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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) September 18, 2024

Matador Resources Company
(Exact name of registrant as specified in its charter)

Texas	001-35410	27-4662601
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5400 LBJ Freeway, Suite 1500 Dallas, Texas	75240
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (972) 371-5200

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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. ☐

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed by Matador Resources Company ("Matador") on September 19, 2024 (the "Initial 8-K") with the United States Securities and Exchange Commission (the "SEC"), on September 18, 2024, MRC Toro, LLC ("Purchaser"), a wholly-owned subsidiary of Matador, consummated the previously disclosed acquisition (the "Ameredev Acquisition") contemplated by that certain Securities Purchase Agreement, dated as of June 12, 2024, among Purchaser, MRC Energy Company (solely for the purposes of guaranteeing the obligations of Purchaser thereunder), Ameredev II Parent, LLC ("Ameredev Parent"), Ameredev Intermediate II, LLC ("Ameredev Intermediate" and, together with Ameredev Parent, each a "Seller" and collectively, the "Sellers") and Ameredev Stateline II, LLC ("Ameredev"), pursuant to which, among other things, Sellers agreed to sell to Purchaser, and Purchaser agreed to purchase from Sellers, all of the issued and outstanding membership interests of Ameredev, for an amount in cash equal to $1,905,000,000 (subject to certain customary adjustments, including for working capital and for title defects and environmental defects).

Matador is filing this amendment to the Initial 8-K for the purpose of filing (i) the audited consolidated financial statements of Ameredev as of and for the year ended December 31, 2023, (ii) the unaudited condensed consolidated financial statements of Ameredev as of and for the six months ended June, 30, 2024, and (iii) the unaudited pro forma condensed combined financial information of Matador as of and for the six months ended June, 30, 2024 and for the year ended December 31, 2023, after giving effect to the Ameredev Acquisition. This amendment should be read in conjunction with the Initial 8-K and Matador's other filings with the SEC. Except as provided herein, the disclosures made in the Initial 8-K remain unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The audited consolidated balance sheet and related consolidated statement of changes in members' equity of Ameredev as of December 31, 2023, the consolidated statement of operations and consolidated statement of cash flows of Ameredev for the year ended December 31, 2023 and the notes related thereto, are filed as Exhibit 99.1 hereto and incorporated herein by reference.

The unaudited condensed consolidated balance sheet and related condensed consolidated statement of changes in members' equity of Ameredev as of June 30, 2024, the condensed consolidated statement of operations and condensed consolidated statement of cash flows of Ameredev for the six months ended June 30, 2024 and the notes related thereto, are filed as Exhibit 99.2 hereto and incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma condensed combined balance sheet of Matador as of June 30, 2024, the unaudited pro forma condensed combined statements of operations of Matador for the six months ended June 30, 2024 and for the year ended December 31, 2023 and the notes related thereto are filed as Exhibit 99.3 hereto and incorporated herein by reference. These unaudited pro forma condensed combined financial statements give effect to the Ameredev Acquisition on the basis, and subject to the assumptions, set forth in accordance with Article 11 of Regulation S-X.

(d) Exhibits

Exhibit No.	Description of Exhibit
23.1	Consent of Weaver and Tidwell, L.L.P.
23.2	Consent of Cawley, Gillespie & Associates, Inc. (reserves for Ameredev Stateline II, LLC).
99.1	Audited consolidated balance sheet and related consolidated statement of changes in members' equity of Ameredev Stateline II, LLC as of December 31, 2023, the consolidated statement of operations and consolidated statement of cash flows of Ameredev Stateline II, LLC for the year ended December 31, 2023 and the notes related thereto, together with the report thereon of Weaver and Tidwell, L.L.P.
99.2	Unaudited condensed consolidated balance sheet and related condensed consolidated statement of changes in members' equity of Ameredev Stateline II, LLC as of June 30, 2024, the condensed consolidated statement of operations and condensed consolidated statement of cash flows of Ameredev Stateline II, LLC for the six months ended June 30, 2024 and the notes related thereto.

99.3	Unaudited pro forma condensed combined balance sheet of Matador Resources Company as of June 30, 2024, unaudited pro forma condensed combined statements of operations of Matador Resources Company for the six months ended June 30, 2024 and for the year ended December 31, 2023, and the notes related thereto.
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101).

SIGNATURE

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 hereunto duly authorized.

MATADOR RESOURCES COMPANY

Date: November 7, 2024

By:	/s/ Bryan A. Erman
Name:	Bryan A. Erman
Title:	Executive Vice President

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-266409, 333-204868, 333-231989, and 333-180641) of Matador Resources Company of our report dated September 13, 2024 relating to the consolidated financial statements of Ameredev Stateline II, LLC, which appears in this Current Report on Form 8-K/A.

/s/ WEAVER AND TIDWELL, L.L.P.
Austin, Texas
November 7, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-266409, 333-204868, 333-231989, and 333-180641) of Matador Resources Company of the reserves report as of December 31, 2023 dated July 19, 2024 relating to Ameredev Stateline II, LLC, which appears in this Current Report on Form 8-K/A.

/s/ W. Todd Brooker

W. Todd Brooker, P.E.
President
Cawley, Gillespie & Associates, Inc.
6500 River Place Blvd, Bldg 3 Suite 200
Austin, Texas 78730
November 7, 2024

Ameredev Stateline II, LLC

Consolidated Financial Report

December 31, 2023

C O N T E N T S

Independent Auditor's Report

To the Members of
Ameredev Stateline II, LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ameredev Stateline II, LLC (the Company), which comprise the consolidated balance sheet as of December 31, 2023 and the related consolidated statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Ameredev Stateline II, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter: New Reporting Entity

As discussed in Note 1 to the consolidated financial statements, the Company was formed and entirely capitalized with contributions of equity interests from entities under common control in 2024. The consolidated financial statements are presented as if the contribution occurred prior to January 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued (or when applicable, one year after the date that the consolidated financial statements are available to be issued).

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

/s/ WEAVER AND TIDWELL, L.L.P.

Austin, Texas
September 13, 2024

Ameredev Stateline II, LLC

Consolidated Balance Sheet
December 31, 2023

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	36,162,497
Accounts receivable - oil and gas sales		10,152,830
Accounts receivable - other		4,257,579
Current portion of derivative assets, net		10,830,195
Prepaid expenses		7,114,776
Total current assets		68,517,877
OIL AND GAS PROPERTIES, successful efforts		
Unproved properties		27,879,110
Proved properties		1,658,405,900
Accumulated depreciation, depletion, and amortization		(345,416,290)
Total oil and gas properties, net		1,340,868,720
OTHER ASSETS		
Investment in affiliates		21,649,308
Debt issuance costs, net		2,300,351
Other property and equipment, net		26,945
Long-term portion of derivative assets, net		6,491,360
Total other assets		30,467,964
TOTAL ASSETS	$	1,439,854,561
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	40,558,834
Revenue and taxes payable		68,335,092
Current portion of derivative liabilities, net		1,724,996
Current portion of asset retirement obligations		390,000
Total current liabilities		111,008,922
NON-CURRENT LIABILITIES		
Asset retirement obligations		3,232,280
Long-term debt		380,000,000
Long-term portion of derivative liabilities, net		2,440,645
Total non-current liabilities		385,672,925
Total liabilities		496,681,847
MEMBERS' EQUITY		943,172,714
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	1,439,854,561

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC

Consolidated Statement of Operations
Year Ended December 31, 2023

REVENUES		
Oil and gas revenue	$	564,385,783
Total revenues		564,385,783
OPERATING EXPENSES		
Lease operating expense		107,063,879
Marketing, transportation, and gathering		75,755,591
Production and ad valorem taxes		52,928,498
Exploration expense		1,171,412
Water recycling expenses		473,377
General and administrative expenses		12,662,845
Depreciation, depletion, amortization, and accretion		127,815,667
Total operating expenses		377,871,269
Net income from operations		186,514,514
OTHER INCOME (EXPENSE)		
Loss on sale		(128,763)
Loss on investment in affiliates		(3,208,873)
Interest income		557,621
Interest expense		(42,588,786)
Net unrealized gain on oil and gas derivatives		30,691,112
Other		(13,135)
Total other income (expense), net		(14,690,824)
NET INCOME	$	171,823,690

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC

Consolidated Statement of Changes in Members' Equity
Year Ended December 31, 2023

		Members' Equity
BALANCE, January 1, 2023	$	771,349,024
Net income		171,823,690
BALANCE, December 31, 2023	$	943,172,714

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC

Consolidated Statement of Cash Flows
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	171,823,690
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation, depletion, amortization, and accretion		127,815,667
Loss on sale		128,763
Abandonment of leases		1,046,597
Amortization of debt issuance costs		2,314,976
Change in fair value of oil and gas derivatives		(30,691,112)
Change in operating assets and liabilities		
Accounts receivable - oil and gas sales		60,924,385
Accounts receivable - related party		(33,798,835)
Accounts receivable - other		(4,258,429)
Prepaid expenses		1,956,637
Accounts payable and accrued liabilities		36,798,997
Revenue and taxes payable		(7,054,717)
Net cash provided by operating activities		327,006,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of oil and gas properties		(34,300)
Capital expenditures - drilling and development		(155,890,265)
Proceeds from sale of assets		748,087
Net cash used in investing activities		(155,176,478)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment of credit agreement		(135,000,000)
Deferred financing costs		(667,644)
Net cash used in financing activities		(135,667,644)
Net change in cash and cash equivalents		36,162,497
CASH AND CASH EQUIVALENTS, beginning of period		—
CASH AND CASH EQUIVALENTS, end of period	$	36,162,497
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in proved properties for increase in asset retirement obligation liabilities	$	313,573
Change in capital expenditures accrued in accounts payable	$	43,826,710
OTHER SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$	39,642,859

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Note 1. Organization and Principles of Consolidation

Organization

Ameredev Stateline II, LLC (the Company) is a Delaware limited liability company formed in June 2024 for the purpose of holding assets expected to be included in a sale transaction consisting of substantially all of the assets of Ameredev II Parent, LLC (the Predecessor).

