

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 September 30, 2017

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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"/> (Do not check if a smaller reporting company)	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 November 6, 2017, there were 108,447,030 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

MATADOR RESOURCES COMPANY
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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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)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 20,178	\$ 212,884
Restricted cash	10,744	1,258
Accounts receivable		
Oil and natural gas revenues	49,885	34,154
Joint interest billings	53,721	19,347
Other	5,406	5,167
Derivative instruments	60	—
Lease and well equipment inventory	4,801	3,045
Prepaid expenses and other assets	5,550	3,327
Total current assets	150,345	279,182
Property and equipment, at cost		
Oil and natural gas properties, full-cost method		
Evaluated	2,842,810	2,408,305
Unproved and unevaluated	600,803	479,736
Other property and equipment	240,924	160,795
Less accumulated depletion, depreciation and amortization	(1,987,370)	(1,864,311)
Net property and equipment	1,697,167	1,184,525
Other assets		
Derivative instruments	285	—
Other assets	740	958
Total other assets	1,025	958
Total assets	\$ 1,848,537	\$ 1,464,665
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 13,839	\$ 4,674
Accrued liabilities	158,345	101,460
Royalties payable	53,639	23,988
Amounts due to affiliates	12,749	8,651
Derivative instruments	3,641	24,203
Advances from joint interest owners	4,346	1,700
Amounts due to joint ventures	4,873	4,251
Other current liabilities	663	578
Total current liabilities	252,095	169,505
Long-term liabilities		
Senior unsecured notes payable	574,027	573,924
Asset retirement obligations	23,305	19,725
Derivative instruments	209	751
Amounts due to joint ventures	—	1,771
Other long-term liabilities	6,104	7,544
Total long-term liabilities	603,645	603,715
Commitments and contingencies (Note 11)		
Shareholders' equity		
Common stock - \$0.01 par value, 160,000,000 and 120,000,000 shares authorized; 100,566,054 and 99,518,764 shares issued; and 100,439,595 and 99,511,931 shares outstanding, respectively	1,006	995
Additional paid-in capital	1,455,605	1,325,481
Accumulated deficit	(548,819)	(636,351)
Treasury stock, at cost, 126,459 and 6,833 shares, respectively	(1,589)	—
Total Matador Resources Company shareholders' equity	906,203	690,125
Non-controlling interest in subsidiaries	86,594	1,320
Total shareholders' equity	992,797	691,445

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

Matador Resources Company and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(In thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Revenues				
Oil and natural gas revenues	\$ 134,948	\$ 83,079	\$ 363,559	\$ 196,341
Third-party midstream services revenues	3,218	1,566	6,871	2,956
Realized gain (loss) on derivatives	485	885	(1,176)	10,413
Unrealized (loss) gain on derivatives	(12,372)	3,203	21,449	(30,261)
Total revenues	<u>126,279</u>	<u>88,733</u>	<u>390,703</u>	<u>179,449</u>
Expenses				
Production taxes, transportation and processing	15,666	12,388	40,348	30,846
Lease operating	16,689	14,605	48,486	41,300
Plant and other midstream services operating	3,096	1,449	8,379	3,537
Depletion, depreciation and amortization	47,800	30,015	123,066	90,185
Accretion of asset retirement obligations	323	276	937	828
Full-cost ceiling impairment	—	—	—	158,633
General and administrative	16,156	13,146	49,671	39,506
Total expenses	<u>99,730</u>	<u>71,879</u>	<u>270,887</u>	<u>364,835</u>
Operating income (loss)	26,549	16,854	119,816	(185,386)
Other income (expense)				
Net gain on asset sales and inventory impairment	16	1,073	23	3,140
Interest expense	(8,550)	(6,880)	(26,229)	(20,244)
Other (expense) income	(36)	(141)	1,956	(17)
Total other expense	<u>(8,570)</u>	<u>(5,948)</u>	<u>(24,250)</u>	<u>(17,121)</u>
Income (loss) before income taxes	17,979	10,906	95,566	(202,507)
Income tax (benefit) provision				
Current	—	(1,141)	—	(1,141)
Total income tax benefit	<u>—</u>	<u>(1,141)</u>	<u>—</u>	<u>(1,141)</u>
Net income (loss)	17,979	12,047	95,566	(201,366)
Net income attributable to non-controlling interest in subsidiaries	(2,940)	(116)	(8,034)	(209)
Net income (loss) attributable to Matador Resources Company shareholders	<u>\$ 15,039</u>	<u>\$ 11,931</u>	<u>\$ 87,532</u>	<u>\$ (201,575)</u>
Earnings (loss) per common share				
Basic	\$ 0.15	\$ 0.13	\$ 0.87	\$ (2.24)
Diluted	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.87</u>	<u>\$ (2.24)</u>
Weighted average common shares outstanding				
Basic	100,365	93,384	100,141	90,016
Diluted	<u>100,504</u>	<u>93,724</u>	<u>100,580</u>	<u>90,016</u>

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

Matador Resources Company and Subsidiaries
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - UNAUDITED
(In thousands)**
For the Nine Months Ended September 30, 2017

	Common Stock		Additional paid-in capital	Accumulated deficit	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, 2017	99,519	\$ 995	\$ 1,325,481	\$ (636,351)	6	\$ —	\$ 690,125	\$ 1,320	\$ 691,445
Issuance of common stock pursuant to employee stock compensation plan	527	5	(5)	—	—	—	—	—	—
Common stock issued to Board members and advisors	72	1	(1)	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	14,669	—	—	—	14,669	—	14,669
Stock options exercised, net of options forfeited in net share settlements	448	5	89	—	—	—	94	—	94
Restricted stock forfeited	—	—	—	—	120	(1,589)	(1,589)	—	(1,589)
Purchase of non-controlling interest of less-than-wholly-owned subsidiary	—	—	(1,250)	—	—	—	(1,250)	(1,403)	(2,653)
Contributions related to formation of Joint Venture (see Note 3)	—	—	116,622	—	—	—	116,622	54,878	171,500
Contributions from non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	29,400	29,400
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(5,635)	(5,635)
Current period net income	—	—	—	87,532	—	—	87,532	8,034	95,566
Balance at September 30, 2017	<u>100,566</u>	<u>\$ 1,006</u>	<u>\$ 1,455,605</u>	<u>\$ (548,819)</u>	<u>126</u>	<u>\$ (1,589)</u>	<u>\$ 906,203</u>	<u>\$ 86,594</u>	<u>\$ 992,797</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)

	Nine Months Ended September 30,	
	2017	2016
Operating activities		
Net income (loss)	\$ 95,566	\$ (201,366)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Unrealized (gain) loss on derivatives	(21,449)	30,261
Depletion, depreciation and amortization	123,066	90,185
Accretion of asset retirement obligations	937	828
Full-cost ceiling impairment	—	158,633
Stock-based compensation expense	12,488	9,138
Amortization of debt issuance cost	103	899
Net gain on asset sales and inventory impairment	(23)	(3,140)
Changes in operating assets and liabilities		
Accounts receivable	(50,343)	(7,782)
Lease and well equipment inventory	(1,666)	(669)
Prepaid expenses	(2,224)	(74)
Other assets	217	480
Accounts payable, accrued liabilities and other current liabilities	35,068	9,710
Royalties payable	29,651	5,225
Advances from joint interest owners	2,646	3,147
Income taxes payable	—	(2,848)
Other long-term liabilities	(1,521)	3,835
Net cash provided by operating activities	222,516	96,462
Investing activities		
Oil and natural gas properties capital expenditures	(517,270)	(288,175)
Expenditures for other property and equipment	(80,560)	(57,148)
Proceeds from sale of assets	977	5,173
Restricted cash	—	43,098
Restricted cash in less-than-wholly-owned subsidiaries	(9,486)	(544)
Net cash used in investing activities	(606,339)	(297,596)
Financing activities		
Borrowings under Credit Agreement	—	65,000
Proceeds from issuance of common stock	—	142,350
Cost to issue equity	—	(830)
Proceeds from stock options exercised	2,920	—
Contributions related to formation of Joint Venture	171,500	—
Contributions from non-controlling interest owners of less-than-wholly-owned subsidiaries	29,400	—
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	(5,635)	—
Taxes paid related to net share settlement of stock-based compensation	(4,415)	(1,552)
Purchase of non-controlling interest of less-than-wholly-owned subsidiary	(2,653)	—
Net cash provided by financing activities	191,117	204,968
(Decrease) increase in cash	(192,706)	3,834
Cash at beginning of period	212,884	16,732
Cash at end of period	\$ 20,178	\$ 20,566

Supplemental disclosures of cash flow information (Note 12)

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 and East Texas. Additionally, the Company conducts midstream operations, primarily through its midstream joint venture, San Mateo Midstream, LLC (“San Mateo” or the “Joint Venture”), in support of the Company’s exploration, development and production operations and provides natural gas processing, natural gas, oil and salt water gathering services and salt water disposal services to third parties on a limited basis.

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, 2016 (the “Annual Report”) filed with the SEC. 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 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 accounts and transactions have been eliminated in consolidation. In management’s opinion, these interim unaudited condensed consolidated financial statements include all adjustments, consisting only of normal, recurring adjustments, which are necessary for a fair presentation of the Company’s interim unaudited condensed consolidated financial statements as of September 30, 2017. Amounts as of December 31, 2016 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 accruals for oil and natural gas revenues, accrued assets and liabilities primarily related to oil and natural gas operations, stock-based compensation, valuation of derivative instruments 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.

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 the three and nine months ended September 30, 2017, 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. For the three months ended September 30, 2016, 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. However, due primarily to declines in oil and natural gas prices in early 2016, the capitalized costs of oil and natural gas properties exceeded the cost center ceiling for the nine months ended September 30, 2016, and as a result, the Company recorded impairment charges to its net capitalized costs of \$158.6 million in its interim unaudited condensed consolidated statement of operations.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company capitalized approximately \$6.1 million and \$4.3 million of its general and administrative costs for the three months ended September 30, 2017 and 2016, respectively, and approximately \$2.1 million and \$0.7 million of its interest expense for the three months ended September 30, 2017 and 2016, respectively. The Company capitalized approximately \$16.9 million and \$10.3 million of its general and administrative costs for the nine months ended September 30, 2017 and 2016, respectively, and approximately \$5.2 million and \$2.9 million of its interest expense for the nine months ended September 30, 2017 and 2016, respectively.

Earnings (Loss) Per Common Share

The Company reports basic earnings (loss) attributable to Matador Resources Company shareholders per common share, which excludes the effect of potentially dilutive securities, and diluted earnings (loss) attributable to Matador Resources Company 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 and nine months ended September 30, 2017 and 2016 (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Weighted average common shares outstanding				
Basic	100,365	93,384	100,141	90,016
Dilutive effect of options and restricted stock units	139	340	439	—
Diluted weighted average common shares outstanding	<u>100,504</u>	<u>93,724</u>	<u>100,580</u>	<u>90,016</u>

A total of 2.9 million options to purchase shares of the Company's common stock and 0.1 million restricted stock units were excluded from the diluted weighted average common shares outstanding for the nine months ended September 30, 2016 because their effects were anti-dilutive. Additionally, 1.0 million restricted shares, which are participating securities, were excluded from the calculations above for the nine months ended September 30, 2016, as the security holders do not have the obligation to share in the losses of the Company.

Recent Accounting Pronouncements

Revenue from Contracts with Customers. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which specifies how and when to recognize revenue. This standard requires expanded disclosures surrounding revenue recognition and is intended to improve, and converge with international standards, the financial reporting requirements for revenue from contracts with customers. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for one year to fiscal years beginning after December 15, 2017. Early adoption is permitted for fiscal years beginning after December 15, 2016. In May 2016, the FASB issued ASU 2016-11, which rescinds guidance from the SEC on accounting for gas balancing arrangements and will eliminate the use of the entitlements method. Entities have the option of using either a full retrospective or modified approach to adopt the new standards. In December 2016, the FASB issued ASU 2016-20, which clarifies disclosure requirements in ASU 2014-09. The Company expects to adopt the new guidance effective January 1, 2018 using the modified approach. The Company has reviewed the new guidance, including (i) identification of revenue streams and (ii) review of contracts and procedures currently in place, and is finalizing its evaluation of the impact, if any, on its consolidated financial statements.

Leases. In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. This ASU will become effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Company is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

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

Statement of Cash Flows. In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*, which specifies that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. This ASU will become effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The update should be applied using a retrospective transition method to each period presented. The Company believes that the impact of the adoption of this ASU will change the presentation of its beginning and ending cash balances on its Consolidated Statements of Cash Flows and eliminate the presentation of changes in restricted cash balances from investing activities on its Consolidated Statements of Cash Flows.

Clarifying the Definition of a Business. In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805)*, which specifies the minimum inputs and processes required for an integrated set of assets and activities to meet the definition of a business. This ASU will become effective for fiscal years beginning after December 15, 2017 with early adoption permitted. Entities are required to apply guidance prospectively upon adoption. The Company is currently evaluating the impact of the adoption of this ASU on its consolidated financial statements.

NOTE 3 - BUSINESS COMBINATION*Joint Venture*

On February 17, 2017, the Company contributed substantially all of its midstream assets located in the Rustler Breaks (Eddy County, New Mexico) and Wolf (Loving County, Texas) asset areas in the Delaware Basin to San Mateo, a joint venture with a subsidiary of Five Point Capital Partners LLC ("Five Point"). The midstream assets contributed to San Mateo include (i) the Black River cryogenic natural gas processing plant in the Rustler Breaks asset area (the "Black River Processing Plant"); (ii) one salt water disposal well and a related commercial salt water disposal facility in the Rustler Breaks asset area; (iii) three salt water disposal wells and related commercial salt water disposal facilities in the Wolf asset area; and (iv) substantially all related oil, natural gas and water gathering systems and pipelines in both the Rustler Breaks and Wolf asset areas (collectively, the "Delaware Midstream Assets"). The Company continues to operate the Delaware Midstream Assets. The Company retained its ownership in certain midstream assets in South Texas and Northwest Louisiana, which are not part of the Joint Venture.

The Company and Five Point own 51% and 49% of the Joint Venture, respectively. Five Point provided initial cash consideration of \$176.4 million to the Joint Venture in exchange for its 49% interest. Approximately \$171.5 million of this cash contribution by Five Point was distributed by the Joint Venture to the Company as a special distribution. The Company may earn an additional \$73.5 million in performance incentives over the next five years. The Company contributed the Delaware Midstream Assets and \$5.1 million in cash to the Joint Venture in exchange for its 51% interest. The parties to the Joint Venture have also committed to spend up to an additional \$140.0 million in the aggregate to expand the Joint Venture's midstream operations and asset base. The Joint Venture is consolidated in the Company's interim unaudited condensed consolidated financial statements with Five Point's interest in the Joint Venture being accounted for as a non-controlling interest.

In connection with the Joint Venture, the Company dedicated its current and future leasehold interests in the Rustler Breaks and Wolf asset areas pursuant to 15-year, fixed-fee natural gas, oil and salt water gathering agreements and salt water disposal agreements, effective as of February 1, 2017. In addition, the Company dedicated its current and future leasehold interests in the Rustler Breaks asset area pursuant to a 15-year, fixed fee natural gas processing agreement (see Note 11).

NOTE 4 - EQUITY

On October 10, 2017, the Company completed a public offering of 8.0 million shares of its common stock, receiving proceeds of approximately \$208.7 million (before expenses). A portion of the proceeds from this offering were and are being used to acquire approximately 6,600 net acres of additional leasehold and minerals in the Delaware Basin at a total acquisition cost of approximately \$38 million and to fund certain midstream initiatives and opportunities, including the acceleration of the drilling of commercial salt water disposal wells in the Rustler Breaks asset area on behalf of San Mateo. The remaining proceeds will be used for other midstream development, acreage acquisitions and general corporate purposes, including to fund a portion of the Company's current and future capital expenditures.

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

NOTE 5 - ASSET RETIREMENT OBLIGATIONS

The following table summarizes the changes in the Company's asset retirement obligations for the nine months ended September 30, 2017 (in thousands).

Beginning asset retirement obligations	\$ 20,640
Liabilities incurred during period	1,901
Liabilities settled during period	(349)
Revisions in estimated cash flows	794
Accretion expense	937
Ending asset retirement obligations	23,923
Less: current asset retirement obligations ⁽¹⁾	(618)
Long-term asset retirement obligations	\$ 23,305

(1) Included in accrued liabilities in the Company's interim unaudited condensed consolidated balance sheet at September 30, 2017.

NOTE 6 - DEBT

At September 30, 2017, the Company had \$575.0 million of outstanding 6.875% senior notes due 2023, no borrowings outstanding under the Company's revolving credit agreement (the "Credit Agreement") and approximately \$0.8 million in outstanding letters of credit issued pursuant to the Credit Agreement. At November 6, 2017, the Company had \$575.0 million of outstanding 6.875% senior notes due 2023, no borrowings outstanding under the Credit Agreement and approximately \$2.1 million in outstanding letters of credit issued pursuant to the Credit Agreement.

Credit Agreement

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. Both the Company and the lenders may request an unscheduled redetermination of the borrowing base once each between scheduled redetermination dates. Early in the fourth quarter of 2017, the lenders completed their review of the Company's proved oil and natural gas reserves at June 30, 2017, and as a result, on October 25, 2017, the borrowing base was increased to \$525.0 million and the maximum facility amount remained at \$500.0 million. This October 2017 redetermination constituted the regularly scheduled November 1 redetermination. The Company elected to keep the borrowing commitment at \$400.0 million. Borrowings under the Credit Agreement are limited to the lowest of the borrowing base, the maximum facility amount and the elected commitment. The Credit Agreement matures on October 16, 2020.

In the event of an increase in the elected commitment, the Company is required to pay a fee to the lenders equal to a percentage of the amount of the increase, which is determined based on market conditions at the time of the increase. Total deferred loan costs were \$1.1 million at September 30, 2017, and these costs are being amortized over the term of the Credit Agreement, which approximates amortization of these costs using the effective interest method. If, upon a redetermination of the borrowing base, the borrowing base were to be less than the outstanding borrowings under the Credit Agreement at any time, the Company would be required to provide additional collateral satisfactory in nature and value to the lenders to increase the borrowing base to an amount sufficient to cover such excess or to repay the deficit in equal installments over a period of six months.

The Company believes that it was in compliance with the terms of the Credit Agreement at September 30, 2017.

Senior Unsecured Notes

On April 14, 2015 and December 9, 2016, the Company issued \$400.0 million and \$175.0 million, respectively, of 6.875% senior notes due 2023 (collectively, the "Notes"). The Notes mature on April 15, 2023, and interest is payable semi-annually in arrears on April 15 and October 15 of each year.

On May 24, 2017, pursuant to a registered exchange offer, the Company exchanged all of the \$175.0 million of Notes issued on December 9, 2016, which were privately placed, for a like principal amount of 6.875% senior notes due 2023 that have been registered under the Securities Act of 1933, as amended. The terms of such registered Notes are substantially the

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

NOTE 6 - DEBT - Continued

same as the terms of the original Notes except that the transfer restrictions, registration rights and provisions for additional interest relating to the original Notes do not apply to the registered Notes.

On February 17, 2017, in connection with the formation of San Mateo (see Note 3), Matador entered into a Fourth Supplemental Indenture (the "Fourth Supplemental Indenture"), which supplements the indenture governing the Notes. Pursuant to the Fourth Supplemental Indenture, (i) Longwood Midstream Holdings, LLC, the holder of Matador's 51% equity interest in San Mateo, was designated as a guarantor of the Notes and (ii) DLK Black River Midstream, LLC and Black River Water Management Company, LLC, each subsidiaries of San Mateo, were released as parties to, and as guarantors of, the Notes. The guarantors of the Notes, following the effectiveness of the Fourth Supplemental Indenture, are referred to herein as the "Guarantor Subsidiaries." San Mateo and its subsidiaries (the "Non-Guarantor Subsidiaries") are not guarantors of the Notes, although they remain restricted subsidiaries under the indenture governing the Notes.

The following presents condensed consolidating financial information of the issuer (Matador), the Non-Guarantor Subsidiaries, the Guarantor Subsidiaries and all entities on a consolidated basis (in thousands). Elimination entries are necessary to combine the entities. This financial information is presented in accordance with the requirements of Rule 3-10 of Regulation S-X. The following financial information may not necessarily be indicative of results of operations, cash flows or financial position had the Guarantor Subsidiaries operated as independent entities.

