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

APPLICATION OF MATADOR PRODUCTION COMPANY TO RE-OPEN CASE NO. 15747 TO AMEND THE INITIAL WELL UNDER THE TERMS OF COMPULSORY POOLING ORDER R-14432, EDDY COUNTY, NEW MEXICO.

CASE NO. 15747 (re-opened)

SUPPLEMENTAL AFFIDAVIT OF SAM PRYOR

STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Sam Pryor, being first duly sworn on oath, states as follows:

- 1. My name is Sam Pryor and I am employed by MRC Energy Company, an affiliate of Matador Production Company ("Matador"), in Dallas, Texas, as a Manager of Federal Lands. I previously testified as an expert in petroleum land matters in Case No. 15747 that resulted in the issuance of pooling Order R-14432 on September 1, 2017.
- 2. In Case No. 15747 (re-opened), Matador requested to change the surface location and target of the initial well within the Bone Spring formation. In addition, Matador changed the name of the proposed well from Stebbins 19 Federal Com No. 133H to the **Stebbins 19 Federal Com No. 123H** (API No. 30-015-44170).
- 3. Matador submitted an affidavit in Case No. 15747 (re-opened), in which it inadvertently attached an incorrect well proposal letter related to a different well.
- 4. Matador proposed the **Stebbins 19 Federal Com No. 123H** to all working interest owners. Attached to this affidavit is a copy of the correct well proposal letter and AFE sent to all working interest owners for the subject well.

FURTHER AFFIANT SAYETH NOT.

Sam Pryor

SUBSCRIBED AND SWORN before me on this 13th day of Feb., 2018.

Olly Public Olly

My Commission Expires:

2/23/2021

ALLISON K. OLINGER
Notary Public, State of Texas
Comm. Expires 02-23-2021
Notary ID 8042986

MRC Delaware Resources, LLC

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240 Voice 972.371.5242 • Fax 214.866.4883 spryor@matadorresources.com

Sam Pryor Manger-Federal Lands

October 25, 2017

VIA CERTIFIED RETURN RECEIPT MAIL

Eddy County, New Mexico

Yates Energy Corporation P. O. Box 2323 Roswell, NM 88202

Re: Stebbins 19 Fed Com #123H Participation Proposal SHL: NE4SE4; BHL: NW4SW4 Section 19, Township 20 South, Range 29 East

Yates Energy Corporation,

MRC Delaware Resources, LLC and its operating company Matador Production Company (collectively "MRC") propose the drilling of the Stebbins 19 Fed Com 19-20S-29E #123H well (the "Well"), located in the S2 of Section 19, Township 20 South, Range 29 East, Eddy County, New Mexico, to test the Bone Spring formation. The estimated cost of drilling, testing, completing, and equipping the Well is \$7,032,817 as itemized on the enclosed Authority for Expenditure ("AFE") dated October 24, 2017.

The Well will be drilled to a total vertical depth of 7,710' and a total measured depth of 12,336', producing a treatable lateral of approximately 4,500' within the 2nd Bone Spring formation.

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement ("OA") dated April 10, 2017. The Operating Agreement will the S2 of Section 19, Township 20 South, Range 29 East, Eddy County, New Mexico from the surface to the base of the Bone Spring formation ("Contract Area") pursuant to the following terms:

- 100/300/300% Non-consent penalty
- \$7,000/\$700 Drilling and Producing overhead rate

MRC requests that you indicate your election to participate in the drilling and completion of the Well in the space provided below, sign and return one (1) copy of this letter along with your geological well requirements, the AFE, and the OA to the undersigned.

Yates Energy Corporation, will own approximately 0.14756985 working interest in the Well, subject to title verification.

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

Please contact me if you have any questions.

Sincerely,
MRC Delaware Resources, LLC
Sam Pryor
Enclosure(s)
Please elect one of the following and return to sender.
Yates Energy Corporation hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Stebbins 19 Fed Com 19-20S-29E #123H.
Yates Energy Corporation hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Stebbins 19 Fed Com 19-20S-29E #123H.
I / We are interested in selling our interest in the Contract Area, please contact us to discuss
Yates Energy Corporation
Ву:
Title:
Date:

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240 Phone (972) 371-5200 • Fax (972) 371-5201

