

MRC Permian Company

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

Voice 972.371.5275 • Fax 972-371-5201

jfilbert@matadorresources.com

Jonathan Filbert
Senior Staff Landman

March 23, 2015

VIA CERTIFIED RETURN RECEIPT MAIL

Mark A. Trieb
1717 ARTS PLZ STE 2001
DALLAS, TX 75201

Re: Matador Production Company – Cimarron State 16-19S-34E RN #133H
Participation Proposal
Section 16, Township 19-South, Range 34-East
Lea County, New Mexico

Mark A. Trieb:

MRC Permian Company ("MRC") proposes the drilling of the Matador Production Company's Cimarron State 16-19S-34E RN #133H Well, located in Section 16, Township 19-South, Range 34-East, Lea County, New Mexico, to the Bone Spring 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 \$6,800,827 as itemized on the enclosed Authority for Expenditure ("AFE") dated March 5, 2015.
2. The proposed surface location of the subject well is approximately 250' FNL and 1015' FEL of Section 16, Township 19-South, Range 34-East, Lea County, New Mexico. The proposed bottomhole location of the subject well is 240' FSL and 1506' FEL; see the enclosed plat for more detail.
3. In this well, there is a targeted interval within the Bone Spring formation. We will drill horizontally in the Third Bone Spring (~10,700' TVD) to a Total Measured Depth of

Case No. 15366



Exhibit 4

approximately 15,000' resulting in a productive lateral of approximately 4,300' that will require 11 frac stages to be completed.

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.

If you have any questions feel free to email or call me at the address above or email.

Sincerely,

MRC PERMIAN COMPANY


Jonathan Filbert

Enclosure(s)

Please elect one of the following and return to sender:

____ Mark A. Trieb hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

____ Mark A. Trieb hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE for the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

Mark A. Trieb

By: _____

Title: _____

Date: _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name CIMARRON STATE 16-19S-34E RN	⁶ Well Number #133H
⁷ GRID No.	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3825'

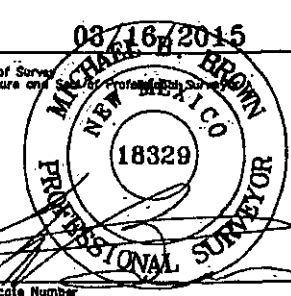
¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E	-	250'	NORTH	1015'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	19-S	34-E	-	240'	SOUTH	1506'	EAST	LEA

¹¹ Dedicated Acres 160.00	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737644 Y=607044 LAT.: N 32.6694892 LONG.: W 103.5610993</p> <p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737685 Y=602424 LAT.: N 32.6537887 LONG.: W 103.5610750</p> <p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=737686 Y=602334 LAT.: N 32.6535414 LONG.: W 103.5610746</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land (including the proposed bottom hole location) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>Date of Survey 03/16/2015 Signature and Seal of Professional Surveyor  </p> <p>Certificate Number _____</p>
	<p>19 SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=738134 Y=607129 LAT.: N 32.6667122 LONG.: W 103.5585044</p>

