

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

APPLICATION OF MATADOR PRODUCTION COMPANY
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

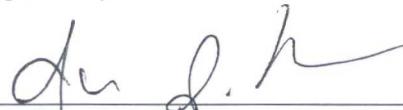
2017 JUN 29 10:00 AM
CASE NO. 15363

MATADOR'S RESPONSE TO JALAPENO'S OBJECTION TO WELL COSTS

In response to Jalapeno Corporation's ("Jalapeno") request for itemized schedule of actual well costs, Matador Production Company ("Matador") states as follows:

1. On April 21, 2017, Matador provided to the Division an itemized schedule of well costs.
2. On June 5, 2017, Matador provided the same document to Jalapeno.
3. Jalapeno filed an objection to Matador's well costs on the basis that the well costs were not sufficiently detailed.
4. In response to Jalapeno's request for a "true itemized list of expenses," Matador hereby submits the following detailed cost list, attached hereto as **Exhibit A**.
5. This cost list was also provided via email to Jalapeno on June 27, 2017.
6. A hearing on this matter is unnecessary because the issue has been resolved.

Respectfully submitted,



Michael H. Feldewert
Jordan L. Kessler
HOLLAND & HART LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
TEL: (505) 988-4421
Email: mfeldewert@hollandhart.com
Email: jlkessler@hollandhart.com

~And~

Dana R. Arnold
Matador Resources Company
5400 Lyndon B. Johnson Freeway, Suite 1500
Dallas, TX 75240
TEL: (972) 371-5284
Email: darnold@matadorresources.com

**ATTORNEYS FOR
MATADOR PRODUCTION COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that on June 28, 2017, I served a copy of the foregoing document to the following counsel of record via electronic mail:

Gene Gallegos
Jalapeno Corporation
460 St Michael s Drive Bldg 300
Santa Fe New Mexico 87505
(505) 983 6686
ieq@qalleqoslawfirm net
mjc@qalleqoslawfirm net



Jordan L. Kessler

MATADOR PRODUCTION COMPANY

ONE LINCOLN CENTRE • 5400 LBJ FREEWAY • SUITE 1500 • DALLAS, TEXAS 75240

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

ESTIMATE OF ACTUAL WELL COSTS AS OF 4/5/2017 PREPARED BY TRENT GOODWIN

DATE:	June 19, 2017	AFE NO.:	300017-014-01
WELL NAME:	Airstrip State Com 31-18S-35E RN 201H	FIELD:	Wolfcamp
LOCATION:		MD/TVD:	15,700/10,780'
COUNTY/STATE:	Lea County, New Mexico	LATERAL LENGTH:	4,300
MRC W#:			
GEOLOGIC TARGET:	Wolfcamp A		
REMARKS:	Drill and complete a horizontal Wolfcamp A well with 21 stages. Install AL, build TB, and construct PL to gas connect.		

	DRILLING COSTS	COMPLETION COSTS	PRODUCTION COSTS	FACILITY COSTS	TOTAL COSTS
INTANGIBLE COSTS					
Land / Legal / Regulatory	\$ 108,790	\$ 23	\$ 1,385	\$ -	\$ 110,198
Location, Surveys & Damages	173,010	31,307	57,850	-	262,167
Drilling	898,779	-	-	-	898,779
Cementing & Float Equip	144,233	-	-	-	144,233
Mud Logging	32,584	5,782	-	-	38,366
Technical Supervision	8,328	-	-	-	8,328
Mud Circulation System	76,146	-	-	-	76,146
Mud & Chemicals	183,115	45,971	8,153	-	237,239
Mud / Wastewater Disposal	209,927	-	-	-	209,927
Freight / Transportation	20,910	8,115	6,424	-	35,449
Rig Supervision / Engineering	149,780	122,719	50,719	-	323,218
Drill Bits	198,281	-	-	-	198,281
Fuel & Power	91,283	-	-	-	91,283
Water	40,150	346,575	-	-	386,724
Drig & Completion Overhead	7,691	20,840	-	-	28,530
Plugging & Abandonment	-	-	-	-	-
Directional Drilling, Surveys	244,255	-	-	-	244,255
Completion Unit, Swab, CTU	-	196,426	-	-	196,426
Perforating, Wireline, Slickline	-	124,910	-	-	124,910
High Pressure Pump Truck	-	96,122	5,822	-	101,944
Stimulation	-	1,262,485	-	-	1,262,485
Stimulation Flowback & Disp	-	103,017	11,524	-	114,540
Insurance	5,433	-	-	-	5,433
Labor	78,581	56,786	5,600	-	140,967
Rental - Surface Equipment	72,300	299,685	15,740	16,364	404,090
Rental - Downhole Equipment	79,754	107,678	-	-	187,432
Rental - Living Quarters	55,110	43,061	-	-	98,170
Contingency	-	-	-	-	-
TOTAL INTANGIBLES >	2,878,439	2,871,499	163,217	16,364	5,929,519
TANGIBLE COSTS					
Surface Casing	\$ 63,279	\$ -	\$ -	\$ -	\$ 63,279
Intermediate Casing	94,973	-	-	-	94,973
Drilling Liner	310,873	-	-	-	310,873
Production Casing	251,475	-	-	-	251,475
Production Liner	-	-	-	-	-
Tubing	-	-	43,867	-	43,867
Wellhead	49,544	-	21,567	-	71,211
Packers, Liner Hangers	-	47,581	-	-	47,581
Tanks	-	-	-	94,832	94,832
Production Vessels	-	-	-	182,918	182,918
Flow Lines	-	-	78,842	3,642	82,283
Rod string	-	-	-	-	-
Artificial Lift Equipment	-	-	20,781	-	20,781
Compressor	-	-	-	-	-
Installation Costs	-	-	878	93,167	94,045
Surface Pumps	-	-	-	3,629	3,629
Non-controllable Surface	439	-	-	116,216	116,655
Non-controllable Downhole	-	-	-	-	-
Downhole Pumps	-	-	-	-	-
Measurement & Meter Installation	-	-	80,844	3,101	83,946
Gas Conditioning / Dehydration	-	-	-	-	-
Interconnecting Facility Piping	-	-	51,535	-	51,535
Gathering / Bulk Lines	-	-	-	19,477	19,477
Valves, Dumps, Controllers	-	-	-	-	-
Tank / Facility Containment	-	-	-	28,762	28,762
Flare Stack	-	-	-	37,166	37,166
Electrical / Grounding	-	-	65,733	41,103	106,835
Communications / SCADA	-	-	-	-	-
Instrumentation / Safety	-	-	-	67,278	67,278
TOTAL TANGIBLES >	770,683	47,581	363,847	691,290	1,873,400
TOTAL COSTS >	3,649,122	2,919,080	527,064	707,654	7,802,920