		ESTIMATE OF COS	ITS AND AUTHORIZATION	N FOR EXPENDITURE		
DATE:	October 24, 2017			AFE NO.:	na.	300032.005.01.001 R4
WELL NAME:	Stebbins 19 Fed Com	#123H		FIELD:		Bone Spring
LOCATION:	Section 19-20S-29E			MD/TVD:		12336'/7710'
COUNTY/STATE:	Eddy, NM			LATERAL LENGTH:	_	About 4500 ft
MRC WI:	200), 100				_	
GEOLOGIC TARGET:	2nd Bone Spring					
REMARKS:	Drill and complete a 2r	od Bone Spring hori:	zontal well			
NEWPONS.	om and complete a zi	id bottle opining from	LONIEDI WON			
		DRILLING	COMPLETION	PRODUCTION		TOTAL
INTANGIBLE C	COSTS	COSTS	COSTS	COSTS	FACILITY COSTS	COSTS
Land / Legal / Regulatory	\$	100,000	\$	5 .	\$ 10	\$ 100,000
Location, Surveys & Damag	9 5	145,500	17,500	5,003	10,000	178,000
Drilling		621,175				621.175
Cementing & Float Equip		232,000	- 404			232,000
Logging / Formation Evalua Mud Logging	tion	20,200	4,500			4,500
Mud Cogging Mud Circulation System		28,640				28,640
Mud & Chemicals		25,000	20,000			45,000
Mud / Wastewater Disposal		155,000	-			155,000
Freight / Transportation		20,000	16,500	N	7,000	43,500
Rig Supervision / Engineeri	ng	86,100	55,000	9,000	27,000	177,100
Drill Bits		85,000				85,000 76,875
Fuel & Power Water		76,875 32,500	508,000		-	540,500
Drig & Completion Overhes	d	8,000	15,000			23,000
Plugging & Abandonment	_					
Directional Drilling, Surveys	•	164,000		/		164,000
Completion Unit, Swab, CTL	J		60,000	12,600		72,600
Perforating, Wireline, Slicki	ine		70,800	40.000		70,800
High Pressure Pump Truck Stimulation			74,000 1,890,000	10,000		84,000 1,890,000
Stimulation Flowback & Dis	0		143,000	11,250		154,250
Insurance	•	22,500				22,500
Labor		113,500	26,500	6,000		146,000
Rental - Surface Equipment		57,300	121,725	1,000	15,000	195,025
Rental - Downhole Equipme	ent	42,000	40,000	1.000	77.703	82,000 76,788
Rental - Living Quarters		38,838	26,950 247,158	1,000	10,000	354,324
Contingency	****** *******************************			59,310	69,000	5,642,777
	TOTAL INTANGIBLES	DRILLING	3,336,633 COMPLETION	PRODUCTION	69,000	TOTAL
TANGIBLE C	OSTS	COSTS	COSTS	COSTS	FACILITY COSTS	COSTS
Surface Casing	1	39,786	\$	\$	\$	\$ 39,786
Intermediate Casing		60,952				60,952
Orilling Liner		101,690				101,690
Production Casing		240,000				240,000
Production Liner Tubing		.080		55,512		55,512
Wellhead		48,000		8,000		56,000
Packers, Liner Hangers		B,000	30,600	•		38,600
Tanks				-	90,000	90,000
Production Vessels		3.00		40,000	50,000	90,000
Flow Lines				46,000		46,000
Rod string				124,000		124,000
Artificial Lift Equipment Compressor				124,000	20,000	20,000
Installation Costs				25,000	90,000	115,000
Surface Pumps		. 7.		5,000		5,000
Non-controllable Surface				- 2		
Non-controllable Downhole		061				
Downhole Pumps Measurement & Meter Insta	linete			25,000	50,000	75,000
Gas Conditioning / Dehydra		$\overline{}$		23,000	30,000	75,000
Interconnecting Facility Pip					85,000	85,000
Gathering / Bulk Lines	_				•	
Valves, Dumps, Controllers					8,000	8,000
Tank / Facility Containment				-	40,000	40,000
Flare Stack Electrical / Grounding				30,000	22,000 15,000	45,000
Communications / SCADA				30,000	15,000	15,000
Instrumentation / Safety			-	2,500	15,000	17,500
	TOTAL TANGIBLES	498,428	30,600	361,012	500,000	1,390,040
	TOTAL COSTS >		3,367,233	420,322	569,000	7,032,817
REPARED BY MATADOR P	RODUCTION COMPAN					
Drilling Engineer	r, Patrick Walsh	Team Lead - WTX	NM LUTE			
Completions Engineer	Matt Bell		WTE			
Production Engineer	Rekesh Palel					
ATADOR RESOURCES CO	MPANY APPROVAL:					
Executive VP, COO/CF0)	VP - Res Enginee	ering		VP - Drill	ling
	DEL		BMR			BG
Executive VP, Lega	al .	Exec Dir - Explora	ation		VP - Product	lion
rege	CA		NLF		, , , , , , , , ,	TWG
Presiden						
. rearden	MVH					
ON OPERATING PARTNER	APPROVAL:					
Company Name	E		Working Interest (%):		Tax	(D:
es			Date:			
Signed by	r		Date: _			
Title	2:		Approval:	Yes		No (mark one)