In June 2024, Matador Resources Company announced that, through a wholly-owned subsidiary, it had entered into a definitive agreement to acquire a subsidiary of the Predecessor, including certain oil and gas producing properties and undeveloped acreage.

In preparation for the transaction, the members of the Predecessor created the Company, and contributed, through a series of common control transactions (the Common Control Contribution), all of its equity units of the following wholly-owned subsidiaries:

- Ameredev Holdings II, LLC
- Washington Crossing Field Services, LLC
- Ameredev Royalty GP II, LLC, and
- Constitution Resources II, LP

Consistent with ASC 850, *Business Combinations*, the Company has accounted for this Common Control Contribution at the contribution date, reporting the results of operations and related disclosures as though the contribution were made at the beginning of the period presented.

Principles of Consolidation

The consolidated financial statements include the accounts of entities the Company controls. All intercompany transactions and balances have been eliminated.

The equity units of the following entities are wholly-owned, either directly or indirectly, by the Company subsequent to the Common Control Contribution, and have been included in these consolidated financial statements:

- Ameredev Holdings II, LLC (Ameredev Holdings) is a Delaware limited liability company, formed April 12, 2017, and wholly owned by the Company. Ameredev Holdings is involved in the acquisition, exploration, development and production of oil and natural gas reserves through its subsidiaries.
- Ameredev New Mexico, LLC (Ameredev NM) is a Delaware limited liability company, formed April 6, 2017, and wholly owned by Ameredev Holdings. Ameredev NM is involved in the acquisition, exploration, development and production of oil and natural gas reserves.
- Ameredev Texas, LLC, (Ameredev TX) is a Delaware limited liability company, formed September 23, 2020, and wholly owned by Ameredev Holdings. Ameredev TX is involved in the acquisition, exploration, development and production of oil and natural gas reserves.
- Washington Crossing Field Services, LLC (WA Crossing) is a Delaware limited liability company, formed February 14, 2018, and wholly owned by the Company. WA Crossing is involved in operation and ownership of midstream assets in conjunction with the Company's oil and gas property development.
- Trophy Pipeline, LLC is a Delaware limited liability company, formed January 21, 2021 and wholly owned by WA Crossing. Trophy Pipeline is involved in operation and ownership of midstream assets in conjunction with the Company's oil and gas property development.
- Ameredev Royalty GP II, LLC is a wholly owned Delaware limited liability company formed February 27, 2017 for the purpose of serving as the General Partner entity for Constitution Resources II, LP.
- Constitution Resources II, LP (CR II) is a Delaware limited partnership, formed February 27, 2017, wholly owned by the Company. CR II is involved in the acquisition of oil and natural gas mineral and royalty interests.

Note 2. Summary of Significant Accounting Policies

Estimates and Uncertainties

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Significant assumptions are required in the valuation of proved oil and gas reserves which may affect the amount at which oil and gas properties are recorded, provisions for depreciation, depletion and amortization, and impairment of oil and gas properties. Estimation of asset retirement obligations is based on estimates regarding the timing and cost of future asset abandonments. It is possible these estimates could be revised in the near-term and these revisions could be material.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts with initial maturities of less than three months.

Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable – Oil and Gas Sales

Accounts receivable – oil and gas sales include amounts due from oil and gas purchasers. Accounts receivable include accrued revenues due under normal trade terms, generally requiring payment within 30 days of production. No interest was charged in 2023 on past due balances. The Company's allowance for expected losses is determined based upon reviews of individual accounts, historical losses, existing and future economic conditions and other pertinent factors. Oil and gas sales receivables balances at December 31, 2023 and January 1, 2023 were approximately $10,153,000 and $71,077,000. respectively.

Accounts receivable are stated at amounts due from purchasers or joint interest owners, net of an allowance for expected losses as estimated by the Company when collection is doubtful. For receivables from joint interest owners, the Company typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable from purchasers or joint interest owners outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance for each type of receivable by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's current ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for expected losses. As of December 31, 2023, the Company had no allowance for expected losses related to accounts receivable.

Commodity Derivative Financial Instruments

The Company utilizes certain derivative financial instruments to reduce the effects of volatility of future oil and natural gas prices. The Company generally utilizes over-the-counter instruments, which are subject to more credit risk than exchange-traded futures contracts. However, management does not believe this is a significant risk as it uses highly rated counterparties, and therefore, generally does not require collateral.

The oil and gas production derivatives were not designated or accounted for as hedges during 2023. The Company accounts for derivative financial instruments using fair value accounting and recognizes gains and losses in earnings during the year in which they occur. Unsettled derivative instruments are recorded in the accompanying consolidated balance sheet as either a current or non-current asset or liability measured at its fair value. The Company only offsets derivative assets and liabilities for arrangements with the same counterparty when the right of offset exists.

Oil and Gas Properties

The Company uses the successful efforts method of accounting for its oil and gas exploration and production activities. Costs incurred by the Company related to the acquisition of oil and gas properties and the cost of drilling development wells and successful exploratory wells are capitalized, while the costs of unsuccessful exploratory wells are expensed when determined to be unsuccessful. Costs incurred to maintain wells and related equipment, lease and well operating costs and other exploration costs are charged to expense as incurred.

Gains and losses arising from sales of properties are generally included as income. Capitalized acquisition costs attributable to proved oil and gas properties are depleted by field using the unit-of-production method based on proved reserves. Capitalized exploration well costs and development costs, including asset retirement obligations, are amortized similarly by field, based on proved developed reserves. Depreciation, depletion, and amortization expense for oil and gas producing property and related equipment was approximately $127,794,000 for the year ended December 31, 2023.

The Company had capitalized costs related to proved properties and related equipment of approximately $1,658,406,000 as of December 31, 2023. Capitalized costs are evaluated for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. To determine if a depletable field is impaired, the Company compares the carrying value of the depletable field to the undiscounted future net cash flows by applying management's estimates of future oil and gas prices to the estimated future production of oil and gas reserves over the economic life of the property and deducting future costs. Future net cash flows are based upon reservoir engineers' estimates of proved reserves. For a property determined to be impaired, an impairment loss equal to the difference between the carrying value and the estimated fair value of the impaired property will be recognized. Each part of this calculation is subject to a large degree of judgment, including the determination of the depletable fields' estimated reserves, future net cash flows and fair value. The Company recognized no impairment of proved property for the year ended December 31, 2023.

Unproved properties are assessed periodically to determine whether they have been impaired. An impairment allowance is provided on an unproved property when the Company determines that the property will not be developed. As of December 31, 2023, the Company had capitalized costs related to unproved properties totaling approximately $27,879,000. For the year ended December 31, 2023, the Company wrote off approximately $1,047,000, for leases which are expected to expire on undeveloped properties, which is recognized in exploration expense on the consolidated statement of operations.

Investment in Affiliates

Investment in equity securities of affiliates are carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer and total approximately $21,649,000 at December 31, 2023. The Company reviews its equity securities on a regular basis to determine if the investment is impaired. For purposes of this assessment, the Company considers the investee's cash position, earnings and revenue outlook, liquidity and management ownership, among other factors, in its review. If management's assessment indicates that an impairment exists, the Company estimates the fair value of the equity investment and recognizes in current earnings an impairment loss that is equal to the difference between the fair value of the equity investment and its carrying amount.

During 2023, the Company sold all shares of one of the affiliate investments for approximately $5,045,000. The gain on sale of equity securities totaling approximately $2,131,000 was accounted for in other income (expense) on the consolidated statement of operations.

Other Property and Equipment

Other property and equipment is stated at cost. Repairs and maintenance are charged to expense as incurred, with additions and improvements being capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in the consolidated statement of operations.

Depreciation is provided based on the straight-line method based on the estimated useful lives of the depreciable assets as follows:

Computers and software	3 - 10 years
Vehicles	5 years
Leasehold improvements	Lease term
Furniture and fixtures	10 years
Machinery and equipment	5-10 years

Debt Issuance Costs

Debt issuance costs consist of costs directly attributable to the acquisition of financing. These costs are capitalized as non-current other asset charges and amortized over the life of the credit instrument obtained. As of December 31, 2023, the Company capitalized approximately $7,560,000 of debt issuance costs. The Company recognized approximately $2,315,000, of amortization related to debt issuance costs for the year ended December 31, 2023, which is included in interest expense on the consolidated statements of operations.

Accounts Payable and Accrued Liabilities

Accounts payable include obligations incurred in the ordinary operation of the business for services performed and products received. Accrued liabilities include revenue collected on behalf of mineral interest owners to be disbursed subsequent to year-end and capital expenditures.

Asset Retirement Obligations

Asset retirement obligations consist of estimated costs of dismantlement, removal, site reclamation and similar activities associated with oil and gas properties. A liability is recorded when the fair value of the asset retirement obligation can be reasonably estimated and recognized in the period a legal obligation is incurred. A liability is incurred when a well is drilled and completed. The liability amounts are based on future retirement cost estimates and incorporate many assumptions, such as expected economic recoveries of oil and gas, time to abandonment, future inflation rates and the adjusted risk-free rate of interest.

The retirement obligation is recorded at its estimated present value at the asset's inception with an offsetting increase to proved properties in the consolidated balance sheet. This addition to proved properties represents a non-cash investing activity for purposes of the consolidated statement of cash flows. After initially recording the liability, it accretes for the passage of time and the related cost of capital, with the increase reflected as accretion expense in the consolidated statement of operations.

Revenue Recognition

Sales of crude oil, natural gas, and natural gas liquids (NGLs) are recognized in revenue when production is sold to a customer in fulfillment of performance obligations under the terms of agreed contracts. Performance obligations primarily comprise delivery of oil, gas, or NGLs at a delivery point, as negotiated within each contract. Each barrel of oil, million Btu (MMBtu) of natural gas, or other unit of measure is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the product has been transferred to the customer. The Company considers a variety of facts and circumstances in assessing the point of control transfer, including but not limited to: whether the purchaser can direct the use of the hydrocarbons, the transfer of significant risks and rewards, the Company's right to payment, and transfer of legal title. In each case, the term between delivery and when payments are due is not significant. Severance and production taxes paid for the year ended December 31, 2023 was approximately $52,929,000, and is included in production and ad valorem taxes in the consolidated statement of operations.

