

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-35410

Matador Resources Company

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

5400 LBJ Freeway, Suite 1500
Dallas, Texas
(Address of principal executive offices)

27-4662601
(I.R.S. Employer
Identification No.)

75240
(Zip Code)

(972) 371-5200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MTDR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 23, 2024, there were 124,780,249 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

MATADOR RESOURCES COMPANY
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2024

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Part I — FINANCIAL INFORMATION
Item 1. Financial Statements — Unaudited
Matador Resources Company and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED
(In thousands, except par value and share data)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 23,208	\$ 52,662
Restricted cash	51,118	53,636
Accounts receivable		
Oil and natural gas revenues	278,155	274,192
Joint interest billings	207,540	163,660
Other	42,778	35,102
Derivative instruments	3,027	2,112
Lease and well equipment inventory	39,927	41,808
Prepaid expenses and other current assets	108,382	92,700
Total current assets	754,135	715,872
Property and equipment, at cost		
Oil and natural gas properties, full-cost method		
Evaluated	9,973,110	9,633,757
Unproved and unevaluated	1,407,512	1,193,257
Midstream properties	1,398,601	1,318,015
Other property and equipment	40,901	40,375
Less accumulated depletion, depreciation and amortization	(5,441,274)	(5,228,963)
Net property and equipment	7,378,850	6,956,441
Other assets		
Derivative instruments	1,718	558
Other long-term assets	92,626	54,125
Total other assets	94,344	54,683
Total assets	\$ 8,227,329	\$ 7,726,996
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 121,823	\$ 68,185
Accrued liabilities	419,791	365,848
Royalties payable	178,506	161,983
Amounts due to affiliates	13,495	28,688
Advances from joint interest owners	37,725	19,954
Other current liabilities	80,001	40,617
Total current liabilities	851,341	685,275
Long-term liabilities		
Borrowings under Credit Agreement	260,000	500,000
Borrowings under San Mateo Credit Facility	526,000	522,000
Senior unsecured notes payable	1,185,567	1,184,627
Asset retirement obligations	90,361	87,485
Deferred income taxes	625,682	581,439
Other long-term liabilities	52,216	38,482
Total long-term liabilities	2,739,826	2,914,033
Commitments and contingencies (Note 10)		
Shareholders' equity		
Common stock - \$0.01 par value, 160,000,000 shares authorized; 124,835,154 and 119,478,282 shares issued; and 124,780,297 and 119,458,674 shares outstanding, respectively	1,248	1,194
Additional paid-in capital	2,472,681	2,133,172
Retained earnings	1,946,412	1,776,541
Treasury stock, at cost, 54,857 and 19,608 shares, respectively	(2,091)	(45)
Total Matador Resources Company shareholders' equity	4,418,250	3,910,862
Non-controlling interest in subsidiaries	217,912	216,826
Total shareholders' equity	4,636,162	4,127,688
Total liabilities and shareholders' equity	\$ 8,227,329	\$ 7,726,996

The accompanying notes are an integral part of these financial statements.

Matador Resources Company and Subsidiaries**CONDENSED CONSOLIDATED STATEMENTS OF INCOME — UNAUDITED**
(In thousands, except per share data)

	Three Months Ended	
	March 31,	
	2024	2023
Revenues		
Oil and natural gas revenues	\$ 703,540	\$ 502,909
Third-party midstream services revenues	32,357	26,511
Sales of purchased natural gas	49,446	34,254
Realized gain on derivatives	275	3,669
Unrealized gain (loss) on derivatives	2,075	(7,067)
Total revenues	<u>787,693</u>	<u>560,276</u>
Expenses		
Production taxes, transportation and processing	70,153	55,486
Lease operating	76,295	44,407
Plant and other midstream services operating	39,623	31,045
Purchased natural gas	39,432	28,448
Depletion, depreciation and amortization	212,311	126,325
Accretion of asset retirement obligations	1,273	699
General and administrative	29,653	22,433
Total expenses	<u>468,740</u>	<u>308,843</u>
Operating income	318,953	251,433
Other income (expense)		
Interest expense	(39,562)	(16,176)
Other income	577	339
Total other expense	<u>(38,985)</u>	<u>(15,837)</u>
Income before income taxes	279,968	235,596
Income tax provision (benefit)		
Current	17,272	4,929
Deferred	49,506	51,743
Total income tax provision	<u>66,778</u>	<u>56,672</u>
Net income	213,190	178,924
Net income attributable to non-controlling interest in subsidiaries	(19,461)	(15,794)
Net income attributable to Matador Resources Company shareholders	<u>\$ 193,729</u>	<u>\$ 163,130</u>
Earnings per common share		
Basic	<u>\$ 1.62</u>	<u>\$ 1.37</u>
Diluted	<u>\$ 1.61</u>	<u>\$ 1.36</u>
Weighted average common shares outstanding		
Basic	<u>119,721</u>	<u>119,034</u>
Diluted	<u>120,253</u>	<u>119,702</u>

The accompanying notes are an integral part of these financial statements.

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED
(In thousands)

For the Three Months Ended March 31, 2024

	Common Stock		Additional paid-in capital	Retained earnings	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at January 1, 2024	119,478	\$ 1,194	\$ 2,133,172	\$ 1,776,541	20	\$ (45)	\$ 3,910,862	\$ 216,826	\$ 4,127,688
Dividends declared (\$0.20 per share)	—	—	—	(23,858)	—	—	(23,858)	—	(23,858)
Issuance of common stock pursuant to employee stock compensation plan	100	1	(11,382)	—	—	—	(11,381)	—	(11,381)
Issuance of common stock pursuant to public offering	5,250	53	344,610	—	—	—	344,663	—	344,663
Cost to issue equity	—	—	(53)	—	—	—	(53)	—	(53)
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	5,149	—	—	—	5,149	—	5,149
Stock options exercised, net of options forfeited in net share settlements	7	—	—	—	—	—	—	—	—
Restricted stock forfeited	—	—	—	—	35	(2,046)	(2,046)	—	(2,046)
Contribution related to formation of San Mateo, net of tax of \$0.3 million (see Note 7)	—	—	1,185	—	—	—	1,185	—	1,185
Contributions from non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	7,350	7,350
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(25,725)	(25,725)
Current period net income	—	—	—	193,729	—	—	193,729	19,461	213,190
Balance at March 31, 2024	<u>124,835</u>	<u>\$ 1,248</u>	<u>\$ 2,472,681</u>	<u>\$ 1,946,412</u>	<u>55</u>	<u>\$ (2,091)</u>	<u>\$ 4,418,250</u>	<u>\$ 217,912</u>	<u>\$ 4,636,162</u>

The accompanying notes are an integral part of these financial statements.

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED
(In thousands)

For the Three Months Ended March 31, 2023

	Common Stock		Additional paid-in capital	Retained earnings	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at January 1, 2023	118,953	\$ 1,190	\$ 2,101,999	\$ 1,007,642	5	\$ (34)	\$ 3,110,797	\$ 206,294	\$ 3,317,091
Dividends declared (\$0.15 per share)	—	—	—	(17,768)	—	—	(17,768)	—	(17,768)
Issuance of common stock pursuant to employee stock compensation plan	264	2	(17,592)	—	—	—	(17,590)	—	(17,590)
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	3,894	—	—	—	3,894	—	3,894
Stock options exercised, net of options forfeited in net share settlements	15	—	12	—	—	—	12	—	12
Restricted stock forfeited	—	—	—	—	21	(1,236)	(1,236)	—	(1,236)
Contribution related to formation of San Mateo, net of tax of \$3.1 million (see Note 7)	—	—	11,613	—	—	—	11,613	—	11,613
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(19,110)	(19,110)
Current period net income	—	—	—	163,130	—	—	163,130	15,794	178,924
Balance at March 31, 2023	<u>119,232</u>	<u>\$ 1,192</u>	<u>\$ 2,099,926</u>	<u>\$ 1,153,004</u>	<u>26</u>	<u>\$ (1,270)</u>	<u>\$ 3,252,852</u>	<u>\$ 202,978</u>	<u>\$ 3,455,830</u>

The accompanying notes are an integral part of these financial statements.

Matador Resources Company and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED
(In thousands)

	Three Months Ended	
	March 31,	
	2024	2023
Operating activities		
Net income	\$ 213,190	\$ 178,924
Adjustments to reconcile net income to net cash provided by operating activities		
Unrealized (gain) loss on derivatives	(2,075)	7,067
Depletion, depreciation and amortization	212,311	126,325
Accretion of asset retirement obligations	1,273	699
Stock-based compensation expense	2,838	2,290
Deferred income tax provision	49,506	51,743
Amortization of debt issuance cost and other debt-related costs	4,644	838
Other non-cash changes	(333)	—
Changes in operating assets and liabilities		
Accounts receivable	(55,519)	40,906
Lease and well equipment inventory	(2,044)	(4,423)
Prepaid expenses and other current assets	(1,474)	(16,517)
Other long-term assets	254	35
Accounts payable, accrued liabilities and other current liabilities	(4,814)	(39,871)
Royalties payable	16,522	376
Advances from joint interest owners	17,771	(9,805)
Income taxes payable	16,025	723
Other long-term liabilities	487	190
Net cash provided by operating activities	468,562	339,500
Investing activities		
Drilling, completion and equipping capital expenditures	(236,639)	(224,144)
Acquisition of oil and natural gas properties	(202,264)	(103,863)
Midstream capital expenditures	(105,086)	(14,141)
Expenditures for other property and equipment	(226)	(1,769)
Proceeds from sale of assets	900	451
Net cash used in investing activities	(543,315)	(343,466)
Financing activities		
Repayments of borrowings under Credit Agreement	(930,000)	—
Borrowings under Credit Agreement	690,000	—
Repayments of borrowings under San Mateo Credit Facility	(65,000)	(55,000)
Borrowings under San Mateo Credit Facility	69,000	65,000
Cost to amend credit facilities	(11,292)	(8,645)
Proceeds from issuance of common stock	344,663	—
Cost to issue equity	(53)	—
Dividends paid	(23,858)	(17,768)
Contributions related to formation of San Mateo	1,500	14,700
Contributions from non-controlling interest owners of less-than-wholly-owned subsidiaries	7,350	—
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	(25,725)	(19,110)
Taxes paid related to net share settlement of stock-based compensation	(13,515)	(18,909)
Other	(289)	(204)
Net cash provided by (used in) financing activities	42,781	(39,936)
Change in cash and restricted cash	(31,972)	(43,902)
Cash and restricted cash at beginning of period	106,298	547,330
Cash and restricted cash at end of period	\$ 74,326	\$ 503,428

Supplemental disclosures of cash flow information (Note 11)

The accompanying notes are an integral part of these financial statements.

Matador Resources Company and Subsidiaries**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED****NOTE 1 — NATURE OF OPERATIONS**

Matador Resources Company, a Texas corporation (“Matador” and, collectively with its subsidiaries, the “Company”), is an independent energy company engaged in the exploration, development, production and acquisition of oil and natural gas resources in the United States, with an emphasis on oil and natural gas shale and other unconventional plays. The Company’s current operations are focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. The Company also operates in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana. Additionally, the Company conducts midstream operations primarily through its midstream joint venture, San Mateo Midstream, LLC and its subsidiaries (“San Mateo”), and Pronto Midstream, LLC and its subsidiary (“Pronto”) in support of the Company’s exploration, development and production operations and provides natural gas processing, oil transportation services, oil, natural gas and produced water gathering services and produced water disposal services to third parties.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Interim Financial Statements, Basis of Presentation, Consolidation and Significant Estimates*

The interim unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) but do not include all of the information and footnotes required by generally accepted accounting principles in the United States of America (“U.S. GAAP”) for complete financial statements and should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 27, 2024 (the “Annual Report”). The Company consolidates certain subsidiaries and joint ventures that are less-than-wholly-owned and are not involved in oil and natural gas exploration, including San Mateo, and the net income and equity attributable to the non-controlling interest in these subsidiaries have been reported separately as required by Accounting Standards Codification, *Consolidation (Topic 810)*. The Company proportionately consolidates certain joint ventures that are less-than-wholly-owned and are involved in oil and natural gas exploration. All intercompany balances and transactions have been eliminated in consolidation. In management’s opinion, these interim unaudited condensed consolidated financial statements include all normal, recurring adjustments that are necessary for a fair presentation of the Company’s interim unaudited condensed consolidated financial statements as of March 31, 2024. Amounts as of December 31, 2023 are derived from the Company’s audited consolidated financial statements included in the Annual Report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company’s interim unaudited condensed consolidated financial statements are based on a number of significant estimates, including oil and natural gas revenues, accrued assets and liabilities, stock-based compensation, valuation of derivative instruments, deferred tax assets and liabilities, purchase price allocations and oil and natural gas reserves. The estimates of oil and natural gas reserves quantities and future net cash flows are the basis for the calculations of depletion and impairment of oil and natural gas properties, as well as estimates of asset retirement obligations and certain tax accruals. While the Company believes its estimates are reasonable, changes in facts and assumptions or the discovery of new information may result in revised estimates. Actual results could differ from these estimates.

Matador Resources Company and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — Continued

Revenues

The following table summarizes the Company's total revenues and revenues from contracts with customers on a disaggregated basis for the three months ended March 31, 2024 and 2023 (in thousands).

	Three Months Ended March 31,	
	2024	2023
Revenues from contracts with customers	\$ 785,343	\$ 563,674
Realized gain on derivatives	275	3,669
Unrealized gain (loss) on derivatives	2,075	(7,067)
Total revenues	<u>\$ 787,693</u>	<u>\$ 560,276</u>

	Three Months Ended March 31,	
	2024	2023
Oil revenues	\$ 598,514	\$ 401,777
Natural gas revenues	105,026	101,132
Third-party midstream services revenues	32,357	26,511
Sales of purchased natural gas	49,446	34,254
Total revenues from contracts with customers	<u>\$ 785,343</u>	<u>\$ 563,674</u>

Property and Equipment

The Company uses the full-cost method of accounting for its investments in oil and natural gas properties. Under this method, the Company is required to perform a ceiling test each quarter that determines a limit, or ceiling, on the capitalized costs of oil and natural gas properties based primarily on the after-tax estimated future net cash flows from oil and natural gas properties using a 10% discount rate and the arithmetic average of first-day-of-the-month oil and natural gas prices for the prior 12-month period. For each of the three months ended March 31, 2024 and 2023, the cost center ceiling was higher than the capitalized costs of oil and natural gas properties, and, as a result, no impairment charge was necessary.

The Company capitalized approximately \$17.1 million and \$12.6 million of its general and administrative costs for the three months ended March 31, 2024 and 2023, respectively. The Company capitalized approximately \$5.9 million and \$3.4 million of its interest expense for the three months ended March 31, 2024 and 2023, respectively.

Earnings Per Common Share

The Company reports basic earnings attributable to Matador shareholders per common share, which excludes the effect of potentially dilutive securities, and diluted earnings attributable to Matador shareholders per common share, which includes the effect of all potentially dilutive securities unless their impact is anti-dilutive.

The following table sets forth the computation of diluted weighted average common shares outstanding for the three months ended March 31, 2024 and 2023 (in thousands).

	Three Months Ended March 31,	
	2024	2023
Weighted average common shares outstanding		
Basic	119,721	119,034
Dilutive effect of options and restricted stock units	532	668
Diluted weighted average common shares outstanding	<u>120,253</u>	<u>119,702</u>

Matador Resources Company and Subsidiaries**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED****NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — Continued**Recent Accounting Pronouncements

Segments. In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances the disclosures required for operating segments in the Company’s annual and interim consolidated financial statements. This ASU is effective retrospectively for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its disclosures.

Income Taxes. In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this standard provide for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid. This ASU is effective for the Company prospectively to all annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of this standard on its disclosures.

Climate-Related Disclosures. On March 6, 2024, the SEC adopted a new set of rules that require a wide range of climate-related disclosures, including material climate-related risks, information on any climate-related targets or goals that are material to the registrant’s business, results of operations or financial condition, Scope 1 and Scope 2 greenhouse gas emissions on a phased-in basis by certain larger registrants when those emissions are material and the filing of an attestation report covering the same, and disclosure of the financial statement effects of severe weather events and other natural conditions including costs and losses. Compliance dates under the final rule are phased in by registrant category. Multiple lawsuits have been filed challenging the SEC’s new climate rules, which have been consolidated and will be heard in the U.S. Court of Appeals for the Eighth Circuit. On April 4, 2024, the SEC issued an order staying the final rules until judicial review is complete. The Company is currently evaluating the impact of the final rules on its disclosures.

NOTE 3 — BUSINESS COMBINATIONSQ1 2024 Acquisition

On February 15, 2024, a wholly-owned subsidiary of the Company acquired oil and natural gas producing properties and undeveloped acreage located in Lea County, New Mexico (the “Q1 2024 Acquisition”). The Q1 2024 Acquisition had an effective date of October 1, 2023 and consideration for the acquisition consisted of an amount in cash equal to approximately \$155.1 million (which amount was subject to certain customary post-closing adjustments).

The Q1 2024 Acquisition was accounted for under the acquisition method of accounting as a business combination in accordance with Accounting Standards Codification Topic 805, Business Combinations (“ASC Topic 805”). Under ASC Topic 805, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, with any excess purchase price allocated to goodwill.

The preliminary allocation of the total purchase price for the Q1 2024 Acquisition is set forth below (in thousands). The Company anticipates that the allocation of the purchase price should be finalized during 2024 upon determination of the final purchase price adjustments.

Matador Resources Company and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 3 — BUSINESS COMBINATIONS — Continued

Consideration	Allocation
Cash consideration given	\$ 155,054
Allocation of purchase price	
Current assets	\$ 4,984
Oil and natural gas properties	
Evaluated	45,778
Unproved and unevaluated	105,446
Asset retirement obligations	(1,154)
Net assets acquired	\$ 155,054

The fair value measurements of assets acquired and liabilities assumed are based on inputs that are not observable in the market and therefore represent Level 3 inputs. The fair value of oil and gas properties and asset retirement obligations were measured using the discounted cash flow technique of valuation.

Significant inputs to the valuation of oil and gas properties include estimates of: (i) future production volumes, (ii) future commodity prices and (iii) recent market comparable transactions for unproved acreage. These inputs require significant judgments and estimates and are the most sensitive and subject to change.

The results of operations for the Q1 2024 Acquisition since the closing date have been included in the Company's interim unaudited condensed consolidated financial statements for the three months ended March 31, 2024. The pro forma impact of this business combination to revenues and net income for 2024 would not be material to the Company's 2024 revenues and net income as reported.

Advance Acquisition

On April 12, 2023, a wholly-owned subsidiary of the Company completed the acquisition of Advance Energy Partners Holdings, LLC ("Advance") from affiliates of EnCap Investments L.P., including certain oil and natural gas producing properties, undeveloped acreage and midstream assets located primarily in Lea County, New Mexico and Ward County, Texas (the "Initial Advance Acquisition"). The Initial Advance Acquisition had an effective date of January 1, 2023 and an aggregate purchase price consisting of (i) an amount in cash equal to approximately \$1.60 billion (which amount was subject to certain customary post-closing adjustments) (the "Cash Consideration") and (ii) potential additional cash consideration of \$7.5 million for each month of 2023 in which the average oil price (as defined in the securities purchase agreement) exceeded \$85 per barrel (all such payments for the 12 months in 2023, the "Contingent Consideration"). The Cash Consideration was paid upon the closing of the Initial Advance Acquisition and was funded by a combination of cash on hand and borrowings under the Company's reserves-based revolving credit facility (the "Credit Agreement"). In the fourth quarter of 2023, the Company paid Contingent Consideration of \$15.0 million, as the average oil price for the months of September and October 2023 exceeded \$85 per barrel.

On December 1, 2023, the Company acquired additional interests from affiliates of EnCap Investments L.P., including overriding royalty interests and royalty interests in certain oil and natural gas properties located primarily in Lea County, New Mexico, most of which were included in the Initial Advance Acquisition (the "Advance Royalty Acquisition"). The Advance Royalty Acquisition had an effective date of October 1, 2023 and an aggregate purchase price of approximately \$81.0 million (which amount is subject to certain customary post-closing adjustments), and was funded by cash on hand.

