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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) February 16, 2018

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:

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

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

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

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

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 o

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. o

Item 2.02 Results of Operations and Financial Condition.

Attached hereto as Exhibit 99.1 is a press release (the "Press Release") issued by Matador Resources Company (the "Company") on February 21, 2018, announcing its financial results for the three and twelve months ended December 31, 2017. The Press Release includes an operational update at February 21, 2018. The Press Release is incorporated by reference into this Item 2.02, and the foregoing description of the Press Release is qualified in its entirety by reference to this exhibit.

In connection with the Press Release, the Company released a presentation summarizing the highlights of the Press Release (the "Presentation"). The Presentation is available on the Company's website, www.matadorresources.com, on the Presentations & Webcasts page under the Investors tab.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and will not be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), unless specifically identified therein as being incorporated therein by reference.

In the Press Release and the Presentation, the Company has included as "non-GAAP financial measures," as defined in Item 10 of Regulation S-K of the Exchange Act, (i) earnings before interest expense, income taxes, depletion, depreciation and amortization, accretion of asset retirement obligations, property impairments, unrealized derivative gains and losses, certain other non-cash items and non-cash stock-based compensation expense, and net gain or loss on asset sales and inventory impairment ("Adjusted EBITDA") attributable to Matador Resources Company shareholders, (ii) present value discounted at 10% (pre-tax) of estimated total proved reserves ("PV-10") and (iii) adjusted net income (loss) attributable to Matador Resources Company shareholders and adjusted earnings (loss) per diluted common share attributable to Matador Resources Company shareholders. In the Press Release, the Company has provided reconciliations of the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with generally-accepted accounting principles ("GAAP") in the United States. In addition, in the Press Release, the Company has provided the reasons why the Company believes those non-GAAP financial measures provide useful information to investors.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 16, 2018, the Board of Directors (the "Board") of the Company amended the Amended and Restated Bylaws of the Company (as so amended, the "Bylaws") to provide certain clarifications, updates and other non-substantive changes, including with respect to notice requirements, the use of electronic transmissions for Board consents, the filling of officer vacancies and the setting of officer salaries.

The description of the Bylaws set forth above is qualified in its entirety by reference to the terms of the Bylaws, a copy of which is filed as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

Item 2.02 above is incorporated herein by reference.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Exchange Act and will not be incorporated by reference into any filing under the Securities Act unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Bylaws of Matador Resources Company, as amended.
99.1	Press Release, dated February 21, 2018.

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: February 22, 2018	By:	/s/ Craig N. Adams
	Name:	Craig N. Adams
	Title:	Executive Vice President

AMENDED AND RESTATED BYLAWS

OF

MATADOR RESOURCES COMPANY

As Amended on February 16, 2018

ARTICLE I
OFFICES

1.1 Office. Matador Resources Company (the "Corporation") may have offices at such places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
SHAREHOLDERS

2.1 Place of Meeting. Meetings of shareholders for any purpose may be held at such time and place within or without the State of Texas as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

2.2 Annual Meetings.

(a) An annual meeting of the shareholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date and at such time as the Board of Directors shall each year fix.

(b) Nominations of persons for election to the Board of Directors and the proposal of business to be transacted by the shareholders at an annual meeting may be made (i) by or at the direction of the Board of Directors or (ii) by any shareholder of record of the Corporation (the "Record Shareholder") at the time of the giving of the notice required in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 2.2. For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a shareholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "Exchange Act")) at an annual meeting of shareholders.

(c) For nominations or business to be properly brought before an annual meeting by a Record Shareholder pursuant to Section 2.2(b)(ii) above, (i) the Record Shareholder must have given timely notice thereof in writing to the secretary of the Corporation, (ii) any such business must be a proper matter for shareholder action under Texas law and (iii) the Record Shareholder and the beneficial owner, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement required by Section 2.2(d)(iii)(D) of these Bylaws. To be timely, a Record Shareholder's notice shall be received by the secretary of the Corporation at the principal executive offices of the Corporation not less than forty five (45) or more than seventy five (75) days prior to the one-year anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of shareholders; provided, however, that, subject to the next sentence of this Section 2.2(c), if the meeting is convened more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, or if no annual meeting was held in the preceding year, notice by the Record Shareholder to be timely must be so received not later than the close of business on the later of (i) the ninetieth (90th) day before such annual meeting or (ii) the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything in the preceding sentence to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there has been no public announcement naming all of the nominees for director or indicating the increase in the size of the Board of Directors made by the Corporation at least ten (10) days before the last day a Record Shareholder may deliver a notice of nomination in accordance with the preceding sentence, a Record Shareholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting for which notice has been given, commence a new time period for the giving of a Record Shareholder's notice.

(d) The Record Shareholder's notice required by Section 2.2(b)(iii) shall set forth:

(i) if such notice pertains to the nomination of directors, as to each person whom the Record Shareholder proposes to nominate for election or reelection as a director, all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Exchange Act, and such person's written consent to serve as a director if elected;

(ii) as to any business that the Record Shareholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such Record Shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(iii) as to (1) the Record Shareholder giving the notice and (2) the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "party"):

(A) the name and address of each such party;

(B) (1) the class, series and number of shares of the Corporation that are owned, directly or indirectly, beneficially and of record by each such party; (2) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by each such party, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation; (3) any proxy, contract, arrangement, understanding or relationship pursuant to which either party has a right to vote, directly or indirectly, any shares of any security of the Corporation; (4) any short interest in any security of the Corporation held by each such party (for purposes of this Section 2.2(d), a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (5) any rights to dividends on the shares of the Corporation owned beneficially directly or indirectly by each such party that are separated or separable from the underlying shares of the Corporation; (6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which either party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; and (7) any performance-related fees (other than an asset-based fee) that each such party is directly or indirectly entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of each such party's immediate family sharing the same household (which information set forth in this paragraph shall be supplemented by such shareholder or such beneficial owner, as the case may be, not later than ten (10) days after the record date for determining the shareholders entitled to vote at the meeting; provided, however, that if such date is after the date of the meeting, not later than the day prior to the meeting);

(C) any other information relating to each such party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or the election of directors in a contested election pursuant to Section 14 of the Exchange Act; and

(D) a statement whether or not each such party will deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to carry the proposal or, in the case of a nomination or nominations, at least the percentage of voting power of all of the shares of capital stock of the Corporation reasonably believed by the Record Shareholder or beneficial holder, as the case may be, to be sufficient to elect the nominee or nominees proposed to be nominated by the Record Shareholder (such statement, a "Solicitation Statement").

(e) A person shall not be eligible for election or re-election as a director at an annual meeting unless the person is nominated (i) by a Record Shareholder in accordance with Section 2.2(b)(iii) or (ii) by or at the direction of the Board of Directors. Only such business shall be conducted at an annual meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.2. The chairman of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defectively proposed business or nomination shall not be presented for shareholder action at the meeting and shall be disregarded.

(f) For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(g) Notwithstanding the foregoing provisions of this Section 2.2, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.2. Nothing in this Section 2.2 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

2.3 Special Meetings.

(a) Unless otherwise prescribed by law or by the Corporation's Certificate of Formation, as amended from time to time ("Certificate of Formation"), special meetings of shareholders, for any purpose or purposes, may be called by the chief executive officer or president and shall be called by any officer at the request in writing of a majority of the Board of Directors or on the written request of holders of at least twenty five percent (25%) of the total number of shares of capital stock of the Corporation issued and outstanding and entitled to vote. As a prerequisite to calling a special meeting, any shareholder(s) acting pursuant to this Section 2.3(a) must submit a request in writing to the secretary of the Corporation stating the purpose or purposes of the proposed meeting.

(b) Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to Section 2.3(a). The notice of such special meeting shall include the purpose for which the meeting is called, and business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected (i) by or at the direction of the Board of Directors or (ii) by any shareholder of record at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers a written notice to the secretary of the Corporation setting forth the information set forth in Section 2.2(d)(i) and Section 2.2(d)(iii) of these Bylaws. Nominations by shareholders of persons for election to the Board of Directors may be made at such a special meeting of shareholders only if such shareholder of record's notice required by the preceding sentence shall be received by the secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the later of (1) the ninetieth (90^{th}) day prior to such special meeting or (2) the tenth (10^{th}) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall an adjournment or postponement of a special meeting for which notice has been given, commence a new time period for the giving of a shareholder of record's notice. A person shall not be eligible for election or reelection as a director at a special meeting unless the person is nominated (A) by a shareholder of record in accordance with the notice procedures set forth in this Section 2.3 or (B) by or at the direction of the Board of Directors.

(c) Notwithstanding the foregoing provisions of this Section 2.3, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.3. Nothing in this Section 2.3 shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

2.4 Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the chief executive officer, the president, the secretary or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. Any notice required pursuant to this Section 2.4 may be given by a form of electronic transmission consented to by the shareholder to whom notice is given.

2.5 Quorum. The holders of a majority of the shares entitled to vote thereat, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders for the transaction of business except as otherwise provided by statute or by the Corporation's Certificate of Formation. Unless otherwise provided in the Certificate of Formation in accordance with the Texas Business Organizations Code, as amended (the "TBOC"), once a quorum is present at a meeting of the shareholders, the shareholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting by any shareholder or the refusal of any shareholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting. If a quorum shall fail to attend any meeting of the shareholders, the chairman of the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be represented. At such adjourned meeting, provided a quorum shall be represented thereat, any business may be transacted which might have been transacted if the meeting had been held in accordance with the original notice thereof.

2.6 Vote Required. When a quorum is present at any meeting, the vote of the holders of a majority of the shares having voting power represented in person or by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute, the Corporation's Certificate of Formation, these Bylaws or the rules of any stock exchange upon which the corporation's securities are listed, a different vote is required, in which case such express provision shall govern and control the decision of such question. Except as provided in the next sentence with respect to contested elections of directors, directors shall be elected by a majority of the votes cast by the holders of shares present in person or represented by proxy and entitled to vote on the election of directors at a meeting of shareholders at which a quorum is present. In a contested election of directors, directors shall be elected by a plurality of the votes cast by the holders of shares present in person or represented by proxy and entitled to vote on the election of directors at a meeting of shareholders at which a quorum is present. For purposes of this Section, (i) an election of directors shall be considered contested if, as of the date that is fourteen (14) days in advance of the date the Company files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission, the number of nominees exceeds the number of directors to be elected and (ii) a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast "against" that director. The Board of Directors, or a committee thereof, shall establish procedures with respect to the resignation from the Board of Directors of continuing directors who are not re-elected.

2.7 Method of Voting. A shareholder may vote in person or by proxy executed in writing by the shareholder or by his or her duly authorized attorney-in-fact. A telegram, telex, cablegram or other form of electronic transmission, including telephonic transmission, by the shareholder or by his or her duly authorized attorney-in-fact, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the shareholder or by his or her duly authorized attorney-in-fact shall be considered an execution in writing for purposes of this Section 2.7. Any electronic transmission must contain or be accompanied by information from which it can be determined that the transmission was authorized by the shareholder or by his or her duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

2.8 Voting Rights. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except (a) to the extent that the Certificate of

Formation provides for more or less than one vote per share or limits or denies voting rights to the holders of the shares of any class or series or (b) as otherwise provided by law.

2.9 Consent of Shareholder. Any action required or which may be taken at a meeting of the shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of all the shares entitled to vote with respect to the action that is the subject of the consent. The consent may be in more than one counterpart so long as each shareholder signs one of the counterparts. Any photographic, photostatic, facsimile or similarly reliable reproduction of a consent in writing signed by a shareholder may be substituted or used instead of the original writing for any purpose for which the original writing could be used.

2.10 Organization and Conduct of Business.

(a) Such person as the Board of Directors may have designated or, in the absence of such a person, the chairman of the board or, in his or her absence, the chief executive officer of the Corporation or, in his or her absence, the president of the corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the shareholders and act as chairman of the meeting. Such person as the chairman of the meeting may have designated or, in the absence of such a person, the secretary of the Corporation, shall act as secretary of the meeting. The chairman of any meeting of shareholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time.

(b) The Corporation may, and to the extent required by law, shall, in advance of any meeting of shareholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of shareholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

ARTICLE III
DIRECTORS

3.1 Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Formation or by these Bylaws directed or required to be exercised or done by the shareholders.

3.2 Number, Selection and Term. The number of directors which shall constitute the whole Board of Directors shall be not less than one. Such number shall from time to time be fixed and determined by the director(s) and shall be set forth in the notice of any meeting of shareholders held for the purpose of electing directors. The Board of Directors shall be divided into three (3) classes serving for those initial terms as provided in Article IX of the Corporation’s Certificate of Formation. Except as provided in this Article III, at each annual meeting of shareholders following such initial classification and election, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of shareholders and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal. Directors need not be residents of the State of Texas or shareholders of the Corporation. Notwithstanding any provision of this Article III, whenever the holders of preferred stock shall have the right to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the certificate of formation applicable thereto, and such directors so elected shall not be divided into classes unless expressly provided by the terms of the preferred stock. No individual shall be eligible for nomination, re-nomination, election or appointment to the Board of Directors after the age of 75.

3.3 Vacancies. Any vacancy occurring in the Board of Directors (by death, resignation or removal) may be filled by an affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, or may be filled by an election at an annual or special meeting of the shareholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and shall hold office until his or her successor shall be elected and qualified.

3.4 Increases and Decreases. The number of directors may be increased or decreased from time to time as provided in these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of one or more directors by the shareholders, provided, however, that the Board of Directors may not fill more than two such directorships during the period between any two successive annual meetings of shareholders.

3.5 Removal from Office. Any director may be removed for cause at any meeting of shareholders duly called and held for such purpose.

3.6 Place of Meeting. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Texas.

3.7 Regular Meetings. Regular meetings of the Board of Directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board of Directors.

3.8 Special Meetings. Special meetings of the Board of Directors may be called by the chairman of the Board of Directors, the chief executive officer or the president. Notice of each special meeting of the Board of Directors shall be given to each director at least two (2) days before the date of the meeting.

3.9 Notice of Meetings. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as may be otherwise provided by law or by the Certificate of Formation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. Any notice required pursuant to Section 3.7 or Section 3.8 may be given by electronic mail transmission or by nationally recognized overnight delivery or courier service. Any notice delivered pursuant to this Section 3.9 shall be deemed given when such notice is, in the case of an electronic mail transmission, transmitted to an electronic mail address provided by the director for the purpose of receiving notice or, in the case of overnight delivery or courier service, received by the director or, if earlier, one (1) business day after such notice is sent by such overnight delivery or courier service addressed to such director at such address as appears on the books of the Corporation.

3.10 Quorum. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, unless otherwise specifically provided by law, the Certificate of Formation or these Bylaws. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.11 Committees. By resolution, the Board of Directors may from time to time designate from among the members of the Board of Directors an executive committee and one or more other committees. Each committee shall consist of one or more directors, and, except as limited by law, the Certificate of Formation, these Bylaws or the resolution establishing such committee, each committee shall have and may exercise all of the authority of the Board of Directors as the Board of Directors may determine and specify in the respective resolutions appointing each such committee. A majority of all the members of any such committee may fix the time and place of its meetings, unless the Board of Directors shall otherwise provide, and meetings of any committee may be held upon such notice, or without notice, as shall from time to time be determined by the members of any such committee. At all meetings of any committee a majority of its members shall constitute a quorum for the transaction of business, and the act of a majority of the members present shall be the act of any such committee, unless otherwise specifically provided by law, the Certificate of Formation, these Bylaws or the resolution establishing such committee. The Board of Directors shall have power at any time to change the number, subject as aforesaid, and members of any such committee, to fill vacancies and to discharge any such committee.

3.12 Consent. Any action required or permitted to be taken at a meeting of the Board of Directors or any committee may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent to such action in writing, including by electronic transmission, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Any photographic, photostatic, facsimile or similarly reliable reproduction of a consent in writing may be substituted or used instead of the original writing for any purpose for which the original writing could be used. The consent may be in more than one counterpart. Advance notice is not required to be given to take any action by written consent. Such consent shall have the same force and effect as a unanimous vote at a meeting of the Board of Directors or the committee, as the case may be, duly called and held.

3.13 Participation in Meetings by Remote Communication. Directors and committee members may participate in and hold a meeting by means of conference telephone or similar communication equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons. If voting is to take place at the meeting, reasonable measures shall be implemented to verify that every director or committee member voting at the meeting by means of remote communications is sufficiently identified, and a record of any vote or other action taken must be kept. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.14 Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid (a) a fixed sum for attendance at each meeting of the Board of Directors, (ii) a stated salary and/or (iii) other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

3.15 Resignation. Any director may resign at any time by written notice to the Corporation. Any such resignation shall take effect at the date of receipt of such notice or at such other time, or upon the occurrence of a future event, as may be specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any director who does not, for any reason whatsoever, stand for election at any meeting of shareholders called for such purpose shall be conclusively deemed to have resigned, effective as of the date of such meeting, for all purposes, and the Corporation need not receive any written notice to evidence such resignation.

