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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from to

Commission File Number 001-35410

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

Texas **(State or other jurisdiction of incorporation or organization)**	**27-4662601** **(I.R.S. Employer Identification No.)**
5400 LBJ Freeway, Suite 1500 **Dallas, Texas** **(Address of principal executive offices)**	**75240** **(Zip Code)**

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

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of October 25, 2022, there were 118,161,520 shares of the registrant's common stock, par value $0.01 per share, outstanding.

MATADOR RESOURCES COMPANY
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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Part I — FINANCIAL INFORMATION

Item 1. Financial Statements — Unaudited

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED
(In thousands, except par value and share data)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	$ 400,484	$ 48,135
Restricted cash	41,236	38,785
Accounts receivable		
Oil and natural gas revenues	268,869	164,242
Joint interest billings	120,786	48,366
Other	28,401	28,808
Derivative instruments	1,499	1,971
Lease and well equipment inventory	14,388	12,188
Prepaid expenses and other current assets	51,228	28,810
Total current assets	926,891	371,305
Property and equipment, at cost		
Oil and natural gas properties, full-cost method		
Evaluated	6,627,788	6,007,325
Unproved and unevaluated	1,000,720	964,714
Midstream properties	1,038,883	900,979
Other property and equipment	31,550	30,123
Less accumulated depletion, depreciation and amortization	(4,380,674)	(4,046,456)
Net property and equipment	4,318,267	3,856,685
Other assets		
Other long-term assets	59,992	34,163
Total assets	$ 5,305,150	$ 4,262,153
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 61,105	$ 26,256
Accrued liabilities	306,539	253,283
Royalties payable	134,373	94,359
Amounts due to affiliates	25,396	27,324
Derivative instruments	17,879	16,849
Advances from joint interest owners	26,993	18,074
Income taxes payable	3,439	—
Other current liabilities	49,465	28,692
Total current liabilities	625,189	464,837
Long-term liabilities		
Borrowings under Credit Agreement	—	100,000
Borrowings under San Mateo Credit Facility	440,000	385,000
Senior unsecured notes payable	752,850	1,042,580
Asset retirement obligations	51,707	41,689
Deferred income taxes	349,205	77,938
Other long-term liabilities	20,591	22,721
Total long-term liabilities	1,614,353	1,669,928
Commitments and contingencies (Note 9)		
Shareholders' equity		
Common stock - $0.01 par value, 160,000,000 shares authorized; 118,248,112 and 117,861,923 shares issued; and 118,155,815 and 117,850,233 shares outstanding, respectively	1,183	1,179
Additional paid-in capital	2,094,611	2,077,592
Retained earnings (accumulated deficit)	765,602	(171,318)
Treasury stock, at cost, 92,297 and 11,945 shares, respectively	(2,585)	(243)
Total Matador Resources Company shareholders' equity	2,858,811	1,907,210
Non-controlling interest in subsidiaries	206,797	220,178
Total shareholders' equity	3,065,608	2,127,388
Total liabilities and shareholders' equity	$ 5,305,150	$ 4,262,153

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

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED
(In thousands, except per share data)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues				
Oil and natural gas revenues	$ 751,444	$ 461,465	$ 2,270,728	$ 1,189,772
Third-party midstream services revenues	24,707	20,486	63,899	55,774
Sales of purchased natural gas	77,943	38,770	157,290	54,198
Realized loss on derivatives	(56,263)	(57,419)	(139,865)	(125,943)
Unrealized gain (loss) on derivatives	43,097	9,049	(1,502)	(77,178)
Total revenues	840,928	472,351	2,350,550	1,096,623
Expenses				
Production taxes, transportation and processing	73,964	48,896	219,441	126,913
Lease operating	42,360	27,433	116,172	82,124
Plant and other midstream services operating	24,790	17,043	66,265	44,452
Purchased natural gas	69,442	34,581	142,903	47,064
Depletion, depreciation and amortization	118,870	89,061	334,747	255,368
Accretion of asset retirement obligations	679	518	1,739	1,529
General and administrative	27,549	24,633	81,713	71,218
Total expenses	357,654	242,165	962,980	628,668
Operating income	483,274	230,186	1,387,570	467,955
Other income (expense)				
Net loss on asset sales and impairment	(1,113)	(251)	(1,311)	(251)
Interest expense	(15,996)	(17,989)	(50,740)	(55,579)
Other income (expense)	1,804	(585)	(2,682)	(1,246)
Total other expense	(15,305)	(18,825)	(54,733)	(57,076)
Income before income taxes	467,969	211,361	1,332,837	410,879
Income tax provision (benefit)				
Current	270	—	51,940	—
Deferred	113,671	(6,701)	266,489	1,488
Total income tax provision (benefit)	113,941	(6,701)	318,429	1,488
Net income	354,028	218,062	1,014,408	409,391
Net income attributable to non-controlling interest in subsidiaries	(16,456)	(14,434)	(53,994)	(39,213)
Net income attributable to Matador Resources Company shareholders	$ 337,572	$ 203,628	$ 960,414	$ 370,178
Earnings per common share				
Basic	$ 2.86	$ 1.74	$ 8.13	$ 3.17
Diluted	$ 2.82	$ 1.71	$ 8.01	$ 3.12
Weighted average common shares outstanding				
Basic	118,136	117,008	118,063	116,872
Diluted	119,850	119,197	119,867	118,788

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

Matador Resources Company and Subsidiaries

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

For the Three and Nine Months Ended September 30, 2022

	Common Stock		Additional paid-in capital	Retained earnings (accumulated deficit)	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at January 1, 2022	117,862	$ 1,179	$ 2,077,592	$ (171,318)	12	$ (243)	$ 1,907,210	$ 220,178	$ 2,127,388
Dividends declared ($0.05 per share)	—	—	—	(5,866)	—	—	(5,866)	—	(5,866)
Issuance of common stock pursuant to employee stock compensation plan	205	2	(11,536)	—	—	—	(11,534)	—	(11,534)
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	4,344	—	—	—	4,344	—	4,344
Stock options exercised, net of options forfeited in net share settlements	24	—	(585)	—	—	—	(585)	—	(585)
Restricted stock forfeited	—	—	—	—	12	(66)	(66)	—	(66)
Contribution related to formation of San Mateo, net of tax of $4.8 million (see Note 6)	—	—	17,973	—	—	—	17,973	—	17,973
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(18,375)	(18,375)
Current period net income	—	—	—	207,124	—	—	207,124	17,061	224,185
Balance at March 31, 2022	118,091	$ 1,181	$ 2,087,788	$ 29,940	24	$ (309)	$ 2,118,600	$ 218,864	$ 2,337,464
Dividends declared ($0.05 per share)	—	—	—	(5,878)	—	—	(5,878)	—	(5,878)
Issuance of common stock pursuant to employee stock compensation plan	10	—	—	—	—	—	—	—	—
Issuance of common stock pursuant to directors' and advisors' compensation plan	25	—	—	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	5,383	—	—	—	5,383	—	5,383
Stock options exercised, net of options forfeited in net share settlements	75	1	(2,607)	—	—	—	(2,606)	—	(2,606)
Restricted stock forfeited	—	—	—	—	47	(2,047)	(2,047)	—	(2,047)
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(26,460)	(26,460)
Current period net income	—	—	—	415,718	—	—	415,718	20,477	436,195
Balance at June 30, 2022	118,201	$ 1,182	$ 2,090,564	$ 439,780	71	$ (2,356)	$ 2,529,170	$ 212,881	$ 2,742,051

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

Matador Resources Company and Subsidiaries

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

For the Three and Nine Months Ended September 30, 2022

	Common Stock		Additional paid-in capital	Retained earnings (accumulated deficit)	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at July 1, 2022	118,201	$ 1,182	$ 2,090,564	$ 439,780	71	$ (2,356)	$ 2,529,170	$ 212,881	$ 2,742,051
Dividends declared ($0.10 per share)	—	—	—	(11,750)	—	—	(11,750)	—	(11,750)
Issuance of common stock pursuant to employee stock compensation plan	12	—	—	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	5,222	—	—	—	5,222	—	5,222
Stock options exercised, net of options forfeited in net share settlements, and employee stock purchases	35	1	(1,175)	—	—	—	(1,174)	—	(1,174)
Restricted stock forfeited	—	—	—	—	21	(229)	(229)	—	(229)
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(22,540)	(22,540)
Current period net income	—	—	—	337,572	—	—	337,572	16,456	354,028
Balance at September 30, 2022	118,248	$ 1,183	$ 2,094,611	$ 765,602	92	$ (2,585)	$ 2,858,811	$ 206,797	$ 3,065,608

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

Matador Resources Company and Subsidiaries

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

For the Three and Nine Months Ended September 30, 2021

	Common Stock		Additional paid-in capital	Accumulated deficit	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at January 1, 2021	116,847	$ 1,169	$ 2,027,069	$ (741,705)	2	$ (3)	$ 1,286,530	$ 226,495	$ 1,513,025
Dividends declared ($0.025 per share)	—	—	—	(2,913)	—	—	(2,913)	—	(2,913)
Issuance of common stock pursuant to employee stock compensation plan	3	—	—	—	—	—	—	—	—
Issuance of common stock pursuant to directors' and advisors' compensation plan	9	—	—	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	1,477	—	—	—	1,477	—	1,477
Stock options exercised, net of options forfeited in net share settlements	13	—	—	—	—	—	—	—	—
Restricted stock forfeited	—	—	(219)	—	90	(1,501)	(1,720)	—	(1,720)
Contribution related to formation of San Mateo (see Note 6)	—	—	15,376	—	—	—	15,376	—	15,376
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(14,210)	(14,210)
Current period net income	—	—	—	60,645	—	—	60,645	8,853	69,498
Balance at March 31, 2021	116,872	$ 1,169	$ 2,043,703	$ (683,973)	92	$ (1,504)	$ 1,359,395	$ 221,138	$ 1,580,533
Dividends declared ($0.025 per share)	—	—	—	(2,913)	—	—	(2,913)	—	(2,913)
Issuance of common stock pursuant to employee stock compensation plan	138	1	(1)	—	—	—	—	—	—
Issuance of common stock pursuant to directors' and advisors' compensation plan	73	1	(1)	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	2,289	—	—	—	2,289	—	2,289
Stock options exercised, net of options forfeited in net share settlements	40	—	—	—	—	—	—	—	—
Restricted stock forfeited	—	—	(425)	—	38	(739)	(1,164)	—	(1,164)
Contribution related to formation of San Mateo (see Note 6)	—	—	16,250	—	—	—	16,250	—	16,250
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(14,700)	(14,700)
Current period net income	—	—	—	105,905	—	—	105,905	15,926	121,831
Balance at June 30, 2021	117,123	$ 1,171	$ 2,061,815	$ (580,981)	130	$ (2,243)	$ 1,479,762	$ 222,364	$ 1,702,126

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

Matador Resources Company and Subsidiaries

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

For the Three and Nine Months Ended September 30, 2021

	Common Stock		Additional paid-in capital	Accumulated deficit	Treasury Stock		Total shareholders' equity attributable to Matador Resources Company	Non-controlling interest in subsidiaries	Total shareholders' equity
	Shares	Amount			Shares	Amount			
Balance at July 1, 2021	117,123	$ 1,171	$ 2,061,815	$ (580,981)	130	$ (2,243)	$ 1,479,762	$ 222,364	$ 1,702,126
Dividends declared ($0.025 per share)	—	—	—	(2,915)	—	—	(2,915)	—	(2,915)
Issuance of common stock pursuant to employee stock compensation plan	3	—	—	—	—	—	—	—	—
Stock-based compensation expense related to equity-based awards including amounts capitalized	—	—	3,856	—	—	—	3,856	—	3,856
Stock options exercised, net of options forfeited in net share settlements	123	1	211	—	—	—	212	—	212
Restricted stock forfeited	—	—	(1,138)	—	16	(138)	(1,276)	—	(1,276)
Contribution related to formation of San Mateo, net of tax of $1.3 million (see Note 6)	—	—	4,740	—	—	—	4,740	—	4,740
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	—	—	—	—	—	—	—	(16,905)	(16,905)
Current period net income	—	—	—	203,628	—	—	203,628	14,434	218,062
Balance at September 30, 2021	117,249	$ 1,172	$ 2,069,484	$ (380,268)	146	$ (2,381)	$ 1,688,007	$ 219,893	$ 1,907,900