The Initial Advance Acquisition and Advance Royalty Acquisition (collectively, the "Advance Acquisition") were accounted for under the acquisition method of accounting as a business combination in accordance with ASC Topic 805. Under ASC Topic 805, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the respective acquisition dates, with any excess purchase price allocated to goodwill. The Advance Acquisition was treated as an asset acquisition for tax purposes, as the Company acquired 100% of the membership interests of Advance in the Initial Advance Acquisition and acquired additional overriding royalty interests and royalty interests in the Advance Royalty Acquisition.

Matador Resources Company and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 3 — BUSINESS COMBINATIONS — Continued

The final allocation of the total purchase price for the Advance Acquisition is set forth below (in thousands).

Consideration	Allocation
Cash	\$ 1,676,132
Working capital adjustments	(4,060)
Fair value of Contingent Consideration at April 12, 2023	21,151
Total consideration given	<u>\$ 1,693,223</u>
Allocation of purchase price	
Current assets	\$ 79,287
Oil and natural gas properties	
Evaluated	1,418,668
Unproved and unevaluated	213,835
Midstream assets	63,644
Current liabilities	(73,885)
Asset retirement obligations	(8,326)
Net assets acquired	<u>\$ 1,693,223</u>

NOTE 4 — ASSET RETIREMENT OBLIGATIONS

The following table summarizes the changes in the Company's asset retirement obligations for the three months ended March 31, 2024 (in thousands).

Beginning asset retirement obligations	\$ 92,090
Liabilities incurred during period	2,326
Divestitures during period	(326)
Accretion expense	1,273
Ending asset retirement obligations	<u>95,363</u>
Less: current asset retirement obligations ⁽¹⁾	(5,002)
Long-term asset retirement obligations	<u>\$ 90,361</u>

(1) Included in accrued liabilities in the Company's interim unaudited condensed consolidated balance sheet at March 31, 2024.

NOTE 5 — DEBT

At March 31, 2024, the Company had (i) \$699.2 million of outstanding senior notes due 2026 (the "2026 Notes"), (ii) \$500.0 million of outstanding senior notes due 2028 (the "2028 Notes"), (iii) \$260.0 million in borrowings outstanding under the Credit Agreement and (iv) approximately \$41.7 million in outstanding letters of credit issued pursuant to the Credit Agreement. Between March 31, 2024 and April 23, 2024, the Company (i) repurchased an aggregate principal amount of approximately \$556.3 million of the 2026 Notes pursuant to the Company's cash tender offer for the 2026 Notes announced on March 26, 2024 (the "2026 Notes Tender Offer"), (ii) exercised its optional right, under the indenture governing the 2026 Notes, to redeem the remaining aggregate principal amount of approximately \$142.9 million of 2026 Notes outstanding on September 15, 2024 (the "2026 Notes Redemption") and, in connection therewith, to satisfy and discharge the Company's obligations under such indenture with respect to the 2026 Notes and (iii) repaid \$235.0 million in borrowings outstanding under the Credit Agreement. See Note 13 for a further discussion of changes in the Company's debt between March 31, 2024 and April 23, 2024.

Matador Resources Company and Subsidiaries**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED****NOTE 5 — DEBT — Continued**

At March 31, 2024, San Mateo had \$526.0 million in borrowings outstanding under its revolving credit facility (the “San Mateo Credit Facility”) and approximately \$9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. Between March 31, 2024 and April 23, 2024, San Mateo repaid \$31.0 million of borrowings under the San Mateo Credit Facility.

*Credit Agreements**MRC Energy Company*

The borrowing base under the Credit Agreement is determined semi-annually as of May 1 and November 1 by the lenders based primarily on the estimated value of the Company’s proved oil and natural gas reserves at December 31 and June 30 of each year, respectively. The Company and the lenders may each request an unscheduled redetermination of the borrowing base once between scheduled redetermination dates. On March 22, 2024, the Company and its lenders entered into an amendment to the Fourth Amended and Restated Credit Agreement, which amended the Credit Agreement to, among other things: (i) reaffirm the borrowing base at \$2.50 billion, (ii) increase the elected borrowing commitments from \$1.325 billion to \$1.50 billion, (iii) increase the maximum facility amount from \$2.00 billion to \$3.50 billion, (iv) extend the maturity date from October 31, 2026 to March 22, 2029, (v) appoint PNC Bank, National Association as administrative agent thereunder and (vi) add five new banks to the lending group. This March 2024 reaffirmation of the borrowing base constituted the regularly scheduled May 1 redetermination.

The Credit Agreement requires the Company to maintain (i) a current ratio, which is defined as (x) total consolidated current assets plus the unused availability under the Credit Agreement divided by (y) total consolidated current liabilities less current maturities under the Credit Agreement, of not less than 1.0 to 1.0 at the end of each fiscal quarter and (ii) a debt to EBITDA ratio, which is defined as debt outstanding (net of cash or cash equivalents of up to the greater of (a) \$150.0 million and (b) 10% of the elected commitment), divided by a rolling four quarter EBITDA calculation, of 3.5 to 1.0 or less. The Company believes that it was in compliance with the terms of the Credit Agreement at March 31, 2024.

San Mateo Midstream, LLC

The San Mateo Credit Facility is non-recourse with respect to Matador and its wholly-owned subsidiaries but is guaranteed by San Mateo’s subsidiaries and secured by substantially all of San Mateo’s assets, including real property. The outstanding borrowings under the San Mateo Credit Facility mature on December 9, 2026, and lender commitments under the facility were \$535.0 million at March 31, 2024. The San Mateo Credit Facility includes an accordion feature, which provides for potential increases in lender commitments of up to \$735.0 million.

The San Mateo Credit Facility requires San Mateo to maintain a debt to EBITDA ratio, which is defined as total consolidated funded indebtedness outstanding (as defined in the San Mateo Credit Facility) divided by a rolling four quarter EBITDA calculation, of 5.0 or less, subject to certain exceptions. The San Mateo Credit Facility also requires San Mateo to maintain an interest coverage ratio, which is defined as a rolling four quarter EBITDA calculation divided by San Mateo’s consolidated interest expense for such period, of 2.5 or more. The San Mateo Credit Facility also restricts the ability of San Mateo to distribute cash to its members if San Mateo’s liquidity is less than 10% of the lender commitments under the San Mateo Credit Facility. The Company believes that San Mateo was in compliance with the terms of the San Mateo Credit Facility at March 31, 2024.

Senior Unsecured Notes

At March 31, 2024, the Company had \$699.2 million of outstanding 2026 Notes, which had a 5.875% coupon rate. The 2026 Notes were jointly and severally guaranteed on a senior unsecured basis by certain subsidiaries of the Company (the “Guarantor Subsidiaries”). Neither San Mateo nor Pronto was a guarantor of the 2026 Notes.

At March 31, 2024, the Company had \$500.0 million of outstanding 2028 Notes, which have a 6.875% coupon rate. The 2028 Notes mature April 15, 2028, and interest is payable on the 2028 Notes semi-annually in arrears on each April 15 and October 15. The 2028 Notes are jointly and severally guaranteed on a senior unsecured basis by the Guarantor Subsidiaries. Neither San Mateo nor Pronto is a guarantor of the 2028 Notes.

See Note 13 for a discussion of changes in the Company’s debt between March 31, 2024 and April 23, 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED**NOTE 5 — DEBT — Continued**Debt Maturities

The outstanding borrowings of \$260.0 million at March 31, 2024 under the Credit Agreement mature on March 22, 2029. The outstanding borrowings of \$526.0 million at March 31, 2024 under the San Mateo Credit Facility mature on December 9, 2026. The \$699.2 million of outstanding 2026 Notes at March 31, 2024 were set to mature on September 15, 2026. The \$500.0 million of outstanding 2028 Notes at March 31, 2024 mature on April 15, 2028.

NOTE 6 — INCOME TAXES

The Company recorded a current income tax provision of \$17.3 million and a deferred income tax provision of \$49.5 million for the three months ended March 31, 2024. For the three months ended March 31, 2023, the Company recorded a current income tax provision of \$4.9 million and a deferred income tax provision of \$51.7 million.

The Company's effective income tax rate of 26% for each of the three months ended March 31, 2024 and 2023 differed from the U.S. federal statutory rate due primarily to permanent differences between book and taxable income and state taxes, primarily in New Mexico.

NOTE 7 — EQUITYEquity Offering

On March 28, 2024, the Company completed an underwritten public offering of 5,250,000 shares of its common stock. After deducting underwriting discounts and offering expenses, the Company received net proceeds of approximately \$344.2 million. The net proceeds from this offering were used for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under the Credit Agreement.

Stock-based Compensation

During the three months ended March 31, 2024, the Company granted awards to certain of its employees of 135,000 service-based restricted stock units to be settled in cash, which are liability instruments, and 170,000 performance-based stock units and 99,600 service-based shares of restricted stock, which are equity instruments. The performance-based stock units vest in an amount between zero and 200% of the target units granted based on the Company's relative total shareholder return over the three-year period ending December 31, 2026, as compared to a designated peer group. The service-based restricted stock and restricted stock units vest over a three-year period. The fair value of these awards was approximately \$22.8 million on the grant date.

Common Stock Dividend

Matador's Board of Directors (the "Board") declared a quarterly cash dividend of \$0.20 per share of common stock in February 2024. The dividend, which totaled \$23.9 million, was paid on March 13, 2024 to shareholders of record as of February 23, 2024. On April 17, 2024, the Board declared a quarterly cash dividend of \$0.20 per share of common stock payable on June 7, 2024 to shareholders of record as of May 17, 2024.

San Mateo Distributions and Contributions

During the three months ended March 31, 2024, San Mateo distributed \$26.8 million to the Company and \$25.7 million to a subsidiary of Five Point Energy LLC ("Five Point"), the Company's joint venture partner in San Mateo. During the three months ended March 31, 2023, San Mateo distributed \$19.9 million to the Company and \$19.1 million to Five Point. During the three months ended March 31, 2024, the Company contributed \$7.7 million and Five Point contributed \$7.4 million of cash to San Mateo. During the three months ended March 31, 2023, there were no contributions to San Mateo by either the Company or Five Point.

Performance Incentives

Five Point paid the Company \$1.5 million and \$14.7 million of performance incentives during the three months ended March 31, 2024 and 2023, respectively. These performance incentives are recorded when received, net of the \$0.3 million and \$3.1 million deferred tax impact to Matador for the three months ended March 31, 2024 and 2023, respectively, in "Additional paid-in capital" in the Company's interim unaudited condensed consolidated balance sheets. These performance incentives for the three months ended March 31, 2024 and 2023 are also denoted as "Contributions related to formation of San Mateo" under "Financing activities" in the Company's interim unaudited condensed consolidated statements of cash flows and changes in shareholders' equity.

Matador Resources Company and Subsidiaries
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED**
NOTE 8 — DERIVATIVE FINANCIAL INSTRUMENTS

At March 31, 2024, the Company had natural gas basis differential swap contracts open and in place to mitigate its exposure to natural gas price volatility, with a specific term (calculation period), notional quantity (volume hedged) and fixed price. The Company had no open contracts associated with oil or natural gas liquids prices at March 31, 2024.

The following is a summary of the Company's open basis differential swap contracts at March 31, 2024.

Commodity	Calculation Period	Notional Quantity (MMBtu)	Fixed Price (\$/MMBtu)	Fair Value of Asset (Liability) (thousands)
Natural Gas Basis Differential	4/01/2024 - 12/31/2025	19,200,000	\$ (0.59)	\$ 4,745
Total open basis differential swap contracts				\$ 4,745

The Company's derivative financial instruments are subject to master netting arrangements, and the Company's counterparties allow for cross-commodity master netting provided the settlement dates for the commodities are the same. The Company does not present different types of commodities with the same counterparty on a net basis in its interim unaudited condensed consolidated balance sheets.

The following table presents the gross asset and liability fair values of the Company's commodity price derivative financial instruments and the location of these balances in the interim unaudited condensed consolidated balance sheets as of March 31, 2024 and December 31, 2023 (in thousands).

Derivative Instruments	Gross amounts recognized	Gross amounts netted in the condensed consolidated balance sheets	Net amounts presented in the condensed consolidated balance sheets
March 31, 2024			
Current assets	\$ 3,739	\$ (712)	\$ 3,027
Other assets	\$ 1,798	(80)	1,718
Total	\$ 5,537	\$ (792)	\$ 4,745
December 31, 2023			
Current assets	\$ 2,573	\$ (461)	\$ 2,112
Other assets	1,743	(1,185)	558
Total	\$ 4,316	\$ (1,646)	\$ 2,670

The following table summarizes the location and aggregate gain (loss) of all derivative financial instruments recorded in the interim unaudited condensed consolidated statements of income for the periods presented (in thousands).

Type of Instrument	Location in Condensed Consolidated Statement of Income	Three Months Ended March 31,	
		2024	2023
Derivative Instrument			
Natural Gas	Revenues: Realized gain on derivatives	\$ 275	\$ 3,669
	Realized gain on derivatives	\$ 275	\$ 3,669
Natural Gas	Revenues: Unrealized gain (loss) on derivatives	2,075	(7,067)
	Unrealized gain (loss) on derivatives	2,075	(7,067)
Total		\$ 2,350	\$ (3,398)

Matador Resources Company and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 9 — FAIR VALUE MEASUREMENTS

The Company measures and reports certain financial and non-financial assets and liabilities on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Fair value measurements are classified and disclosed in one of the following categories.

Level 1 Unadjusted quoted prices for identical, unrestricted assets or liabilities in active markets.

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes those derivative instruments that are valued with industry standard models that consider various inputs, including: (i) quoted forward prices for commodities, (ii) time value of money and (iii) current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these inputs are observable in the marketplace throughout the full term of the derivative instrument and can be derived from observable data or supported by observable levels at which transactions are executed in the marketplace.

Level 3 Unobservable inputs that are not corroborated by market data that reflect a company's own market assumptions.

Financial and non-financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The following tables summarize the valuation of the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis in accordance with the classifications provided above as of March 31, 2024 and December 31, 2023 (in thousands).

Description	Fair Value Measurements at March 31, 2024 using			
	Level 1	Level 2	Level 3	Total
Assets (Liabilities)				
Natural gas basis differential swaps	\$ —	\$ 4,745	\$ —	\$ 4,745
Total	\$ —	\$ 4,745	\$ —	\$ 4,745

Description	Fair Value Measurements at December 31, 2023 using			
	Level 1	Level 2	Level 3	Total
Assets (Liabilities)				
Natural gas basis differential swaps	\$ —	\$ 2,670	\$ —	\$ 2,670
Total	\$ —	\$ 2,670	\$ —	\$ 2,670

Additional disclosures related to derivative financial instruments are provided in Note 8.

Other Fair Value Measurements

At March 31, 2024 and December 31, 2023, the carrying values reported on the interim unaudited condensed consolidated balance sheets for accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities, royalties payable, amounts due to affiliates, advances from joint interest owners and other current liabilities approximated their fair values due to their short-term maturities.

At March 31, 2024 and December 31, 2023, the carrying value of borrowings under the Credit Agreement and the San Mateo Credit Facility approximated their fair value as both are subject to short-term floating interest rates that reflect market rates available to the Company at the time and are classified at Level 2 in the fair value hierarchy.

At March 31, 2024 and December 31, 2023, the fair value of the 2026 Notes was \$699.5 million and \$694.1 million, respectively, based on quoted market prices, which represent Level 1 inputs in the fair value hierarchy.

Matador Resources Company and Subsidiaries**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED****NOTE 9 — FAIR VALUE MEASUREMENTS — Continued**

At March 31, 2024, and December 31, 2023, the fair value of the 2028 Notes was \$511.3 million and \$510.9 million, respectively, based on quoted market prices, which represent Level 1 inputs in the fair value hierarchy.

Certain assets and liabilities are measured at fair value on a nonrecurring basis, including assets and liabilities acquired in a business combination, lease and well equipment inventory when the market value is determined to be lower than the cost of the inventory and other property and equipment that are reduced to fair value when they are impaired or held for sale. See Note 3 for discussion of the fair value measurement of assets acquired and liabilities assumed as part of the Q1 2024 Acquisition and the Advance Acquisition.

NOTE 10 — COMMITMENTS AND CONTINGENCIES*Processing, Transportation and Produced Water Disposal Commitments**Firm Commitments*

From time to time, the Company enters into agreements with third parties whereby the Company commits to deliver anticipated natural gas and oil production and produced water from certain portions of its acreage for transportation, gathering, processing, fractionation, sales and disposal. The Company paid approximately \$15.3 million and \$10.7 million for deliveries under these agreements during the three months ended March 31, 2024 and 2023, respectively. Certain of these agreements contain minimum volume commitments. If the Company does not meet the minimum volume commitments under these agreements, it will be required to pay certain deficiency fees. If the Company ceased operations in the areas subject to these agreements at March 31, 2024, the total deficiencies required to be paid by the Company under these agreements would be approximately \$537.0 million.

San Mateo Commitments

The Company dedicated to San Mateo its current and certain future leasehold interests in the Rustler Breaks asset area and the Wolf portion of the West Texas asset area and acreage in the southern portion of the Arrowhead asset area (the “Greater Stebbins Area”) and the Stateline asset area pursuant to 15-year, fixed-fee oil transportation, oil, natural gas and produced water gathering and produced water disposal agreements. In addition, the Company dedicated to San Mateo its current and certain future leasehold interests in the Rustler Breaks asset area and acreage in the Greater Stebbins Area and Stateline asset area pursuant to 15-year, fixed-fee natural gas processing agreements (collectively with the transportation, gathering and produced water disposal agreements, the “Operational Agreements”). San Mateo provides the Company with firm service under each of the Operational Agreements in exchange for certain minimum volume commitments. The remaining minimum contractual obligation under the Operational Agreements at March 31, 2024 was approximately \$191.3 million.

Legal Proceedings

The Company is a party to several legal proceedings encountered in the ordinary course of its business. While the ultimate outcome and impact on the Company cannot be predicted with certainty, in the opinion of management, it is remote that these legal proceedings will have a material adverse impact on the Company’s financial condition, results of operations or cash flows.

Matador Resources Company and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 11 — SUPPLEMENTAL DISCLOSURESAccrued Liabilities

The following table summarizes the Company's current accrued liabilities at March 31, 2024 and December 31, 2023 (in thousands).

	March 31, 2024	December 31, 2023
Accrued evaluated and unproved and unevaluated property costs	\$ 219,651	\$ 144,443
Accrued midstream properties costs	36,898	55,195
Accrued lease operating expenses	69,034	62,005
Accrued interest on debt	20,092	22,857
Accrued asset retirement obligations	5,002	4,605
Accrued partners' share of joint interest charges	37,404	42,101
Accrued payable related to purchased natural gas	8,273	10,400
Other	23,437	24,242
Total accrued liabilities	<u>\$ 419,791</u>	<u>\$ 365,848</u>

Supplemental Cash Flow Information

The following table provides supplemental disclosures of cash flow information for the three months ended March 31, 2024 and 2023 (in thousands).

	Three Months Ended March 31,	
	2024	2023
Cash paid for interest expense, net of amounts capitalized	\$ 42,697	\$ 26,228
Increase in asset retirement obligations related to mineral properties	\$ 1,846	\$ 159
Increase in asset retirement obligations related to midstream properties	\$ 154	\$ 352
Increase in liabilities for drilling, completion and equipping capital expenditures	\$ 115,386	\$ 69,593
Increase (decrease) in liabilities for acquisition of oil and natural gas properties	\$ 200	\$ (121)
Decrease in liabilities for midstream properties capital expenditures	\$ (18,311)	\$ (1,099)
Stock-based compensation expense recognized as a liability	\$ 5,539	\$ 1,026
Transfer of inventory (to) from oil and natural gas properties	\$ (3,149)	\$ 433

The following table provides a reconciliation of cash and restricted cash recorded in the interim unaudited condensed consolidated balance sheets to cash and restricted cash as presented on the interim unaudited condensed consolidated statements of cash flows (in thousands).