ARTICLE IV
NOTICES

4.1 General. Whenever by law, the Certificate of Formation or these Bylaws, notice is to be given to any shareholder, director or committee member, and no provision is made as to how such notice is to be given, such notice may be given: (i) in writing, by mail, postage prepaid, addressed to such shareholder, director or committee member at such address as appears on the books of the Corporation or (ii) in any other method permitted by law. Except as provided in Section 3.9, any notice required or permitted to be given by mail will be deemed to be given or delivered at the time when the same shall be deposited in the United States mail, with postage thereon prepaid. Notice from the Corporation may be given by electronic transmission to any director or committee member and any shareholder who has consented to receiving notice by electronic transmission. The shareholder, director or committee member may specify the form of electronic transmission to be used to communicate notice. The shareholder, director or committee member may revoke this consent by written notice to the Corporation. The consent is deemed to be revoked if the Corporation is unable to deliver by electronic transmission two (2) consecutive notices, and the person responsible for delivering notice on behalf of the Corporation knows that delivery of these two electronic transmissions was unsuccessful. The inadvertent failure to treat the unsuccessful transmissions as a revocation of consent does not invalidate a meeting or other action. Notice by electronic transmission is deemed given when the notice is (i) transmitted to a facsimile number provided by the shareholder, director or committee member for the purpose of receiving notice; (ii) transmitted to an electronic mail address provided by the shareholder, director or committee member for the purpose of receiving notice; (iii) posted on an electronic network and a message is sent to the shareholder, director or committee member at the address provided by the shareholder, director or committee member for the purpose of alerting the shareholder, director or committee member of a posting; or (iv) communicated to the shareholder, director or committee member by any other form of electronic transmission consented to by the shareholder, director or committee member.

4.2 Waiver. Whenever any notice is required to be given by law or under the provisions of the Certificate of Formation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE V
OFFICERS

5.1 Officers. The officers of the Corporation shall consist of a president and a secretary. The Board of Directors may also elect or appoint such other officers and agents, including a chairman of the board, a chief executive officer, an assistant president, one or more vice presidents (any one or more of whom may be designated executive vice president or senior vice president and any one of whom may also be designated as the chief operating officer and/or chief financial officer), a treasurer and one or more assistant secretaries and assistant treasurers, as it shall deem necessary. Any two or more offices may be held by the same person. None of the officers need be a director or a shareholder of the Corporation. The Board of

Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

5.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its first regular meeting held after the annual meeting of shareholders or as soon thereafter as conveniently practicable. Each officer shall hold office until his or her successor shall have been elected or appointed and shall have qualified or until his or her earlier death, resignation, retirement, disqualification or removal.

5.3 Removal and Resignation. Any officer or agent of the Corporation may be removed with or without cause by the Board of Directors or the chief executive officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Any officer may resign at any time by giving written notice to the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at such other time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. Any vacancy occurring in any office of the Corporation by death, resignation, retirement, disqualification, removal or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

5.5 Salaries. The salaries of the executive officers of the Corporation (as determined by the Board of Directors) shall be fixed from time to time by the independent members of the Board of Directors. The salaries of the non-executive officers and agents of the Corporation shall be fixed from time to time by the chief executive officer. No officer shall be prevented from receiving a salary by reason of his or her also being a director. Election or appointment of an officer or agent shall not of itself create contract rights.

5.6 Chairman of the Board. The chairman of the board, if one be elected, shall preside at all meetings of the Board of Directors and the shareholders and shall have such other powers and duties as may from time to time be prescribed by the Board of Directors, upon written directions given to him or her pursuant to resolutions duly adopted by the Board of Directors.

5.7 Chief Executive Officer. The chief executive officer shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. Unless a chairman of the board has been elected, the chief executive officer shall preside at all meetings of the Board of Directors and the shareholders. The chief executive officer shall formulate and submit to the Board of Directors matters of general policy for the Corporation and shall formulate such other duties as usually appertain to the office and such other duties as may be prescribed by the shareholders or the Board of Directors from time to time. The chief executive officer shall have the power to appoint and remove subordinate officers, agents and employees, including assistant secretaries and assistant treasurers. The chief executive officer shall keep the Board of Directors fully informed and shall consult with them concerning the business and affairs of the Corporation. The chief executive officer shall vote, or give a proxy to any other officer of the Corporation to vote, all shares of stock of any other corporation standing in the name of the Corporation. The chief executive officer may execute and deliver certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed and delivered, except in cases where the execution and delivery thereof shall be expressly delegated solely to another officer or delivery thereof shall be otherwise required by law to be executed and delivered by another person.

5.8 President. The president, subject to the supervision of the chairman of the board and the chief executive officer, shall have general executive charge, management and control of the properties of the

Corporation in the ordinary course of its business, with all such powers with respect to such properties as may be reasonably incident to such responsibilities. In the absence or inability of the chief executive officer to act, the president shall exercise all of the powers and discharge all of the duties of the chief executive officer. As between the Corporation and third parties, any action taken by the president in the performance of the duties of the chief executive officer shall be conclusive evidence that the chief executive officer is absent or unable to act. The president may sign all certificates for shares of stock of the Corporation. If there is not a chief operating officer, the president shall have general executive charge, management and control of the operations of the Corporation in the ordinary course of its business, with all such powers with respect to such operations as may be reasonably incident to such responsibilities.

5.9 Chief Operating Officer. The chief operating officer, if such officer be elected, shall have general executive charge, management and control of the operations of the Corporation in the ordinary course of its business, with all such powers with respect to such operations as may be reasonably incident to such responsibilities. The chief operating officer shall have the usual powers and duties incident to the position of chief operating officer of a corporation, subject to the control of the Board of Directors, the chairman of the board and the chief executive officer.

5.10 Vice Presidents. Each vice president shall perform such duties and have such other powers as the Board of Directors, chairman of the board, the chief executive officer, the president and the chief operating officer may from time to time prescribe. Certain vice presidents may from time to time be designated by the Board of Directors, the chairman of the board, the chief executive officer, the president and the chief operating officer as executive vice presidents or senior vice presidents which positions shall have such varying degrees of authority as the Board of Directors, chairman of the board, chief executive officer, president and chief operating officer shall prescribe.

5.11 Secretary. The secretary shall record all of the proceedings of the meetings of the Board of Directors, all committees thereof and the shareholders in a minute book to be kept for that purpose. The secretary shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the chief executive officer, under whose supervision the secretary shall be. If the secretary shall be unable or shall refuse to cause to be given notice of all meetings of the shareholders and special meetings of the Board of Directors, and if there be no assistant secretary, then either the Board of Directors or the chief executive officer may choose another officer to cause such notice to be given. The secretary shall have custody of the seal of the Corporation and the secretary or an assistant secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the secretary or by the signature of any such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

5.12 Assistant Secretaries. The assistant secretaries in the order of their seniority, unless otherwise determined by the Board of Directors or the chief executive officer, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or as the chief executive officer may from time to time delegate.

5.13 Treasurer. The treasurer, if one is elected, shall have custody of the corporate funds and securities and shall keep full and accurate accounts and records of receipts, disbursements and other transactions in books belonging to the Corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of

Directors. The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the Board of Directors, at its regular meetings, or when the chief executive officer or Board of Directors so requires, an account of all transactions made as treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the treasurer shall give the Corporation a bond of such type, character and amount as the Board of Directors may require.

5.14 Assistant Treasurers. The assistant treasurers, if any are elected, in the order of their seniority, unless otherwise determined by the Board of Directors or the chief executive officer, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe or the chief executive officer may from time to time delegate. If required by the Board of Directors, the assistant treasurers shall give the Corporation a bond of such type, character and amount as the Board of Directors may require.

ARTICLE VI
CERTIFICATES REPRESENTING SHARES

6.1 Issuance. Shares of stock of the Corporation may, at the discretion of the Board of Directors, be issued in certificated or uncertificated form. Shares issued in certificated form shall be in the form determined by the Board of Directors. Certificates shall be consecutively numbered and shall be entered in the books of the Corporation or its agents as they are issued. Upon the written request of any shareholder holding uncertificated shares, the Corporation shall issue a certificate or certificates representing such shares in the form prescribed. Certificates shall be signed by the chairman of the board, chief executive officer, president or any vice president and either the secretary or any assistant secretary. The signatures of the chairman of the board, chief executive officer, president or vice president, secretary or assistant secretary upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent or registered by a registrar, either of which is other than the Corporation itself or an employee of the Corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer were such officer at the date of such issuance. In the event the Corporation is authorized to issue shares of more than one class, each certificate representing shares issued by the Corporation shall (1) conspicuously set forth on the face or back of the certificate a full statement of (a) all of the designations, preferences, limitations, restrictions and relative rights of the shares of each class authorized to be issued and, (b) if the Corporation is authorized to issue shares of any preferred or special class or series, the variations and the relative rights and preferences of the shares of each such series to the extent they have been fixed and determined and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series; or (2) conspicuously state on the face or back of the certificate that (a) such a statement is set forth in the Certificate of Formation on file in the office of the Secretary of State of the State of Texas and (b) the Corporation will furnish a copy of such statement to the record holder of the certificate without charge on written request to the Corporation at its principal place of business or registered office. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in the cases of a lost, stolen, destroyed or mutilated certificate a new one may be issued therefor upon such terms and with such indemnity, if any, to the Corporation as the Board of Directors may prescribe. Certificates shall not be issued representing fractional shares of stock.

6.2 Lost Certificate. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient and may require such indemnities as it deems adequate to protect the Corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

6.3 Transfers. Subject to valid transfer restrictions and to stop-transfer orders directed in good faith by the Corporation to any transfer agent to prevent possible violations of federal or state securities laws, rules or regulations or for any other lawful purpose, upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto and the old certificate canceled and the transaction recorded upon the books of the Corporation. Transfers of shares shall be made only on the books of the Corporation by the registered holder thereof, or by such holder's attorney thereunto authorized by power of attorney and filed with the secretary of the Corporation or the transfer agent. The Board of Directors may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of stock of the Corporation and concerning the registration of pledges of uncertificated shares.

6.4 Closing of Transfer Books. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

6.5 Registered Shareholders. Unless otherwise provided in the TBOC, and subject to the provisions of Chapter 8 - Investment Securities of the Texas Business and Commerce Code, as amended:

(a) The Corporation may regard the person in whose name any shares of the Corporation are registered in the share transfer records of the Corporation at any particular time (including, without limitation, as of a record date fixed pursuant to Section 6.4 of these Bylaws) as the owner of those shares.

(b) Neither the Corporation nor any of its officers, directors, employees or agents shall be liable for regarding that person as the owner of those shares at that time for those purposes, regardless of whether that person does not possess a certificate representing those shares.

6.6 List of Shareholders. The officer or agent having charge of the transfer books for shares shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to the inspection of any shareholder during usual business hours. Alternatively, the list of the shareholders may be kept on a reasonably accessible electronic network, if the information required to gain access to the list is provided with the notice of the meeting. This Section 6.6 shall not require the Corporation to include any electronic contact information of any shareholder on the list. If the Corporation elects to make the list available on an electronic network, the Corporation shall take reasonable steps to ensure that the information is available only to shareholders of the Corporation. The list of shareholders shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE VII
DIVIDENDS

7.1 Declaration. Subject to the provisions of the Certificate of Formation relating thereto, if any, and the restrictions imposed by applicable law, dividends on the Corporation's outstanding shares may be declared from time to time by the Board of Directors, in its discretion, at any regular or special meeting. Dividends may be paid in cash, in property or in the Corporation's own shares, subject to any provisions of the Certificate of Formation.

7.2 Reserve. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund for meeting contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interests of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII
CONTRACTS, CHECKS, DEPOSITS, BOOKS AND RECORDS

8.1 Contracts. Subject to the provisions of Section 5.1, the Board of Directors may authorize any officer, officers, agent or agents to enter into any contract or agreement of any nature whatsoever, including, without limitation, any contract, deed, bond, mortgage, guaranty, deed of trust, security agreement, pledge agreement, act of pledge, collateral mortgage, collateral chattel mortgage or any other document or instrument of any nature whatsoever, and to execute and deliver any such contract, agreement, document or other instrument of any nature whatsoever for and in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.2 Checks, Etc. All checks, demands, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as shall be determined by the Board of Directors. Subject to the provisions of Section 5.1, the Board of Directors may authorize any officer, officers, agent or agents to execute and deliver any of such documents or instruments for and in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

8.3 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

8.4 Books and Records. The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board of Directors and committees thereof, and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each. Any books, records and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

ARTICLE IX
MISCELLANEOUS

9.1 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

9.2 Books. The books and records of the Corporation may be kept (subject to any provision of law, the Certificate of Formation or these Bylaws) outside the State of Texas at the offices of the Corporation, or at such other place or places as may be designated from time to time by the Board of Directors.

ARTICLE X
INDEMNIFICATION OF DIRECTORS AND OFFICERS

10.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Texas law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 10.3 with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

10.2 Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 10.1, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the TBOC requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 10.2 or otherwise.

10.3 Right of Indemnitee to Bring Suit. If a claim under Section 10.1 or 10.2 of these Bylaws is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the fullest extent permitted by law, if successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) and (b) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met any applicable standard for indemnification set forth in the TBOC. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the TBOC, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article X or otherwise shall be on the Corporation.

10.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation’s Certificate of Formation, Bylaws, agreement, vote of shareholders or directors or otherwise. No amendment, alteration or repeal of this Article X or any provision hereof shall be effective, as to any indemnitee for acts, events and circumstances that occurred in whole or in part, before such amendment, alteration or repeal.

10.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the TBOC.

10.6 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article X with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

10.7 Nature of Rights. The rights conferred upon indemnitees in this Article X shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee’s heirs, executors and administrators. Any amendment, alteration or repeal of this Article X that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE XI
AMENDMENTS

11.1 Amendment. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these Bylaws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the Bylaws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal Bylaws of the Corporation, notwithstanding any other provision of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these Bylaws or any preferred stock, the affirmative vote of the holders of at least sixty seven percent (67%) of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these Bylaws.

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The undersigned secretary of Matador Resources Company hereby certifies that the foregoing Bylaws were duly approved by the Board of Directors on February 16, 2018.

/s/ Joseph Wm. Foran
Joseph Wm. Foran

MATADOR RESOURCES COMPANY REPORTS FOURTH QUARTER AND FULL YEAR 2017 RESULTS AND PROVIDES OPERATIONAL UPDATE AND 2018 GUIDANCE

DALLAS, Texas, February 21, 2018 -- Matador Resources Company (NYSE: MTDR) (“Matador” or the “Company”) today reported financial and operating results for the three months and year ended December 31, 2017. The release is divided into two parts—first, a “Summary and Highlights” section that summarizes key production and financial results for the fourth quarter and year ended December 31, 2017, proved reserves at December 31, 2017, significant well results in the fourth quarter of 2017 and early first quarter of 2018 and Matador’s 2018 guidance estimates and second, a “Detailed Financial Results and Operations Update” section providing a more complete discussion of the Company’s fourth quarter and full year 2017 financial and operational results.

A short slide presentation summarizing the highlights of Matador’s fourth quarter and full year 2017 earnings release is also included on the Company’s website at www.matadorresources.com on the Presentations & Webcasts page under the Investors tab.