For contracts with customers in which performance obligations are met over time, revenue is recognized ratably over the term of the contract as performance obligations are met. There were no such contracts in place during the year ended December 31, 2023.

Concentrations

Substantially all of the Companies accounts receivable is due from participants in the oil and natural gas exploration and production industry and represents oil and natural gas production proceeds receivable. As of December 31, 2023, four customers made up approximately 55% of the Company's accounts receivable.

Environmental Regulation

Exploration and development and the production and sale of oil and gas are subject to extensive federal, state, provincial, tribal, and local regulations. Management believes it is in substantial compliance with currently applicable laws and regulations and that continued substantial compliance with existing requirements will not have a material adverse effect on our financial position, cash flows or results of operations. However, current regulatory requirements may change, currently unforeseen resource or environmental incidents may occur or past non-compliance with environmental laws or regulations may be discovered. Environmental compliance costs, including ongoing maintenance and monitoring, are expensed as incurred.

Federal and State Regulation of Drilling and Production

Many of the Company's domestic oil and gas leases are granted by the federal and state government and administered by the Bureau of Land Management (BLM), the New Mexico Commissioner of Public Lands (NMCPL), and other federal and state regulatory agencies. BLM and NMCPL leases contain relatively standardized terms and require compliance with detailed regulations. Many leases contain stipulations limiting activities that may be conducted on the lease. Some stipulations are unique to particular geographic areas and may limit the time during which activities on the lease may be conducted, the manner in which certain activities may be conducted or, in some cases, may ban surface activity. Under certain circumstances, the BLM or NMCPL may require that our operations on federal and state leases be suspended or terminated.

Income Taxes

The Company is organized as a limited liability company and is considered a pass-through entity for federal income tax purposes. As a result, income or losses are taxable or deductible to the members rather than at the Company level; accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

State income tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold, it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax expense recorded would equal the largest amount of expense related to the outcome that is 50% or greater likely to occur. The Company classifies any potential accrued interest recognized on an underpayment of income taxes as interest expense and classifies any statutory penalties recognized on a tax position taken as operating expense. Management of the Company has not taken a tax position that, if challenged, would be expected to have a material effect on the financial statements as of December 31, 2023.

The Company did not incur any penalties or interest related to its state tax returns for the year ended December 31, 2023.

Recent Accounting Pronouncements

Effective January 1, 2023, the Company Adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13: Financial Instruments – Credit Losses
(Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 2016-13) and its subsequent amendments (collectively, ASC Topic 326), which requires that financial assets measured at cost be presented at the net amount expected to be collect. ASU 2016-13 is intended to provide more timely decision-useful information about the expected credit losses on financial instruments. The Company elected to use the modified retrospective approach, and the adoption of the standard did not have a material impact.

Subsequent Events

The Company has evaluated subsequent events from December 31, 2023, the date of the consolidated balance sheet, through September 13, 2024, the date these consolidated financial statements were available for issuance. See Note 10.

Note 3. Fair Value Measurements

Fair value is defined as 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. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

Current accounting guidance provides a framework for measuring fair value and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels are as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3: Significant inputs are unobservable and reflect the Company's assumptions about the assumptions that market participants would use in pricing an asset or liability, based on the best information available.

The Company attempts to use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. In measuring the fair value of its assets and liabilities, the Company uses market data or assumptions that it believes market participants would use in pricing an asset or liability, including assumptions about risk when appropriate. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value of production derivative assets and liabilities are valued using an option pricing model with primarily level 1 inputs, including underlying commodity price, strike price and volatility of similar instruments on observable markets. This is categorized as level 2, using the market approach.

The following table presents the classification of assets (liabilities) measured at fair value on a recurring basis by level at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Asset - current				
Commodity derivative price swap contracts	$ —	$ 4,016,592	$ —	$ 4,016,592
Asset - current				
Commodity derivative price collar contracts	—	6,813,603	—	6,813,603
Asset - non-current				
Commodity derivative price swap contracts	—	3,155,910	—	3,155,910
Asset - non-current				
Commodity derivative price collar contracts	—	3,335,450	—	3,335,450
Total financial asset	—	17,321,555	—	17,321,555
Liability - current				
Commodity derivative price swap contracts	—	(301,257)	—	(301,257)
Liability - current				
Commodity derivative price collar contracts	—	(1,423,739)	—	(1,423,739)
Liability - non-current				
Commodity derivative price collar contracts	—	(1,949,463)	—	(1,949,463)
Liability - non-current				
Commodity derivative price swap contracts	—	(491,182)	—	(491,182)
Total financial liability	—	(4,165,641)	—	(4,165,641)
Net financial asset	$ —	$ 13,155,914	$ —	$ 13,155,914

Note 4. Commodity Derivative Financial Instruments

Commodity derivative instruments may take the form of collars, swaps or other derivatives indexed to WTI, NYMEX or other commodity price indexes.

Such derivative instruments will not exceed anticipated production volumes, are expected to have a reasonable correlation between price movements in the futures market and the spot markets where the Company's production is sold, and are authorized by the Board of Managers. Derivatives are expected to be realized as related production occurs, but may be terminated earlier if anticipated downward price movement occurs or if the Company believes the potential for such movement has abated. The Company's crude oil and natural gas derivative positions consist of swaps and collars. Swaps and collars are designed so that the Company receives or makes payments based on a differential between fixed and variable prices for crude oil and natural gas.

The periods covered, notional amounts, fixed price and related commodity pricing index of the Company's outstanding crude oil and natural gas derivative contracts as of December 31, 2023 are set forth in the table below.

Type	Period	Index	Volume	Average Fixed Price	Average Fair Value
Crude Oil Collars	03/01/2024 - 10/31/2024	NYMEX WTI	423,100 Bbls	$ 71.54	$ 1,809,370
Crude Oil Collars	03/01/2024 - 06/30/2024	NYMEX WTI	666,040 Bbls	74.26	3,025,138
Crude Oil Collars	04/01/2025 - 06/30/2025	NYMEX WTI	409,500 Bbls	68.35	(700,380)
Crude Oil Collars	07/01/2024 - 09/30/2024	NYMEX WTI	450,800 Bbls	71.22	(1,246,648)
Crude Oil Collars	07/01/2025 - 09/30/2025	NYMEX WTI	386,400 Bbls	70.00	1,968,245
Crude Oil Collars	10/01/2024 - 12/31/2024	NYMEX WTI	460,000 Bbls	70.19	714,543
Crude Oil Collars	10/01/2025 - 12/31/2025	NYMEX WTI	404,800 Bbls	66.78	1,367,205
Crude Oil Collars	01/01/2025 - 03/31/2025	NYMEX WTI	411,611 Bbls	69.19	(1,249,083)
Crude Oil Differential	03/01/2024 - 10/31/2024	WTI Midland vs. Arugus	423,100 Bbls	0.98	(100,124)
Natural Gas Swaps	03/01/2024 - 12/31/2024	EP Permian	4,532,000 MMBtu	2.83	3,721,224
Natural Gas Collars	03/01/2024 - 03/31/2024	NYMEX HH	384,000 MMBtu	3.38	407,202
Natural Gas Collars	04/01/2024 - 06/30/2024	NYMEX HH	511,610 MMBtu	3.75	680,259
Natural Gas Swaps	01/01/2025 - 12/31/2025	EP Permian	5,292,500 MMBtu	3.46	2,664,728
Natural Gas Differential	03/01/2024 - 03/31/2024	WAHA	384,000 MMBtu	2.57	94,235
				Total derivatives	$ 13,155,914

Cash settlements and non-cash fair value adjustments for derivative instruments for the year ended December 31, 2023 are presented in the accompanying consolidated statement of operations as follows:

Transactions	Statement of Operations Location	2023
Realized loss on oil and gas derivative contracts	Oil and gas revenue	$ (19,010,990)
Unrealized gain on oil and oil and gas derivatives	Net unrealized gain on gas derivative contracts	$ 30,691,112

At December 31, 2023, the fair value of derivative instruments is recorded on the consolidated balance sheet as follows:

Derivative assets - current	$ 10,830,195
Derivative liabilities - current	(1,724,996)
Total current assets (liabilities), net	9,105,199
Derivative assets - non-current	6,491,360
Derivative liabilities - non-current	(2,440,645)
Derivative assets (liabilities) - non-current	4,050,715
Total derivative assets (liabilities), net	$ 13,155,914

Note 5. Credit Facility

The Company entered into a bank credit facility (the Credit Facility) on July 21, 2017. Pursuant to the credit agreement, from time to time the Company may borrow up to the lesser of: the available borrowing base, as determined by the credit agreement, or $525,000,000, which is the maximum borrowing capacity of the facility. The borrowing base is re-determined semi-annually on or about each April 1 and October 1, and may be re-determined from time to time at other dates as agreed upon by the Company and its lenders. As of December 31, 2023, the Company had a maximum borrowing base of $525,000,000. At December 31, 2023, the Company had a borrowing capacity of $145,000,000. The Company withdrew $5,000,000 and repaid $140,000,000 on their credit facility during 2023. Interest of approximately 9%, based on the SOFR, is payable monthly. In addition to interest, the Company must pay a commitment fee of 0.500% on the unused portion of the borrowing base dependent on borrowing base utilization. Outstanding debt as of December 31, 2023 was $380,000,000.

The Company's revolving line of credit is secured by all property of the Company and its subsidiaries. It contains various nonfinancial and financial covenants, including minimum current ratio and maximum debt to EBITDAX ratio.

Note 6. Asset Retirement Obligation

A reconciliation of the changes in the estimated asset retirement obligation for year ended December 31, 2023 is as follows:

Balance, beginning January 1,	$	3,778,699
Liability incurred upon acquiring and drilling wells		313,573
Accretion expense		18,515
Revisions of previous estimates		(488,507)
Liabilities released upon divestiture		—
Balance, ending December 31,		3,622,280
Less current portion		390,000
Non-current portion	$	3,232,280

As of December 31, 2023, $390,000 of retirement obligations were classified as current based on the estimated lives of the Company's oil and gas properties.