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

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED
(In thousands)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating activities		
Net income	$ 1,014,408	$ 409,391
Adjustments to reconcile net income to net cash provided by operating activities		
Unrealized loss on derivatives	1,502	77,178
Depletion, depreciation and amortization	334,747	255,368
Accretion of asset retirement obligations	1,739	1,529
Stock-based compensation expense	10,887	5,617
Deferred income tax provision	266,489	1,488
Amortization of debt issuance cost and other debt-related costs	(682)	2,443
Net loss on asset sales and impairment	1,311	251
Changes in operating assets and liabilities		
Accounts receivable	(170,101)	(111,221)
Lease and well equipment inventory	(1,732)	(1,179)
Prepaid expenses and other current assets	(21,886)	(9,515)
Other long-term assets	257	637
Accounts payable, accrued liabilities and other current liabilities	51,078	60,619
Royalties payable	40,014	25,313
Advances from joint interest owners	8,919	1,149
Income taxes payable	3,439	—
Other long-term liabilities	(8,173)	(242)
Net cash provided by operating activities	1,532,216	718,826
Investing activities		
Drilling, completion and equipping capital expenditures	(545,453)	(317,486)
Acquisition of oil and natural gas properties	(134,255)	(29,720)
Midstream capital expenditures	(51,413)	(40,222)
Acquisition of midstream assets	(75,816)	—
Expenditures for other property and equipment	(690)	(465)
Proceeds from sale of assets	46,507	4,215
Net cash used in investing activities	(761,120)	(383,678)
Financing activities		
Purchase of senior unsecured notes	(283,960)	—
Repayments of borrowings under Credit Agreement	(300,000)	(390,000)
Borrowings under Credit Agreement	200,000	70,000
Repayments of borrowings under San Mateo Credit Facility	(120,000)	(64,000)
Borrowings under San Mateo Credit Facility	175,000	87,500
Cost to amend credit facilities	(506)	(878)
Proceeds from stock options exercised	—	213
Dividends paid	(23,494)	(8,741)
Contributions related to formation of San Mateo	22,750	37,626
Distributions to non-controlling interest owners of less-than-wholly-owned subsidiaries	(67,375)	(45,815)
Taxes paid related to net share settlement of stock-based compensation	(18,264)	(4,161)
Other	(447)	(484)
Net cash used in financing activities	(416,296)	(318,740)
Increase in cash and restricted cash	354,800	16,408
Cash and restricted cash at beginning of period	86,920	91,383
Cash and restricted cash at end of period	$ 441,720	$ 107,791

Supplemental disclosures of cash flow information (Note 10)

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

NOTE 1 — NATURE OF OPERATIONS

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements, Basis of Presentation, Consolidation and Significant Estimates

The interim unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") but do not include all of the information and footnotes required by generally accepted accounting principles in the United States of America ("U.S. GAAP") for complete financial statements and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 28, 2022 (the "Annual Report"). The Company consolidates certain subsidiaries and joint ventures that are less than wholly-owned and are not involved in oil and natural gas exploration, including its midstream joint venture, San Mateo Midstream, LLC (collectively with its subsidiaries, "San Mateo"), and the net income and equity attributable to the non-controlling interest in these subsidiaries have been reported separately as required by Accounting Standards Codification, *Consolidation (Topic 810)*. The Company proportionately consolidates certain joint ventures that are less than wholly-owned and are involved in oil and natural gas exploration. All intercompany accounts and transactions have been eliminated in consolidation. In management's opinion, these interim unaudited condensed consolidated financial statements include all normal, recurring adjustments that are necessary for a fair presentation of the Company's interim unaudited condensed consolidated financial statements as of September 30, 2022. Amounts as of December 31, 2021 are derived from the Company's audited consolidated financial statements included in the Annual Report.

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — Continued

Revenues

The following table summarizes the Company's total revenues and revenues from contracts with customers on a disaggregated basis for the three and nine months ended September 30, 2022 and 2021 (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenues from contracts with customers	$ 854,094	$ 520,721	$ 2,491,917	$ 1,299,744
Realized loss on derivatives	(56,263)	(57,419)	(139,865)	(125,943)
Unrealized gain (loss) on derivatives	43,097	9,049	(1,502)	(77,178)
Total revenues	$ 840,928	$ 472,351	$ 2,350,550	$ 1,096,623

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Oil revenues	$ 522,266	$ 325,560	$ 1,632,621	$ 853,953
Natural gas revenues	229,178	135,905	638,107	335,819
Third-party midstream services revenues	24,707	20,486	63,899	55,774
Sales of purchased natural gas	77,943	38,770	157,290	54,198
Total revenues from contracts with customers	$ 854,094	$ 520,721	$ 2,491,917	$ 1,299,744

Property and Equipment

The Company uses the full-cost method of accounting for its investments in oil and natural gas properties. Under this method, the Company is required to perform a ceiling test each quarter that determines a limit, or ceiling, on the capitalized costs of oil and natural gas properties based primarily on the after-tax estimated future net cash flows from oil and natural gas properties using a 10% discount rate and the arithmetic average of first-day-of-the-month oil and natural gas prices for the prior 12-month period. For both the three and nine months ended September 30, 2022, the cost center ceiling was higher than the capitalized costs of oil and natural gas properties, and, as a result, no impairment charge was necessary.

The Company capitalized approximately $11.4 million and $9.9 million of its general and administrative costs and approximately $3.0 million and $1.5 million of its interest expense for the three months ended September 30, 2022 and 2021, respectively. The Company capitalized approximately $35.0 million and $28.6 million of its general and administrative costs and approximately $7.4 million and $3.9 million of its interest expense for the nine months ended September 30, 2022 and 2021, respectively.

Earnings Per Common Share

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

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — Continued

The following table sets forth the computation of diluted weighted average common shares outstanding for the three and nine months ended September 30, 2022 and 2021 (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Weighted average common shares outstanding				
Basic	118,136	117,008	118,063	116,872
Dilutive effect of options and restricted stock units	1,714	2,189	1,804	1,916
Diluted weighted average common shares outstanding	119,850	119,197	119,867	118,788

A total of 1.3 million options to purchase shares of Matador's common stock were excluded from the diluted weighted average common shares outstanding for the nine months ended September 30, 2021, because their effects were anti-dilutive.

NOTE 3 — ASSET RETIREMENT OBLIGATIONS

The following table summarizes the changes in the Company's asset retirement obligations for the nine months ended September 30, 2022 (in thousands).

Beginning asset retirement obligations	$ 41,959
Liabilities incurred during period	3,164
Liabilities settled during period	(1,198)
Revisions in estimated cash flows	10,794
Divestitures during period	(4,304)
Accretion expense	1,739
Ending asset retirement obligations	52,154
Less: current asset retirement obligations[1]	(447)
Long-term asset retirement obligations	$ 51,707

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(1) Included in accrued liabilities in the Company's interim unaudited condensed consolidated balance sheet at September 30, 2022.

NOTE 4 — DEBT

At September 30, 2022, the Company had (i) $757.4 million of outstanding senior notes due 2026 (the "Notes"), (ii) no borrowings outstanding under its reserves-based revolving credit facility (the "Credit Agreement") and (iii) approximately $45.6 million in outstanding letters of credit issued pursuant to the Credit Agreement. During the first quarter of 2022, the $7.5 million unsecured U.S. Small Business Administration loan was forgiven under the terms of the loan agreement and recorded as a gain on the extinguishment of debt within "Other expense" on the unaudited condensed consolidated statement of operations. During the three and nine months ended September 30, 2022, the Company repurchased $148.6 million and $292.6 million of its Notes for $144.9 million and $287.4 million, respectively. Between September 30, 2022 and October 25, 2022, the Company repurchased an additional $7.4 million of its Notes for $7.2 million.

At September 30, 2022, San Mateo had $440.0 million in borrowings outstanding under its revolving credit facility (the "San Mateo Credit Facility") and approximately $9.0 million in outstanding letters of credit issued pursuant to the San Mateo

NOTE 4 — DEBT — Continued

Credit Facility. Between September 30, 2022 and October 25, 2022, San Mateo repaid $20.0 million of borrowings under the San Mateo Credit Facility.

Credit Agreements

MRC Energy Company

The borrowing base under the Credit Agreement is determined semi-annually as of May 1 and November 1 by the lenders based primarily on the estimated value of the Company's proved oil and natural gas reserves at December 31 and June 30 of each year, respectively. The Company and the lenders may each request an unscheduled redetermination of the borrowing base once between scheduled redetermination dates. In April 2022, the lenders completed their review of the Company's proved oil and natural gas reserves, and, as a result, the borrowing base was increased to $2.00 billion, the borrowing commitment was increased to $775.0 million and the maximum facility amount remained $1.50 billion. In addition, the terms of the Credit Agreement were amended to increase the sublimit for issuances of letters of credit under the Credit Agreement from $50 million to $100 million and replace the London Interbank Offered Rate ("LIBOR") interest rate benchmark with an Adjusted Term SOFR (as defined in the Credit Agreement) interest rate benchmark. After giving effect to the amendment to the Credit Agreement, the applicable interest rate margin for borrowings under the Credit Agreement ranges from 1.75% to 2.75% per annum for borrowings bearing interest with reference to the Adjusted Term SOFR and from 0.75% to 1.75% per annum for borrowings bearing interest with reference to the Alternate Base Rate (as defined in the Credit Agreement), in each case depending on the level of borrowings under the Credit Agreement. In addition, the Adjusted Term SOFR includes a credit spread adjustment of 0.10% per annum for all interest periods. This April 2022 redetermination constituted the regularly scheduled May 1 redetermination. Borrowings under the Credit Agreement are limited to the lowest of the borrowing base, the maximum facility amount and the elected commitment (subject to compliance with the covenants noted below). The Credit Agreement matures October 31, 2026.

The Credit Agreement requires the Company to maintain (i) a current ratio, which is defined as (x) total consolidated current assets plus the unused availability under the Credit Agreement divided by (y) total consolidated current liabilities less current maturities under the Credit Agreement, of not less than 1.0 to 1.0 at the end of each fiscal quarter and (ii) a debt to EBITDA ratio, which is defined as debt outstanding (net of up to $75.0 million of cash or cash equivalents), divided by a rolling four quarter EBITDA calculation, of 3.5 to 1.0 or less. The Company believes that it was in compliance with the terms of the Credit Agreement at September 30, 2022.

San Mateo Midstream, LLC

The San Mateo Credit Facility is non-recourse with respect to Matador and its wholly-owned subsidiaries but is guaranteed by San Mateo's subsidiaries and secured by substantially all of San Mateo's assets, including real property. The San Mateo Credit Facility matures December 19, 2023 and lender commitments under the revolving credit facility were $450.0 million at September 30, 2022 (subject to San Mateo's compliance with the covenants noted below). The San Mateo Credit Facility includes an accordion feature, which provides for potential increases in lender commitments to up to $700.0 million.

The San Mateo Credit Facility requires San Mateo to maintain a debt to EBITDA ratio, which is defined as total consolidated funded indebtedness outstanding (as defined in the San Mateo Credit Facility) divided by a rolling four quarter EBITDA calculation, of 5.0 or less, subject to certain exceptions. The San Mateo Credit Facility also requires San Mateo to maintain an interest coverage ratio, which is defined as a rolling four quarter EBITDA calculation divided by San Mateo's consolidated interest expense, of 2.5 or more. The San Mateo Credit Facility also restricts the ability of San Mateo to distribute cash to its members if San Mateo's liquidity is less than 10% of the lender commitments under the San Mateo Credit Facility. The Company believes that San Mateo was in compliance with the terms of the San Mateo Credit Facility at September 30, 2022.

Senior Unsecured Notes

During the three and nine months ended September 30, 2022, the Company repurchased $148.6 million and $292.6 million of its Notes for $144.9 million and $287.4 million, respectively. At September 30, 2022, the Company had $757.4 million of outstanding Notes, which have a 5.875% coupon rate. The Notes mature September 15, 2026, and interest is payable on the Notes semi-annually in arrears on each March 15 and September 15. The Notes are jointly and severally guaranteed on a senior unsecured basis by certain subsidiaries of the Company.