Part I - Summary and Highlights

Fourth Quarter 2017 Highlights

Sequential Results

- Matador’s net income (GAAP basis) **increased 155%** sequentially from $15.0 million, or earnings of $0.15 per diluted common share, in the third quarter of 2017, to net income (GAAP basis) of **$38.3 million, or earnings of $0.35 per diluted common share**, in the fourth quarter of 2017. This sequential increase in net income was primarily attributable to a significant increase in oil and natural gas revenues resulting from both increased oil and natural gas production and increased commodity price realizations in the fourth quarter of 2017, as compared to the third quarter of 2017. A portion of the sequential increase in net income was also attributable to an income tax benefit of $8.2 million, or approximately $0.08 per diluted common share, reflecting both actual and anticipated refunds of federal alternative minimum tax (“AMT”) paid in prior periods as a result of the recent enactment of the Tax Cuts and Jobs Act.
- Matador’s adjusted net income (a non-GAAP financial measure) **increased 53%** sequentially from $17.8 million, or adjusted earnings of $0.18 per diluted common share, in the third quarter of 2017, to adjusted net income (non-GAAP) of **$27.2 million, or adjusted earnings of $0.25 per diluted common share**, in the fourth quarter of 2017. This sequential increase in adjusted net income was primarily attributable to a significant increase in oil and natural gas revenues resulting from both increased oil and natural gas production and increased commodity price realizations in the fourth quarter of 2017, as compared to the third quarter of 2017. Adjusted net income for the fourth quarter of 2017 did not include the federal AMT benefit of $8.2 million and was estimated using a federal statutory tax rate of 35%.
- Adjusted earnings before interest expense, income taxes, depletion, depreciation and amortization and certain other items (“Adjusted EBITDA,” a non-GAAP financial measure) **increased 28%** sequentially from $84.8 million in the third quarter of 2017 to **$108.6 million** in the fourth quarter of 2017. The fourth quarter of 2017 marked the first time that Matador’s Adjusted EBITDA exceeded $100 million in a quarter in the Company’s history.
- Average daily oil production **increased 5%** sequentially from approximately 23,500 barrels per day in the third quarter of 2017 to approximately 24,700 barrels per day in the fourth quarter of 2017. This 5% average daily oil production growth exceeded the Company’s expectations that oil production would be essentially flat in the fourth quarter, as compared to the third quarter of 2017. **Matador’s fourth quarter 2017 average daily oil production was the best quarterly result in the Company’s history.**

- Average daily natural gas production **increased 3%** sequentially from approximately 110.5 million cubic feet per day in the third quarter of 2017 to approximately **114.3 million cubic feet per day** in the fourth quarter of 2017. This 3% average daily natural gas production growth also exceeded the Company's expectations of a small sequential decline in natural gas production in the fourth quarter of 2017. **Matador's fourth quarter 2017 average daily natural gas production was the best quarterly result in the Company's history.**
- Average daily oil equivalent production **increased 4%** sequentially from approximately 42,000 barrels of oil equivalent ("BOE") per day (56% oil) in the third quarter of 2017 to approximately **43,700 BOE per day (56% oil)** in the fourth quarter of 2017. **Matador's fourth quarter 2017 average daily oil equivalent production (BOE basis) was the best quarterly result in the Company's history.**
- Delaware Basin average daily oil equivalent production **increased 14%** sequentially from approximately 30,700 BOE per day (consisting of 18,700 barrels of oil per day and 72.1 million cubic feet of natural gas per day) in the third quarter of 2017 to approximately **34,900 BOE per day** (consisting of 21,000 barrels of oil per day and 83.1 million cubic feet of natural gas per day) in the fourth quarter of 2017. **The Delaware Basin contributed 85% of Matador's daily oil production, 73% of its daily natural gas production and 80% of its daily oil equivalent production in the fourth quarter of 2017.**

Note: All references to net income, adjusted net income and Adjusted EBITDA reported throughout this earnings release are those values attributable to Matador Resources Company shareholders after giving effect to any net income, net loss or Adjusted EBITDA attributable to third-party non-controlling interests, including in Matador's midstream affiliate, San Mateo Midstream, LLC ("San Mateo" or the "Joint Venture"). For a definition of adjusted net income, adjusted earnings per share and Adjusted EBITDA and reconciliations of such non-GAAP financial metrics to their comparable GAAP metrics, please see "Supplemental Non-GAAP Financial Measures" below.

Year-Over-Year Results

- Matador's net income (GAAP basis) **decreased 63%** from $104.2 million, or earnings of $1.09 per diluted common share, in the fourth quarter of 2016 to net income (GAAP basis) of **$38.3 million, or earnings of $0.35 per diluted common share**, in the fourth quarter of 2017. Matador's net income in the fourth quarter of 2016 was significantly impacted by the recognition of the remaining gain of $104.1 million resulting from the October 2015 sale of its natural gas processing plant in Loving County, Texas.
- Matador's adjusted net income (a non-GAAP financial measure) **increased 278%** from adjusted net income (non-GAAP) of $7.2 million, or adjusted earnings of $0.08 per diluted common share, in the fourth quarter of 2016 to adjusted net income (non-GAAP) of **$27.2 million, or adjusted earnings of $0.25 per diluted common share**, in the fourth quarter of 2017.
- Matador's Adjusted EBITDA (a non-GAAP financial measure) **increased 99%** year-over-year from $54.5 million in the fourth quarter of 2016 to **$108.6 million** in the fourth quarter of 2017.
- Year-over-year, from the fourth quarter of 2016 to the fourth quarter of 2017:
  - Average daily oil production **increased 57%** from approximately 15,700 barrels per day to approximately **24,700 barrels per day**;
  - Average daily natural gas production **increased 34%** from approximately 85.5 million cubic feet per day to approximately **114.3 million cubic feet per day**;
  - Average daily oil equivalent production **increased 46%** from approximately 30,000 BOE per day to approximately **43,700 BOE per day**; and
  - In the Delaware Basin, average daily oil equivalent production **increased 69%** from approximately 20,700 BOE per day (consisting of 12,800 barrels of oil per day and 47.0 million cubic feet of

natural gas per day) to approximately **34,900 BOE per day** (consisting of 21,000 barrels of oil per day and 83.1 million cubic feet of natural gas per day).

Sequential and year-over-year quarterly comparisons of selected financial and operating items are shown in the following table:

	Three Months Ended		
	December 31, 2017	**September 30, 2017**	**December 31, 2016**
Net Production Volumes:[1]			
Oil (MBbl)[2]	2,269	2,166	1,446
Natural gas (Bcf)[3]	10.5	10.2	7.9
Total oil equivalent (MBOE)[4]	4,022	3,860	2,757
Average Daily Production Volumes:[1]			
Oil (Bbl/d)	24,665	23,538	15,720
Natural gas (MMcf/d)[5]	114.3	110.5	85.5
Total oil equivalent (BOE/d)[6]	43,718	41,954	29,965
Average Sales Prices:			
Oil, without realized derivatives (per Bbl)	$ 53.66	$ 46.25	$ 47.34
Oil, with realized derivatives (per Bbl)	$ 52.30	$ 46.47	$ 46.65
Natural gas, without realized derivatives (per Mcf)	$ 4.12	$ 3.42	$ 3.35
Natural gas, with realized derivatives (per Mcf)	$ 4.12	$ 3.42	$ 3.34
Revenues (millions):			
Oil and natural gas revenues	$ 165.1	$ 134.9	$ 94.8
Third-party midstream services revenues	$ 3.3	$ 3.2	$ 2.3
Realized (loss) gain on derivatives	$ (3.1)	$ 0.5	$ (1.1)
Operating Expenses (per BOE):			
Production taxes, transportation and processing	$ 4.46	$ 4.06	$ 4.43
Lease operating	$ 4.68	$ 4.32	$ 5.41
Plant and other midstream services operating	$ 1.16	$ 0.80	$ 0.67
Depletion, depreciation and amortization	$ 13.53	$ 12.38	$ 11.56
General and administrative[7]	$ 4.06	$ 4.19	$ 5.65
Total[8]	$ 27.89	$ 25.75	$ 27.72
Net income (millions)[9]	$ 38.3	$ 15.0	$ 104.2
Earnings per common share (diluted)[9]	$ 0.35	$ 0.15	$ 1.09
Adjusted net income (millions)[9][10]	$ 27.2	$ 17.8	$ 7.2
Adjusted earnings per common share (diluted)[9][11]	$ 0.25	$ 0.18	$ 0.08
Adjusted EBITDA (millions)[9][12]	$ 108.6	$ 84.8	$ 54.5

(1) Production volumes and proved reserves reported in two streams: oil and natural gas, including both dry and liquids-rich natural gas.

(2) One thousand barrels of oil.

(3) One billion cubic feet of natural gas.

(4) One thousand barrels of oil equivalent, estimated using a conversion ratio of one barrel of oil per six thousand cubic feet of natural gas.

(5) Millions of cubic feet of natural gas per day.

(6) Barrels of oil equivalent per day, estimated using a conversion ratio of one barrel of oil per six thousand cubic feet of natural gas.

(7) Includes approximately $1.04, $0.34 and $1.23 per BOE of non-cash, stock-based compensation expense in the fourth quarter of 2017, the third quarter of 2017 and the fourth quarter of 2016, respectively.

(8) Total does not include the impact of full-cost ceiling impairment charges or immaterial accretion expenses.

(9) Attributable to Matador Resources Company shareholders after giving effect to amounts attributable to third-party non-controlling interests.

(10) Adjusted net income is a non-GAAP financial measure. For a definition of adjusted net income and a reconciliation of adjusted net income (non-GAAP) to net income (GAAP), please see "Supplemental Non-GAAP Financial Measures."

(11) Adjusted earnings per common share is a non-GAAP financial measure. For a definition of adjusted earnings per common share and a reconciliation of adjusted earnings per common share (non-GAAP) to earnings per common share (GAAP), please see "Supplemental Non-GAAP Financial Measures."

(12) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA (non-GAAP) to net income (GAAP) and net cash provided by operating activities (GAAP), please see "Supplemental Non-GAAP Financial Measures."

Acreage Acquisitions

- During the fourth quarter of 2017, through multiple transactions, Matador acquired approximately 6,900 net acres in the Delaware Basin, mostly in and around its existing acreage positions. During 2017, Matador acquired, through multiple transactions, approximately 25,100 net acres in the Delaware Basin, including a small amount of associated production, for a total acquisition cost of approximately $238 million. Excluding the estimated value of the production acquired, this acreage was added for a weighted average cost of between approximately $7,000 and $8,000 per net acre.

Significant Well Results

Significant well results announced in this earnings release include the following:

Antelope Ridge Asset Area

- The Florence State 23-23S-34E AR #202H well, an upper Wolfcamp A completion and Matador's first well drilled in its Antelope Ridge asset area in southern Lea County, New Mexico, flowed 1,947 BOE per day (81% oil) during a 24-hour initial potential test. The Company is very pleased with this initial test result, which demonstrates the significant potential of its Antelope Ridge asset area.

Rustler Breaks Asset Area

- The Charlie Sweeney Fed Com #204H well, a Wolfcamp A-Lower completion in the Rustler Breaks asset area, flowed 1,188 BOE per day (75% oil) during a 24-hour initial potential test. This well was the Company's second positive test of the Wolfcamp A-Lower interval and further confirms the potential of the Wolfcamp A-Lower interval as another completion target in the Rustler Breaks asset area.

Wolf and Jackson Trust Asset Areas

- The Toot D 17-TTT-C24 NL #211H well, a Wolfcamp A-Lower completion in the Jackson Trust asset area, flowed 1,692 BOE per day (81% oil) during a 24-hour initial potential test. This well is another positive test of the Wolfcamp A-Lower interval in the Jackson Trust asset area and is an opposing lateral to the Totum E 18-TTT-C24 NL #211H well. At February 21, 2018, the Totum #211H well continued to track well above Matador's 750,000 BOE type curve for the Wolfcamp A-Lower interval in the Jackson Trust asset area and appeared to be on track for an ultimate recovery of just over 1.0 million BOE.

Arrowhead and Ranger Asset Areas

- The Stebbins 19 Federal Com #123H and the Stebbins 20 Federal #124H wells, both Second Bone Spring completions in the Arrowhead asset area in Eddy County, New Mexico, tested 1,012 BOE per day (90% oil) and 845 BOE per day (90% oil), respectively, during 24-hour initial potential tests. These wells were the second and third positive tests of the Second Bone Spring interval on the Company's Stebbins leasehold in the southwestern portion of its Arrowhead asset area.

Proved Reserves at December 31, 2017

- Matador's **total proved oil and natural gas reserves increased 44%** year-over-year from 105.8 million BOE (consisting of 57.0 million barrels of oil and 292.6 billion cubic feet of natural gas) at December 31, 2016 to **152.8 million BOE** (consisting of 86.7 million barrels of oil and 396.2 billion cubic feet of natural gas) at December 31, 2017. Oil, natural gas and total proved reserves at December 31, 2017 were each all-time highs for Matador. **At December 31, 2017, the Delaware Basin accounted for approximately 84% of the Company's total proved oil and natural gas reserves**, as compared to approximately 75% at December 31, 2016.

- Matador's **proved oil reserves increased 52%** year-over-year from 57.0 million barrels at December 31, 2016 to 86.7 million barrels at December 31, 2017.
- Approximately 57% of Matador's total proved oil and natural gas reserves were oil at December 31, 2017, as compared to 54% at December 31, 2016.
- Approximately 45% of the Company's total proved oil and natural gas reserves were proved developed at December 31, 2017, as compared to 41% at December 31, 2016.

Full Year 2017 Highlights - Year Ended December 31, 2017

- Matador's net income (GAAP basis) increased to **$125.9 million, or $1.23 per diluted common share,** for the year ended December 31, 2017, as compared to a net loss of $97.4 million, or $1.07 per diluted common share, for the year ended December 31, 2016.
- Matador's adjusted net income (a non-GAAP financial measure) increased to **$73.4 million, or $0.72 per diluted common share,** for the year ended December 31, 2017, as compared to an adjusted net loss of $2.8 million, or $0.03 per diluted common share, for the year ended December 31, 2016.
- Matador's Adjusted EBITDA (a non-GAAP financial measure) increased 113% from $157.9 million for the year ended December 31, 2016 to **$336.1 million** for the year ended December 31, 2017.
- For the year ended December 31, 2017, as compared to the year ended December 31, 2016:
    - Oil production increased 54% from 5.1 million barrels (average daily oil production of 13,900 barrels per day) in 2016 to **7.9 million barrels (average daily oil production of 21,500 barrels per day)** in 2017. **Matador's 2017 oil production was the best annual result in the Company's history.**
    - Natural gas production increased 25% from 30.5 billion cubic feet (average daily natural gas production of 83.3 million cubic feet per day) in 2016 to **38.2 billion cubic feet (average daily natural gas production of 104.6 million cubic feet per day)** in 2017. **Matador's 2017 natural gas production was the best annual result in the Company's history.**
    - Average daily oil equivalent production increased 40% from 10.2 million BOE (average daily oil equivalent production of 27,800 BOE per day) in 2016 to **14.2 million BOE (average daily oil equivalent production of 38,900 BOE per day)** in 2017.
    - In the Delaware Basin, total oil equivalent production **increased 84%** from 5.8 million BOE (average daily oil equivalent production of 15,900 BOE per day) in 2016 to **10.8 million BOE (average daily oil equivalent production of 29,500 BOE per day)** in 2017. The Delaware Basin comprised 76% of Matador's total oil equivalent production in 2017, as compared to 57% in 2016.
- Matador's Net Debt to Adjusted EBITDA ratio declined from 2.3x at December 31, 2016 to 1.4x at December 31, 2017. For purposes of this computation, Net Debt is defined as debt outstanding under Matador's senior notes less available cash, including Matador's proportionate share of any restricted cash.

Comparisons of selected financial and operating items for the years ended December 31, 2017, 2016 and 2015 are shown in the following table:

	Year Ended		
	December 31, 2017	**December 31, 2016**	**December 31, 2015**
Net Production Volumes:[1]			
Oil (MBbl)[2]	7,851	5,096	4,492
Natural gas (Bcf)[3]	38.2	30.5	27.7
Total oil equivalent (MBOE)[4]	14,212	10,180	9,109
Average Daily Production Volumes:[1]			
Oil (Bbl/d)	21,510	13,924	12,306
Natural gas (MMcf/d)[5]	104.6	83.3	75.9
Total oil equivalent (BOE/d)[6]	38,936	27,813	24,955
Average Sales Prices:			
Oil, without realized derivatives (per Bbl)	$ 49.28	$ 41.19	$ 45.27
Oil, with realized derivatives (per Bbl)	$ 48.81	$ 42.34	$ 59.13
Natural gas, without realized derivatives (per Mcf)	$ 3.72	$ 2.66	$ 2.71
Natural gas, with realized derivatives (per Mcf)	$ 3.70	$ 2.78	$ 3.24
Revenues (millions):			
Oil and natural gas revenues	$ 528.7	$ 291.2	$ 278.3
Third-party midstream services revenues	$ 10.2	$ 5.2	$ 1.9
Realized (loss) gain on derivatives	$ (4.3)	$ 9.3	$ 77.1
Operating Expenses (per BOE):			
Production taxes, transportation and processing	$ 4.10	$ 4.23	$ 3.91
Lease operating	$ 4.74	$ 5.52	$ 6.01
Plant and other midstream services operating	$ 0.92	$ 0.53	$ 0.38
Depletion, depreciation and amortization	$ 12.49	$ 11.99	$ 19.63
General and administrative[7]	$ 4.65	$ 5.41	$ 5.50
Total[8]	$ 26.90	$ 27.68	$ 35.43
Net income (loss) (millions)[9]	$ 125.9	$ (97.4)	$ (679.8)
Earnings (loss) per common share (diluted)[9]	$ 1.23	$ (1.07)	$ (8.34)
Adjusted net income (loss) (millions)[9][10]	$ 73.4	$ (2.8)	$ 9.8
Adjusted earnings (loss) per common share (diluted)[9][11]	$ 0.72	$ (0.03)	$ 0.12
Adjusted EBITDA (millions)[9][12]	$ 336.1	$ 157.9	$ 223.1

(1) Production volumes and proved reserves reported in two streams: oil and natural gas, including both dry and liquids-rich natural gas.

(2) One thousand barrels of oil.

(3) One billion cubic feet of natural gas.

(4) One thousand barrels of oil equivalent, estimated using a conversion ratio of one barrel of oil per six thousand cubic feet of natural gas.

(5) Millions of cubic feet of natural gas per day.

(6) Barrels of oil equivalent per day, estimated using a conversion ratio of one barrel of oil per six thousand cubic feet of natural gas.