Note 7. Governance and Members' Equity

The Company is organized as a single member limited liability company, with management vested exclusively in the sole member. The sole member is entitled to receive all distributions, including liquidating distributions, and enjoy all other rights, benefits, and interests in the Company. The sole member is not obligated to make any further capital contributions to the Company.

Note 8. Related Party Transactions

The Company is affiliated with various entities through ownership in the consolidated entities or associates and through common ownership of affiliate companies. For the year ended December 31, 2023, miscellaneous expenses were paid to related parties for drilling related materials and other revenue related purchaser expenses and credits. Ameredev Operating, LLC (Operating), an entity under common control, served as operator on substantially all of the Company's operated properties during the year ended December 31, 2023. Other than direct reimbursement of operational expenses of approximately $1,701,000, no fees were paid to Operating.

Note 9. Commitments and Contingencies

The Company is engaged in oil and gas exploration and production and may become subject to certain liabilities as they relate to environmental cleanup of well sites or other environmental restoration procedures as they relate to the drilling of oil and gas wells and the operation thereof. In the Company's acquisition of existing or previously drilled wellbores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. Should it be determined that a liability exists with respect to any environmental clean-up or restoration, the liability to cure such a violation could fall upon the Company.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company and an estimate of such liability cannot be reasonably made.

Note 10. Subsequent Events

Subsequent to December 31, 2024, the borrowing base of the Company's Credit Facility decreased from $525,000,000 to $465,000,000 during the semi-annual redetermination process. Additionally, $50,000,000 in payments were made on the Credit Facility, reducing the outstanding balance to $330,000,000.

As stated in Note 1, members of the Company entered into a definitive agreement to sell 100% of the units of the Company to Matador. The sale is subject to customary closing conditions and is expected to close late in the third quarter of 2024 with an effective date of June 1, 2024.

In August 2024, the Company was notified by managers of its equity method investment that they had reached an agreement to sell the equity position, including the Company's approximately 19% interest, which is recorded on the consolidated balance sheet at December 31, 2023 for approximately $23,265,000.

Note 11. Supplemental Oil and Natural Gas Disclosures (Unaudited)

Proved reserves were estimated in accordance with guidelines established by the SEC, which require that reserve estimates be prepared under existing economic and operating conditions based upon the 12-month unweighted average of the first day of the month spot prices prior to the end of the reporting period. These prices as of December 31, 2023 and 2022 were $78.22 and $93.67 per barrel for oil and $2.637 and $6.358 per MMBtu for gas, respectively. The estimated realized prices used in computing the Company's reserves as of December 31, 2023 were as follows: (i) $79.47 per barrel of crude oil, (ii) $17.33 per barrel of NGL, and (iii) $0.83 per Mcf of natural gas. The estimated realized prices used in computing the Company's reserves as of December 31, 2022 were as follows: (i) $95.00 per barrel of crude oil, (ii) $27.16 per barrel of NGL, and (iii) $3.616 per Mcf of natural gas. All prices are net of adjustments for regional basis differentials, treating costs, transportation, gas shrinkage, gas heating value (BTU content) and/or crude quality and gravity adjustments.

The proved reserve estimates as of December 31, 2023 and 2022 were prepared by Cawley, Gillespie & Associates, Inc. (CG&A), independent reserve engineers, and reflect the Company's current development plans. All estimates of proved reserves are determined according to the rules prescribed by the SEC in existence at the time estimates were made. These rules require that the standard of "reasonable certainty" be applied to proved reserve estimates, which is defined as having a high degree of confidence that the quantities will be recovered. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as more technical and economic data becomes available, a positive or upward revision or no revision is much more likely than a negative or downward revision. Estimates are subject to revision based upon a number of factors, including many factors beyond the Company's control, such as reservoir performance, prices, economic conditions, and government restrictions. In addition, results of drilling, testing, and production subsequent to the date of an estimate may justify revision of that estimate.

Reserve estimates are often different from the quantities of crude oil and natural gas that are ultimately recovered. Estimating quantities of proved crude oil and natural gas reserves is a complex process that involves significant interpretations and assumptions and cannot be measured in an exact manner. It requires interpretations and judgment of available technical data, including the evaluation of available geological, geophysical and engineering data. The accuracy of any reserve estimate is highly dependent on the quality of available data, the accuracy of the assumptions on which they are based upon, economic factors, such as crude oil and natural gas prices, production costs, severance and excise taxes, capital expenditures, workover and remedial costs, and the assumed effects of governmental regulation. In addition, due to the lack of substantial, if any, production data, there are greater uncertainties in estimating PUD reserves, proved developed non-producing reserves and proved developed reserves that are early in their production life. As a result, the Company's reserve estimates are inherently imprecise.

The meaningfulness of reserve estimates is highly dependent on the accuracy of the assumptions on which they were based. In general, the volume of production from crude oil and natural gas properties the Company owns declines as reserves are depleted. Except to the extent the Company conducts successful exploration and development activities or acquires additional properties containing proved reserves, or both, the Company's proved reserves will decline as reserves are produced.

The following table sets forth the Company's changes in estimated quantities of proved developed and proved undeveloped oil, gas, and NGL reserves for the year ended December 31, 2023:

	Oil (Bbl)	Gas (Mcf)	NGLs (Bbl)	Total (Boe)
Proved reserves - January 1	112,449,136	350,957,760	44,258,672	215,200,768
Revisions	(26,540,751)	(11,223,516)	5,294,532	(23,116,805)
Extensions	7,781,117	23,864,227	3,563,724	15,322,213
Divestiture of reserves	—	—	—	—
Acquisition of reserves	—	—	—	—
Production	(6,259,654)	(20,027,976)	(1,810,400)	(11,408,051)
Proved reserves - December 31	87,429,848	343,570,495	51,306,528	195,998,125
Proved developed reserves				
January 1	43,334,755	98,509,475	11,642,030	71,395,030
December 31	45,312,719	111,589,993	16,664,106	80,575,157
Proved undeveloped reserves				
January 1	69,114,381	252,448,285	32,616,642	143,805,738
December 31	42,117,129	231,980,502	34,642,422	115,422,968

The following table reflects the Company's standardized measure of discounted future net cash flows relating to its proved oil, gas, and NGL reserves (in thousands) at December 31, 2023:

Future cash inflows	$	7,714,419
Future production costs		(2,136,346)
Future development costs		(911,083)
Future income tax expense		(4,398)
Future net cash flows		4,662,592
10% annual discount for estimated timing of cash flows		(2,618,793)
Standardized measure of discounted future net cash flows	$	2,043,799

The following table reflects the principal changes in the standardized measure of discounted future net cash flows attributable to the Company's proved oil, gas, and NGL reserves (in thousands) for the year ended December 31, 2023:

Standardized measure of discounted future net cash flows, January 1	$	3,708,213
Net change in prices and production costs		(1,311,475)
Net chang in future development costs		(27,505)
Sales of oil, gas, and NGL, net		(333,017)
Extensions		156,259
Acquisition of reserves		—
Divestiture of reserves		—
Revisions of previous quantity estimates		(369,377)
Previously estimated development costs incurred		29,612
Net change in taxes		1,645
Accretion of discount		371,162
Changes in timing and other		(181,718)
Standardized measure of discounted future net cash flows, December 31	$	2,043,799

Ameredev Stateline II, LLC

Condensed Consolidated Financial Report

June 30, 2024

CONTENTS

Ameredev Stateline II, LLC

Condensed Consolidated Balance Sheet
June 30, 2024
(unaudited)

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	10,799,715
Accounts receivable - oil and gas sales		48,920,571
Accounts receivable - other		6,769,452
Current portion of derivative assets, net		1,863,339
Prepaid expenses		7,283,062
Total current assets		75,636,139
OIL AND GAS PROPERTIES, successful efforts		
Unproved properties		28,240,166
Proved properties		1,699,139,986
Accumulated depreciation, depletion, and amortization		(385,180,638)
Total oil and gas properties, net		1,342,199,514
OTHER ASSETS		
Investment in affiliates		23,265,086
Debt issuance costs, net		1,171,553
Other property and equipment, net		16,167
Total other assets		24,452,806
TOTAL ASSETS	$	1,442,288,459
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	35,679,473
Revenue and taxes payable		82,220,017
Current portion of asset retirement obligations		390,000
Total current liabilities		118,289,490
NON-CURRENT LIABILITIES		
Asset retirement obligations		3,265,606
Long-term debt		340,000,000
Total non-current liabilities		343,265,606
Total liabilities		461,555,096
MEMBERS' EQUITY		980,733,363
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	1,442,288,459

The Notes to Condensed Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC
Condensed Consolidated Statement of Operations
Six months ended June 30, 2024
(unaudited)

REVENUES		
Oil and gas revenue	$	175,737,492
Total revenues		175,737,492
OPERATING EXPENSES		
Lease operating expense		39,068,007
Marketing, transportation, and gathering		20,377,225
Production and ad valorem taxes		15,597,923
Exploration expense		29,266
Water recycling expenses		1,258,743
General and administrative expenses		7,422,132
Depreciation, depletion, amortization, and accretion		39,963,626
Total operating expenses		123,716,922
Net income from operations		52,020,570
OTHER INCOME (EXPENSE)		
Gain on sale		98,033
Interest income		830,970
Interest expense		(19,122,353)
Net unrealized loss on oil and gas derivatives		(11,292,575)
Insurance proceeds		15,000,000
Other		26,004
Total other income (expense), net		(14,459,921)
NET INCOME	$	37,560,649

The Notes to Condensed Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC

Condensed Consolidated Statement of Changes in Members' Equity
Six months ended June 30, 2024
(unaudited)

		Members' Equity
BALANCE, January 1, 2024	$	943,172,714
Net income		37,560,649
BALANCE, June 30, 2024	$	980,733,363

The Notes to Condensed Consolidated Financial Statements
are an integral part of this statement.