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1600 • DALLAS, TEXAS 75240

Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 5, 2015	AFE NO.:	300025-005-001
WELL NAME:	Cimarron State 16-19-34 RN #133H	FIELD:	Bone Spring
LOCATION:		MD/TVD:	15,000/10,700
COUNTY/STATE:	Lea	LATERAL LENGTH:	4,300
MRC Wt:	50.00%	DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd BS	COMPLETION DAYS:	12
REMARKS:	Drill a horizontal well and complete with 11 stages, BS Gen 2 frac design.		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
01 Land / Legal / Regulatory	\$ 36,700			\$ 36,700
02 Location, Surveys & Damages	126,500	137,500	4,000	268,000
10 Drilling	1,034,000			1,034,000
16 Cementing & Float Equip	215,000			215,000
20 Logging / Formation Evaluation		6,500		6,500
21 Mud Logging	14,500			14,500
23 Mud Circulation System	38,760			38,760
24 Mud & Chemicals	65,000	38,000		103,000
25 Mud / Wastewater Disposal	145,000			145,000
26 Freight / Transportation	36,000	13,500		49,500
28 Rig Supervision / Engineering	118,800	56,250	18,000	193,050
31 Drill Bits	105,000			105,000
32 Fuel & Power	196,000			196,000
33 Water	12,500	338,000		350,500
34 Drtg & Completion Overhead	16,500	17,000		33,500
36 Plugging & Abandonment				
38 Directional Drilling, Surveys	192,000			192,000
40 Completion Unit, Swab, CTU		110,000	28,000	138,000
44 Perforating, Wireline, Stickline		78,000	20,000	98,000
45 High Pressure Pump Truck		48,000		48,000
46 Stimulation		1,210,000		1,210,000
47 Stimulation Flowback & Disp		45,500		45,500
48 Insurance	28,100			28,100
50 Labor	183,000	19,500	6,000	188,500
51 Rental - Surface Equipment	89,100	225,250	12,000	326,350
52 Rental - Downhole Equipment	12,500	43,000		55,500
53 Rental - Living Quarters	75,720	31,210	10,000	116,930
54 Contingency	217,056	241,621	9,800	468,517
TOTAL INTANGIBLES >	2,930,788	2,657,831	107,800	5,696,427

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
41 Surface Casing	\$ 74,160			\$ 74,160
42 Intermediate Casing	166,800			166,800
43 Drilling Liner				
44 Production Casing	355,950			355,950
45 Production Liner				
46 Tubing			55,000	55,000
47 Wellhead	50,000		60,000	110,000
48 Packers, Liner Hangers		41,000	12,000	53,000
49 Tanks				
50 Production Vessels			74,000	74,000
51 Flow Lines				
52 Rod string				
53 Artificial Lift Equipment			50,000	50,000
54 Compressor				
55 Installation Costs			82,000	82,000
56 Surface Pumps			5,000	5,000
58 Non-controllable Surface			68,000	68,000
59 Non-controllable Downhole				
61 Downhole Pumps				
63 Measurement & Meter Installation			12,500	12,500
64 Gas Conditioning / Dehydration				
65 Interconnecting Facility Piping				
66 Gathering / Bulk Lines				
67 Valves, Dumps, Controllers				
68 Tank / Facility Containment				
69 Flare Stack				
70 Electrical / Grounding				
71 Communications / SCADA				
72 Instrumentation / Safety				
TOTAL TANGIBLES >	645,960	41,000	415,500	1,104,460
TOTAL COSTS >	3,577,898	2,698,831	524,300	6,800,827

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Aaron Byrd	Team Lead - WTXNM	<i>[Signature]</i>
Completions Engineer:	Chris Calvert	DWB	
Production Engineer:	Casey McCan		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BXR	BG
Executive VP, Legal	Exec Dir - Exploration	VP - Production
CA	DFH	WFM
President	VP & General Manager	
MVh	RCL	

NON OPERATING PARTNER APPROVAL:

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

This document is the property of Matador Production Company and is loaned to you for your use only. It is not to be reproduced, copied, or distributed without the written consent of Matador Production Company. The information contained herein is confidential and proprietary to Matador Production Company. It is to be used only for the purposes stated herein and is not to be used for any other purpose. If you are not a partner in this project, you are not authorized to use this document. If you are a partner, you are authorized to use this document for the purposes stated herein. If you are a partner, you are authorized to use this document for the purposes stated herein. If you are a partner, you are authorized to use this document for the purposes stated herein.