(7) Includes approximately $1.17, $1.23 and $1.04 per BOE of non-cash, stock-based compensation expense for the years ended December 31, 2017, 2016 and 2015, respectively.

(8) Total does not include the impact of full-cost ceiling impairment charges or immaterial accretion expenses.

(9) Attributable to Matador Resources Company shareholders after giving effect to amounts attributable to third-party non-controlling interests.

(10) Adjusted net income (loss) is a non-GAAP financial measure. For a definition of adjusted net income (loss) and a reconciliation of adjusted net income (loss) (non-GAAP) to net income (loss) (GAAP), please see "Supplemental Non-GAAP Financial Measures."

(11) Adjusted earnings (loss) per common share is a non-GAAP financial measure. For a definition of adjusted earnings (loss) per common share and a reconciliation of adjusted earnings (loss) per common share (non-GAAP) to earnings (loss) per common share (GAAP), please see "Supplemental Non-GAAP Financial Measures."

(12) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA (non-GAAP) to net income (loss) (GAAP) and net cash provided by operating activities (GAAP), please see "Supplemental Non-GAAP Financial Measures."

Midstream and Marketing Highlights

- On January 22, 2018, Matador announced a strategic relationship between a subsidiary of the Company's 51%-owned midstream joint venture, San Mateo, and a subsidiary of Plains All American Pipeline, L.P. (NYSE: PAA) ("Plains") to gather and transport crude oil for Matador and third-party customers in and around the Rustler Breaks asset area. Subsidiaries of San Mateo and Plains have agreed to work together through a joint tariff arrangement and related transactions to offer third-party producers located within a joint development area of approximately 400,000 acres in Eddy County, New Mexico crude oil transportation services from the wellhead to Midland, Texas with access to other end markets, such as Cushing and the Gulf Coast. Please see Matador's January 22, 2018 press release for additional details regarding this strategic relationship.
- In addition to the Plains relationship, Matador is also pleased to announce that it has entered into agreements with other parties to secure takeaway capacity for its natural gas and natural gas liquids ("NGLs") processed at San Mateo's Black River cryogenic natural gas processing plant in the Rustler Breaks asset area (the "Black River Processing Plant"). Matador has secured firm residue natural gas takeaway capacity from El Paso Natural Gas Company, L.L.C. and is evaluating additional options to ensure transportation for the full capacity of the plant out of the Delaware Basin. A recent transaction with BP Energy Company is also expected to provide full plant capacity pipeline transportation to the Gulf Coast for NGL volumes delivered from the Black River Processing Plant, which should eliminate the need to truck NGLs from the Black River Processing Plant. This pipeline interconnect is expected to be completed and operational later in the first quarter of 2018.

2018 Guidance Estimates

- Matador today announced its full year 2018 guidance estimates. These guidance estimates assume six drilling rigs operating in the Delaware Basin throughout 2018. The Company expects to operate three rigs in the Rustler Breaks asset area, one rig in the Antelope Ridge asset area, one rig in the Wolf and Jackson Trust asset areas and one rig in the Arrowhead, Ranger and Twin Lakes asset areas throughout substantially all of 2018. One of the three rigs operating in the Rustler Breaks asset area is also expected to drill at least two salt water disposal wells for San Mateo in that area in the first half of 2018. As a result, the Company expects that this rig will spend only approximately three-quarters of the year drilling oil and natural gas wells.
- In 2018, Matador expects to continue to focus its capital expenditures on the Delaware Basin. Matador has allocated substantially all of its estimated 2018 capital expenditures to the Delaware Basin, with the exception of amounts allocated to limited operations in the Eagle Ford and Haynesville shales to maintain and extend leases and to participate in those non-operated well opportunities where economic returns are expected to be comparable to Matador's Delaware Basin wells.
- Full year 2018 guidance estimates are as follows:

  (1) Oil production of 9.7 to 10.1 million barrels, an increase of 26% to the midpoint of 2018 guidance of 9.9 million barrels, as compared to 7.9 million barrels actually produced in 2017;

(2) Natural gas production of 41.0 to 43.0 billion cubic feet, an increase of 10% to the midpoint of 2018 guidance of 42.0 billion cubic feet, as compared to 38.2 billion cubic feet actually produced in 2017;

(3) Total oil equivalent production of 16.5 to 17.3 million BOE, an increase of 19% to the midpoint of 2018 guidance of 16.9 million BOE, as compared to 14.2 million BOE actually produced in 2017;

(4) Drilling and completions capital expenditures (including equipping wells for production) of $530 to $570 million, including estimated capital expenditures associated with non-operated well opportunities;

(5) Midstream capital expenditures of $70 to $90 million, which reflects Matador's 51% share of San Mateo's estimated 2018 capital expenditure budget, which will be primarily directed to (i) completing the expansion of the Black River Processing Plant, (ii) building out oil gathering and transportation lines throughout the Rustler Breaks and Wolf asset areas, (iii) drilling, completing and equipping at least two additional commercial salt water disposal wells in the Rustler Breaks asset area, (iv) building out oil, natural gas and salt water gathering and transportation lines to additional Matador locations and third-party customers, as needed, and (v) other opportunities that may arise in 2018; and

(6) Adjusted EBITDA, a non-GAAP financial measure, of $425 to $455 million, an increase of 31% to the midpoint of 2018 guidance of $440 million, as compared to Adjusted EBITDA of $336.1 million in 2017. Adjusted EBITDA guidance is based on estimated average realized prices of $55.71 per barrel for oil (using the forward strip for oil prices as of mid-February 2018, which yields an average West Texas Intermediate oil price of $58.21 per barrel, less $2.50 per barrel of estimated price differentials) and $2.98 per thousand cubic feet for natural gas (using the forward strip for natural gas prices as of mid-February 2018, which yields an average NYMEX Henry Hub natural gas price of $2.73 per thousand cubic feet, plus $0.25 per thousand cubic feet, assuming uplifts from natural gas processing are slightly above regional price differentials during the year).

First Quarter 2018 Production Estimates

- Given the particularly strong oil production growth exhibited in the Company's asset areas, particularly in the Delaware Basin, in the third and fourth quarters of 2017, as well as the timing of certain multi-well pad completions and additional wells being shut-in as offsetting wells are completed in the first quarter of 2018, Matador anticipates that its oil production in the first quarter of 2018 will be relatively flat as compared to the fourth quarter of 2017, before growing again in the subsequent quarters of 2018. For instance, Matador estimates fourth quarter 2018 average daily oil production between 28,500 and 29,500 barrels of oil per day, an increase of 18% from its fourth quarter 2017 average daily oil production of 24,700 barrels of oil per day.
- Matador's natural gas production also grew more than initially anticipated in the fourth quarter of 2017, as the growth in associated natural gas production attributable to new wells in the Delaware Basin more than offset declining production volumes in the Haynesville and Eagle Ford operating areas. This result was largely due to several new Wolfcamp B-Blair wells being placed on production in the fourth quarter of 2017 in the Rustler Breaks asset area, as well as better-than-expected natural gas production from the Haynesville shale. As more Wolfcamp A-XY completions (which produce a higher percentage of oil than Wolfcamp B-Blair completions) are scheduled for the Rustler Breaks asset area in the first quarter of 2018 and natural gas production from the Haynesville continues to decline, Matador anticipates a small decline of 3 to 5% in its natural gas production in the first quarter of 2018, as compared to the fourth quarter of 2017. Matador's natural gas production is expected to grow by approximately 10% during 2018 as compared to 2017, but the cadence of its natural gas production growth is anticipated to be a bit more uneven in 2018 than in prior years, as no significant Haynesville shale natural gas volumes are expected to be added in 2018.

Matador will provide additional details on its estimated 2018 production growth and capital spending plans during its upcoming Analyst Day on Tuesday, March 6, 2018 in Dallas, Texas.

Management Comments

Joseph Wm. Foran, Matador's Chairman and CEO, commented, "While 2017 was Matador's best year ever, we are excited about our outlook for further improvement in 2018. The Board and I salute the staff for their record-setting achievements in 2017 and for setting us up for 2018, and we wish to thank them again for their hard work, planning and extra effort on behalf of all Matador shareholders and interest owners. We are now excited to turn the page and meet the challenges and opportunities of 2018 in our continuing effort to build and profitably grow the value of each Matador share.

"We were also recently pleased to announce one of these significant value-added opportunities for 2018—the strategic relationship we formed in January between various subsidiaries of San Mateo and Plains All American Pipeline, L.P. to gather and transport crude oil for Matador and third-party customers in and around our Rustler Breaks asset area in Eddy County, New Mexico for delivery to Plains' extensive interstate midstream transportation system. Not only does this relationship open up additional market opportunities for San Mateo and Matador through Plains' midstream asset footprint and San Mateo's localized pipeline systems, it also further demonstrates San Mateo's ability to generate value for San Mateo, Matador and third-party customers by providing services across all three production streams—oil, natural gas and water.

"Matador ended 2017 with record production and reserves fueled by the success we continue to achieve across the northern Delaware Basin. Matador's oil, natural gas and total oil equivalent production in 2017 were all record annual results for the Company and exceeded the high end of our final 2017 production guidance. We believe our Delaware Basin production growth was particularly impressive in 2017. Our Delaware Basin average daily oil equivalent production increased 84% from 15,900 BOE per day in 2016 to 29,500 BOE per day in 2017, and in the fourth quarter of 2017, our Delaware Basin average oil equivalent production reached almost 35,000 BOE per day, up 14% sequentially from the third quarter.

"In addition, our total company-wide proved oil and natural gas reserves grew 44% year-over-year from 105.8 million BOE at December 31, 2016 to a Matador-best of 152.8 million BOE at December 31, 2017. Our total proved oil reserves of 86.7 million barrels comprised 57% of our total proved reserves at year-end 2017. We replaced 4.3 times our 2017 production of 14.2 million BOE, consistent with our average reserves replacement over the past five years. Our proved oil and natural gas reserves in the Delaware Basin grew at an even faster pace, increasing 62% from 79.4 million BOE at December 31, 2016 to 129.0 million BOE at December 31, 2017. Matador's Delaware Basin proved reserves comprised 84% of our total proved reserves at year-end 2017.

"As described further in this earnings release, Matador plans to operate six state-of-the-art rigs drilling primarily oil and natural gas wells in the Delaware Basin throughout 2018, although we plan to use the sixth rig to drill at least two additional salt water disposal wells for San Mateo in the Rustler Breaks asset area. We continue to maintain considerable flexibility to modify our drilling program—up or down—based on expected rates of return, special opportunities, commodity prices and other relevant criteria, but given current commodity prices and the opportunities we see ahead, we believe this six-rig program is the most appropriate for Matador in 2018. At current commodity prices and anticipated costs, we expect to outspend our cash flows in 2018, but we believe that Matador is creating significant shareholder value through the high rate of return wells we are drilling, as well as through opportunistic investments in midstream assets and in the leasehold and mineral positions we are acquiring—particularly in the Delaware Basin—that are available now, but are unlikely to be available in the future. Our balance sheet remains strong, and we are well funded to execute our capital investment plan for 2018. As a result, we believe that it is important for us to continue to capture these value-creating opportunities as they become available to us for the current and future benefit of our shareholders. Our planned capital investments and the continued execution of our plans should lead to another strong year of results for Matador in 2018."

Part II - Detailed Financial Results and Operations Update

Operating and Financial Results - Fourth Quarter and Year Ended December 31, 2017

Production and Revenues

Fourth Quarter 2017

Average daily oil equivalent production increased 4% sequentially from 41,954 BOE per day (56% oil) in the third quarter of 2017 to 43,718 BOE per day (56% oil) in the fourth quarter of 2017, and increased 46% year-over-year from 29,965 BOE per day (52% oil) in the fourth quarter of 2016. Matador's fourth quarter 2017 total oil equivalent production of approximately 4.0 million BOE was the best quarterly result in the Company's history.

Average daily oil production increased 5% sequentially from 23,538 barrels per day in the third quarter of 2017 to 24,665 barrels per day in the fourth quarter of 2017, and increased 57% year-over-year from 15,720 barrels per day in the fourth quarter of 2016. Matador's fourth quarter 2017 oil production of almost 2.3 million barrels was the best quarterly result in the Company's history.

Average daily natural gas production increased 3% sequentially from 110.5 million cubic feet per day in the third quarter of 2017 to 114.3 million cubic feet per day in the fourth quarter of 2017, and increased 34% year-over-year from 85.5 million cubic feet per day in the fourth quarter of 2016. Matador's fourth quarter 2017 natural gas production of approximately 10.5 billion cubic feet was the best quarterly result in the Company's history.

Matador's Delaware Basin average oil equivalent production was 34,859 BOE per day (80% of total oil equivalent production) in the fourth quarter of 2017, consisting of 21,006 barrels of oil per day (85% of total oil production) and 83.1 million cubic feet of natural gas per day (73% of total natural gas production). Matador's Delaware Basin oil equivalent production increased 14% sequentially, as compared to 30,707 BOE per day in the third quarter of 2017, and increased 69% year-over-year, as compared to 20,670 BOE per day in the fourth quarter of 2016.

Oil and natural gas revenues increased 22% sequentially from $134.9 million in the third quarter of 2017 to $165.1 million in the fourth quarter of 2017, and increased 74% year-over-year from $94.8 million in the fourth quarter of 2016. The increase in oil and natural gas revenues was attributable to both higher oil and natural gas production and higher realized oil and natural gas prices in the fourth quarter of 2017, as compared to the third quarter of 2017 and the fourth quarter of 2016. Oil revenues increased 22% sequentially from $100.2 million in the third quarter of 2017 to $121.8 million in the fourth quarter of 2017, and increased 78% year-over-year from $68.5 million in the fourth quarter of 2016. Natural gas revenues increased 25% sequentially from $34.8 million in the third quarter of 2017 to $43.4 million in the fourth quarter of 2017, and increased 65% year-over-year from $26.3 million in the fourth quarter of 2016. Weighted average realized oil prices increased 16% sequentially from $46.25 per barrel realized in the third quarter of 2017 to $53.66 per barrel realized in the fourth quarter of 2017, and increased 13% year-over-year from $47.34 per barrel realized in the fourth quarter of 2016. Average oil price differentials improved from -$1.95 per barrel in the third quarter to -$1.65 per barrel in the fourth quarter of 2017. Weighted average realized natural gas prices increased 20% sequentially from $3.42 per thousand cubic feet in the third quarter of 2017 to $4.12 per thousand cubic feet in the fourth quarter of 2017, and increased 23% year-over-year from $3.35 per thousand cubic feet realized in the fourth quarter of 2016. Matador realized an uplift of $1.20 per thousand cubic feet above the NYMEX Henry Hub natural gas prices in the fourth quarter of 2017, as compared to $0.47 per thousand cubic feet in the third quarter of 2017. As Matador is a two-stream reporter, this increased uplift in the realized weighted average natural gas price primarily reflects the improvement in prices realized for the Company's natural gas liquids in the fourth quarter of 2017.

Total realized revenues, including realized hedging gains and losses and third-party midstream services revenues, increased 19% sequentially from $138.6 million in the third quarter of 2017 to $165.3 million in the fourth quarter of 2017, and increased 72% year-over-year from $95.9 million in the fourth quarter of 2016. Third-party midstream services revenues increased 3% sequentially from $3.2 million in the third quarter of 2017 to $3.3 million in the fourth quarter of 2017, and increased 47% year-over-year from $2.3 million in the fourth quarter of 2016. Realized hedging losses were $3.1 million in the fourth quarter of 2017, as compared to realized hedging gains of $0.5 million in the third quarter of 2017 and realized hedging losses of $1.1 million in the fourth quarter of 2016.

Year Ended December 31, 2017

Average daily oil equivalent production increased 40% from 27,813 BOE per day (50% oil) for the year ended December 31, 2016 to 38,936 BOE per day (55% oil) for the year ended December 31, 2017. Of particular note, the oil component of Matador's total oil equivalent production increased from 50% to 55% during 2017. Matador's 2017 total oil equivalent production of approximately 14.2 million BOE was the best annual result in the Company's history and was above the high end of the Company's 2017 oil equivalent production guidance.

Average daily oil production increased 54% from 13,924 barrels per day for the year ended December 31, 2016 to 21,510 barrels per day for the year ended December 31, 2017. Matador's 2017 total oil production of approximately 7.9 million barrels was the best annual result in the Company's history and was above the high end of the Company's 2017 oil production guidance.

Average daily natural gas production increased 25% from 83.3 million cubic feet per day for the year ended December 31, 2016 to 104.6 million cubic feet per day for the year ended December 31, 2017. Matador's 2017 total natural gas production of approximately 38.2 billion cubic feet was the best annual result in the Company's history and was above the high end of the Company's 2017 natural gas production guidance.