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

NOTE 6 - DEBT - Continued

Condensed Consolidating Balance Sheet
September 30, 2017

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
ASSETS					
Intercompany receivable	\$ 392,082	\$ —	\$ 2,028	\$ (394,110)	\$ —
Third-party current assets	635	11,676	138,034	—	150,345
Net property and equipment	—	185,464	1,511,703	—	1,697,167
Investment in subsidiaries	1,107,280	—	90,993	(1,198,273)	—
Third-party long-term assets	—	—	1,025	—	1,025
Total assets	<u>\$ 1,499,997</u>	<u>\$ 197,140</u>	<u>\$ 1,743,783</u>	<u>\$ (1,592,383)</u>	<u>\$ 1,848,537</u>
LIABILITIES AND EQUITY					
Intercompany payable	\$ 1,314	\$ 714	\$ 392,082	\$ (394,110)	\$ —
Third-party current liabilities	18,453	18,191	215,451	—	252,095
Senior unsecured notes payable	574,027	—	—	—	574,027
Other third-party long-term liabilities	—	648	28,970	—	29,618
Total equity attributable to Matador Resources Company	906,203	90,993	1,107,280	(1,198,273)	906,203
Non-controlling interest in subsidiaries	—	86,594	—	—	86,594
Total liabilities and equity	<u>\$ 1,499,997</u>	<u>\$ 197,140</u>	<u>\$ 1,743,783</u>	<u>\$ (1,592,383)</u>	<u>\$ 1,848,537</u>

Condensed Consolidating Balance Sheet
December 31, 2016

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
ASSETS					
Intercompany receivable	\$ 316,791	\$ 3,571	\$ 12,091	\$ (332,453)	\$ —
Third-party current assets	101,102	4,242	173,838	—	279,182
Net property and equipment	33	113,107	1,071,385	—	1,184,525
Investment in subsidiaries	856,762	—	90,275	(947,037)	—
Third-party long-term assets	—	—	958	—	958
Total assets	<u>\$ 1,274,688</u>	<u>\$ 120,920</u>	<u>\$ 1,348,547</u>	<u>\$ (1,279,490)</u>	<u>\$ 1,464,665</u>
LIABILITIES AND EQUITY					
Intercompany payable	\$ —	\$ 12,091	\$ 320,362	\$ (332,453)	\$ —
Third-party current liabilities	9,265	16,632	143,608	—	169,505
Senior unsecured notes payable	573,924	—	—	—	573,924
Other third-party long-term liabilities	1,374	602	27,815	—	29,791
Total equity attributable to Matador Resources Company	690,125	90,275	856,762	(947,037)	690,125
Non-controlling interest in subsidiaries	—	1,320	—	—	1,320
Total liabilities and equity	<u>\$ 1,274,688</u>	<u>\$ 120,920</u>	<u>\$ 1,348,547</u>	<u>\$ (1,279,490)</u>	<u>\$ 1,464,665</u>

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

NOTE 6 - DEBT - Continued

Condensed Consolidating Statement of Operations
For the Three Months Ended September 30, 2017

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Total revenues	\$ —	\$ 11,242	\$ 122,675	\$ (7,638)	\$ 126,279
Total expenses	1,175	5,253	100,940	(7,638)	99,730
Operating (loss) income	(1,175)	5,989	21,735	—	26,549
Net gain on asset sales and inventory impairment	—	—	16	—	16
Interest expense	(8,550)	—	—	—	(8,550)
Other income	27	11	(74)	—	(36)
Earnings in subsidiaries	24,674	—	2,997	(27,671)	—
Income before income taxes	14,976	6,000	24,674	(27,671)	17,979
Total income tax (benefit) provision	(63)	63	—	—	—
Net income attributable to non-controlling interest in subsidiaries	—	(2,940)	—	—	(2,940)
Net income attributable to Matador Resources Company shareholders	<u>\$ 15,039</u>	<u>\$ 2,997</u>	<u>\$ 24,674</u>	<u>\$ (27,671)</u>	<u>\$ 15,039</u>

Condensed Consolidating Statement of Operations
For the Three Months Ended September 30, 2016

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Total revenues	\$ —	\$ 4,993	\$ 86,965	\$ (3,225)	\$ 88,733
Total expenses	1,018	2,043	72,043	(3,225)	71,879
Operating (loss) income	(1,018)	2,950	14,922	—	16,854
Net gain on asset sales and inventory impairment	—	—	1,073	—	1,073
Interest expense	(6,880)	—	—	—	(6,880)
Other expense	—	—	(141)	—	(141)
Income earnings in subsidiaries	19,800	—	2,805	(22,605)	—
Income before income taxes	11,902	2,950	18,659	(22,605)	10,906
Total income tax (benefit) provision	(29)	29	(1,141)	—	(1,141)
Net income attributable to non-controlling interest in subsidiaries	—	(116)	—	—	(116)
Net income attributable to Matador Resources Company shareholders	<u>\$ 11,931</u>	<u>\$ 2,805</u>	<u>\$ 19,800</u>	<u>\$ (22,605)</u>	<u>\$ 11,931</u>

Condensed Consolidating Statement of Operations
For the Nine Months Ended September 30, 2017

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Total revenues	\$ —	\$ 32,179	\$ 382,520	\$ (23,996)	\$ 390,703
Total expenses	4,021	13,935	276,927	(23,996)	270,887
Operating (loss) income	(4,021)	18,244	105,593	—	119,816
Net gain on asset sales and inventory impairment	—	—	23	—	23
Interest expense	(26,229)	—	—	—	(26,229)
Other income	27	37	1,892	—	1,956
Earnings in subsidiaries	117,574	—	10,066	(127,640)	—
Income before income taxes	87,351	18,281	117,574	(127,640)	95,566
Total income tax (benefit) provision	(181)	181	—	—	—
Net income attributable to non-controlling interest in subsidiaries	—	(8,034)	—	—	(8,034)
Net income attributable to Matador Resources Company shareholders	<u>\$ 87,532</u>	<u>\$ 10,066</u>	<u>\$ 117,574</u>	<u>\$ (127,640)</u>	<u>\$ 87,532</u>

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

NOTE 6 - DEBT - Continued

Condensed Consolidating Statement of Operations
For the Nine Months Ended September 30, 2016

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Total revenues	\$ —	\$ 9,520	\$ 175,789	\$ (5,860)	\$ 179,449
Total expenses	3,985	4,420	362,290	(5,860)	364,835
Operating (loss) income	(3,985)	5,100	(186,501)	—	(185,386)
Net gain on asset sales and inventory impairment	—	—	3,140	—	3,140
Interest expense	(20,244)	—	—	—	(20,244)
Other expense	—	—	(17)	—	(17)
(Loss) earnings in subsidiaries	(177,400)	—	4,837	172,563	—
(Loss) income before income taxes	(201,629)	5,100	(178,541)	172,563	(202,507)
Total income tax (benefit) provision	(54)	54	(1,141)	—	(1,141)
Net income attributable to non-controlling interest in subsidiaries	—	(209)	—	—	(209)
Net (loss) income attributable to Matador Resources Company shareholders	\$ (201,575)	\$ 4,837	\$ (177,400)	\$ 172,563	\$ (201,575)

Condensed Consolidating Statement of Cash Flows
For the Nine Months Ended September 30, 2017

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash (used in) provided by operating activities	\$ (99,546)	\$ 24,075	\$ 297,987	\$ —	\$ 222,516
Net cash provided by (used in) investing activities	33	(85,114)	(387,378)	(133,880)	(606,339)
Net cash provided by (used in) financing activities	—	58,732	(1,495)	133,880	191,117
(Decrease) increase in cash	(99,513)	(2,307)	(90,886)	—	(192,706)
Cash at beginning of period	99,795	2,307	110,782	—	212,884
Cash at end of period	\$ 282	\$ —	\$ 19,896	\$ —	\$ 20,178

Condensed Consolidating Statement of Cash Flows
For the Nine Months Ended September 30, 2016

	Matador	Non-Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminating Entries	Consolidated
Net cash (used in) provided by operating activities	\$ (28,752)	\$ (2,726)	\$ 127,940	\$ —	\$ 96,462
Net cash used in investing activities	(112,720)	(51,904)	(300,201)	167,229	(297,596)
Net cash provided by financing activities	141,520	54,510	176,167	(167,229)	204,968
Increase (decrease) in cash	48	(120)	3,906	—	3,834
Cash at beginning of period	80	186	16,466	—	16,732
Cash at end of period	\$ 128	\$ 66	\$ 20,372	\$ —	\$ 20,566

NOTE 7 - INCOME TAXES

The Company's deferred tax assets exceeded its deferred tax liabilities at September 30, 2017 due to the deferred tax assets generated by the full-cost ceiling impairment charges recorded in prior periods. The Company established a valuation allowance against most of the deferred tax assets beginning in the third quarter of 2015 and retained a full valuation allowance at September 30, 2017 due to uncertainties regarding the future realization of its deferred tax assets. The valuation allowance will continue to be recognized until the realization of future deferred tax benefits are more likely than not to be utilized.

Matador Resources Company and Subsidiaries

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -
UNAUDITED - CONTINUED**

NOTE 8 - STOCK-BASED COMPENSATION

In February 2017, the Company granted awards of 228,174 shares of restricted stock and options to purchase 590,128 shares of the Company's common stock at an exercise price of \$27.26 per share to certain of its employees. The fair value of these awards was approximately \$12.4 million. All of these awards vest ratably over three years. In February 2017, the Company also granted awards of 174,561 shares of restricted stock and options to purchase 444,491 shares of the Company's common stock at an exercise price of \$26.86 per share to certain of its employees. The fair value of these awards was approximately \$9.3 million. All of these awards vest ratably over three years.

In June 2017, the Company granted an employee an award of 87,757 shares of common stock that vested immediately on the grant date. The fair value of this award was approximately \$2.1 million. In June 2017, the Company also accelerated the expense for 97,797 restricted stock units issued to directors and outstanding prior to June 2017, resulting from a change in the vesting schedule applicable to equity awards granted to the Company's directors. The total expense associated with these restricted stock units recognized in the three months ended June 30, 2017 was approximately \$1.5 million.

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

NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS

At September 30, 2017, the Company had various costless collar and swap contracts open and in place to mitigate its exposure to oil and natural gas price volatility, each with a specific term (calculation period), notional quantity (volume hedged), price floor and ceiling for the costless collars and fixed price for the swaps. Each contract is set to expire at varying times during 2017 and 2018.

The following is a summary of the Company's open costless collar contracts for oil and natural gas and open swap contracts for oil and Natural Gas Liquids ("NGL") at September 30, 2017.

Commodity	Calculation Period	Notional Quantity (Bbl or MMBtu)	Weighted Average Price Floor (\$/Bbl or \$/MMBtu)	Weighted Average Price Ceiling (\$/Bbl or \$/MMBtu)	Fair Value of Asset (Liability) (thousands)
Oil	10/01/2017 - 12/31/2017	1,230,000	\$ 45.17	\$ 55.75	\$ (1,452)
Oil	01/01/2018 - 12/31/2018	2,880,000	\$ 44.27	\$ 60.29	670
Natural Gas	10/01/2017 - 12/31/2017	6,270,000	\$ 2.51	\$ 3.60	(129)
Natural Gas	01/01/2018 - 12/31/2018	16,800,000	\$ 2.58	\$ 3.67	(249)
Total open costless collar contracts					\$ (1,160)

Commodity	Calculation Period	Notional Quantity (Bbl or Gal)	Fixed Price (\$/Bbl or \$/Gal)	Fair Value of Asset (Liability) (thousands)
Oil Basis Swaps	01/01/2018 - 12/31/2018	5,220,000	\$ (1.02)	\$ (2,337)
NGL	10/01/2017 - 12/31/2017	900,000	\$ 0.89	(8)
Total open swap contracts				\$ (2,345)
Total open derivative financial instruments				\$ (3,505)

These derivative financial instruments are subject to master netting arrangements, and all but one counterparty 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 September 30, 2017 and December 31, 2016 (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
September 30, 2017			
Current assets	\$ 89,456	\$ (89,396)	\$ 60
Other assets	29,939	(29,654)	285
Current liabilities	(93,037)	89,396	(3,641)
Other liabilities	(29,863)	29,654	(209)
Total	\$ (3,505)	\$ —	\$ (3,505)
December 31, 2016			
Current liabilities	\$ (24,203)	\$ —	\$ (24,203)
Other liabilities	(751)	—	(751)
Total	\$ (24,954)	\$ —	\$ (24,954)

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

NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS - Continued

The following table summarizes the location and aggregate fair value of all derivative financial instruments recorded in the interim unaudited condensed consolidated statements of operations for the periods presented (in thousands). These derivative financial instruments are not designated as hedging instruments.

Type of Instrument	Location in Condensed Consolidated Statement of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2017	2016	2017	2016
Derivative Instrument					
Oil	Revenues: Realized gain (loss) on derivatives	\$ 485	\$ 837	\$ (568)	\$ 6,861
Natural Gas	Revenues: Realized gain (loss) on derivatives	—	48	(608)	3,552
	Realized gain (loss) on derivatives	485	885	(1,176)	10,413
Oil	Revenues: Unrealized (loss) gain on derivatives	(12,479)	2,007	15,949	(24,967)
Natural Gas	Revenues: Unrealized gain (loss) on derivatives	115	1,196	5,508	(5,294)
NGL	Revenues: Unrealized loss on derivatives	(8)	—	(8)	—
	Unrealized (loss) gain on derivatives	(12,372)	3,203	21,449	(30,261)
	Total	\$ (11,887)	\$ 4,088	\$ 20,273	\$ (19,848)

NOTE 10 - 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 which 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 September 30, 2017 and December 31, 2016 (in thousands).

Description	Fair Value Measurements at September 30, 2017 using			
	Level 1	Level 2	Level 3	Total
Assets (Liabilities)				
Oil, natural gas and NGL derivatives	\$ —	\$ 345	\$ —	\$ 345
Oil, natural gas and NGL derivatives	—	(3,850)	—	(3,850)
Total	\$ —	\$ (3,505)	\$ —	\$ (3,505)

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

NOTE 10 - FAIR VALUE MEASUREMENTS - Continued

Description	Fair Value Measurements at December 31, 2016 using			
	Level 1	Level 2	Level 3	Total
Liabilities				
Oil and natural gas derivatives	\$ —	\$ (24,954)	\$ —	\$ (24,954)
Total	\$ —	\$ (24,954)	\$ —	\$ (24,954)

Additional disclosures related to derivative financial instruments are provided in Note 9.

Other Fair Value Measurements

At September 30, 2017 and December 31, 2016, the carrying values reported on the interim unaudited condensed consolidated balance sheets for accounts receivable, prepaid expenses and other assets, accounts payable, accrued liabilities, royalties payable, amounts due to affiliates, advances from joint interest owners, amounts due to joint ventures and other current liabilities approximated their fair values due to their short-term maturities.

At September 30, 2017 and December 31, 2016, the fair value of the Notes was \$610.2 million and \$605.2 million, respectively, based on quoted market prices, which represent Level 1 inputs in the fair value hierarchy.

NOTE 11 - COMMITMENTS AND CONTINGENCIESProcessing, Transportation and Salt Water Disposal CommitmentsEagle Ford

Effective September 1, 2012, the Company entered into a firm five-year natural gas processing and transportation agreement whereby the Company committed to transport the anticipated natural gas production from a significant portion of its Eagle Ford acreage in South Texas through the counterparty's system for processing at the counterparty's facilities. The agreement also included firm transportation of the natural gas liquids extracted at the counterparty's processing plant downstream for fractionation. After processing, the residue natural gas was purchased by the counterparty at the tailgate of its processing plant and further transported under its natural gas transportation agreements. The arrangement contained fixed processing and liquids transportation and fractionation fees, and the revenue the Company received varied with the quality of natural gas transported to the processing facilities and the contract period.

Under this agreement, if the Company did not meet 80% of the maximum thermal quantity transportation and processing commitments in a contract year, it would be required to pay a deficiency fee per MMBtu of natural gas deficiency. Any quantity in excess of the maximum MMBtu delivered in a contract year could be carried over to the next contract year for purposes of calculating the natural gas deficiency. During certain prior periods, the Company had an immaterial natural gas deficiency, and the counterparty to this agreement waived the deficiency fee. The Company paid \$0.4 million and \$0.7 million in processing and transportation fees under this agreement during the three months ended September 30, 2017 and 2016, respectively, and \$1.4 million and \$2.4 million in processing and transportation fees under this agreement during the nine months ended September 30, 2017 and 2016, respectively.

This agreement terminated August 31, 2017. As of September 30, 2017, there was no future undiscounted minimum payment under this agreement.

Delaware Basin — Loving County, Texas Natural Gas Processing

In late 2015, the Company entered into a 15-year, fixed-fee natural gas gathering and processing agreement whereby the Company committed to deliver the anticipated natural gas production from a significant portion of its Loving County, Texas acreage in West Texas through the counterparty's gathering system for processing at the counterparty's facilities. Under this agreement, if the Company does not meet the volume commitment for transportation and processing at the facilities in a contract year, it will be required to pay a deficiency fee per MMBtu of natural gas deficiency. At the end of each year of the agreement, the Company can elect to have the previous year's actual transportation and processing volumes be the new minimum commitment for each of the remaining years of the contract. As such, the Company has the ability to unilaterally reduce the gathering and processing commitment if the Company's production in the Loving County area is less than the Company's currently projected production. If the Company ceased operations in this area at September 30, 2017, the total deficiency fee required to be paid would be approximately \$11.4 million. In addition, if the Company elects to reduce the gathering and processing commitment in any year, the Company has the ability to elect to increase the committed volumes in

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

NOTE 11 - COMMITMENTS AND CONTINGENCIES - Continued

any future year to the originally agreed gathering and processing commitment. Any quantity in excess of the volume commitment delivered in a contract year can be carried over to the next contract year for purposes of calculating the natural gas deficiency. The Company paid approximately \$4.0 million and \$2.4 million in natural gas processing and gathering fees under this agreement during the three months ended September 30, 2017 and 2016, respectively, and \$10.8 million and \$7.1 million in natural gas processing and gathering fees under this agreement during the nine months ended September 30, 2017 and 2016, respectively. The Company can elect to either sell the residue gas to the counterparty at the tailgate of its processing plants or have the counterparty deliver to the Company the residue gas in-kind to be sold to third parties downstream of the plants.

Delaware Basin — San Mateo

In connection with the Joint Venture, effective as of February 1, 2017, the Company dedicated its current and future leasehold interests in the Rustler Breaks and Wolf asset areas pursuant to 15-year, fixed-fee natural gas, oil and salt water gathering agreements and salt water disposal agreements. In addition, the Company dedicated its current and future leasehold interests in the Rustler Breaks asset area pursuant to a 15-year, fixed-fee natural gas processing agreement (collectively with the gathering and salt water disposal agreements, the “Operational Agreements”). The Joint Venture provides the Company with firm service under each of the Operational Agreements in exchange for certain minimum volume commitments. The minimum contractual obligation under the Operational Agreements at September 30, 2017 was approximately \$245.6 million.

Beginning in May 2017, a subsidiary of San Mateo entered into certain agreements with third parties for the engineering, procurement, construction and installation of an expansion of the Black River Processing Plant, including required compression. The expansion is expected to be placed into service in 2018. San Mateo’s total commitments under these agreements are \$57.0 million. The subsidiary of San Mateo paid approximately \$22.4 million and \$32.3 million under these agreements during the three and nine months ended September 30, 2017, respectively. As of September 30, 2017, the remaining obligations under these agreements were \$24.7 million, which are expected to be incurred within the next year.

Other Commitments

The Company does not own or operate its own drilling rigs, but instead enters into contracts with third parties for such drilling rigs. These contracts establish daily rates for the drilling rigs and the term of the Company’s commitment for the drilling services to be provided. The Company would incur a termination obligation if the Company elected to terminate a contract and if the drilling contractor were unable to secure replacement work for the contracted drilling rigs or if the drilling contractor were unable to secure replacement work for the contracted drilling rigs at the same daily rates being charged to the Company prior to the end of their respective contract terms. The Company’s undiscounted minimum outstanding aggregate termination obligations under its drilling rig contracts were approximately \$36.1 million at September 30, 2017.

At September 30, 2017, the Company had outstanding commitments to participate in the drilling and completion of various non-operated wells. If all of these wells are drilled and completed as proposed, the Company’s minimum outstanding aggregate commitments for its participation in these non-operated wells were approximately \$28.5 million at September 30, 2017. The Company expects these costs to be incurred within the next year.

Legal Proceedings

The Company is a party to several lawsuits encountered in the ordinary course of its business. While the ultimate outcome and impact to the Company cannot be predicted with certainty, in the opinion of management, it is remote that these lawsuits 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 12 - SUPPLEMENTAL DISCLOSURESAccrued Liabilities

The following table summarizes the Company's current accrued liabilities at September 30, 2017 and December 31, 2016 (in thousands).

	September 30,	December 31, 2016
	2017	
Accrued evaluated and unproved and unevaluated property costs	\$ 90,789	\$ 54,273
Accrued support equipment and facilities costs	15,401	15,139
Accrued lease operating expenses	14,217	16,009
Accrued interest on debt	18,228	6,541
Accrued asset retirement obligations	618	915
Accrued partners' share of joint interest charges	18,018	5,572
Other	1,074	3,011
Total accrued liabilities	<u>\$ 158,345</u>	<u>\$ 101,460</u>

Supplemental Cash Flow Information

The following table provides supplemental disclosures of cash flow information for the nine months ended September 30, 2017 and 2016 (in thousands).

	Nine Months Ended	
	September 30,	
	2017	2016
Cash paid for interest expense, net of amounts capitalized	\$ 14,542	\$ 13,370
Increase in asset retirement obligations related to mineral properties	\$ 2,484	\$ 2,588
(Decrease) increase in asset retirement obligations related to support equipment and facilities	\$ (138)	\$ 644
Increase (decrease) in liabilities for oil and natural gas properties capital expenditures	\$ 35,940	\$ (7,849)
Decrease in liabilities for support equipment and facilities	\$ (247)	\$ (2,687)
Stock-based compensation expense recognized as liability	\$ 150	\$ 457
Decrease in liabilities for accrued cost to issue equity	\$ (343)	\$ —
Transfer of inventory from oil and natural gas properties	\$ 74	\$ 655

Matador Resources Company and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -
UNAUDITED - CONTINUED

NOTE 13 - 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 acquisition, exploration and development of oil and natural gas properties 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 and East Texas. The midstream segment conducts midstream operations in support of the Company's exploration, development and production operations and provides natural gas processing, natural gas, oil and salt water gathering services and salt water disposal services to third parties on a limited basis. As of February 17, 2017, substantially all of the Company's midstream operations in the Rustler Breaks and Wolf asset areas in the Delaware Basin are conducted through San Mateo (see Note 3).