MRC Permian Company

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

Voice 972.371.5275 • Fax 972-371-5201

jfilbert@matadorresources.com

Jonathan Filbert
Senior Staff Landman

March 23, 2015

VIA CERTIFIED RETURN RECEIPT MAIL

Amtex Energy, Inc.
P.O. Box 3418
Midland, TX 79702

Re: Matador Production Company – Cimarron State 16-19S-34E RN #133H
Participation Proposal
Section 16, Township 19-South, Range 34-East
Lea County, New Mexico

Amtex Energy, Inc.:

MRC Permian Company ("MRC") proposes the drilling of the Matador Production Company's Cimarron State 16-19S-34E RN #133H Well, located in Section 16, Township 19-South, Range 34-East, Lea County, New Mexico, to the Bone Spring 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 \$6,800,827 as itemized on the enclosed Authority for Expenditure ("AFE") dated March 5, 2015.
2. The proposed surface location of the subject well is approximately 250' FNL and 1015' FEL of Section 16, Township 19-South, Range 34-East, Lea County, New Mexico. The proposed bottomhole location of the subject well is 240' FSL and 1506' FEL; see the enclosed plat for more detail.
3. In this well, there is a targeted interval within the Bone Spring formation. We will drill horizontally in the Third Bone Spring (~10,700' TVD) to a Total Measured Depth of

approximately 15,000' resulting in a productive lateral of approximately 4,300' that will require 11 frac stages to be completed.

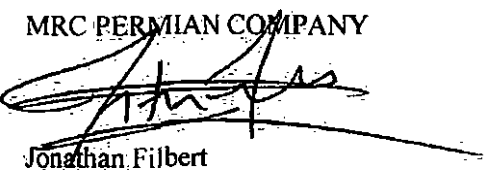
4. Amtex Energy, Inc. will own an approximate 50% working interest in the proposed well, subject to title verification.

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, Amtex Energy, Inc. shall be responsible for 50% of all costs incurred.

If you have any questions feel free to email or call me at the address above or email.

Sincerely,

MRC PERMIAN COMPANY


Jonathan Filbert

Enclosure(s)

Please elect one of the following and return to sender:

_____ Amtex Energy, Inc. hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

_____ Amtex Energy, Inc. hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE for the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

Amtex Energy, Inc.

By: _____

Title: _____

Date: _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name CIMARRON STATE 16-19S-34E RN	⁶ Well Number #133H
⁷ GRID No.	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3825'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E	-	250'	NORTH	1015'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	19-S	34-E	-	240'	SOUTH	1506'	EAST	LEA

¹¹ Dedicated Acres 160.00	¹² Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁵</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>Date of Survey _____ Signature of Surveyor _____</p> <p>08/16/2015 MICHAEL BROWN NEW MEXICO 18329 PROFESSIONAL SURVEYOR</p> <p>Certificate Number _____</p>
	<p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737644 Y=607044 LAT.: N 32.6664892 LONG.: W 103.5610993</p>
	<p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737685 Y=602424 LAT.: N 32.6537887 LONG.: W 103.5610750</p>
<p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=737686 Y=602334 LAT.: N 32.6535414 LONG.: W 103.5610746</p>	<p>SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=738134 Y=607129 LAT.: N 32.6667122 LONG.: W 103.5595044</p>

MATADOR PRODUCTION COMPANY
 ONE LINCOLN CENTRE • 3400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240
 Phone (972) 371-5200 • Fax (972) 371-5201