Matador's Delaware Basin average oil equivalent production was 29,463 BOE per day (76% of total oil equivalent production) for the year ended December 31, 2017, consisting of 18,023 barrels of oil per day (84% of total oil production) and 68.6 million cubic feet of natural gas per day (66% of total natural gas production). Matador's Delaware Basin average oil equivalent production increased approximately 84%, as compared to 15,941 BOE per day (57% of total oil equivalent production) for the year ended December 31, 2016, consisting of 10,395 barrels of oil per day (75% of total oil production) and 33.3 million cubic feet of natural gas per day (40% of total natural gas production).

Oil and natural gas revenues increased 82% from $291.2 million for the year ended December 31, 2016 to $528.7 million for the year ended December 31, 2017. The increase in oil and natural gas revenues was attributable to both higher oil and natural gas production and higher realized oil and natural gas prices in 2017 as compared to 2016. Oil revenues increased 84% from $209.9 million for the year ended December 31, 2016 to $386.9 million for the year ended December 31, 2017. Natural gas revenues increased 75% from $81.2 million for the year ended December 31, 2016 to $141.8 million for the year ended December 31, 2017. Weighted average realized oil prices increased 20% from $41.19 per barrel realized for the year ended December 31, 2016 to $49.28 per barrel realized for the year ended December 31, 2017. Average oil price differentials improved to -$1.52 per barrel in 2017, as compared to -$2.21 per barrel in 2016. Weighted average realized natural gas prices increased 40% from $2.66 per thousand cubic feet for the year ended December 31, 2016 to $3.72 per thousand cubic feet for the year ended December 31, 2017. Matador realized an uplift of $0.70 per thousand cubic feet above the average NYMEX Henry Hub natural gas price in 2017, as compared to an uplift of $0.11 per thousand cubic feet in 2016. As Matador is a two-stream reporter, this increased uplift in the realized weighted average natural gas price primarily reflects the improvement in prices realized for the Company's natural gas liquids during 2017.

Total realized revenues, including realized hedging gains and third-party midstream services revenues, increased 75% from $305.7 million for the year ended December 31, 2016 to $534.6 million for the year ended December 31, 2017. Third-party midstream services revenues almost doubled from $5.2 million for the year ended December 31, 2016 to $10.2 million for the year ended December 31, 2017. Realized hedging losses were $4.3 million for the year ended December 31, 2017, as compared to realized hedging gains of $9.3 million for the year ended December 31, 2016.

Net Income (Loss) and Earnings (Loss) Per Share

For the fourth quarter of 2017, Matador reported net income of approximately $38.3 million and earnings of $0.35 per diluted common share on a GAAP basis, an increase of 155%, as compared to net income of approximately $15.0 million, or $0.15 per diluted common share, in the third quarter of 2017, and a decrease of 63%, as compared to net income of approximately $104.2 million and earnings of $1.09 per diluted common share in the fourth quarter of 2016. Matador's net income in the fourth quarter of 2016 was significantly impacted by the recognition of the remaining gain of $104.1 million resulting from the October 2015 sale of its natural gas processing plant in Loving County, Texas. Portions of the fourth quarter 2017 net income (GAAP basis) were attributable to non-cash items, primarily unrealized hedging losses, and excluding those items from net income resulted in adjusted net income (non-GAAP) of approximately $27.2 million and adjusted earnings of $0.25 per diluted common share. Adjusted net income for the fourth quarter of 2017 did not include the federal AMT benefit of $8.2 million and was estimated using a federal statutory tax rate of 35%.

Matador's net income for the fourth quarter of 2017 was favorably impacted by (1) higher oil and natural gas production and higher realized oil and natural gas prices, as compared to the third quarter of 2017 and (2) an estimated federal AMT refund of $8.2 million resulting from the recent enactment of the Tax Cuts and Jobs Act. Matador's net income for the fourth quarter of 2017 was unfavorably impacted by (1) a realized loss on derivatives of $3.1 million and (2) a non-cash, unrealized loss on derivatives of $11.7 million.

For the year ended December 31, 2017, Matador reported net income of approximately $125.9 million and earnings of $1.23 per diluted common share on a GAAP basis, as compared to a net loss of approximately $97.4 million and a loss of $1.07 per diluted common share for the year ended December 31, 2016. Portions of the full year 2017 net income (GAAP basis) were attributable to non-cash items, and excluding those items from net income resulted in adjusted net income (non-GAAP) of approximately $73.4 million and adjusted earnings of $0.72 per diluted common share.

Matador's net income for the year ended December 31, 2017 was favorably impacted by (1) higher oil and natural gas production and higher realized oil and natural gas prices, as compared to the year ended December 31, 2016, (2) an increase of approximately $5.0 million in third-party midstream services revenues, (3) a non-cash, unrealized gain on derivatives of $9.7 million, (4) an estimated federal AMT refund of $8.2 million resulting from the recent enactment of the Tax Cuts and Jobs Act and (5) no full-cost ceiling impairment throughout the year ended December 31, 2017. Matador's net income for the year ended December 31, 2017 was unfavorably impacted by a realized loss on derivatives of $4.3 million.

For a reconciliation of adjusted net income (loss) (non-GAAP) and adjusted earnings (loss) per diluted common share (non-GAAP) to net income (loss) (GAAP) and earnings (loss) per common share (GAAP), please see "Supplemental Non-GAAP Financial Measures" below.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP financial measure, increased 28% sequentially from $84.8 million in the third quarter of 2017 to $108.6 million in the fourth quarter of 2017, and increased 99% year-over-year from $54.5 million in the fourth quarter of 2016. The sequential increase in Adjusted EBITDA was primarily attributable to the increase in oil and natural gas production and the increase in oil and natural gas prices realized during the fourth quarter of 2017, as compared to the third quarter of 2017. The year-over-year increase in Adjusted EBITDA was also primarily attributable to the significant increases in both oil and natural gas production and oil and natural gas prices realized in the fourth quarter of 2017, as compared to the fourth quarter of 2016.

Adjusted EBITDA, a non-GAAP financial measure, increased 113% from $157.9 million for the year ended December 31, 2016 to $336.1 million for the year ended December 31, 2017. This increase was primarily attributable to the significant increases in both oil and natural gas production and oil and natural gas prices realized for the year ended December 31, 2017, as compared to the year ended December 31, 2016, but was partially offset by a decrease of $13.6 million in realized hedging gains between the comparable periods.

For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA (non-GAAP) to net income (GAAP) and net cash provided by operating activities (GAAP), please see "Supplemental Non-GAAP Financial Measures" below.

Operating Expenses

Production taxes, transportation and processing

Production taxes, transportation and processing expenses on a unit-of-production basis increased 10% sequentially from $4.06 per BOE in the third quarter of 2017 to $4.46 per BOE in the fourth quarter of 2017, and increased 1% year-over-year from $4.43 per BOE in the fourth quarter of 2016. This increase in production taxes, transportation and processing expenses during the fourth quarter of 2017 was primarily attributable to higher oil and natural gas revenues, which resulted in higher production taxes.

Production taxes, transportation and processing expenses on a unit-of-production basis decreased 3% from $4.23 per BOE for the year ended December 31, 2016 to $4.10 per BOE for the year ended December 31, 2017. This decrease in production taxes, transportation and processing expenses on a unit-of-production basis was primarily attributable to the 40% increase in total oil equivalent production in 2017, as well as the decreased transportation and processing charges resulting from a full year of operations for the Black River Processing Plant, both of which offset a significant increase in production taxes resulting from higher oil and natural gas revenues in 2017.

Lease operating expenses (LOE)

Lease operating expenses on a unit-of-production basis increased 8% sequentially from $4.32 per BOE in the third quarter of 2017 to $4.68 per BOE in the fourth quarter of 2017, but decreased 13% year-over-year from $5.41 per BOE in the fourth quarter of 2016. The sequential increase in lease operating expenses on a unit-of-production basis was primarily attributable to increased workover, repair and maintenance costs in the fourth quarter of 2017, as compared to the prior quarter. The lease operating expense of $4.68 per BOE in the fourth quarter of 2017 was just below the average of $4.74 per BOE for full year 2017 and was also below the Company's year-end 2017 target of reducing lease operating expenses to below $5.00 per BOE.

Lease operating expenses decreased 14% on a unit-of-production basis from $5.52 per BOE for the year ended December 31, 2016 to $4.74 per BOE for the year ended December 31, 2017. The decreases in lease operating expenses on a unit-of-production basis were primarily attributable to several key factors, including (1) increased efficiencies as more salt water was gathered by pipeline to San Mateo's disposal facilities in the Delaware Basin, (2) decreased workover expenses, (3) decreased salt water disposal and chemical costs associated with the Company's Eagle Ford operations and (4) a 40% increase in total oil equivalent production in 2017, as compared to 2016.

Depletion, Depreciation and Amortization (DD&A)

Depletion, depreciation and amortization expenses on a unit-of-production basis increased 9% sequentially from $12.38 per BOE in the third quarter of 2017 to $13.53 per BOE in the fourth quarter of 2017, and increased 17% year-over-year from $11.56 per BOE in the fourth quarter of 2016. Depletion, depreciation and amortization expenses on a unit-of-production basis increased 4% from $11.99 per BOE for the year ended December 31, 2016 to $12.49 per BOE for the year ended December 31, 2017. These increases were attributable, in part, to increased depreciation expenses associated with new midstream assets constructed and placed into service in 2017, as well as higher estimated future development costs associated with proved undeveloped oil and natural gas reserves at December 31, 2017, both of which were offset by the increase in the Company's total proved oil and natural gas reserves between the respective periods.

General and administrative (G&A)

General and administrative expenses on a unit-of-production basis decreased 3% from $4.19 per BOE in the third quarter of 2017 to $4.06 per BOE in the fourth quarter of 2017, and decreased 28% year-over-year from $5.65 per BOE in the fourth quarter of 2016. The fourth quarter 2017 general and administrative expense of $4.06 per BOE was Matador's lowest general and administrative expense on a unit-of-production basis since becoming a public company in February 2012.

General and administrative expenses on a unit-of-production basis decreased 14% from $5.41 per BOE for the year ended December 31, 2016 to $4.65 per BOE for the year ended December 31, 2017.

Proved Reserves, Standardized Measure and PV-10

The following table summarizes Matador's estimated total proved oil and natural gas reserves at December 31, 2017, 2016 and 2015.

	At December 31,		
	2017	**2016**	**2015**
Estimated proved reserves:[1][2]			
Oil (MBbl)[3]	86,743	56,977	45,644
Natural Gas (Bcf)[4]	396.2	292.6	236.9
Total (MBOE)[5]	152,771	105,752	85,127
Estimated proved developed reserves:			
Oil (MBbl)[3]	36,966	22,604	17,129
Natural Gas (Bcf)[4]	190.1	126.8	101.4
Total (MBOE)[5]	68,651	43,731	34,037
Percent developed	44.9%	41.4%	40.0%
Estimated proved undeveloped reserves:			
Oil (MBbl)[3]	49,777	34,373	28,515
Natural Gas (Bcf)[4]	206.1	165.9	135.5
Total (MBOE)[5]	84,120	62,021	51,090
Standardized Measure (in millions)	$ 1,258.6	$ 575.0	$ 529.2
PV-10[6] (in millions)	$ 1,333.4	$ 581.5	$ 541.6

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

(2) Matador's estimated proved reserves, Standardized Measure and PV-10 were determined using index prices for oil and natural gas, without giving effect to derivative transactions, and were held constant throughout the life of the properties. The unweighted arithmetic averages of the first-day-of-the-month prices for the period from January through December 2017 were $47.79 per Bbl for oil and $2.98 per MMBtu for natural gas, for the period from January through December 2016 were $39.25 per Bbl for oil and $2.48 per MMBtu for natural gas and for the period from January through December 2015 were $46.79 per Bbl for oil and $2.59 per MMBtu for natural gas. These prices were adjusted by property for quality, energy content, regional price differentials, transportation fees, marketing deductions and other factors affecting the price received at the wellhead. Matador reports its proved reserves in two streams, oil and natural gas, and the economic value of the natural gas liquids associated with the natural gas is included in the estimated wellhead price on those properties where the natural gas liquids are extracted and sold.

(3) One thousand barrels of oil.

(4) One billion cubic feet of natural gas.

(5) One thousand barrels of oil equivalent, estimated using a conversion ratio of one barrel of oil per six thousand cubic feet of natural gas.

(6) PV-10 is a non-GAAP financial measure. For a reconciliation of PV-10 (non-GAAP) to Standardized Measure (GAAP), please see "Supplemental Non-GAAP Financial Measures."

Matador's estimated total proved oil and natural gas reserves were 152.8 million BOE at December 31, 2017, an all-time high, consisting of 86.7 million barrels of oil and 396.2 billion cubic feet of natural gas (both also all-time highs), with a Standardized Measure of $1.26 billion and a PV-10, a non-GAAP financial measure, of $1.33 billion. Estimated total proved oil and natural gas reserves increased 44% from estimated total proved oil and natural gas reserves of 105.8 million BOE at December 31, 2016, consisting of 57.0 million barrels of oil and 292.6 billion cubic feet of natural gas, with a Standardized Measure of $575.0 million and a PV-10, a non-GAAP financial measure, of $581.5 million. The 119% increase in Standardized Measure and the 129% increase in PV-10 at December 31, 2017, as compared to December 31, 2016, were attributable to both the increase in total proved reserves and the increase in oil and natural gas prices used to determine Standardized Measure and PV-10. At December 31, 2017, the 12-month arithmetic averages of oil and natural gas prices used to estimate proved reserves were $47.79 per barrel and $2.98 per MMBtu, respectively, as compared to $39.25 per barrel and $2.48 per MMBtu, respectively, at December 31, 2016. Total proved reserves of 152.8 million BOE at December 31, 2017 represent a 79% increase, as compared to 85.1 million BOE at December 31, 2015. At December 31, 2017, Matador's proved oil and natural gas reserves were 45% proved developed reserves, as compared to 41% and 40% at December 31, 2016 and 2015, respectively.

Accounting for total oil equivalent production of 14.2 million BOE, Matador's proved reserves grew by 61.2 million BOE in 2017, or approximately 4.3 times its 2017 annual production. The Company's proved reserves to production ratio at December 31, 2017 was 10.8x, an increase of 4% from 10.4x at December 31, 2016.

Proved oil reserves increased 52% to 86.7 million barrels at December 31, 2017, as compared to 57.0 million barrels at December 31, 2016, and increased 90%, as compared to 45.6 million barrels at December 31, 2015. Accounting for Matador's 2017 oil production of approximately 7.9 million barrels, Matador increased its proved oil reserves by 37.6 million barrels in 2017, or approximately 4.8 times its 2017 annual oil production. The increase in year-over-year proved oil reserves resulted from Matador's ongoing delineation and development operations in the Delaware Basin. Proved oil reserves comprised 57% of the Company's total proved reserves at December 31, 2017, as compared to 54% at each of December 31, 2016 and 2015.

Proved natural gas reserves increased 35% to 396.2 billion cubic feet at December 31, 2017, as compared to 292.6 billion cubic feet at December 31, 2016. The increase in year-over-year natural gas reserves resulted from the Company's ongoing delineation and development operations in the Delaware Basin. Proved natural gas reserves comprised 43% of the Company's total proved reserves at December 31, 2017, as compared to 46% at each of December 31, 2016 and 2015.

Matador's proved oil and natural gas reserves attributable to the Delaware Basin increased 62% from 79.4 million BOE at December 31, 2016 to 129.0 million BOE at December 31, 2017. Matador's Delaware Basin proved oil and natural gas reserves increased 65% and 58%, respectively, from 46.9 million barrels and 195.1 billion cubic feet at December 31, 2016 to 77.5 million barrels and 308.9 billion cubic feet at December 31, 2017. Matador's Delaware Basin proved reserves comprised 84% of the Company's total proved oil and natural gas reserves at December 31, 2017, including 89% of its proved oil reserves and 78% of its proved natural gas reserves.

For a reconciliation of PV-10 (non-GAAP) to Standardized Measure (GAAP), please see "Supplemental Non-GAAP Financial Measures" below.

Operations Update

Drilling and Completions Activities

During the fourth quarter of 2017, Matador continued to focus on the exploration, delineation and development of the Company's Delaware Basin acreage in Loving County, Texas and Lea and Eddy Counties, New Mexico. Matador began 2017 operating four drilling rigs in the Delaware Basin and continued to do so throughout the first quarter. In late April 2017, Matador added a fifth drilling rig in the Delaware Basin, operating this rig in its Rustler Breaks asset area. During the third quarter of 2017, Matador took delivery of a sixth drilling rig for the initial purpose of drilling two commercial salt water disposal wells in the Rustler Breaks asset area for its midstream joint venture, San Mateo. Between August and October 2017, Matador used this rig to drill the two salt water disposal wells, both of which have been completed and are now fully operational.