NOTE 5 — INCOME TAXES

The Company recorded a current income tax provision of $0.3 million and $51.9 million, respectively, and a deferred income tax provision of $113.7 million and $266.5 million, respectively, for the three and nine months ended September 30, 2022. The Company's effective income tax rate of 25% for both the three and nine months ended September 30, 2022 differed from the U.S. federal statutory rate due primarily to permanent differences between book and tax income and state taxes, primarily in New Mexico.

The Company recorded a deferred income tax benefit of $6.7 million and a deferred income tax provision of $1.5 million for the three and nine months ended September 30, 2021, respectively. As a result of the full-cost ceiling impairments recorded in 2020, the Company recognized a valuation allowance against its net deferred tax assets for the year ended December 31, 2020. Due to a variety of factors, including the Company's significant net income during 2021, the Company's federal valuation allowance was reversed as of September 30, 2021 as the deferred tax assets were determined to be more likely than not to be utilized. The Company's income tax position for the three and nine months ended September 30, 2021 differed from amounts computed by applying the U.S. federal statutory rate to the pre-tax income due primarily to the impact of reversing the Company's federal valuation allowance as of September 30, 2021, as well as permanent differences between book and tax income and state taxes, primarily in New Mexico.

NOTE 6 — EQUITY

Stock-based Compensation

During the nine months ended September 30, 2022, the Company granted awards to certain of its employees of 226,238 service-based restricted stock units to be settled in cash, which are liability instruments, 230,251 performance-based stock units and 226,656 service-based shares of restricted stock, which are equity instruments. The performance-based stock units vest in an amount between zero and 200% of the target units granted based on the Company's relative total shareholder return over the three-year period ending December 31, 2024, as compared to a designated peer group. The service-based restricted stock and restricted stock units vest over a three-year period. The fair value of these awards was approximately $35.2 million on the grant date.

In April 2022, the Company's Board of Directors (the "Board") adopted, subject to shareholder approval, the first amendment to the 2019 Long-Term Incentive Plan, authorizing an additional 3.7 million shares of common stock for issuance to employees, directors, contractors or advisors of the Company. In June 2022, the Company's shareholders approved such amendment.

Employee Stock Purchase Plan

In April 2022, the Board adopted, subject to shareholder approval, an Employee Stock Purchase Plan (the "ESPP"). The purpose of the ESPP is to encourage and enable the Company's eligible employees to acquire an interest in the Company through the ownership of common stock. In June 2022, the Company's shareholders approved the ESPP. A maximum of 4.0 million shares of common stock may be purchased under the ESPP.

Common Stock Dividend

The Board declared a quarterly cash dividend of $0.05 per share of common stock in both the first and second quarters of 2022. The dividend, which totaled $5.9 million in each quarter, was paid on March 14, 2022 and June 3, 2022. In June 2022, the Board amended the Company's dividend policy to increase the quarterly dividend to $0.10 per share of common stock. In the third quarter of 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock, which totaled $11.8 million and was paid on September 1, 2022. In October 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock payable on December 1, 2022 to shareholders of record as of November 10, 2022.

San Mateo Distributions and Contributions

During the three months ended September 30, 2022 and 2021, San Mateo distributed $23.5 million and $17.6 million, respectively, to the Company and $22.5 million and $16.9 million, respectively, to a subsidiary of Five Point Energy LLC ("Five Point"), the Company's joint venture partner in San Mateo. During the nine months ended September 30, 2022 and 2021, San Mateo distributed $70.1 million and $47.7 million, respectively, to the Company and $67.4 million and $45.8 million, respectively, to Five Point. During the three and nine months ended September 30, 2022 and 2021, there were no contributions to San Mateo by either the Company or Five Point.

NOTE 6 — EQUITY — Continued

Performance Incentives

No performance incentives were paid by Five Point to the Company during the three months ended September 30, 2022. Five Point paid to the Company $6.0 million in performance incentives during the three months ended September 30, 2021. Five Point paid to the Company $22.8 million and $37.6 million in performance incentives during the nine months ended September 30, 2022 and 2021, respectively. These performance incentives are recorded when received, net of the $4.8 million and $1.3 million deferred tax impact to Matador for the nine months ended September 30, 2022 and 2021, respectively, in "Additional paid-in capital" in the Company's interim unaudited condensed consolidated balance sheets. These performance incentives for the nine months ended September 30, 2022 and 2021 are also denoted as "Contributions related to formation of San Mateo" under "Financing activities" in the Company's interim unaudited condensed consolidated statements of cash flows and changes in shareholders' equity.

NOTE 7 — DERIVATIVE FINANCIAL INSTRUMENTS

At September 30, 2022, the Company had various costless collar and swap contracts open and in place to mitigate its exposure to oil and natural gas price volatility, each with a specific term (calculation period), notional quantity (volume hedged) and price floor and ceiling for the collars and fixed price for the swaps. At September 30, 2022, each contract was set to expire at varying times during 2022. The Company had no open contracts associated with natural gas liquids ("NGL") prices at September 30, 2022.

The following is a summary of the Company's open costless collar contracts for oil and natural gas at September 30, 2022.

Commodity	Calculation Period	Notional Quantity (Bbl or MMBtu)	Weighted Average Price Floor ($/Bbl or $/MMBtu)	Weighted Average Price Ceiling ($/Bbl or $/MMBtu)	Fair Value of Asset (Liability) (thousands)
Oil	10/01/2022 - 12/31/2022	2,700,000	$ 65.22	$ 110.49	$ (2,947)
Natural Gas	10/01/2022 - 12/31/2022	13,200,000	$ 3.68	$ 7.61	(13,610)
Natural Gas	01/01/2023 - 03/31/2023	2,400,000	$ 6.00	$ 14.00	1,349
Total open costless collar contracts					$ (15,208)

The following is a summary of the Company's open basis swap contracts for oil at September 30, 2022.

Commodity	Calculation Period	Notional Quantity (Bbl)	Fixed Price ($/Bbl)	Fair Value of Asset (Liability) (thousands)
Oil Basis	10/01/2022 - 12/31/2022	1,380,000	$ 0.95	$ (1,172)
Total open basis swap contracts				$ (1,172)

At September 30, 2022, the net liability value for the Company's open derivative financial instruments was $16.4 million.

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

NOTE 7 — DERIVATIVE FINANCIAL INSTRUMENTS — Continued

The following table presents the gross asset and liability fair values of the Company's commodity price derivative financial instruments and the location of these balances in the interim unaudited condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021 (in thousands).

Derivative Instruments	Gross amounts recognized	Gross amounts netted in the condensed consolidated balance sheets	Net amounts presented in the condensed consolidated balance sheets
September 30, 2022			
Current assets	$ 49,571	$ (48,072)	$ 1,499
Current liabilities	(65,951)	48,072	(17,879)
Total	$ (16,380)	$ —	$ (16,380)
December 31, 2021			
Current assets	$ 215,145	$ (213,174)	$ 1,971
Current liabilities	(230,023)	213,174	(16,849)
Total	$ (14,878)	$ —	$ (14,878)

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

Type of Instrument	Location in Condensed Consolidated Statement of Operations	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Derivative Instrument					
Oil	Revenues: Realized loss on derivatives	$ (14,779)	$ (52,774)	$ (67,182)	$ (121,460)
Natural Gas	Revenues: Realized loss on derivatives	(41,484)	(4,645)	(72,683)	(4,483)
Realized loss on derivatives		(56,263)	(57,419)	(139,865)	(125,943)
Oil	Revenues: Unrealized (loss) gain on derivatives	(1,873)	38,961	(36,236)	(35,471)
Natural Gas	Revenues: Unrealized gain (loss) on derivatives	44,970	(29,912)	34,734	(41,707)
Unrealized gain (loss) on derivatives		43,097	9,049	(1,502)	(77,178)
Total		$ (13,166)	$ (48,370)	$ (141,367)	$ (203,121)

NOTE 8 — FAIR VALUE MEASUREMENTS

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

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

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

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

NOTE 8 — FAIR VALUE MEASUREMENTS — Continued

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

The following tables summarize the valuation of the Company’s financial assets and liabilities that were accounted for at fair value on a recurring basis in accordance with the classifications provided above as of September 30, 2022 and December 31, 2021 (in thousands).

	Fair Value Measurements at September 30, 2022 using			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets (Liabilities)				
Oil derivatives and basis swaps	$ —	$ (4,119)	$ —	$ (4,119)
Natural gas derivatives	—	(12,261)	—	(12,261)
Contingent consideration related to business combination	—	—	(7,888)	(7,888)
Total	$ —	$ (16,380)	$ (7,888)	$ (24,268)

	Fair Value Measurements at December 31, 2021 using			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets (Liabilities)				
Oil derivatives and basis swaps	$ —	$ (14,727)	$ —	$ (14,727)
Natural gas derivatives	—	(151)	—	(151)
Contingent consideration related to business combination	—	—	(8,203)	(8,203)
Total	$ —	$ (14,878)	$ (8,203)	$ (23,081)

Additional disclosures related to derivative financial instruments are provided in Note 7.

Other Fair Value Measurements

At September 30, 2022 and December 31, 2021, the carrying values reported on the interim unaudited condensed consolidated balance sheets for accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities, royalties payable, amounts due to affiliates, advances from joint interest owners, income taxes payable and other current liabilities approximated their fair values due to their short-term maturities.

At September 30, 2022 and December 31, 2021, the carrying value of borrowings under the Credit Agreement and the San Mateo Credit Facility approximated their fair value as both are subject to short-term floating interest rates that reflect market rates available to the Company at the time and are classified at Level 2 in the fair value hierarchy.

At September 30, 2022 and December 31, 2021, the fair value of the Notes was $731.4 million and $1.08 billion, respectively, based on quoted market prices, which represent Level 1 inputs in the fair value hierarchy.

NOTE 9 — COMMITMENTS AND CONTINGENCIES

Processing, Transportation and Produced Water Disposal Commitments

Firm Commitments

From time to time, the Company enters into agreements with third parties whereby the Company commits to deliver anticipated natural gas and oil production and produced water from certain portions of its acreage for transportation, gathering, processing, fractionation, sales and disposal. The Company paid approximately $13.0 million and $13.4 million for deliveries under these agreements during the three months ended September 30, 2022 and 2021, respectively, and $36.8 million and $41.1 million for deliveries under these agreements during the nine months ended September 30, 2022 and 2021, respectively. Certain of these agreements contain minimum volume commitments. If the Company does not meet the minimum volume commitments under these agreements, it will be required to pay certain deficiency fees. If the Company ceased operations in the areas subject to these agreements at September 30, 2022, the total deficiencies required to be paid by the Company under these agreements would be approximately $557.8 million.

San Mateo Commitments

The Company dedicated to San Mateo its current and certain future leasehold interests in the Rustler Breaks and Wolf asset areas and acreage in the southern portion of the Arrowhead asset area (the “Greater Stebbins Area”) and the Stateline asset area pursuant to 15-year, fixed-fee oil transportation, oil, natural gas and produced water gathering and produced water disposal agreements. In addition, the Company dedicated to San Mateo its current and certain future leasehold interests in the Rustler Breaks asset area and acreage in the Greater Stebbins Area and Stateline asset area pursuant to 15-year, fixed-fee natural gas processing agreements (collectively with the transportation, gathering and produced water disposal agreements, the “Operational Agreements”). San Mateo provides the Company with firm service under each of the Operational Agreements in exchange for certain minimum volume commitments. The remaining minimum contractual obligation under the Operational Agreements at September 30, 2022 was approximately $301.7 million.

Legal Proceedings

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

NOTE 10 — SUPPLEMENTAL DISCLOSURES

Accrued Liabilities

The following table summarizes the Company’s current accrued liabilities at September 30, 2022 and December 31, 2021 (in thousands).

	September 30, 2022	December 31, 2021
Accrued evaluated and unproved and unevaluated property costs	$ 151,413	$ 128,598
Accrued midstream properties costs	21,115	7,799
Accrued lease operating expenses	46,896	32,182
Accrued interest on debt	1,991	18,232
Accrued asset retirement obligations	447	270
Accrued partners’ share of joint interest charges	37,836	17,460
Accrued payable related to purchased natural gas	21,176	11,284
Other	25,665	37,458
Total accrued liabilities	$ 306,539	$ 253,283

NOTE 10 — SUPPLEMENTAL DISCLOSURES — Continued

Supplemental Cash Flow Information

The following table provides supplemental disclosures of cash flow information for the nine months ended September 30, 2022 and 2021 (in thousands).