Ameredev Stateline II, LLC

Condensed Consolidated Statement of Cash Flows
Six months ended June 30, 2024
(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	37,560,649
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion, amortization, and accretion		39,963,626
Gain on sale		(98,033)
Abandonment of leases		831
Amortization of debt issuance costs		1,315,739
Change in fair value of oil and gas derivatives		11,292,575
Change in operating assets and liabilities		
Accounts receivable - oil and gas sales		(38,767,740)
Accounts receivable - other		(2,511,991)
Prepaid expenses		(168,286)
Accounts payable and accrued liabilities		(17,592,266)
Revenue and taxes payable		13,884,925
Net cash provided by operating activities		44,880,029
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of oil and gas properties		(363,210)
Capital expenditures - drilling and development		(28,327,381)
Investment in affiliate		(1,615,778)
Proceeds from sale of assets		250,500
Net cash used in investing activities		(30,055,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payments to credit agreement		(40,000,000)
Deferred financing costs		(186,942)
Net cash used in financing activities		(40,186,942)
Net change in cash and cash equivalents		(25,362,782)
CASH AND CASH EQUIVALENTS, beginning of period		36,162,497
CASH AND CASH EQUIVALENTS, end of period	$	10,799,715
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in proved properties for increase in asset retirement obligation liabilities	$	23,684
Change in capital expenditures accrued in accounts payable	$	12,713,023
OTHER SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$	17,664,629

The Notes to Condensed Consolidated Financial Statements
are an integral part of this statement.

Note 1. Organization and Principles of Consolidation

Organization

Ameredev Stateline II, LLC (the Company) is a Delaware limited liability company formed in June 2024 for the purpose of holding assets expected to be included in a sale transaction consisting of substantially all of the assets of Ameredev II Parent, LLC (the Predecessor).

In June 2024, Matador Resources Company announced that, through a wholly-owned subsidiary, it had entered into a definitive agreement to acquire a subsidiary of the Predecessor, including certain oil and gas producing properties and undeveloped acreage.

In preparation for the transaction, the members of the Predecessor created the Company, and contributed, through a series of common control transactions (the Common Control Contribution), all of its equity units of the following wholly-owned subsidiaries:

- Ameredev Holdings II, LLC
- Washington Crossing Field Services, LLC
- Ameredev Royalty GP II, LLC, and
- Constitution Resources II, LP

Consistent with ASC 850, *Business Combinations*, the Company has accounted for this Common Control Contribution at the contribution date, reporting the results of operations and related disclosures as though the contribution were made at the beginning of the period presented.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of entities the Company controls. All intercompany transactions and balances have been eliminated.

The equity units of the following entities are wholly-owned, either directly or indirectly, by the Company subsequent to the Common Control Contribution, and have been included in these consolidated financial statements:

- Ameredev Holdings II, LLC (Ameredev Holdings) is a Delaware limited liability company, formed April 12, 2017, and wholly owned by the Company. Ameredev Holdings is involved in the acquisition, exploration, development and production of oil and natural gas reserves through its subsidiaries.
- Ameredev New Mexico, LLC (Ameredev NM) is a Delaware limited liability company, formed April 6, 2017, and wholly owned by Ameredev Holdings. Ameredev NM is involved in the acquisition, exploration, development and production of oil and natural gas reserves.
- Ameredev Texas, LLC, (Ameredev TX) is a Delaware limited liability company, formed September 23, 2020, and wholly owned by Ameredev Holdings. Ameredev TX is involved in the acquisition, exploration, development and production of oil and natural gas reserves.
- Washington Crossing Field Services, LLC (WA Crossing) is a Delaware limited liability company, formed February 14, 2018, and wholly owned by the Company. WA Crossing is involved in operation and ownership of midstream assets in conjunction with the Company's oil and gas property development.

- Trophy Pipeline, LLC is a Delaware limited liability company, formed January 21, 2021 and wholly owned by WA Crossing. Trophy Pipeline is involved in operation and ownership of midstream assets in conjunction with the Company's oil and gas property development.
- Ameredev Royalty GP II, LLC is a wholly owned Delaware limited liability company formed February 27, 2017 for the purpose of serving as the General Partner entity for Constitution Resources II, LP.
- Constitution Resources II, LP (CR II) is a Delaware limited partnership, formed February 27, 2017, wholly owned by the Company. CR II is involved in the acquisition of oil and natural gas mineral and royalty interests.

Note 2. Summary of Significant Accounting Policies

The condensed consolidated financial statements (the financial statements) have been prepared pursuant ASC 270, *Interim Reporting*. Accordingly, certain information and disclosures normally included in complete financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, these financial statements include all adjustments, which unless otherwise disclosed, are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, cash flows and changes in equity for the period presented. The results for interim periods are not necessarily indicative of results for the entire year. The unaudited financial statements and related notes should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2023.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The Company has provided a discussion of its significant accounting policies, estimates and judgments in Note 2 - *Summary of Significant Accounting Policies* included in the accompanying notes to its audited consolidated financial statements for the year ended December 31, 2023. The Company has not changed any of its significant accounting policies from those described in those financial statements.

Note 3. Fair Value Measurements

The following table presents the classification of assets (liabilities) measured at fair value on a recurring basis by level at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Asset - current				
Commodity derivative price collar contracts	$ —	$ 736,688	$ —	$ 736,688
Asset - current				
Commodity derivative price swap contracts	—	1,126,651	—	1,126,651
Total financial asset	—	1,863,339	—	1,863,339
Total financial liability	—	—	—	—
Net financial asset	$ —	$ 1,863,339	$ —	$ 1,863,339

Note 4. Commodity Derivative Financial Instruments

Commodity derivative instruments may take the form of collars, swaps or other derivatives indexed to WTI, NYMEX or other commodity price indexes.

Such derivative instruments will not exceed anticipated production volumes, are expected to have a reasonable correlation between price movements in the futures market and the spot markets where the Company's production is sold, and are authorized by the Board of Managers. Derivatives are expected to be realized as related production occurs, but may be terminated earlier if anticipated downward price movement occurs or if the Company believes the potential for such movement has abated. The Company's crude oil and natural gas derivative positions consist of swaps and collars. Swaps and collars are designed so that the Company receives or makes payments based on a differential between fixed and variable prices for crude oil and natural gas.

The periods covered, notional amounts, fixed price and related commodity pricing index of the Company's outstanding crude oil and natural gas derivative contracts as of June 30, 2024 are set forth in the table below.

Type	Period	Index	Volume	Average Fixed Price	Average Fair Value
Crude Oil Collars	7/1/2024 - 9/30/2024	NYMEX WTI	609,400 Bbls	$ 62.50	$ 67,581
Crude Oil Collars	10/1/2024 - 10/31/2024	NYMEX WTI	205,900 Bbls	65.00	110,102
Crude Oil Collars	11/1/2024 - 12/31/2024	NYMEX WTI	305,000 Bbls	60.00	198,900
Crude Oil Collars	1/1/2025 - 1/31/2025	NYMEX WTI	168,418 Bbls	63.75	206,370
Crude Oil Collars	2/1/2025 - 3/31/2025	NYMEX WTI	333,193 Bbls	63.75	543,698
Natural Gas Swaps	6/1/2024 - 6/30/2024	EP Permian	300,000 MMbtu	2.83	736,688
				Total derivatives	$ 1,863,339

Cash settlements and non-cash fair value adjustments for derivative instruments for the six months ended June 30, 2024 are presented in the accompanying statement of operations as follows:

Transactions	Statement of Operations Location	
Realized loss on oil and gas derivative contracts	Oil and gas revenue	$ (262,105)
Unrealized loss on oil and oil and gas derivatives	Net unrealized loss on gas derivative contracts	$ (11,292,575)

At June 30, 2024, the fair value of derivative instruments is recorded on the consolidated balance sheet as follows:

Derivative assets (liabilities) - current	$ 1,863,339
Derivative assets (liabilities) - non-current	—
Total derivative assets (liabilities), net	$ 1,863,339

Note 5. Credit Facility

The Company entered into a bank credit facility (the Credit Facility) on July 21, 2017. Pursuant to the credit agreement, from time to time the Company may borrow up to the lesser of: the available borrowing base, as determined by the credit agreement, or $525,000,000, which is the maximum borrowing capacity of the facility. The borrowing base is re-determined semi-annually on or about each April 1 and October 1, and may be re-determined from time to time at other dates as agreed upon by the Company and its lenders. As of June 30, 2024, the Company had a maximum borrowing base of $465,000,000. At June 30, 2024, the Company had a borrowing capacity of $125,000,000. In addition to interest, the Company must pay a commitment fee of 0.500% on the unused portion of the borrowing base dependent on borrowing base utilization.

The Company's revolving line of credit is secured by all property of the Company and its subsidiaries. It contains various nonfinancial and financial covenants, including minimum current ratio and maximum debt to EBITDAX ratio.

Note 6. Related Party Transactions

The Company is affiliated with various entities through ownership in the consolidated entities or associates and through common ownership of affiliate companies. For the six months ended June 30, 2024, miscellaneous expenses were paid to related parties for drilling related materials and other revenue related purchaser expenses and credits. Ameredev Operating, LLC (Operating), an entity under common control, served as operator on substantially all of the Company's operated properties during the six months ended June 30, 2024.

Note 7. Commitments and Contingencies

The Company is engaged in oil and gas exploration and production and may become subject to certain liabilities as they relate to environmental cleanup of well sites or other environmental restoration procedures as they relate to the drilling of oil and gas wells and the operation thereof. In the Company's acquisition of existing or previously drilled wellbores, the Company may not be aware of what environmental safeguards were taken at the time such wells were drilled or during such time the wells were operated. Should it be determined that a liability exists with respect to any environmental clean-up or restoration, the liability to cure such a violation could fall upon the Company.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company and an estimate of such liability cannot be reasonably made.

Note 8. Subsequent Events

The Company has evaluated subsequent events from June 30, 2024, the date of the condensed consolidated balance sheet, through September 13, 2024, the date these consolidated financial statements were available for issuance. As stated in Note 1, members of the Company entered into a definitive agreement to sell 100% of the units of the Company to Matador. The sale is subject to customary closing conditions and is expected to close late in the third quarter of 2024 with an effective date of June 1, 2024.

In July 2024, the Company repaid $10,000,000 on the Credit Facility, to reduce the outstanding balance to $330,000,000.

In August 2024, the Company was notified by managers of its equity method investment that they had reached an agreement to sell the equity position, including the Company's approximately 19% interest, which is recorded on the condensed consolidated balance sheet at June 30, 2023 for approximately $23,265,000.

