	ACTIVE
14.	YDU 14H	30025290150101	12/16/2005		P&A 8/2013
15.	YDU 15	30025290460000	7/5/1985	BONE SPRING	ACTIVE
16.	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
19.	YDU 19	30025292780000	6/16/1986		D&A - PLUGGED
20.	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
30.	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
34.	YDU 34	30025314670000	12/24/1991	DELAWARE	ACTIVE
35.	YDU 35	30025315960000	6/12/1992		D&A - PLUGGED
36.	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
41.	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



UNIT WELLS IN BLACK
NON-UNIT WELLS IN RED

Scale 1:24000



LEGEND

- Abandoned Location
- Dry and Abandoned
- Gas Well
- Location Active in Prospect
- Oil Well
- Plugged and Abandoned Oil Well
- Oil Well converted to water injector
- Oil Well Workover
- Gas Well Plugged and Abandoned
- Injector (if plugged)

WARRIOR PRODUCTION COMPANY

YOUNG DEEP UNIT

18 S, R-12 E

BLA COUNTY, NEW MEXICO

Warrior Company

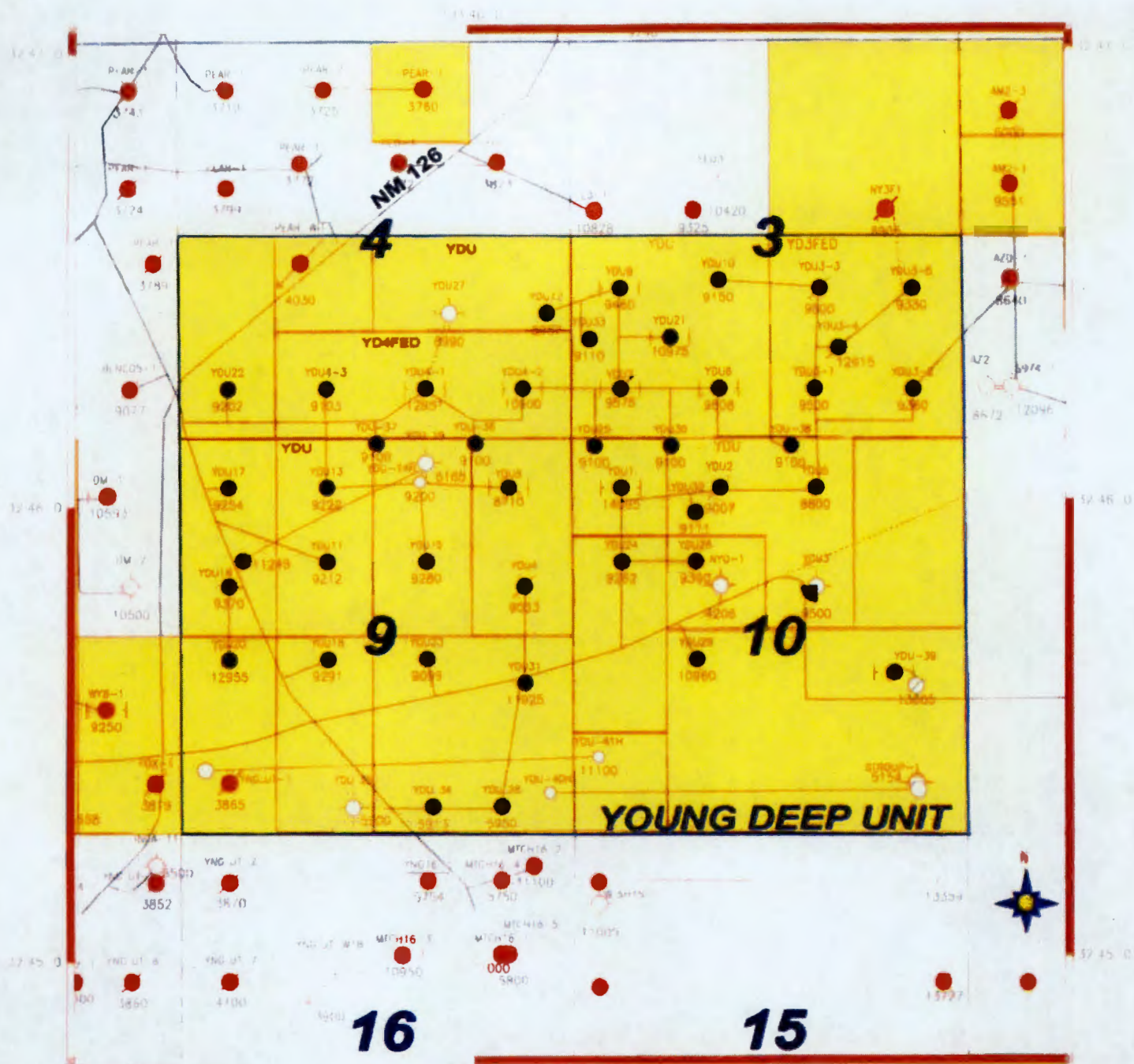
UNIT Wells BLACK

1:2,000 H

Scale 1:24000

2/16/2016

YDU-200 gpt



ACTIVE ROAD

INACTIVE OR RECLAIMED ROAD

LEGEND

- Abandoned Well
- ♦ Dry and Abandoned
- * Gas Well
- Location - Active or Proposed
- Oil Well
- Plugged and Abandoned Oil Well
- Oil Well converted to water injector
- Oil Well Workover
- Gas Well - Plugged and Abandoned
- Injector - Plugged

VA AIRBORNE PRODUCTION COMPANY

YOUNG DEEP UNIT

18 S. R. 3 E., 14 N. COUNTY, WV

ROCKY

Under Survey

Under Survey

Scale: 1/4" = 100'