ESTIMATE OF COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 5, 2015	AFE NO.:	300025-005-001
WELL NAME:	Cimarron State 16-19-34 RN #133H	FIELD:	Bone Spring
LOCATION:		MD/TVD:	15,000/10,700
COUNTY/STATE:	Lea	LATERAL LENGTH:	4,300
MRC WI:	50.00%	DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd BS	COMPLETION DAYS:	12
REMARKS:	Drill a horizontal well and complete with 11 stages, BS Gen 2 frac design.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
INTANGIBLE COSTS				
01 Land / Legal / Regulatory	\$ 36,700			\$ 36,700
02 Location, Surveys & Damages	125,500	137,500	4,000	268,000
10 Drilling	1,034,000			1,034,000
18 Cementing & Float Equip	215,000			215,000
20 Logging / Formation Evaluation		6,500		6,500
21 Mud Logging	14,500			14,500
23 Mud Circulation System	38,780			38,780
24 Mud & Chemicals	60,000	36,000		96,000
25 Mud / Wastewater Disposal	145,000			145,000
26 Freight / Transportation	36,000	13,500		49,500
28 Rig Supervision / Engineering	118,800	56,250	18,000	183,050
31 Drill Bits	105,000			105,000
32 Fuel & Power	198,000			198,000
33 Water	12,500	338,000		350,500
34 Drig & Completion Overhead	18,500	17,000		35,500
36 Plugging & Abandonment				
38 Directional Drilling, Surveys	192,000			192,000
40 Completion Unit, Swab, CTU		110,000	28,000	138,000
44 Perforating, Wireline, Stickle		79,000	20,000	99,000
45 High Pressure Pump Truck		48,000		48,000
46 Stimulation		1,210,000		1,210,000
47 Stimulation Flowback & Disp		45,500		45,500
48 Insurance	28,100			28,100
50 Labor	163,000	16,500	8,000	187,500
51 Rental - Surface Equipment	89,100	225,250	12,000	326,350
52 Rental - Downhole Equipment	12,500	43,000		55,500
53 Rental - Living Quarters	75,720	31,210	10,000	116,930
54 Contingency	217,096	241,621	9,800	468,517
TOTAL INTANGIBLES >	2,930,786	2,657,931	107,400	5,696,117

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
TANGIBLE COSTS				
41 Surface Casing	\$ 74,150			\$ 74,150
42 Intermediate Casing	166,800			166,800
43 Drilling Liner				
44 Production Casing	355,950			355,950
45 Production Liner				
46 Tubing			55,000	55,000
47 Wellhead	50,000		60,000	110,000
48 Packers, Liner Hangers		41,000	12,000	53,000
49 Tanks				
50 Production Vessels			74,000	74,000
51 Flow Lines				
52 Rod string				
53 Artificial Lift Equipment			50,000	50,000
54 Compressor				
55 Installation Costs			82,000	82,000
56 Surface Pumps			5,000	5,000
58 Non-controllable Surface			68,000	68,000
59 Non-controllable Downhole				
61 Downhole Pumps				
63 Measurement & Meter Installation			12,500	12,500
64 Gas Conditioning / Dehydration				
65 Interconnecting Facility Piping				
66 Gathering / Bulk Lines				
67 Valves, Dumps, Controllers				
69 Tank / Facility Containment				
69 Flare Stack				
70 Electrical / Grounding				
71 Communications / SCADA				
72 Instrumentation / Safety				
TOTAL TANGIBLES >	845,900	41,000	415,500	1,302,400
TOTAL COSTS >	3,776,686	2,698,931	522,900	6,998,517

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Aaron Byrd	Team Lead - WTX/NM	<i>[Signature]</i>
Completions Engineer:	Chris Calvert		DWB
Production Engineer:	Casey McCan		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BW/R	BG
Executive VP, Legal	Exec Dir - Exploration	VP - Production
CA	DFR	WFM
President	VP & General Manager	
MVH	RCL	

NON OPERATING PARTNER APPROVAL:

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

This document is the property of Matador Production Company and is not to be distributed or reproduced without the express written consent of Matador Production Company. The information contained herein is confidential and proprietary to Matador Production Company and is not to be disclosed to any third party without the express written consent of Matador Production Company. The information contained herein is for internal use only and is not to be used for any other purpose. The information contained herein is not to be used for any other purpose. The information contained herein is not to be used for any other purpose.

MRC Permian Company

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

Voice 972.371.5275 • Fax 972-371-5201

jfilbert@matadorresources.com

Jonathan Filbert
Senior Staff Landman

March 23, 2015

VIA CERTIFIED RETURN RECEIPT MAIL

Stewart Royalty, Inc.
P.O. Box 50690
Midland, TX 79710

Re: Matador Production Company – Cimarron State 16-19S-34E RN #133H
Participation Proposal
Section 16, Township 19-South, Range 34-East
Lea County, New Mexico

Stewart Royalty, Inc.:

MRC Permian Company ("MRC") proposes the drilling of the Matador Production Company's Cimarron State 16-19S-34E RN #133H Well, located in Section 16, Township 19-South, Range 34-East, Lea County, New Mexico, to the Bone Spring 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.