Matador Resources Company
Unaudited Pro Forma Condensed Combined Financial Information

On September 18, 2024, MRC Toro, LLC (“Purchaser”), a wholly-owned subsidiary of Matador Resources Company (“Matador”), consummated the previously disclosed acquisition (the “Ameredev Acquisition”) contemplated by that certain Securities Purchase Agreement, dated as of June 12, 2024 (the “Purchase Agreement”), among Purchaser, MRC Energy Company (“MRC Energy”) (solely for the purposes of guaranteeing the obligations of Purchaser), Ameredev II Parent, LLC (“Ameredev Parent”), Ameredev Intermediate II, LLC (“Ameredev Intermediate” and, together with Ameredev Parent, each a “Seller” and collectively, the “Sellers”) and Ameredev Stateline II, LLC (“Ameredev”), pursuant to which, among other things, Sellers agreed to sell to Purchaser, and Purchaser agreed to purchase from Sellers, all of the issued and outstanding membership interests of the Ameredev, for an amount in cash equal to $1.905 billion (subject to certain customary adjustments, including for working capital and for title defects and environmental defects). Ameredev and its subsidiaries own (i) certain oil and natural gas producing properties and undeveloped acreage located in Lea County, New Mexico and Loving and Winkler Counties, Texas and (ii) an approximate 19% stake in the parent company of Piñon Midstream, LLC, which has midstream assets in southern Lea County, New Mexico. The effective date of the Ameredev Acquisition was June 1, 2024.

Upon the closing of the Ameredev Acquisition, Purchaser paid the as-adjusted closing purchase price of approximately $1.831 billion in cash, which amount is subject to customary post-closing adjustments, of which $95.25 million was deposited in escrow in connection with the execution of the Purchase Agreement. The purchase price for the Ameredev Acquisition was funded by a combination of cash on hand and borrowings under the Company’s existing secured revolving credit facility (the “Credit Agreement”), which was amended on September 18, 2024 to, among other things: (i) provide for a term loan of $250.0 million, the full amount of which was borrowed to fund the Ameredev Acquisition, and (ii) increase the elected borrowing commitments under the revolving credit facility from $1.50 billion to $2.25 billion.

The Ameredev Acquisition was accounted for under the acquisition method of accounting for business combinations in accordance with Accounting Standards Codification Topic 805, Business Combinations (“ASC 805”). Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, with any excess purchase price allocated to goodwill. Matador has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the acquisition date of September 18, 2024, which is based on Matador’s preliminary valuation of the tangible and intangible assets acquired and liabilities assumed using information currently available. A final determination of the fair value of the assets and liabilities acquired in the Ameredev Acquisition will be based on an analysis of Ameredev’s actual assets and liabilities as of the closing date. Such analysis has not been completed at this time. As a result, the unaudited pro forma purchase price adjustments related to the Ameredev Acquisition are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. The final valuation of assets acquired and liabilities assumed may be materially different than the estimated values assumed in the unaudited pro forma condensed combined financial statements (the “pro forma financial statements”). Costs directly related to the Ameredev Acquisition are expensed in the period in which they are incurred. The pro forma financial statements presented herein have been prepared to reflect the transaction accounting adjustments to Matador’s historical condensed consolidated financial information in order to account for the Ameredev Acquisition, the assumption of assets and liabilities acquired in the Ameredev Acquisition and the additional debt incurred to fund the Ameredev Acquisition.

The Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2024 gives effect to the Ameredev Acquisition and the related financing as if each had been completed on June 30, 2024. The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2023, and the six months ended June 30, 2024, give effect to the Ameredev Acquisition and the related financing as if each had been completed on January 1, 2023. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma financial statements.

The pro forma financial statements and related notes have been prepared by management in accordance with Article 11 of Regulation S-X, are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Matador would have been had the Ameredev Acquisition and the related financing occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. Future results may vary significantly from the results reflected because of various factors. The pro forma adjustments are based on currently available information and certain estimates and assumptions that Matador believes provide a reasonable basis for presenting the significant effects of the Ameredev Acquisition.

The pro forma financial statements and related notes do not reflect the benefits of projected synergies, potential cost savings or the costs that may be necessary to achieve such savings, opportunities to increase revenue generation or other factors that may result from the Ameredev Acquisition and, accordingly, do not attempt to predict or suggest future results. Management cannot identify the timing, nature and amount of such savings, costs or other factors, any of which could affect the future consolidated results of operations or consolidated financial position of the Company.

The unaudited pro forma financial statements have been developed from and should be read in conjunction with:

- The audited consolidated financial statements and accompanying notes of Matador contained in Matador’s Annual Report on Form 10-K for the year ended December 31, 2023;
- The unaudited condensed consolidated financial statements and accompanying notes of Matador contained in Matador’s Quarterly Report on Form 10-Q for the six months ended June 30, 2024;
- The audited consolidated financial statements and related notes of Ameredev for the year ended December 31, 2023, which are filed as Exhibit 99.1 to the Current Report on Form 8-K/A; and
- The unaudited condensed consolidated financial statements and related notes of Ameredev for the six months ended June 30, 2024, which are filed as Exhibit 99.2 to the Current Report on Form 8-K/A.

Unaudited Pro Forma Condensed Combined Financial Information

Matador Resources Company and Subsidiaries
PRO FORMA CONDENSED COMBINED BALANCE SHEET - UNAUDITED
As of June 30, 2024

(In thousands)	Historical		Transaction Accounting Adjustments			
	Matador	Ameredev	Conforming and Reclassifications (e)	Ameredev Acquisition		Pro Forma Combined
ASSETS						
Current assets						
Cash and cash equivalents	$ 15,242	$ 10,800	$ —	$ 14,581	(d)	$ 40,623
Restricted cash	48,661	—	—	—		48,661
Accounts receivable						
Oil and natural gas revenues	294,019	48,921	—	—		342,940
Joint interest billings	204,931	—	6,769	—		211,700
Other	29,090	6,769	(6,769)	—		29,090
Derivative instruments	5,590	1,863	—	(1,863)	(a)	5,590
Lease and well equipment inventory	38,046	—	—	—		38,046
Prepaid expenses and other current assets	102,861	7,283	—	(7,283)	(a)	105,916
				3,055	(f)	
Total current assets	738,440	75,636	—	8,490		822,566
Property and equipment, at cost						
Oil and gas properties, successful efforts method						
Proved properties	—	1,699,140	—	(1,699,140)	(b)	—
Unproved properties	—	28,240	—	(28,240)	(b)	—
Oil and natural gas properties, full-cost method						
Evaluated	10,376,411	—	—	1,258,433	(c)	11,634,844
Unproved and unevaluated	1,478,247	—	—	369,242	(c)	1,847,489
Midstream properties	1,448,343	—	—	125,860	(c)	1,574,203
Other property and equipment	41,995	16	—	—		42,011
Less accumulated depletion, depreciation and amortization	(5,667,208)	(385,181)	—	385,181	(b)	(5,667,208)
Net property and equipment	7,677,788	1,342,215	—	411,336		9,431,339
Other assets						
Derivative instruments	2,030	—	—	—		2,030
Other long-term assets	100,133	—	—	11,457	(f)	111,590
Investment in affiliates	—	23,265	—	91,735	(c)	115,000
Debt issuance costs, net	—	1,172	—	(1,172)	(a)	—
Total other assets	102,163	24,437	—	102,020		228,620
Total assets	$ 8,518,391	$ 1,442,288	$ —	$ 521,846		$ 10,482,525

The accompanying notes are an integral part of the pro forma condensed combined financial statements.

Matador Resources Company and Subsidiaries
PRO FORMA CONDENSED COMBINED BALANCE SHEET - UNAUDITED (Continued)
As of June 30, 2024

(In thousands)	Historical		Transaction Accounting Adjustments			
	Matador	**Ameredev**	**Conforming and Reclassifications (e)**	**Ameredev Acquisition**		**Pro Forma Combined**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Accounts payable	$ 96,241	$ —	$ 36,479	$ —		$ 132,720
Accrued liabilities	388,353	—	2,635	1,335	(g)	392,323
Accounts payable and accrued liabilities	—	35,679	(35,679)	—		—
Revenue and taxes payable	—	82,220	(82,220)	—		—
Current portion of asset retirement obligations	—	390	(390)	—		—
Royalties payable	195,795		78,785	—		274,580
Amounts due to affiliates	19,576	—	—	—		19,576
Derivative instruments	14,704	—	—	—		14,704
Advances from joint interest owners	56,439	—	—	—		56,439
Other current liabilities	85,433	—	390	—		85,823
Total current liabilities	856,541	118,289	—	1,335		976,165
Long-term liabilities						
Long term debt	—	340,000	—	(340,000)	(a)	—
Borrowings under Credit Agreement	95,000	—	—	1,825,000	(d)	1,920,000
Borrowings under San Mateo Credit Facility	512,000	—	—	—		512,000
Senior unsecured notes payable	1,374,596	—	—	—		1,374,596
Asset retirement obligations	93,952	3,266	—	3,067	(c)	100,285
Deferred income taxes	673,955	—	—	—		673,955
Other long-term liabilities	56,742	—	—	—		56,742
Total long-term liabilities	2,806,245	343,266	—	1,488,067		4,637,578
Shareholders' equity						
Common stock	1,249	—	—	—		1,249
Additional paid-in capital	2,483,075	—	—	14,512	(f)	2,497,587
Retained earnings	2,150,292	—	—	(1,335)	(g)	2,148,957
Treasury stock	(2,990)	—	—	—		(2,990)
Members' capital	—	980,733	—	(980,733)	(a)	—
Total Matador Resources Company shareholders' equity	4,631,626	980,733	—	(967,556)		4,644,803
Non-controlling interest in subsidiaries	223,979	—	—	—		223,979
Total shareholders' equity	4,855,605	980,733	—	(967,556)		4,868,782
Total liabilities and shareholders' equity	$ 8,518,391	$ 1,442,288	$ —	$ 521,846		$ 10,482,525

The accompanying notes are an integral part of the pro forma condensed combined financial statements.