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 September 30, 2017					
Oil and natural gas revenues	\$ 134,488	\$ 460	\$ —	\$ —	\$ 134,948
Midstream services revenues	—	11,261	—	(8,043)	3,218
Realized gain on derivatives	485	—	—	—	485
Unrealized loss on derivatives	(12,372)	—	—	—	(12,372)
Expenses ⁽¹⁾	86,728	5,598	15,447	(8,043)	99,730
Operating income (loss) ⁽²⁾	\$ 35,873	\$ 6,123	\$ (15,447)	\$ —	\$ 26,549
Total assets	\$ 1,590,677	\$ 222,274	\$ 35,586	\$ —	\$ 1,848,537
Capital expenditures ⁽³⁾	\$ 180,686	\$ 35,008	\$ 1,494	\$ —	\$ 217,188

(1) Includes depletion, depreciation and amortization expenses of \$46.1 million and \$1.3 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of \$0.4 million.

(2) Includes \$2.9 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes \$17.2 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 13 - SEGMENT INFORMATION - Continued

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Three Months Ended September 30, 2016					
Oil and natural gas revenues	\$ 82,794	\$ 285	\$ —	\$ —	\$ 83,079
Midstream services revenues	—	5,609	—	(4,043)	1,566
Realized gain on derivatives	885	—	—	—	885
Unrealized gain on derivatives	3,203	—	—	—	3,203
Expenses ⁽¹⁾	60,222	2,277	13,423	(4,043)	71,879
Operating income (loss) ⁽²⁾	\$ 26,660	\$ 3,617	\$ (13,423)	\$ —	\$ 16,854
Total assets	\$ 1,020,648	\$ 124,153	\$ 32,892	\$ —	\$ 1,177,693
Capital expenditures	\$ 116,279	\$ 17,370	\$ 1,903	\$ —	\$ 135,552

(1) Includes depletion, depreciation and amortization expenses of \$28.9 million and \$0.8 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of \$0.3 million.

(2) Includes \$116,000 in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Nine Months Ended September 30, 2017					
Oil and natural gas revenues	\$ 362,040	\$ 1,519	\$ —	\$ —	\$ 363,559
Midstream services revenues	—	32,244	—	(25,373)	6,871
Realized loss on derivatives	(1,176)	—	—	—	(1,176)
Unrealized gain on derivatives	21,449	—	—	—	21,449
Expenses ⁽¹⁾	233,145	16,060	47,055	(25,373)	270,887
Operating income (loss) ⁽²⁾	\$ 149,168	\$ 17,703	\$ (47,055)	\$ —	\$ 119,816
Total assets	\$ 1,590,677	\$ 222,274	\$ 35,586	\$ —	\$ 1,848,537
Capital expenditures ⁽³⁾	\$ 554,642	\$ 75,235	\$ 4,710	\$ —	\$ 634,587

(1) Includes depletion, depreciation and amortization expenses of \$118.2 million and \$3.8 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of \$1.1 million.

(2) Includes \$8.0 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes \$35.8 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 13 - SEGMENT INFORMATION - Continued

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Nine Months Ended September 30, 2016					
Oil and natural gas revenues	\$ 195,467	\$ 874	\$ —	\$ —	\$ 196,341
Midstream services revenues	—	11,168	—	(8,212)	2,956
Realized gain on derivatives	10,413	—	—	—	10,413
Unrealized loss on derivatives	(30,261)	—	—	—	(30,261)
Expenses ⁽¹⁾	327,585	5,373	40,089	(8,212)	364,835
Operating (loss) income ⁽²⁾	<u>\$ (151,966)</u>	<u>\$ 6,669</u>	<u>\$ (40,089)</u>	<u>\$ —</u>	<u>\$ (185,386)</u>
Total assets	<u>\$ 1,020,648</u>	<u>\$ 124,153</u>	<u>\$ 32,892</u>	<u>\$ —</u>	<u>\$ 1,177,693</u>
Capital expenditures	<u>\$ 278,396</u>	<u>\$ 49,620</u>	<u>\$ 5,485</u>	<u>\$ —</u>	<u>\$ 333,501</u>

(1) Includes depletion, depreciation and amortization expenses of \$87.9 million and \$1.7 million for the exploration and production and midstream segments, respectively, and full-cost ceiling impairment expenses of \$158.6 million for the exploration and production segment. Also includes corporate depletion, depreciation and amortization expenses of \$0.6 million.

(2) Includes \$209,000 in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

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 consolidated financial statements and related notes thereto contained herein and in our Annual Report on Form 10-K for the year ended December 31, 2016 (the “Annual Report”) filed with the Securities and Exchange Commission (“SEC”), 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 (the “Quarterly Report”), references to “we,” “our” or the “Company” refer to Matador Resources Company and its subsidiaries as a whole and references to “Matador” refer solely to Matador Resources Company.

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, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or 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” 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, among others: general economic conditions, changes in oil, natural gas and natural gas liquids prices and the demand for oil, natural gas and natural gas liquids, the success of our drilling program, the timing of planned capital expenditures, the sufficiency of our cash flow from operations together with available borrowing capacity under our credit agreement, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as our ability to access them, the proximity to our properties and capacity of transportation facilities, availability of acquisitions, our ability to integrate acquisitions with our business, weather and environmental conditions, uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, and the other factors discussed below and elsewhere in this Quarterly Report and in other documents that we file with or furnish to the United States Securities and Exchange Commission, or the SEC, all of which are difficult to predict. Forward-looking statements may include statements about:

- our business strategy;
- our reserves;
- our technology;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- our oil and natural gas realized prices;
- the timing and amount of future production of oil and natural gas;
- the availability of drilling and production equipment;
- 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;
- 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 integration of acquisitions with our business;

- our ability and the ability of our midstream joint venture to construct and operate midstream facilities, including the expansion of our Black River cryogenic natural gas processing plant and the drilling of additional salt water disposal wells;
- the ability of our midstream joint venture 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;
- environmental liabilities;
- counterparty credit risk;
- developments in oil-producing and natural gas-producing countries;
- our future operating results;
- estimated future reserves and the present value thereof; 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 do not intend 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 founded in July 2003 and 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 and East Texas. Additionally, we conduct midstream operations, primarily through our midstream joint venture, San Mateo Midstream, LLC (“San Mateo” or the “Joint Venture”), in support of our exploration, development and production operations and provide natural gas processing, natural gas, oil and salt water gathering services and salt water disposal services to third parties on a limited basis.

Third Quarter and Year-to-Date Highlights

For the three months ended September 30, 2017, our total oil equivalent production was 3.9 million BOE, and our average daily oil equivalent production was 41,954 BOE per day, of which 23,538 Bbl per day, or 56%, was oil and 110.5 MMcf per day, or 44%, was natural gas. Our oil production of 2.2 million Bbl for the three months ended September 30, 2017 increased 57% year-over-year from 1.4 million Bbl for the three months ended September 30, 2016. Our natural gas production of 10.2 Bcf for the three months ended September 30, 2017 increased 28% year-over-year from 8.0 Bcf for the three months ended September 30, 2016. For the nine months ended September 30, 2017, our total oil equivalent production was 10.2 million BOE, and our average daily oil equivalent production was 37,325 BOE per day, of which 20,447 Bbl per day, or 55%, was oil and 101.3 MMcf per day, or 45%, was natural gas. Our oil production of 5.6 million Bbl for the nine months ended September 30, 2017 increased 53% year-over-year from 3.7 million Bbl for the nine months ended September 30, 2016. Our natural gas production of 27.6 Bcf for the nine months ended September 30, 2017 increased 22% year-over-year from 22.6 Bcf for the nine months ended September 30, 2016.

For the third quarter of 2017, we reported net income attributable to Matador Resources Company shareholders of approximately \$15.0 million, or \$0.15 per diluted common share on a GAAP basis, as compared to net income attributable to Matador Resources Company shareholders of \$11.9 million, or \$0.13 per diluted common share, for the third quarter of 2016. For the third quarter of 2017, our Adjusted EBITDA attributable to Matador Resources Company shareholders (“Adjusted EBITDA”), a non-GAAP financial measure, was \$84.8 million, as compared to Adjusted EBITDA of \$47.3 million during the third quarter of 2016. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss)

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 third quarter of 2017, see “— Results of Operations” below.

For the nine months ended September 30, 2017, we reported net income attributable to Matador Resources Company shareholders of approximately \$87.5 million, or \$0.87 per diluted common share, on a GAAP basis, as compared to a net loss attributable to Matador Resources Company shareholders of \$201.6 million, or \$2.24 per diluted common share, for the nine months ended September 30, 2016. For the nine months ended September 30, 2017, our Adjusted EBITDA, a non-GAAP financial measure, was \$227.4 million, as compared to Adjusted EBITDA of \$103.4 million during the nine months ended September 30, 2016. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss) 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 third quarter of 2017, see “— Results of Operations” below.

During the third quarter of 2017, we continued our focus on the exploration, delineation and development of our Delaware Basin acreage in Loving County, Texas and Lea and Eddy Counties, New Mexico. We began 2017 operating four drilling rigs in the Delaware Basin and continued to do so throughout the first quarter of 2017. In late April 2017, we added a fifth drilling rig in the Delaware Basin. During the third quarter of 2017, we took delivery of a sixth drilling rig for the purpose of drilling a second commercial salt water disposal well in the Rustler Breaks asset area for San Mateo. The salt water disposal well was not ready to spud until early August 2017, and, in the interim, we used this rig to drill one additional oil and natural gas well in our Rustler Breaks asset area. Subsequent to drilling this second salt water disposal well, San Mateo elected to commission the drilling and completion of three additional commercial salt water disposal wells and the construction of associated commercial salt water disposal facilities in the Rustler Breaks asset area, resulting in five commercial salt water disposal wells in the Rustler Breaks asset area by mid-2018.

We finished drilling our five-well program in the Eagle Ford shale in South Texas in the second quarter of 2017. Two of these wells were completed and turned to sales in the second quarter of 2017. The other three gross (3.0 net) wells were completed and turned to sales in early July 2017. The rig used to drill these five wells was released in May 2017, and we have no additional operated drilling activities planned in the Eagle Ford shale for the remainder of 2017.

We completed and turned to sales a total of 26 gross (17.9 net) wells in the Delaware Basin during the third quarter of 2017, including 19 gross (16.0 net) operated and seven gross (1.9 net) non-operated horizontal wells. In the Rustler Breaks and Antelope Ridge asset areas, we began producing oil and natural gas from a total of 19 gross (12.6 net) wells during the third quarter of 2017, including 13 gross (10.8 net) operated and six gross (1.8 net) non-operated wells. Of the 13 gross operated wells in the Rustler Breaks asset area, ten were Wolfcamp A-XY completions, two were Wolfcamp B-Blair completions and one was a Second Bone Spring completion. In addition, we began producing oil and natural gas from two gross (2.0 net) operated wells in the Wolf asset area during the third quarter of 2017, including our first operated completions in the Wolf asset area in the Wolfcamp B and Avalon formations. In the Ranger and Arrowhead asset areas, we began producing oil and natural gas from five gross (3.3 net) wells, including four gross (3.2 net) operated wells and one gross (0.1 net) non-operated well during the third quarter of 2017.

As a result of our ongoing drilling and completion operations in these asset areas, our Delaware Basin production has continued to increase over the past twelve months. Our total Delaware Basin production for the third quarter of 2017 was 30,707 BOE per day, consisting of 18,689 Bbl of oil per day and 72.1 MMcf of natural gas per day, a 66% increase from production of 18,498 BOE per day, consisting of 11,751 Bbl of oil per day and 40.5 MMcf of natural gas per day, in the third quarter of 2016. The Delaware Basin contributed approximately 79% of our daily oil production and approximately 65% of our daily natural gas production in the third quarter of 2017, as compared to approximately 79% of our daily oil production and approximately 47% of our daily natural gas production in the third quarter of 2016.

During the third quarter of 2017 and through November 6, 2017, we acquired approximately 9,700 net acres in the Delaware Basin, mostly in and around our existing acreage positions, including new leasing activities and acquisitions of small interests from mineral and working interest owners in our operated wells. From January 1 through November 6, 2017, we acquired approximately 25,000 net acres in the Delaware Basin, including a small volume of associated production, for a total acquisition cost of approximately \$224 million. At November 6, 2017, we held approximately 201,100 gross (115,700 net) acres in the Permian Basin in Southeast New Mexico and West Texas, primarily in the Delaware Basin in Lea and Eddy Counties, New Mexico and Loving County, Texas. We plan to continue our leasing and acquisitions efforts in the Delaware Basin during the remainder of 2017 and may also continue acquiring acreage in the Eagle Ford and Haynesville shales as strategic opportunities are identified.

On October 10, 2017, we completed a public offering of 8.0 million shares of our common stock, receiving proceeds of approximately \$208.7 million (before expenses). A portion of the proceeds from this offering were and are being used to acquire approximately 6,600 net acres of additional leasehold and minerals in the Delaware Basin at a total acquisition cost of approximately \$38 million and to fund certain midstream initiatives and opportunities, including the acceleration of the drilling of commercial salt water disposal wells in the Rustler Breaks asset area on behalf of San Mateo. The remaining proceeds will

be used for other midstream development, acreage acquisitions and general corporate purposes, including to fund a portion of our current and future capital expenditures.

2017 Capital Expenditure Budget

As of November 6, 2017, we adjusted our anticipated capital expenditures for drilling and completions (including equipping wells for production) from \$400 to \$420 million to \$440 to \$465 million, and we adjusted our anticipated midstream capital expenditures from \$56 to \$64 million to \$66 to \$74 million. The updated midstream capital expenditures primarily represent our 51% share of the updated 2017 capital expenditure budget of \$125 to \$140 million for San Mateo. We have allocated substantially all of our estimated 2017 capital expenditures to the further delineation and development of our growing leasehold position and midstream assets in the Delaware Basin, with the exception of amounts allocated to limited operations in the Eagle Ford (including the five operated wells drilled and completed in 2017) and Haynesville shales to maintain and extend leases and to participate in certain non-operated well opportunities. For the remainder of 2017, our Delaware Basin drilling program will continue to focus on the development of the Wolf and Rustler Breaks asset areas and the further delineation and development of the Jackson Trust, Ranger/Arrowhead, Antelope Ridge and Twin Lakes asset areas, although we may also continue to delineate previously untested zones in the Wolf and Rustler Breaks asset areas.

Estimated Proved Reserves

The following table sets forth our estimated total proved oil and natural gas reserves at September 30, 2017, December 31, 2016 and September 30, 2016. Our production and proved reserves are reported in two streams: oil and natural gas, including both dry and liquids-rich natural gas. Where we produce liquids-rich natural gas, such as in the Delaware Basin and the Eagle Ford shale, the economic value of the natural gas liquids associated with the natural gas is included in the estimated wellhead natural gas price on those properties where the natural gas liquids are extracted and sold. The reserves estimates were based on evaluations prepared by our engineering staff in accordance with the SEC's rules for oil and natural gas reserves reporting and do not include any unproved reserves classified as probable or possible that might exist on our properties. In addition, the reserves estimates at December 31, 2016 and September 30, 2016 were audited by an independent reservoir engineering firm, Netherland, Sewell & Associates, Inc.

	September 30, 2017	December 31, 2016	September 30, 2016
Estimated Proved Reserves Data: ^{(1) (2)}			
Estimated proved reserves:			
Oil (Mbbbl) ⁽³⁾	83,014	56,977	55,031
Natural Gas (Bcf) ⁽⁴⁾	377.1	292.6	279.4
Total (MBOE) ⁽⁵⁾	<u>145,860</u>	<u>105,752</u>	<u>101,604</u>
Estimated proved developed reserves:			
Oil (Mbbbl) ⁽³⁾	31,961	22,604	21,204
Natural Gas (Bcf) ⁽⁴⁾	164.4	126.8	118.8
Total (MBOE) ⁽⁵⁾	<u>59,357</u>	<u>43,731</u>	<u>41,012</u>
Percent developed	40.7%	41.4%	40.4%
Estimated proved undeveloped reserves:			
Oil (Mbbbl) ⁽³⁾	51,053	34,373	33,827
Natural Gas (Bcf) ⁽⁴⁾	212.7	165.9	160.6
Total (MBOE) ⁽⁵⁾	<u>86,503</u>	<u>62,021</u>	<u>60,592</u>
Standardized Measure ⁽⁶⁾ (in millions)	\$ 1,096.2	\$ 575.0	\$ 516.8
PV-10 ⁽⁷⁾ (in millions)	\$ 1,225.9	\$ 581.5	\$ 524.7

(1) Numbers in table may not total due to rounding.

(2) Our estimated proved reserves, Standardized Measure and PV-10 were determined using index prices for oil and natural gas, without giving effect to derivative transactions, and were held constant throughout the life of the properties. The unweighted arithmetic averages of the first-day-of-the-month prices for the period from October 2016 through September 2017 were \$46.27 per Bbl for oil and \$3.00 per MMBtu for natural gas, for the period from January 2016 through December 2016 were \$39.25 per Bbl for oil and \$2.48 per MMBtu for natural gas and for the period from October 2015 through September 2016 were \$38.17 per Bbl for oil and \$2.28 per MMBtu for natural gas. These prices were adjusted by property for quality, energy content, regional price differentials, transportation fees, marketing deductions and other factors affecting the price received at the wellhead. We report our proved

reserves in two streams, oil and natural gas, and the economic value of the natural gas liquids associated with the natural gas is included in the estimated wellhead natural gas price on those properties where the natural gas liquids are extracted and sold.

- (3) One thousand barrels of oil.
- (4) One billion cubic feet of natural gas.
- (5) One thousand barrels of oil equivalent, estimated using a conversion ratio of one Bbl of oil per six Mcf of natural gas.
- (6) Standardized Measure represents the present value of estimated future net cash flows from proved reserves, less estimated future development, production, plugging and abandonment costs and income tax expenses, discounted at 10% per annum to reflect the timing of future cash flows. Standardized Measure is not an estimate of the fair market value of our properties.
- (7) PV-10 is a non-GAAP financial measure and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future net revenues. PV-10 is not an estimate of the fair market value of our properties. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies and of the potential return on investment related to the companies' properties without regard to the specific tax characteristics of such entities. Our PV-10 at September 30, 2017, December 31, 2016 and September 30, 2016 may be reconciled to the Standardized Measure of discounted future net cash flows at such dates by reducing our PV-10 by the discounted future income taxes associated with such reserves. The discounted future income taxes at September 30, 2017, December 31, 2016 and September 30, 2016 were \$129.7 million, \$6.5 million and \$7.9 million, respectively.

At September 30, 2017, our estimated total proved oil and natural gas reserves were 145.9 million BOE, including 83.0 million Bbl of oil and 377.1 Bcf of natural gas, with a Standardized Measure of \$1,096.2 million and a PV-10, a non-GAAP financial measure, of \$1,225.9 million. At December 31, 2016, our estimated total proved oil and natural gas reserves were 105.8 million BOE, including 57.0 million Bbl of oil and 292.6 Bcf of natural gas, and at September 30, 2016, our estimated total proved oil and natural gas reserves were 101.6 million BOE, including 55.0 million Bbl of oil and 279.4 Bcf of natural gas. Our proved oil reserves of 83.0 million Bbl at September 30, 2017 increased 46%, as compared to 57.0 million Bbl at December 31, 2016, and increased 51%, as compared to 55.0 million Bbl at September 30, 2016. At September 30, 2017, approximately 41% of our total proved reserves were proved developed reserves, 57% of our total proved reserves were oil and 43% of our total proved reserves were natural gas.

As a result of our drilling, completion and delineation activities in Southeast New Mexico and West Texas since 2014, our Delaware Basin oil and natural gas reserves have become a more significant component of our total oil and natural gas reserves. Our estimated Delaware Basin proved oil and natural gas reserves increased 66% from 74.0 million BOE at September 30, 2016, or 73% of our total proved oil and natural gas reserves, including 44.1 million Bbl of oil and 179.3 Bcf of natural gas, to 122.7 million BOE, or 84% of our total proved oil and natural gas reserves, including 74.4 million Bbl of oil and 289.7 Bcf of natural gas, at September 30, 2017.

There have been no changes to the technology we used to establish reserves or to our internal control over the reserves estimation process from those set forth in the Annual Report.

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 in this Quarterly Report for a summary of recent accounting pronouncements that we believe may have an impact on our financial statements upon adoption.