7/16/2016

011 PDS qpt

ATTACHMENT 3 - SUMMARY OF PRODUCTION FACILITIES

YDU WELLS WITH INDIVIDUAL TANKS

YOUNG DEEP UNIT 1
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

YDU 6
YDU 7
YDU 8
YDU 9
YDU 10
YDU 21
YDU 26
YDU 4 FED-2

YDU WELLS GOING TO YDU 25 - BATTERY

YDU 25
YDU 30
YDU 32
YDU 33

YDU WELLS GOING TO YDU 36 - BATTERY

YDU 36
YDU 37

YDU WELLS GOING TO YDU 11 - BATTERY

YDU 4
YDU 11
YDU 13
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

YDU 4 FED 3

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

WOLF CAMP; PERMIAN (OIL) - ACTIVE

BOONE SPRING; PERMIAN (OIL AND INJECTION) - ACTIVE

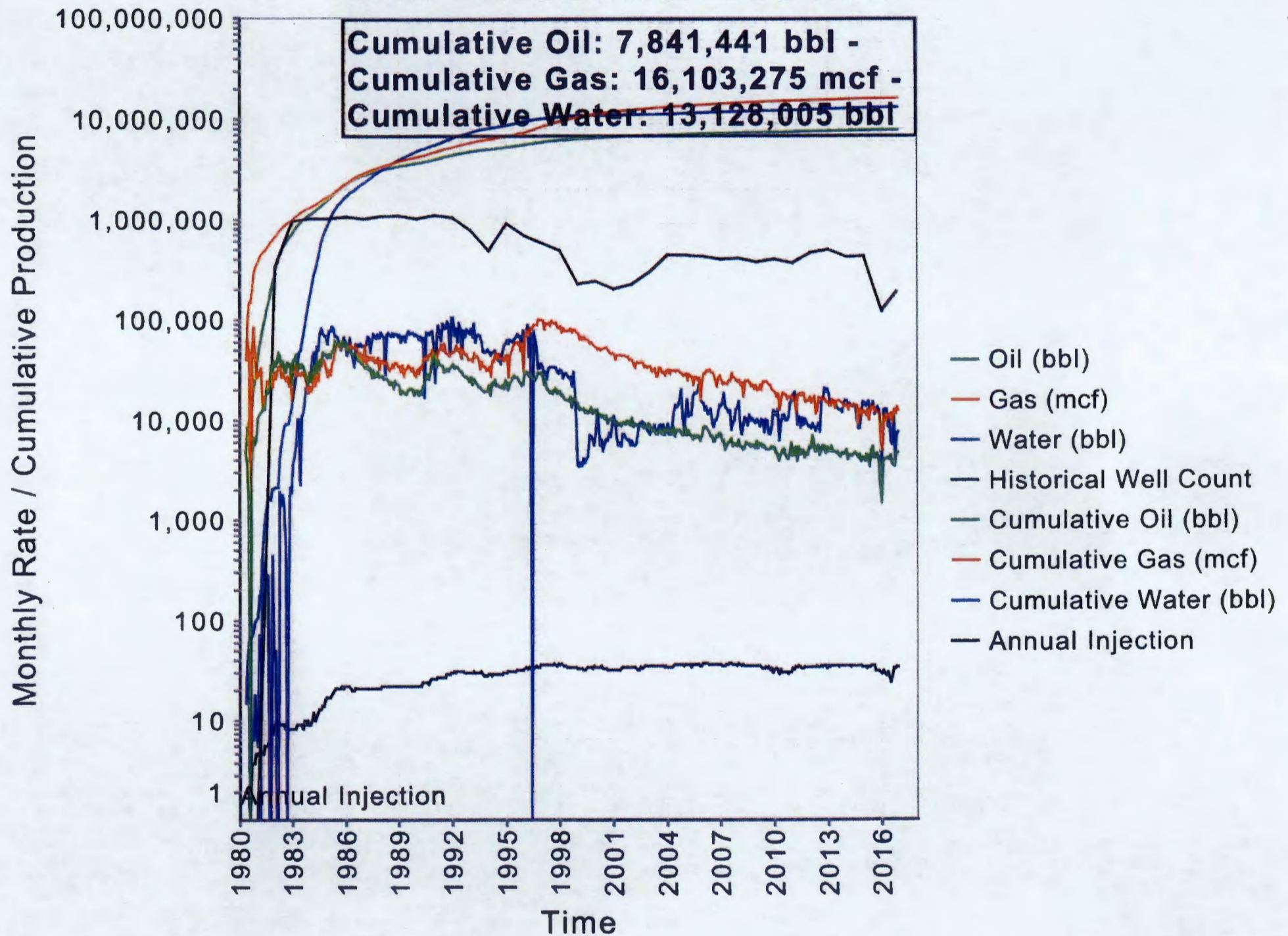
DELAWARE; PERMIAN (OIL) - ACTIVE

2015 MONTH	OIL/COND	GAS	WATER	# WELLS	DAYS ON	INJ	# 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
Jun	4992	13813	13652	34	958	36993	3
Jul	5437	13785	15132	34	995	38543	3
Aug	4182	12214	11458	34	938	33131	3
Sep	4189	12405	11798	30	864	31471	3
Oct	4606	11908	13571	30	901	33282	3
Nov	4090	11395	12608	30	872	31659	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	