	Nine Months Ended September 30,	
	2022	2021
Cash paid for income taxes	$ 48,500	$ —
Cash paid for interest expense, net of amounts capitalized	$ 66,922	$ 51,468
Increase in asset retirement obligations related to mineral properties	$ 8,279	$ 157
Increase in asset retirement obligations related to midstream properties	$ 177	$ 104
Increase in liabilities for drilling, completion and equipping capital expenditures	$ 25,715	$ 29,256
(Decrease) increase in liabilities for acquisition of oil and natural gas properties	$ (2,897)	$ 3,299
Increase in liabilities for midstream properties capital expenditures	$ 13,214	$ 5,874
Stock-based compensation expense recognized as a liability	$ 22,962	$ 20,535
Transfer of inventory from (to) oil and natural gas properties	$ 467	$ (625)

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

	Nine Months Ended September 30,	
	2022	2021
Cash	$ 400,484	$ 73,128
Restricted cash	41,236	34,663
Total cash and restricted cash	$ 441,720	$ 107,791

NOTE 11 — SEGMENT INFORMATION

The Company operates in two business segments: (i) exploration and production and (ii) midstream. The exploration and production segment is engaged in the exploration, development, production and acquisition of oil and natural gas resources in the United States and is currently focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. The Company also operates in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana. The midstream segment conducts midstream operations in support of the Company's exploration, development and production operations and provides natural gas processing, oil transportation services, oil, natural gas and produced water gathering services and produced water disposal services to third parties. The majority of the Company's midstream operations in the Rustler Breaks, Wolf and Stateline asset areas and the Greater Stebbins Area in the Delaware Basin, which comprise most of the Company's midstream operations, are conducted through San Mateo. In addition, on June 30, 2022, an indirect wholly-owned subsidiary of the Company acquired a cryogenic gas processing plant, three compressor stations and approximately 45 miles of natural gas gathering pipelines in Lea and Eddy Counties, New Mexico as part of the acquisition (the "Pronto Acquisition") of a wholly-owned subsidiary of Summit Midstream Partners, LP that was subsequently renamed Pronto Midstream, LLC ("Pronto"). Neither San Mateo nor Pronto is a guarantor of the Notes.

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

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Three Months Ended September 30, 2022					
Oil and natural gas revenues	$ 746,874	$ 4,570	$ —	$ —	$ 751,444
Midstream services revenues	—	75,844	—	(51,137)	24,707
Sales of purchased natural gas	51,563	26,380	—	—	77,943
Realized loss on derivatives	(56,263)	—	—	—	(56,263)
Unrealized gain on derivatives	43,097	—	—	—	43,097
Expenses(1)	318,746	66,270	23,775	(51,137)	357,654
Operating income(2)	$ 466,525	$ 40,524	$ (23,775)	$ —	$ 483,274
Total assets	$ 3,900,138	$ 997,839	$ 407,173	$ —	$ 5,305,150
Capital expenditures(3)	$ 302,499	$ 27,851	$ 407	$ —	$ 330,757

(1) Includes depletion, depreciation and amortization expenses of $109.1 million and $9.2 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of $0.6 million.

(2) Includes $16.5 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes $60.7 million attributable to land and seismic acquisition expenditures related to the exploration and production segment and $13.2 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

NOTE 11 — SEGMENT INFORMATION — Continued

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Three Months Ended September 30, 2021					
Oil and natural gas revenues	$ 460,306	$ 1,159	$ —	$ —	$ 461,465
Midstream services revenues	—	61,215	—	(40,729)	20,486
Sales of purchased natural gas	25,961	12,809	—	—	38,770
Realized loss on derivatives	(57,419)	—	—	—	(57,419)
Unrealized gain on derivatives	9,049	—	—	—	9,049
Expenses[(1)]	220,535	40,784	21,575	(40,729)	242,165
Operating income[(2)]	$ 217,362	$ 34,399	$ (21,575)	$ —	$ 230,186
Total assets	$ 3,025,668	$ 864,020	$ 95,805	$ —	$ 3,985,493
Capital expenditures[(3)]	$ 138,374	$ 28,948	$ 220	$ —	$ 167,542

(1) Includes depletion, depreciation and amortization expenses of $80.6 million and $7.8 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of $0.6 million.

(2) Includes $14.4 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes $17.2 million attributable to land and seismic acquisition expenditures related to the exploration and production segment and $14.2 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Nine Months Ended September 30, 2022					
Oil and natural gas revenues	$ 2,261,395	$ 9,333	$ —	$ —	$ 2,270,728
Midstream services revenues	—	218,279	—	(154,380)	63,899
Sales of purchased natural gas	103,217	54,073	—	—	157,290
Realized loss on derivatives	(139,865)	—	—	—	(139,865)
Unrealized loss on derivatives	(1,502)	—	—	—	(1,502)
Expenses[(1)]	888,796	157,767	70,797	(154,380)	962,980
Operating income[(2)]	$ 1,334,449	$ 123,918	$ (70,797)	$ —	$ 1,387,570
Total assets	$ 3,900,138	$ 997,839	$ 407,173	$ —	$ 5,305,150
Capital expenditures[(3)]	$ 714,987	$ 138,975	$ 690	$ —	$ 854,652

(1) Includes depletion, depreciation and amortization expenses of $307.5 million and $25.5 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of $1.8 million.

(2) Includes $54.0 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes $131.4 million attributable to land and seismic acquisition expenditures related to the exploration and production segment, $75.0 million in midstream acquisition expenditures and $30.7 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

NOTE 11 — SEGMENT INFORMATION — Continued

	Exploration and Production	Midstream	Corporate	Consolidations and Eliminations	Consolidated Company
Nine Months Ended September 30, 2021					
Oil and natural gas revenues	$ 1,186,086	$ 3,686	$ —	$ —	$ 1,189,772
Midstream services revenues	—	164,815	—	(109,041)	55,774
Sales of purchased natural gas	32,543	21,655	—	—	54,198
Realized loss on derivatives	(125,943)	—	—	—	(125,943)
Unrealized loss on derivatives	(77,178)	—	—	—	(77,178)
Expenses(1)	576,106	97,305	64,298	(109,041)	628,668
Operating income(2)	$ 439,402	$ 92,851	$ (64,298)	$ —	$ 467,955
Total assets	$ 3,025,668	$ 864,020	$ 95,805	$ —	$ 3,985,493
Capital expenditures(3)	$ 381,167	$ 46,584	$ 465	$ —	$ 428,216

(1) Includes depletion, depreciation and amortization expenses of $230.0 million and $23.4 million for the exploration and production and midstream segments, respectively. Also includes corporate depletion, depreciation and amortization expenses of $2.0 million.

(2) Includes $39.2 million in net income attributable to non-controlling interest in subsidiaries related to the midstream segment.

(3) Includes $32.8 million attributable to land and seismic acquisition expenditures related to the exploration and production segment and $22.4 million in capital expenditures attributable to non-controlling interest in subsidiaries related to the midstream segment.

NOTE 12 - BUSINESS COMBINATIONS

On December 14, 2021, the Company completed an acquisition of assets from a private operator. This acquisition was accounted for as a business combination in accordance with ASC Topic 805, which requires the assets acquired and liabilities assumed to be recorded at fair value as of the respective acquisition date. The Company obtained certain oil and natural gas producing properties and undeveloped acreage located in Lea and Eddy Counties, New Mexico, strategically located primarily within the Company's existing acreage in its Ranger and Arrowhead asset areas.

As consideration for the business combination, the Company paid approximately $161.7 million in cash, subject to certain customary post-closing working capital adjustments, including adjusting for production, revenues, operating expenses and capital expenditures from August 1, 2021 to closing. In addition, the Company will increase the purchase price by $5.0 million for each quarter during 2022 in which the average oil price, as defined in the purchase and sale agreement, is greater than $75.00 per barrel. The Company recorded this contingent consideration at fair value on the date of the business combination and will record the change in the fair value in future periods as "Other expense" in its unaudited condensed consolidated statements of operations. The change in the fair value of the contingent consideration included in "Other expense" during the three and nine months ended September 30, 2022 was income of $0.4 million and an expense of $9.7 million, respectively. During the three and nine months ended September 30, 2022, the Company paid $5.0 million and $10.0 million in cash, respectively, related to this contingent consideration. The estimated fair value of the remaining payments was $7.9 million as of September 30, 2022. The Company used the Monte Carlo simulation method to measure the fair value of the contingent consideration, which has unobservable inputs and is thus classified at Level 3 in the fair value hierarchy (see Note 8 for discussion of the fair value hierarchy).

The allocation of the consideration given related to this business combination was as follows (in thousands), which the Company considers to be final as of September 30, 2022.

Consideration given		**Allocation**
Cash	$	161,680
Working capital adjustments		(4,444)
Fair value of contingent consideration at December 14, 2021		6,718
Total consideration given	$	163,954
Allocation of purchase price		
Oil and natural gas properties		
Evaluated	$	139,312
Unproved and unevaluated		32,260
Accrued liabilities		(360)
Advances from joint interest owners		(6,865)
Asset retirement obligations		(393)
Net assets acquired	$	163,954

NOTE 12 — BUSINESS COMBINATIONS — Continued

On June 30, 2022, the Company acquired a cryogenic gas processing plant, three compressor stations and approximately 45 miles of natural gas gathering pipelines in Lea and Eddy Counties, New Mexico as part of the Pronto Acquisition. This acquisition was also accounted for as a business combination in accordance with ASC Topic 805. In addition, the Company assumed certain takeaway capacity on a Federal Energy Regulatory Commission regulated natural gas pipeline. As consideration for the business combination, the Company paid approximately $77.8 million in cash, subject to certain customary post-closing purchase price adjustments. The pro forma impact of this business combination to revenues and net income for 2022 would not be material to the Company's 2022 revenues and net income as reported.

At September 30, 2022, the preliminary allocation of the consideration given related to this business combination was as set forth in the following table (in thousands). The Company anticipates that the allocation of the consideration given should be finalized during 2022 upon determination of the final customary post-closing purchase price adjustments.

Consideration given	**Allocation**
Total cash consideration given	$ 77,828
Allocation of purchase price	
Cash acquired	$ 2,012
Property, plant & equipment	74,695
Accounts receivable	5,633
Other assets	296
Accrued liabilities	(4,808)
Net assets acquired	$ 77,828

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes thereto contained herein and the consolidated financial statements and related notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report") filed with the Securities and Exchange Commission (the "SEC") on February 28, 2022, along with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report. The Annual Report is accessible on the SEC's website at www.sec.gov and on our website at www.matadorresources.com. Our discussion and analysis includes forward-looking information that involves risks and uncertainties and should be read in conjunction with the "Risk Factors" section of the Annual Report and the section entitled "Cautionary Note Regarding Forward-Looking Statements" below for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

In this Quarterly Report on Form 10-Q (this "Quarterly Report"), (i) references to "we," "our" or the "Company" refer to Matador Resources Company and its subsidiaries as a whole (unless the context indicates otherwise), (ii) references to "Matador" refer solely to Matador Resources Company, (iii) references to "San Mateo" refer to San Mateo Midstream, LLC, collectively with its subsidiaries and (iv) references to "Pronto" refer to Pronto Midstream, LLC, and the "Pronto Acquisition" refers to the acquisition of Pronto by a subsidiary of the Company on June 30, 2022. For certain oil and natural gas terms used in this Quarterly Report, please see the "Glossary of Oil and Natural Gas Terms" included with the Annual Report.