San Mateo has elected to commission the drilling and completion of two additional salt water disposal wells and the construction of associated commercial salt water disposal facilities in the Rustler Breaks asset area, which, when completed, will result in a total of five commercial salt water disposal wells in the Rustler Breaks asset area by mid-2018. As noted in its November 6, 2017 earnings release, Matador anticipated spudding a fourth salt water disposal well at Rustler Breaks prior to the end of 2017, but due to a delay in securing the water injection permit for this well, Matador elected to move the sixth rig to the Antelope Ridge asset area to begin drilling the Company's first oil and natural gas wells in that area. Matador drilled two oil and natural gas wells in its Antelope Ridge asset area during the fourth quarter of 2017 and drilled a third well at Antelope Ridge in early 2018. Two of these wells were completed in early 2018.

As described in its 2018 guidance estimates presented earlier in this earnings release, Matador now expects to operate six drilling rigs in the Delaware Basin throughout 2018, including three rigs in the Rustler Breaks asset area, one rig in the Wolf and Jackson Trust asset areas, one rig in the Arrowhead, Ranger and Twin Lakes asset areas and one rig in the Antelope Ridge asset area. One of the three rigs operating in the Rustler Breaks asset area is also expected to drill at least two salt water disposal wells in that area during the first half of 2018. As a result, the Company expects that this rig will spend only approximately three-quarters of the year drilling oil and natural gas wells. Matador expects to direct substantially all of its 2018 capital expenditures to drilling and completion and midstream operations in the Delaware Basin.

Matador has continued to build significant optionality into its drilling program. Three of its rigs continue to operate on longer-term contracts with remaining average terms between 12 and 18 months. The other three rigs are on short-term contracts with remaining obligations ranging from one to six months. This affords Matador the ability to easily and quickly modify its drilling program as management may determine necessary based on changing commodity prices and other factors.

Fourth Quarter 2017

During the fourth quarter of 2017, Matador completed and turned to sales a total of 30 gross (14.1 net) horizontal wells in its various operating areas, including 17 gross (13.2 net) operated wells and 13 gross (0.9 net) non-operated wells, as summarized in the table below. Essentially all of the Company's operated and non-operated drilling and completions activity in the fourth quarter of 2017 was undertaken in the Delaware Basin.

	Operated		Non-Operated		Total	
Operating Area	Gross	Net	Gross	Net	Gross	Net
Delaware Basin	17	13.2	8	0.8	25	14.0
Haynesville Shale	0	0.0	5	0.1	5	0.1
Total	**17**	**13.2**	**13**	**0.9**	**30**	**14.1**

As noted in the table above, during the fourth quarter of 2017, Matador completed and turned to sales 25 gross (14.0 net) horizontal wells in its various asset areas in the Delaware Basin, including 17 gross (13.2 net) operated and eight gross (0.8 net) non-operated wells, as summarized in the table below.

	Operated		Non-Operated		Total	
Asset Area	Gross	Net	Gross	Net	Gross	Net
Rustler Breaks	8	6.2	7	0.3	15	6.5
Arrowhead	3	2.0	0	0.0	3	2.0
Ranger	2	1.8	1	0.5	3	2.3
Wolf/Jackson Trust	4	3.2	0	0.0	4	3.2
Total	**17**	**13.2**	**8**	**0.8**	**25**	**14.0**

Full Year 2017

During the year ended December 31, 2017, Matador completed and turned to sales a total of 105 gross (66.0 net) horizontal wells in its various operating areas, including 70 gross (61.1 net) operated wells and 35 gross (4.9 net) non-operated wells, as summarized in the table below.

	Operated		Non-Operated		Total	
Operating Area	Gross	Net	Gross	Net	Gross	Net
Delaware Basin	65	56.1	21	3.5	86	59.6
Eagle Ford Shale	5	5.0	3	0.8	8	5.8
Haynesville Shale	0	0.0	11	0.6	11	0.6
Total	**70**	**61.1**	**35**	**4.9**	**105**	**66.0**

Overall, Matador completed and turned to sales six gross (3.7 net) more wells in 2017 than the Company initially forecasted. The Company also had a number of both operated and non-operated wells in progress, particularly in the Delaware Basin, at year-end 2017.

As noted in the table above, during the year ended December 31, 2017, Matador completed and turned to sales 86 gross (59.6 net) horizontal wells in its various asset areas in the Delaware Basin, including 65 gross (56.1 net) operated and 21 gross (3.5 net) non-operated wells, as summarized in the table below.

	Operated		Non-Operated		Total	
Asset Area	Gross	Net	Gross	Net	Gross	Net
Rustler Breaks	37	32.4	16	2.1	53	34.5
Arrowhead	7	5.0	1	0.1	8	5.1
Ranger	7	6.7	2	0.6	9	7.3
Wolf/Jackson Trust	13	11.0	0	0.0	13	11.0
Twin Lakes	1	1.0	0	0.0	1	1.0
Antelope Ridge	0	0.0	2	0.7	2	0.7
Total	**65**	**56.1**	**21**	**3.5**	**86**	**59.6**

Delaware Basin - Southeast New Mexico and West Texas

Antelope Ridge Asset Area - Lea County, New Mexico

Matador drilled its first two operated wells in the Antelope Ridge asset area during the fourth quarter of 2017—the Florence State 23-23S-34E AR #202H (Florence #202H) and the Leo Thorsness 13-24S-33E AR #211H (Leo Thorsness #211H) wells. Neither of these wells were completed in 2017, but the Florence #202H well was completed in the uppermost portion of the Wolfcamp A formation in early 2018. Matador is pleased today to announce the 24-hour initial potential test result from this well as summarized in the table below.

		Initial Potential					
		Oil	Gas	BOE	% Oil	FCP[(1)]	Choke
Well	Interval	*(Bbl/d)*	*(Mcf/d)*	*(BOE/d)*		*(psi)*	*(inch)*
Florence State 23-23S-34E AR #202H	Wolfcamp A	1,585	2,217	1,947	81%	1,700	32/64

(1) Flowing casing pressure.

Matador is very pleased with the initial performance of the Florence #202H well and believes it confirms the prospectivity of the Antelope Ridge asset area. Matador has also recently drilled and completed its third operated well in this asset area—the Marlan Downey State 9-23S-35E AR #111H well, a First Bone Spring test. This well has just begun flowing back following completion. Completion operations have also just been concluded on the Leo Thorsness #211H well, a Wolfcamp A-Lower test, and Matador anticipates releasing the initial test results from these next two wells as part of its first quarter 2018 earnings release. The Company intends to continue the delineation of its acreage position in the Antelope Ridge asset area, where other operators in the area have successfully tested the Brushy Canyon, First, Second and Third Bone Spring and Upper Wolfcamp intervals.

Rustler Breaks Asset Area - Eddy County, New Mexico

Matador operated three drilling rigs in its Rustler Breaks asset area throughout the fourth quarter of 2017. During the fourth quarter, the Company completed and turned to sales 15 gross (6.5 net) horizontal wells in the area, including eight gross (6.2 net) operated wells and seven gross (0.3 net) non-operated wells. The eight operated wells included two Wolfcamp A-XY completions, one Wolfcamp A-Lower completion and five Wolfcamp B-Blair completions. The eight operated wells had completed lateral lengths between 4,300 and 4,500 feet. The 24-hour initial potential test results from all eight operated wells are summarized in the table below.

		Initial Potential					
		Oil	Gas	BOE	% Oil	FCP[(1)]	Choke
Well	Interval	*(Bbl/d)*	*(Mcf/d)*	*(BOE/d)*		*(psi)*	*(inch)*
Anne Com 15-24S-28E RB #202H	Wolfcamp A-XY	1,062	1,994	1,394	76%	2,150	30/64
Anne Com 15-24S-28E RB #222H	Wolfcamp B-Blair	729	6,203	1,763	41%	3,020	34/64
Charlie Sweeney Fed Com #208H	Wolfcamp A-XY	1,218	2,046	1,559	78%	1,650	32/64
Charlie Sweeney Fed Com #204H	Wolfcamp A-Lower	897	1,748	1,188	75%	1,663	32/64
Charlie Sweeney Fed Com #228H	Wolfcamp B-Blair	577	7,797	1,877	31%	2,572	36/64
Forehand Ranch 35 Fed Com #1H	Wolfcamp B-Blair	597	5,601	1,530	39%	2,450	34/64
Tom Matthews 10-24S-28E RB #223H	Wolfcamp B-Blair	704	9,417	2,273	31%	2,900	36/64
Zach McCormick Fed Com #226H	Wolfcamp B-Blair	846	7,126	2,033	42%	2,900	34/64

(1) Flowing casing pressure.

Matador turned fewer wells to sales in the Rustler Breaks asset area in the fourth quarter as compared to the third quarter of 2017, primarily due to timing of operations. Matador was finishing up completion operations on a three-well pad on its Garrett leasehold in Rustler Breaks at year-end 2017. These wells were completed and turned to sales in early January 2018. Likewise, drilling operations were being concluded on a two-well pad on the Company's Michael Collins leasehold at year-end 2017, and these wells are being completed in the first quarter of 2018.

Overall, in the fourth quarter of 2017, the well results achieved in the Rustler Breaks asset area continued to be both strong and consistent across both the Wolfcamp A-XY and Wolfcamp B-Blair completions. As noted in the table above, the two wells completed in the Wolfcamp A-XY interval during the fourth quarter of 2017 tested at 1,394 and 1,559 BOE per day with oil cuts of 76% and 78%, respectively, which is comparable to the test results from other Wolfcamp A-XY completions in the Rustler Breaks asset area in prior reporting periods. Likewise, the

Wolfcamp B-Blair completions tested between 1,530 and 2,273 BOE per day at oil cuts ranging from 31% to 42%, which is consistent with the previous Wolfcamp B-Blair results.

Of particular note in the fourth quarter were the results from the Charlie Sweeney Fed Com #204H (Sweeney #204H) well. The Sweeney #204H well was Matador's second test of the Wolfcamp A-Lower interval in the Rustler Breaks asset area. The Wolfcamp A-Lower interval is the more organically rich portion of the Wolfcamp A formation, several hundred feet below the Wolfcamp A-XY completion target. This interval was tested successfully in the Rustler Breaks asset area with the Guitar 10-24S-28E RB #205H (Guitar #205H) well completed in the second quarter of 2017. The test results from the Sweeney #204H well were almost identical to those of the Guitar #205H well, which tested 1,155 BOE per day, consisting of 870 barrels of oil per day and 1.7 million cubic feet of natural gas per day, at 1,587 psi flowing casing pressure on a 32/64-inch choke. Matador is pleased with the results from both wells and believes that the results from the Sweeney #204H well further confirm the prospectivity of the Wolfcamp A-Lower target in the Rustler Breaks asset area. The Company plans additional Wolfcamp A-Lower tests at Rustler Breaks as part of its 2018 drilling and completion program.

In addition, during the fourth quarter of 2017, Matador participated in two non-operated wells in its Rustler Breaks asset area that tested the Break Sand, a sandstone interval that comes and goes within the carbonate interval located in the upper portion of the Third Bone Spring formation. Matador is pleased to report that these two non-operated Break Sand wells both exhibited encouraging initial results, testing 2,140 BOE per day (80% oil) and 2,295 BOE per day (77% oil), respectively, on 24-hour initial potential tests. Both wells had completed lateral lengths of just under two miles. Although this interval is not present everywhere on Matador's Rustler Breaks leasehold, it is a target that the Company had previously identified for future testing. Matador will continue to monitor the early performance of these two Break Sand wells closely and is considering an operated test of the Break Sand in the Rustler Breaks asset area as part of its 2018 drilling and completion program.

<u>Arrowhead and Ranger Asset Areas - Eddy County, New Mexico and Lea County, New Mexico</u>

Matador operated one drilling rig in its Arrowhead and Ranger asset areas during the fourth quarter of 2017. During this period, the Company completed and turned to sales six gross (4.3 net) horizontal wells, including five gross (3.8 net) operated wells and one gross (0.5 net) non-operated well. The five operated wells included four Second Bone Spring completions and one Third Bone Spring completion, and all had lateral lengths between 4,200 and 4,500 feet. The 24-hour initial potential test results from all five operated wells are summarized in the table below.

		Initial Potential					
		Oil	**Gas**	**BOE**	**% Oil**	**FCP[(1)]**	**Choke**
Well	**Interval**	*(Bbl/d)*	*(Mcf/d)*	*(BOE/d)*		*(psi)*	*(inch)*
Stebbins 20 Federal #124H	Second Bone Spring	756	532	845	90%	On ESP	N/A
Stebbins 19 Federal Com #123H	Second Bone Spring	909	616	1,012	90%	On ESP	N/A
Stebbins 20 Federal #134H	Third Bone Spring	647	1,254	856	76%	On ESP	N/A
Ranger 33 State Com #123H	Second Bone Spring	631	349	689	92%	170	60/64
Federal 30 #123H	Second Bone Spring	598	353	657	91%	210	56/64

(1) Flowing casing pressure.

During the fourth quarter of 2017, Matador completed three additional wells in its Stebbins leasehold in the Arrowhead asset area, including two Second Bone Spring completions and one Third Bone Spring completion. Matador continues to be very pleased with the early results from its Stebbins acreage position. The first well on the Stebbins block, the Stebbins 20 Federal #123H (Stebbins 20 #123H) well, has produced just over 200,000 BOE in approximately nine months of production and continues to track well ahead of Matador's 700,000 BOE Second Bone Spring type curve for the Arrowhead and Ranger asset areas. Early performance from the Stebbins 19 Federal Com #123H and the Stebbins 20 Federal #124H wells is similar to that of the Stebbins 20 #123H well. Matador was also very pleased with the initial test results and early performance of the Stebbins 20 Federal #134H well, the

Third Bone Spring completion, which has exhibited a very flat production profile since shortly after the installation of an electrical submersible pump (ESP) in the well.

The contiguous nature of the Stebbins leasehold has already lent itself to several operational efficiencies, including batch drilling and completion operations, as well as centralized facilities, all of which contribute to lower project costs. In addition, drilling times for the Stebbins wells have improved by as much as 4.1 days since development began on this acreage in mid-2017. Further improvements and operational efficiencies are anticipated as Matador gains more experience working in this asset area. In addition, Matador expects to be able to drill 1.5 and 2-mile laterals as part of its future development of the Stebbins leasehold. Matador is also considering testing the Wolfcamp A-XY interval in the Stebbins area as part of its 2018 drilling program.

Of note in the Ranger asset area, Matador completed the Ranger 33 State Com #123H (Ranger 33 #123H) well in the Second Bone Spring formation. This well was an offset to one of the Company's original wells in the Ranger asset area, the Ranger 33 State Com #1H (Ranger 33 #1H) well. The Ranger 33 #1H well has produced 310,000 BOE (91% oil) in approximately four years of production, and at February 21, 2018, the well continued to track just below Matador's 700,000 BOE type curve for the Second Bone Spring in the Arrowhead and Ranger asset areas. The Ranger 33 #123H well was recently placed on gas lift and has exhibited early performance similar to the Ranger 33 #1H well.

Matador is also pleased to announce that its three Mallon wells, the Mallon 27 Federal Com #1H, #2H and #3H wells, each of which was drilled and completed in the Third Bone Spring, have produced almost 1.3 million BOE (90% oil) in the aggregate, including over 1.1 million barrels of oil in just over one year of production. From the Company's review of publicly available data from Third Bone Spring completions in New Mexico, Matador believes that its three Mallon wells, based on the first year of oil production from each well, are three of the five best performing Third Bone Spring completions in New Mexico, with the Mallon 27 Federal Com #1H well appearing to be the top performing Third Bone Spring well. In addition, Matador believes that its Mallon wells are among the top 15 best performing Bone Spring wells in New Mexico, including wells completed in the First, Second and Third Bone Spring.

Wolf and Jackson Trust Asset Areas - Loving County, Texas

Matador operated one drilling rig in its Wolf and Jackson Trust asset areas during the fourth quarter of 2017. During the fourth quarter, the Company completed and turned to sales four gross (3.2 net) operated horizontal wells in these areas, including three wells completed in the Wolfcamp A-XY and one well completed in the Wolfcamp A-Lower. The 24-hour initial potential test results from each of these four wells are summarized in the table below.

		Initial Potential					
		Oil	**Gas**	**BOE**	**% Oil**	**FCP(1)**	**Choke**
Well	**Interval**	*(Bbl/d)*	*(Mcf/d)*	*(BOE/d)*		*(psi)*	*(inch)*
Kerr 83-TTT-B33 WF #201H	Wolfcamp A-XY	676	2,372	1,071	63%	1,850	40/64
Kerr 83-TTT-B33 WF #202H	Wolfcamp A-XY	695	2,852	1,170	59%	1,725	40/64
Larson 04-TTT-B02 WF #201H	Wolfcamp A-XY	801	3,000	1,301	62%	2,376	40/64
Toot D 17-TTT-C24 NL #211H	Wolfcamp A-Lower	1,377	1,887	1,692	81%	2,451	30/64

(1) Flowing casing pressure.

The three wells completed in the Wolf asset area in the Wolfcamp A-XY interval, the Kerr 83-TTT-B33 WF #201H (Kerr #201H) well, the Kerr 83-TTT-B33 WF #202H (Kerr #202H) well and the Larson 04-TTT-B02 WF #201H (Larson #201H) well, had lateral lengths of 7,662 feet, 6,311 feet and 7,139 feet, respectively. The Kerr #201H well was the longest completed lateral for any well in the Company's Wolf asset area to date. Matador expects to drill and complete several additional longer laterals in the Wolf asset area in 2018.