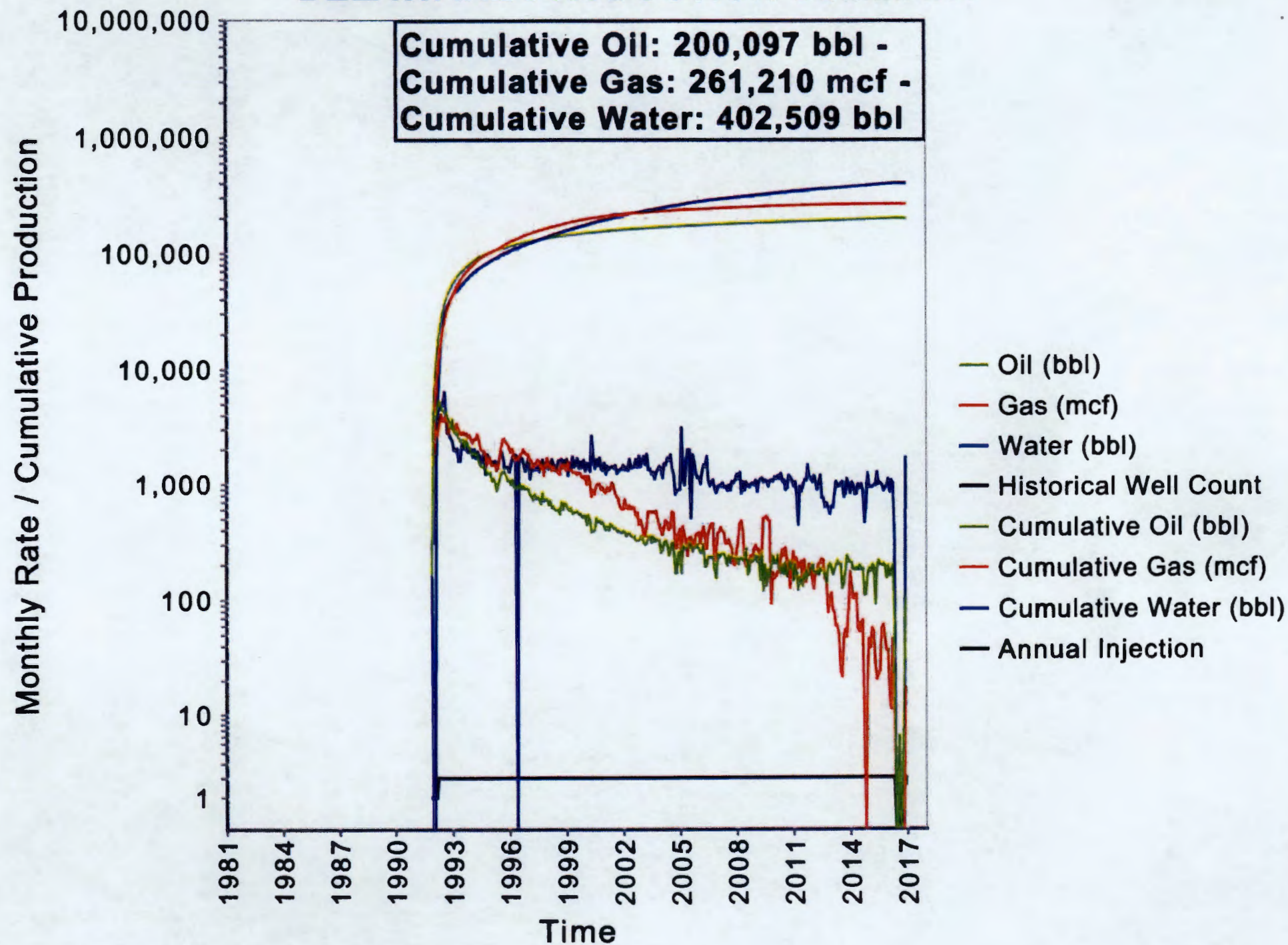
2016 MONTH	OIL/COND	GAS	WATER	# WELLS	DAYS ON	INJ	# WELLS
Jan	1467	4932	3609	34	294	16893	3
Feb	3920	10982	12497	34	658	26400	3
Mar	4017	9722	12899	34	622	23519	3
Apr	4105	9581	12919	34	647	19206	3
May	4104	11177	8596	34	697	17201	3
Jun	4067	10721	9944	34	701	16116	3
Jul	4404	11618	5958	34	713	16948	3
Aug	3666	9463	5640	34	642	9718	3
Sep	3514	12592	12697	34	732	8870	2
Oct	3457	11522	3977	34	626	11557	3
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