	Three Months Ended March 31,	
	2024	2023
Cash	\$ 23,208	\$ 448,723
Restricted cash	51,118	54,705
Total cash and restricted cash	<u>\$ 74,326</u>	<u>\$ 503,428</u>

Matador Resources Company and Subsidiaries
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED**
NOTE 12 — SEGMENT INFORMATION

The Company operates in two business segments: (i) exploration and production and (ii) midstream. The exploration and production segment is engaged in the exploration, development, production and acquisition of oil and natural gas resources in the United States and is currently focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. The Company also operates in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana. The midstream segment conducts midstream operations in support of the Company's exploration, development and production operations and provides natural gas processing, oil transportation services, oil, natural gas and produced water gathering services and produced water disposal services to third parties. The majority of the Company's midstream operations in the Rustler Breaks, West Texas and Stateline asset areas and the Greater Stebbins Area in the Delaware Basin are conducted through San Mateo. In addition, at March 31, 2024, the Company operated a cryogenic gas processing plant, compressor stations and natural gas gathering pipelines in Lea and Eddy Counties, New Mexico through Pronto, which is a wholly-owned subsidiary of the Company. At March 31, 2024, neither San Mateo nor Pronto was a guarantor of the 2026 Notes or the 2028 Notes.

The following tables present selected financial information for the periods presented regarding the Company's business segments on a stand-alone basis, corporate expenses that are not allocated to a segment and the consolidation and elimination entries necessary to arrive at the financial information for the Company on a consolidated basis (in thousands). On a consolidated basis, midstream services revenues consist primarily of those revenues from midstream operations related to third parties, including working interest owners in the Company's operated wells. All midstream services revenues associated with Company-owned production are eliminated in consolidation. In evaluating the operating results of the exploration and production and midstream segments, the Company does not allocate certain expenses to the individual segments, including general and administrative expenses. Such expenses are reflected in the column labeled "Corporate."

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Three Months Ended March 31, 2024					
Oil and natural gas revenues	\$ 701,425	\$ 2,694	\$ —	\$ (579)	\$ 703,540
Midstream services revenues	—	99,846	—	(67,489)	32,357
Sales of purchased natural gas	5,078	44,368	—	—	49,446
Realized gain on derivatives	275	—	—	—	275
Unrealized gain on derivatives	2,075	—	—	—	2,075
Expenses ⁽¹⁾	416,498	94,138	26,172	(68,068)	468,740
Operating income ⁽²⁾	<u>\$ 292,355</u>	<u>\$ 52,770</u>	<u>\$ (26,172)</u>	<u>\$ —</u>	<u>\$ 318,953</u>
Total assets	<u>\$ 6,836,353</u>	<u>\$ 1,333,992</u>	<u>\$ 56,984</u>	<u>\$ —</u>	<u>\$ 8,227,329</u>
Capital expenditures ⁽³⁾	<u>\$ 551,920</u>	<u>\$ 86,412</u>	<u>\$ 226</u>	<u>\$ —</u>	<u>\$ 638,558</u>

(1) Includes depletion, depreciation and amortization expenses of \$201.2 million and \$10.8 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of \$0.3 million.

(2) Includes \$19.5 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes \$201.3 million attributable to land and seismic acquisition expenditures related to the exploration and production segment and \$7.1 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

Matador Resources Company and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED

NOTE 12 — SEGMENT INFORMATION — Continued

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Three Months Ended March 31, 2023					
Oil and natural gas revenues	\$ 501,348	\$ 1,561	\$ —	\$ —	\$ 502,909
Midstream services revenues	—	75,251	—	(48,740)	26,511
Sales of purchased natural gas	5,830	28,424	—	—	34,254
Realized gain on derivatives	3,669	—	—	—	3,669
Unrealized loss on derivatives	(7,067)	—	—	—	(7,067)
Expenses ⁽¹⁾	267,580	69,849	20,154	(48,740)	308,843
Operating income ⁽²⁾	<u>\$ 236,200</u>	<u>\$ 35,387</u>	<u>\$ (20,154)</u>	<u>\$ —</u>	<u>\$ 251,433</u>
Total assets	<u>\$ 4,266,414</u>	<u>\$ 1,039,845</u>	<u>\$ 475,846</u>	<u>\$ —</u>	<u>\$ 5,782,105</u>
Capital expenditures ⁽³⁾	<u>\$ 318,505</u>	<u>\$ 13,280</u>	<u>\$ 1,769</u>	<u>\$ —</u>	<u>\$ 333,554</u>

(1) Includes depletion, depreciation and amortization expenses of \$116.6 million and \$9.4 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of \$0.3 million.

(2) Includes \$15.8 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes \$23.7 million attributable to land and seismic acquisition expenditures related to the exploration and production segment and \$4.6 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS —
UNAUDITED — CONTINUED**NOTE 13 — SUBSEQUENT EVENTS**2026 Notes Tender Offer and Redemption

On April 2 and April 4, 2024, the Company completed the repurchase of an aggregate principal amount of approximately \$556.3 million of the 2026 Notes outstanding as part of the 2026 Notes Tender Offer announced on March 26, 2024. On April 2, 2024, the Company exercised its optional right, under the indenture governing the 2026 Notes, to redeem the remaining aggregate principal amount of approximately \$142.9 million of 2026 Notes outstanding on September 15, 2024 as part of the 2026 Notes Redemption and, in connection therewith, to satisfy and discharge the Company's obligations under such indenture with respect to the 2026 Notes. In connection with the 2026 Notes Tender Offer and 2026 Notes Redemption, the Company incurred a loss of approximately \$3.0 million.

2032 Senior Notes

On April 2, 2024, the Company completed the sale of \$900.0 million in aggregate principal amount of the Company's 6.50% senior notes due 2032 (the "2032 Notes"). The 2032 Notes mature on April 15, 2032. Interest on the 2032 Notes is payable in arrears on each April 15 and October 15 and the first interest payment date for the 2032 Notes will be October 15, 2024. The 2032 Notes are guaranteed on a senior unsecured basis by the Guarantor Subsidiaries. Neither San Mateo nor Pronto is a guarantor of the 2032 Notes.

The Company received net proceeds from the issuance and sale of the 2032 Notes (the "2032 Notes Offering") of approximately \$885.0 million after deducting the initial purchasers' discounts and estimated offering expenses. The net proceeds from the 2032 Notes Offering were used to fund the 2026 Notes Tender Offer and 2026 Notes Redemption and for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under the Credit Agreement.

At April 23, 2024, the Company had (i) \$500.0 million of outstanding 2028 Notes, (ii) \$900.0 million of outstanding 2032 Notes, (iii) \$25.0 million of borrowings outstanding under the Credit Agreement and (iv) approximately \$52.6 million in outstanding letters of credit issued pursuant to the Credit Agreement.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes thereto contained herein and the consolidated financial statements and related notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “Annual Report”) filed with the Securities and Exchange Commission (the “SEC”) on February 27, 2024, along with Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report. The Annual Report is accessible on the SEC’s website at www.sec.gov and on our website at www.matadorresources.com. Our discussion and analysis includes forward-looking information that involves risks and uncertainties and should be read in conjunction with the “Risk Factors” section of the Annual Report and the section entitled “Cautionary Note Regarding Forward-Looking Statements” below for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

In this Quarterly Report on Form 10-Q (this “Quarterly Report”), (i) references to “we,” “our” or the “Company” refer to Matador Resources Company and its subsidiaries as a whole (unless the context indicates otherwise), (ii) references to “Matador” refer solely to Matador Resources Company, (iii) references to “San Mateo” refer to San Mateo Midstream, LLC, collectively with its subsidiaries, (iv) references to “Pronto” refer to Pronto Midstream, LLC together with its subsidiary, (v) references to “Advance” refer to Advance Energy Partners Holdings, LLC and (vi) references to the “Advance Acquisition” refer to the acquisition of Advance from affiliates of EnCap Investments L.P., including certain oil and natural gas producing properties, undeveloped acreage and midstream assets located primarily in Lea County, New Mexico and Ward County, Texas, that was completed by a subsidiary of the Company on April 12, 2023, and the acquisition of additional interests from affiliates of EnCap Investments L.P., including overriding royalty interests and royalty interests in certain oil and natural gas properties located primarily in Lea County, New Mexico on December 1, 2023. For certain oil and natural gas terms used in this Quarterly Report, please see the “Glossary of Oil and Natural Gas Terms” included with the Annual Report.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Quarterly Report constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future by us or on our behalf. Such statements are generally identifiable by the terminology used such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecasted,” “hypothetical,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “should,” “would” or other similar words, although not all forward-looking statements contain such identifying words.

By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include those described in the “Risk Factors” section of the Annual Report, as well as the following factors, among others: general economic conditions; our ability to execute our business plan, including whether our drilling program is successful; changes in oil, natural gas and natural gas liquids (“NGL”) prices and the demand for oil, natural gas and NGLs; our ability to replace reserves and efficiently develop current reserves; the operating results of our midstream business’s oil, natural gas and water gathering and transportation systems, pipelines and facilities, the acquiring of third-party business and the drilling of any additional salt water disposal wells; costs of operations; delays and other difficulties related to producing oil, natural gas and NGLs; delays and other difficulties related to regulatory and governmental approvals and restrictions; impact on our operations due to seismic events; availability of sufficient capital to execute our business plan, including from future cash flows, available borrowing capacity under our revolving credit facilities and otherwise; our ability to make acquisitions on economically acceptable terms; our ability to integrate acquisitions; the operating results of and availability of any potential distributions from our joint ventures; weather and environmental conditions; disruption from our acquisitions making it more difficult to maintain business and operational relationships; significant transaction costs associated with our acquisitions; the risk of litigation and/or regulatory actions related to our acquisitions; and the other factors discussed below and elsewhere in this Quarterly Report and in other documents that we file with or furnish to the SEC, all of which are difficult to predict. Forward-looking statements may include statements about:

- our business strategy;
- our estimated future reserves and the present value thereof, including whether or not a full-cost ceiling impairment could be realized;
- our cash flows and liquidity;
- the amount, timing and payment of dividends, if any;
- our financial strategy, budget, projections and operating results;
- the supply and demand of oil, natural gas and NGLs;

- oil, natural gas and NGL prices, including our realized prices thereof;
- the timing and amount of future production of oil and natural gas;
- the availability of drilling and production equipment;
- the availability of oil storage capacity;
- the availability of oil field labor;
- the amount, nature and timing of capital expenditures, including future exploration and development costs;
- the availability and terms of capital;
- our drilling of wells;
- our ability to negotiate and consummate acquisition and divestiture opportunities;
- the integration of acquisitions with our business;
- government regulation and taxation of the oil and natural gas industry;
- our marketing of oil and natural gas;
- our exploitation projects or property acquisitions;
- the ability of our midstream business to construct, maintain and operate midstream pipelines and facilities, including the operation of cryogenic natural gas processing plants and the drilling of additional salt water disposal wells;
- the ability of our midstream business to attract third-party volumes;
- our costs of exploiting and developing our properties and conducting other operations;
- general economic conditions;
- competition in the oil and natural gas industry, including in both the exploration and production and midstream segments;
- the effectiveness of our risk management and hedging activities;
- our technology;
- environmental liabilities;
- our initiatives and efforts relating to environmental, social and governance matters;
- counterparty credit risk;
- geopolitical instability and developments in oil-producing and natural gas-producing countries;
- our future operating results;
- the impact of the Inflation Reduction Act of 2022; and
- our plans, objectives, expectations and intentions contained in this Quarterly Report or in our other filings with the SEC that are not historical.

Although we believe that the expectations conveyed by the forward-looking statements in this Quarterly Report are reasonable based on information available to us on the date hereof, no assurances can be given as to future results, levels of activity, achievements or financial condition.

You should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above, as well as others not now anticipated. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors. The foregoing statements are not exclusive and further information concerning us, including factors that potentially could materially affect our financial results, may emerge from time to time. We undertake no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements, except as required by law, including the securities laws of the United States and the rules and regulations of the SEC.

Overview

We are an independent energy company engaged in the exploration, development, production and acquisition of oil and natural gas resources in the United States, with an emphasis on oil and natural gas shale and other unconventional plays. Our current operations are focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. We also operate in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana. Additionally, we conduct midstream operations in support of our exploration, development and production operations and provide natural gas processing, oil transportation services, oil, natural gas and produced water gathering services and produced water disposal services to third parties.

First Quarter Highlights

For the three months ended March 31, 2024, our total oil equivalent production was 13.6 million BOE, and our average daily oil equivalent production was 149,760 BOE per day, of which 84,777 Bbl per day, or 57%, was oil and 389.9 MMcf per day, or 43%, was natural gas. Our average daily oil production of 84,777 Bbl per day for the three months ended March 31, 2024 increased 44% year-over-year from 58,941 Bbl per day for the three months ended March 31, 2023. Our average daily natural gas production of 389.9 MMcf per day for the three months ended March 31, 2024 increased 36% year-over-year from 286.3 MMcf per day for the three months ended March 31, 2023.

For the first quarter of 2024, we reported net income attributable to Matador shareholders of \$193.7 million, or \$1.61 per diluted common share, on a GAAP basis, as compared to net income attributable to Matador shareholders of \$163.1 million, or \$1.36 per diluted common share, for the first quarter of 2023. For the first quarter of 2024, our Adjusted EBITDA, a non-GAAP financial measure, was \$505.4 million, as compared to Adjusted EBITDA of \$365.2 million during the first quarter of 2023.

For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income and net cash provided by operating activities, see “—Liquidity and Capital Resources—Non-GAAP Financial Measures.” For more information regarding our financial results for the three months ended March 31, 2024, see “—Results of Operations” below.

Operations Update

We began 2024 operating seven drilling rigs in the Delaware Basin. We added an eighth operated drilling rig in the first quarter of 2024. We have built significant optionality into our drilling program, which should generally allow us to decrease or increase the number of rigs we operate as necessary based on changing commodity prices and other factors.

Our average daily oil equivalent production in the Delaware Basin for the first quarter of 2024 was 144,700 BOE per day, consisting of 83,900 Bbl of oil per day and 364.7 MMcf of natural gas per day, a 43% increase from 101,100 BOE per day, consisting of 58,200 Bbl of oil per day and 257.3 MMcf of natural gas per day, in the first quarter of 2023. These increases were primarily attributable to the Advance Acquisition and the increased number of wells being operated by us and other operators (where we own a working interest). The Delaware Basin contributed approximately 99% of our daily oil production and approximately 94% of our daily natural gas production in the first quarter of 2024, as compared to approximately 99% of our daily oil production and approximately 90% of our daily natural gas production in the first quarter of 2023.

In March 2024 we completed our natural gas pipeline connections between Pronto and San Mateo and between Pronto and Matador’s acreage obtained in the Advance Acquisition. These connector pipelines will provide further flow assurance and options for Matador and third-party customer natural gas.

At March 31, 2024, Pronto’s midstream system included a cryogenic natural gas processing plant with a designed inlet processing capacity of 60 MMcf per day (the “Marlan Processing Plant”), four compressor stations and approximately 110 miles of natural gas gathering pipelines in Eddy and Lea Counties, New Mexico, spanning from the northeastern portion of the Arrowhead asset area into the Ranger asset area. Pronto has begun construction on an additional natural gas processing plant with a designed inlet processing capacity of 200 MMcf per day, including a nitrogen rejection unit and additional related facilities, to expand the Marlan Processing Plant.

Capital Resources Update

In February 2024, Matador’s Board of Directors (the “Board”) declared a quarterly cash dividend of \$0.20 per share of common stock, which was paid on March 13, 2024 to shareholders of record as of February 23, 2024. On April 17, 2024, the Board declared a quarterly cash dividend of \$0.20 per share of common stock payable on June 7, 2024 to shareholders of record as of May 17, 2024.

On March 22, 2024, we and our lenders entered into an amendment to the Fourth Amended and Restated Credit Agreement, which amended our reserves-based revolving credit facility (the “Credit Agreement”) to, among other things: (i) reaffirm the borrowing base at \$2.50 billion, (ii) increase the elected borrowing commitments from \$1.325 billion to \$1.50 billion, (iii) increase the maximum facility amount from \$2.00 billion to \$3.50 billion, (iv) extend the maturity date from October 31, 2026 to March 22, 2029, (v) appoint PNC Bank, National Association as administrative agent thereunder and (vi) add five new banks to the lending group. This March 2024 reaffirmation of the borrowing base constituted the regularly scheduled May 1 redetermination.

On March 28, 2024, we completed an underwritten public offering of 5,250,000 shares of our common stock (the “2024 Equity Offering”). After deducting underwriting discounts and offering expenses, we received net proceeds of approximately \$344.2 million. The net proceeds from the 2024 Equity Offering were used for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under our Credit Agreement.

At March 31, 2024, we had (i) \$260.0 million in borrowings outstanding under our Credit Agreement, (ii) approximately \$41.7 million in outstanding letters of credit issued pursuant to the Credit Agreement, (iii) \$699.2 million of outstanding 5.875% senior notes due 2026 (the “2026 Notes”) and (iv) \$500.0 million of outstanding 6.875% senior notes due 2028 (the “2028 Notes”).

On April 2 and April 4, 2024, we completed the repurchase of an aggregate principal amount of approximately \$556.3 million of the 2026 Notes outstanding as part of our cash tender offer announced on March 26, 2024 (the “2026 Notes Tender Offer”). On April 2, 2024, we exercised our optional right, under the indenture governing the 2026 Notes, to redeem the remaining aggregate principal amount of approximately \$142.9 million of 2026 Notes outstanding on September 15, 2024 (the “2026 Notes Redemption”) and, in connection therewith, to satisfy and discharge the Company’s obligations under such indenture with respect to the 2026 Notes.

On April 2, 2024, we completed the sale of \$900.0 million in aggregate principal amount of the Company’s 6.50% senior notes due 2032 (the “2032 Notes”). We used the net proceeds from the sale of the 2032 Notes (the “2032 Notes Offering”) of approximately \$885.0 million, after deducting the initial purchasers’ discounts and estimated offering expenses, to fund the 2026 Notes Tender Offer and 2026 Notes Redemption and for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under our Credit Agreement.

At April 23, 2024, we had (i) \$500.0 million of outstanding 2028 Notes, (ii) \$900.0 million of outstanding 2032 Notes, (iii) \$25.0 million of borrowings outstanding under the Credit Agreement and (iv) approximately \$52.6 million in outstanding letters of credit issued pursuant to the Credit Agreement.

At March 31, 2024, San Mateo had \$526.0 million in borrowings outstanding under San Mateo’s revolving credit facility (the “San Mateo Credit Facility”) and approximately \$9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. Between March 31, 2024 and April 23, 2024, San Mateo repaid \$31.0 million of borrowings under the San Mateo Credit Facility.

Critical Accounting Policies

There have been no changes to our critical accounting policies and estimates from those set forth in the Annual Report.

Recent Accounting Pronouncements

See Note 2 to the interim unaudited condensed consolidated financial statements for a description of recent accounting pronouncements.

Results of Operations

Revenues

The following table summarizes our unaudited revenues and production data for the periods indicated:

	Three Months Ended March 31,	
	2024	2023
Operating Data		
Revenues (in thousands)⁽¹⁾		
Oil	\$ 598,514	\$ 401,777
Natural gas	105,026	101,132
Total oil and natural gas revenues	703,540	502,909
Third-party midstream services revenues	32,357	26,511
Sales of purchased natural gas	49,446	34,254
Realized gain on derivatives	275	3,669
Unrealized gain (loss) on derivatives	2,075	(7,067)
Total revenues	\$ 787,693	\$ 560,276
Net Production Volumes⁽¹⁾		
Oil (MBbl) ⁽²⁾	7,715	5,305
Natural gas (Bcf) ⁽³⁾	35.5	25.8
Total oil equivalent (MBOE) ⁽⁴⁾	13,628	9,599
Average daily production (BOE/d) ⁽⁵⁾	149,760	106,654
Average Sales Prices		
Oil, without realized derivatives (per Bbl)	\$ 77.58	\$ 75.74
Oil, with realized derivatives (per Bbl)	\$ 77.58	\$ 75.74
Natural gas, without realized derivatives (per Mcf)	\$ 2.96	\$ 3.93
Natural gas, with realized derivatives (per Mcf)	\$ 2.97	\$ 4.07

(1) We report our production volumes in two streams: oil and natural gas, including both dry and liquids-rich natural gas. Revenues associated with NGLs are included with our natural gas revenues.

(2) One thousand Bbl of oil.

(3) One billion cubic feet of natural gas.

(4) One thousand Bbl of oil equivalent, estimated using a conversion ratio of one Bbl of oil per six Mcf of natural gas.

(5) Barrels of oil equivalent per day, estimated using a conversion ratio of one Bbl of oil per six Mcf of natural gas.