Unaudited Pro Forma Condensed Combined Financial Information

Matador Resources Company and Subsidiaries
PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS - UNAUDITED
For the Six Months Ended June 30, 2024

(In thousands, except per share data)	Historical		Transaction Accounting Adjustments		
	Matador	**Ameredev**	**Conforming and Reclassifications (a)**	**Ameredev Acquisition**	**Pro Forma Combined**
Revenues					
Oil and natural gas	$ 1,479,819	$ 175,738	$ —	$ —	$ 1,655,557
Third-party midstream services	65,008	—	—	—	65,008
Sales of purchased natural gas	95,711	—	—	—	95,711
Realized gain on derivatives	4,045	—	—	—	4,045
Unrealized loss on derivatives	(9,754)	—	—	—	(9,754)
Total revenues	1,634,829	175,738	—	—	1,810,567
Expenses					
Production taxes, transportation and processing	146,965	—	21,887	—	168,852
Marketing, transportation and gathering	—	20,377	(20,377)	—	—
Exploration expense	—	29	—	(29) (c)	—
Lease operating	155,325	39,068	14,088	—	208,481
Plant and other midstream services operating	76,881	—	1,259	—	78,140
Purchased natural gas	74,672	—	—	—	74,672
Depletion, depreciation and amortization	438,245	—	39,954	8,517 (f)	486,716
Depreciation, depletion, amortization and accretion	—	39,964	(39,964)	—	—
Accretion of asset retirement obligations	2,602	—	10	183 (f)	2,795
General and administrative	57,566	7,422	—	—	64,988
Production and ad valorem taxes	—	15,598	(15,598)	—	—
Water recycling expenses	—	1,259	(1,259)	—	—
Total expenses	952,256	123,717	—	8,671	1,084,644
Operating income	682,573	52,021	—	(8,671)	725,923
Other income (expense)					
Interest expense	(75,548)	(19,122)	—	19,122 (b)	(147,444)
				(70,735) (d)	
				(1,161) (e)	
Interest income	—	831	(831)	—	—
Net unrealized loss on oil and gas derivatives	—	(11,293)	—	11,293 (g)	—
Insurance proceeds	—	15,000	—	—	15,000
Net gain on asset sale	—	98	—	—	98
Other (expense) income	(1,544)	26	831	—	(687)
Total other expense	(77,092)	(14,460)	—	(41,481)	(133,033)
Income before income taxes	605,481	37,561	—	(50,152)	592,890
Total income tax provision (benefit)	144,764	—	—	(3,213) (h)	141,551
Net income	460,717	37,561	—	(46,939)	451,339
Net income attributable to non-controlling interest in subsidiaries	(38,219)	—	—	—	(38,219)
Net income attributable to Matador Resources Company shareholders	$ 422,498	$ 37,561	$ —	$ (46,939)	$ 413,120
Earnings per common share					
Basic	$ 3.46	$ —	$ —	$ —	$ 3.38
Diluted	$ 3.45	$ —	$ —	$ —	$ 3.37
Weighted average common shares outstanding					
Basic	122,253	—	—	—	122,253
Diluted	122,438	—	—	—	122,438

The accompanying notes are an integral part of the pro forma condensed combined financial statements.

Matador Resources Company and Subsidiaries
PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS - UNAUDITED
For the Year Ended December 31, 2023

(In thousands, except per share data)	Historical		Transaction Accounting Adjustments		
	Matador	**Ameredev**	**Conforming and Reclassifications (a)**	**Ameredev Acquisition**	**Pro Forma Combined**
Revenues					
Oil and natural gas	$ 2,545,599	$ 564,386	$ —	$ —	$ 3,109,985
Third-party midstream services	122,153	—	—	—	122,153
Sales of purchased natural gas	149,869	—	—	—	149,869
Realized loss on derivatives	(9,575)	—	—	—	(9,575)
Unrealized gain on derivatives	(1,261)	—	—	—	(1,261)
Total revenues	2,806,785	564,386	—	—	3,371,171
Expenses					
Production taxes, transportation and processing	264,493	—	79,090	—	343,583
Marketing, transportation and gathering	—	75,756	(75,756)	—	—
Exploration expense	—	1,171	—	(1,171) (c)	—
Lease operating	243,655	107,064	49,594	—	400,313
Plant and other midstream services operating	128,910	—	473	—	129,383
Purchased natural gas	129,401	—	—	—	129,401
Depletion, depreciation and amortization	716,688	—	127,797	25,367 (f)	869,852
Depreciation, depletion, amortization and accretion	—	127,816	(127,816)	—	—
Accretion of asset retirement obligations	3,943	—	19	556 (f)	4,518
General and administrative	110,373	12,663	—	1,335 (i)	124,371
Production and ad valorem taxes	—	52,928	(52,928)	—	—
Water recycling expenses	—	473	(473)	—	—
Total expenses	1,597,463	377,871	—	26,087	2,001,421
Operating income	1,209,322	186,515	—	(26,087)	1,369,750
Other income (expense)					
Net loss on asset sales and impairment	(202)	—	(129)	—	(331)
Interest expense	(121,520)	(42,589)	—	42,589 (b)	(259,936)
				(136,094) (d)	
				(2,322) (e)	
Interest income	—	558	(558)	—	—
Net unrealized gain on oil and gas derivatives	—	30,691	—	(30,691) (g)	—
Loss on investment in affiliates	—	(3,209)	—	—	(3,209)
Loss on sale	—	(129)	129	—	—
Other income (expense)	8,785	(13)	558	—	9,330
Total other expense	(112,937)	(14,691)	—	(126,518)	(254,146)
Income before income taxes	1,096,385	171,824	—	(152,605)	1,115,604
Total income tax provision (benefit)	186,026	—	—	3,463 (h)	189,489
Net income	910,359	171,824	—	(156,068)	926,115
Net income attributable to non-controlling interest in subsidiaries	(64,285)	—	—	—	(64,285)
Net income attributable to Matador Resources Company shareholders	$ 846,074	$ 171,824	$ —	$ (156,068)	$ 861,830
Earnings per common share					
Basic	$ 7.10	$ —	$ —	$ —	$ 7.23
Diluted	$ 7.05	$ —	$ —	$ —	$ 7.18
Weighted average common shares outstanding					
Basic	119,139	—	—	—	119,139
Diluted	119,980	—	—	—	119,980

The accompanying notes are an integral part of the pro forma condensed combined financial statements.

1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial information was prepared based on, and should be read in conjunction with, (i) the audited historical consolidated financial statements of Matador and the audited historical consolidated financial statements of Ameredev, in each case, as of and for the year ended December 31, 2023, and (ii) the unaudited historical condensed consolidated financial statements of Matador and the unaudited historical consolidated financial statements of Ameredev, in each case, as of and for the six months ended June 30, 2024. The Ameredev Acquisition has been accounted for as a business combination in accordance with ASC 805. The fair value of the consideration paid by Matador and allocation of that amount to the underlying assets acquired and liabilities assumed was recorded by Matador as of the date of the closing of the Ameredev Acquisition. Costs directly related to the Ameredev Acquisition are expensed as incurred.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2023 and the six months ended June 30, 2024 were prepared assuming the Ameredev Acquisition and the related financing occurred on January 1, 2023. The Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2024 was prepared as if the Ameredev Acquisition and the related financing occurred on June 30, 2024.

The unaudited pro forma condensed combined financial information and related notes are presented for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Matador would have been had the Ameredev Acquisition and the related financing occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. If the Ameredev Acquisition, the related financing and the other transactions contemplated by the Purchase Agreement had occurred in the past, the Company's operating results might have been materially different from those presented in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information should not be relied upon as an indication of operating results that the Company would have achieved if the Ameredev Acquisition, the related financing and the other transactions contemplated by the Purchase Agreement had taken place on the dates noted above. In addition, future results may vary significantly from the results reflected in the unaudited pro forma condensed combined financial statement of operations and should not be relied upon as an indication of the future results the Company will have after the consummation of the Ameredev Acquisition and the other transactions contemplated by the Purchase Agreement. The pro forma adjustments are based on currently available information and certain estimates and assumptions that Matador believes provide a reasonable basis for presenting the significant effects of the Ameredev Acquisition.

2. Consideration and Purchase Price Allocation

The preliminary allocation of the total purchase price in the Ameredev Acquisition is based upon management's estimates of and assumptions related to the fair value of assets to be acquired and liabilities to be assumed as of September 18, 2024, the closing date of the transaction, using the latest available information. Due to the unaudited pro forma condensed combined financial information being prepared based on preliminary estimates of the net assets acquired and balances as of June 30, 2024, the final purchase price allocation and the resulting effect on financial position and results of operations may differ significantly from the pro forma amounts included herein.

As of the date of this filing, the valuation of assets acquired and liabilities assumed remains ongoing and adjustments may be made. The Company expects to complete the final purchase price allocation during the 12-month period subsequent to the Ameredev Acquisition closing date.

The consideration transferred and the preliminary fair value of assets acquired and liabilities assumed by Matador are as follows (in thousands):

Consideration	**Allocation**
Cash consideration given	$1,831,214
Allocation of purchase price	
Current assets	$57,279
Oil and natural gas properties	
Evaluated	1,258,433
Unproved and unevaluated	369,258
Midstream properties	125,860
Investment in affiliate	115,000
Current liabilities	(88,283)
Asset retirement obligations	(6,333)
Net assets acquired	$1,831,214

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

Significant unobservable inputs included future commodity prices adjusted for differentials, projections of estimated quantities of recoverable reserves, forecasted production based on decline curve analysis, estimated timing and amount of future operating and development costs, and a weighted average cost of capital.

3. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet and Unaudited Pro Forma Condensed Combined Statements of Operations

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by Matador. Actual results may differ materially from the assumptions and estimates contained herein.

The pro forma adjustments are based on currently available information and certain estimates and assumptions that Matador believes provide a reasonable basis for presenting the significant effects of the Ameredev Acquisition. General descriptions of the pro forma adjustments are provided below.

Unaudited Pro Forma Condensed Combined Balance Sheet

The following reclassifications and adjustments were made in the preparation of the Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2024:

(a) Adjustment to remove assets, liabilities and equity not acquired as part of the Ameredev Acquisition.

