

MRC Permian Company

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ccarleton@matadorresources.com

Chris Carleton
Landman

August 29, 2016

VIA CERTIFIED RETURN RECEIPT MAIL

Concho Oil & Gas, LLC
Attn: Land Manager - Outside Operated Properties
Concho
600 West Illinois
Midland, Texas 79701

Re: Matador Production Company – Zach McCormick Fed Com #226H (the “Well”)
Participation Proposal
Section 18, Township 24 South, Range 29 East
Eddy County, New Mexico

Concho Oil & Gas, LLC:

MRC Permian Company (“MRC”) proposes the drilling of Matador Production Company’s Zach McCormick Fed Com #226H well, located in Section 18, Township 24 South, Range 29 East, Eddy County, New Mexico, to the Wolfcamp formation.

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 to the undersigned.

In connection with the above, please note the following:

The estimated cost of drilling, testing, completing, and equipping the Well is \$6,585,281 as itemized on the enclosed Authority for Expenditure (“AFE”) dated August 19, 2016.

The proposed surface location of the Well is approximately 2414’ FNL and 311’ FEL of Section 13, Township 24 South, Range 28 East, Eddy County, New Mexico. The proposed bottom hole location of the Well is approximately 2311’ FNL and 240’ FEL of Section 18, Township 24 South, Range 29 East, Eddy County, New Mexico.

The Well will have a targeted interval within the Wolfcamp formation. We plan to drill the Well horizontally in the Wolfcamp (~10,800’ TVD) to a Total Measured Depth of approximately 15,600’ resulting in a productive lateral of approximately 4,500’.

MRC reserves the right to modify the locations and drilling plans described above in order to address topography, cultural or environmental concerns, among other reasons. MRC will advise you of any such modifications.

Concho Oil & Gas, LLC will own an approximate 0.02506344 working interest in the Well, subject to title verification.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4 – Case No. 15591
Submitted by: Matador Production Company
Hearing Date: December 1, 2016

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 to the undersigned.

MRC is proposing to drill the Well under the terms of the modified 1989 AAPL form of Operating Agreement, which is being mailed separately for your review and approval. The Operating Agreement dated August 29, 2016, by and between Matador Production Company, as operator and MRC Permian Company et al as Non-Operators covers the N/2 of Section 18, Township 24 South, Range 29 East, Eddy County, New Mexico and has the following general provisions:

- 100/300/300 Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- Matador Production Company named as Operator

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.

Thank you for your consideration of this proposal. Please contact me if you have any questions.

Sincerely,

Chris Carleton
Chris Carleton *by SMH*

Enclosure(s)

Please elect one of the following and return to sender.

_____ Concho Oil & Gas, LLC hereby elects to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company's Zach McCormick Fed Com #226H well, located in Eddy County, New Mexico.

_____ Concho Oil & Gas, LLC hereby elects not to participate for its proportionate share of the costs detailed in the enclosed AFE associated with the Matador Production Company's Zach McCormick Fed Com #226H well, located in Eddy County, New Mexico.

_____ I / We are interested in selling our interest in this unit, please contact us to discuss.

Concho Oil & Gas, LLC

By: _____

Title: _____

Date: _____

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

DATE:	August 19, 2016	AFE NO.:	0
WELL NAME:	Zach McCormick Fed Com #226H	FIELD:	0
LOCATION:	Section 18-24S-29E	MD/TVD:	15600'/10800'
COUNTY/STATE:	Eddy	LATERAL LENGTH:	about 4500'
MRC W#:			
GEOLOGIC TARGET:	Wolfcamp		
REMARKS:	Drill and complete a horizontal Wolfcamp well with 22 stages		

TANGIBLE COSTS	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
Surface Casing	28,808	-	-	-	28,808
Intermediate Casing	80,875	-	-	-	80,875
Drilling Liner	290,800	-	-	-	290,800
Production Casing	227,125	-	-	-	227,125
Production Liner	-	-	-	-	-
Tubing	-	-	50,000	-	50,000
Wellhead	70,000	-	35,000	-	105,000
Packers, Liner Hangers	-	37,900	12,000	-	49,900
Tanks	-	-	-	60,000	60,000
Production Vessels	-	-	78,000	38,000	112,000
Flow Lines	-	-	-	-	-
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	30,000	-	30,000
Compressor	-	-	67,000	160,000	227,000
Installation Costs	-	-	5,000	-	5,000
Surface Pumps	-	-	76,000	50,000	126,000
Non-controllable Surface	-	-	-	-	-
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	12,500	105,000	117,500
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	-	-	-
Gathering / Bulk Lines	-	-	-	59,800	59,800
Valves, Dumps, Controllers	-	-	-	-	-
Tank / Facility Containment	-	-	-	-	-
Flare Stack	-	-	-	-	-
Electrical / Grounding	-	-	-	15,000	15,000
Communications / SCADA	-	-	-	-	-
Instrumentation / Safety	-	-	-	52,000	52,000
TOTAL TANGIBLES >	685,808	37,900	383,500	567,800	1,684,708
TOTAL COSTS >	3,105,900	2,323,001	488,500	690,800	6,608,201

Team Lead - WTXNM WTE
WTE

Executive VP, COO/CFO	DEL	VP - Res Engineering	BAR	VP - Drilling	SG
Executive VP, Legal	CA	Exec Dir - Exploration	NLF	VP - Production	TWO
President	MVH	VP & General Manager	RCL		

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

AfE - Version 3