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1. The estimated cost of drilling, testing, completing, and equipping the subject well is \$6,800,827 as itemized on the enclosed Authority for Expenditure ("AFE") dated March 5, 2015.
2. The proposed surface location of the subject well is approximately 250' FNL and 1015' FEL of Section 16, Township 19-South, Range 34-East, Lea County, New Mexico. The proposed bottomhole location of the subject well is 240' FSL and 1506' FEL; see the enclosed plat for more detail.
3. In this well, there is a targeted interval within the Bone Spring formation. We will drill horizontally in the Third Bone Spring (~10,700' TVD) to a Total Measured Depth of

approximately 15,000' resulting in a productive lateral of approximately 4,300' that will require 11 frac stages to be completed.

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.

If you have any questions feel free to email or call me at the address above or email.

Sincerely,

MRC PERMIAN COMPANY


Jonathan Filbert

Enclosure(s)

Please elect one of the following and return to sender:

____ Stewart Royalty, Inc. hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

____ Stewart Royalty, Inc. hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE for the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

Stewart Royalty, Inc.

By: _____

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 COSTS AND AUTHORIZATION FOR EXPENDITURE

DATE:	March 5, 2015	AFE NO.:	300025-005-001
WELL NAME:	Cimarron State 16-19-34 RN #133H	FIELD:	Bone Spring
LOCATION:		MD/TVD:	15,000/10,700
COUNTY/STATE:	Lea	LATERAL LENGTH:	4,300
MRC WI:	50.00%	DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd BS	COMPLETION DAYS:	12
REMARKS:	Drill a horizontal well and complete with 11 stages; BS Gen 2 frac design.		

INTANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
01 Land / Legal / Regulatory	36,700			36,700
02 Location, Surveys & Damages	125,500	137,500	4,000	268,000
10 Drilling	1,034,000			1,034,000
16 Cementing / Float Equip	215,000			215,000
20 Logging / Formation Evaluation		6,500		6,500
21 Mud Logging	14,500			14,500
23 Mud Circulation System	39,780			39,780
24 Mud / Chemicals	60,000	38,000		98,000
25 Mud / Wastewater Disposal	145,000			145,000
26 Freight / Transportation	35,000	13,500		48,500
28 Rig Supervision / Engineering	118,800	56,250	18,000	193,050
31 Drill Bits	105,000			105,000
32 Fuel & Power	198,000			198,000
33 Water	12,500	338,000		350,500
34 Drig & Completion Overhead	16,500	17,000		33,500
36 Plugging & Abandonment				
38 Directional Drilling, Surveys	192,000			192,000
40 Completion Unit, Swab, CTU		110,000	28,000	138,000
44 Perforating, Wireline, Slickline		78,000	20,000	98,000
45 High Pressure Pump Truck		48,000		48,000
46 Stimulation		1,210,000		1,210,000
47 Stimulation Flowback & Dbsp		45,500		45,500
48 Insurance	28,100			28,100
50 Labor	183,000	19,500	6,000	188,500
51 Rental - Surface Equipment	89,100	225,250	12,000	326,350
52 Rental - Downhole Equipment	12,500	43,000		55,500
53 Rental - Living Quarters	75,720	31,210	10,000	116,930
54 Contingency	217,056	241,621	9,600	468,277
TOTAL INTANGIBLES >	2,830,786	2,657,831	107,600	5,596,217