Cautionary Note Regarding Forward-Looking Statements

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

By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include those described in the "Risk Factors" section of the Annual Report, as well as the following factors, among others: general economic conditions; our ability to execute our business plan, including whether our drilling program is successful; changes in oil, natural gas and natural gas liquids prices and the demand for oil, natural gas and natural gas liquids; our ability to secure sufficient pipeline takeaway capacity for our oil, natural gas and natural gas liquids; our ability to replace reserves and efficiently develop current reserves; the operating results of our midstream business' oil, natural gas and water gathering and transportation systems, pipelines and facilities, the acquiring of third-party business and the drilling of any additional salt water disposal wells; costs of operations; delays and other difficulties related to producing oil, natural gas and natural gas liquids; delays and other difficulties related to regulatory and governmental approvals and restrictions; impact on our operations due to seismic events; availability of sufficient capital to execute our business plan, including from future cash flows, available borrowing capacity under our revolving credit facilities and otherwise; our ability to make acquisitions on economically acceptable terms; our ability to integrate acquisitions; the operating results of and any potential distributions from our joint ventures; weather and environmental conditions; the impact of the worldwide spread of the novel coronavirus ("COVID-19"), or variants thereof, on oil and natural gas demand, oil and natural gas prices and our business; and the other factors discussed below and elsewhere in this Quarterly Report and in other documents that we file with or furnish to the SEC, all of which are difficult to predict. Forward-looking statements may include statements about:

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

- the amount, nature and timing of capital expenditures, including future exploration and development costs;
- the availability and terms of capital;
- our drilling of wells;
- our ability to negotiate and consummate acquisition and divestiture opportunities;
- the integration of acquisitions with our business;
- government regulation and taxation of the oil and natural gas industry;
- our marketing of oil and natural gas;
- our exploitation projects or property acquisitions;
- our ability and the ability of our midstream joint venture to construct, maintain and operate midstream pipelines and facilities, including the operation of cryogenic natural gas processing plants and the drilling of additional salt water disposal wells;
- the ability of our midstream business to attract third-party volumes;
- our costs of exploiting and developing our properties and conducting other operations;
- general economic conditions;
- competition in the oil and natural gas industry, including in both the exploration and production and midstream segments;
- the effectiveness of our risk management and hedging activities;
- our technology;
- environmental liabilities;
- our initiatives and efforts relating to environmental, social and governance matters;
- counterparty credit risk;
- geopolitical instability and developments in oil-producing and natural gas-producing countries;
- the impact of COVID-19, or variants thereof, on the oil and natural gas industry and our business;
- our future operating results; and
- our plans, objectives, expectations and intentions contained in this Quarterly Report or in our other filings with the SEC that are not historical.

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

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

Overview

We are an independent energy company founded in July 2003 engaged in the exploration, development, production and acquisition of oil and natural gas resources in the United States, with an emphasis on oil and natural gas shale and other unconventional plays. Our current operations are focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. We also operate in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana. Additionally, we conduct midstream operations in support of our exploration, development and production operations and provide natural gas processing, oil transportation services, oil, natural gas and produced water gathering services and produced water disposal services to third parties.

Third Quarter Highlights

For the three months ended September 30, 2022, our total oil equivalent production was 9.7 million BOE, and our average daily oil equivalent production was 105,214 BOE per day, of which 60,200 Bbl per day, or 57%, was oil and 270.3 MMcf per day, or 43%, was natural gas. Our average daily oil production of 60,200 Bbl per day for the three months ended September 30, 2022 increased 19% year-over-year from 50,700 Bbl per day for the three months ended September 30, 2021. Our average daily natural gas production of 270.3 MMcf per day for the three months ended September 30, 2022 increased 15% year-over-year from 235.7 MMcf per day for the three months ended September 30, 2021.

For the third quarter of 2022, we reported net income attributable to Matador shareholders of $337.6 million, or $2.82 per diluted common share, on a generally accepted accounting principles in the United States ("GAAP") basis, as compared to net income attributable to Matador shareholders of $203.6 million, or $1.71 per diluted common share, for the third quarter of 2021. For the third quarter of 2022, our Adjusted EBITDA attributable to Matador shareholders ("Adjusted EBITDA"), a non-GAAP financial measure, was $539.7 million, as compared to Adjusted EBITDA of $293.8 million during the third quarter of 2021.

For the nine months ended September 30, 2022, we reported net income attributable to Matador shareholders of $960.4 million, or $8.01 per diluted common share, on a GAAP basis, as compared to net income attributable to Matador shareholders of $370.2 million, or $3.12 per diluted common share, for the nine months ended September 30, 2021. For the nine months ended September 30, 2022, our Adjusted EBITDA, a non-GAAP financial measure, was $1.67 billion, as compared to Adjusted EBITDA of $752.9 million during the nine months ended September 30, 2021. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income and net cash provided by operating activities, see "—Liquidity and Capital Resources—Non-GAAP Financial Measures." For more information regarding our financial results for the three and three and nine months ended September 30, 2022, see "—Results of Operations" below.

Operations Update

We began 2022 operating five drilling rigs in the Delaware Basin but contracted a sixth drilling rig during the first quarter to begin development of certain acquired assets in the western portion of the Ranger asset area in Lea County, New Mexico. We contracted a seventh drilling rig late in the second quarter of 2022, which we began operating in September 2022. At October 25, 2022, four of these rigs were operating in the Antelope Ridge asset area, two of these rigs were operating in the Rustler Breaks asset area and one rig was operating in the Ranger asset area. We plan to operate seven drilling rigs throughout the remainder of 2022. We have built significant optionality into our drilling program, which should generally allow us to decrease or increase the number of rigs we operate as necessary based on changing commodity prices and other factors.

We turned to sales a total of 48 gross (19.8 net) horizontal wells in the Delaware Basin during the third quarter of 2022, including 20 gross (18.5 net) operated horizontal wells and 28 gross (1.3 net) non-operated horizontal wells. During the third quarter of 2022, we turned to sales 12 gross (11.2 net) operated horizontal wells in the Antelope Ridge asset area: five were Second Bone Spring completions, four were First Bone Spring completions and three were Third Bone Spring completions. In the Rustler Breaks area, we turned to sales four gross (3.3 net) operated horizontal wells: two were Second Bone Spring completions, one was a Wolfcamp A completion and one was a Wolfcamp B completion. In the Stateline area, we turned to sales four gross (4.0 net) operated horizontal wells, all of which were Wolfcamp B completions. We also participated in 11 gross (0.5 net) non-operated wells turned to sales in the Antelope Ridge asset area, nine gross (0.3 net) non-operated wells in the Rustler Breaks asset area, four gross (0.1 net) non-operated wells in the Arrowhead asset area and four gross (0.4 net) non-operated wells in the Ranger asset area.

Our average daily oil equivalent production in the Delaware Basin for the third quarter of 2022 was 99,700 BOE per day, consisting of 59,300 Bbl of oil per day and 241.9 MMcf of natural gas per day, a 19% increase from 84,000 BOE per day, consisting of 49,200 Bbl of oil per day and 209.1 MMcf of natural gas per day, in the third quarter of 2021. The Delaware Basin contributed approximately 99% of our daily oil production and approximately 89% of our daily natural gas production in the third quarter of 2022, as compared to approximately 97% of our daily oil production and approximately 89% of our daily natural gas production in the third quarter of 2021.

During the third quarter of 2022, we did not turn to sales any operated wells on our leasehold properties in the Eagle Ford shale play in South Texas or in the Haynesville shale and Cotton Valley plays in Northwest Louisiana, although we did participate in the drilling and completion of 5 gross (0.6 net) non-operated Haynesville shale wells.

2022 Capital Expenditure Budget

At October 25, 2022, our estimated 2022 capital expenditures for drilling, completing and equipping wells ("D/C/E capital expenditures") remained at $765.0 to $835.0 million. At October 25, 2022, our anticipated midstream capital expenditures remained at $50.0 to $60.0 million, which includes our proportionate share of estimated 2022 capital expenditures for San Mateo and other wholly-owned midstream projects, but excludes the Pronto Acquisition.

Capital Resources Update

Our Board of Directors (the "Board") declared quarterly cash dividends of $0.05 per share of common stock in both the first and second quarters of 2022, which were paid on March 14, 2022 and June 3, 2022, respectively. In June 2022, the Board amended the Company's dividend policy to increase the quarterly dividend to $0.10 per share of common stock. In the third quarter of 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock, which totaled $11.8 million and was paid on September 1, 2022. In October 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock payable on December 1, 2022 to shareholders of record as of November 10, 2022.

We did not have any outstanding borrowings under our fourth amended and restated credit agreement (the “Credit Agreement”) at September 30, 2022. We repurchased an additional $148.6 million of our outstanding senior notes due 2026 (the “Notes”) for $144.9 million during the three months ended September 30, 2022, bringing our total Notes repurchased during 2022 to $292.6 million. Between September 30, 2022 and October 25, 2022, we repurchased an additional $7.4 million of Notes for $7.2 million.

Critical Accounting Policies

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

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to have a material impact on our financial statements.

Results of Operations

Revenues

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating Data				
Revenues (in thousands)[1]				
Oil	$ 522,266	$ 325,560	$ 1,632,621	$ 853,953
Natural gas	229,178	135,905	638,107	335,819
Total oil and natural gas revenues	751,444	461,465	2,270,728	1,189,772
Third-party midstream services revenues	24,707	20,486	63,899	55,774
Sales of purchased natural gas	77,943	38,770	157,290	54,198
Realized loss on derivatives	(56,263)	(57,419)	(139,865)	(125,943)
Unrealized gain (loss) on derivatives	43,097	9,049	(1,502)	(77,178)
Total revenues	$ 840,928	$ 472,351	$ 2,350,550	$ 1,096,623
Net Production Volumes[1]				
Oil (MBbl)[2]	5,535	4,669	16,210	13,263
Natural gas (Bcf)[3]	24.9	21.7	72.1	61.0
Total oil equivalent (MBOE)[4]	9,680	8,283	28,215	23,423
Average daily production (BOE/d)[5]	105,214	90,033	103,352	85,801
Average Sales Prices				
Oil, without realized derivatives (per Bbl)	$ 94.36	$ 69.73	$ 100.71	$ 64.39
Oil, with realized derivatives (per Bbl)	$ 91.69	$ 58.43	$ 96.57	$ 55.23
Natural gas, without realized derivatives (per Mcf)	$ 9.22	$ 6.27	$ 8.86	$ 5.51
Natural gas, with realized derivatives (per Mcf)	$ 7.55	$ 6.05	$ 7.85	$ 5.43

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

(2) One thousand Bbl of oil.

(3) One billion cubic feet of natural gas.

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

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

Three Months Ended September 30, 2022 as Compared to Three Months Ended September 30, 2021

Oil and natural gas revenues. Our oil and natural gas revenues increased $290.0 million, or 63%, to $751.4 million for the three months ended September 30, 2022, as compared to $461.5 million for the three months ended September 30, 2021. Our oil revenues increased $196.7 million, or 60%, to $522.3 million for the three months ended September 30, 2022, as compared to $325.6 million for the three months ended September 30, 2021. This increase in oil revenues resulted from a 35% increase in the weighted average oil price realized for the three months ended September 30, 2022 to $94.36 per Bbl, as compared to $69.73 per Bbl for the three months ended September 30, 2021, and from a 19% increase in our oil production to 5.5 million Bbl for the three months ended September 30, 2022, as compared to 4.7 million Bbl for the three months ended September 30, 2021. Our natural gas revenues increased $93.3 million, or 69%, to $229.2 million for the three months ended September 30, 2022, as compared to $135.9 million for the three months ended September 30, 2021. The increase in natural gas revenues resulted from a 47% increase in the weighted average natural gas price realized for the three months ended September 30, 2022 to $9.22 per Mcf, as compared to a weighted average natural gas price of $6.27 per Mcf realized for the three months ended September 30, 2021, and from a 15% increase in our natural gas production to 24.9 Bcf for the three months ended September 30, 2022, as compared to 21.7 Bcf for the three months ended September 30, 2021.

Third-party midstream services revenues. Our third-party midstream services revenues, which include third-party midstream revenues from Pronto following the Pronto Acquisition, increased $4.2 million, or 21%, to $24.7 million for the three months ended September 30, 2022, as compared to $20.5 million for the three months ended September 30, 2021. Third-party midstream services revenues are those revenues from midstream operations related to third parties, including working interest owners in our operated wells. This increase was primarily attributable to an increase in our third-party produced water disposal revenues to $9.5 million for the three months ended September 30, 2022, as compared to $6.8 million for the three months ended September 30, 2021, and an increase in our third-party natural gas gathering and processing revenues partially associated with our Pronto midstream assets, which were purchased on June 30, 2022, to $12.6 million for the three months ended September 30, 2022, as compared to $10.5 million for the three months ended September 30, 2021.