Matador has observed that the 24-hour initial potential test rates from its longer laterals in the Wolf asset area are typically similar to those wells with completed lateral lengths of less than one mile. Matador believes this is due to the large volumes of fracturing fluid used to stimulate these longer lateral wells, the formation water produced and the Company's practice of reservoir pressure maintenance during a more restricted flowback period in its Delaware Basin wells. More importantly, however, the longer laterals tend to exhibit much flatter production declines. The Company believes that the initial test results likely do not reflect flow contributions from the entire completed lateral, and that as those intervals closer to the toe of the lateral begin to clean up and contribute to flow with time, the production from these wells should exhibit shallower decline rates.

Two examples of this behavior are the Billy Burt 90-TTT-B33 WF #201H (Billy Burt #201H) and Billy Burt 90-TTT-B33 WF #202H (Billy Burt #202H) wells, drilled and completed about 3.5 years ago in the Wolfcamp A-XY with completed lateral lengths of 6,776 feet and 5,879 feet, respectively. Both of these wells exhibited similar 24-hour initial potential test rates as the three wells completed in the fourth quarter of 2017. The Billy Burt wells are among the best performers in the Wolf asset area, and at February 21, 2018, both wells continued to track above Matador's 1.0 million BOE type curve for the Wolfcamp A-XY interval in the Wolf asset area. Early performance from the Kerr #201H, Kerr #202H and Larson #201H wells is similar to that observed in the Billy Burt wells.

In the Jackson Trust area, the Toot D17-TTT-C24 NL #211H (Toot #211H) marked another positive test of the Wolfcamp A-Lower interval. This well was an opposing lateral to the Totum E 18-TTT-C24 NL #211H (Totum #211H) well, which was completed and turned to sales in early 2017. The Toot #211H well was completed using a similar stimulation design for the Wolfcamp A-Lower interval as was pumped in the Totum #211H well. The Toot #211H well was stimulated with 39 fracture stages, including approximately 47 barrels of slickwater and 1,900 pounds of primarily 40/70 mesh white sand per completed lateral foot.

The Totum #211H well continues to be Matador's best performing Wolfcamp A-Lower well in the Delaware Basin. After almost one year of production, the Totum #211H well had produced approximately 300,000 BOE (77% oil). At February 21, 2018, the Totum #211H well continued to track well above Matador's 750,000 BOE type curve for the Wolfcamp A-Lower interval in the Jackson Trust asset area and appeared to be on track for an ultimate recovery of just over 1.0 million BOE.

Twin Lakes Asset Area - Lea County, New Mexico

Matador conducted no operated activities in its Twin Lakes asset area during the fourth quarter of 2017. The Company is participating in one non-operated well being drilled by an affiliate of Cimarex Energy Co. in the western portion of its acreage position, and this well is currently being completed. Matador plans to drill and complete its second Wolfcamp D test at Twin Lakes in the western portion of its acreage position during the first half of 2018. Matador remains encouraged by the potential for the Wolfcamp D, as well as other potential completion targets, in the Twin Lakes asset area and looks forward to continuing its exploration and delineation activities in this asset area in 2018.

Midstream Update

During the fourth quarter of 2017, Matador's midstream joint venture, San Mateo, continued working on the expansion of the Black River Processing Plant to add an incremental 200 million cubic feet per day of capacity to the existing 60 million cubic feet per day of cryogenic natural gas processing capacity. At February 21, 2018, the expansion project was nearing an on-time, on-budget completion and is expected to become operational in the first quarter.

In October 2017, San Mateo's second commercial salt water disposal well in the Rustler Breaks asset area was completed and began disposing of water. Later in the fourth quarter, a third commercial salt water disposal well in the Rustler Breaks asset area was drilled and completed, and this well began disposing of water early in the first quarter of 2018. At February 21, 2018, San Mateo had three operational commercial salt water disposal wells in the Rustler Breaks asset area with a total disposal capacity of approximately 90,000 barrels of water per day. San Mateo plans to add to that disposal capacity in the near-term by upgrading two of the existing wells by installing larger tubing and drilling and completing at least two additional salt water disposal wells and constructing the associated commercial salt water disposal facilities in the Rustler Breaks asset area, bringing San Mateo’s commercial salt water disposal well count to a total of five by mid-year 2018. At February 21, 2018, San Mateo’s salt water disposal wells had a total disposal capacity of approximately 160,000 barrels of water per day combined at both its Wolf and Rustler Breaks water disposal facilities.

On January 22, 2018, Matador announced a strategic relationship between a subsidiary of San Mateo and a subsidiary of Plains to gather and transport crude oil for Matador and third-party customers in and around the Rustler Breaks asset area in Eddy County, New Mexico. Subsidiaries of San Mateo and Plains have agreed to work together through a joint tariff arrangement and related transactions to offer third-party producers located within a joint development area of approximately 400,000 acres in Eddy County, New Mexico (the “Joint Development Area”) crude oil transportation services from the wellhead to Midland, Texas with access to other end markets, such as Cushing and the Gulf Coast. In addition, another subsidiary of Plains has agreed to purchase Matador’s oil production in the Rustler Breaks asset area and in the Wolf asset area in Loving County, Texas.

In order to transport crude oil from the Joint Development Area to Midland or other end markets, Plains intends to construct a mainline extension from its current long-haul pipeline system located in Culberson County, Texas to a central delivery point on San Mateo’s crude oil pipeline system, which is currently under construction throughout the Rustler Breaks asset area. Matador expects construction will be completed in the second quarter or early in the third quarter of 2018. In addition, San Mateo will be able to accept crude oil onto its system from trucks near the city of Loving, New Mexico. This crude oil trucking station should provide producers in the area whose oil is not yet connected to pipe at the wellhead a favorable option to transport oil to Midland and other end markets. San Mateo expects to benefit from Matador’s activities in this area and from Plains’ extensive midstream asset footprint, long-term customer relationships and outstanding reputation for oil gathering and transportation services to open up additional market opportunities, while also capitalizing on San Mateo’s own ability to offer services across all three production streams—oil transportation and gathering, natural gas gathering and processing and salt water gathering and disposal.

In addition, when San Mateo was formed in February 2017, Matador received $171.5 million in connection with the formation of San Mateo and was eligible to earn up to an additional $73.5 million in performance incentives over the subsequent five years. Matador is pleased to announce today that it has earned the first year of performance incentives in full and expects to receive a payment of $14.7 million from a subsidiary of Five Point Capital Partners LLC (“Five Point”), Matador’s partner in San Mateo, in the first quarter of 2018. For accounting purposes, this payment of $14.7 million is considered to be part of the total original consideration received by Matador when forming the Joint Venture with Five Point, and as a result, it will not be included in net income, adjusted net income or Adjusted EBITDA in the first quarter of 2018. This payment of $14.7 million is in addition to the $171.5 million Matador received in connection with the formation of San Mateo.

Delaware Basin Acreage Update

At December 31, 2017, Matador held approximately 199,600 gross (114,000 net) acres in the Permian Basin, primarily in the Delaware Basin in Lea and Eddy Counties, New Mexico and Loving County, Texas, as shown in the table below.

Matador's Permian Basin Acreage at December 31, 2017 (approximate):

Asset Area	**Gross Acres**	**Net Acres**
Ranger (Lea County, NM)	28,800	15,500
Arrowhead (Eddy County, NM)	56,600	23,400
Rustler Breaks (Eddy County, NM)	41,000	21,200
Antelope Ridge (Lea County, NM)	12,000	8,900
Wolf and Jackson Trust (Loving County, TX)	13,600	9,400
Twin Lakes (Lea County, NM)	46,100	34,400
Other	1,500	1,200
Total	199,600	114,000

During the fourth quarter of 2017, Matador acquired approximately 6,900 net acres in the Delaware Basin, mostly in and around its existing acreage positions, including new leasing activities and acquisitions of small interests from mineral and working interest owners in Matador's operated wells, most of which had been acquired by, and was included in, its November 6, 2017 earnings release. These year-end 2017 acreage estimates also account for a small amount of acreage expirations during the fourth quarter, primarily in the far northwest Twin Lakes and Ranger asset areas. Portions of this acreage were leased from the State of New Mexico and were not available to be extended and in other instances, the Company chose not to extend the leases.

For the full year 2017, Matador acquired approximately 25,100 net acres in the Delaware Basin, including a small volume of associated production, for a total acquisition cost of approximately $238 million. Excluding the value of the production acquired, this acreage was added for a weighted average cost of between approximately $7,000 and $8,000 per net acre.

2018 Capital Spending

As provided in its 2018 guidance estimates announced today, Matador estimates that it will incur capital expenditures of (1) $530 to $570 million for drilling, completing and equipping operated and non-operated wells almost entirely in the Delaware Basin and (2) $70 to $90 million for its share of various midstream projects to be undertaken by San Mateo, reflecting Matador's 51% share of San Mateo's estimated 2018 capital expenditures. Matador expects to operate six drilling rigs throughout 2018, with the sixth rig being used periodically to drill at least two additional salt water disposal wells in the Rustler Breaks asset area for San Mateo. The Company's estimated 2018 capital expenditures for drilling, completing and equipping its wells account for a 10% increase in expected well costs attributable to higher anticipated oilfield service costs in 2018 as compared to 2017. Matador's 2018 capital investment plan contemplates an increase in batch drilling and completion operations as compared to 2017, as well as the drilling of several longer lateral wells, particularly in the Wolf asset area, in 2018. Matador's 2018 capital investment plan also accounts for the Company's participation in an increased number of non-operated wells, particularly in the Delaware Basin.

Matador has allocated substantially all of its 2018 estimated capital expenditures to the Delaware Basin, with the exception of small amounts allocated to limited operations in the Eagle Ford and Haynesville shales to maintain and extend leases and to participate in those non-operated well opportunities where economic returns are expected to be comparable to Matador's Delaware Basin wells. The Company's 2018 estimated capital expenditures assume no operated drilling and completion activities in either the Eagle Ford or Haynesville shales. Accordingly, Matador projects that it will complete and turn to sales 128 gross (68.0 net) wells in 2018, including 80 gross (62.9 net) operated wells and 48 gross (5.1 net) non-operated wells, almost all in the Delaware Basin. The Company expects to have operations in progress on as many as 158 gross (83.1 net) wells during 2018. Matador will provide a more complete discussion of its 2018 capital investment plan during its upcoming 2018 Analyst Day on Tuesday, March 6, 2018 in Dallas, Texas.

Matador intends to continue acquiring leasehold and mineral interests throughout its asset base, and particularly in the Delaware Basin, during 2018. As in 2017, these expenditures are opportunity-specific, and per-acre prices can vary significantly based on the prospect. As a result, it is difficult for the Company to estimate these particular 2018 capital expenditures with any degree of certainty; therefore, Matador has not provided estimated capital expenditures related to acreage and mineral acquisitions in 2018. Matador expects to provide periodic updates regarding completed leasehold and mineral acquisitions in 2018, just as the Company did in 2017.

Liquidity Update

At December 31, 2017, the borrowing base under Matador's revolving credit facility was $525 million based on the lenders' review of the Company's proved oil and natural gas reserves at June 30, 2017, with the Company maintaining its "elected borrowing commitment" at $400 million. At December 31, 2017, Matador had cash on hand totaling approximately $97 million, not including approximately $6 million of restricted cash (most of which is associated with San Mateo), no outstanding borrowings under the Company's revolving credit facility and approximately $2.1 million in outstanding letters of credit. At February 21, 2018, the Company continued to have no outstanding borrowings under its credit facility and approximately $2.1 million in outstanding letters of credit. Matador's net debt to Adjusted EBITDA ratio was approximately 1.4x at December 31, 2017.

In October 2017, Matador completed a public offering of 8.0 million shares of its common stock, receiving proceeds of $208.7 million (before expenses). A portion of the proceeds of this offering were used to acquire approximately 6,600 net acres of additional leasehold and minerals in the Delaware Basin at a total acquisition cost of approximately $38 million and to fund certain midstream initiatives and opportunities. The remaining proceeds have been and are expected to be used for other midstream development, leasehold and mineral acquisition and general corporate purposes, including to fund a portion of the Company's current and future capital expenditures.

At February 21, 2018, Matador remained in a strong financial position and is well funded to execute its 2018 anticipated drilling program and midstream operations. Matador intends to fund its 2018 capital requirements primarily using cash on hand and anticipated cash flows from operations, but also expects to call upon its fully undrawn line of credit as additional capital is needed. Currently, Matador does not have a separate line of credit for its midstream operations, but the Company is considering securing a midstream line of credit during 2018.

Hedging Positions

From time to time, Matador uses derivative financial instruments to mitigate its exposure to commodity price risk associated with oil, natural gas and natural gas liquids prices and to protect its cash flows and borrowing capacity.

At February 21, 2018, Matador had the following hedges in place, in the form of swaps and costless collars, for the remainder of 2018.

- Approximately 2.6 million barrels of oil (WTI) at a weighted average floor price of $44 per barrel and a weighted average ceiling price of approximately $60 per barrel.
- Approximately 1.8 million barrels of oil (WTI) at a weighted average floor price of $50 per barrel and call spread/ceiling prices of $64 per barrel (short call) and $67 per barrel (long call), respectively.
- Approximately 0.7 million barrels of oil (LLS) at a weighted average floor price of $45 per barrel and a weighted average ceiling price of approximately $63 per barrel.
- Approximately 4.8 million barrels of oil (Midland-Cushing Oil Basin Differential) at a weighted average price of -$1.02 per barrel.
- Approximately 15.4 billion cubic feet of natural gas at a weighted average floor price of $2.58 per MMBtu and a weighted average ceiling price of $3.67 per MMBtu.

Matador estimates that it has approximately 55% of its anticipated oil production and approximately 40% of its anticipated natural gas production hedged for the remainder of 2018 based on the midpoint of its production guidance as provided in this earnings release.

Conference Call Information

The Company will host a live conference call on Thursday, February 22, 2018, at 9:00 a.m. Central Time to discuss its fourth quarter and full year 2017 financial and operational results. To access the live conference call, domestic participants should dial (855) 875-8781 and international participants should dial (720) 634-2925. The participant passcode is 1661358. The live conference call will also be available through the Company's website at www.matadorresources.com on the Presentations & Webcasts page under the Investors tab. The replay for the event will also be available on the Company's website at www.matadorresources.com on the Presentations & Webcasts page under the Investors tab through March 30, 2018.

2018 Analyst Day

As previously announced, Matador will hold its 2018 Analyst Day on Tuesday, March 6, 2018 beginning at 9:00 a.m. Central Time in the San Antonio Ballroom located on the fourth floor of The Westin Galleria Dallas hotel, 13340 Dallas Parkway, Dallas, Texas 75240. During its Analyst Day presentation, Matador plans to provide additional details regarding its 2018 operational plans, capital budget and forecasts and to provide an update on its ongoing operations and continued improvements in drilling, completion and production techniques, as well as its current understanding of and outlook for each of its primary asset areas in the Delaware Basin. The presentation will conclude with a question and answer session for those in attendance. A continental breakfast will be provided beginning at 8:00 a.m. Central Time; following the presentation, lunch will also be provided.

The Company has limited space to attend this event in Dallas and reservations will be required. All inquiries to attend in person should be directed to Mac Schmitz at mschmitz@matadorresources.com. Individuals who are unable to attend in person can participate in the live conference call or virtual webcast of the event, details of which were provided in the Company's February 14, 2018 announcement and are also available on the Company's website at www.matadorresources.com on the Presentations & Webcasts page under the Investors tab.

About Matador Resources Company

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

For more information, visit Matador Resources Company at www.matadorresources.com.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. "Forward-looking statements" are statements related to future, not past, events. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "could," "believe," "would," "anticipate," "intend," "estimate," "expect," "may," "should," “continue,” “plan,” “predict,” “potential,” “project,” “hypothetical,” “forecasted” and similar expressions that are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such forward-looking statements include, but are not limited to, statements about guidance, projected or forecasted financial and operating results, results in certain basins, objectives, project timing, expectations and intentions and other statements that are not historical facts. Actual results and future events could differ materially from those anticipated in such statements, and such forward-looking statements may not prove to be accurate. These forward-looking statements involve certain risks and uncertainties, including, but not limited to, the following risks related to financial and operational performance: general economic conditions; the Company’s ability to execute its business plan, including whether its drilling program is successful; the ability of the Company’s midstream joint venture to expand the Black River cryogenic processing plant, the timing of such expansion and the operating results thereof; the timing and operating results of the buildout by the Company’s midstream joint venture of oil, natural gas and water gathering and transportation systems and the drilling of any additional salt water disposal wells; changes in oil, natural gas and natural gas liquids prices and the demand for oil, natural gas and natural gas liquids; its ability to replace reserves and efficiently develop current reserves; costs of operations; delays and other difficulties related to producing oil, natural gas and natural gas liquids; delays and other difficulties related to regulatory and governmental approvals and restrictions; its ability to make acquisitions on economically acceptable terms; its ability to integrate acquisitions; availability of sufficient capital to execute its business plan, including from future cash flows, increases in its borrowing base and otherwise; weather and environmental conditions; and other important factors which could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. For further discussions of risks and uncertainties, you should refer to Matador’s filings with the Securities and Exchange Commission (“SEC”), including the “Risk Factors” section of Matador’s most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q. Matador undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after the date of this press release, except as required by law, including the securities laws of the United States and the rules and regulations of the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.