Three Months Ended March 31, 2024 as Compared to Three Months Ended March 31, 2023

Oil and natural gas revenues. Our oil and natural gas revenues increased \$200.6 million, or 40%, to \$703.5 million for the three months ended March 31, 2024, as compared to \$502.9 million for the three months ended March 31, 2023. Our oil revenues increased \$196.7 million, or 49%, to \$598.5 million for the three months ended March 31, 2024, as compared to \$401.8 million for the three months ended March 31, 2023. The increase in oil revenues resulted from a 45% increase in our oil production to 7.7 million Bbl for the three months ended March 31, 2024, as compared to 5.3 million Bbl for the three months ended March 31, 2023, and a 2% increase in the weighted average oil price realized for the three months ended March 31, 2024 to \$77.58 per Bbl, as compared to \$75.74 per Bbl for the three months ended March 31, 2023. Our natural gas revenues increased \$3.9 million, or 4%, to \$105.0 million for the three months ended March 31, 2024, as compared to \$101.1 million for the three months ended March 31, 2023. The increase in natural gas revenues resulted from a 38% increase in our natural gas production to 35.5 Bcf for the three months ended March 31, 2024, as compared to 25.8 Bcf for the three months ended March 31, 2023, which was partially offset by a 25% decrease in the weighted average natural gas price realized for the three months ended March 31, 2024 to \$2.96 per Mcf, as compared to a weighted average natural gas price of \$3.93 per Mcf realized for the three months ended March 31, 2023.

Third-party midstream services revenues. Our third-party midstream services revenues increased \$5.8 million, or 22%, to \$32.4 million for the three months ended March 31, 2024, as compared to \$26.5 million for the three months ended March 31, 2023. Third-party midstream services revenues are those revenues from midstream operations related to third parties, including working interest owners in our operated wells. This increase was primarily attributable to an increase in our third-party produced water disposal revenues to \$14.0 million for the three months ended March 31, 2024, as compared to \$10.5 million for the three months ended March 31, 2023, and an increase in our third-party natural gas gathering and processing revenues to \$15.2 million for the three months ended March 31, 2024, as compared to \$13.6 million for the three months ended March 31, 2023.

Sales of purchased natural gas. Our sales of purchased natural gas increased \$15.2 million, or 44%, to \$49.4 million for the three months ended March 31, 2024, as compared to \$34.3 million for the three months ended March 31, 2023. This increase was primarily the result of a 45% increase in natural gas volumes sold. Sales of purchased natural gas reflect those natural gas purchase transactions that we periodically enter into with third parties whereby we purchase natural gas and (i) subsequently sell the natural gas to other purchasers or (ii) process the natural gas at either Pronto's or San Mateo's cryogenic natural gas processing plant and subsequently sell the residue natural gas and NGLs to other purchasers. These revenues, and the expenses related to these transactions included in "Purchased natural gas," are presented on a gross basis in our interim unaudited condensed consolidated statements of income.

Realized gain on derivatives. Our realized gain on derivatives was \$0.3 million for the three months ended March 31, 2024, as compared to a realized gain of \$3.7 million for the three months ended March 31, 2023. We realized a net gain of \$0.3 million related to our natural gas basis differential swap contracts for the three months ended March 31, 2024, resulting primarily from natural gas basis differentials that were below the fixed prices of certain of our natural gas basis differential swap contracts. For the three months ended March 31, 2023, we realized a net gain of \$3.7 million related to our natural gas costless collar and natural gas basis swap contracts, resulting primarily from natural gas prices that were below the floor prices of certain of our natural gas costless collar contracts, offset by natural gas basis differential prices that were above the fixed price of our natural gas basis swap contract. We realized an average gain on our natural gas derivatives of approximately \$0.01 per Mcf produced during the three months ended March 31, 2024, as compared to an average gain of approximately \$0.14 per Mcf produced during the three months ended March 31, 2023.

Unrealized gain (loss) on derivatives. During the three months ended March 31, 2024, the aggregate net fair value of our open natural gas basis differential swap contracts changed to a net asset of \$4.7 million from a net asset of \$2.7 million at December 31, 2023, resulting in an unrealized gain on derivatives of \$2.1 million for the three months ended March 31, 2024. During the three months ended March 31, 2023, the aggregate net fair value of our open oil and natural gas derivative contracts changed to a net liability of \$3.1 million from a net asset of \$3.9 million at December 31, 2022, resulting in an unrealized loss on derivatives of \$7.1 million for the three months ended March 31, 2023.

Expenses

The following table summarizes our unaudited operating expenses and other income (expense) for the periods indicated:

(In thousands, except expenses per BOE)	Three Months Ended March 31,	
	2024	2023
Expenses		
Production taxes, transportation and processing	\$ 70,153	\$ 55,486
Lease operating	76,295	44,407
Plant and other midstream services operating	39,623	31,045
Purchased natural gas	39,432	28,448
Depletion, depreciation and amortization	212,311	126,325
Accretion of asset retirement obligations	1,273	699
General and administrative	29,653	22,433
Total expenses	468,740	308,843
Operating income	318,953	251,433
Other income (expense)		
Interest expense	(39,562)	(16,176)
Other income	577	339
Total other expense	(38,985)	(15,837)
Income before income taxes	279,968	235,596
Income tax provision (benefit)		
Current	17,272	4,929
Deferred	49,506	51,743
Total income tax provision	66,778	56,672
Net income	213,190	178,924
Net income attributable to non-controlling interest in subsidiaries	(19,461)	(15,794)
Net income attributable to Matador Resources Company shareholders	\$ 193,729	\$ 163,130
Expenses per BOE		
Production taxes, transportation and processing	\$ 5.15	\$ 5.78
Lease operating	\$ 5.60	\$ 4.63
Plant and other midstream services operating	\$ 2.91	\$ 3.23
Depletion, depreciation and amortization	\$ 15.58	\$ 13.16
General and administrative	\$ 2.18	\$ 2.34

Three Months Ended March 31, 2024 as Compared to Three Months Ended March 31, 2023

Production taxes, transportation and processing. Our production taxes and transportation and processing expenses increased \$14.7 million, or 26%, to \$70.2 million for the three months ended March 31, 2024, as compared to \$55.5 million for the three months ended March 31, 2023. The increase was primarily attributable to a \$13.9 million increase in production taxes to \$54.0 million for the three months ended March 31, 2024, as compared to \$40.1 million for the three months ended March 31, 2023, primarily due to the increase in oil and natural gas revenues between the two periods. On a unit-of-production basis, our production taxes and transportation and processing expenses decreased 11% to \$5.15 per BOE for the three months ended March 31, 2024, as compared to \$5.78 per BOE for the three months ended March 31, 2023. This decrease was primarily attributable to a decrease in the transportation and processing expense per BOE that resulted from the mix of revenue contracts, including from San Mateo and Pronto, between the two periods.

Lease operating. Our lease operating expenses increased \$31.9 million, or 72%, to \$76.3 million for the three months ended March 31, 2024, as compared to \$44.4 million for the three months ended March 31, 2023. Our lease operating expenses on a unit-of-production basis increased 21% to \$5.60 per BOE for the three months ended March 31, 2024, as compared to \$4.63 per BOE for the three months ended March 31, 2023. These increases were primarily attributable to the increased number

of wells being operated by us, including 127 wells from the Advance Acquisition, and operated by other operators (where we own a working interest) and to operating cost inflation for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

Plant and other midstream services operating. Our plant and other midstream services operating expenses increased \$8.6 million, or 28%, to \$39.6 million for the three months ended March 31, 2024, as compared to \$31.0 million for the three months ended March 31, 2023. This increase was primarily attributable to increased throughput volumes from Matador and other San Mateo and Pronto customers, which resulted in (i) increased expenses associated with our expanded pipeline operations of \$16.2 million for the three months ended March 31, 2024, as compared to \$10.1 million for the three months ended March 31, 2023, and (ii) increased expenses associated with our commercial produced water disposal operations of \$14.4 million for the three months ended March 31, 2024, as compared to \$12.8 million for the three months ended March 31, 2023.

Depletion, depreciation and amortization. Our depletion, depreciation and amortization expenses increased \$86.0 million, or 68%, to \$212.3 million for the three months ended March 31, 2024, as compared to \$126.3 million for the three months ended March 31, 2023, primarily as a result of the Advance Acquisition and a 42% increase in our total oil equivalent production for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. On a unit-of-production basis, our depletion, depreciation and amortization expenses increased 18% to \$15.58 per BOE for the three months ended March 31, 2024, as compared to \$13.16 per BOE for the three months ended March 31, 2023, primarily as a result of the Advance Acquisition and an increase in actual costs and estimated future costs to drill, complete and equip our wells between the two periods.

General and administrative. Our general and administrative expenses increased \$7.2 million, or 32%, to \$29.7 million for the three months ended March 31, 2024, as compared to \$22.4 million for the three months ended March 31, 2023. This increase was primarily attributable to an increase in employee stock-based compensation expense primarily associated with our cash-settled stock awards, the values of which are remeasured at each reporting period. The share price of our common stock increased by 17% from \$56.86 at December 31, 2023 to \$66.77 at March 31, 2024. Our general and administrative expenses decreased by 7% on a unit-of-production basis to \$2.18 per BOE for the three months ended March 31, 2024, as compared to \$2.34 per BOE for the three months ended March 31, 2023, primarily as a result of a 42% increase in our total oil equivalent production between the two periods.

Interest expense. For the three months ended March 31, 2024, we incurred total interest expense of \$45.4 million. We capitalized \$5.9 million of our interest expense on certain qualifying projects for the three months ended March 31, 2024 and expensed the remaining \$39.6 million to operations. For the three months ended March 31, 2023, we incurred total interest expense of \$19.6 million. We capitalized \$3.4 million of our interest expense on certain qualifying projects for the three months ended March 31, 2023 and expensed the remaining \$16.2 million to operations. The increase in interest expense for the three months ended March 31, 2024 is a result of borrowings under the Credit Agreement that were used in connection with the Advance Acquisition, borrowings under the San Mateo Credit Facility, the issuance of the 2028 Notes in April 2023 and the significant increase in interest rates between the two periods.

Income tax provision. We recorded a current income tax provision of \$17.3 million and a deferred income tax provision of \$49.5 million for the three months ended March 31, 2024. We recorded a current income tax provision of \$4.9 million and a deferred income tax provision of \$51.7 million for the three months ended March 31, 2023. Our effective income tax rate of 26% for each of the three months ended March 31, 2024 and 2023 differed from the U.S. federal statutory rate due primarily to permanent differences between book and taxable income and state taxes, primarily in New Mexico.

Liquidity and Capital Resources

Our primary use of capital has been, and we expect will continue to be during the remainder of 2024 and for the foreseeable future, for the acquisition, exploration and development of oil and natural gas properties and for midstream investments. Excluding any future significant acquisitions, we expect to fund our 2024 capital expenditures through a combination of cash on hand, operating cash flows and performance incentives paid to us by Five Point Energy, LLC or its affiliates. If capital expenditures were to exceed our operating cash flows during the remainder of 2024, we expect to fund any such excess capital expenditures, including for significant acquisitions, through borrowings under the Credit Agreement or the San Mateo Credit Facility (assuming availability under such facilities) or through other capital sources, including borrowings under expanded or additional credit arrangements, the sale or joint venture of midstream assets, oil and natural gas producing assets, leasehold interests or mineral interests and potential issuances of equity, debt or convertible securities, none of which may be available on satisfactory terms or at all. Our future success in growing proved reserves and production will be highly dependent on our ability to generate operating cash flows and access outside sources of capital.

In February 2024, the Board declared a quarterly cash dividend of \$0.20 per share of common stock, which was paid on March 13, 2024 to shareholders of record as of February 23, 2024. In April 2024, the Board declared a quarterly cash dividend of \$0.20 per share of common stock payable on June 7, 2024 to shareholders of record as of May 17, 2024.

On March 22, 2024, we and our lenders entered into an amendment to the Fourth Amended and Restated Credit Agreement, which amended our Credit Agreement to, among other things: (i) reaffirm the borrowing base at \$2.50 billion, (ii) increase the elected borrowing commitments from \$1.325 billion to \$1.50 billion, (iii) increase the maximum facility amount from \$2.00 billion to \$3.50 billion, (iv) extend the maturity date from October 31, 2026 to March 22, 2029, (v) appoint PNC Bank, National Association as administrative agent thereunder and (vi) add five new banks to the lending group. This March 2024 reaffirmation of the borrowing base constituted the regularly scheduled May 1 redetermination.

The Credit Agreement requires us to maintain (i) a current ratio, which is defined as (x) total consolidated current assets plus the unused availability under the Credit Agreement divided by (y) total consolidated current liabilities less current maturities under the Credit Agreement, of not less than 1.0 to 1.0 at the end of each fiscal quarter and (ii) a debt to EBITDA ratio, which is defined as debt outstanding (net of cash or cash equivalents of up to the greater of (a) \$150.0 million and (b) 10% of the elected commitment), divided by a rolling four quarter EBITDA calculation, of 3.5 to 1.0 or less. We believe that we were in compliance with the terms of the Credit Agreement at March 31, 2024.

On March 28, 2024, we completed the 2024 Equity Offering. After deducting underwriting discounts and offering expenses, we received net proceeds of approximately \$344.2 million. The net proceeds from the 2024 Equity Offering were used for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under our Credit Agreement.

At March 31, 2024, we had cash totaling \$23.2 million and restricted cash totaling \$51.1 million, which was primarily associated with San Mateo. By contractual agreement, the cash in the accounts held by our less-than-wholly-owned subsidiaries is not to be commingled with our other cash and is to be used only to fund the capital expenditures and operations of these less-than-wholly-owned subsidiaries.

At March 31, 2024, we had (i) \$699.2 million of outstanding 2026 Notes, (ii) \$500.0 million of outstanding 2028 Notes, (iii) \$260.0 million in borrowings outstanding under the Credit Agreement and (iv) approximately \$41.7 million in outstanding letters of credit issued pursuant to the Credit Agreement.

On April 2, 2024, we completed the 2032 Notes Offering. We used the net proceeds from the 2032 Notes Offering of approximately \$885.0 million, after deducting the initial purchasers' discounts and estimated offering expenses, to fund the 2026 Notes Tender Offer and 2026 Notes Redemption and for general corporate purposes, including the funding of acquisitions and the repayment of borrowings outstanding under our Credit Agreement.

At April 23, 2024, we had (i) \$500.0 million of outstanding 2028 Notes, (ii) \$900.0 million of outstanding 2032 Notes, (iii) \$25.0 million of borrowings outstanding under the Credit Agreement and (iv) approximately \$52.6 million in outstanding letters of credit issued pursuant to the Credit Agreement.

At March 31, 2024, San Mateo had \$526.0 million in borrowings outstanding under the San Mateo Credit Facility and approximately \$9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. Between March 31, 2024 and April 23, 2024, San Mateo repaid \$31.0 million of borrowings under the San Mateo Credit Facility. The outstanding borrowings under the San Mateo Credit Facility mature on December 9, 2026, and lender commitments under the facility were \$535.0 million at March 31, 2024. The San Mateo Credit Facility includes an accordion feature, which provides for potential increases in lender commitments of up to \$735.0 million. The San Mateo Credit Facility is non-recourse with respect to Matador and its wholly-owned subsidiaries but is guaranteed by San Mateo's subsidiaries and secured by substantially all of San Mateo's assets, including real property. The San Mateo Credit Facility requires San Mateo to maintain a debt to EBITDA ratio, which is defined as total consolidated funded indebtedness outstanding (as defined in the San Mateo Credit Facility) divided by a rolling four quarter EBITDA calculation, of 5.00 or less, subject to certain exceptions. The San Mateo Credit Facility also requires San Mateo to maintain an interest coverage ratio, which is defined as a rolling four quarter EBITDA calculation divided by San Mateo's consolidated interest expense for such period, of 2.50 or more. The San Mateo Credit Facility also restricts the ability of San Mateo to distribute cash to its members if San Mateo's liquidity is less than 10% of the lender commitments under the San Mateo Credit Facility. We believe that San Mateo was in compliance with the terms of the San Mateo Credit Facility at March 31, 2024.

We expect that development of our Delaware Basin assets will be the primary focus of our operations and capital expenditures for the remainder of 2024. We began 2024 operating seven drilling rigs in the Delaware Basin. We added an eighth operated drilling rig in the first quarter of 2024. We have built significant optionality into our drilling program, which should generally allow us to decrease or increase the number of rigs we operate as necessary based on changing commodity prices and other factors. Our estimated capital expenditures for drilling, completing and equipping wells (“D/C/E capital expenditures”) and midstream capital expenditures for 2024 consists of \$1.10 to \$1.30 billion and \$200.0 to \$250.0 million, respectively. The anticipated midstream capital expenditures include our proportionate share of San Mateo’s estimated 2024 capital expenditures as well as the estimated 2024 capital expenditures for other wholly-owned midstream projects, including projects completed by Pronto. The midstream capital budget includes 100% of the costs associated with the Marlan Processing Plant expansion noted above, although, at April 23, 2024, we were continuing to evaluate potential partners in Pronto that would share in these capital expenditures and strategic opportunities. Substantially all of these 2024 estimated capital expenditures are expected to be allocated to (i) the further delineation and development of our leasehold position, (ii) the construction, installation and maintenance of midstream assets and (iii) our participation in certain non-operated well opportunities in the Delaware Basin, South Texas and Haynesville shale. Our 2024 Delaware Basin operated drilling program is expected to focus on the continued development of our various asset areas throughout the Delaware Basin, with a continued emphasis on drilling and completing a high percentage of longer horizontal wells in 2024, including 99% with anticipated completed lateral lengths of one mile or greater.

As we have done in recent years, we may divest portions of our non-core assets, particularly in the Eagle Ford shale in South Texas and the Haynesville shale in Northwest Louisiana, as well as consider monetizing other assets, such as certain midstream assets and mineral and royalty interests, as value-creating opportunities arise. In addition, during 2024, we intend to continue evaluating the opportunistic acquisition of producing properties, acreage and mineral interests and midstream assets, principally in the Delaware Basin. These monetizations, divestitures and expenditures are opportunity-specific, and purchase price multiples and per-acre prices can vary significantly based on the asset or prospect. As a result, it is difficult to estimate these 2024 monetizations, divestitures and capital expenditures with any degree of certainty; therefore, we have not provided estimated proceeds related to monetizations or divestitures or estimated capital expenditures related to acquiring producing properties, acreage and mineral interests and midstream assets for 2024.

Our 2024 capital expenditures may be adjusted as business conditions warrant, and the amount, timing and allocation of such expenditures is largely discretionary and within our control. The aggregate amount of capital we will expend may fluctuate materially based on market conditions, the actual costs to drill, complete and place on production operated or non-operated wells, our drilling results, the actual costs and scope of our midstream activities, the ability of our joint venture partners to meet their capital obligations, other opportunities that may become available to us and our ability to obtain capital. When oil or natural gas prices decline, or costs increase significantly, we have the flexibility to defer a significant portion of our capital expenditures until later periods to conserve cash or to focus on projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling, completion and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in our exploration and development activities, contractual obligations, drilling plans for properties we do not operate and other factors both within and outside our control.

Exploration and development activities are subject to a number of risks and uncertainties, which could cause these activities to be less successful than we anticipate. A significant portion of our anticipated cash flows from operations for the remainder of 2024 is expected to come from producing wells and development activities on currently proved properties in the Wolfcamp and Bone Spring plays in the Delaware Basin, the Eagle Ford shale in South Texas and the Haynesville shale in Northwest Louisiana. Our existing operated and non-operated wells may not produce at the levels we are forecasting or may be temporarily shut in or restricted due to low commodity prices, and our exploration and development activities in these areas may not be as successful as we anticipate. Additionally, our anticipated cash flows from operations are based upon current expectations of oil and natural gas prices for 2024 and the hedges we currently have in place. For further discussion of our expectations of such commodity prices, see “—General Outlook and Trends” below. At times, we use commodity derivative financial instruments to mitigate our exposure to fluctuations in oil, natural gas and NGL prices and to partially offset reductions in our cash flows from operations resulting from declines in commodity prices. See Note 8 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments.

Our unaudited cash flows for the three months ended March 31, 2024 and 2023 are presented below:

(In thousands)	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 468,562	\$ 339,500
Net cash used in investing activities	(543,315)	(343,466)
Net cash provided by (used in) financing activities	42,781	(39,936)
Net change in cash and restricted cash	\$ (31,972)	\$ (43,902)
Adjusted EBITDA attributable to Matador Resources Company shareholders ⁽¹⁾	\$ 505,370	\$ 365,224

(1) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income and net cash provided by operating activities, see “—Non-GAAP Financial Measures” below.