Sales of purchased natural gas. Our sales of purchased natural gas increased $39.2 million, or 101%, to $77.9 million for the three months ended September 30, 2022, as compared to $38.8 million for the three months ended September 30, 2021. This increase was the result of both an increase in purchased natural gas volumes sold and the natural gas price realized during the three months ended September 30, 2022. Sales of purchased natural gas reflect those natural gas purchase transactions that we periodically enter into with third parties whereby we purchase natural gas and (i) subsequently sell the natural gas to other purchasers or (ii) process the natural gas at either Pronto's or San Mateo's cryogenic natural gas processing plant and subsequently sell the residue gas and natural gas liquids ("NGL") to other purchasers. These revenues, and the expenses related to these transactions included in "Purchased natural gas," are presented on a gross basis in our interim unaudited condensed consolidated statements of operations.

Realized loss on derivatives. Our realized net loss on derivatives was $56.3 million for the three months ended September 30, 2022, as compared to a realized net loss of $57.4 million for the three months ended September 30, 2021. We realized a net loss of $14.8 million related to our oil costless collar and oil basis swap contracts for the three months ended September 30, 2022, resulting primarily from oil prices that were above the ceiling prices of certain of our oil costless collar contracts and above the strike prices of certain of our oil basis swap contracts. We realized a net loss of $41.5 million related to our natural gas costless collar contracts for the three months ended September 30, 2022, resulting primarily from natural gas prices that were above the ceiling prices of certain of our natural gas costless collar contracts. We realized an average loss on our oil derivatives of approximately $2.67 per Bbl produced during the three months ended September 30, 2022, as compared to an average loss of approximately $11.30 per Bbl produced during the three months ended September 30, 2021. We realized an average loss on our natural gas derivatives of approximately $1.67 per Mcf produced during the three months ended September 30, 2022, as compared to an average loss of approximately $0.22 per Mcf produced during the three months ended September 30, 2021.

Unrealized gain (loss) on derivatives. During the three months ended September 30, 2022, the aggregate net fair value of our open oil and natural gas derivative contracts changed to a net liability of $16.4 million from a net liability of $59.5 million at June 30, 2022, resulting in an unrealized gain on derivatives of $43.1 million for the three months ended September 30, 2022. During the three months ended September 30, 2021, the aggregate net fair value of our open oil and natural gas derivative contracts changed to a net liability of $113.1 million from a net liability of $122.1 million at June 30, 2021, resulting in an unrealized gain on derivatives of $9.0 million for the three months ended September 30, 2021.

Nine Months Ended September 30, 2022 as Compared to Nine Months Ended September 30, 2021

Oil and natural gas revenues. Our oil and natural gas revenues increased $1.08 billion, or 91%, to $2.27 billion for the nine months ended September 30, 2022, as compared to $1.19 billion for the nine months ended September 30, 2021. Our oil revenues increased $778.7 million, or 91%, to $1.63 billion for the nine months ended September 30, 2022, as compared to $854.0 million for the nine months ended September 30, 2021. This increase in oil revenues resulted from a 56% increase in the weighted average oil price realized for the nine months ended September 30, 2022 to $100.71 per Bbl, as compared to $64.39 per Bbl for the nine months ended September 30, 2021, and from a 22% increase in our oil production to 16.2 million Bbl for the nine months ended September 30, 2022, as compared to 13.3 million Bbl for the nine months ended September 30, 2021. Our natural gas revenues increased by $302.3 million, or 90%, to $638.1 million for the nine months ended September 30, 2022, as compared to $335.8 million for the nine months ended September 30, 2021. The increase in natural gas revenues resulted from a 61% increase in the weighted average natural gas price realized for the nine months ended September 30, 2022 to $8.86 per Mcf, as compared to a weighted average natural gas price of $5.51 per Mcf for the nine months ended September 30, 2021, and from a 18% increase in our natural gas production to 72.1 Bcf for the nine months ended September 30, 2022, as compared to 61.0 Bcf for the nine months ended September 30, 2021.

Third-party midstream services revenues. Our third-party midstream services revenues, which include third-party midstream revenues from Pronto following the Pronto Acquisition, increased $8.1 million, or 15%, to $63.9 million for the nine months ended September 30, 2022, as compared to $55.8 million for the nine months ended September 30, 2021. This increase was primarily attributable to an increase in our third-party produced water disposal revenues to $25.7 million for the nine months ended September 30, 2022, as compared to $20.3 million for the nine months ended September 30, 2021, and an increase in our third-party natural gas gathering and processing revenues partially associated with our Pronto midstream assets, which were purchased on June 30, 2022, to $31.1 million for the nine months ended September 30, 2022, as compared to $27.6 million for the nine months ended September 30, 2021.

Sales of purchased natural gas. Our sales of purchased natural gas increased $103.1 million, almost three-fold, to $157.3 million for the nine months ended September 30, 2022, as compared to $54.2 million for the nine months ended September 30, 2021. This increase was the result of both an increase in natural gas volumes sold and the natural gas price realized during the nine months ended September 30, 2022.

Realized loss on derivatives. Our realized net loss on derivatives was $139.9 million for the nine months ended September 30, 2022, as compared to a realized net loss of $125.9 million for the nine months ended September 30, 2021. We realized a net loss of $67.2 million related to our oil costless collar and oil basis swap contracts for the nine months ended September 30, 2022, resulting primarily from oil prices that were above the ceiling prices of certain of our oil costless collar contracts and above the strike prices of certain of our oil basis swap contracts. We realized a net loss of $72.7 million related to our natural gas costless collar contracts for the nine months ended September 30, 2022, resulting primarily from natural gas prices that were above the ceiling prices of certain of our natural gas costless collar contracts. We realized an average loss on our oil derivatives of approximately $4.14 per Bbl produced during the nine months ended September 30, 2022, as compared to an average loss of $9.16 per Bbl produced during the nine months ended September 30, 2021. We realized an average loss on our natural gas derivatives of approximately $1.01 per Mcf produced during the nine months ended September 30, 2022, as compared to an average loss of $0.08 per Mcf during the nine months ended September 30, 2021.

Unrealized gain (loss) on derivatives. During the period from December 31, 2021 through September 30, 2022, the aggregate net fair value of our open oil and natural gas derivative contracts changed to a net liability of $16.4 million from a net liability of $14.9 million, resulting in an unrealized loss on derivatives of $1.5 million for the nine months ended September 30, 2022. During the period from December 31, 2020 through September 30, 2021, the aggregate net fair value of our open oil and natural gas derivative contracts changed to a net liability of $113.1 million from a net liability of $35.9 million, resulting in an unrealized loss on derivatives of $77.2 million for the nine months ended September 30, 2021.

Expenses

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

(In thousands, except expenses per BOE)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Expenses				
Production taxes, transportation and processing	$ 73,964	$ 48,896	$ 219,441	$ 126,913
Lease operating	42,360	27,433	116,172	82,124
Plant and other midstream services operating	24,790	17,043	66,265	44,452
Purchased natural gas	69,442	34,581	142,903	47,064
Depletion, depreciation and amortization	118,870	89,061	334,747	255,368
Accretion of asset retirement obligations	679	518	1,739	1,529
General and administrative	27,549	24,633	81,713	71,218
Total expenses	357,654	242,165	962,980	628,668
Operating income	483,274	230,186	1,387,570	467,955
Other income (expense)				
Net loss on asset sales and impairment	(1,113)	(251)	(1,311)	(251)
Interest expense	(15,996)	(17,989)	(50,740)	(55,579)
Other income (expense)	1,804	(585)	(2,682)	(1,246)
Total other expense	(15,305)	(18,825)	(54,733)	(57,076)
Income before income taxes	467,969	211,361	1,332,837	410,879
Income tax provision (benefit)				
Current	270	—	51,940	—
Deferred	113,671	(6,701)	266,489	1,488
Total income tax provision	113,941	(6,701)	318,429	1,488
Net income	354,028	218,062	1,014,408	409,391
Net income attributable to non-controlling interest in subsidiaries	(16,456)	(14,434)	(53,994)	(39,213)
Net income attributable to Matador Resources Company shareholders	$ 337,572	$ 203,628	$ 960,414	$ 370,178
Expenses per BOE				
Production taxes, transportation and processing	$ 7.64	$ 5.90	$ 7.78	$ 5.42
Lease operating	$ 4.38	$ 3.31	$ 4.12	$ 3.51
Plant and other midstream services operating	$ 2.56	$ 2.06	$ 2.35	$ 1.90
Depletion, depreciation and amortization	$ 12.28	$ 10.75	$ 11.86	$ 10.90
General and administrative	$ 2.85	$ 2.97	$ 2.90	$ 3.04

Three Months Ended September 30, 2022 as Compared to Three Months Ended September 30, 2021

Production taxes, transportation and processing. Our production taxes and transportation and processing expenses increased $25.1 million, or 51%, to $74.0 million for the three months ended September 30, 2022, as compared to $48.9 million for the three months ended September 30, 2021. On a unit-of-production basis, our production taxes and transportation and processing expenses increased 29% to $7.64 per BOE for the three months ended September 30, 2022, as compared to $5.90 per BOE for the three months ended September 30, 2021. These increases were primarily attributable to a $23.5 million increase in production taxes to $58.3 million for the three months ended September 30, 2022, as compared to $34.8 million for the three months ended September 30, 2021, primarily due to the significant increase in oil and natural gas revenues between the two periods.

Lease operating. Our lease operating expenses increased $14.9 million, or 54%, to $42.4 million for the three months ended September 30, 2022, as compared to $27.4 million for the three months ended September 30, 2021. Our lease operating expenses on a unit-of-production basis increased 32% to $4.38 per BOE for the three months ended September 30, 2022, as compared to $3.31 per BOE for the three months ended September 30, 2021. These increases were primarily attributable to the increased number of wells being operated by us and other operators (where we own a working interest) and to operating cost inflation for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021.

Plant and other midstream services operating. Our plant and other midstream services operating expenses, which include plant and other midstream services operating expenses from Pronto following the Pronto Acquisition, increased $7.7 million, or 45%, to $24.8 million for the three months ended September 30, 2022, as compared to $17.0 million for the three months ended September 30, 2021. This increase was primarily attributable to increased throughput volumes from Matador and other San Mateo customers, which resulted in (i) increased expenses associated with our commercial produced water disposal operations of $13.2 million for the three months ended September 30, 2022, as compared to $7.9 million for the three months ended September 30, 2021, and (ii) expenses for the three months ended September 30, 2022 of $2.2 million associated with operating our Pronto midstream assets, which were purchased on June 30, 2022.

Depletion, depreciation and amortization. Our depletion, depreciation and amortization expenses increased $29.8 million, or 33%, to $118.9 million for the three months ended September 30, 2022, as compared to $89.1 million for the three months ended September 30, 2021, primarily as a result of the 17% increase in our total oil equivalent production for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. On a unit-of-production basis, our depletion, depreciation and amortization expenses increased 14% to $12.28 per BOE for the three months ended September 30, 2022, as compared to $10.75 per BOE for the three months ended September 30, 2021, primarily as a result of the increase in actual costs and estimated future costs to drill, complete and equip our wells between the two periods.

General and administrative. Our general and administrative expenses increased $2.9 million, or 12%, to $27.5 million for the three months ended September 30, 2022, as compared to $24.6 million for the three months ended September 30, 2021, primarily due to increased compensation expenses for our existing employees as well as the addition of new employees to support the continued growth in our land, geoscience, drilling, completion, production, midstream and administration functions. While our general and administrative expenses increased 12% on an absolute basis, our general and administrative expenses decreased by 4% on a unit-of-production basis to $2.85 per BOE for the three months ended September 30, 2022, as compared to $2.97 per BOE for the three months ended September 30, 2021, which was attributable to the 17% increase in our total oil equivalent production between the two periods.

Interest expense. For the three months ended September 30, 2022, we incurred total interest expense of $19.0 million. We capitalized $3.0 million of our interest expense on certain qualifying projects for the three months ended September 30, 2022 and expensed the remaining $16.0 million to operations. For the three months ended September 30, 2021, we incurred total interest expense of $19.5 million. We capitalized $1.5 million of our interest expense on certain qualifying projects for the three months ended September 30, 2021 and expensed the remaining $18.0 million to operations.