Contact Information

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Matador Resources Company and Subsidiaries

CONSOLIDATED BALANCE SHEETS - UNAUDITED

(In thousands, except par value and share data)	December 31,	
	2017	**2016**
ASSETS		
Current assets		
Cash	$ 96,505	$ 212,884
Restricted cash	5,977	1,258
Accounts receivable		
Oil and natural gas revenues	65,962	34,154
Joint interest billings	67,225	19,347
Other	8,031	5,167
Derivative instruments	1,190	—
Lease and well equipment inventory	5,993	3,045
Prepaid expenses and other assets	6,287	3,327
Total current assets	257,170	279,182
Property and equipment, at cost		
Oil and natural gas properties, full-cost method		
Evaluated	3,004,770	2,408,305
Unproved and unevaluated	637,396	479,736
Midstream and other property and equipment	281,096	160,795
Less accumulated depletion, depreciation and amortization	(2,041,806)	(1,864,311)
Net property and equipment	1,881,456	1,184,525
Other assets	7,064	958
Total assets	$ 2,145,690	$ 1,464,665
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 11,757	$ 4,674
Accrued liabilities	174,348	101,460
Royalties payable	61,358	23,988
Amounts due to affiliates	10,302	8,651
Derivative instruments	16,429	24,203
Advances from joint interest owners	2,789	1,700
Amounts due to joint ventures	4,873	4,251
Other current liabilities	750	578
Total current liabilities	282,606	169,505
Long-term liabilities		
Senior unsecured notes payable	574,073	573,924
Asset retirement obligations	25,080	19,725
Derivative instruments	—	751
Amounts due to joint ventures	—	1,771
Other long-term liabilities	6,385	7,544
Total long-term liabilities	605,538	603,715
Shareholders' equity		
Common stock — $0.01 par value, 160,000,000 and 120,000,000 shares authorized; 108,513,597 and 99,518,764 shares issued; and 108,510,160 and 99,511,931 shares outstanding, respectively	1,085	995
Additional paid-in capital	1,666,024	1,325,481
Accumulated deficit	(510,484)	(636,351)
Treasury stock, at cost, 3,437 and 6,833 shares, respectively	(69)	—
Total Matador Resources Company shareholders' equity	1,156,556	690,125
Non-controlling interest in subsidiaries	100,990	1,320
Total shareholders' equity	1,257,546	691,445
Total liabilities and shareholders' equity	$ 2,145,690	$ 1,464,665

Matador Resources Company and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

(In thousands, except per share data)	For the Years Ended December 31,		
	2017	2016	2015
Revenues			
Oil and natural gas revenues	$ 528,684	$ 291,156	$ 278,340
Third-party midstream services revenues	10,198	5,218	1,864
Realized (loss) gain on derivatives	(4,321)	9,286	77,094
Unrealized gain (loss) on derivatives	9,715	(41,238)	(39,265)
Total revenues	544,276	264,422	318,033
Expenses			
Production taxes, transportation and processing	58,275	43,046	35,650
Lease operating	67,313	56,202	54,704
Plant and other midstream services operating	13,039	5,389	3,489
Depletion, depreciation and amortization	177,502	122,048	178,847
Accretion of asset retirement obligations	1,290	1,182	734
Full-cost ceiling impairment	—	158,633	801,166
General and administrative	66,016	55,089	50,105
Total expenses	383,435	441,589	1,124,695
Operating income (loss)	160,841	(177,167)	(806,662)
Other income (expense)			
Net gain on asset sales and inventory impairment	23	107,277	908
Interest expense	(34,565)	(28,199)	(21,754)
Other income (expense)	3,551	(4)	616
Total other (expense) income	(30,991)	79,074	(20,230)
Income (loss) before income taxes	129,850	(98,093)	(826,892)
Income tax (benefit) provision			
Current	(8,157)	(1,036)	2,959
Deferred	—	—	(150,327)
Total income tax benefit	(8,157)	(1,036)	(147,368)
Net income (loss)	138,007	(97,057)	(679,524)
Net income attributable to non-controlling interest in subsidiaries	(12,140)	(364)	(261)
Net income (loss) attributable to Matador Resources Company shareholders	$ 125,867	$ (97,421)	$ (679,785)
Earnings (loss) per common share			
Basic	$ 1.23	$ (1.07)	$ (8.34)
Diluted	$ 1.23	$ (1.07)	$ (8.34)
Weighted average common shares outstanding			
Basic	102,029	91,273	81,537
Diluted	102,543	91,273	81,537

Matador Resources Company and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

(In thousands)	For the Years Ended December 31,		
	2017	**2016**	**2015**
Operating activities			
Net income (loss)	$ 138,007	$ (97,057)	$ (679,524)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Unrealized (gain) loss on derivatives	(9,715)	41,238	39,265
Depletion, depreciation and amortization	177,502	122,048	178,847
Accretion of asset retirement obligations	1,290	1,182	734
Full-cost ceiling impairment	—	158,633	801,166
Stock-based compensation expense	16,654	12,362	9,450
Deferred income tax benefit	—	—	(150,327)
Amortization of debt issuance cost	468	1,148	852
Net gain on asset sales and inventory impairment	(23)	(107,277)	(908)
Changes in operating assets and liabilities			
Accounts receivable	(82,549)	(14,259)	3,633
Lease and well equipment inventory	(3,623)	(700)	(180)
Prepaid expenses and other assets	(2,960)	(124)	(544)
Other assets	(6,425)	490	(552)
Accounts payable, accrued liabilities and other current liabilities	33,559	6,611	1,375
Royalties payable	37,370	7,495	1,654
Advances from joint interest owners	1,089	1,000	700
Income taxes payable	—	(2,848)	2,405
Other long-term liabilities	(1,519)	4,144	489
Net cash provided by operating activities	299,125	134,086	208,535
Investing activities			
Oil and natural gas properties capital expenditures	(699,445)	(379,067)	(432,715)
Expenditures for midstream and other property and equipment	(120,816)	(74,845)	(64,499)
Proceeds from sale of assets	977	5,173	139,836
Business combination, net of cash acquired	—	—	(24,028)
Restricted cash	—	43,098	(43,098)
Restricted cash in less-than-wholly-owned subsidiaries	(4,719)	1	(650)
Net cash used in investing activities	(824,003)	(405,640)	(425,154)
Financing activities			
Repayments of borrowings	—	(120,000)	(476,982)
Borrowings under Credit Agreement	—	120,000	125,000
Proceeds from issuance of common stock	208,720	288,510	188,720
Proceeds from issuance of senior unsecured notes	—	184,625	400,000
Cost to issue equity	(280)	(847)	(1,158)
Cost to issue senior unsecured notes	—	(2,734)	(9,598)
Proceeds from stock options exercised	2,920	100	10
Capital commitments from non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	562
Contributions related to formation of Joint Venture	171,500	—	—
Contributions from non-controlling interest owners of less-than-wholly-owned subsidiaries	44,100	—	—
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	(10,045)	—	—
Taxes paid related to net share settlement of stock-based compensation	(5,763)	(1,948)	(1,610)
Purchase of non-controlling interest of less-than-wholly-owned subsidiary	(2,653)	—	—
Net cash provided by financing activities	408,499	467,706	224,944
(Decrease) increase in cash	(116,379)	196,152	8,325
Cash at beginning of year	212,884	16,732	8,407
Cash at end of year	$ 96,505	$ 212,884	$ 16,732

Supplemental Non-GAAP Financial Measures

Adjusted EBITDA

This press release includes the non-GAAP financial measure of Adjusted EBITDA. Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of the Company’s consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. “GAAP” means Generally Accepted Accounting Principles in the United States of America. The Company believes Adjusted EBITDA helps it evaluate its operating performance and compare its results of operations from period to period without regard to its financing methods or capital structure. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depletion, depreciation and amortization, accretion of asset retirement obligations, property impairments, unrealized derivative gains and losses, certain other non-cash items and non-cash stock-based compensation expense, and net gain or loss on asset sales and inventory impairment. Adjusted EBITDA is not a measure of net income (loss) or net cash provided by operating activities as determined by GAAP.

Adjusted EBITDA should not be considered an alternative to, or more meaningful than, net income (loss) or net cash provided by operating activities as determined in accordance with GAAP or as an indicator of the Company’s operating performance or liquidity. Certain items excluded from Adjusted EBITDA are significant components of understanding and assessing a company’s financial performance, such as a company’s cost of capital and tax structure. Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner. The following table presents the calculation of Adjusted EBITDA and the reconciliation of Adjusted EBITDA to the GAAP financial measures of net income (loss) and net cash provided by operating activities, respectively, that are of a historical nature. Where references are pro forma, forward-looking, preliminary or prospective in nature, and not based on historical fact, the table does not provide a reconciliation. The Company could not provide such reconciliation without undue hardship because such Adjusted EBITDA numbers are estimations, approximations and/or ranges. In addition, it would be difficult for the Company to present a detailed reconciliation on account of many unknown variables for the reconciling items, including future income taxes, full-cost ceiling impairments, unrealized gains or losses on derivatives and gains or losses on asset sales and inventory impairments. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

(In thousands)	Year Ended December 31, 2017	2016	2015	Three Months Ended December 31, 2017	September 30, 2017	December 31, 2016
Unaudited Adjusted EBITDA Reconciliation to Net Income (Loss):						
Net income (loss) attributable to Matador Resources Company Shareholders	$ 125,867	$ (97,421)	$ (679,785)	$ 38,335	$ 15,039	$ 104,154
Net income attributable to non-controlling interest in subsidiaries	12,140	364	261	4,106	2,940	155
Net income (loss)	138,007	(97,057)	(679,524)	42,441	17,979	104,309
Interest expense	34,565	28,199	21,754	8,336	8,550	7,955
Total income tax (benefit) provision	(8,157)	(1,036)	(147,368)	(8,157)	—	105
Depletion, depreciation and amortization	177,502	122,048	178,847	54,436	47,800	31,863
Accretion of asset retirement obligations	1,290	1,182	734	353	323	354
Full-cost ceiling impairment	—	158,633	801,166	—	—	—
Unrealized (gain) loss on derivatives	(9,715)	41,238	39,265	11,734	12,372	10,977
Stock-based compensation expense	16,654	12,362	9,450	4,166	1,296	3,224
Net loss on asset sales and inventory impairment	(23)	(107,277)	(908)	—	(16)	(104,137)
Consolidated Adjusted EBITDA	350,123	158,292	223,416	113,309	88,304	54,650
Adjusted EBITDA attributable to non-controlling interest subsidiaries	(14,060)	(400)	(278)	(4,690)	(3,471)	(164)
Adjusted EBITDA attributable to Matador Resources Company shareholders	$ 336,063	$ 157,892	$ 223,138	$ 108,619	$ 84,833	$ 54,486

(In thousands)	Year Ended December 31, 2017	2016	2015	Three Months Ended December 31, 2017	September 30, 2017	December 31, 2016
Unaudited Adjusted EBITDA Reconciliation to Net Cash Provided by Operating Activities:						
Net cash provided by operating activities	$ 299,125	$ 134,086	$ 208,535	$ 76,609	$ 101,274	$ 37,624
Net change in operating assets and liabilities	25,058	(1,809)	(8,980)	36,886	(21,481)	9,215
Interest expense, net of non-cash portion	34,097	27,051	20,902	7,971	8,511	7,706
Current income tax (benefit) provision	(8,157)	(1,036)	2,959	(8,157)	—	105
Adjusted EBITDA attributable to non-controlling interest subsidiaries	(14,060)	(400)	(278)	(4,690)	(3,471)	(164)
Adjusted EBITDA attributable to Matador Resources Company shareholders	$ 336,063	$ 157,892	$ 223,138	$ 108,619	$ 84,833	$ 54,486

Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Diluted Common Share

This press release includes the non-GAAP financial measures of adjusted net income (loss) and adjusted earnings (loss) per diluted common share. These non-GAAP items are measured as net income (loss) attributable to Matador Resources Company shareholders, adjusted for dollar and per share impact of certain items, including unrealized gains or losses on derivatives, the impact of full cost-ceiling impairment charges, if any, and non-recurring gains or losses or transaction costs for certain acquisitions and divestitures or other non-recurring expense items, along with the related tax effects for all periods. This non-GAAP financial information is provided as additional information for investors and is not in accordance with, or an alternative to, GAAP financial measures. Additionally, these non-GAAP financial measures may be different than similar measures used by other companies. The Company believes the presentation of adjusted net income (loss) and adjusted earnings (loss) per diluted common share provides useful information to investors, as it provides them an additional relevant comparison of the Company’s performance across periods and to the performance of the Company’s peers. In addition, these non-GAAP financial measures reflect adjustments for items of income and expense that are often excluded by securities analysts and other users of the Company’s financial statements in evaluating the Company’s performance. The table below reconciles adjusted net income (loss) and adjusted earnings (loss) per diluted common share to their most directly comparable GAAP measure of net income (loss) attributable to Matador Resources Company shareholders.

(In thousands, except per share data)	Three Months Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Unaudited Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Common Share Reconciliation to Net Income (Loss):						
Net income (loss) [1]	$ 38,335	$ 15,039	$ 104,154	$ 125,867	$ (97,421)	$ (679,785)
Total income tax (benefit) provision	(8,157)	—	105	(8,157)	(1,036)	(147,368)
Income (loss) before taxes [1]	30,178	15,039	104,259	117,710	(98,457)	(827,153)
Less non-recurring and unrealized charges to income (loss) before taxes:						
Full-cost ceiling impairment	—	—	—	—	158,633	801,166
Unrealized loss (gain) on derivatives	11,734	12,372	10,977	(9,715)	41,238	39,265
Net gain on asset sales and inventory impairment	—	(16)	(104,137)	(23)	(107,277)	(908)
Non-recurring expenses related to stock-based compensation	—	—	—	1,515	—	—
Non-recurring transaction costs associated with the formation of San Mateo	—	—	—	3,458	—	—
Non-recurring transaction costs associated with the HEYCO merger	—	—	—	—	—	2,510
Adjusted income (loss) before taxes [1]	41,912	27,395	11,099	112,945	(5,863)	14,880
Income tax expense (benefit)	14,669 [2]	9,588 [2]	3,885 [2]	39,531 [2]	(3,088) [3]	5,119 [4]
Adjusted net income (loss) (non-GAAP) [1]	$ 27,243	$ 17,807	$ 7,214	$ 73,414	$ (2,775)	$ 9,761
Basic weighted average shares outstanding, without participating securities	106,586	99,255	93,928	100,860	91,273	81,537
Dilutive effect of participating securities	1,107	1,110	1,043	1,169	—	769
Weighted average shares outstanding, including participating securities - basic	107,693	100,365	94,971	102,029	91,273	82,306
Dilutive effect of options, restricted stock units and preferred shares	492	139	691	514	—	544
Weighted average common shares outstanding - diluted	108,185	100,504	95,662	102,543	91,273	82,850
Adjusted earnings (loss) per common share (non-GAAP) [1]						
Basic	$ 0.25	$ 0.18	$ 0.08	$ 0.72	$ (0.03)	$ 0.12
Diluted	$ 0.25	$ 0.18	$ 0.08	$ 0.72	$ (0.03)	$ 0.12

(1) Attributable to Matador Resources Company shareholders after giving effect to amounts attributable to third-party non-controlling interests.

(2) Estimated using federal statutory tax rate of 35%, which differs from the actual effective tax rate due to a full valuation allowance recognized against the deferred tax benefit.

(3) Estimated using federal statutory tax rate of 35%, which differs from the actual effective tax rate due to a full valuation allowance recognized against the deferred tax benefit, including a 2016 income tax refund of approximately $1.1 million.

(4) Estimated using actual tax rate for the period.

PV-10

PV-10 is a non-GAAP financial measure and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future net revenues. PV-10 is not an estimate of the fair market value of the Company’s properties. Matador and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies and of the potential return on investment related to the companies’ properties without regard to the specific tax characteristics of such entities. PV-10 may be reconciled to the Standardized Measure of discounted future net cash flows at such dates by adding the discounted future income taxes associated with such reserves to the Standardized Measure.

(in millions)	At December 31, 2017	At December 31, 2016	At December 31, 2015
Standardized Measure	$ 1,258.6	$ 575.0	$ 529.2
Discounted future income taxes	74.8	6.5	12.4
PV-10	$ 1,333.4	$ 581.5	$ 541.6