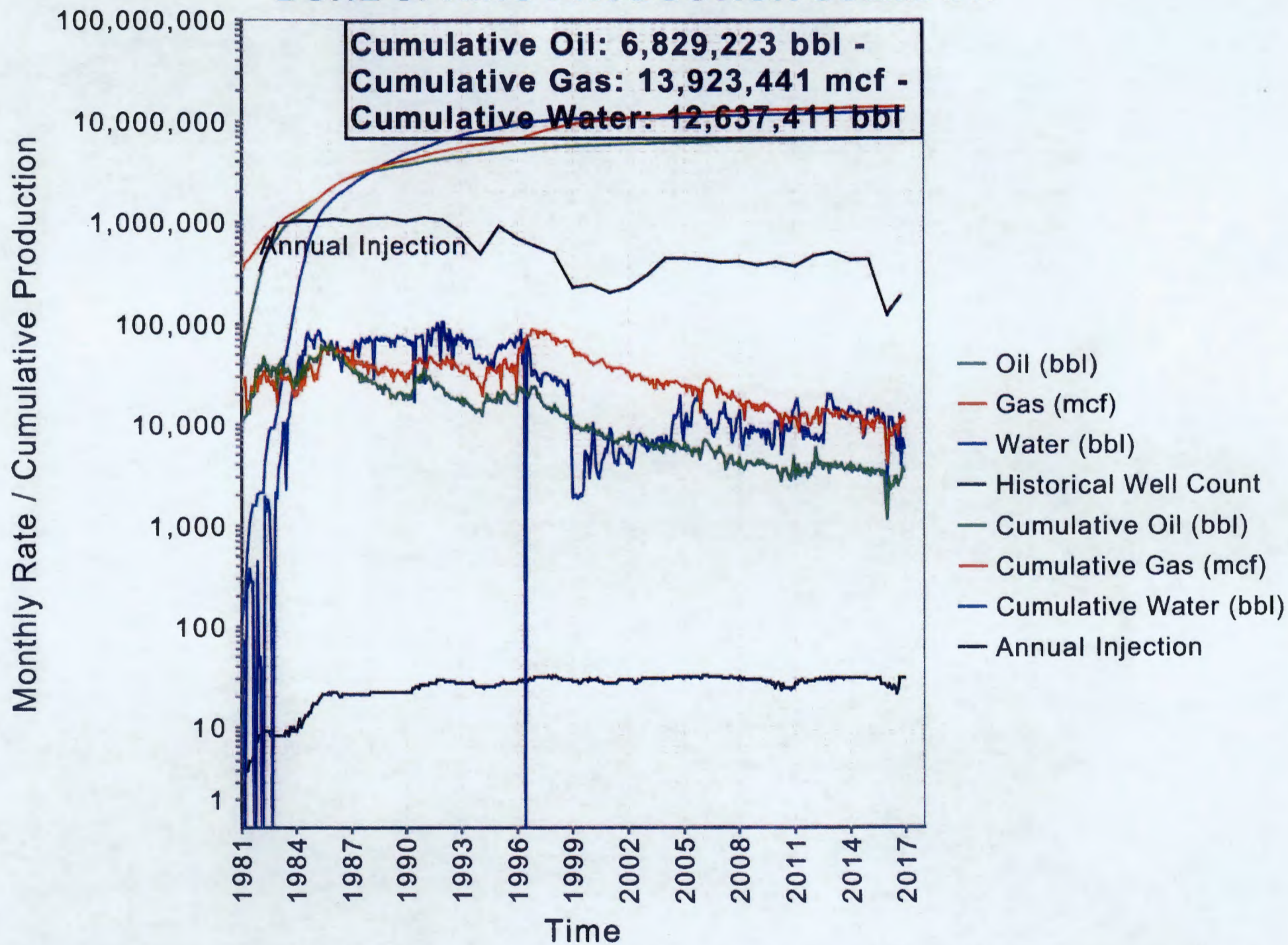
UNIT PRODUCTION SUMMARY



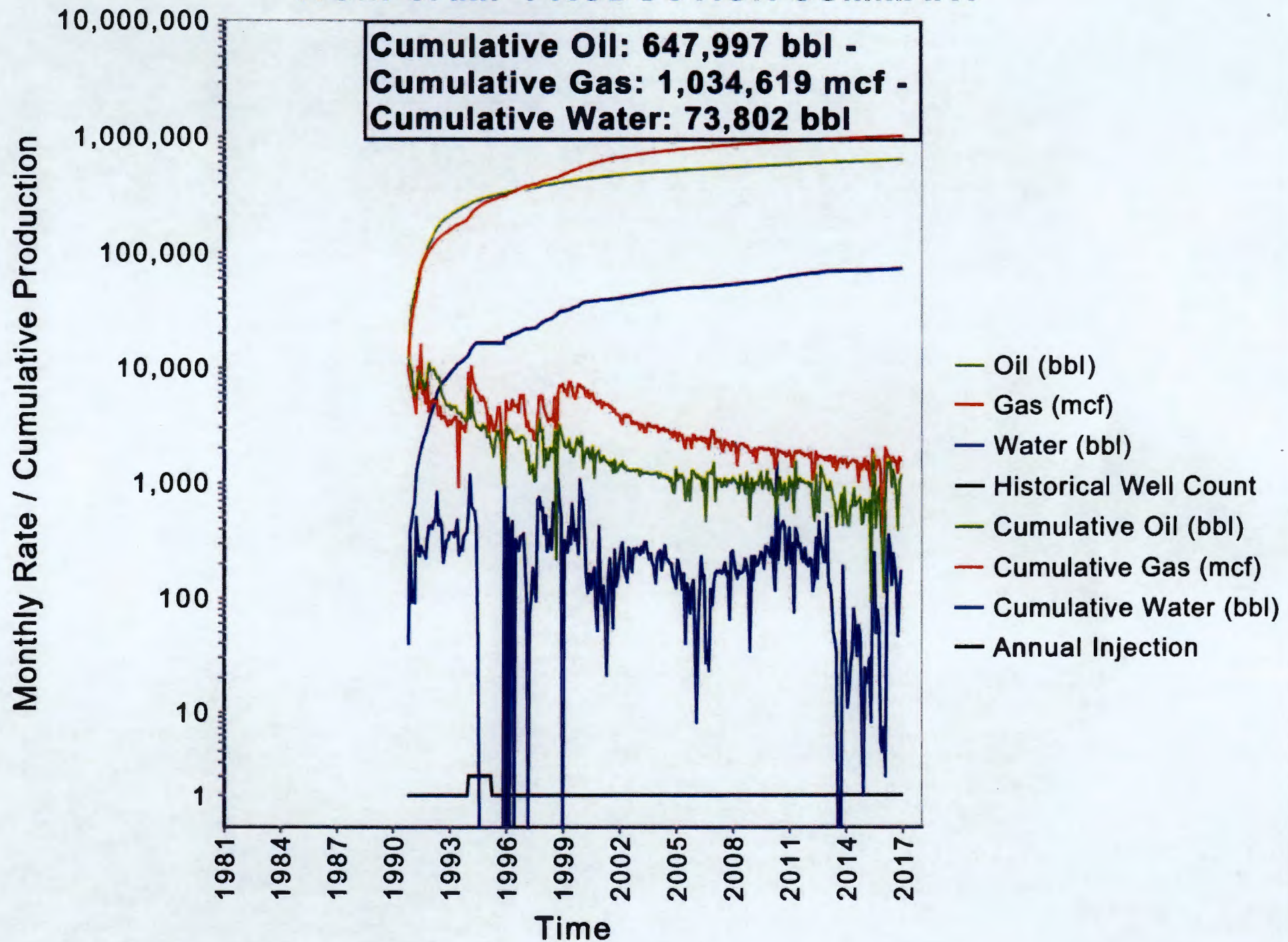
DELAWARE PRODUCTION SUMMARY



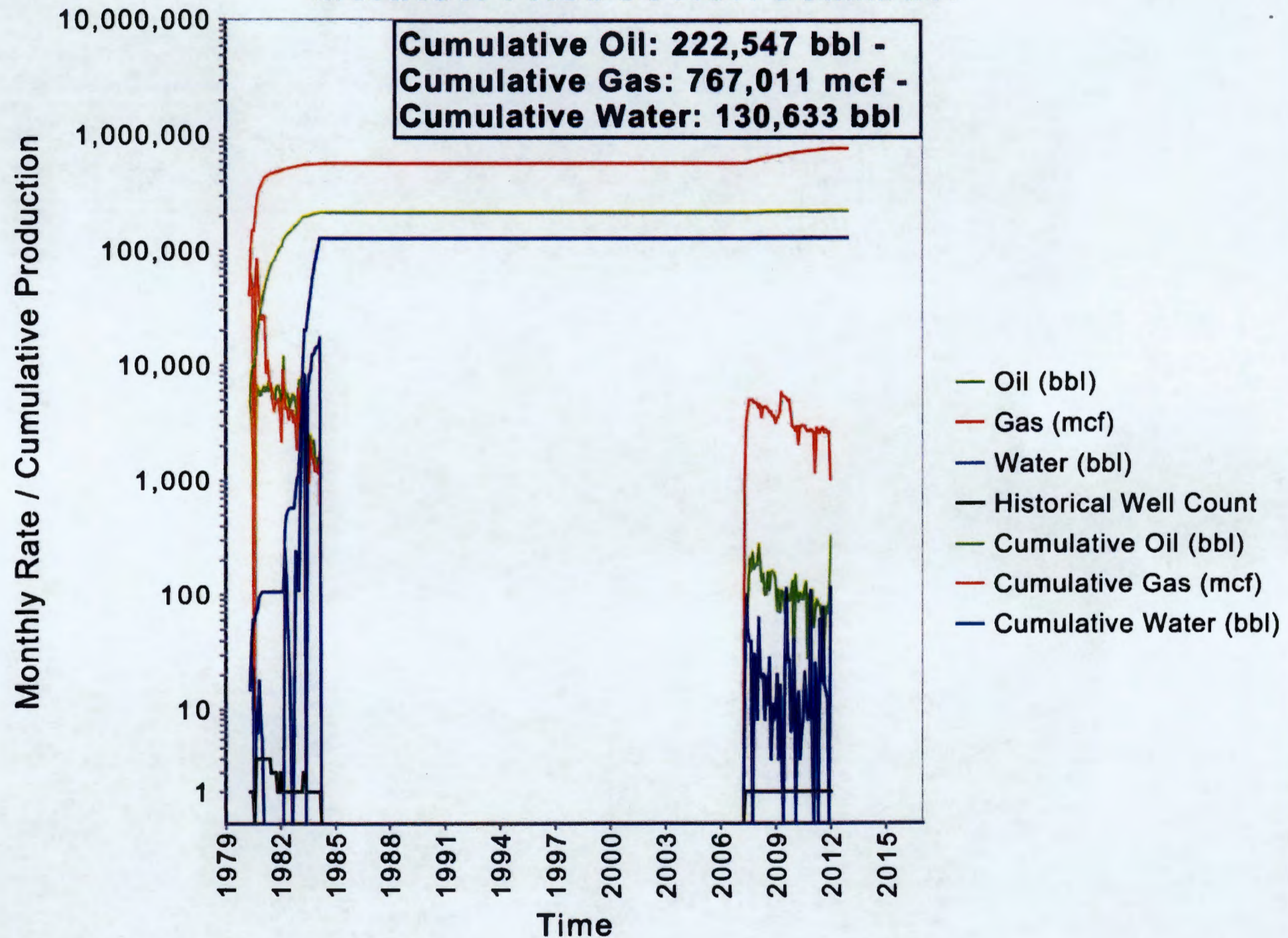
BONE SPRING PRODUCTION SUMMARY



WOLFCAMP PRODUCTION SUMMARY



MORROW PRODUCTION SUMMARY



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	<ul style="list-style-type: none">- 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: <ul style="list-style-type: none">- YOUNG DEEP UNIT 1 BATTERY- YOUNG DEEP UNIT 11 BATTERY CONSTRUCTED NEW CONTAINMENT FOR THE FOLLOWING YOUNG DEEP UNIT WELLS: <ul style="list-style-type: none">- 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	<ul style="list-style-type: none">- 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