Results of Operations

Revenues

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Data:				
Revenues (in thousands):⁽¹⁾				
Oil	\$ 100,150	\$ 58,589	\$ 265,107	\$ 141,437
Natural gas	34,798	24,490	98,452	54,904
Total oil and natural gas revenues	134,948	83,079	363,559	196,341
Third-party midstream services revenues	3,218	1,566	6,871	2,956
Realized gain (loss) on derivatives	485	885	(1,176)	10,413
Unrealized (loss) gain on derivatives	(12,372)	3,203	21,449	(30,261)
Total revenues	\$ 126,279	\$ 88,733	\$ 390,703	\$ 179,449
Net Production Volumes:⁽¹⁾				
Oil (MBbl) ⁽²⁾	2,166	1,376	5,582	3,650
Natural gas (Bcf) ⁽³⁾	10.2	8.0	27.6	22.6
Total oil equivalent (MBOE) ⁽⁴⁾	3,860	2,703	10,190	7,423
Average daily production (BOE/d) ⁽⁵⁾	41,954	29,381	37,325	27,091
Average Sales Prices:				
Oil, without realized derivatives (per Bbl)	\$ 46.25	\$ 42.57	\$ 47.49	\$ 38.75
Oil, with realized derivatives (per Bbl)	\$ 46.47	\$ 43.18	\$ 47.39	\$ 40.63
Natural gas, without realized derivatives (per Mcf)	\$ 3.42	\$ 3.08	\$ 3.56	\$ 2.43
Natural gas, with realized derivatives (per Mcf)	\$ 3.42	\$ 3.08	\$ 3.54	\$ 2.58

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

(2) One thousand barrels of oil.

(3) One billion cubic feet of natural gas.

(4) One thousand barrels 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 September 30, 2017 as Compared to Three Months Ended September 30, 2016

Oil and natural gas revenues. Our oil and natural gas revenues increased \$51.9 million to \$134.9 million, or 62%, for the three months ended September 30, 2017, as compared to \$83.1 million for the three months ended September 30, 2016. Our oil revenues increased \$41.6 million, or 71%, to \$100.2 million for the three months ended September 30, 2017, as compared to \$58.6 million for the three months ended September 30, 2016. The increase in oil revenues resulted from (i) a higher weighted average oil price realized for the three months ended September 30, 2017 of \$46.25 per Bbl, as compared to \$42.57 per Bbl realized for the three months ended September 30, 2016, and (ii) the 57% increase in oil production to 2.2 million Bbl of oil for the three months ended September 30, 2017, or about 23,538 Bbl of oil per day, as compared to 1.4 million Bbl of oil, or about 14,960 Bbl of oil per day, for the three months ended September 30, 2016. The increase in oil production is primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin, but also to production from the five operated wells we completed and turned to sales in the Eagle Ford shale late in the second quarter and early in the third quarter of 2017. Our natural gas revenues increased by \$10.3 million, or 42%, to \$34.8 million for the three months ended September 30, 2017, as compared to \$24.5 million for the three months ended September 30, 2016. The increase in natural gas revenues resulted from (i) a higher weighted average natural gas price realized for the three months ended September 30, 2017 of \$3.42 per Mcf, as compared to \$3.08 per Mcf realized for the three months ended September 30, 2016, and (ii) the 28% increase in our natural gas production to 10.2 Bcf for the three months ended September 30, 2017, as compared to 8.0 Bcf for the three months ended September 30, 2016. The increase in natural gas production was primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin.

Third-party midstream services revenues. Our third-party midstream services revenues increased \$1.7 million to \$3.2 million, or 105%, for the three months ended September 30, 2017, as compared to \$1.6 million for the three months ended September 30, 2016. This increase was primarily attributable to a significant increase in natural gas gathering and processing revenues to approximately \$2.8 million for the three months ended September 30, 2017, as compared to \$1.0 million for the three months ended September 30, 2016, due to (i) our natural gas gathering system and the Black River cryogenic natural gas processing plant in the Rustler Breaks asset area (the “Black River Processing Plant”) being placed into service in the second half of 2016 and (ii) increased natural gas production in our Rustler Breaks and Wolf asset areas.

Realized gain on derivatives. Our realized net gain on derivatives was \$0.5 million for the three months ended September 30, 2017, as compared to a realized net gain of \$0.9 million for the three months ended September 30, 2016. We realized a net gain of \$0.5 million from our oil derivative contracts for the three months ended September 30, 2017 resulting from oil prices below the floor prices of certain of our oil costless collar contracts. We realized a net gain of \$0.8 million from our oil derivative contracts for the three months ended September 30, 2016 resulting from oil prices that were below the floor prices of the majority of our oil costless collar contracts. We realized an average gain of approximately \$0.39 per Bbl hedged on all of our open oil costless collar contracts during the three months ended September 30, 2017, as compared to an average gain of \$1.21 per Bbl hedged on all of our open oil costless collar contracts for the three months ended September 30, 2016. Our oil volumes hedged for the three months ended September 30, 2017 were 78% higher as compared to the three months ended September 30, 2016. We did not realize a gain or loss per MMBtu hedged on any of our open natural gas collar contracts during the three months ended September 30, 2017, as compared to an average gain of approximately \$0.02 per MMBtu hedged on all of our open natural gas costless collar contracts for the three months ended September 30, 2016. Our total natural gas volumes hedged for the three months ended September 30, 2017 were 109% higher than the total natural gas volumes hedged for the three months ended September 30, 2016.

Unrealized (loss) gain on derivatives. Our unrealized net loss on derivatives was \$12.4 million for the three months ended September 30, 2017, as compared to an unrealized net gain of \$3.2 million for the three months ended September 30, 2016. During the three months ended September 30, 2017, the aggregate net fair value of our open oil and natural gas derivative contracts decreased to a liability of approximately \$3.5 million from an asset of \$8.9 million at June 30, 2017, resulting in an unrealized net loss on derivatives of \$12.4 million for the three months ended September 30, 2017. During the three months ended September 30, 2016, the aggregate net fair value of our open oil and natural gas derivative contracts increased to a liability of \$14.0 million from a liability of \$17.2 million at June 30, 2016, resulting in an unrealized gain on derivatives of \$3.2 million for the three months ended September 30, 2016.

Nine Months Ended September 30, 2017 as Compared to Nine Months Ended September 30, 2016

Oil and natural gas revenues. Our oil and natural gas revenues increased \$167.2 million to \$363.6 million, or 85%, for the nine months ended September 30, 2017, as compared to \$196.3 million for the nine months ended September 30, 2016. Our oil revenues increased \$123.7 million, or 87%, to \$265.1 million for the nine months ended September 30, 2017, as compared to \$141.4 million for the nine months ended September 30, 2016. The increase in oil revenues resulted from (i) a higher weighted average oil price realized for the nine months ended September 30, 2017 of \$47.49 per Bbl, as compared to \$38.75 per Bbl realized for the nine months ended September 30, 2016, and (ii) the 53% increase in oil production to 5.6 million Bbl of oil in the nine months ended September 30, 2017, or about 20,447 Bbl of oil per day, as compared to 3.7 million Bbl of oil, or about 13,322 Bbl of oil per day, in the nine months ended September 30, 2016. This increased oil production is primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin, but also to production from the five operated wells we completed and turned to sales in the Eagle Ford shale late in the second quarter and early in the third quarter of 2017. Our natural gas revenues increased by \$43.5 million, or 79%, to \$98.5 million for the nine months ended September 30, 2017, as compared to \$54.9 million for the nine months ended September 30, 2016. The increase in natural gas revenues resulted from (i) a higher weighted average natural gas price realized for the nine months ended September 30, 2017 of \$3.56 per Mcf, as compared to \$2.43 per Mcf realized for the nine months ended September 30, 2016, and (ii) the 22% increase in our natural gas production to 27.6 Bcf for the nine months ended September 30, 2017, as compared to 22.6 Bcf for the nine months ended September 30, 2016. The increase in natural gas production was primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin.

Third-party midstream services revenues. Our third-party midstream services revenues increased \$3.9 million to \$6.9 million, or 132%, for the nine months ended September 30, 2017, as compared to \$3.0 million for the nine months ended September 30, 2016. This increase was primarily attributable to a significant increase in natural gas gathering and processing revenues to approximately \$5.6 million for the nine months ended September 30, 2017, as compared to \$1.6 million for the nine months ended September 30, 2016, due to (i) our natural gas gathering system and the Black River Processing Plant being placed into service in the second half of 2016 and (ii) increased natural gas production in our Rustler Breaks and Wolf asset areas.

Realized (loss) gain on derivatives. Our realized net loss on derivatives was \$1.2 million for the nine months ended September 30, 2017, as compared to a net gain of approximately \$10.4 million for the nine months ended September 30, 2016. We realized net losses of \$0.6 million from both our oil and natural gas derivative contracts, respectively, for the nine months ended September 30, 2017, resulting from oil and natural gas prices that were above the ceiling prices of certain of our oil and natural gas

costless collar contracts. We realized net gains of \$6.9 million and \$3.6 million from our oil and natural gas derivative contracts, respectively, for the nine months ended September 30, 2016, resulting from oil and natural gas prices that were below the floor prices of certain of our oil and natural gas costless collar contracts. We realized an average loss of approximately \$0.17 per Bbl hedged on all of our open oil costless collar contracts during the nine months ended September 30, 2017, as compared to an average gain of \$3.67 per Bbl hedged on all of our open oil costless collar contracts for the nine months ended September 30, 2016. Our oil volumes hedged for the nine months ended September 30, 2017 were 83% higher as compared to the nine months ended September 30, 2016. We realized an average loss of approximately \$0.03 per MMBtu hedged on all of our open natural gas costless collar contracts during the nine months ended September 30, 2017, as compared to an average gain of approximately \$0.41 per MMBtu hedged on all of our open natural gas costless collar contracts for the nine months ended September 30, 2016. Our total natural gas volumes hedged for the nine months ended September 30, 2017 were 104% higher than the total natural gas volumes hedged for the nine months ended September 30, 2016.

Unrealized gain (loss) on derivatives. Our unrealized gain on derivatives was approximately \$21.4 million for the nine months ended September 30, 2017, as compared to an unrealized loss of approximately \$30.3 million for the nine months ended September 30, 2016. During the period from December 31, 2016 through September 30, 2017, the aggregate net fair value of our open oil and natural gas derivative contracts increased from a liability of approximately \$25.0 million to a liability of approximately \$3.5 million, resulting in an unrealized gain on derivatives of approximately \$21.4 million for the nine months ended September 30, 2017. This increase is primarily attributable to the decrease in oil and natural gas futures prices during the nine months ended September 30, 2017. During the period from December 31, 2015 through September 30, 2016, the aggregate net fair value of our open oil and natural gas derivative contracts decreased from an asset of approximately \$16.3 million to a liability of approximately \$14.0 million, resulting in an unrealized loss on derivatives of approximately \$30.3 million for the nine months ended September 30, 2016.

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Expenses:				
Production taxes, transportation and processing	\$ 15,666	\$ 12,388	\$ 40,348	\$ 30,846
Lease operating	16,689	14,605	48,486	41,300
Plant and other midstream services operating	3,096	1,449	8,379	3,537
Depletion, depreciation and amortization	47,800	30,015	123,066	90,185
Accretion of asset retirement obligations	323	276	937	828
Full-cost ceiling impairment	—	—	—	158,633
General and administrative	16,156	13,146	49,671	39,506
Total expenses	\$ 99,730	\$ 71,879	\$ 270,887	\$ 364,835
Operating income (loss)	\$ 26,549	\$ 16,854	\$ 119,816	\$ (185,386)
Other income (expense):				
Net gain on asset sales and inventory impairment	\$ 16	\$ 1,073	\$ 23	\$ 3,140
Interest expense	(8,550)	(6,880)	(26,229)	(20,244)
Other (expense) income	(36)	(141)	1,956	(17)
Total other expense	\$ (8,570)	\$ (5,948)	\$ (24,250)	\$ (17,121)
Income (loss) before income taxes	\$ 17,979	\$ 10,906	\$ 95,566	\$ (202,507)
Total income tax benefit	—	(1,141)	—	(1,141)
Net income attributable to non-controlling interest in subsidiaries	(2,940)	(116)	(8,034)	(209)
Net income (loss) attributable to Matador Resources Company shareholders	\$ 15,039	\$ 11,931	\$ 87,532	\$ (201,575)
Expenses per BOE:				
Production taxes, transportation and processing	\$ 4.06	\$ 4.58	\$ 3.96	\$ 4.16
Lease operating	\$ 4.32	\$ 5.40	\$ 4.76	\$ 5.56
Plant and other midstream services operating	\$ 0.80	\$ 0.54	\$ 0.82	\$ 0.48
Depletion, depreciation and amortization	\$ 12.38	\$ 11.10	\$ 12.08	\$ 12.15
General and administrative	\$ 4.19	\$ 4.86	\$ 4.87	\$ 5.32

Three Months Ended September 30, 2017 as Compared to Three Months Ended September 30, 2016

Production taxes, transportation and processing. Our production taxes, transportation and processing expenses increased by \$3.3 million to \$15.7 million, or 26%, for the three months ended September 30, 2017, as compared to \$12.4 million for the three months ended September 30, 2016. The increase in production taxes, transportation and processing expenses was primarily attributable to the increase in our production taxes of \$3.4 million to \$8.1 million for the three months ended September 30, 2017, as compared to \$4.6 million for the three months ended September 30, 2016, primarily due to the 62% increase in oil and natural gas revenues for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016. In addition, the production tax rates in New Mexico are higher than production tax rates in Texas. As more of our oil and natural gas production becomes attributable to New Mexico, we expect to continue to experience increased production tax expenses. We realized a decrease in transportation and processing expenses year-over-year primarily as a result of the start-up in late August 2016 of the Black River Processing Plant. On a unit-of-production basis, our production taxes, transportation and processing expenses decreased 11% to \$4.06 per BOE for the three months ended September 30, 2017, as compared to \$4.58 per BOE for the three months ended September 30, 2016. On a unit-of-production basis, these third quarter 2017 expenses benefited from significantly higher total oil equivalent production, which increased 43% in the third quarter of 2017, as compared to the third quarter of 2016.

Lease operating. Our lease operating expenses increased by \$2.1 million to \$16.7 million, or an increase of 14%, for the three months ended September 30, 2017, as compared to \$14.6 million for the three months ended September 30, 2016. The increase in lease operating expenses on an absolute basis for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016, was primarily attributable to an increase in costs of services and equipment related to the

increased number of wells at September 30, 2017, as compared to September 30, 2016, as a result of our increased delineation and development drilling activities in the Delaware Basin. On a unit-of-production basis, these third quarter 2017 expenses benefited from significantly higher total oil equivalent production, which increased 43% to approximately 3.9 million BOE for the three months ended September 30, 2017 from approximately 2.7 million BOE for the three months ended September 30, 2016. These third quarter 2017 expenses also benefited from lower contract labor and workover expenses, as well as continued improvement in other areas, including operational efficiencies. Our lease operating expenses on a unit-of-production basis decreased 20% to \$4.32 per BOE for the three months ended September 30, 2017, as compared to \$5.40 per BOE for the three months ended September 30, 2016.

Plant and other midstream services operating. Our plant and other midstream services operating expenses increased by \$1.6 million to \$3.1 million, an increase of 114%, for the three months ended September 30, 2017, as compared to \$1.4 million for the three months ended September 30, 2016. This increase was partially attributable to the expenses associated with our commercial salt water disposal operations of \$1.6 million for the three months ended September 30, 2017, as compared to \$1.0 million for the three months ended September 30, 2016, as a result of additional commercial salt water disposal wells operating in the three months ended September 30, 2017. Most of the remaining increase was attributable to expenses of \$1.0 million for the three months ended September 30, 2017, as compared to \$0.3 million for the three months ended September 30, 2016, associated with the Black River Processing Plant, which began operating in August 2016.

Depletion, depreciation and amortization. Our depletion, depreciation and amortization expenses increased by \$17.8 million to \$47.8 million, or an increase of 59%, for the three months ended September 30, 2017, as compared to \$30.0 million for the three months ended September 30, 2016. On a unit-of-production basis, our depletion, depreciation and amortization expenses increased to \$12.38 per BOE for the three months ended September 30, 2017, as compared to \$11.10 per BOE for the three months ended September 30, 2016. The increase in our total depletion, depreciation and amortization expenses was primarily attributable to (i) increased well costs, largely as a result of increased well stimulation costs, since December 31, 2016 and (ii) the 43% increase in oil and natural gas production to 3.9 million BOE for the three months ended September 30, 2017, as compared to 2.7 million BOE for the three months ended September 30, 2016. The impact of the increase in well costs and oil and natural gas production on depletion, depreciation and amortization was partially offset by higher total proved reserves of 145.9 million BOE, or an increase of 44%, at September 30, 2017, as compared to total proved reserves of 101.6 million BOE at September 30, 2016. The increase in total proved oil and natural gas reserves was primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin. In addition, depreciation expenses attributable to our midstream segment were approximately \$1.3 million for the three months ended September 30, 2017, as compared to \$0.8 million for the three months ended September 30, 2016.

Full-cost ceiling impairment. At September 30, 2017 and 2016, we recorded no impairment charge to the net capitalized costs of our oil and natural gas properties.

General and administrative. Our general and administrative expenses increased \$3.0 million to \$16.2 million, an increase of 23%, for the three months ended September 30, 2017, as compared to \$13.1 million for the three months ended September 30, 2016. The increase in our general and administrative expenses was primarily attributable to increased payroll expenses of approximately \$4.7 million associated with additional employees joining the Company to support our increased land, geoscience, drilling, completion, production, midstream, accounting and administration functions as a result of the continued growth of the Company. These increases were primarily offset by the increase in capitalized general and administrative expenses of \$1.8 million due to our increased delineation and development drilling activities in the Delaware Basin for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016. As a result of the 43% increase in oil and natural gas production for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016, our general and administrative expenses decreased 14% on a unit-of-production basis to \$4.19 per BOE for the three months ended September 30, 2017, as compared to \$4.86 per BOE for the three months ended September 30, 2016.

Interest expense. For the three months ended September 30, 2017, we incurred total interest expense of approximately \$10.6 million. We capitalized approximately \$2.1 million of our interest expense on certain qualifying projects for the three months ended September 30, 2017 and expensed the remaining \$8.6 million to operations. For the three months ended September 30, 2016, we incurred total interest expense of approximately \$7.6 million. We capitalized \$0.7 million of our interest expense on certain qualifying projects for the three months ended September 30, 2016 and expensed the remaining \$6.9 million to operations. The increase in total interest expense of \$3.0 million for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016, was primarily attributable to an increase in our average debt outstanding. At September 30, 2017, we had no borrowings outstanding and \$0.8 million in letters of credit outstanding under our revolving credit agreement (the "Credit Agreement") and \$575.0 million in outstanding senior notes. At September 30, 2016, we had \$65.0 million borrowings outstanding and \$0.8 million in letters of credit outstanding under our Credit Agreement and \$400.0 million in outstanding senior notes.

Total income tax benefit. Our deferred tax assets exceeded our deferred tax liabilities at September 30, 2017 due to the deferred tax amounts generated by the full-cost ceiling impairment charges recorded in prior periods. As a result, we established a

valuation allowance against the deferred tax assets beginning in the third quarter of 2015. We retained a full valuation allowance at September 30, 2017 due to uncertainties regarding the future realization of our deferred tax assets.

Nine Months Ended September 30, 2017 as Compared to Nine Months Ended September 30, 2016

Production taxes, transportation and processing. Our production taxes, transportation and processing expenses increased by approximately \$9.5 million to \$40.3 million, or 31%, for the nine months ended September 30, 2017, as compared to \$30.8 million for the nine months ended September 30, 2016. On a unit-of-production basis, our production taxes, transportation and processing expenses decreased to \$3.96 per BOE for the nine months ended September 30, 2017, as compared to \$4.16 per BOE for the nine months ended September 30, 2016. The increase in production taxes, transportation and processing expenses on an absolute basis was primarily attributable to the \$11.4 million increase in our production taxes to \$22.2 million for the nine months ended September 30, 2017, as compared to \$10.7 million for the nine months ended September 30, 2016, primarily due to the \$167.2 million increase in oil and natural gas revenues for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. In addition, the production tax rates in New Mexico are higher than production tax rates in Texas. As more of our oil and natural gas production becomes attributable to New Mexico, we expect to continue to experience increased production tax expenses. The increased production taxes were partially offset by a decrease in transportation and processing expenses. Transportation and processing expenses decreased to \$18.2 million for the nine months ended September 30, 2017, as compared to transportation and processing expenses of \$20.1 million for the nine months ended September 30, 2016. This decrease of \$1.9 million was primarily due to (i) the start-up in late August 2016 of the Black River Processing Plant, which processes most of our natural gas produced in our Rustler Breaks asset area in Eddy County, New Mexico, and (ii) the 29% decrease in natural gas production between the two periods in Northwest Louisiana and East Texas, where our transportation and processing charges are highest on a unit-of-production basis. On a unit-of-production basis, the expenses for the nine months ended September 30, 2017 benefited from significantly higher total oil equivalent production, which increased 37% in the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016.

Lease operating. Our lease operating expenses increased by \$7.2 million to \$48.5 million, or 17%, for the nine months ended September 30, 2017, as compared to \$41.3 million for the nine months ended September 30, 2016. The increase in lease operating expenses on an absolute basis for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, was primarily attributable to an increase in costs of services and equipment related to the increased number of wells at September 30, 2017, as compared to September 30, 2016, as a result of our increased delineation and development drilling activities in the Delaware Basin. Our lease operating expenses on a unit-of-production basis decreased 14% to \$4.76 per BOE for the nine months ended September 30, 2017, as compared to \$5.56 per BOE for the nine months ended September 30, 2016. These expenses for the nine months ended September 30, 2017 also benefited from lower contract labor and workover expenses, as well as continued improvement in other areas, including operational efficiencies.