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased \$129.1 million to \$468.6 million for the three months ended March 31, 2024 from \$339.5 million for the three months ended March 31, 2023. Excluding changes in operating assets and liabilities, net cash provided by operating activities increased \$113.5 million to \$481.4 million for the three months ended March 31, 2024 from \$367.9 million for the three months ended March 31, 2023. This increase was primarily attributable to higher oil and natural gas production and higher realized oil prices for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, partially offset by lower realized natural gas prices. Changes in our operating assets and liabilities between the two periods resulted in a net increase of approximately \$15.6 million in net cash provided by operating activities for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

Net Cash Used in Investing Activities

Net cash used in investing activities increased \$199.8 million to \$543.3 million for the three months ended March 31, 2024 from \$343.5 million for the three months ended March 31, 2023. This increase in net cash used in investing activities was primarily due to (i) an increase between the periods of \$12.5 million in D/C/E capital expenditures primarily attributable to our operated and non-operated D/C/E activities in the Delaware Basin, (ii) an increase of \$90.9 million in expenditures for midstream and other property and equipment and (iii) an increase of \$98.4 million in expenditures related to acquisition of oil and natural gas properties.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities increased \$82.7 million to \$42.8 million for the three months ended March 31, 2024 from net cash used in financing activities of \$39.9 million for the three months ended March 31, 2023. During the three months ended March 31, 2024, our primary sources of cash from financing activities included proceeds from the 2024 Equity Offering of \$344.7 million, partially offset by net repayments under the Credit Agreement of \$240.0 million, dividends paid of \$23.9 million, net distributions related to San Mateo of \$18.4 million and payment of taxes related to stock-based compensation of \$13.5 million. During the three months ended March 31, 2023, our primary uses of cash related to financing activities were for net borrowings under the San Mateo Credit Facility of \$10.0 million, dividends of \$17.8 million and payment of taxes related to stock-based compensation of \$18.9 million.

See Note 5 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our debt, including the Credit Agreement, the San Mateo Credit Facility, the 2026 Notes and the 2028 Notes. See Note 13 to the interim unaudited condensed consolidated financial statements for a discussion of changes in the Company’s debt between March 31, 2024 and April 23, 2024.

Guarantor Financial Information

As of March 31, 2024, Matador’s outstanding senior notes registered under the Securities Act consisted of the 2026 Notes. The 2026 Notes were jointly and severally guaranteed by the Guarantor Subsidiaries on a full and unconditional basis (except for customary release provisions). At March 31, 2024, the Guarantor Subsidiaries were 100% owned by Matador. Matador is a parent holding company and has no independent assets or operations, and there are no significant restrictions on the ability of Matador to obtain funds from the Guarantor Subsidiaries by dividend or loan. Neither San Mateo nor Pronto was a guarantor of the 2026 Notes.

The following tables present summarized financial information of Matador (as issuer of the 2026 Notes) and the Guarantor Subsidiaries on a combined basis after elimination of (i) intercompany transactions and balances between the parent and the Guarantor Subsidiaries and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor. This financial information is presented in accordance with the amended requirements of Rule 3-10 of Regulation S-X. The following financial information may not necessarily be indicative of results of operations or financial position had the Guarantor Subsidiaries operated as independent entities.

(In thousands)	March 31, 2024
Summarized Balance Sheet	
Assets	
Current assets	\$ 647,309
Net property and equipment	\$ 6,222,274
Other long-term assets	\$ 104,660
Liabilities	
Current liabilities	\$ 828,247
Long-term debt	\$ 1,445,567
Other long-term liabilities	\$ 729,106

(In thousands)	Three Months Ended March 31, 2024
Summarized Statement of Income	
Revenues	\$ 707,850
Expenses	438,754
Operating income	269,096
Other expense	(29,820)
Income tax provision	(66,778)
Net income	<u>\$ 172,498</u>

Non-GAAP Financial Measures

We define Adjusted EBITDA as earnings before interest expense, income taxes, depletion, depreciation and amortization, accretion of asset retirement obligations, property impairments, unrealized derivative gains and losses, non-recurring transaction costs for certain acquisitions, certain other non-cash items and non-cash stock-based compensation expense and net gain or loss on asset sales and impairment. Adjusted EBITDA is not a measure of net income or cash flows as determined by GAAP. Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

Management believes Adjusted EBITDA is necessary because it allows us to evaluate our operating performance and compare the results of operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above from net income in calculating Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which certain assets were acquired.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income or net cash provided by operating activities as determined in accordance with GAAP or as a primary indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components of understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner.

The following table presents our calculation of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to the GAAP financial measures of net income and net cash provided by operating activities, respectively.

(In thousands)	Three Months Ended March 31,	
	2024	2023
Unaudited Adjusted EBITDA Reconciliation to Net Income		
Net income attributable to Matador Resources Company shareholders	\$ 193,729	\$ 163,130
Net income attributable to non-controlling interest in subsidiaries	19,461	15,794
Net income	213,190	178,924
Interest expense	39,562	16,176
Total income tax provision	66,778	56,672
Depletion, depreciation and amortization	212,311	126,325
Accretion of asset retirement obligations	1,273	699
Unrealized (gain) loss on derivatives	(2,075)	7,067
Non-cash stock-based compensation expense	2,838	2,290
Other non-cash and non-recurring expense	—	942
Consolidated Adjusted EBITDA	533,877	389,095
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(28,507)	(23,871)
Adjusted EBITDA attributable to Matador Resources Company shareholders	\$ 505,370	\$ 365,224

(In thousands)	Three Months Ended March 31,	
	2024	2023
Unaudited Adjusted EBITDA Reconciliation to Net Cash Provided by Operating Activities		
Net cash provided by operating activities	\$ 468,562	\$ 339,500
Net change in operating assets and liabilities	12,792	28,386
Interest expense, net of non-cash portion	34,918	15,338
Current income tax provision	17,272	4,929
Other non-cash and non-recurring expense	333	942
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(28,507)	(23,871)
Adjusted EBITDA attributable to Matador Resources Company shareholders	\$ 505,370	\$ 365,224

For the three months ended March 31, 2024, net income attributable to Matador shareholders increased \$30.6 million to \$193.7 million, as compared to \$163.1 million for the three months ended March 31, 2023. The increase in net income attributable to Matador shareholders primarily resulted from higher realized oil prices and higher oil and natural gas production for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. In addition, we had increased depletion, depreciation and amortization expenses of \$212.3 million for the three months ended March 31, 2024, as compared to \$126.3 million for the three months ended March 31, 2023, and an unrealized gain on derivatives of \$2.1 million for the three months ended March 31, 2024, as compared to an unrealized loss on derivatives of \$7.1 million for the three months ended March 31, 2023.

Adjusted EBITDA, a non-GAAP financial measure, increased \$140.1 million to \$505.4 million for the three months ended March 31, 2024, as compared to \$365.2 million for the three months ended March 31, 2023. This increase was primarily attributable to higher realized oil prices, and higher oil and natural gas production, for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

Off-Balance Sheet Arrangements

From time to time, we enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of March 31, 2024, the material off-balance sheet arrangements and transactions that we have entered into include (i) non-operated drilling commitments, (ii) firm gathering, transportation, processing, fractionation, sales and disposal commitments and (iii) contractual obligations for which the ultimate settlement amounts are not fixed and determinable, such as derivative contracts that are sensitive to future changes in commodity prices or interest rates, gathering, treating, transportation and disposal commitments on uncertain volumes of future throughput, open delivery commitments and indemnification obligations following certain divestitures. Other than the off-balance sheet arrangements described above, we have no transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect our liquidity or availability of or requirements for capital resources. See “—Obligations and Commitments” below and Note 10 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our off-balance sheet arrangements. Such information is incorporated herein by reference.

Obligations and Commitments

We had the following material contractual obligations and commitments at March 31, 2024:

(In thousands)	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Contractual Obligations					
Borrowings, including letters of credit ⁽¹⁾	\$ 836,730	\$ —	\$ 535,000	\$ 301,730	\$ —
Senior unsecured notes ⁽²⁾	1,199,191	—	699,191	500,000	—
Office leases	9,147	4,406	4,741	—	—
Non-operated drilling commitments ⁽³⁾	40,195	40,195	—	—	—
Drilling rig contracts ⁽⁴⁾	26,663	26,663	—	—	—
Asset retirement obligations ⁽⁵⁾	95,363	5,002	4,684	1,745	83,932
Transportation, gathering, processing and disposal agreements with non-affiliates ⁽⁶⁾	536,961	79,324	169,777	130,386	157,474
Transportation, gathering, processing and disposal agreements with San Mateo ⁽⁷⁾	191,323	—	77,515	113,808	—
Midstream contracts ⁽⁸⁾	129,966	129,566	400	—	—
Total contractual cash obligations	\$ 3,065,539	\$ 285,156	\$ 1,491,308	\$ 1,047,669	\$ 241,406

- (1) The amounts included in the table above represent principal maturities only. At March 31, 2024, we had \$260.0 million in borrowings outstanding under the Credit Agreement and approximately \$41.7 million in outstanding letters of credit issued pursuant to the Credit Agreement. The Credit Agreement matures March 22, 2029. At March 31, 2024, San Mateo had \$526.0 million of borrowings outstanding under the San Mateo Credit Facility and approximately \$9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. The San Mateo Credit Facility matures December 9, 2026. Assuming the amounts outstanding and interest rates of 7.18% and 7.68%, respectively, for the Credit Agreement and the San Mateo Credit Facility at March 31, 2024, the interest expense for such facilities is expected to be approximately \$18.9 million and \$41.0 million, respectively, each year until maturity.
- (2) The amounts included in the table above represent principal maturities only. Interest expense on the \$699.2 million of outstanding 2026 Notes as of March 31, 2024 was expected to be approximately \$41.1 million each year until maturity. Interest expense on the \$500.0 million of outstanding 2028 Notes as of March 31, 2024 is expected to be approximately \$34.4 million each year until maturity.
- (3) At March 31, 2024, we had outstanding commitments to participate in the drilling and completion of various non-operated wells.
- (4) We do not own or operate our own drilling rigs, but instead we enter into contracts with third parties for such drilling rigs.
- (5) The amounts included in the table above represent discounted cash flow estimates for future asset retirement obligations at March 31, 2024.
- (6) From time to time, we enter into agreements with third parties whereby we commit to deliver anticipated natural gas and oil production and produced water from certain portions of our acreage for transportation, gathering, processing, fractionation, sales and disposal. Certain of these agreements contain minimum volume commitments. If we do not meet the minimum volume commitments under these agreements, we would be required to pay certain deficiency fees. See Note 10 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information about these contractual commitments.
- (7) We dedicated to San Mateo our current and certain future leasehold interests in the Rustler Breaks asset area and the Wolf portion of the West Texas asset area and acreage in the southern portion of the Arrowhead asset area (the “Greater Stebbins Area”) and Stateline asset area pursuant to 15-year, fixed-fee oil transportation, oil, natural gas and produced water gathering and produced water disposal agreements. In addition, we dedicated to San Mateo our current and certain future leasehold interests in the Rustler Breaks asset area and acreage in the Greater Stebbins Area and Stateline asset area pursuant to

15-year, fixed-fee natural gas processing agreements. See Note 10 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information about these contractual commitments.

- (8) At March 31, 2024, we had outstanding commitments related to the construction and installation of Pronto's additional natural gas processing plant with a designed inlet processing capacity of 200 MMcf per day, including a nitrogen rejection unit and additional related facilities, in addition to commitments to purchase seven compressors to be utilized in San Mateo and Pronto operations.

General Outlook and Trends

Our business success and financial results are dependent on many factors beyond our control, such as economic, political and regulatory developments, as well as competition from other sources of energy. Commodity price volatility, in particular, is a significant risk to our business, cash flows and results of operations. Commodity prices are affected by changes in market supply and demand, which are impacted by overall economic activity, ongoing military conflicts, political instability, particularly in China or the Middle East, the actions of Organization of Petroleum Exporting Countries, Russia and certain other oil-exporting countries ("OPEC+"), weather, pipeline capacity constraints, inventory storage levels, oil and natural gas price differentials and other factors.

The prices we receive for oil, natural gas and NGLs heavily influence our revenues, profitability, cash flow available for capital expenditures, the repayment of debt and the payment of cash dividends, if any, access to capital, borrowing capacity under our Credit Agreement and future rate of growth. Oil, natural gas and NGL prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil, natural gas and NGLs have been volatile, and these markets will likely continue to be volatile in the future. Declines in oil, natural gas or NGL prices not only reduce our revenues, but could also reduce the amount of oil, natural gas and NGLs we can produce economically and, as a result, could have a material adverse effect on our financial condition, results of operations, cash flows and reserves and our ability to comply with the financial covenants under our Credit Agreement. See "Risk Factors—Risks Related to our Financial Condition—Our success is dependent on the prices of oil, natural gas and NGLs. Low oil, natural gas and NGL prices and the continued volatility in these prices may adversely affect our financial condition and our ability to meet our capital expenditure requirements and financial obligations" in the Annual Report.

Oil prices were higher in the first quarter of 2024, as compared to the first quarter of 2023. For the three months ended March 31, 2024, oil prices averaged \$76.91 per Bbl, ranging from a low of \$70.38 per Bbl in early January to a high of \$83.47 per Bbl in mid-March, based upon the West Texas Intermediate ("WTI") oil futures contract price for the earliest delivery date. Oil prices averaged \$75.99 per Bbl for the three months ended March 31, 2023. We realized a weighted average oil price of \$77.58 per Bbl (with no realized gains or losses from oil derivatives) for our oil production for the three months ended March 31, 2024, as compared to \$75.74 per Bbl (with no realized gains or losses from oil derivatives) for our oil production for the three months ended March 31, 2023. At April 23, 2024, the WTI oil futures contract for the earliest delivery date had increased from the average price for the first quarter of 2024 of \$76.91 per Bbl, settling at \$83.36 per Bbl, which was an increase as compared to \$77.87 per Bbl at April 21, 2023.

Natural gas prices were lower in the first quarter of 2024, as compared to the first quarter of 2023. For the three months ended March 31, 2024, natural gas prices averaged \$2.10 per MMBtu, ranging from a high of \$3.31 per MMBtu in mid-January to a low of \$1.58 per MMBtu in late-March, based upon the NYMEX Henry Hub natural gas futures contract price for the earliest delivery date. Natural gas prices averaged \$2.74 per MMBtu for the three months ended March 31, 2023. We report production volumes in two streams, oil and natural gas (which includes both dry gas and NGLs). NGL prices were also lower for the first quarter of 2024, as compared to the first quarter of 2023, which contributed to lower realized weighted average natural gas prices for the first quarter of 2024. We realized a weighted average natural gas price of \$2.96 per Mcf (\$2.97 per Mcf including realized gains from natural gas derivatives) for our natural gas production (including revenues attributable to NGLs) for the three months ended March 31, 2024, as compared to \$3.93 per Mcf (\$4.07 per Mcf including realized gains from natural gas derivatives) for our natural gas production (including revenues attributable to NGLs) for the three months ended March 31, 2023. Certain volumes of our natural gas production are sold at prices established at the beginning of each month by the various markets where we sell our natural gas production, and certain volumes of our natural gas production are sold at daily market prices. At April 23, 2024, the NYMEX Henry Hub natural gas futures contract price for the earliest delivery date had decreased from the average price for the first quarter of 2024 of \$2.10 per MMBtu, to \$1.81 per MMBtu, which was a decrease as compared to \$2.23 per MMBtu at April 21, 2023.

The prices we receive for oil and natural gas production often reflect a discount to the relevant benchmark prices, such as the WTI oil price or the NYMEX Henry Hub natural gas price. The difference between the benchmark price and the price we receive is called a differential. At March 31, 2024, most of our oil production from the Delaware Basin was sold based on prices established in Midland, Texas, and a significant portion of our natural gas production from the Delaware Basin was sold based on Houston Ship Channel pricing, while the remainder of our Delaware Basin natural gas production was sold primarily based on prices established at the Waha hub in far West Texas.

The Midland-Cushing (Oklahoma) oil price differential has been highly volatile in recent years. At April 23, 2024, this oil price differential was positive at approximately +\$1.30 per Bbl. At April 23, 2024, we had no derivative contracts in place to mitigate our exposure to this Midland-Cushing (Oklahoma) oil price differential for 2024.

Certain volumes of our Delaware Basin natural gas production are exposed to the Waha-Henry Hub basis differential, which has also been highly volatile in recent years. Concerns about natural gas pipeline takeaway capacity out of the Delaware Basin have increased, particularly beginning in the latter half of 2022. As a result, the Waha-Henry Hub basis differential began to widen. The Waha-Henry Hub basis differential averaged (\$1.30) per MMBtu for the three months ended March 31, 2024. Between March 31, 2024 and April 23, 2024, this natural gas price differential widened to approximately (\$2.00) per MMBtu. As a result of low natural gas prices or wide Waha basis differentials, from time to time we or our non-operated partners may elect to temporarily shut in or restrict a portion of our natural gas production. A significant portion of our Delaware Basin natural gas production, however, is sold at Houston Ship Channel pricing and is not exposed to Waha pricing. During 2022 and 2023, we typically realized a narrower differential to natural gas sold at the Waha hub despite higher transportation charges incurred to transport the natural gas to the Gulf Coast. At certain times, we may also sell a portion of our natural gas production into other markets to improve our realized natural gas pricing. Further, approximately 6% of our reported natural gas production for the three months ended March 31, 2024 was attributable to the Haynesville and Eagle Ford shale plays, which are not exposed to Waha pricing. In addition, as a two-stream reporter, most of our natural gas volumes in the Delaware Basin are processed for NGLs, resulting in a further reduction in the reported natural gas volumes exposed to Waha pricing.

From time to time, we use derivative financial instruments to mitigate our exposure to commodity price risk associated with oil, natural gas and NGL prices. Even so, decisions as to whether, at what price and what production volumes to hedge are difficult and depend on market conditions and our forecast of future production and oil, natural gas and NGL prices, and we may not always employ the optimal hedging strategy. This, in turn, may affect the liquidity that can be accessed through the borrowing base under the Credit Agreement and through the capital markets. During the first three months of 2024, we realized a net gain on our natural gas basis differential derivative contracts of approximately \$0.3 million, resulting primarily from natural gas basis differentials that were below the fixed prices of certain of our natural gas basis differential swap contracts. At April 23, 2024, we had derivative natural gas basis differential swap contracts in place to mitigate our exposure to the Waha-Henry Hub basis differential for approximately 8.3 Bcf of our anticipated natural gas production for the remainder of 2024 and 11.0 Bcf for 2025.

We have at times experienced pipeline-related interruptions to our oil, natural gas or NGL production or produced water disposal. In certain recent periods, shortages of NGL fractionation capacity were experienced by certain operators in the Delaware Basin. Although we did not encounter such fractionation capacity problems, we can provide no assurances that such problems will not arise. If we do experience any material interruptions with produced water disposal, takeaway capacity or NGL fractionation, our oil and natural gas revenues, business, financial condition, results of operations and cash flows could be adversely affected. Should we experience future periods of negative pricing for natural gas, as we have experienced historically, we may temporarily shut in certain high gas-oil ratio wells and take other actions to mitigate the impact on our realized natural gas prices and results.

As a result of the increases in oil prices during 2022 and 2023, we have at times experienced inflation in the costs of certain oilfield services, including diesel, steel, labor, trucking, sand, personnel and completion costs, among others. Should oil prices remain at their current levels or increase, we may be subject to additional service cost inflation in future periods, which may increase our costs to drill, complete, equip and operate wells. In addition, supply chain disruptions and other inflationary pressures experienced in recent periods throughout the United States and global economy and in the oil and natural gas industry may limit our ability to procure the necessary products and services we need for drilling, completing and producing wells in a timely and cost-effective manner, which could result in reduced margins and delays to our operations and could, in turn, adversely affect our business, financial condition, results of operations and cash flows.

We recorded a current income tax provision of \$17.3 million for the three months ended March 31, 2024 and a deferred income tax provision of \$49.5 million for the three months ended March 31, 2024. Our effective income tax rate of 26% for the three months ended March 31, 2024 differed from the U.S. federal statutory rate due primarily to permanent differences between book and taxable income and state taxes, primarily in New Mexico.