Income tax provision (benefit). As a result of the full-cost ceiling impairments recorded during 2020, we recognized a valuation allowance against our federal net deferred tax assets as of September 30, 2020. Due to a variety of factors, including our significant net income during 2021, our federal valuation allowance was reversed in the third quarter of 2021. As a result, we recorded a deferred income tax benefit of $6.7 million for the three months ended September 30, 2021. Our income tax benefit differed from amounts computed by applying the U.S. federal statutory rate to the pre-tax income due to recording the net deferred tax liability for state taxes, primarily in New Mexico, and reversing the valuation allowance against our U.S. federal net deferred tax assets. Our current income tax provision was $0.3 million and our deferred income tax provision was $113.7 million for the three months ended September 30, 2022. Our effective tax rate of 25% for the three months ended September 30, 2022 differed from the U.S. federal statutory rate due primarily to permanent differences between book and taxable income and state taxes, primarily in New Mexico.

Nine Months Ended September 30, 2022 as Compared to Nine Months Ended September 30, 2021

Production taxes, transportation and processing. Our production taxes, transportation and processing expenses increased $92.5 million, or 73%, to $219.4 million for the nine months ended September 30, 2022, as compared to $126.9 million for the nine months ended September 30, 2021. On a unit-of-production basis, our production taxes, transportation and processing expenses increased by 44% to $7.78 per BOE for the nine months ended September 30, 2022, as compared to $5.42 per BOE for the nine months ended September 30, 2021. These increases were primarily attributable to an $87.8 million increase in production taxes to $177.4 million for the nine months ended September 30, 2022, as compared to $89.6 million for the nine months ended September 30, 2021, primarily due to the significant increase in oil and natural gas revenues between the two periods.

Lease operating expenses. Our lease operating expenses increased $34.0 million, or 41%, to $116.2 million for the nine months ended September 30, 2022, as compared to $82.1 million for the nine months ended September 30, 2021. Our lease operating expenses per unit of production increased 17% to $4.12 per BOE for the nine months ended September 30, 2022, as compared to $3.51 per BOE for the nine months ended September 30, 2021. These increases were primarily attributable to the increased number of wells being operated by us and other operators (where we own a working interest) and to operating cost inflation for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021.

Plant and other midstream services operating. Our plant and other midstream services operating expenses, which include plant and other midstream services operating expenses from Pronto following the Pronto Acquisition, increased $21.8 million, or 49%, to $66.3 million for the nine months ended September 30, 2022, as compared to $44.5 million for the nine months ended September 30, 2021. This increase was primarily attributable to increased throughput volumes from Matador and other San Mateo customers, which resulted in (i) increased expenses associated with our commercial produced water disposal operations of $35.0 million for the nine months ended September 30, 2022, as compared to $22.2 million for the nine months ended September 30, 2021, (ii) increased expenses associated with our pipeline operations of $18.1 million for the nine months ended September 30, 2022, as compared to $12.3 million for the nine months ended September 30, 2021, and (iii) expenses for the three months ended September 30, 2022 of $2.2 million associated with operating our Pronto midstream assets, which were purchased on June 30, 2022.

Depletion, depreciation and amortization. Our depletion, depreciation and amortization expenses increased $79.4 million, or 31%, to $334.7 million for the nine months ended September 30, 2022, as compared to $255.4 million for the nine months ended September 30, 2021, primarily as a result of the 20% increase in our total oil equivalent production for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021 . On a unit-of-production basis, our depletion, depreciation and amortization expenses increased to $11.86 per BOE for the nine months ended September 30, 2022, or 9%, from $10.90 per BOE for the nine months ended September 30, 2021, primarily as a result of the increase in actual costs and estimated future costs to drill, complete and equip our wells between the two periods.

General and administrative. Our general and administrative expenses increased $10.5 million, or 15%, to $81.7 million for the nine months ended September 30, 2022, as compared to $71.2 million for the nine months ended September 30, 2021, primarily due to increased compensation expenses for our existing employees as well as the addition of new employees to support the continued growth in our land, geoscience, drilling, completion, production, midstream and administration functions. While our general and administrative expenses increased 15% on an absolute basis, our general and administrative expenses decreased by 5% on a unit-of-production basis to $2.90 per BOE for the nine months ended September 30, 2022, as compared to $3.04 per BOE for the nine months ended September 30, 2021, primarily as a result of the 20% increase in our total oil equivalent production between the two periods.

Interest expense. For the nine months ended September 30, 2022, we incurred total interest expense of approximately $58.1 million. We capitalized approximately $7.4 million of our interest expense on certain qualifying projects for the nine months ended September 30, 2022 and expensed the remaining $50.7 million to operations. For the nine months ended September 30, 2021, we incurred total interest expense of approximately $59.5 million. We capitalized approximately $3.9 million of our interest expense on certain qualifying projects for the nine months ended September 30, 2021 and expensed the remaining $55.6 million to operations.

Income tax provision (benefit). As a result of the full-cost ceiling impairments recorded during 2020, we recognized a valuation allowance against our federal net deferred tax assets as of September 30, 2020. Due to a variety of factors, including our significant net income during 2021, our federal valuation allowance was reversed in the third quarter of 2021. As a result, we recorded a deferred income tax provision of $1.5 million for the nine months ended September 30, 2021. Our income tax provision differed from amounts computed by applying the U.S. federal statutory rate to the pre-tax income due to recording the net deferred tax liability for state taxes, primarily in New Mexico, and reversing the valuation allowance against our U.S. federal net deferred tax assets. Our current income tax provision was $51.9 million and our deferred income tax provision was $266.5 million for the nine months ended September 30, 2022. Our effective tax rate of 25% for the nine months ended September 30, 2022 differed from the U.S. federal statutory rate due primarily to permanent differences between book and taxable income and state taxes, primarily in New Mexico.

Liquidity and Capital Resources

Our primary use of capital has been, and we expect will continue to be during the remainder of 2022 and for the foreseeable future, for the acquisition, exploration and development of oil and natural gas properties and for midstream investments, assets and operations. Excluding any possible significant acquisitions, we expect to fund our capital expenditures for the remainder of 2022 primarily through a combination of cash on hand, operating cash flows and performance incentives paid to us by a subsidiary of Five Point Energy LLC, our joint venture partner in San Mateo, in connection with San Mateo. If capital expenditures were to exceed our operating cash flows during the remainder of 2022, we expect to fund any such excess capital expenditures through cash on hand, borrowings under the Credit Agreement or San Mateo's revolving credit facility (the "San Mateo Credit Facility") (assuming availability under such facilities) or through other capital sources, including borrowings under additional credit arrangements, the sale or joint venture of midstream assets, oil and natural gas producing assets, leasehold interests or mineral interests and potential issuances of equity, debt or convertible securities, none of which may be available on satisfactory terms or at all. Our future success in growing proved reserves and production will be highly dependent on our ability to generate operating cash flows and access outside sources of capital.

At September 30, 2022, we had cash totaling $400.5 million and restricted cash totaling $41.2 million, which was primarily associated with San Mateo. By contractual agreement, the cash in the accounts held by our less-than-wholly-owned subsidiaries is not to be commingled with our other cash and is to be used only to fund the capital expenditures and operations of these less-than-wholly-owned subsidiaries.

In February 2022, the Board declared a quarterly cash dividend of $0.05 per share of common stock, which was paid on March 14, 2022. In April 2022, the Board declared a quarterly cash dividend of $0.05 per share of common stock, which was paid on June 3, 2022. In June 2022, the Board amended our dividend policy to increase the quarterly dividend to $0.10 per share of common stock. In July 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock, which totaled $11.8 million and was paid on September 1, 2022. In October 2022, the Board declared a quarterly cash dividend of $0.10 per share of common stock payable on December 1, 2022 to shareholders of record as of November 10, 2022.

At September 30, 2022, we had (i) $757.4 million of outstanding Notes, (ii) no borrowings outstanding under the Credit Agreement and (iii) approximately $45.6 million in outstanding letters of credit issued pursuant to the Credit Agreement. During the first quarter of 2022, the $7.5 million unsecured U.S. Small Business Administration loan was forgiven under the terms of the loan agreement. During the three and nine months ended September 30, 2022, the Company repurchased $148.6 million and $292.6 million of its Notes for $144.9 million and $287.4 million, respectively. Between September 30, 2022 and October 25, 2022, the Company repurchased an additional $7.4 million of its Notes for $7.2 million.

In April 2022, the lenders under our Credit Agreement completed their review of our proved oil and natural gas reserves, and, as a result, the borrowing base was increased to $2.00 billion from $1.35 billion, the borrowing commitment was increased to $775.0 million from $700.0 million and the maximum facility amount remained $1.50 billion. In addition, the terms of the Credit Agreement were amended to increase the sublimit for issuances of letters of credit under the Credit Agreement from $50 million to $100 million and replace the London Interbank Offered Rate ("LIBOR") interest rate benchmark with an Adjusted Term SOFR (as defined in the Credit Agreement) interest rate benchmark. After giving effect to the amendment to the Credit Agreement, the applicable interest rate margin for borrowings under the Credit Agreement ranges from 1.75% to 2.75% per annum for borrowings bearing interest with reference to the Adjusted Term SOFR and from 0.75% to 1.75% per annum for borrowings bearing interest with reference to the Alternate Base Rate (as defined in the Credit Agreement), in each case depending on the level of borrowings under the Credit Agreement. In addition, the Adjusted Term SOFR includes a credit spread adjustment of 0.10% per annum for all interest periods. Borrowings under the Credit Agreement are limited to the lowest of the borrowing base, the maximum facility amount and the elected commitment (subject to compliance with the covenant noted below). The Credit Agreement matures October 31, 2026.

The Credit Agreement requires us to maintain (i) a current ratio, which is defined as (x) total consolidated current assets plus the unused availability under the Credit Agreement divided by (y) total consolidated current liabilities less current maturities under the Credit Agreement, of not less than 1.0 to 1.0 at the end of each fiscal quarter and (ii) a debt to EBITDA ratio, which is defined as debt outstanding (net of up to $75.0 million of cash or cash equivalents), divided by a rolling four quarter EBITDA calculation, of 3.5 to 1.0 or less. We believe that we were in compliance with the terms of the Credit Agreement at September 30, 2022.

At September 30, 2022, San Mateo had $440.0 million in borrowings outstanding under the San Mateo Credit Facility and approximately $9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. The San Mateo Credit Facility matures December 19, 2023 and the lender commitments under that facility are $450.0 million (subject to San Mateo's compliance with the covenants noted below). The San Mateo Credit Facility includes an accordion feature, which provides for potential increases in lender commitments to up to $700.0 million. San Mateo plans to extend the maturity date of the San Mateo Credit Facility during the fourth quarter of 2022. The San Mateo Credit Facility is guaranteed by San Mateo's subsidiaries, secured by substantially all of San Mateo's assets, including real property, and is non-recourse with respect to Matador and its wholly-owned subsidiaries.

The San Mateo Credit Facility requires San Mateo to maintain a debt to EBITDA ratio, which is defined as total consolidated funded indebtedness outstanding (as defined in the San Mateo Credit Facility) divided by a rolling four quarter EBITDA calculation, of 5.0 or less, subject to certain exceptions. The San Mateo Credit Facility also requires San Mateo to maintain an interest coverage ratio, which is defined as a rolling four quarter EBITDA calculation divided by San Mateo's consolidated interest expense for such period, of 2.5 or more. The San Mateo Credit Facility also restricts the ability of San Mateo to distribute cash to its members if San Mateo's liquidity is less than 10% of the lender commitments under the San Mateo Credit Facility. We believe that San Mateo was in compliance with the terms of the San Mateo Credit Facility at September 30, 2022.