Plant and other midstream services operating. Our plant and other midstream services operating expenses increased by \$4.8 million to \$8.4 million, an increase of 137%, for the nine months ended September 30, 2017, as compared to \$3.5 million for the nine months ended September 30, 2016. This increase was partially attributable to the expenses associated with our commercial salt water disposal operations of \$4.7 million for the nine months ended September 30, 2017, as compared to \$2.5 million for the nine months ended September 30, 2016, as a result of additional commercial salt water disposal wells operating during the nine months ended September 30, 2017. The remaining increase was attributable to expenses of \$2.8 million for the nine months ended September 30, 2017, as compared to \$0.3 million for the nine months ended September 30, 2016, associated with the Black River Processing Plant, which began operating in August 2016.

Depletion, depreciation and amortization. Our depletion, depreciation and amortization expenses increased by \$32.9 million to \$123.1 million, or 36%, for the nine months ended September 30, 2017, as compared to \$90.2 million for the nine months ended September 30, 2016. On a unit-of-production basis, our depletion, depreciation and amortization expenses decreased 1% to \$12.08 per BOE for the nine months ended September 30, 2017, as compared to \$12.15 per BOE for the nine months ended September 30, 2016. The increase in our total depletion, depreciation and amortization expenses was primarily attributable to (i) increased well costs, largely as a result of increased well stimulation costs, since December 31, 2016 and (ii) the 37% increase in oil and natural gas production to 10.2 million BOE for the nine months ended September 30, 2017, as compared to 7.4 million BOE for the nine months ended September 30, 2016. The decrease in our depletion, depreciation and amortization expenses on a unit-of-production basis was attributable to (i) the impairment charges recorded in 2016 and (ii) higher total proved reserves of 145.9 million BOE, or an increase of 44%, at September 30, 2017, as compared to total proved reserves of 101.6 million BOE at September 30, 2016. The increase in total proved oil and natural gas reserves was primarily attributable to our ongoing delineation and development drilling activities in the Delaware Basin. In addition, depreciation expenses attributable to our midstream segment were approximately \$3.8 million for the nine months ended September 30, 2017, as compared to \$1.7 million for the nine months ended September 30, 2016.

Full-cost ceiling impairment. We recorded no impairment charge to the net capitalized costs of our oil and natural gas properties for the nine months ended September 30, 2017. We recorded an impairment charge of \$158.6 million to the net capitalized costs of our oil and natural gas properties for the nine months ended September 30, 2016.

General and administrative. Our general and administrative expenses increased \$10.2 million to \$49.7 million, an increase of 26%, for the nine months ended September 30, 2017, as compared to \$39.5 million for the nine months ended September 30, 2016. The increase in our general and administrative expenses was partially attributable to the \$3.4 million increase in non-cash stock-based compensation expense to \$12.5 million for the nine months ended September 30, 2017, as compared to \$9.1 million for the nine months ended September 30, 2016. The increase in our non-cash stock-based compensation was attributable to the increased expense related to the vesting of awards granted from 2013 through 2017 and the granting of new awards during 2017, as well as a change in the vesting schedule applicable to equity awards granted to our board of directors resulting in a \$1.5 million one-time stock-based compensation expense. The increase in our general and administrative expenses was also attributable to transaction costs of approximately \$3.5 million related to the formation of San Mateo and increased payroll expenses of approximately \$11.0 million associated with additional employees joining the Company to support our increased land, geoscience, drilling, completion, production, midstream, accounting and administration functions as a result of the continued growth of the Company. These increases were partially offset by the increase in capitalized general and administrative expenses of \$6.6 million due to our increased delineation and development drilling activities in the Delaware Basin for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. Our general and administrative expenses decreased 8% on a unit-of-production basis to \$4.87 per BOE for the nine months ended September 30, 2017, as compared to \$5.32 per BOE for the nine months ended September 30, 2016, primarily due to our increased total oil equivalent production.

Interest expense. For the nine months ended September 30, 2017, we incurred total interest expense of approximately \$31.5 million. We capitalized approximately \$5.2 million of our interest expense on certain qualifying projects for the nine months ended September 30, 2017 and expensed the remaining \$26.2 million to operations. For the nine months ended September 30, 2016, we incurred total interest expense of approximately \$23.2 million. We capitalized \$2.9 million of our interest expense on certain qualifying projects for the nine months ended September 30, 2016 and expensed the remaining \$20.2 million to operations. The increase in total interest expense of \$8.3 million for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016, was primarily attributable to an increase in the average debt outstanding. At September 30, 2017, we had no borrowings outstanding and \$0.8 million in letters of credit outstanding under our Credit Agreement and \$575.0 million in outstanding senior notes. At September 30, 2016, we had \$65.0 million of borrowings outstanding and \$0.8 million in letters of credit outstanding under our Credit Agreement and \$400.0 million in outstanding senior notes.

Total income tax benefit. Our deferred tax assets exceeded our deferred tax liabilities at September 30, 2017 due to the deferred tax amounts generated by the full-cost ceiling impairment charges recorded in prior periods. As a result, we established a valuation allowance against the deferred tax assets beginning in the third quarter of 2015. We retained a full valuation allowance at September 30, 2017 due to uncertainties regarding the future realization of our deferred tax assets.

Liquidity and Capital Resources

Our primary use of capital has been, and we expect will continue to be during the remainder of 2017 and for the foreseeable future, for the acquisition, exploration and development of oil and natural gas properties and for midstream investments. Excluding any possible significant acquisitions, we expect to fund our capital expenditure requirements through the remainder of 2017 and into 2018 with a combination of cash on hand (including proceeds we received from our October 2017 equity offering), operating cash flows and borrowings under our Credit Agreement (assuming availability under our borrowing base). We continually evaluate other capital sources, including borrowings under additional credit arrangements, the sale or joint venture of midstream assets or oil and natural gas producing assets or acreage, particularly in our non-core asset areas, as well as 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 access outside sources of capital and to generate operating cash flows.

On February 17, 2017, we announced the formation of San Mateo, a strategic joint venture with Five Point Capital Partners, LLC (“Five Point”) to operate and expand our Delaware Basin midstream assets. We received \$171.5 million in connection with the formation of the Joint Venture and may earn up to an additional \$73.5 million in performance incentives over the next five years. We continue to operate the Delaware Basin midstream assets and retain operational control of the Joint Venture. The Company and Five Point own 51% and 49% of the Joint Venture, respectively. San Mateo provides firm capacity service to us at market rates, while also being a midstream service provider to third parties in and around our Wolf and Rustler Breaks asset areas.

On October 10, 2017, we completed a public offering of 8.0 million shares of our common stock, receiving proceeds of approximately \$208.7 million (before expenses). A portion of the proceeds from this offering were and are being used to acquire approximately 6,600 net acres of additional leasehold and minerals in the Delaware Basin at a total acquisition cost of approximately \$38 million and to fund certain midstream initiatives and opportunities, including the acceleration of the drilling of commercial salt water disposal wells in the Rustler Breaks asset area on behalf of San Mateo. The remaining proceeds will be used for other midstream development, acreage acquisitions and general corporate purposes, including to fund a portion of our current and future capital expenditures.

We expect that development of our Delaware Basin assets will be the primary focus of our operations and capital expenditures for the remainder of 2017 and into 2018. At the beginning of the fourth quarter of 2017, we were operating five drilling rigs that were drilling oil and natural gas wells in the Delaware Basin—one rig was drilling in our Wolf asset area in Loving County, Texas, three rigs were drilling in our Rustler Breaks asset area in Eddy County, New Mexico and one rig was drilling in our Ranger asset area in Lea County, New Mexico. As of November 6, 2017, we adjusted our anticipated capital expenditures for drilling and completions (including equipping wells for production) from \$400 to \$420 million to \$440 to \$465 million, and we adjusted our anticipated midstream capital expenditures from \$56 to \$64 million to \$66 to \$74 million. The updated midstream capital expenditures primarily represent our 51% share of the updated 2017 capital expenditure budget of \$125 to \$140 million for San Mateo. We have allocated substantially all of our estimated 2017 capital expenditures to the further delineation and development of our growing leasehold position and midstream assets in the Delaware Basin, with the exception of amounts allocated to limited operations in the Eagle Ford (including the five operated wells drilled and completed in 2017) and Haynesville shales to maintain and extend leases and to participate in certain non-operated well opportunities. For the remainder of 2017, our Delaware Basin drilling program will continue to focus on the development of the Wolf and Rustler Breaks asset areas and the further delineation and development of the Jackson Trust, Ranger/Arrowhead, Antelope Ridge and Twin Lakes asset areas, although we may also continue to delineate previously untested zones in the Wolf and Rustler Breaks asset areas.

During the third quarter of 2017 and through November 6, 2017, we acquired approximately 9,700 net acres in the Delaware Basin, mostly in and around our existing acreage positions, including new leasing activities, acquisitions of small interests from mineral and working interest owners in our operated wells. From January 1 through November 6, 2017, we acquired 25,000 net acres in the Delaware Basin, including a small volume of associated production, for a total acquisition cost of approximately \$224 million. At November 6, 2017, we held approximately 201,100 gross (115,700 net) acres in the Permian Basin in Southeast New Mexico and West Texas, primarily in the Delaware Basin in Lea and Eddy Counties, New Mexico and Loving County, Texas. We plan to continue our leasing and acquisitions efforts in the Delaware Basin during the remainder of 2017 and may also continue acquiring acreage in the Eagle Ford and Haynesville shales.

At September 30, 2017, we had cash totaling approximately \$20.2 million and restricted cash totaling approximately \$10.7 million, most of which is 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 other of our cash and is to be used only to fund the capital expenditures and operations of these less-than-wholly-owned subsidiaries. Additionally, at September 30, 2017, we had no outstanding borrowings under our Credit Agreement, which had a borrowing base of \$450.0 million and an elected commitment of \$400.0 million at such date. Early in the fourth quarter of 2017, the lenders under our Credit Agreement completed their review of our proved oil and natural gas reserves at June 30, 2017, and as a result, on October 25, 2017, the borrowing base was increased to \$525.0 million and the maximum facility amount remained at \$500.0 million. This October 2017 redetermination constituted the regularly scheduled November 1 redetermination. We elected to keep the borrowing commitment at \$400.0 million. Borrowings under the Credit Agreement are limited to the lowest of the borrowing base, the maximum facility amount and the elected commitment.

Our 2017 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, including the expansion of the Black River Processing Plant, the ability of our Joint Venture partner to meet its 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 2017 and into 2018 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 wells may not produce at the levels we are forecasting 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 the remainder of 2017 and the hedges we currently have in place. We use commodity derivative financial instruments at times to mitigate our exposure to

fluctuations in oil, natural gas and natural gas liquids prices and to partially offset reductions in our cash flows from operations resulting from declines in commodity prices. As of November 6, 2017, we had approximately 55% of our anticipated oil production and approximately 65% of our anticipated natural gas production hedged for the remainder of 2017. See Note 9 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments at September 30, 2017.

Our unaudited cash flows for the nine months ended September 30, 2017 and 2016 are presented below:

(In thousands)	Nine Months Ended September 30,	
	2017	2016
Net cash provided by operating activities	\$ 222,516	\$ 96,462
Net cash used in investing activities	(606,339)	(297,596)
Net cash provided by financing activities	191,117	204,968
Net change in cash	\$ (192,706)	\$ 3,834
Adjusted EBITDA ⁽¹⁾ attributable to Matador Resources Company shareholders	\$ 227,444	\$ 103,406

(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 (loss) and net cash provided by operating activities, see “— Non-GAAP Financial Measures” below.

Cash Flows Provided by Operating Activities

Net cash provided by operating activities increased \$126.1 million to \$222.5 million for the nine months ended September 30, 2017 from \$96.5 million for the nine months ended September 30, 2016. Excluding changes in operating assets and liabilities, net cash provided by operating activities increased to \$210.7 million for the nine months ended September 30, 2017 from \$85.4 million for the nine months ended September 30, 2016. This increase was primarily attributable to higher oil and natural gas production and higher commodity prices and was partially offset by the decrease in our realized gains on derivatives and an increase in certain expenses. Changes in our operating assets and liabilities between the two periods resulted in a net increase of approximately \$0.8 million in net cash provided by operating activities for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016.

Our operating cash flows are sensitive to a number of variables, including changes in our production and volatility of oil and natural gas prices between reporting periods. Regional and worldwide economic activity, the actions of OPEC, weather, infrastructure capacity to reach markets and other variable factors significantly impact the prices of oil and natural gas. These factors are beyond our control and are difficult to predict. We use commodity derivative financial instruments to mitigate our exposure to fluctuations in oil, natural gas and natural gas liquids prices. In addition, we attempt to avoid long-term service agreements where possible in order to minimize ongoing future commitments.

Cash Flows Used in Investing Activities

Net cash used in investing activities increased by \$308.7 million to \$606.3 million for the nine months ended September 30, 2017 from \$297.6 million for the nine months ended September 30, 2016. This increase in net cash used in investing activities is primarily due to an increase of \$229.1 million in oil and natural gas properties capital expenditures for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016. Cash used for oil and natural gas properties capital expenditures for the nine months ended September 30, 2017 was primarily attributable to the acquisition of additional leasehold and mineral interests and to our operated drilling and completion activities in the Delaware Basin. A small portion of our capital expenditures for the nine months ended September 30, 2017 was directed to our participation in non-operated wells and our operated drilling and completion activities in the Eagle Ford shale. Additionally, there was an increase in cash outflows between the two periods related to restricted cash of approximately \$52.0 million and an increase in cash used for other property and equipment of approximately \$23.4 million primarily related to capital expenditures for San Mateo.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities decreased by \$13.9 million to \$191.1 million for the nine months ended September 30, 2017 from \$205.0 million for the nine months ended September 30, 2016. During the nine months ended September 30, 2016, we received net proceeds from our March 2016 equity offering of \$142.4 million (\$141.5 million including cost to issue equity) and borrowed \$65.0 million under our Credit Agreement. During the nine months ended September 30, 2017, we received net proceeds of \$171.5 million related to contributions from the formation of the Joint Venture as well as \$23.8 million related to net contributions from and distributions to the non-controlling interest owners of less-than-wholly-owned subsidiaries.

See Note 6 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our debt, including our Credit Agreement and the senior notes.

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, certain other non-cash items and non-cash stock-based compensation expense, and net gain or loss on asset sales and inventory impairment. Adjusted EBITDA is not a measure of net income (loss) 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 (loss) 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 cash flows from 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 (loss) and net cash provided by operating activities, respectively.

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Unaudited Adjusted EBITDA Reconciliation to Net Income (Loss):				
Net income (loss) attributable to Matador Resources Company shareholders	\$ 15,039	\$ 11,931	\$ 87,532	\$ (201,575)
Net income attributable to non-controlling interest in subsidiaries	2,940	116	8,034	209
Net income (loss)	17,979	12,047	95,566	(201,366)
Interest expense	8,550	6,880	26,229	20,244
Total income tax provision (benefit)	—	(1,141)	—	(1,141)
Depletion, depreciation and amortization	47,800	30,015	123,066	90,185
Accretion of asset retirement obligations	323	276	937	828
Full-cost ceiling impairment	—	—	—	158,633
Unrealized loss (gain) on derivatives	12,372	(3,203)	(21,449)	30,261
Stock-based compensation expense	1,296	3,584	12,488	9,138
Net gain on asset sales and inventory impairment	(16)	(1,073)	(23)	(3,140)
Consolidated Adjusted EBITDA	88,304	47,385	236,814	103,642
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(3,471)	(125)	(9,370)	(236)
Adjusted EBITDA attributable to Matador Resources Company shareholders	\$ 84,833	\$ 47,260	\$ 227,444	\$ 103,406
(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Unaudited Adjusted EBITDA Reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 101,274	\$ 46,862	\$ 222,516	\$ 96,462
Net change in operating assets and liabilities	(21,481)	(4,909)	(11,828)	(11,024)
Interest expense, net of non-cash portion	8,511	6,573	26,126	19,345
Current income tax provision (benefit)	—	(1,141)	—	(1,141)
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(3,471)	(125)	(9,370)	(236)
Adjusted EBITDA attributable to Matador Resources Company shareholders	\$ 84,833	\$ 47,260	\$ 227,444	\$ 103,406

The net income attributable to Matador Resources Company shareholders increased by \$3.1 million to \$15.0 million for the three months ended September 30, 2017, as compared to \$11.9 million for the three months ended September 30, 2016. This increase in net income attributable to Matador Resources Company shareholders for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 is primarily attributable to the increase in oil and natural gas revenues of \$51.9 million offset by (x) a decrease of \$15.6 million from unrealized gain to unrealized loss on derivatives, (y) a \$27.9 million increase in total expenses, including a \$17.8 million increase in depletion, depreciation and amortization expenses, and (z) a \$1.7 million increase in interest expense.

The net income attributable to Matador Resources Company shareholders increased by \$289.1 million to \$87.5 million for the nine months ended September 30, 2017, as compared to a net loss attributable to Matador Resources Company shareholders of \$201.6 million for the nine months ended September 30, 2016. This increase in net income attributable to Matador Resources Company shareholders for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 is primarily attributable to (i) the increase in oil and natural gas revenues of \$167.2 million, (ii) the decrease of \$158.6 million in the full-cost ceiling impairment and (iii) an increase of \$51.7 million from unrealized loss to unrealized gain on derivatives, partially offset by (x) an increase in operating expenses of \$64.7 million, excluding the full-cost ceiling impairment, (y) a \$6.0 million increase in interest expense and (z) a decrease of \$11.6 million from realized gain to realized loss on derivatives.

Our Adjusted EBITDA, a non-GAAP financial measure, increased by \$37.6 million to \$84.8 million for the three months ended September 30, 2017, as compared to \$47.3 million for the three months ended September 30, 2016. This increase in our Adjusted EBITDA is primarily attributable to higher oil and natural gas production and higher commodity prices for the three months ended September 30, 2017, as compared to the three months ended September 30, 2016.

Our Adjusted EBITDA, a non-GAAP financial measure, increased by \$124.0 million to \$227.4 million for the nine months ended September 30, 2017, as compared to \$103.4 million for the nine months ended September 30, 2016. This increase in our Adjusted EBITDA is primarily attributable to higher oil and natural gas production and higher commodity prices for the nine months ended September 30, 2017, as compared to the nine months ended September 30, 2016.

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 September 30, 2017, the material off-balance sheet arrangements and transactions that we have entered into include (i) operating lease agreements, (ii) non-operated drilling commitments, (iii) termination obligations under drilling rig contracts, (iv) firm transportation, gathering, processing, disposal and fractionation commitments and (v) 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, fractionation and transportation 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, the Company has no transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect the Company's liquidity or availability of or requirements for capital resources. See "—Obligations and Commitments" below and Note 11 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 September 30, 2017:

(In thousands)	Payments Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
Contractual Obligations:					
Revolving credit borrowings, including letters of credit ⁽¹⁾	\$ 821	\$ —	\$ —	\$ 821	\$ —
Senior unsecured notes ⁽²⁾	575,000	—	—	—	575,000
Office leases	23,245	2,498	5,087	5,377	10,283
Non-operated drilling commitments ⁽³⁾	28,500	28,500	—	—	—
Drilling rig contracts ⁽⁴⁾	36,117	24,253	11,864	—	—
Asset retirement obligations	23,923	618	578	3,781	18,946
Gas processing agreements with non-affiliates ⁽⁵⁾	11,420	11,420	—	—	—
Gathering, processing and disposal agreements with San Mateo ⁽⁶⁾	245,645	—	25,343	69,994	150,308
Natural gas plant engineering, procurement, construction and installation contract ⁽⁷⁾	24,689	24,689	—	—	—
Total contractual cash obligations	\$ 969,360	\$ 91,978	\$ 42,872	\$ 79,973	\$ 754,537

(1) At September 30, 2017, we had no borrowings outstanding under our Credit Agreement and approximately \$0.8 million in outstanding letters of credit issued pursuant to the Credit Agreement. The Credit Agreement matures in October 2020.

(2) The amounts included in the table above represent principal maturities only.

(3) At September 30, 2017, we had outstanding commitments to participate in the drilling and completion of various non-operated wells. Our working interests in these wells are typically small, and certain of these wells were in progress at September 30, 2017. If all of these wells are drilled and completed, we will have minimum outstanding aggregate commitments for our participation in these wells of approximately \$28.5 million at September 30, 2017, which we expect to incur within the next year.

(4) We do not own or operate our own drilling rigs, but instead enter into contracts with third parties for such drilling rigs. See Note 11 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our contractual commitments.

- (5) Effective October 1, 2015, we entered into a 15-year fixed-fee natural gas gathering and processing agreement for a significant portion of our operated natural gas production in Loving County, Texas. See Note 11 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our contractual commitments.
- (6) Effective February 1, 2017, we dedicated our current and future leasehold interests in the Rustler Breaks and Wolf asset areas pursuant to 15-year, fixed-fee natural gas, oil and salt water gathering agreements and salt water disposal agreements. In addition, effective February 1, 2017, we dedicated our current and future leasehold interests in the Rustler Breaks asset area pursuant to a 15-year, fixed-fee natural gas processing agreement. See Note 11 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our contractual commitments.
- (7) Beginning in May 2017, a subsidiary of San Mateo entered into certain agreements with third parties for the engineering, procurement, construction and installation of an expansion of the Black River Processing Plant, including required compression. See Note 11 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our contractual commitments.