Our oil and natural gas exploration, development, production, midstream and related operations are subject to extensive federal, state and local laws, rules and regulations. Failure to comply with these laws, rules and regulations can result in substantial monetary penalties or delay or suspension of operations. The regulatory burden on the oil and natural gas industry increases our cost of doing business and affects our profitability. Because these laws, rules and regulations are frequently amended or reinterpreted and new laws, rules and regulations are proposed or promulgated, we are unable to predict the future cost or impact of complying with the laws, rules and regulations to which we are, or will become, subject. For more information about the Company's regulatory matters, see "Business—Regulation" and "Risk Factors—Risks Related to Laws and Regulations" in the Annual Report.

On March 6, 2024, the SEC adopted a new set of rules that require a wide range of climate-related disclosures, including material climate-related risks, information on any climate-related targets or goals that are material to the registrant's business, results of operations or financial condition, Scope 1 and Scope 2 greenhouse gas emissions on a phased-in basis by certain larger registrants when those emissions are material and the filing of an attestation report covering the same, and disclosure of the financial statement effects of severe weather events and other natural conditions, including costs and losses. Compliance dates under the final rule are phased in by registrant category. Multiple lawsuits have been filed challenging the SEC's new climate rules, which have been consolidated and will be heard in the U.S. Court of Appeals for the Eighth Circuit. On April 4, 2024, the SEC issued an order staying the final rules until judicial review is complete.

In accordance with the requirements of the Inflation Reduction Act of 2022, on January 26, 2024, the Environmental Protection Agency ("EPA") published its proposed rule regarding the waste emissions charge, applicable to excess methane emissions at certain oil and natural gas facilities. Further, on March 8, 2024, the EPA published its final rules imposing new, stricter requirements for methane monitoring, reporting and emissions control at certain oil and natural gas facilities. Finally, on April 10, 2024, the Bureau of Land Management published its final waste prevention rule, which requires operators of oil and gas leases to take reasonable steps to avoid natural gas waste or pay royalties on certain natural gas waste, as well as develop leak detection, repair, and waste minimization plans.

Like other oil and natural gas producing companies, our properties are subject to natural production declines. By their nature, our oil and natural gas wells will experience rapid initial production declines. We attempt to overcome these production declines by drilling to develop and identify additional reserves, by exploring for new sources of reserves and, at times, by acquisitions. During times of severe oil, natural gas and NGL price declines, however, drilling additional oil or natural gas wells may not be economic, and we may find it necessary to reduce capital expenditures and curtail drilling operations in order to preserve liquidity. A significant reduction in capital expenditures and drilling activities could materially impact our production volumes, revenues, reserves, cash flows and the availability under our Credit Agreement. See "Risk Factors—Risks Related to our Financial Condition—Our exploration, development, exploitation and midstream projects require substantial capital expenditures that may exceed our cash flows from operations and potential borrowings, and we may be unable to obtain needed capital on satisfactory terms, which could adversely affect our future growth" in the Annual Report.

We strive to focus our efforts on increasing oil and natural gas reserves and production while controlling costs at a level that is appropriate for long-term operations. Our ability to find and develop sufficient quantities of oil and natural gas reserves at economical costs is critical to our long-term success. Future finding and development costs are subject to changes in the costs of acquiring, drilling and completing our prospects.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except as set forth below, there have been no material changes to the sources and effects of our market risk since December 31, 2023, which are disclosed in Part II, Item 7A of the Annual Report and incorporated herein by reference.

Commodity price exposure. We are exposed to market risk as the prices of oil, natural gas and NGLs fluctuate as a result of changes in supply and demand and other factors. To partially reduce price risk caused by these market fluctuations, we have entered into derivative financial instruments in the past and expect to enter into derivative financial instruments in the future to cover a significant portion of our anticipated future production.

We typically use costless (or zero-cost) collars, three-way collars and/or swap contracts to manage risks related to changes in oil, natural gas and NGL prices. Costless collars provide us with downside price protection through the purchase of a put option that is financed through the sale of a call option. Because the call option proceeds are used to offset the cost of the put option, these arrangements are initially "costless" to us. Three-way costless collars also provide us with downside price protection through the purchase of a put option, but they also allow us to participate in price upside through the purchase of a call option. The purchase of both the put option and call option are financed through the sale of a call option. Because the proceeds from the call option sale are used to offset the cost of the purchased put and call options, these arrangements are also initially "costless" to us. In the case of a costless collar, the put option or options and the call option or options have different fixed price components. When the settlement price is below the price floor established by the collar, we receive from our counterparty an amount equal to the difference between the settlement price and the price floor multiplied by the contract oil, natural gas or NGL volume. When the settlement price is above the price ceiling established by the costless collar, we pay our counterparty an amount equal to the difference between the settlement price and the price ceiling multiplied by the contract oil, natural gas or NGL volume. In a swap contract, a floating price is exchanged for a fixed price over a specified period, providing downside price protection.

We record all derivative financial instruments at fair value. The fair value of our derivative financial instruments is determined using purchase and sale information available for similarly traded securities. At March 31, 2024, Bank of America was the counterparty for our derivative instruments. We have considered the credit standing of the counterparty in determining the fair value of our derivative financial instruments.

At March 31, 2024, we had natural gas basis differential swap contracts open and in place to mitigate our exposure to natural gas price volatility, with a specific term (calculation period), notional quantity (volume hedged) and fixed price.

See Note 8 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments. Such information is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report, we evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2024 to ensure that (i) information required to be disclosed in the reports it files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2024, there were no changes in our internal controls that have materially affected or are reasonably likely to have a material effect on our internal control over financial reporting.

Part II — OTHER INFORMATION**Item 1. Legal Proceedings**

We are party to several legal proceedings encountered in the ordinary course of business. While the ultimate outcome and impact on us cannot be predicted with certainty, in the opinion of management, it is remote that these legal proceedings will have a material adverse impact on our financial condition, results of operations or cash flows.

During the three months ended March 31, 2024, there were no material changes regarding the legal proceedings we have disclosed in “Item 3. Legal Proceedings” in the Annual Report.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. For a discussion of such risks and uncertainties, please see “Item 1A. Risk Factors” in the Annual Report. There have been no material changes to the risk factors we have disclosed in the Annual Report.

Item 2. Repurchase of Equity by the Company or Affiliates

During the quarter ended March 31, 2024, the Company re-acquired shares of common stock from certain employees in order to satisfy the employees’ tax liability in connection with the vesting of restricted stock.

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs
January 1, 2024 to January 31, 2024	297	\$ 57.95	—	—
February 1, 2024 to February 29, 2024	34,123	\$ 59.17	—	—
March 1, 2024 to March 31, 2024	546	\$ 66.13	—	—
Total	34,966	\$ 59.27	—	—

(1) The shares were not re-acquired pursuant to any repurchase plan or program. The Company re-acquired shares of common stock from certain employees in order to satisfy the employees’ tax liability in connection with the vesting of restricted stock.

Item 5. Other Information***Insider Trading Plans***

During the three months ended March 31, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Disclosure Pursuant to Item 5.02 of Form 8-K – Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On April 25, 2024, the Company entered into an employment agreement (the “Employment Agreement”) with Brian J. Willey, who serves as the Company’s Executive Vice President and Chief Financial Officer. The Employment Agreement supersedes and replaces Mr. Willey’s existing employment agreement.

The term of the Employment Agreement is 18 months, with an automatic extension of one additional month at the end of each month. The Employment Agreement includes payment of an annual base salary of \$850,000, or such higher amount as may be established from time to time by the Company. In addition, Mr. Willey is eligible to participate in the Company’s annual cash incentive plan, with any awards under such plan subject to the discretion of the Board.

The Employment Agreement contains a non-disclosure of confidential information provision that requires Mr. Willey to maintain, both during and after employment, the confidentiality of information used by Mr. Willey in the performance of his job duties.

Additionally, the Employment Agreement contains a non-competition provision, pursuant to which Mr. Willey has agreed that: (i) for a period of six months following termination by the Company for total disability, (ii) for a period of 18 months following termination (a) by the Company for just cause or (b) by Mr. Willey for any reason or (iii) for a period of 24 months in connection with a change in control, Mr. Willey shall not, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer of the Company (which consent may be withheld in his or its sole discretion), directly or

indirectly: (x) invest in (other than investments in publicly-owned companies which constitute not more than 1% of the voting securities of any such company) a competing business with significant assets in the restricted area (each as defined below) or (y) participate in a competing business as a manager, employee, director, officer, consultant, independent contractor or other capacity or otherwise provide, directly or indirectly, services or assistance to a competing business in a position that involves input into or direction of such competing business's decisions within the restricted area.

For purposes of the Employment Agreement:

- “competing business” means any person or entity engaged in (A) oil and natural gas exploration, development, production and acquisition activities; (B) marketing and midstream operations, including natural gas processing, oil and natural gas transportation services, oil, natural gas and salt water gathering services and salt water disposal services, and/or (C) acquisition activities related to (A) and (B);
- “significant assets” means (A) oil and natural gas reserves in excess of 10 million barrels of oil equivalent or (B) midstream assets with an aggregate fair market value of \$25 million or more; and
- “restricted area” means Eddy and Lea Counties, New Mexico and Loving County, Texas (collectively, the “Named Counties”), plus any county or parish where the Company, together with its subsidiaries, has significant assets as of the date of Mr. Willey’s termination of employment; provided, however, that the restricted area shall cease to include a particular Named County following a sale of all or substantially all of the assets held by the Company, together with its subsidiaries, in such Named County.

Furthermore, the Employment Agreement contains a non-solicitation provision, pursuant to which, (i) for a period of six months following termination by the Company for total disability or (ii) for a period of 24 months following termination (a) by the Company for just cause, (b) by Mr. Willey for any reason or (c) in connection with a change in control, subject to certain exceptions, Mr. Willey shall not, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer of the Company (which consent may be withheld in his or its sole discretion), (x) solicit for employment or a contracting relationship, or employ or retain any person who is or has been, within six months prior to such time, employed by or engaged as an individual independent contractor by the Company or its affiliates or (y) induce or attempt to induce any such person to leave his or her employment or independent contractor relationship with the Company or its affiliates.

In addition, under the Employment Agreement, if a termination of employment occurs pursuant to one of the following events:

- Mr. Willey dies;
- Mr. Willey is totally disabled;
- Mr. Willey and the Company mutually agree to terminate the Employment Agreement;
- the Company dissolves or liquidates (other than as part of a reorganization, merger, consolidation or sale of all or substantially all of the assets of the Company whereby the business of the Company is continued); or
- the term of the Employment Agreement ends,

the Company will pay Mr. Willey the average annual amount of all bonuses paid to him with respect to the prior two calendar years, pro-rated based on the number of complete or partial months of Mr. Willey’s employment during the calendar year in which his employment terminates.

Under the Employment Agreement, if Mr. Willey’s employment is terminated by the Company without just cause (and other than in connection with a change of control as described below), the Company will pay him an amount equal to one and one-half his then-current base salary, plus one and one-half of the average annual amount of all bonuses paid to Mr. Willey with respect to the prior two calendar years.

In addition, under the Employment Agreement, if Mr. Willey’s employment is terminated in contemplation of or following a change of control (i) by the Company without just cause or (ii) by Mr. Willey with good reason, the Company will pay him an amount equal to three times his then-current base salary plus three times the average annual amount of all bonuses paid to Mr. Willey with respect to the prior two calendar years. In addition, if Mr. Willey is terminated or terminates his employment as set forth above in connection with a change in control, all of Mr. Willey’s equity awards vest immediately prior to such termination.

For definitions of “total disability,” “just cause,” “change of control” and “good reason,” please see the form of employment agreement, a copy of which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference. The foregoing description of the Employment Agreement is not complete and is qualified in its entirety by reference to the full text of the form of employment agreement.

Item 6. Exhibits

Exhibit Number	Description
2.1*	Securities Purchase Agreement, dated January 24, 2023, by and among MRC Hat Mesa, LLC, MRC Energy Company (solely for the limited purposes stated therein), AEP EnCap HoldCo, LLC, Ameradvance Management LLC and Advance Energy Partners Holdings, LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on January 24, 2023).
3.1	Amended and Restated Certificate of Formation of Matador Resources Company (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Formation of Matador Resources Company dated April 2, 2015 (incorporated by reference to Exhibit 3.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Formation of Matador Resources Company effective June 2, 2017 (incorporated by reference to Exhibit 3.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.4	Amended and Restated Bylaws of Matador Resources Company, as amended (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on February 22, 2018).
4.1	Indenture, dated as of April 2, 2024, by and among the Company, the Guarantor Subsidiaries and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on April 2, 2024).
10.1	Fifth Amendment to Fourth Amended and Restated Credit Agreement, dated as of March 22, 2024, by and among MRC Energy Company, as Borrower, the Lenders party thereto and PNC Bank, National Association, as Administrative Agent for the Lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 25, 2024).
10.2†	Form of Employment between Matador Resources Company and each of Brian J. Willey, Christopher P. Calvert, W. Thomas Elsener, Bryan A. Erman and Glenn W. Stetson (filed herewith).
22.1	List of Subsidiary Guarantors (filed herewith).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	The following financial information from Matador Resources Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets - Unaudited, (ii) the Condensed Consolidated Statements of Income - Unaudited, (iii) the Condensed Consolidated Statements of Changes in Shareholders' Equity - Unaudited, (iv) the Condensed Consolidated Statements of Cash Flows - Unaudited and (v) the Notes to Condensed Consolidated Financial Statements - Unaudited (submitted electronically herewith).
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101).
†	Indicates a management contract or compensatory plan or arrangement.
*	This filing excludes certain schedules and exhibits pursuant to Item 601(a)(5) of Regulation S-K, which the registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request by the Commission; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules or exhibits so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 26, 2024	By:	MATADOR RESOURCES COMPANY /s/ Joseph Wm. Foran _____ Joseph Wm. Foran Chairman and Chief Executive Officer
Date: April 26, 2024	By:	/s/ Brian J. Willey _____ Brian J. Willey Executive Vice President and Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into effective as of the Effective Date (as defined below) by and between Matador Resources Company, a Texas corporation ("Matador"), which is the holding company of MRC Energy Company ("MRC"), acting through its Board of Directors (the "Board"), and [●] ("Employee"). For purposes of this Agreement, (i) the "Company" shall mean Matador and MRC, and (ii) the "Effective Date" shall mean [●], or such other date as the Board and Employee may agree.

WHEREAS, the Company and Employee are parties to that certain employment agreement dated [●] (the "Prior Agreement");

WHEREAS, the Company and Employee desire to enter into this Agreement to supersede and replace the Prior Agreement and to set forth the terms and conditions of Employee's continued employment with the Company;

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants and promises hereinafter contained, do hereby agree as follows:

1. Employment. The Company hereby agrees to employ Employee in the capacity of [●], or in such other position or positions of the same or greater stature as the Board may direct or desire, to the extent reasonably acceptable to Employee, and Employee hereby accepts such employment, on the terms and subject to the conditions set forth herein.

2. Duties. Employee's principal duties and responsibilities shall be to (a) manage, generally, all of the Company's [●], subject to the supervision of the Chairman of the Board, the Chief Executive Officer or any member of the Executive Committee of the Company, (b) carry out such other duties and responsibilities as may be more fully described in Matador's Bylaws for his position, and such other duties consistent with his position and (c) carry out such other duties that are reasonably assigned to Employee from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or any member of the Executive Committee of the Company. Employee agrees to perform such services and duties and hold such offices as may be reasonably assigned to him from time to time by the Board, the Chairman of the Board, the Chief Executive Officer or any member of the Executive Committee of the Company, consistent with his position, and to devote his full business time, energies and best efforts to the performance thereof to the exclusion of all other business activities, except (i) reasonable and normal work for his personal affairs and estate and any other activities to which Matador may consent, and (ii) services to charitable, civic and/or professional organizations, to the extent such services do not materially and adversely impact Employee's service to the Company.

3. Term. Employee's employment under this Agreement shall commence on the Effective Date and shall expire at the end of eighteen (18) months from the Effective Date (the "Term"), subject to earlier termination as provided herein; provided, however, that the Term shall be extended automatically at the end of each month by one additional month unless by such date Matador or Employee gives written notice to the other that the Term shall not be further extended. Such notice must indicate that it shall have the effect of preventing any further extension of the Term.

4. Salary and Other Compensation. As compensation for the services to be rendered by Employee to the Company pursuant to this Agreement, Employee shall be paid the following compensation and other benefits:

(a) Base Salary. Employee shall receive an annualized salary of \$[●] per year, payable in installments in accordance with the Company's then standard payroll practices, or such higher compensation as may be established by the Company from time to time ("Base Salary"). Should Employee become "Partially Disabled," which for purposes hereof means the inability because of any physical or mental illness lasting no more than 90 days to perform his assigned duties under this Agreement for no less than 20 hours per week (and including any period of short term total absence due to illness or injury,

including recovery from surgery, but in no event lasting more than the 90-day period of Partial Disability), and if Employee, during any period of Partial Disability, receives any periodic payments representing lost compensation under any health and accident policy or under any salary continuation insurance policy, the premiums for which have been paid by the Company, the amount of Base Salary that Employee would be entitled to receive from the Company during the period of Partial Disability shall be decreased by the amounts of such payments. Notwithstanding the foregoing, should Employee become Totally Disabled, as defined in Section 12(b), during a period of Partial Disability, the provisions in Sections 12 and 14 with respect to Total Disability shall control.

(b) Annual Incentive Compensation. Employee shall be eligible to participate in the annual incentive plan for management maintained by Matador at a level to provide Employee with annual incentive compensation commensurate with Employee's position and responsibilities, as determined by, and based on such performance objectives as established by the Compensation Committee of the Board (the "Compensation Committee") or the Executive Committee of the Board (the "Executive Committee"), and the Board, in their sole discretion.

(c) Long-Term Incentive Compensation. Employee shall be entitled to participate in Matador's 2019 Long-Term Incentive Plan, as amended from time to time, and such other equity incentive plan(s) as may exist in the future, with awards under any such plan(s) to be determined by the Compensation Committee, the Executive Committee or the Board, in their discretion.

(d) Employee Benefit Plans. Employee shall be eligible to participate, to the extent he may be eligible pursuant to the terms of any such plan, in any profit sharing, retirement, insurance or other employee benefit plan maintained by the Company for the benefit of officers and senior management of the Company, at the officer/senior management level. The Company reserves the right to modify, suspend or discontinue any and all of the employee benefit plans maintained by the Company at any time in accordance with the terms thereof.

5. Life Insurance. The Company, in its discretion, may apply for and procure in its own name and for its own benefit, life insurance on the life of Employee in any amount or amounts considered advisable by the Company, and Employee shall submit to any medical or other examination and execute and deliver any application or other instrument in writing, reasonably necessary to effectuate such insurance.

6. Expenses. The Company shall pay, or reimburse Employee, for the reasonable and necessary business expenses of Employee, to the extent incurred in accordance with all applicable expense reimbursement policies of the Company.

7. Vacations and Leave. Employee shall be entitled to four (4) weeks paid vacation per year, to be accrued and used in accordance with the Company's vacation policy in effect from time to time.

8. Non-Disclosure of Confidential Information. The Company shall provide Employee Confidential Information, which Employee may use in the performance of his job duties with the Company. "Confidential Information," whether electronic, oral or in written form, includes without limitation: all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records and other reports and related data, calculations, summaries, memoranda and opinions relating to the foregoing, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, customer lists, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any documents relating to the business of the Company and information or data regarding the Company's systems, operations, business, finances, prospects, properties or prospective properties; provided, however, that Confidential Information shall not include any information that is or becomes publicly available, or is otherwise generally known in the Company's industry, other than as a result of any disclosure by Employee that is inconsistent with his duties pursuant to this Agreement. As a material inducement to the Company to enter into this Agreement and to pay to Employee the compensation stated in Section 4, Employee

covenants and agrees that he shall not, at any time during or following the Term, directly or indirectly divulge or disclose for any purpose whatsoever, other than as may be required by law, any Confidential Information that has been obtained by, or disclosed to, him as a result of his employment by the Company, or use such Confidential Information for any reason other than to perform his duties pursuant to this Agreement. Notwithstanding any other provision in this Agreement, Employee will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to Employee's attorney and use the trade secret information in the court proceeding if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9. Non-Competition and Non-Solicitation Agreement.

