

**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.

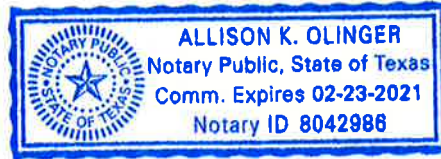
  
Sam Pryor

SUBSCRIBED AND SWORN before me on this 13<sup>th</sup> day of Feb., 2018.

Allison K. Olinger  
Notary Public

My Commission Expires:

2/23/2021



## 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](mailto:spryor@matadorresources.com)

---

**Sam Pryor**  
**Manger-Federal Lands**

October 25, 2017

VIA CERTIFIED RETURN RECEIPT MAIL

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  
Eddy County, New Mexico

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 2<sup>nd</sup> 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.

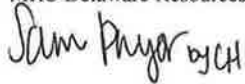
Yates Energy Corporation, will own approximately 0.14756985 working interest in the Well, subject to title verification.

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

DATE:	October 24, 2017	APE NO.:	300032.005.01.001 R4
WELL NAME:	Stebbins 19 Fed Com #123H	FIELD:	Bone Spring
LOCATION:	Section 19-20S-29E	MD/FTD:	12336/7710'
COUNTY/STATE:	Eddy, NM	LATERAL LENGTH:	About 4500 ft
MRC Wt:			
GEOLOGIC TARGET:	2nd Bone Spring		
REMARKS:	Drill and complete a 2nd Bone Spring horizontal well		

PREPARED BY MATADOR PRODUCTION COMPANY:

**MATADOR RESOURCES COMPANY APPROVAL:**

**NON OPERATING PARTNER APPROVAL:**

The views on this AFE are advisory only and may not be controlled as findings on any specific test at the final test of the project. Taking initiation as agreed under the AFE may be delayed up to a year after the test has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, medical, advisory, diligence and test costs under the terms of the applicable third-party licensing agreement, regulatory review or other agreement covering this test. Participants shall be covered by and shall participate for Ontario's test control and general liability insurance unless participant provides Ontario a certificate evidencing its participation in an amount equivalent to the AFE of test.