General Outlook and Trends

For the three months ended September 30, 2017, oil prices averaged \$48.20 per Bbl, ranging from a high of \$52.22 per Bbl in late September to a low of \$44.23 per Bbl in early July, based upon the NYMEX West Texas Intermediate oil futures contract price for the earliest delivery date. We realized a weighted average oil price of \$46.25 per Bbl (\$46.47 per Bbl including realized gains from oil derivatives) for our oil production for the three months ended September 30, 2017, as compared to \$42.57 per Bbl (\$43.18 per Bbl including realized gains from oil derivatives) for the three months ended September 30, 2016. At November 6, 2017, the NYMEX West Texas Intermediate oil futures contract for the earliest delivery date had increased significantly from the average price for the third quarter of 2017, settling at \$57.35 per Bbl, which was also an increase as compared to \$44.07 per Bbl at November 4, 2016.

For the three months ended September 30, 2017, natural gas prices averaged \$2.95 per MMBtu, ranging from a high of approximately \$3.15 per MMBtu in mid-September to a low of approximately \$2.77 per MMBtu in early August, based upon the NYMEX Henry Hub natural gas futures contract price for the earliest delivery date. We realized a weighted average natural gas price of \$3.42 per Mcf (\$3.42 per Mcf as a result of no realized gains or losses from natural gas derivatives) for our natural gas production (including revenues attributable to natural gas liquids) for the three months ended September 30, 2017, as compared to \$3.08 per Mcf (\$3.08 per Mcf, including minimal realized gains from natural gas derivatives) for the three months ended September 30, 2016. At November 6, 2017, the NYMEX Henry Hub natural gas futures contract for the earliest delivery date had increased from the average price for the third quarter of 2017, settling at \$3.13 per MMBtu, which was also an increase as compared to \$2.77 per MMBtu at November 4, 2016.

The prices we receive for oil, natural gas and natural gas liquids heavily influence our revenue, profitability, cash flow available for capital expenditures, access to capital and future rate of growth. Oil, natural gas and natural gas liquids are commodities, and therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil, natural gas and natural gas liquids have been volatile and these markets will likely continue to be volatile in the future. Declines in oil, natural gas or natural gas liquids prices not only reduce our revenues, but could also reduce the amount of oil, natural gas and natural gas liquids we can produce economically. We are uncertain if oil and natural gas prices may rise from their current levels, and in fact, oil and natural gas prices may decrease in future periods.

From time to time, we use derivative financial instruments to mitigate our exposure to commodity price risk associated with oil, natural gas and natural gas liquids 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 natural gas liquids 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 our Credit Agreement and through the capital markets.

Coinciding with the recent improvements in oil and natural gas prices since the latter part of 2016, we have experienced price increases from our service providers for some of the products and services we use in our drilling, completion and production operations in 2017. If oil and natural gas prices remain at their current levels for a longer period of time or should they increase further, we could experience additional price increases for drilling, completion and production products and services, although we can provide no estimates as to the eventual magnitude of these increases.

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 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 natural gas liquids price declines, however, drilling certain oil or natural gas wells may not be economical, and we may find it necessary to reduce capital expenditures and curtail drilling operations in order to preserve liquidity. A material reduction in capital expenditures and drilling activities could materially impact our production volumes, revenues, reserves, cash flows and our availability under our Credit Agreement.

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, 2016, 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 natural gas liquids 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 and/or swap contracts to manage risks related to changes in oil, natural gas and natural gas liquids 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. In the case of a costless collar, the put option and the call option have different fixed price components. 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 September 30, 2017, Comerica Bank, RBC, The Bank of Nova Scotia, BMO Harris Financing (Bank of Montreal) and SunTrust Bank (or affiliates thereof) were the counterparties for all of our derivative instruments. We have considered the credit standing of the counterparties in determining the fair value of our derivative financial instruments. See Note 9 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments at September 30, 2017. Such information is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure 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 September 30, 2017 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 that (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 September 30, 2017, we completed the implementation of new accounting and land administration software applications. We have taken the necessary steps to monitor and maintain appropriate internal control over financial reporting during this period of change, including procedures to preserve the integrity of the data converted during the application implementations. Additionally, we provided training related to these applications to individuals using the applications to carry out their job responsibilities. We believe the new applications will enhance our internal control over financial reporting due to enhanced automation and integration of related processes. We are modifying the design and documentation of internal control processes and procedures relating to the new applications to complement and supplement existing internal control documentation. The implementation of the new applications was not undertaken in response to any deficiencies in our internal control over financial reporting. Testing of the controls related to the new applications and related accounting and land administration functions is ongoing and is included in the scope of our assessment of our internal control over financial reporting for the three months ended September 30, 2017. We plan to monitor controls within and around the applications to provide reasonable assurance that controls are effective.

There were no other 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 lawsuits encountered in the ordinary course of business. While the ultimate outcome and impact to us cannot be predicted with certainty, in the opinion of management, it is remote that these lawsuits will have a material adverse impact on our financial condition, results of operations or cash flows.

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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended September 30, 2017, 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
July 1, 2017 to July 31, 2017	1,328	\$ 22.70	—	—
August 1, 2017 to August 31, 2017	34,748	23.32	—	—
September 1, 2017 to September 30, 2017	181	26.11	—	—
Total	36,257	\$ 23.31	—	—

(1) The shares were not re-acquired pursuant to any repurchase plan or program.

Item 6. Exhibits

A list of exhibits filed herewith is contained in the Exhibit Index that immediately precedes such exhibits and is incorporated by reference herein.

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.

MATADOR RESOURCES COMPANY

Date: November 9, 2017

By: /s/ Joseph Wm. Foran
Joseph Wm. Foran
Chairman and Chief Executive Officer

Date: November 9, 2017

By: /s/ David E. Lancaster
David E. Lancaster
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Merger between Matador Resources Company (now known as MRC Energy Company) and Matador Merger Co. (incorporated by reference to Exhibit 3.4 to our Registration Statement on Form S-1 filed on August 12, 2011).
3.2	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).
3.3	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).
3.4	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).
3.5	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 December 23, 2016).
10.1	Amendment Number One to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (filed herewith).
10.2	Form of Restricted Stock Unit Award Agreement for director awards under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (filed herewith).
10.3	Form of Restricted Stock Unit Award Agreement for director awards with deferred delivery under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (filed herewith).
10.4	Form of Nonqualified Stock Option Agreement for awards under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan for employees without employment agreements (filed herewith).
10.5	Form of Nonqualified Stock Option Agreement for awards under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan for employees with employment agreements (filed herewith).
10.6	Form of Restricted Stock Award Agreement for awards under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan for employees without employment agreements (filed herewith).
10.7	Form of Restricted Stock Award Agreement for awards under the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan for employees with employment agreements (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 September 30, 2017 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets - Unaudited, (ii) the Condensed Consolidated Statements of Operations - Unaudited, (iii) the Condensed Consolidated Statement 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).

**AMENDMENT NUMBER ONE
TO THE
MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN**

WHEREAS, Matador Resources Company, a Texas corporation (the “**Company**”) maintains the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (the “**Plan**”); and

WHEREAS, the Company has determined that amendments should be made to the Plan to (i) authorize the assignment of awards granted thereunder to certain permitted transferees under certain specified circumstances and (ii) provide that taxes with respect to awards may be withheld at any rate permissible under applicable law.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 15.6 of the Plan is deleted in its entirety and replaced with the following:

Tax Requirements. The Company or, if applicable, any Subsidiary (for purposes of this Section 15.6, the term “Company” shall be deemed to include any applicable Subsidiary), shall have the right to deduct from all amounts paid in cash or other form in connection with the Plan, any Federal, state, local or other taxes permitted by law to be withheld in connection with an Award granted under this Plan. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is permitted to withhold in connection with the Participant’s income arising with respect to the Award. Such payments shall be required to be made when requested by the Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding obligations of the Company; (ii) if the Company, in its sole discretion, so consents in writing, the actual delivery by the exercising Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six (6) months prior to the date of exercise, vesting or conversion of the Award, as applicable, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding payment; (iii) if the Company, in its sole discretion, so consents in writing, the Company’s withholding of a number of shares to be delivered upon the exercise, vesting or conversion of the Award, which shares so withheld have an aggregate fair market value that equals (but does not exceed) the applicable tax withholding payment; or (iv) any combination of (i), (ii) or (iii) or any other method consented to by the Company in writing. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant. The Committee may in the Award Agreement impose any additional tax requirements or provisions that the Committee deems necessary or desirable.

2. Section 15.7 of the Plan is deleted in its entirety and replaced with the following:

Assignability. Incentive Stock Options may not be transferred, assigned, pledged, hypothecated or otherwise conveyed or encumbered other than by will or the laws of descent and distribution and may be exercised during the lifetime of the Participant only by the Participant or the Participant's legally authorized representative, and each Award Agreement in respect of an Incentive Stock Option shall so provide. The designation by a Participant of a beneficiary will not constitute a transfer of the Stock Option. The Committee may waive or modify any limitation contained in the preceding sentences of this Section 15.7 that is not required for compliance with Section 422 of the Code.

Except as otherwise provided herein, Awards may not be transferred, assigned, pledged, hypothecated or otherwise conveyed or encumbered other than by will or the laws of descent and distribution. Notwithstanding the foregoing, the Committee may, in its discretion, authorize all or a portion of any Award to be transferred, for no consideration, by a Participant to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. As used herein, "**Immediate Family**" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, and shall include adoptive relationships.

Following any transfer, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that for purposes of Articles 8, 9, 11, 13 and 15 hereof the term "Participant" shall be deemed to include the transferee. The events of Termination of Service shall continue to be applied with respect to the original Participant, following which, the Award shall be exercisable or convertible by the transferee only to the extent and for the periods specified in the Award Agreement. The Committee and the Company shall have no obligation to inform any transferee of an Award of any expiration, termination, lapse or acceleration of such Award. The Company shall have no obligation to register with any federal or state securities commission or agency any Common Stock issuable or issued under an Award that has been transferred by a Participant under this Section 15.7.

3. Except as expressly provided herein, all other provisions of the Plan shall remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, this amendment to the Plan is executed and effective this 1st day of November, 2017.

MATADOR RESOURCES COMPANY,
a Texas corporation

By: /s/ Joseph Wm. Foran

Name: Joseph Wm. Foran

Title: Chairman and CEO

RESTRICTED STOCK UNIT AWARD AGREEMENT
MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Award of Restricted Stock Units. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the "**Plan**"), Matador Resources Company, a Texas corporation (the "**Company**") grants to

[NAME]
(the "**Participant**"),

an Outside Director of the Company, an Award under the Plan for [NUMBER] Restricted Stock Units (the "**Awarded Units**") which may be converted into the number of shares of Common Stock of the Company equal to the number of Restricted Stock Units, subject to the terms and conditions of the Plan and this Restricted Stock Unit Award Agreement (this "**Agreement**"). The "**Date of Grant**" of this Restricted Stock Unit Award is [DATE]. Each Awarded Unit shall be a notional share of Common Stock, with the value of each Awarded Unit being equal to the Fair Market Value of a share of Common Stock at any time. Capitalized terms used in this Agreement that are defined in the Plan shall have the same meanings assigned to them in the Plan.

2. Subject to Plan. This Agreement is subject to the terms and conditions of the Plan. The terms of the Plan shall control to the extent such terms are not otherwise inconsistent with the provisions of this Agreement, and the terms of the Agreement shall control to the extent such terms are inconsistent with the provisions of the Plan. This Agreement is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing.

3. Vesting; Time of Delivery of Shares. Awarded Units which have become vested pursuant to the terms of this Section 3 are collectively referred to herein as "**Vested RSUs**." All other Awarded Units are collectively referred to herein as "**Unvested RSUs**."

a. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Awarded Units shall vest as follows:

One hundred percent (100%) of the total Awarded Units shall vest and become Vested RSUs immediately prior to the election of the nominees for director at the [YEAR] annual meeting of shareholders of the Company, or if earlier, on [DATE], provided that the Participant is providing services to the Company or a Subsidiary as of such time.

Notwithstanding the foregoing, upon the occurrence of a Change in Control, all Unvested RSUs shall immediately vest and become Vested RSUs.

b. Subject to the provisions of the Plan and this Agreement and provided that the Awarded Units have not been forfeited pursuant to Section 4 below, Vested RSUs shall be settled within thirty (30) days of the applicable vesting dates of the Awarded Units in accordance with Section 3.a. above. The Company shall convert such Awarded Units (to the extent such Awarded Units are Vested RSUs) into the number of whole shares of Common Stock equal to the number of

Awarded Units converted and shall deliver to the Participant or the Participant's personal representative such shares of Common Stock.

4. Forfeiture of Awarded Units. The Participant shall forfeit, without the payment of any consideration therefor, all of the Participant's Unvested RSUs upon the Participant's Total and Permanent Disability, death or upon the Participant's Termination of Service for any reason.

Upon forfeiture, all of the Participant's rights with respect to the forfeited Unvested RSUs shall cease and terminate, without any further obligations on the part of the Company.

5. Who May Receive Converted Awarded Units. During the lifetime of the Participant, the Common Stock received upon conversion of Awarded Units may only be received by the Participant, his or her legal representative or his or her permitted transferee in accordance with Section 7 hereof. If the Participant dies after the time that his or her Awarded Units become vested but prior to the time his or her Awarded Units are converted into shares of Common Stock, the Common Stock relating to such converted Awarded Units may be received by any individual who is entitled to receive the property of the Participant pursuant to the applicable laws of descent and distribution.

6. No Fractional Shares. Awarded Units may be converted only with respect to full shares, and no fractional share of Common Stock shall be issued.

7. Assignability. The Awarded Units are not assignable or transferable by the Participant except (i) by will or by the laws of descent and distribution and (ii) the Participant may transfer, for no consideration, some or all of the Awarded Units to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued service with the Company or its Subsidiaries shall continue to relate to the Participant's continued service.

8. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any shares covered by this Agreement until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the shares of Common Stock. The Awarded Units shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 9 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such shares of Common Stock. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of such shares of Common Stock.

9. Adjustment of Number of Awarded Units and Related Matters. The number of shares of Common Stock covered by the Awarded Units shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

10. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by

specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

11. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any shares of Common Stock to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

12. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be acquired hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to the Participant in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

13. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

14. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

15. No Right to Continue Service. Nothing herein shall be construed to confer upon the Participant the right to continue to provide services to the Company or any Subsidiary, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant at any time.

16. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

17. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

18. Entire Agreement. This Agreement together with the Plan (as each may be amended from time to time) supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Plan. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

19. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Awarded Units without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

20. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent; and provided, further, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Code Section 409A or any regulations or other guidance issued thereunder. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Participant and the Company of the applicable provision without violating the provisions of Code Section 409A, and in no event may any such amendment modify the time or form of payment of any amount payable pursuant to this Agreement if such modification would be in violation of Code Section 409A. Notwithstanding the provisions of this Section 20, the Company may amend the Plan to the extent permitted by the Plan.

21. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

22. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

23. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

- b. Notice to the Participant shall be addressed and delivered as set forth on the signature page.

24. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Participant, as a [Special Advisor] to the Board of Directors, shall be solely responsible for withholding taxes or any necessary payments to any taxing authority in connection with the conversion of the Awarded Units.

25. Code Section 409A. This Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall comply with or be exempt from the requirements of Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to the fullest extent possible to reflect and implement such intent. Notwithstanding anything in this Agreement and in the event the payments and benefits set forth herein are subject to Code Section 409A, (i) a Termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement unless such termination is also a “separation from service” within the meaning of Code Section 409A; and (ii) a Total and Permanent Disability shall not be deemed to have occurred for purposes of any provision of this Agreement unless such disability is also a “disability” within the meaning of Code Section 409A. Notwithstanding any provision in this Agreement to the contrary, if on his or her Termination of Service, the Participant is deemed to be a “specified employee” within the meaning of Code Section 409A, any payments or benefits due upon such Termination of Service that constitutes a “deferral of compensation” within the meaning of Code Section 409A and which do not otherwise qualify under the exemptions under Treas. Reg. § 1.409A-1 (including without limitation, the short-term deferral exemption and the permitted payments under Treas. Reg. § 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided to the Participant on the earlier of the date which immediately follows six (6) months after the Participant’s separation from service or, if earlier, the date of the Participant’s death.

26. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares acquired under this Agreement, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

27. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan and the Awarded Units via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

RESTRICTED STOCK UNIT AWARD AGREEMENT

MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Award of Restricted Stock Units. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the “*Plan*”), Matador Resources Company, a Texas corporation (the “*Company*”) grants to

[NAME]
(the “*Participant*”),

an Outside Director of the Company, an Award under the Plan for [NUMBER] Restricted Stock Units (the “*Awarded Units*”) which may be converted into the number of shares of Common Stock of the Company equal to the number of Restricted Stock Units, subject to (i) the terms and conditions of the Plan and this Restricted Stock Unit Award Agreement (this “*Agreement*”) and, to the extent applicable, (ii) any deferral election validly made with respect to the Awarded Units (the “*Election*”) pursuant to the Matador Resources Company Nonqualified Deferred Compensation Plan for Non-Employee Directors (the “*Deferral Plan*”). The “*Date of Grant*” of this Restricted Stock Unit Award is [DATE]. Each Awarded Unit shall be a notional share of Common Stock, with the value of each Awarded Unit being equal to the Fair Market Value of a share of Common Stock at any time. Capitalized terms used in this Agreement that are defined in the Plan shall have the same meanings assigned to them in the Plan.

2. Subject to Plan and Election. This Agreement is subject to the terms and conditions of the Plan and the Election. With respect to the Plan, (i) the terms of the Plan shall control to the extent such terms are not otherwise inconsistent with the provisions of this Agreement, and (ii) the terms of the Agreement shall control to the extent such terms are inconsistent with the provisions of the Plan. With respect to the Election, (x) the terms of this Agreement shall control to the extent such terms are not otherwise inconsistent with the provisions of the Election, and (y) the terms of the Election shall control to the extent such terms are inconsistent with the provisions of the Agreement. Except as otherwise provided herein, the Election shall be deemed to be part of this Agreement and references herein to this Agreement shall, when applicable, be deemed to include references to the Election. The Election shall be attached as an exhibit to this Agreement, provided that, failure to attach the Election to this Agreement shall in no way affect the validity and effect of the Election. This Agreement and the Election are subject to any rules promulgated pursuant to the Plan and the Deferral Plan, respectively, by the Board or the Committee and communicated to the Participant in writing.

3. Vesting; Time of Delivery of Shares. Awarded Units which have become vested pursuant to the terms of this Section 3 are collectively referred to herein as “*Vested RSUs*.” All other Awarded Units are collectively referred to herein as “*Unvested RSUs*.”

a. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Awarded Units shall vest as follows:

One hundred percent (100%) of the total Awarded Units shall vest and become Vested RSUs immediately prior to the election of the nominees for director at the [YEAR] annual meeting of shareholders of the Company, or if earlier, on [DATE], provided that the Participant is providing services to the Company or a Subsidiary as of such time.

Notwithstanding the foregoing, upon the occurrence of a Change in Control, all Unvested RSUs shall immediately vest and become Vested RSUs.

b. Subject to the provisions of the Plan, the Election and this Agreement and provided that the Awarded Units have not been forfeited pursuant to Section 4 below, Vested RSUs shall be settled as follows:

i. With respect to any Awarded Units that are not subject to the Election, within thirty (30) days of the applicable vesting dates of such Awarded Units in accordance with Section 3.a above, the Company shall convert such Awarded Units (to the extent such Awarded Units are Vested RSUs) into the number of whole shares of Common Stock equal to the number of Awarded Units converted and shall deliver to the Participant or the Participant's personal representative such shares of Common Stock.

ii. With respect to any Awarded Units that are subject to the Election, within thirty (30) days of the applicable payment date or other payment event set forth in the Election, the Company shall convert such Awarded Units (to the extent such Awarded Units are Vested RSUs) into the number of whole shares of Common Stock equal to the number of Awarded Units converted and shall deliver to the Participant or the Participant's personal representative such shares of Common Stock.

4. Forfeiture of Awarded Units. The Participant shall forfeit, without the payment of any consideration therefor, all of the Participant's Unvested RSUs upon the Participant's Total and Permanent Disability, death or upon the Participant's Termination of Service for any reason.

Upon forfeiture, all of the Participant's rights with respect to the forfeited Unvested RSUs shall cease and terminate, without any further obligations on the part of the Company.

5. Who May Receive Converted Awarded Units. During the lifetime of the Participant, the Common Stock received upon conversion of Awarded Units may only be received by the Participant, his or her legal representative or his or her permitted transferee in accordance with Section 7 hereof. If the Participant dies after the time that his or her Awarded Units become vested but prior to the time his or her Awarded Units are converted into shares of Common Stock, the Common Stock relating to such converted Awarded Units may be received by any individual who is entitled to receive the property of the Participant pursuant to the applicable laws of descent and distribution.

6. No Fractional Shares. Awarded Units may be converted only with respect to full shares, and no fractional share of Common Stock shall be issued.

7. Assignability. The Awarded Units are not assignable or transferable by the Participant except (i) by will or by the laws of descent and distribution and (ii) the Participant may transfer, for no consideration, some or all of the Awarded Units to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued service with the Company or its Subsidiaries shall continue to relate to the Participant's continued service.

8. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any shares covered by this Agreement until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the shares of Common Stock. The Awarded Units shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 9 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such shares of Common Stock. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of such shares of Common Stock.