(b) Adjustment to eliminate the historical book value of Ameredev's assets and liabilities as of June 30, 2024 when the historical book value is different than the fair value on the date of the acquisition.

(c) Adjustment to reflect the preliminary allocation of the estimated fair value of assets acquired in the Ameredev Acquisition and the adjustment to increase the related asset retirement obligations, which was required to conform cost of abandonment and other key assumptions with those of Matador.

(d) Adjustment to record consideration and changes in working capital for the Ameredev Acquisition, including cash and the $1.825 billion in new borrowings under the credit facility, which includes a $250.0 million term loan.

(e) Reclassification to conform Ameredev's assets and liabilities presentation to the presentation of assets and liabilities for Matador.
(f) Adjustment for the additional costs related to the increase in the elected commitment under the credit facility in order to finance the Ameredev Acquisition.

(g) Adjustment to retained earnings to reflect the estimated nonrecurring transaction costs related to the Ameredev Acquisition that are expected to be incurred by Matador, including advisory, legal, regulatory, accounting, valuation and other professional fees that are not capitalized.

Unaudited Pro Forma Condensed Combined Statements of Operations

The following reclassifications and adjustments were made in the preparation of the Unaudited Pro Forma Condensed Combined Statements of Operations for the Six Months Ended June 30, 2024:

(a) Reclassification to align the presentation of production and ad valorem taxes, transportation and processing expenses, water recycling expenses, depreciation, depletion, amortization and accretion and certain other income (expense) activity for Ameredev to the presentation by Matador.

(b) Adjustment to remove Ameredev's historical interest expense prior to the Ameredev Acquisition.
(c) Adjustment to remove exploration and abandonment cost to align the presentation of such expenses by Ameredev with the full-cost method of accounting utilized by Matador.
(d) Adjustment to reflect the estimated interest expense in the periods presented with respect to the incremental borrowings necessary to finance the Ameredev Acquisition. The interest rate utilized for the six month period ended June 30, 2024 was approximately 7.67% for incremental borrowings of $1.825 billion. A one-eighth point change in interest rates as of June 30, 2024 would change interest expense by $1.2 million for the six month period ended June 30, 2024.
(e) Adjustment to reflect the amortization of financing costs of $14.5 million related to the increase in the elected commitment under the credit facility in order to finance the Ameredev Acquisition. Deferred financing costs are amortized straight-line over approximately 75 months, which corresponds to the March 2029 maturity date of Matador's credit facility.
(f) Represents additional depreciation, depletion, and amortization expense and accretion of asset retirement obligation expense resulting from the change in basis of property and equipment and asset retirement obligations, respectively, acquired as a result of the Ameredev Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full-cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.
(g) Adjustment to remove derivative gains and losses that were related to derivatives not acquired as part of the Ameredev Acquisition.
(h) Adjustment to reflect the estimated incremental income tax expense that would have been recorded in the six month period ended June 30, 2024 if the Ameredev Acquisition had occurred on January 1, 2023 at Matador's 2024 effective income tax rate of 25.52%. This effective tax rate represents the statutory federal income tax rate of 21% plus Matador's apportioned state rate based upon the statutory Texas Margin tax rate of 0.75% and statutory New Mexico tax rate of 5.9%, which are the statutory rates in effect in those jurisdictions during 2024.

The following reclassifications and adjustments were made in the preparation of the Unaudited Pro Forma Condensed Combined Statements of Operations for the Year Ended December 31, 2023:

(a) Reclassification to align the presentation of production and ad valorem taxes, transportation and processing expenses, water recycling expenses, depreciation, depletion, amortization and accretion and certain other income (expense) activity for Ameredev to the presentation by Matador.
(b) Adjustment to remove Ameredev's historical interest expense prior to the Ameredev Acquisition.

(c) Adjustment to remove exploration and abandonment cost to align the presentation of such expenses by Ameredev with the full-cost method of accounting utilized by Matador.

(d) Adjustment to reflect the estimated interest expense in the periods presented with respect to the incremental borrowings necessary to finance the Ameredev Acquisition. The interest rate utilized for the year ended December 31, 2023 was approximately 7.35% for incremental borrowings of $1.825 billion. A one-eighth point change in interest rates as of December 31, 2023 would change interest expense by $2.3 million for the year ended December 31, 2023.

(e) Adjustment to reflect the amortization of financing costs of $14.5 million related to the increase in the elected commitment under the credit facility in order to finance the Ameredev Acquisition. Deferred financing costs are amortized straight-line over approximately 75 months, which corresponds to the March 2029 maturity date of Matador's credit facility.

(f) Represents additional depreciation, depletion, and amortization expense and accretion of asset retirement obligation expense resulting from the change in basis of property and equipment and asset retirement obligations, respectively, acquired as a result of the Ameredev Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full-cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(g) Adjustment to remove derivative gains and losses that were related to derivatives not acquired as part of the Ameredev Acquisition.

(h) Adjustment to reflect the estimated incremental income tax expense that would have been recorded in the year ended December 31, 2023 if the Ameredev Acquisition had occurred on January 1, 2023 at Matador's 2023 effective income tax rate of 18.02%. This effective tax rate represents the statutory federal income tax rate of 21% plus Matador's apportioned state rate based upon the statutory Texas Margin tax rate of 0.75% and statutory New Mexico tax rate of 5.9%, which are the statutory rates in effect in those jurisdictions during 2023, partially offset by permanent differences between book and taxable income.

(i) Represents the estimated nonrecurring transaction costs related to the Ameredev Acquisition that are expected to be incurred by Matador, including advisory, legal, regulatory, accounting, valuation and other professional fees that are not capitalized.

4. Supplemental Unaudited Pro Forma Combined Oil and Natural Gas Reserves and Standardized Measure Information

The following tables set forth information with respect to the historical and pro forma combined estimated oil and natural gas reserves as of December 31, 2023 for Matador and Ameredev. Ameredev reserve information has been prepared by Cawley, Gillespie & Associates, Inc., independent petroleum engineers. The following unaudited pro forma combined proved reserve information is not necessarily indicative of the results that might have occurred had the Ameredev Acquisition taken place on January 1, 2023, nor is it intended to be a projection of future results. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Periodic revisions or removals of estimated reserves and future cash flows may be necessary as a result of a number of factors, including reservoir performance, new drilling, oil and natural gas prices, changes in costs, technological advances, new geological or geophysical data, changes in business strategies, or other economic factors. Accordingly, proved reserve estimates may differ significantly from the quantities of oil and natural gas ultimately recovered. For both Matador and Ameredev, the reserve estimates shown below were determined using the average first day of the month price for each of the preceding 12 months for oil and natural gas for the year ended December 31, 2023.

	As of December 31, 2023		
	Matador	Ameredev	Pro Forma Combined
Estimated Proved Developed Reserves:			
Oil (MBbl)	161,642	45,313	206,955
Natural gas (MMcf)	782,733	211,575	994,308
Total (MBOE)[1]	292,097	80,575	372,672
Estimated Proved Undeveloped Reserves:			
Oil (MBbl)	110,635	42,117	152,752
Natural gas (MMcf)	344,026	439,835	783,861
Total (MBOE)[1]	167,973	115,423	283,396
Estimated Proved Reserves:			
Oil (MBbl)	272,277	87,430	359,707
Natural gas (MMcf)	1,126,760	651,410	1,778,170
Total (MBOE)[1]	460,070	195,998	656,068

(1) Natural gas is converted to oil equivalent using the ratio of one barrel of oil to six Mcf of natural gas.

The following table presents the Standardized Measure of Discounted Future Net Cash Flows relating to the proved oil and natural gas reserves of Matador and of the properties acquired in the Ameredev Acquisition on a pro forma combined basis as of December 31, 2023. The Pro Forma Combined Standardized Measure shown below represents estimates only and should not be construed as the market value of either Ameredev's oil and natural gas reserves or the acquired oil and natural gas reserves attributable to the Ameredev Acquisition. Future estimated income tax expense of Ameredev was calculated based on Ameredev's tax assumptions as of December 31, 2023.

(in thousands)	As of December 31, 2023		
	Matador	Ameredev	Pro Forma Combined
Oil and natural gas producing properties:			
Future cash inflows	$ 23,662,653	$ 7,714,419	$ 31,377,072
Future production costs	(7,717,106)	(2,136,346)	(9,853,452)
Future development costs	(2,162,625)	(911,083)	(3,073,708)
Future income tax expense	(2,939,514)	(4,398)	(2,943,912)
Future net cash flows	10,843,408	4,662,592	15,506,000
10% annual discount factor	(4,729,916)	(2,618,793)	(7,348,709)
Standardized measure of discounted future net cash flows	$ 6,113,492	$ 2,043,799	$ 8,157,291

The following table sets forth the changes in the Standardized Measure of discounted future net cash flows attributable to estimated net proved oil and natural gas reserves of Matador and Ameredev on a pro forma combined basis for the year ending December 31, 2023. Future estimated income tax expense of Ameredev was calculated based on Ameredev's tax assumptions as of December 31, 2023.

(in thousands)	As of December 31, 2023		
	Matador	**Ameredev**	**Pro Forma Combined**
Oil and natural gas producing properties:			
Balance, beginning of year	$ 6,983,203	$ 3,708,213	$ 10,691,416
Net change in sales and transfer prices in production (lifting) costs related to future production	(3,074,085)	(1,311,475)	(4,385,560)
Changes in estimated future development costs	(504,323)	(27,505)	(531,828)
Sales and transfers of oil and natural gas produced during the period	(2,037,451)	(333,017)	(2,370,468)
Net purchases of reserves in place	2,113,620	—	2,113,620
Net change due to extensions and discoveries	1,711,389	156,259	1,867,648
Net change due to revisions in estimates of reserves quantities	(890,754)	(369,377)	(1,260,131)
Previously estimated development costs incurred during the period	441,671	29,612	471,283
Accretion of discount	807,896	371,162	1,179,058
Other	3,913	(181,718)	(177,805)
Net change in income taxes	558,453	1,645	560,098
Standardized measure of discounted future net cash flows	$ 6,113,532	$ 2,043,799	$ 8,157,331