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
41 Surface Casing	74,150			74,150
42 Intermediate Casing	166,800			166,800
43 Drilling Liner				
44 Production Casing	355,950			355,950
45 Production Liner				
46 Tubing			55,000	55,000
47 Wellhead	50,000		60,000	110,000
48 Packers, Liner Hangers		41,000	12,000	53,000
49 Tanks				
50 Production Vessels			74,000	74,000
51 Flow Lines				
52 Rod string				
53 Artificial Lift Equipment			50,000	50,000
54 Compressor				
55 Installation Costs			82,000	82,000
56 Surface Pumps			5,000	5,000
58 Non-controllable Surface			65,000	65,000
59 Non-controllable Downhole				
61 Downhole Pumps				
63 Measurement & Meter Installation			12,500	12,500
64 Gas Conditioning / Dehydration				
65 Interconnecting Facility Piping				
66 Gathering / Bulk Lines				
67 Valves, Dumps, Controllers				
68 Tank / Facility Containment				
69 Flare Stack				
70 Electrical / Grounding				
71 Communications / SCADA				
72 Instrumentation / Safety				
TOTAL TANGIBLES >	848,900	41,000	415,500	1,305,400
TOTAL COSTS >	3,679,686	2,698,831	523,100	6,901,617

PREPARED BY MATADOR PRODUCTION COMPANY:

Drilling Engineer:	Aaron Byrd	Team Lead - WTX/NM	<i>[Signature]</i>
Completions Engineer:	Chris Calvert	DWR	
Production Engineer:	Casey McCam		

MATADOR RESOURCES COMPANY APPROVAL:

Executive VP, COO/CFO	VP - Res Engineering	VP - Drilling
DEL	BJR	BO
Executive VP, Legal	Exec Dir - Exploration	VP - Production
CA	DFM	WFM
President	VP & General Manager	
MPH	RCL	

NON OPERATING PARTNER APPROVAL:

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

This AFE is to be used only for the purpose of estimating the costs of the proposed well. It is not to be used for any other purpose. The AFE is to be used only for the purpose of estimating the costs of the proposed well. It is not to be used for any other purpose. The AFE is to be used only for the purpose of estimating the costs of the proposed well. It is not to be used for any other purpose.

MRC Permian Company

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

Voice 972.371.5275 • Fax 972-371-5201

jfilbert@matadorresources.com

Jonathan Filbert
Senior Staff Landman

March 23, 2015

VIA CERTIFIED RETURN RECEIPT MAIL

Philip C. Vogel
5611 Glen Pines Drive
Houston, Texas 77069

Re: Matador Production Company – Cimarron State 16-19S-34E RN #133H
Participation Proposal
Section 16, Township 19-South, Range 34-East
Lea County, New Mexico

Philip C. Vogel:

MRC Permian Company ("MRC") proposes the drilling of the Matador Production Company's Cimarron State 16-19S-34E RN #133H Well, located in Section 16, Township 19-South, Range 34-East, Lea County, New Mexico, to the Bone Spring 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 \$6,800,827 as itemized on the enclosed Authority for Expenditure ("AFE") dated March 5, 2015.
2. The proposed surface location of the subject well is approximately 250' FNL and 1015' FEL of Section 16, Township 19-South, Range 34-East, Lea County, New Mexico. The proposed bottomhole location of the subject well is 240' FSL and 1506' FEL; see the enclosed plat for more detail.
3. In this well, there is a targeted interval within the Bone Spring formation. We will drill horizontally in the Third Bone Spring (~10,700' TVD) to a Total Measured Depth of

approximately 15,000' resulting in a productive lateral of approximately 4,300' that will require 11 frac stages to be completed.

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.

If you have any questions feel free to email or call me at the address above or email.

Sincerely,

MRC PERMIAN COMPANY


Jonathan Filbert

Enclosure(s)

Please elect one of the following and return to sender:

☐ Philip C. Vogel hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

☐ Philip C. Vogel hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE for the Matador Production Company Cimarron State 16-19S-34E RN #133H Well, located in Lea County, New Mexico.

Philip C. Vogel

By: _____

Title: _____

Date: _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
311 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources
Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

FORM C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
⁴ Property Code	⁵ Property Name CIMARRON STATE 16-19S-34E RN	⁶ Well Number #139H
⁷ GRID No.	⁸ Operator Name MATADOR PRODUCTION COMPANY	⁹ Elevation 3825'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	16	19-S	34-E	-	250'	NORTH	1015'	EAST	LEA

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	19-S	34-E	-	240'	SOUTH	1506'	EAST	LEA

¹² Dedicated Acres 160.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-pool-standard unit has been approved by the division.