9. Adjustment of Number of Awarded Units and Related Matters. The number of shares of Common Stock covered by the Awarded Units shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

10. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

11. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that the Company will not be obligated to issue any shares of Common Stock to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

12. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be acquired hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to the Participant in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

13. Participant's Acknowledgments. The Participant acknowledges that copies of the Plan and Deferral Plan have been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

14. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

15. No Right to Continue Service. Nothing herein shall be construed to confer upon the Participant the right to continue to provide services to the Company or any Subsidiary, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant at any time.

16. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

17. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

18. Entire Agreement. This Agreement together with the Plan (as each may be amended from time to time) supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement and the Plan. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

19. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Awarded Units without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

20. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent; and provided, further, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Code Section 409A or any regulations or other guidance issued thereunder. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Participant and the Company of the applicable provision without violating the provisions of Code Section 409A, and in no event may any such amendment modify the time or form of payment of any amount payable pursuant to this Agreement if such modification would be in violation of Code Section 409A. Notwithstanding the provisions of this Section 20, the Company may amend the Plan to the extent permitted by the Plan.

21. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

22. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

23. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

b. Notice to the Participant shall be addressed and delivered as set forth on the signature page.

24. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Participant, as an Outside Director, shall be solely responsible for withholding taxes or any necessary payments to any taxing authority in connection with the conversion of the Awarded Units.

25. Code Section 409A. This Agreement is intended to be interpreted and applied so that the payments and benefits set forth herein shall, as applicable, comply with or be exempt from the requirements of Code Section 409A, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to the fullest extent possible to reflect and implement such intent. Notwithstanding anything in this Agreement and to the extent the payments and benefits set forth herein are subject to Code Section 409A, (i) a Termination of Service shall not be deemed to have occurred for purposes of any provision of this Agreement unless such termination is also a "separation from service" within the meaning of Code Section 409A; and (ii) a Total and Permanent Disability shall not be deemed to have occurred for purposes of any provision of this Agreement unless such disability is also a "disability" within the meaning of Code Section 409A. Notwithstanding any provision in this Agreement to the contrary, if on his or her Termination of Service, the Participant is deemed to be a "specified employee" within the meaning of Code Section 409A, any payments or benefits due upon such Termination of Service that constitutes a "deferral of compensation" within the meaning of Code Section 409A and which do not otherwise qualify under the exemptions under Treas. Reg. § 1.409A-1 (including without limitation, the short-term deferral exemption and the permitted payments under Treas. Reg. § 1.409A-1(b)(9)(iii) (A)), shall be delayed and paid or provided to the Participant on the earlier of the date which immediately follows six (6) months after the Participant's separation from service or, if earlier, the date of the Participant's death.

26. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares acquired under this Agreement, including without

limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

27. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan and the Awarded Units via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

EXHIBIT

NONQUALIFIED STOCK OPTION AGREEMENT

MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Grant of Option. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the “*Plan*”), Matador Resources Company, a Texas corporation (the “*Company*”), grants to

[NAME]
(the “*Participant*”),

an option (the “*Option*” or “*Stock Option*”) to purchase a total of [NUMBER] full shares of Common Stock of the Company (the “*Optioned Shares*”) at an “*Option Price*” equal to \$[PRICE] per share (being the Fair Market Value per share of the Common Stock on the Date of Grant).

The “*Date of Grant*” of this Stock Option is [DATE]. The “*Option Period*” shall commence on the Date of Grant and shall expire on the date immediately preceding the [NUMBER] anniversary of the Date of Grant, unless terminated earlier in accordance with Section 4 below. The Stock Option is a Nonqualified Stock Option.

2. Subject to Plan; Definitions. The Stock Option and its exercise are subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Nonqualified Stock Option Agreement (the “*Agreement*”). The Stock Option is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing. Unless defined herein, the capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan. For purposes of this Agreement, unless the context requires otherwise, the following terms shall have the meanings indicated:

a. “*Good Reason*” shall mean (i) the assignment to the Participant of duties materially inconsistent with his or her position, or a material diminution in the Participant’s then current authority, duties or responsibilities; or (ii) a diminution of the Participant’s then current base salary or other action or inaction that constitutes a material breach of his or her employment agreement, if any. Within thirty (30) days from the date the Participant knows of the actions constituting Good Reason as defined herein, the Participant shall give the Company written notice thereof, and provide the Company with a reasonable period of time, in no event less than 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 the Participant 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 the Participant does not terminate his or her employment within sixty (60) days following the last day of the Company’s cure period, the Participant shall not be entitled to terminate his or her 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 the Participant’s written notice constitute Good Reason as defined herein.

b. **“Just Cause”** shall mean (i) the Participant’s continued and material failure to perform the duties of his or her employment consistent with the Participant’s position, except as a result of Partial Disability or Total and Permanent Disability; (ii) the Participant’s failure to perform his or her material obligations under his or her employment agreement, if any, except as a result of Partial Disability or Total and Permanent Disability, or a material breach by the Participant of the Company’s written policies concerning discrimination, harassment or securities trading; (iii) the Participant’s refusal or failure to follow lawful directives of the Board or his or her supervisor, except as a result of Partial Disability or Total and Permanent Disability; (iv) the Participant’s commission of an act of fraud, theft, or embezzlement; (v) the Participant’s indictment for or conviction of a felony or other crime involving moral turpitude; or (vi) the Participant’s intentional breach of fiduciary duty; provided, however, that the Participant shall have thirty (30) days after written notice from the Board (or the Committee) to remedy any actions alleged under subsections (i), (ii) or (iii) in the manner reasonably specified by the Board (or the Committee).

c. **“Partial Disability”** shall mean the Participant’s inability because of any physical or emotional illness lasting no more than ninety (90) days to perform the employment duties assigned to him or her for more than twenty (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 ninety (90) day period).

3. Vesting; Time of Exercise. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Optioned Shares shall be vested and the Stock Option shall be exercisable as follows:

The total Optioned Shares shall vest and the Stock Option shall be exercisable on the [NUMBER] anniversary of the Date of Grant, provided the Participant is continuously employed by (or, if the Participant is a Contractor or an Outside Director, is providing services to) the Company or a Subsidiary through that date.

Notwithstanding the foregoing, if within twelve (12) months following a Change in Control, the Participant incurs a Termination of Service by the Company without Just Cause or by the Participant for Good Reason, then effective immediately prior to such Termination of Service, the total Optioned Shares not previously vested shall thereupon immediately become vested, and this Stock Option shall become fully exercisable, if not previously so exercisable.

4. Term; Forfeiture. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned Shares which are not vested upon the Participant’s Termination of Service, the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned Shares which are vested will terminate at the first of the following to occur:

a. 5 p.m. on the date the Option Period terminates;

b. 5 p.m. on the date which is twelve (12) months following the date of the Participant’s Termination of Service due to Partial Disability or Total and Permanent Disability;

c. immediately upon the Participant’s Termination of Service by the Company for Just Cause;

d. 5 p.m. on the date which is thirty (30) days following the date of the Participant's Termination of Service for any reason not otherwise specified in this Section 4 (other than due to the Participant's death, in which case, Section 4.a. applies);

e. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

5. Who May Exercise. Subject to the terms and conditions set forth in Sections 3 and 4 above, during the lifetime of the Participant, the Stock Option may be exercised only by the Participant, by the Participant's guardian or personal or legal representative, or by the Participant's permitted transferee in accordance with Section 8 hereof. If the Participant's Termination of Service is due to his death prior to the dates specified in Section 4 hereof, and the Participant has not exercised the Stock Option as to the maximum number of vested Optioned Shares as set forth in Section 3 hereof as of the date of death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Participant at any time prior to the date specified in Section 4 hereof: the personal representative of his estate, or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Participant; provided that the Stock Option shall remain subject to the other terms of this Agreement, the Plan, and applicable laws, rules, and regulations.

6. No Fractional Shares. The Stock Option may be exercised only with respect to full shares, and no fractional share of stock shall be issued.

7. Manner of Exercise. Subject to such administrative regulations as the Committee may from time to time adopt, the Stock Option may be exercised by the delivery of written notice to the Committee setting forth the number of shares of Common Stock with respect to which the Stock Option is to be exercised, the date of exercise thereof (the "**Exercise Date**") which shall be at least three (3) days after giving such notice unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Option Price of the shares to be purchased, payable in any manner permitted by the Plan. In the event that shares of Restricted Stock are tendered as consideration for the exercise of a Stock Option, a number of shares of Common Stock issued upon the exercise of the Stock Option equal to the number of shares of Restricted Stock used as consideration therefor shall be subject to the same restrictions and provisions as the Restricted Stock so tendered.

Upon payment of all amounts due from the Participant, the Company shall cause the Common Stock then being purchased to be registered in the Participant's name (or the person exercising the Participant's Stock Option in the event of his death or another permitted transfer) promptly after the Exercise Date. The obligation of the Company to register shares of Common Stock shall, however, be subject to the condition that, if at any time the Company shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the Common Stock upon any securities exchange or inter-dealer quotation system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the Stock Option or the issuance or purchase of shares of Common Stock thereunder, then the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not reasonably acceptable to the Committee.

If the Participant fails to pay for any of the Optioned Shares specified in such notice or fails to accept delivery thereof, that portion of the Participant's Stock Option and right to purchase such Optioned Shares may be forfeited by the Participant.

8. Assignability. The Stock Option is not assignable or transferable by the Participant except (i) by will or by the laws of descent and distribution and (ii) the Participant may transfer, for no consideration, some or all of the Optioned Shares to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued employment or service with the Company or its Subsidiaries shall continue to relate to the Participant's continued employment or service and any covenants applicable to Participant hereunder shall continue to apply to Participant.

9. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any of the Optioned Shares until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the shares of Common Stock. The Optioned Shares shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 10 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such certificate or certificates. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of the shares of Common Stock.

10. Adjustment of Number of Optioned Shares and Related Matters. The number of shares of Common Stock covered by the Stock Option, and the Option Prices thereof, shall be subject to adjustment in accordance with Articles 11 - 13 of the Plan.

11. Nonqualified Stock Option. The Stock Option shall not be treated as an Incentive Stock Option.

12. Voting. The Participant, as record holder of some or all of the Optioned Shares following exercise of this Stock Option, has the exclusive right to vote, or consent with respect to, such Optioned Shares until such time as the Optioned Shares are transferred in accordance with this Agreement; provided, however, that this Section shall not create any voting right where the holders of such Optioned Shares otherwise have no such right.

13. Restrictive Covenants.

a. Confidential Information and Non-Disclosure. During the course of the Participant's employment with the Company, the Participant will receive certain confidential information and trade secrets, which includes but is not limited to production data, drilling schedules, financial results before they are disclosed publicly, technical data, customer and vendor lists, management methods, operating techniques, prospective acquisitions, employee lists, training manuals and procedures, personnel evaluation procedures, financial reports and/or other confidential information and knowledge concerning the business of the Company and its affiliates (hereinafter collectively referred to as "Confidential Information") which the Company desires to protect. The Participant understands and agrees that the Confidential Information is confidential and the Participant agrees not to disclose or reveal the Confidential Information to anyone outside the Company. Additionally, the Participant may receive Confidential Information and work on some projects that are not widely known throughout the Company, and the Participant agrees to not disclose or reveal such Confidential Information or details about the projects to any other person (including other employees of the Company). The Participant further agrees not to use or disclose the Confidential Information

in order to compete with the Company at any time during or after the Participant's employment with the Company. The Participant is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, notwithstanding the foregoing, if the Participant files a lawsuit for retaliation against the Company for reporting a suspected violation of law, the Participant may disclose the Company's trade secrets to the Participant's attorney and use the trade secret information in the court proceeding if the Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

b. *Non-Solicitation.* The Participant understands and acknowledges that the Company expends significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. During the Restricted Period, the Participant agrees on his or her own behalf and on behalf of his or her affiliates that, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer, he or she 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.

c. *"Restricted Period"* means the period of time from the Date of Grant through (i) the date that is six (6) months after the Participant's Termination of Service, if the Participant terminates his or her employment for Good Reason or if the Participant's employment terminates due to Total and Permanent Disability, or (ii) the date that is twelve (12) months after the Participant's Termination of Service, if the Participant's employment terminates for any reason other than Good Reason or Total and Permanent Disability.

14. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

15. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he will not exercise the Stock Option granted hereby, and that the Company will not be obligated to issue any shares to the Participant hereunder, if the exercise thereof or the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all Applicable Laws, rules, and regulations.

16. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be purchased hereunder will be acquired by the Participant for investment purposes for his own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is

issued to him in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

17. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Stock Option subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

18. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

19. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee, a Contractor or an Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor or Outside Director at any time. Nothing herein shall be construed to modify the terms of any employment agreement or independent contractor agreement.

20. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

21. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

22. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

23. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Optioned Shares without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

24. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent; and provided, further, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

25. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

26. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

27. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

- b. Notice to the Participant shall be addressed and delivered to the Participant's address as set forth in the Company's records.

28. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company or, if applicable, any Subsidiary (for purposes of this Section 28, the term "**Company**" shall be deemed to include any applicable Subsidiary), shall have the right to deduct from all amounts paid or payable to the Participant in cash or other form in connection with the Plan, any Federal, state, local, or other taxes permitted by law to be withheld in connection with this Award. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is permitted to withhold in connection with the Participant's income arising with respect to this Award. Such payments shall be required to be made when requested by the Company and may be required to be made

prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding obligations of the Company; (ii) the actual delivery by the exercising Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six (6) months prior to the date of exercise, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding payment; (iii) the Company's withholding of a number of shares to be delivered upon the exercise of the Stock Option, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the applicable tax withholding payment; or (iv) any combination of (i), (ii), or (iii) or any other method consented to by the Company in writing. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant.

29. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares acquired under this Agreement, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

30. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan and the Optioned Shares via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

NONQUALIFIED STOCK OPTION AGREEMENT

MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Grant of Option. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the “**Plan**”), Matador Resources Company, a Texas corporation (the “**Company**”), grants to

[NAME]
(the “**Participant**”),

an option (the “**Option**” or “**Stock Option**”) to purchase a total of [NUMBER] full shares of Common Stock of the Company (the “**Optioned Shares**”) at an “**Option Price**” equal to \$[PRICE] per share (being the Fair Market Value per share of the Common Stock on the Date of Grant).

The “**Date of Grant**” of this Stock Option is [DATE]. The “**Option Period**” shall commence on the Date of Grant and shall expire on the date immediately preceding the [NUMBER] anniversary of the Date of Grant, unless terminated earlier in accordance with Section 4 below. The Stock Option is a Nonqualified Stock Option.

2. Subject to Plan; Definitions. The Stock Option and its exercise are subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Nonqualified Stock Option Agreement (the “**Agreement**”). The Stock Option is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing. Unless defined herein, the capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan, or where indicated, as defined in that certain Employment Agreement, effective as of [DATE], by and between the Company and the Participant (the “**Employment Agreement**”).

3. Vesting; Time of Exercise. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Optioned Shares shall be vested and the Stock Option shall be exercisable as follows:

The total Optioned Shares shall vest and the Stock Option shall be exercisable on the [NUMBER] anniversary of the Date of Grant, provided the Participant is continuously employed by (or, if the Participant is a Contractor or an Outside Director, is providing services to) the Company or a Subsidiary through that date.

Notwithstanding the foregoing, if within thirty (30) days prior to or twelve (12) months following a Change in Control (as defined in the Employment Agreement), the Participant incurs a Termination of Service by the Company without Just Cause (as defined in the Employment Agreement) or by the Participant with [or without] Good Reason (as defined in the Employment Agreement), then effective immediately prior to such Termination of Service, the total Optioned Shares not previously vested shall thereupon immediately become vested, and this Stock Option shall become fully exercisable, if not previously so exercisable.

4. Term; Forfeiture. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned Shares which are not vested upon the Participant's Termination of Service, the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned Shares which are vested will terminate at the first of the following to occur:

a. 5 p.m. on the date the Option Period terminates;

b. 5 p.m. on the date which is twelve (12) months following the date of the Participant's Termination of Service due to becoming Partially Disabled or Totally Disabled (as such terms are defined in the Employment Agreement);

c. immediately upon the Participant's Termination of Service by the Company for Just Cause (as defined in the Employment Agreement);

d. 5 p.m. on the date which is thirty (30) days following the date of the Participant's Termination of Service for any reason not otherwise specified in this Section 4 (other than due to the Participant's death, in which case, Section 4.a. applies);

e. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

5. Who May Exercise. Subject to the terms and conditions set forth in Sections 3 and 4 above, during the lifetime of the Participant, the Stock Option may be exercised only by the Participant, by the Participant's guardian or personal or legal representative, or by the Participant's permitted transferee in accordance with Section 8 hereof. If the Participant's Termination of Service is due to his death prior to the dates specified in Section 4 hereof, and the Participant has not exercised the Stock Option as to the maximum number of vested Optioned Shares as set forth in Section 3 hereof as of the date of death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Participant at any time prior to the date specified in Section 4 hereof: the personal representative of his estate, or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Participant; provided that the Stock Option shall remain subject to the other terms of this Agreement, the Plan, and applicable laws, rules, and regulations.

6. No Fractional Shares. The Stock Option may be exercised only with respect to full shares, and no fractional share of stock shall be issued.

7. Manner of Exercise. Subject to such administrative regulations as the Committee may from time to time adopt, the Stock Option may be exercised by the delivery of written notice to the Committee setting forth the number of shares of Common Stock with respect to which the Stock Option is to be exercised, the date of exercise thereof (the "**Exercise Date**") which shall be at least three (3) days after giving such notice unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Option Price of the shares to be purchased, payable in any manner permitted by the Plan. In the event that shares of Restricted Stock are tendered as consideration for the exercise of a Stock Option, a number of shares of Common Stock issued upon the exercise of the Stock Option equal to the number of shares of Restricted Stock used as consideration therefor shall be subject to the same restrictions and provisions as the Restricted Stock so tendered.

Upon payment of all amounts due from the Participant, the Company shall cause the Common Stock then being purchased to be registered in the Participant's name (or the person exercising the Participant's

Stock Option in the event of his death or another permitted transfer) promptly after the Exercise Date. The obligation of the Company to register shares of Common Stock shall, however, be subject to the condition that, if at any time the Company shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the Common Stock upon any securities exchange or inter-dealer quotation system or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the Stock Option or the issuance or purchase of shares of Common Stock thereunder, then the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not reasonably acceptable to the Committee.

If the Participant fails to pay for any of the Optioned Shares specified in such notice or fails to accept delivery thereof, that portion of the Participant's Stock Option and right to purchase such Optioned Shares may be forfeited by the Participant.

8. Assignability. The Stock Option is not assignable or transferable by the Participant except (i) by will or by the laws of descent and distribution and (ii) the Participant may transfer, for no consideration, some or all of the Optioned Shares to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued employment or service with the Company or its Subsidiaries shall continue to relate to the Participant's continued employment or service and any covenants applicable to Participant hereunder shall continue to apply to Participant.

9. Rights as Shareholder. The Participant will have no rights as a shareholder with respect to any of the Optioned Shares until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the shares of Common Stock. The Optioned Shares shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 10 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such certificate or certificates. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of the shares of Common Stock.

10. Adjustment of Number of Optioned Shares and Related Matters. The number of shares of Common Stock covered by the Stock Option, and the Option Prices thereof, shall be subject to adjustment in accordance with Articles 11 - 13 of the Plan.

11. Nonqualified Stock Option. The Stock Option shall not be treated as an Incentive Stock Option.

12. Voting. The Participant, as record holder of some or all of the Optioned Shares following exercise of this Stock Option, has the exclusive right to vote, or consent with respect to, such Optioned Shares until such time as the Optioned Shares are transferred in accordance with this Agreement; provided, however, that this Section shall not create any voting right where the holders of such Optioned Shares otherwise have no such right.

13. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by

specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

14. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he will not exercise the Stock Option granted hereby, and that the Company will not be obligated to issue any shares to the Participant hereunder, if the exercise thereof or the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all Applicable Laws, rules, and regulations.

15. Investment Representation. Unless the shares of Common Stock are issued to the Participant in a transaction registered under applicable federal and state securities laws, by his execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be purchased hereunder will be acquired by the Participant for investment purposes for his own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to him in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

16. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Stock Option subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

17. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

18. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee, a Contractor or an Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor or Outside Director at any time.

19. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

20. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant

against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

21. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

22. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Optioned Shares without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

23. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent; and provided, further, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

24. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

25. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

26. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

b. Notice to the Participant shall be addressed and delivered to the Participant's address as set forth in the Company's records.

27. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company or, if applicable, any Subsidiary (for purposes of this Section 27, the term "**Company**" shall be deemed to include any applicable Subsidiary), shall have the right to deduct from all amounts paid or payable to the Participant in cash or other form in connection with the Plan, any Federal, state, local, or other taxes permitted by law to be withheld in connection with this Award. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is permitted to withhold in connection with the Participant's income arising with respect to this Award. Such payments shall be required to be made when requested by the Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding obligations of the Company; (ii) the actual delivery by the exercising Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six (6) months prior to the date of exercise, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding payment; (iii) the Company's withholding of a number of shares to be delivered upon the exercise of the Stock Option, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the applicable tax withholding payment; or (iv) any combination of (i), (ii), or (iii) or any other method consented to by the Company in writing. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant.

28. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares acquired under this Agreement, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

29. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan and the Optioned Shares via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

RESTRICTED STOCK AWARD AGREEMENT

MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Grant of Award. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the “*Plan*”), Matador Resources Company, a Texas corporation (the “*Company*”), grants to

[NAME]
(the “*Participant*”),

an Award of Restricted Stock in accordance with Section 6.4 of the Plan. The number of shares of Common Stock awarded under this Restricted Stock Award Agreement (the “*Agreement*”) is [NUMBER] shares (the “*Awarded Shares*”). The “*Date of Grant*” of this Award is [DATE].

2. Subject to Plan; Definitions. This Agreement is subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Agreement. To the extent the terms of the Plan are inconsistent with the provisions of the Agreement, this Agreement shall control. This Agreement is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing. Unless defined herein, the capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan. For purposes of this Agreement, unless the context requires otherwise, the following terms shall have the meanings indicated:

a. “*Good Reason*” shall mean (i) the assignment to the Participant of duties materially inconsistent with his or her position, or a material diminution in the Participant’s then current authority, duties or responsibilities; or (ii) a diminution of the Participant’s then current base salary or other action or inaction that constitutes a material breach of his or her employment agreement, if any. Within thirty (30) days from the date the Participant knows of the actions constituting Good Reason as defined herein, the Participant shall give the Company written notice thereof, and provide the Company with a reasonable period of time, in no event less than 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 the Participant 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 the Participant does not terminate his or her employment within sixty (60) days following the last day of the Company’s cure period, the Participant shall not be entitled to terminate his or her 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 the Participant’s written notice constitute Good Reason as defined herein.

b. “*Just Cause*” shall mean (i) the Participant’s continued and material failure to perform the duties of his or her employment consistent with the Participant’s position, except as a result of Partial Disability or Total and Permanent Disability; (ii) the Participant’s failure to perform his or her material obligations under his or her employment agreement, if any, except as a result of Partial Disability or Total and Permanent Disability, or a material breach by the Participant of the Company’s written policies concerning

discrimination, harassment or securities trading; (iii) the Participant's refusal or failure to follow lawful directives of the Board or his or her supervisor, except as a result of Partial Disability or Total and Permanent Disability; (iv) the Participant's commission of an act of fraud, theft, or embezzlement; (v) the Participant's indictment for or conviction of a felony or other crime involving moral turpitude; or (vi) the Participant's intentional breach of fiduciary duty; provided, however, that the Participant shall have thirty (30) days after written notice from the Board (or the Committee) to remedy any actions alleged under subsections (i), (ii) or (iii) in the manner reasonably specified by the Board (or the Committee).

c. "**Partial Disability**" shall mean the Participant's inability because of any physical or emotional illness lasting no more than ninety (90) days to perform the employment duties assigned to him or her for more than twenty (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 ninety (90) day period).

3. Vesting. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Awarded Shares shall vest as follows:

The total Awarded Shares shall vest on the [NUMBER] anniversary of the Date of Grant, provided the Participant is continuously employed by (or if the Participant is a Contractor or an Outside Director, is providing services to) the Company or a Subsidiary through that date.

Notwithstanding the foregoing, if within twelve (12) months following a Change in Control, the Participant incurs a Termination of Service by the Company without Just Cause or by the Participant for Good Reason, then effective immediately prior to such Termination of Service, all Awarded Shares not previously vested shall thereupon immediately become fully vested.

4. Forfeiture of Awarded Shares. Awarded Shares that are not vested in accordance with Section 3 shall be forfeited, without the payment of any consideration therefore, upon the Participant's Termination of Service. Upon forfeiture, all of the Participant's rights with respect to the forfeited Awarded Shares shall cease and terminate, without any further obligations on the part of the Company.

5. Restrictions on Awarded Shares. Subject to the provisions of the Plan and the terms of this Agreement, from the Date of Grant until the date the Awarded Shares are vested in accordance with Section 3 and are no longer subject to forfeiture in accordance with Section 4 (the "**Restriction Period**"), the Participant shall not be permitted to sell, transfer, pledge, hypothecate, margin, assign or otherwise encumber any of the Awarded Shares, except that during the Restriction Period, the Participant may transfer for no consideration some or all of the Awarded Shares to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued employment or service with the Company or its Subsidiaries shall continue to relate to the Participant's continued employment or service and any covenants applicable to Participant hereunder shall continue to apply to Participant. In addition, the Committee may in its sole discretion, remove any or all of the restrictions on such Awarded Shares whenever it may determine that, by reason of changes in applicable laws or changes in circumstances after the date of this Agreement, such action is appropriate.

6. Legend. The following legend shall be placed on all certificates issued representing Awarded Shares:

On the face of the certificate:

“Transfer of this stock is restricted in accordance with conditions printed on the reverse of this certificate.”

On the reverse:

“The shares of stock evidenced by this certificate are subject to and transferable only in accordance with that certain Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan, a copy of which is on file at the principal office of the Company in Dallas, Texas and that certain Restricted Stock Award Agreement dated as of [DATE], by and between the Company and the recordholder named on the face of this certificate. No transfer or pledge of the shares evidenced hereby may be made except in accordance with and subject to the provisions of said Plan and Award Agreement. By acceptance of this certificate, any holder, transferee or pledgee hereof agrees to be bound by all of the provisions of said Plan and Award Agreement.”

The following legend shall be inserted on a certificate evidencing Common Stock issued under the Plan if the shares were not issued in a transaction registered under the applicable federal and state securities laws:

“Shares of stock represented by this certificate have been acquired by the holder for investment and not for resale, transfer or distribution, have been issued pursuant to exemptions from the registration requirements of applicable state and federal securities laws, and may not be offered for sale, sold or transferred other than pursuant to effective registration under such laws, or in transactions otherwise in compliance with such laws, and upon evidence satisfactory to the Company of compliance with such laws, as to which the Company may rely upon an opinion of counsel satisfactory to the Company.”

All Awarded Shares owned by the Participant shall be subject to the terms of this Agreement and shall be represented by a certificate or certificates bearing the foregoing legend.

7. Delivery of Certificates; Registration of Shares. The Company shall deliver certificates for the Awarded Shares to the Participant or shall register the Awarded Shares in the Participant’s name, free of restriction under this Agreement, promptly after, and only after, the Restriction Period has expired without forfeiture pursuant to Section 4. In connection with any issuance of a certificate for Restricted Stock, the Participant shall endorse such certificate in blank or execute a stock power in a form satisfactory to the Company in blank and deliver such certificate and executed stock power to the Company.

8. Rights of a Shareholder. Except as provided in Section 4 and Section 5 above, the Participant shall have, with respect to his Awarded Shares, all of the rights of a shareholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon.

9. Voting. The Participant, as record holder of the Awarded Shares, has the exclusive right to vote, or consent with respect to, such Awarded Shares until such time as the Awarded Shares are transferred in accordance with this Agreement; provided, however, that this Section 9 shall not create any voting right where the holders of such Awarded Shares otherwise have no such right.

10. Adjustment to Number of Awarded Shares. The number of Awarded Shares shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

11. Restrictive Covenants.

a. *Confidential Information and Non-Disclosure*. During the course of the Participant's employment with the Company, the Participant will receive, certain confidential information and trade secrets, which includes but is not limited to production data, drilling schedules, financial results before they are disclosed publicly, technical data, customer and vendor lists, management methods, operating techniques, prospective acquisitions, employee lists, training manuals and procedures, personnel evaluation procedures, financial reports and/or other confidential information and knowledge concerning the business of the Company and its affiliates (hereinafter collectively referred to as "**Confidential Information**") which the Company desires to protect. The Participant understands and agrees that the Confidential Information is confidential and the Participant agrees not to disclose or reveal the Confidential Information to anyone outside the Company. Additionally, the Participant may receive Confidential Information and work on some projects that are not widely known throughout the Company, and the Participant agrees to not disclose or reveal such Confidential Information or details about the projects to any other person (including other employees of the Company). The Participant further agrees not to use or disclose the Confidential Information in order to compete with the Company at any time during or after the Participant's employment with the Company. The Participant is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. In addition, notwithstanding the foregoing, if the Participant files a lawsuit for retaliation against the Company for reporting a suspected violation of law, the Participant may disclose the Company's trade secrets to the Participant's attorney and use the trade secret information in the court proceeding if the Participant files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

b. *Non-Solicitation*. The Participant understands and acknowledges that the Company expends significant time and expense in recruiting and training its employees and that the loss of employees would cause significant and irreparable harm to the Company. During the Restricted Period, the Participant agrees on his or her own behalf and on behalf of his or her affiliates that, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer, he or she 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.

c. "*Restricted Period*" means the period of time from the Date of Grant through (i) the date that is six (6) months after the Participant's Termination of Service, if the Participant terminates his or

her employment for Good Reason or if the Participant's employment terminates due to Total and Permanent Disability, or (ii) the date that is twelve (12) months after the Participant's Termination of Service, if the Participant's employment terminates for any reason other than Good Reason or Total and Permanent Disability.

12. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

13. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he or she will not acquire any Awarded Shares, and that the Company will not be obligated to issue any Awarded Shares to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The rights and obligations of the Company and the rights and obligations of the Participant are subject to all Applicable Laws, rules, and regulations.

14. Investment Representation. Unless the Awarded Shares are issued in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be purchased and or received hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to him or her in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

15. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Award subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

16. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

17. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee or as a Contractor or as an Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor, or Outside Director at any time. Nothing herein shall be construed to modify the terms of any employment agreement or independent contractor agreement.

18. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal,

or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

19. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

20. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

21. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Awarded Shares without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

22. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

23. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

24. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

25. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

- b. Notice to the Participant shall be addressed and delivered to the Participant's address as set forth in the Company's records.

26. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement, the method and timing for filing an election to include this Agreement in income under Section 83(b) of the Code, and the tax consequences of such election. By execution of this Agreement, the Participant agrees that if the Participant makes such an election, the Participant shall provide the Company with written notice of such election in accordance with the regulations promulgated under Section 83(b) of the Code. The Company or, if applicable, any Subsidiary (for purposes of this Section 26, the term "**Company**" shall be deemed to include any applicable Subsidiary), shall have the right to deduct from all amounts paid or payable to the Participant in cash or other form in connection with the Plan, any Federal, state, local, or other taxes permitted by law to be withheld in connection with this Award. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is permitted to withhold in connection with the Participant's income arising with respect to this Award. Such payments shall be required to be made when requested by Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding obligations of the Company; (ii) the actual delivery by the Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six (6) months prior thereto, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding payment; (iii) the Company's withholding of a number of shares to be delivered upon the vesting of this Award, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the applicable tax withholding payment; or (iv) any combination of (i), (ii), or (iii) or any other method consented to by the Company in writing. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant.

27. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Awarded Shares, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

28. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan and the Awarded Shares via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank.
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

RESTRICTED STOCK AWARD AGREEMENT

MATADOR RESOURCES COMPANY AMENDED AND RESTATED
2012 LONG-TERM INCENTIVE PLAN

1. Grant of Award. Pursuant to the Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan (as amended from time to time, the “**Plan**”), Matador Resources Company, a Texas corporation (the “**Company**”), grants to

[NAME]
(the “**Participant**”),

an Award of Restricted Stock in accordance with Section 6.4 of the Plan. The number of shares of Common Stock awarded under this Restricted Stock Award Agreement (the “**Agreement**”) is [NUMBER] shares (the “**Awarded Shares**”). The “**Date of Grant**” of this Award is [DATE].

2. Subject to Plan; Definitions. This Agreement is subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Agreement. To the extent the terms of the Plan are inconsistent with the provisions of the Agreement, this Agreement shall control. This Agreement is subject to any rules promulgated pursuant to the Plan by the Board or the Committee and communicated to the Participant in writing. Unless defined herein, the capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan, or where indicated, as defined in that certain Employment Agreement, effective as of [DATE], by and between the Company and the Participant (the “**Employment Agreement**”).

3. Vesting. Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Awarded Shares shall vest as follows:

The total Awarded Shares shall vest on the [NUMBER] anniversary of the Date of Grant, provided the Participant is continuously employed by (or if the Participant is a Contractor or an Outside Director, is providing services to) the Company or a Subsidiary through that date.

Notwithstanding the foregoing, if within thirty (30) days prior to or twelve (12) months following a Change in Control (as defined in the Employment Agreement), the Participant incurs a Termination of Service by the Company without Just Cause (as defined in the Employment Agreement) or by the Participant with [or without] Good Reason (as defined in the Employment Agreement), then effective immediately prior to such Termination of Service, all Awarded Shares not previously vested shall thereupon immediately become fully vested.

4. Forfeiture of Awarded Shares. Awarded Shares that are not vested in accordance with Section 3 shall be forfeited, without the payment of any consideration therefore, upon the Participant’s Termination of Service. Upon forfeiture, all of the Participant’s rights with respect to the forfeited Awarded Shares shall cease and terminate, without any further obligations on the part of the Company.

5. Restrictions on Awarded Shares. Subject to the provisions of the Plan and the terms of this Agreement, from the Date of Grant until the date the Awarded Shares are vested in accordance with Section 3 and are no longer subject to forfeiture in accordance with Section 4 (the “**Restriction Period**”), the Participant shall not be permitted to sell, transfer, pledge, hypothecate, margin, assign or otherwise encumber any of

the Awarded Shares, except that during the Restriction Period, the Participant may transfer for no consideration some or all of the Awarded Shares to (a) one or more members of the Participant's Immediate Family, (b) a trust in which the Participant or members of his or her Immediate Family have more than fifty percent of the beneficial interest, (c) a foundation in which the Participant or members of his or her Immediate Family control the management of assets or (d) any other entity in which the Participant or members of his or her Immediate Family own more than fifty percent of the voting interests. Any such transferee must agree in writing on a form prescribed by the Company to be bound by all of the provisions of this Agreement to the same extent as they apply to the Participant. Notwithstanding any such transfer, any vesting conditioned upon the Participant's continued employment or service with the Company or its Subsidiaries shall continue to relate to the Participant's continued employment or service and any covenants applicable to Participant hereunder shall continue to apply to Participant. In addition, the Committee may in its sole discretion, remove any or all of the restrictions on such Awarded Shares whenever it may determine that, by reason of changes in applicable laws or changes in circumstances after the date of this Agreement, such action is appropriate.

6. Legend. The following legend shall be placed on all certificates issued representing Awarded Shares:

On the face of the certificate:

“Transfer of this stock is restricted in accordance with conditions printed on the reverse of this certificate.”

On the reverse:

“The shares of stock evidenced by this certificate are subject to and transferable only in accordance with that certain Matador Resources Company Amended and Restated 2012 Long-Term Incentive Plan, a copy of which is on file at the principal office of the Company in Dallas, Texas and that certain Restricted Stock Award Agreement dated as of [DATE], by and between the Company and the recordholder named on the face of this certificate. No transfer or pledge of the shares evidenced hereby may be made except in accordance with and subject to the provisions of said Plan and Award Agreement. By acceptance of this certificate, any holder, transferee or pledgee hereof agrees to be bound by all of the provisions of said Plan and Award Agreement.”

The following legend shall be inserted on a certificate evidencing Common Stock issued under the Plan if the shares were not issued in a transaction registered under the applicable federal and state securities laws:

“Shares of stock represented by this certificate have been acquired by the holder for investment and not for resale, transfer or distribution, have been issued pursuant to exemptions from the registration requirements of applicable state and federal securities laws, and may not be offered for sale, sold or transferred other than pursuant to effective registration under such laws, or in transactions otherwise in compliance with such laws, and upon evidence satisfactory to the Company of compliance with such laws, as to which the Company may rely upon an opinion of counsel satisfactory to the Company.”

All Awarded Shares owned by the Participant shall be subject to the terms of this Agreement and shall be represented by a certificate or certificates bearing the foregoing legend.

7. Delivery of Certificates; Registration of Shares. The Company shall deliver certificates for the Awarded Shares to the Participant or shall register the Awarded Shares in the Participant's name, free of restriction under this Agreement, promptly after, and only after, the Restriction Period has expired without forfeiture pursuant to Section 4. In connection with any issuance of a certificate for Restricted Stock, the Participant shall endorse such certificate in blank or execute a stock power in a form satisfactory to the Company in blank and deliver such certificate and executed stock power to the Company.

8. Rights of a Shareholder. Except as provided in Section 4 and Section 5 above, the Participant shall have, with respect to his Awarded Shares, all of the rights of a shareholder of the Company, including the right to vote the shares, and the right to receive any dividends thereon.

9. Voting. The Participant, as record holder of the Awarded Shares, has the exclusive right to vote, or consent with respect to, such Awarded Shares until such time as the Awarded Shares are transferred in accordance with this Agreement; provided, however, that this Section 9 shall not create any voting right where the holders of such Awarded Shares otherwise have no such right.

10. Adjustment to Number of Awarded Shares. The number of Awarded Shares shall be subject to adjustment in accordance with Articles 11-13 of the Plan.

11. Specific Performance. The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

12. Participant's Representations. Notwithstanding any of the provisions hereof, the Participant hereby agrees that he or she will not acquire any Awarded Shares, and that the Company will not be obligated to issue any Awarded Shares to the Participant hereunder, if the issuance of such shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The rights and obligations of the Company and the rights and obligations of the Participant are subject to all Applicable Laws, rules, and regulations.

13. Investment Representation. Unless the Awarded Shares are issued in a transaction registered under applicable federal and state securities laws, by his or her execution hereof, the Participant represents and warrants to the Company that all Common Stock which may be purchased and or received hereunder will be acquired by the Participant for investment purposes for his or her own account and not with any intent for resale or distribution in violation of federal or state securities laws. Unless the Common Stock is issued to him or her in a transaction registered under the applicable federal and state securities laws, all certificates issued with respect to the Common Stock shall bear an appropriate restrictive investment legend and shall be held indefinitely, unless they are subsequently registered under the applicable federal and state securities laws or the Participant obtains an opinion of counsel, in form and substance satisfactory to the Company and its counsel, that such registration is not required.

14. Participant's Acknowledgments. The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the

terms and provisions thereof, and hereby accepts this Award subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

15. Law Governing. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Texas (excluding any conflict of laws rule or principle of Texas law that might refer the governance, construction, or interpretation of this Agreement to the laws of another state).

16. No Right to Continue Service or Employment. Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or any Subsidiary, whether as an Employee or as a Contractor or as an Outside Director, or interfere with or restrict in any way the right of the Company or any Subsidiary to discharge the Participant as an Employee, Contractor, or Outside Director at any time.

17. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

18. Covenants and Agreements as Independent Agreements. Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

19. Entire Agreement. This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

20. Parties Bound. The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein. No person shall be permitted to acquire any Awarded Shares without first executing and delivering an agreement in a form satisfactory to the Company making such person or entity subject to the restrictions on transfer contained herein.

21. Modification. The Committee may amend this Agreement at any time and from time to time without the consent of the Participant; provided, however that no such amendment may materially and adversely affect the rights of the Participant without his or her consent. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

22. Headings. The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

23. Gender and Number. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

24. Notice. Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

- a. Notice to the Company shall be addressed and delivered as follows:

Matador Resources Company
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240
Attn: General Counsel
Facsimile: (972) 371-5201

- b. Notice to the Participant shall be addressed and delivered to the Participant's address as set forth in the Company's records.

25. Tax Requirements. The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement, the method and timing for filing an election to include this Agreement in income under Section 83(b) of the Code, and the tax consequences of such election. By execution of this Agreement, the Participant agrees that if the Participant makes such an election, the Participant shall provide the Company with written notice of such election in accordance with the regulations promulgated under Section 83(b) of the Code. The Company or, if applicable, any Subsidiary (for purposes of this Section 25, the term "**Company**" shall be deemed to include any applicable Subsidiary), shall have the right to deduct from all amounts paid or payable to the Participant in cash or other form in connection with the Plan, any Federal, state, local, or other taxes permitted by law to be withheld in connection with this Award. The Company may, in its sole discretion, also require the Participant receiving shares of Common Stock issued under the Plan to pay the Company the amount of any taxes that the Company is permitted to withhold in connection with the Participant's income arising with respect to this Award. Such payments shall be required to be made when requested by Company and may be required to be made prior to the delivery of any certificate representing shares of Common Stock. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding obligations of the Company; (ii) the actual delivery by the Participant to the Company of shares of Common Stock that the Participant has not acquired from the Company within six (6) months prior thereto, which shares so delivered have an aggregate Fair Market Value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the applicable tax withholding payment; (iii) the Company's withholding of a number of shares to be delivered upon the vesting of this Award, which shares so withheld have an aggregate Fair Market Value that equals (but does not exceed) the applicable tax withholding payment; or (iv) any combination of (i), (ii), or (iii) or any other method consented to by the Company in writing. The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant.

26. Restrictions on Resale. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any Awarded Shares, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and other holders and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

27. Electronic Delivery. By executing this Agreement (including via digital acceptance), the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and its Subsidiaries, the Plan, and the Awarded Shares via Company web site or other electronic delivery.

* * * * *

*[Remainder of Page Intentionally Left Blank.
Signature Page Follows]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his or her consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

MATADOR RESOURCES COMPANY

By: _____
Name: _____
Title: _____

PARTICIPANT:

Signature

Name: _____
Address: _____

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.

November 9, 2017

/s/ Joseph Wm. Foran

Joseph Wm. Foran

Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, David E. Lancaster, 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.

November 9, 2017

/s/ David E. Lancaster

David E. Lancaster
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 September 30, 2017 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.

November 9, 2017

/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 September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, David E. Lancaster, 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.

November 9, 2017

/s/ David E. Lancaster

David E. Lancaster
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)