(a) Employee acknowledges and agrees that the Confidential Information the Company has previously provided and will continue to provide to Employee will enable Employee to injure the Company if Employee should compete with the Company. Therefore, Employee hereby agrees that during Employee's employment with the Company and (i) if the Company terminates Employee's employment for Total Disability, then for a period of six (6) months thereafter, (ii) if the Company terminates Employee's employment for Just Cause or Employee terminates his employment during the Term for any reason, then for a period of eighteen (18) months thereafter, or (iii) Employee is entitled to severance pay pursuant to Section 14(b) or Section 14(c), then for a period of twenty-four (24) months thereafter, Employee shall not, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer (which consent may be withheld in his or its sole discretion), directly or indirectly: (a) invest in (other than investments in publicly-owned companies which constitute not more than 1% of the voting securities of any such company) a Competing Business with Significant Assets in the Restricted Area (each as defined below), or (b) participate, directly or indirectly, in the operations of a Competing Business in the Restricted Area as a manager, employee, director, officer, consultant, independent contractor, or in any other capacity or otherwise provide, directly or indirectly, services or assistance to a Competing Business in a position that involves input into or direction of the Competing Business's decisions within the Restricted Area. "Competing Business" means any person or entity engaged in (x) oil and natural gas exploration, development, production and acquisition activities; (y) marketing and midstream operations, including natural gas processing, oil and natural gas transportation services, oil, natural gas and salt water gathering services and salt water disposal services, and/or (z) acquisition activities related (x) and (y). "Significant Assets" means (i) oil and natural gas reserves in excess of 10 million barrels of oil equivalent or (ii) midstream assets with an aggregate fair market value of \$25 million or more. "Restricted Area" means Eddy and Lea Counties, New Mexico and Loving County, Texas (collectively, the "Named Counties"), plus any county or parish where the Company, together with its subsidiaries, has Significant Assets as of the date of Employee's termination of service pursuant to this Agreement; provided, however, that the Restricted Area shall cease to include a particular Named County following a sale of all or substantially all of the assets held by the Company, together with its subsidiaries, in such Named County.

(b) During Employee's employment, and (i) if the Company terminates Employee's employment for Total Disability, then for a period of six (6) months thereafter, or (ii) if the Company terminates Employee's employment for Just Cause, Employee terminates his employment during the Term for any reason or Employee is entitled to severance pay pursuant to Section 14(b) or Section 14(c), then for a period of twenty-four (24) months thereafter, Employee agrees on his own behalf and on behalf of his affiliates that, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer (which consent may be withheld in his or its sole discretion), he shall not, directly or indirectly, (i) solicit for employment or a contracting relationship, or employ or retain any person who is or has been, within six months prior to such time, employed by or engaged as an individual independent contractor to the Company or its affiliates or (ii) induce or attempt to induce any such person to leave his or her employment or independent contractor relationship with the Company or its affiliates. The Company

agrees that the foregoing restriction is not intended to apply generally to companies providing services to the Company, such as rig and oilfield services providers, or lenders.

10. Reasonableness of Restrictions

(a) Employee has carefully read and considered the provisions of Sections 8 and 9, and, having done so, agrees that the restrictions set forth in those Sections are fair and reasonable and are reasonably required for the protection of the interests of the Company and its parent or subsidiary corporations, officers, directors, and shareholders.

(b) In the event that, notwithstanding the foregoing, any of the provisions of Sections 8 or 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. In the event that any provision of Sections 8 or 9 shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems reasonable and enforceable, the time period, the areas of restriction and/or related aspects deemed reasonable and enforceable by the court shall become and thereafter be the maximum restriction in such regard, and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court.

(c) Sections 8 and 9 shall survive the termination of this Agreement. If Employee is found by a court of competent jurisdiction or arbitrator to have materially violated any of the restrictions contained in Section 9, the restrictive period will be suspended and will not run in favor of Employee during such period that Employee shall have been found to be in material violation thereof.

11. Remedies for Breach of Employee's Covenants of Non-Disclosure, Non-Competition and Non-Solicitation. In the event of a breach or threatened breach of any of the covenants in Sections 8 or 9, then the Company shall be entitled to seek a temporary restraining order and injunctive relief restraining Employee from the commission or continued commission of any breach.

12. Termination. Employment of Employee under this Agreement may be terminated:

(a) By Employee's death.

(b) If Employee is Totally Disabled. For the purposes of this Agreement, Employee is totally disabled if he is "Totally Disabled" as defined in and for the period necessary to qualify for benefits under any disability income insurance policy and any replacement policy or policies covering Employee and Employee has been declared to be Totally Disabled by the insurer.

(c) By mutual agreement of Employee and the Company.

(d) By the dissolution and liquidation of Matador (other than as part of a reorganization, merger, consolidation or sale of all or substantially all of the assets of Matador whereby the business of Matador is continued).

(e) By the Company for Just Cause at any time in accordance with Section 13. For purposes of this Agreement, "Just Cause" shall mean only the following: (i) Employee's continued and material failure to perform the duties of his employment consistent with Employee's position, except as a result of being Partially Disabled (during any period of Partial Disability) or Totally Disabled, (ii) Employee's failure to perform his material obligations under this Agreement, except as a result of being Partially Disabled (during any period of Partial Disability) or Totally Disabled, or a material breach by the Employee of the Company's written policies concerning discrimination, harassment, conflicts of interest or securities trading, (iii) Employee's insubordination, lack of cooperation, conduct detrimental to the Company or refusal or failure to follow lawful directives of the Board, the Chairman of the Board and/or Chief Executive Officer, except as a result of being Partially Disabled (during any period of Partial Disability) or

Totally Disabled, (iv) Employee's commission of an act of fraud, theft, embezzlement or violation of an applicable regulation or law involving financial impropriety, (v) Employee's indictment for or conviction of a felony or other crime involving moral turpitude, or (vi) Employee's breach of fiduciary duty; provided, however, that Employee shall have thirty (30) days after written notice from the Board (or Compensation Committee or Executive Committee) to remedy any actions alleged under subsections (i) or (ii) in the manner reasonably specified by the Board (or Compensation Committee or Executive Committee), unless the Board (or Compensation Committee or Executive Committee), in its sole and reasonable discretion, determines that such alleged actions cannot be remedied within such thirty (30) day period. For the avoidance of doubt, the parties acknowledge and agree that a termination by the Company for Just Cause shall have priority over the other provisions of this Section 12, and the Company shall have the right, to the extent raised by the Company within twelve (12) months following Employee's termination, to "claw back" any benefits paid to Employee based on a termination pursuant to any other provision of this Section 12, in the event that the Company subsequently discovers the existence of facts or circumstances that would have been grounds for Employee's termination for Just Cause; provided, however, that the foregoing shall not modify in any way Employee's rights to dispute any termination for Just Cause, or to have any such dispute resolved by mediation or arbitration, as provided herein.

(f) At the end of the Term.

(g) [Reserved].

(h) By Employee for any reason. This Agreement and Employee's employment with the Company may be terminated at any time, at the election of Employee.

(i) In connection with a Change in Control, provided (i) Employee is terminated by the Company without Just Cause, or (ii) Employee terminates his employment with Good Reason, in either case within 30 days prior to or twelve (12) months following the Change in Control. As used in this Agreement, "Good Reason" shall mean, following a Change of Control, (i) the assignment to Employee of duties inconsistent with the title of [●] or his then-current office, or a material diminution in Employee's then current authority, duties or responsibilities; (ii) a diminution of Employee's then current Base Salary or other action or inaction that constitutes a material breach of this Agreement by the Company; or (iii) the relocation of Matador's principal executive offices to a location more than thirty (30) miles from Matador's current principal executive offices or the transfer of Employee to a place other than Matador's principal executive offices (excepting required travel on the Company's business). Within thirty (30) days from the date Employee knows of the actions constituting Good Reason as defined in this Section 12(g), Employee shall give the Company written notice thereof, and provide the Company with a reasonable period of time, in no event exceeding thirty (30) days, after receipt of such notice to remedy the alleged actions constituting Good Reason; provided, however, that the Company shall not be entitled to notice of, and the opportunity to remedy, the recurrence of any alleged actions (or substantially similar actions) constituting Good Reason in the event that Employee has previously provided notice of such prior alleged actions (or substantially similar actions) to the Company and provided the Company an opportunity to cure such prior actions (or substantially similar actions). In the event the Company does not cure the alleged actions, if Employee does not terminate this Agreement and his employment within sixty (60) days following the last day of the Company's cure period, Employee shall not be entitled to terminate his employment for Good Reason based upon the occurrence of such actions; provided, however, that any recurrence of such actions (or substantially similar actions) may constitute Good Reason. Any corrective measures undertaken by the Company are solely within its discretion and do not concede or indicate agreement that the actions described in Employee's written notice constitute Good Reason within the meaning of this Section 12(g). As used in this Section 12(i) and Section 14, the term "Change in Control" has the meaning assigned to such term in the Company's 2019 Long-Term Incentive Plan or any successor plan.

13. Notice of Termination/Date of Termination. The termination of Employee's employment by the Company for Just Cause or by Employee for any reason shall be accompanied by written notice of the reason for such termination. Such notice shall indicate a specific termination provision in this Agreement which is relied upon,

describe the basis for such termination, if any, and the Date of Termination. If Employee's employment is terminated by Employee for any reason, the Date of Termination shall be not less than thirty (30) days following such written notice. As used in this Agreement, "Date of Termination" shall mean a "Separation from Service" as defined in Section 16 hereof.

14. Payments With Respect to Termination; Vesting of Equity Incentive Awards. Payments to Employee upon termination shall be limited to the following:

(a) If Employee's employment is terminated by the Company upon death pursuant to Section 12(a), Total Disability pursuant to Section 12(b), mutual agreement pursuant to Section 12(c), dissolution and liquidation pursuant to Section 12(d), for Just Cause pursuant to Section 12(e), at the end of the Term pursuant to Section 12(e), or by Employee for any reason pursuant to Section 12(h), Employee shall be entitled to all arrearages of Base Salary, accrued but unused vacation and unreimbursed expenses as of the Date of Termination (the "Accrued Obligations") payable in accordance with the Company's customary payroll practices, plus (unless Employee's employment is terminated by the Company for Just Cause or by Employee for any reason) an amount equal to the average annual amount of all bonuses paid to Employee with respect to the prior two (2) calendar years, pro-rated based on the number of complete or partial months of Employee's employment during the calendar year in which his employment terminates payable in a lump sum, subject to Section 16(b), on the sixtieth (60th) day following the Date of Termination, but shall not be entitled to further compensation.

(b) If Employee's employment is terminated by the Company without Just Cause and other than as described in Section 14(c), the Company shall (i) pay to Employee all Accrued Obligations as required under applicable wage payment laws and in accordance with the Company's customary payroll practices, and (ii) subject to Employee's compliance with Sections 8 and 9, pay to Employee severance pay in an amount equal to one and one-half (1.5) of his then-current Base Salary as of the Date of Termination, plus an amount equal to one and one-half (1.5) of the average annual amount of all bonuses paid to Employee with respect to the prior two (2) calendar years, in a lump sum, subject to Section 16(b), on the sixtieth (60th) day following the Date of Termination. Employee shall have no obligation to seek other employment, and any income so earned shall not reduce the foregoing amounts.

(c) If in contemplation of or following a Change in Control pursuant to Section 12(i), Employee's employment is terminated by the Company without Just Cause or is terminated by Employee with Good Reason, the Company shall (i) pay to Employee all Accrued Obligations as required under applicable wage payment laws and in accordance with the Company's customary payroll practices, and (ii) subject to Employee's compliance with Sections 8 and 9, pay to Employee severance pay in an amount equal three (3) times the then-current Base Salary as of the Date of Termination, plus three (3) times an amount equal to the average annual amount of all bonuses paid to Employee with respect to the prior two (2) calendar years, in a lump sum, subject to Section 16(b), on the sixtieth (60th) day following the Date of Termination. Immediately prior to such termination of employment, all unvested equity incentive awards held by Employee shall vest (with performance-based awards vesting based on actual performance through the date of such termination), and the forfeiture provisions with respect to any such awards that are subject to forfeiture will terminate. Employee shall have no obligation to seek other employment and any income so earned shall not reduce the foregoing amounts.

(d) Except with respect to any Accrued Obligations, which shall be paid in accordance with Section 14, as a condition to receiving any other payment under Section 14, and to the extent that Employee is then living and not prevented from executing a release of claims due to any disability, Employee shall execute (and not revoke) a release of claims in a form reasonably satisfactory to the Company (which release shall be provided to Employee within five (5) business days following the Date of Termination and must be returned to the Company (and not revoked) within forty-five (45) days following the Date of Termination). If Employee fails or otherwise refuses to execute and not revoke a release of claims within forty-five (45) days following the Date of Termination, and in all events prior to the date on which such other payment is to be first paid to him, Employee shall not be entitled to any such other payment, except as

required by applicable wage payment laws, until Employee executes and does not revoke for forty-five (45) days, a release of claims.

15. [Reserved].

16. Other Termination Provisions.

(a) Separation from Service. Notwithstanding anything to the contrary in this Agreement, with respect to any amounts payable to Employee under this Agreement that are treated as “non-qualified deferred compensation” subject to Section 409A of the Code in connection with a termination of Employee’s employment, in no event shall a termination of employment occur under this Agreement unless such termination constitutes a Separation from Service. “Separation from Service” shall mean Employee’s “separation from service” with the Company as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto.

(b) Section 409A Compliance. Notwithstanding anything contained in this Agreement to the contrary, to the maximum extent permitted by applicable law, amounts payable to Employee pursuant to Section 14 shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9) (Separation Pay Plans) or Treasury Regulation Section 1.409A-1(b)(4) (Short-Term Deferrals). However, to the extent any such payments are treated as non-qualified deferred compensation subject to Section 409A of the Code, then if Employee is deemed at the time of his Separation from Service to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of any portion of the benefits to which Employee is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Employee’s termination benefits shall not be provided to Employee prior to the earlier of (i) the expiration of the six-month period measured from the date of Employee’s Separation from Service or (ii) the date of Employee’s death. Upon the earlier of such dates, all payments deferred pursuant to this Section 16(b) shall be paid in a lump sum to Employee. The determination of whether Employee is a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(c) Section 280G Treatment.

(i) (A) In the event it is determined that any payment, distribution or benefits of any type by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “Change in Control Payments”), constitute “parachute payments” within the meaning of Section 280G(b)(2) of the Code, the Company will provide Employee with a computation of (1) the maximum amount of the Change in Control Payments that could be made, without the imposition of the excise tax imposed by Section 4999 of the Code (said maximum amount being referred to as the “Capped Amount”); (2) the value of the Change in Control Payments that could be made (all said payments, distributions and benefits being referred to as the “Uncapped Amount”); (iii) the dollar amount of the excise tax (if any) including any interest or penalties with respect to such excise tax which Employee would become obligated to pay pursuant to Section 4999 of the Code as a result of receipt of the Uncapped Amount (the “Excise Tax Amount”); and (iv) the net value of the Uncapped Amount after reduction by the Excise Tax Amount and the estimated income taxes payable by Employee on the difference between the Uncapped Amount and the Capped Amount, assuming that Employee is paying the highest marginal tax rate for state, local and federal income taxes (the “Net Uncapped Amount”).

(B) If the Capped Amount is greater than the Net Uncapped Amount, Employee shall be entitled to receive or commence to receive payments equal to the Capped Amount; or if the Net Uncapped Amount is greater than the Capped Amount, Employee shall be

entitled to receive or commence to receive payments equal to the Uncapped Amount. If Employee receives the Uncapped Amount, then Employee shall be solely responsible for the payment of all income and excise taxes due from Employee and attributable to such Uncapped Amount, with no right of additional payment from the Company as reimbursement for any taxes.

(ii) All determinations required to be made under Section 16(c)(i)(A) shall be made in writing by the independent accounting firm agreed to by the Company and Employee on the date of the Change in Control (the "Accounting Firm"), whose determination shall be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by Section 16(c)(i)(A), the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee shall furnish to the Accounting Firm such information and documents as it reasonably may request in order to make determinations under Section 16(c)(i)(A). If the Accounting Firm determines that no Excise Tax Amount is payable by Employee, it shall furnish Employee with an opinion that he has substantial authority not to report any excise tax pursuant to Section 4999 of the Code on his federal income tax return. The Company shall bear all costs the Accounting Firm may reasonably incur in connection with any calculations contemplated by Section 16(c)(i)(A).

(iii) (A) If the computations and valuations required to be provided by the Company to Employee pursuant to Section 16(c)(i)(A) are on audit challenged by the Internal Revenue Service as having been performed in a manner inconsistent with the requirements of Sections 280G and 4999 of the Code or if Section 409A of the Code is determined to apply to all or any part of the payments to which Employee or his survivors may be entitled under this Agreement and as a result of such audit or determination, (1) the amount of cash and the benefits provided for in Section 16(c)(i) remaining to Employee after completion of such audit or determination is less than (2) the amount of cash and the benefits which were paid or provided to Employee on the basis of the calculations provided for in Section 16(c)(i)(A) (the difference between (1) and (2) being referred to as the "Shortfall Amount"), then Employee shall be entitled to receive an additional payment (an "Indemnification Payment") in an amount such that, after payment by Employee of all taxes (including additional excise taxes under said Section 4999 of the Code and any interest and penalties imposed with respect to any taxes) imposed upon the Indemnification Payment and all reasonable attorneys' and accountants' fees incurred by Employee in connection with such audit or determination, Employee retains an amount of the Indemnification Payment equal to the Shortfall Amount. The Company shall pay the Indemnification Payment to Employee in a lump sum cash payment within thirty (30) days of the completion of such audit or determination.

(B) If the computations and valuations required to be provided by the Company to Employee pursuant to Section 16(c)(i)(A) are on audit challenged by the Internal Revenue Service as having been performed in a manner inconsistent with the requirements of Sections 280G and 4999 of the Code and as a result of such audit or determination, (1) the amount of cash and the benefits which were paid or provided to Employee on the basis of the calculations provided for in Section 16(c)(i)(A) is greater than (2) the amount of cash and the benefits provided for in Section 16(c)(i) payable to Employee after completion of such audit or determination (the difference between (1) and (2) being referred to as the "Excess Amount"), then Employee shall repay to the Company the Excess Amount in a lump sum cash payment within thirty (30) days of the completion of such audit or determination.

(C) Notwithstanding the foregoing provisions of this Section 16(c)(iii), (1) any payment made to or on behalf of Employee which relates to taxes imposed on Employee shall be made not later than the end of the calendar year next following the calendar year in which such taxes are remitted by or on behalf of Employee, and (2) any payment made to or on behalf of

Employee which relates to reimbursement of expenses incurred due to a tax audit or litigation addressing the existence or amount of a tax liability shall be made by the end of the calendar year following the calendar year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the calendar year following the calendar year in which the audit is completed or there is a final and non-appealable settlement or other resolution of the litigation, whichever is the last event to occur.

(d) Termination by Employee. If at any time Employee terminates his employment for any reason, Employee shall have no further obligation to the Company other than the provisions of Sections 8, 9, 14(d), 16(c)(iii)(B) and 21.

17. In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement during any tax year of Employee shall not affect in-kind benefits or reimbursements to be provided in any other tax year of Employee and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by Employee and, if timely submitted, reimbursement payments shall be made to Employee as soon as administratively practicable following such submission, but in no event later than the last day of Employee's taxable year following the taxable year in which the expense was incurred. In no event shall Employee be entitled to any reimbursement payments after the last day of Employee's taxable year following the taxable year in which the expense was incurred. This paragraph shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to Employee.

18. Section 409A; Separate Payments. This Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Agreement become subject to (a) the gross income inclusion set forth within Code Section 409A(a)(1)(A) or (b) the interest and additional tax set forth within Code Section 409A(a)(1)(B) (together, referred to herein as the "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. In no event shall the Company be required to provide a tax gross-up payment to Employee or otherwise reimburse Employee with respect to Section 409A Penalties. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), each payment that Employee may be eligible to receive under this Agreement shall be treated as a separate and distinct payment.

19. Indemnification. Matador shall indemnify Employee to the extent permitted pursuant to the Certificate of Formation of Matador, the Bylaws of Matador and any indemnification agreement between Matador and Employee that may be in effect from time to time during the Term, the terms of which are incorporated herein by reference.