<p>¹⁶</p> <p>FIRST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737644 Y=607044 LAT.: N 32.6664692 LONG.: W 103.5610993</p> <p>LAST PERFORATION POINT NEW MEXICO EAST NAD 1927 X=737685 Y=602424 LAT.: N 32.6537887 LONG.: W 103.5610750</p> <p>BOTTOM HOLE LOCATION NEW MEXICO EAST NAD 1927 X=737685 Y=602334 LAT.: N 32.6535414 LONG.: W 103.5610746</p> <p>SURFACE LOCATION NEW MEXICO EAST NAD 1927 X=738134 Y=607129 LAT.: N 32.6667122 LONG.: W 103.5595044</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p> <p>¹⁸SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true to the best of my belief.</p> <p>Date of Survey 03/16/2015 Signature and Seal of Professional Surveyor MICHAEL BROWN NEW MEXICO 18329 PROFESSIONAL SURVEYOR</p> <p>Certificate Number _____</p>
---	--

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

DATE:	March 5, 2015	APE NO.:	300025-005-001
WELL NAME:	Cimarron State 16-18-34 RN #133H	FIELD:	Bone Spring
LOCATION:		MD/YD:	15,000/10,700
COUNTY/STATE:	Lea	LATERAL LENGTH:	4,300
MRC WI:	50.00%	DRILLING DAYS:	30
GEOLOGIC TARGET:	3rd BS	COMPLETION DAYS:	12
REMARKS:	Drill a horizontal well and complete with 11 stages; BS Gen 2 frac design		

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	TOTAL COSTS
41 Surface Casing	\$ 74,150	\$ -	\$ -	\$ 74,150
42 Intermediate Casing	166,800	-	-	166,800
43 Drilling Liner	-	-	-	-
44 Production Casing	355,950	-	-	355,950
45 Production Liner	-	-	-	-
46 Tubing	-	-	55,000	55,000
47 Wellhead	50,000	-	60,000	110,000
48 Packers, Liner Hangers	-	41,000	12,000	53,000
49 Tanks	-	-	-	-
50 Production Vessels	-	-	74,000	74,000
51 Flow Lines	-	-	-	-
52 Rod string	-	-	-	-
53 Artificial Lift Equipment	-	-	50,000	50,000
54 Compressor	-	-	62,000	62,000
55 Installation Costs	-	-	5,000	5,000
56 Surface Pumps	-	-	65,000	65,000
58 Non-controllable Surface	-	-	-	-
59 Non-controllable Downhole	-	-	-	-
61 Downhole Pumps	-	-	-	-
63 Measurement & Meter Installation	-	-	12,500	12,500
64 Gas Conditioning / Dehydration	-	-	-	-
66 Interconnecting Facility Piping	-	-	-	-
68 Gathering / Bulk Lines	-	-	-	-
67 Valves, Dumps, Controllers	-	-	-	-
68 Tank / Facility Containment	-	-	-	-
69 Flare Stack	-	-	-	-
70 Electrical / Grounding	-	-	-	-
71 Communications / SCADA	-	-	-	-
72 Instrumentation / Safety	-	-	-	-
TOTAL TANGIBLES >	646,900	41,000	418,500	1,106,400
TOTAL COSTS >	3,577,636	2,631,331	524,309	6,800,827

Drilling Engineer:	Aaron Byrd	Team Lead - WTX/NM	<i>[Signature]</i>
Completions Engineer:	Chris Calvert		DWB
Production Engineer:	Cesley McCain		

Executive VP, COO/CFO	OEL	VP - Res Engineering	SLR	VP - Drilling	BS
Executive VP, Legal	CA	Exec Dir - Exploration	DFN	VP - Production	WFM
President	MVH	VP & General Manager	RCL		

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