20. Resignation Upon Termination. In the event of termination of Employee's employment for any reason, Employee hereby shall be deemed upon such termination to have immediately resigned from all positions held in the Company, including without limitations any position as a director, officer, agent, trustee or consultant of the Company or any affiliate of the Company and shall execute all documents reasonably necessary to further effectuate or document such resignation from such positions.

21. Cooperation. During and after Employee's employment with the Company, Employee shall cooperate fully with the Company in the defense or prosecution of all claims or actions now in existence or which may be brought in the future against or on behalf of the Company or its affiliates. Employee's full cooperation in connection with such claims or actions shall include, but shall not be limited to, being available to meet with counsel to the Company and/or its affiliates to prepare for discovery, trial or alternative dispute resolution proceedings, and to act as a witness on behalf of the Company and its affiliates. During and after Employee's employment, Employee shall cooperate with the Company and its affiliates in connection with any investigation or review by any federal, state or local regulatory authority. In addition, during and after Employee's employment with the Company, Employee shall assist the Company in all reasonably requested transition efforts in connection with Employee's

separation from the Company or the transfer of duties or responsibilities from Employee, including but not limited to execution and delivery of all documents that the Company reasonably requests to be signed by Employee. The Company shall (a) pay Employee an amount equal to his Base Salary in effect immediately prior to his termination of employment, but in any case not to exceed \$1,500 per day, pro rated based on the number of days (and further pro rated for any partial day) that Employee is required to perform the foregoing obligations, and (b) reimburse Employee for any reasonable out-of-pocket expenses incurred by Employee in connection therewith.

22. Waiver. A party's failure to insist on compliance or enforcement of any provision of this Agreement, shall not affect the validity or enforceability or constitute a waiver of future enforcement of that provision or of any other provision of this Agreement by that party or any other party.

23. Governing Law; Venue; Arbitration. This Agreement shall in all respects be subject to, and governed by, the laws of the State of Texas.

(a) Injunctive Relief. The Company and Employee agree and consent to the personal jurisdiction of the state and local courts of Dallas County, Texas and/or the United States District Court for the Northern District of Texas in the event that the Company or Employee seeks injunctive relief with respect to any provision hereof, and that those courts, and only those courts, shall have jurisdiction with respect thereto. The Company and Employee also agree that those courts are convenient forums for the parties and for any potential witnesses and that process issued out of any such court or in accordance with the rules of practice of that court may be served by mail or other forms of substituted service to the Company at the address of its principal executive offices and to Employee at his last known address as reflected in the Company's records.

(b) All Other Disputes. In the event of any dispute, claim, question or disagreement relating to this Agreement, other than one for which the Company or Employee seeks injunctive relief, the parties shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties. If such a dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association (the "AAA") under its Commercial Mediation Rules before resorting to arbitration or some other dispute resolution procedure. If the parties do not reach such solution through negotiation or mediation within a period of sixty (60) days after a claim is first made by a party, then, upon notice by either party to the other, all disputes, claims, questions or disagreements shall be finally settled by arbitration administered by the AAA in accordance with the provisions of its Commercial Arbitration Rules. The arbitrator shall be selected by agreement of the parties or, if they do not agree on an arbitrator within thirty (30) days after either party has notified the other of his or its desire to have the question settled by arbitration, then the arbitrator shall be selected pursuant to the procedures of the AAA, with such arbitration taking place in Dallas, Texas. The determination reached in such arbitration shall be final and binding on all parties. Enforcement of the determination by such arbitrator may be sought in any court of competent jurisdiction.

24. Substantially Prevailing Party. The substantially prevailing party in any legal proceeding, including mediation and arbitration, based upon this Agreement shall be entitled to reasonable attorneys' fees and costs, in addition to any other damages and relief allowed by law, from the substantially non-prevailing party; provided, however, that the maximum amount of fees and costs of all parties for which Employee shall be liable shall be \$100,000.00.

25. Severability. The invalidity or unenforceability of any provision in the Agreement shall not in any way affect the validity or enforceability of any other provision and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had never been in the Agreement.

26. Notice. Any and all notices required or permitted herein shall be deemed delivered if delivered personally or if mailed by registered or certified mail to the Company at its principal place of business and to

Employee at the address hereinafter set forth following Employee's signature, or at such other address or addresses as either party may hereafter designate in writing to the other.

27. Assignment. This Agreement, together with any amendments hereto, shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, assigns, heirs and personal representatives, except that the rights and benefits of either of the parties under this Agreement may not be assigned without the prior written consent of the other party.

28. Amendments. This Agreement may be amended at any time by mutual consent of the parties hereto, with any such amendment to be invalid unless in writing, signed by Matador and Employee.

29. Entire Agreement. This Agreement, along with the Company's employee handbook, as it may be amended from time to time, to the extent it does not specifically conflict with any provision of this Agreement, contains the entire agreement and understanding by and between Employee and the Company with respect to the employment of Employee, and no representations, promises, agreements, or understandings, written or oral, relating to the employment of Employee by the Company not contained herein, including without limitation the Prior Agreement, shall be of any force or effect .

30. Burden and Benefit. This Agreement shall be binding upon, and shall inure to the benefit of, the Company and Employee, and their respective heirs, personal and legal representatives, successors, and assigns.

31. References to Gender and Number Terms. In construing this Agreement, feminine or number pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place where the context so requires.

32. Headings. The various headings in this Agreement are inserted for convenience only and are not part of the Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Company and Employee have duly executed this Agreement to be effective as of the Effective Date.

MATADOR RESOURCES COMPANY

By: _____
Name: Joseph Wm. Foran
Title: Chairman of the Board and Chief Executive Officer

Address for Notice:

One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
Attention: Board of Directors

EMPLOYEE:

[•], individually

Address for Notice:

[•]

(FORM)
SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (this "Agreement") is entered into by Matador Resources Company, a Texas corporation ("Matador" or the "Company"), and [EMPLOYEE] ("Employee") as of (the "Agreement Date"). Matador and Employee are referred to as the "Parties." This Agreement cancels and supersedes all prior agreements relating to Employee's employment with Matador except as provided in this Agreement.

WHEREAS, Matador and Employee entered into an Employment Agreement as of [DATE] (the "Employment Agreement"). This Agreement is entered into by and between Employee and Matador pursuant to the Employment Agreement;

WHEREAS, because of Employee's employment as an employee of Matador, Employee has obtained intimate and unique knowledge of all aspects of Matador's business operations, current and future plans, financial plans and other confidential and proprietary information;

WHEREAS, Employee's employment with Matador and all other positions, if any, held by Employee in Matador or any of its subsidiaries or affiliates, including officer positions, terminated effective as of [DATE] (the "Separation Date"); and

WHEREAS, except as otherwise provided herein, the Parties desire to finally, fully and completely resolve all disputes that now or may exist between them, including, but not limited to those concerning the Employment Agreement (except for the post-termination obligations contained in the Employment Agreement), Employee's job performance and activities while employed by Matador and Employee's hiring, employment and separation from Matador, and all disputes over benefits and compensation connected with such employment;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. End of Employee's Employment. Employee's employment with Matador terminated on the Separation Date.
2. Certain Payments and Benefits.

(a) Accrued Obligations. In accordance with Matador's customary payroll practices, Matador shall pay Employee for all unpaid salary, unreimbursed business expenses, and any accrued but unused vacation through the Separation Date ("Accrued Obligations").

(b) Separation Payments. Subject to Employee's consent to and fulfillment of Employee's obligations in this Agreement and, if applicable pursuant to Section 14(b) or (c) of the Employment Agreement, Employee's post-termination obligations in Sections 8 and 9 of the Employment Agreement, and provided that Employee does not revoke this Agreement pursuant to Section 12 hereof, Matador shall pay Employee the amount of \$[AMOUNT], minus normal payroll withholdings and taxes ("Separation Payment"), payable as provided in the Employment Agreement. The Separation Payment will not be treated as compensation under Matador's 401(k) Plan or any other retirement plan.

(c) Waiver of Additional Compensation or Benefits. Other than the compensation and payments provided for in this Agreement and the post-termination benefits provided for in the Employment Agreement, Employee shall not be entitled to any additional compensation, benefits, payments or grants under any agreement, benefit plan, severance plan or bonus or incentive program established by Matador or any of Matador's affiliates, other than any vested retirement plan benefits, any vested equity grants or COBRA continuation coverage benefits. **[TO BE MODIFIED, IF**

APPLICABLE, FOR OTHER BENEFITS.] Employee agrees that the release in Section 3 covers any claims Employee might have regarding Employee's compensation, bonuses, stock options or grants and any other benefits Employee may or may not have received during Employee's employment with Matador.

3. **General Release and Waiver.** In consideration of the payments and other consideration provided for in this Agreement, that being good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged by Employee, Employee, on Employee's own behalf and on behalf of Employee's agents, administrators, representatives, executors, successors, heirs, devisees and assigns (collectively, the "Releasing Parties") hereby fully releases, remises, acquits and forever discharges Matador and all of its affiliates, and each of their respective past, present and future officers, directors, shareholders, equity holders, members, partners, agents, employees, consultants, independent contractors, attorneys, advisers, successors and assigns (collectively, the "Released Parties"), jointly and severally, from any and all claims, rights, demands, debts, obligations, losses, causes of action, suits, controversies, setoffs, affirmative defenses, counterclaims, third party actions, damages, penalties, costs, expenses, attorneys' fees, liabilities and indemnities of any kind or nature whatsoever (collectively, the "Claims"), whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether at law, equity, administrative, statutory or otherwise, and whether for injunctive relief, back pay, fringe benefits, reinstatement, reemployment, or compensatory, punitive or any other kind of damages, which any of the Releasing Parties ever have had in the past or presently have against the Released Parties, and each of them, arising from or relating to Employee's employment with Matador or its affiliates or the termination of that employment or any circumstances related thereto, or (except as otherwise provided below) any other matter, cause or thing whatsoever, including without limitation all claims arising under or relating to employment, employment contracts, employee benefits or purported employment discrimination or violations of civil rights of whatever kind or nature, including without limitation all claims arising under the Age Discrimination in Employment Act ("ADEA"), the Americans with Disabilities Act, as amended, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, Title VII of the United States Civil Rights Act of 1964, 42 U.S.C. § 1981, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Civil Rights Act of 1991, the Civil Rights Acts of 1866 and/or 1871, the Sarbanes-Oxley Act, the Genetic Information Nondiscrimination Act, the Lily Ledbetter Act, the Texas Commission on Human Rights Act, the Texas Payday Law, the Texas Labor Code or any other applicable federal, state or local employment statute, law or ordinance, including, without limitation, any disability claims under any such laws, claims for wrongful discharge, claims arising under state law, contract claims including breach of express or implied contract, alleged tortious conduct, claims relating to alleged fraud, breach of fiduciary duty or reliance, breach of implied covenant of good faith and fair dealing, and any other claims arising under state or federal law, as well as any expenses, costs or attorneys' fees. Employee further agrees that Employee will not file or permit to be filed on Employee's behalf any such claim. Notwithstanding the preceding sentence or any other provision of this Agreement, this release is not intended to interfere with Employee's right to file a charge with the Equal Employment Opportunity Commission (the "EEOC"), or other comparable agency, in connection with any claim Employee believes Employee may have against Matador or its affiliates. However, by executing this Agreement, Employee hereby waives the right to recover in any proceeding Employee may bring before the EEOC or any state human rights commission or in any proceeding brought by the EEOC or any state human rights commission on Employee's behalf. This release shall not apply to any of Matador's obligations under this Agreement or post-termination obligations under the Employment Agreement, any vested retirement plan benefits, any vested equity grants or COBRA continuation coverage benefits. **[TO BE MODIFIED, IF APPLICABLE, FOR OTHER SURVIVING ARRANGEMENTS.]** Employee acknowledges that certain of the payments and benefits provided for in Section 2 of this Agreement constitute good and valuable consideration for the release contained in this Section 3.

4. **Return of Matador Property.** Within 7 days of the Agreement Date, Employee shall, to the extent not previously returned or delivered: (a) return all equipment, records, files, programs or other materials and property in Employee's possession which belongs to Matador or any of its affiliates, including, without limitation, all computers, printers, laptops, personal data assistants, cell phones, credit cards, keys and access cards; and (b) deliver all original and copies of Confidential Information (as defined in the Employment Agreement) in Employee's possession and notes, materials, records, plans, technical data or other documents, files or programs (whether stored in paper form, computer form, digital form, electronically or otherwise) in Employee's possession

that contain Confidential Information. By signing this Agreement, Employee represents and warrants that Employee has not retained and has or will timely return and deliver all the items described or referenced in subsections (a) or (b) above; and, that should Employee later discover additional items described or referenced in subsections (a) or (b) above, Employee will promptly notify Matador and return/deliver such items to Matador.

5. Non-Disparagement. Employee agrees that Employee will not, directly or indirectly, disclose, communicate, or publish any disparaging information concerning Matador or the Released Parties, or cause others to disclose, communicate, or publish any disparaging information concerning the same. Matador, on its own behalf and on behalf of its officers and directors, agrees that they will not, directly or indirectly, disclose, communicate or publish any disparaging information concerning Employee, or cause others to disclose, communicate, or publish any disparaging information concerning Employee. Notwithstanding the foregoing, the provisions of this Section shall not apply with respect to any charge filed by Employee with the EEOC or other comparable agency or in connection with any proceeding with respect to any claim not released by this Agreement.

6. Not An Admission of Wrongdoing. This Agreement shall not in any way be construed as an admission by either Party of any acts of wrongdoing, violation of any statute, law or legal or contractual right.

7. Voluntary Execution of the Agreement. Employee and Matador represent and agree that they have had an opportunity to review all aspects of this Agreement, and that they fully understand all the provisions of the Agreement and are voluntarily entering into this Agreement. Employee further represents that Employee has not transferred or assigned to any person or entity any claim involving Matador or any portion thereof or interest therein.

8. Ongoing Obligations. Employee reaffirms and understands Employee's ongoing obligations in the Employment Agreement, including Sections 8, 9, 10, 11 and 21.

9. Binding Effect. This Agreement shall be binding upon Matador and upon Employee and Employee's heirs, administrators, representatives, executors, successors and assigns and Matador's representatives, successors and assigns. In the event of Employee's death, this Agreement shall operate in favor of Employee's estate and all payments, obligations and consideration will continue to be performed in favor of Employee's estate.

10. Severability. Should any provision of this Agreement be declared or determined to be illegal or invalid by any government agency or court of competent jurisdiction, the validity of the remaining parts, terms or provisions of this Agreement shall not be affected and such provisions shall remain in full force and effect.

11. Entire Agreement. Except for the post-termination obligations in the Employment Agreement, any vested retirement plan benefits, any equity grant agreements and COBRA continuation coverage benefits **[TO BE MODIFIED, IF APPLICABLE, FOR OTHER SURVIVING ARRANGEMENTS.]**, this Agreement sets forth the entire agreement between the Parties, and fully supersedes any and all prior agreements, understandings, or representations between the Parties pertaining to Employee's employment with Matador, the subject matter of this Agreement or any other term or condition of the employment relationship between Matador and Employee. Employee represents and acknowledges that in executing this Agreement, Employee does not rely, and has not relied, upon any representation(s) by Matador or its agents except as expressly contained in this Agreement or the Employment Agreement. Employee and Matador agree that they have each used their own judgment in entering into this Agreement.

12. Knowing and Voluntary Waiver. Employee, by Employee's free and voluntary act of signing below, (i) acknowledges that Employee has been given a period of twenty-one (21) days to consider whether to agree to the terms contained herein, (ii) acknowledges that Employee has been advised to consult with an attorney prior to executing this Agreement, (iii) acknowledges that Employee understands that this Agreement specifically releases and waives all rights and claims Employee may have under the ADEA, prior to the date on which Employee signs this Agreement, and (iv) agrees to all of the terms of this Agreement and intends to be legally bound thereby. The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has contributed to its preparation (with advice of counsel). Accordingly, the rule of construction to

the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both Parties and not in favor of or against either Party, regardless of which Party generally was responsible for the preparation of this Agreement.

This Agreement will become effective, enforceable and irrevocable on the eighth day after the date on which it is executed by Employee (the “Effective Date”). During the seven-day period prior to the Effective Date, Employee may revoke Employee’s agreement to accept the terms hereof by giving notice to Matador of Employee’s intention to revoke. If Employee exercises Employee’s right to revoke hereunder, Employee shall not be entitled, except as required by applicable wage payment laws, including but not limited to the Accrued Obligations, to any payment hereunder until Employee executes and does not revoke a comparable release of claims, and to the extent such payments or benefits have already been made, Employee agrees that Employee will immediately reimburse Matador for the amounts of such payments and benefits to which he is not entitled.

13. Notices. All notices and other communications hereunder will be in writing. Any notice or other communication hereunder shall be deemed duly given if it is delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth:

If to Employee:

[EMPLOYEE]
[EMPLOYEE ADDRESS]

If to Matador:

Matador Resources Company
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
Attention: Board of Directors

Any Party may change the address to which notices and other communications are to be delivered by giving the other Party notice.

14. Governing Law; Venue; Arbitration. This section of the Agreement shall be governed by Section 23 of the Employment Agreement.

15. Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered (which deliveries may be by facsimile or other electronic method of delivery) shall be deemed an original and all of which together shall constitute one and the same instrument.

16. No Assignment of Claims. Employee represents and agrees that Employee has not transferred or assigned, to any person or entity, any claim involving Matador, or any portion thereof or interest therein.

17. No Waiver. This Agreement may not be waived, modified, amended, supplemented, canceled or discharged, except by written agreement of the Parties. Failure to exercise and/or delay in exercising any right, power or privilege in this Agreement shall not operate as a waiver. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between or among the Parties.

I ACKNOWLEDGE THAT I HAVE CAREFULLY READ THE FOREGOING AGREEMENT, THAT I UNDERSTAND ALL OF ITS TERMS AND THAT I AM RELEASING CLAIMS AND THAT I AM ENTERING INTO IT VOLUNTARILY.

AGREED TO BY:

[EMPLOYEE]

Date

STATE OF TEXAS

COUNTY OF _____

Before me, a Notary Public, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledges to me that he has executed this Agreement on behalf of himself and his heirs, for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 20__.

Notary Public in and for the State of Texas

(PERSONALIZED SEAL)

MATADOR RESOURCES COMPANY

By: _____
[OFFICER NAME]

Title: _____

Date: _____

STATE OF TEXAS

COUNTY OF _____

Before me, a Notary Public, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, and that he has executed the same on behalf of said corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this _____ day of _____, 20__.

Notary Public in and for the State of Texas

(PERSONALIZED SEAL)

List of Subsidiary Guarantors

As of March 31, 2024, the following subsidiaries of Matador Resources Company (the “Company”) were guarantors of the Company’s 5.875% Senior Notes due 2026.

Name	Jurisdiction
Delaware Water Management Company, LLC	Texas
Longwood Gathering and Disposal Systems GP, Inc.	Texas
Longwood Gathering and Disposal Systems, LP	Texas
Longwood Midstream Delaware, LLC	Texas
Longwood Midstream Holdings, LLC	Texas
Longwood Midstream South Texas, LLC	Texas
Longwood Midstream Southeast, LLC	Texas
Matador Production Company	Texas
MRC Delaware Resources, LLC	Texas
MRC Energy Company	Texas
MRC Energy South Texas Company, LLC	Texas
MRC Energy Southeast Company, LLC	Texas
MRC Hat Mesa, LLC	Texas
MRC Permian Company	Texas
MRC Permian LKE Company, LLC	Texas
MRC Rockies Company	Texas
Southeast Water Management Company, LLC	Texas
WR Permian, LLC	Delaware

CERTIFICATION

I, Joseph Wm. Foran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matador Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 26, 2024

/s/ Joseph Wm. Foran

Joseph Wm. Foran
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Brian J. Willey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matador Resources Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 26, 2024

/s/ Brian J. Willey

Brian J. Willey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Matador Resources Company (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Joseph Wm. Foran, hereby certify in my capacity as Chairman and Chief Executive Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 26, 2024

/s/ Joseph Wm. Foran
Joseph Wm. Foran
Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Matador Resources Company (the “Company”) on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Brian J. Willey, hereby certify in my capacity as Executive Vice President and Chief Financial Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 26, 2024

/s/ Brian J. Willey
Brian J. Willey
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)