During the nine months ended September 30, 2022, the oil and natural gas industry experienced continued improvement in commodity prices as compared to 2021, primarily resulting from (i) improvements in oil demand as the impact from COVID-19 has subsided, (ii) actions taken by the Organization of Petroleum Exporting Countries, Russia and certain other oil-exporting countries (“OPEC+”) to moderate the worldwide supply of oil and (iii) changes in supply and demand dynamics, particularly with respect to instability in Russia and Ukraine. As a result, West Texas Intermediate (“WTI”) oil prices increased from $75.21 per barrel at December 31, 2021 to as high as $123.70 per barrel in early March 2022, before falling back to $79.49 per barrel at September 30, 2022, based upon the WTI oil futures contract price for earliest delivery date. Prices for natural gas were also much higher during the nine months ended September 30, 2022 as compared to 2021, increasing from $3.73 per MMBtu at December 31, 2021 to as high as $9.68 per MMBtu mid-August 2022, before falling back to $6.77 per MMBtu at September 30, 2022, based upon the NYMEX Henry Hub natural gas futures contract price for earliest delivery date. While oil and natural gas prices have improved significantly in 2022, the general outlook for the oil and natural gas industry for the remainder of the year and into 2023 remains unclear, and we can provide no assurances that commodity prices will remain at current levels. In fact, commodity prices may decline from their current levels. For example, certain volumes of our Delaware Basin natural gas production are exposed to the Waha-Henry Hub basis differential, which has been highly volatile in recent years. In the latter half of 2022, the Waha basis differential began to widen, and, at October 25, 2022, this natural gas price differential was approximately ($2.40) per MMBtu. The economic disruptions associated with COVID-19 and variants thereof and the conflict between Russia and Ukraine and the volatility in oil and natural gas prices have also impacted our ability to access the capital markets on reasonably similar terms as were available prior to 2020.

We expect that development of our Delaware Basin assets will be the primary focus of our operations and capital expenditures for the remainder of 2022. We began 2022 operating five drilling rigs in the Delaware Basin but contracted a sixth drilling rig during the first quarter to begin development of certain acquired assets in the western portion of the Ranger asset area in Lea County, New Mexico. We contracted a seventh drilling rig late in the second quarter of 2022, which we began operating in September 2022. At October 25, 2022, four of these rigs were operating in the Antelope Ridge asset area, two of these rigs were operating in the Rustler Breaks asset area and one rig was operating in the Ranger asset area. We plan to operate seven drilling rigs throughout the remainder of 2022. We have built significant optionality into our drilling program, which should generally allow us to decrease or increase the number of rigs we operate as necessary based on changing commodity prices and other factors. At October 25, 2022, our estimated D/C/E capital expenditures for 2022 remained at $765.0 to $835.0 million. At October 25, 2022, our anticipated midstream capital expenditures for 2022 remained at $50.0 to $60.0 million, which includes our proportionate share of estimated 2022 capital expenditures for San Mateo and other wholly-owned midstream projects, but excludes the Pronto Acquisition. Substantially all of these 2022 estimated capital expenditures are expected to be allocated to (i) the further delineation and development of our leasehold position, (ii) the construction, installation and maintenance of midstream assets and (iii) our participation in certain non-operated well opportunities in the Delaware Basin, with the exception of amounts allocated to limited operations in our South Texas and Haynesville shale positions to maintain and extend leases and to participate in certain non-operated well opportunities. Our 2022 Delaware Basin operated drilling program is expected to continue to focus on the continued development of our various asset areas throughout the Delaware Basin, with a continued emphasis on drilling and completing a higher percentage of longer horizontal wells in 2022, including 90% with anticipated completed lateral lengths of two miles or greater.

We may divest portions of our non-core assets, particularly in the Eagle Ford shale in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana as we have done in the first three quarters of 2022, as well as consider monetizing other assets, such as certain acreage, mineral and royalty interests and midstream assets, as value-creating opportunities arise. In addition, we intend to continue evaluating the opportunistic acquisition of acreage, mineral and royalty interests and midstream assets, principally in the Delaware Basin, during the remainder of 2022. These monetizations, divestitures and capital expenditures are opportunity-specific, and purchase price multiples and per-acre prices can vary significantly based on the asset or prospect. As a result, it is difficult to estimate these monetizations, divestitures and capital expenditures with any degree of certainty; therefore, we have not provided estimated proceeds related to monetizations or divestitures or estimated capital expenditures related to acquiring acreage, mineral and royalty interests and midstream assets for 2022.

Our 2022 capital expenditures may be adjusted as business conditions warrant, and the amount, timing and allocation of such expenditures is largely discretionary and within our control. The aggregate amount of capital we expend may fluctuate materially based on market conditions, the actual costs to drill, complete and place on production operated or non-operated wells, our drilling results, the actual costs and scope of our midstream activities, the ability of our joint venture partners to meet their capital obligations, other opportunities that may become available to us and our ability to obtain capital. If oil or natural gas prices decline, or costs increase significantly, we have the flexibility to defer a significant portion of our capital expenditures until later periods to conserve cash or to focus on projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling, completion and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in our exploration and development activities, contractual obligations, drilling plans for properties we do not operate and other factors both within and outside our control.

Exploration and development activities are subject to a number of risks and uncertainties, which could cause these activities to be less successful than we anticipate. A significant portion of our anticipated cash flows from operations for the remainder of 2022 is expected to come from producing wells and development activities on currently proved properties in the Wolfcamp and Bone Spring plays in the Delaware Basin, the Eagle Ford shale in South Texas and the Haynesville shale in Northwest Louisiana. Our existing wells may not produce at the levels we are forecasting and our exploration and development activities in these areas may not be as successful as we anticipate. Additionally, our anticipated cash flows from operations are based upon current expectations of oil and natural gas prices for the remainder of 2022 and the hedges we currently have in place. For further discussion of our expectations of such commodity prices, see "—General Outlook and Trends" below. We use commodity derivative financial instruments at times to mitigate our exposure to fluctuations in oil, natural gas and NGL prices and to partially offset reductions in our cash flows from operations resulting from declines in commodity prices. See Note 7 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments.

Our unaudited cash flows for the nine months ended September 30, 2022 and 2021 are presented below:

	Nine Months Ended September 30,	
(In thousands)	**2022**	**2021**
Net cash provided by operating activities	$ 1,532,216	$ 718,826
Net cash used in investing activities	(761,120)	(383,678)
Net cash used in financing activities	(416,296)	(318,740)
Net change in cash and restricted cash	$ 354,800	$ 16,408
Adjusted EBITDA attributable to Matador Resources Company shareholders(1)	$ 1,665,368	$ 752,906

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

Cash Flows Provided by Operating Activities

Net cash provided by operating activities increased $813.4 million to $1.53 billion for the nine months ended September 30, 2022 from $718.8 million for the nine months ended September 30, 2021. Excluding changes in operating assets and liabilities, net cash provided by operating activities increased $877.1 million to $1.63 billion for the nine months ended September 30, 2022 from $753.3 million for the nine months ended September 30, 2021, primarily attributable to significantly higher realized oil and natural gas prices and higher oil and natural gas production for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021. Changes in our operating assets and liabilities between the two periods resulted in a net decrease of approximately $63.7 million in net cash provided by operating activities for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021.

Cash Flows Used in Investing Activities

Net cash used in investing activities increased $377.4 million to $761.1 million for the nine months ended September 30, 2022 from $383.7 million for the nine months ended September 30, 2021. This increase in net cash used in investing activities was primarily due to (i) an increase of $228.0 million in D/C/E capital expenditures, (ii) an increase of $104.5 million in expenditures related to the acquisition of oil and natural gas properties for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, and (iii) the acquisition of a cryogenic natural gas processing plant, three compressor stations and approximately 45 miles of natural gas gathering pipelines as part of the Pronto Acquisition for $75.8 million. These increases were partially offset by a $42.3 million increase in proceeds from the sale of primarily non-core oil and gas assets. Cash used for D/C/E capital expenditures and for the acquisition of oil and natural gas properties for the nine months ended September 30, 2022 and 2021 was primarily attributable to our operated and non-operated drilling and completion activities in the Delaware Basin.

Cash Flows Used in Financing Activities

Net cash used in financing activities increased $97.6 million to $416.3 million for the nine months ended September 30, 2022 from $318.7 million for the nine months ended September 30, 2021. During the nine months ended September 30, 2022, our primary uses of cash related to financing activities were for the repurchase of Notes for $284.0 million and the net repayment of $100.0 million in borrowings under our Credit Agreement. These payments were partially offset by net borrowings under the San Mateo Credit Facility of $55.0 million. During the nine months ended September 30, 2021, our primary use of cash related to financing activities was for the net repayment of $320.0 million in borrowings under our Credit Agreement.

See Note 4 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our debt, including the Credit Agreement, the San Mateo Credit Facility and the Notes.

Guarantor Financial Information

The Notes are jointly and severally guaranteed by certain subsidiaries of Matador (the "Guarantor Subsidiaries") on a full and unconditional basis (except for customary release provisions). At September 30, 2022, the Guarantor Subsidiaries were 100% owned by Matador. Matador is a parent holding company and has no independent assets or operations, and there are no significant restrictions on the ability of Matador to obtain funds from the Guarantor Subsidiaries by dividend or loan. Neither San Mateo nor Pronto is a guarantor of the Notes.

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

(In thousands)	**September 30, 2022**
Summarized Balance Sheet	
Assets	
Current assets	$ 852,165
Net property and equipment	$ 3,508,567
Other long-term assets	$ 73,679
Liabilities	
Current liabilities	$ 558,474
Long-term debt	$ 752,850
Other long-term liabilities	$ 417,113

(In thousands)	**Three Months Ended September 30, 2022**	**Nine Months Ended September 30, 2022**
Summarized Statement of Operations		
Revenues	$ 803,690	$ 2,241,036
Expenses	322,601	937,094
Operating income	481,089	1,303,942
Other expense	(15,306)	(49,725)
Income tax provision	(113,941)	(318,429)
Net income	$ 351,842	$ 935,788

Non-GAAP Financial Measures

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2022**	**2021**	**2022**	**2021**
Unaudited Adjusted EBITDA Reconciliation to Net Income				
Net income attributable to Matador Resources Company shareholders	$ 337,572	$ 203,628	$ 960,414	$ 370,178
Net income attributable to non-controlling interest in subsidiaries	16,456	14,434	53,994	39,213
Net income	354,028	218,062	1,014,408	409,391
Interest expense	15,996	17,989	50,740	55,579
Total income tax provision (benefit)	113,941	(6,701)	318,429	1,488
Depletion, depreciation and amortization	118,870	89,061	334,747	255,368
Accretion of asset retirement obligations	679	518	1,739	1,529
Unrealized (gain) loss on derivatives	(43,097)	(9,049)	1,502	77,178
Non-cash stock-based compensation expense	3,810	2,967	10,887	5,617
Net loss on asset sales and impairment	1,113	251	1,311	251
(Income) expense related to contingent consideration and other	(2,288)	—	2,957	—
Consolidated Adjusted EBITDA	563,052	313,098	1,736,720	806,401
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(23,322)	(19,273)	(71,352)	(53,495)
Adjusted EBITDA attributable to Matador Resources Company shareholders	$ 539,730	$ 293,825	$ 1,665,368	$ 752,906

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2022**	**2021**	**2022**	**2021**
Unaudited Adjusted EBITDA Reconciliation to Net Cash Provided by Operating Activities				
Net cash provided by operating activities	$ 556,960	$ 291,231	$ 1,532,216	$ 718,826
Net change in operating assets and liabilities	(9,774)	4,666	98,185	34,439
Interest expense, net of non-cash portion	15,013	17,201	48,551	53,136
Current income tax provision	270	—	51,940	—
Expense related to contingent consideration and other	583	—	5,828	—
Adjusted EBITDA attributable to non-controlling interest in subsidiaries	(23,322)	(19,273)	(71,352)	(53,495)
Adjusted EBITDA attributable to Matador Resources Company shareholders	$ 539,730	$ 293,825	$ 1,665,368	$ 752,906

For the three months ended September 30, 2022, net income attributable to Matador shareholders increased $133.9 million to $337.6 million, as compared to net income attributable to Matador shareholders of $203.6 million for the three months ended September 30, 2021. The increase in net income attributable to Matador shareholders primarily resulted from higher oil and natural gas production and higher realized oil and natural gas prices for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, and from an unrealized gain on derivatives of $43.1 million for the three months ended September 30, 2022, as compared to an unrealized gain on derivatives of $9.0 million for the three months ended September 30, 2021. This increase was partially offset by an increase in the total income tax provision to $113.9 million for the three months ended September 30, 2022, as compared to an income tax benefit of $6.7 million for the three months ended September 30, 2021.

For the nine months ended September 30, 2022, net income attributable to Matador shareholders increased $590.2 million to $960.4 million, as compared to net income attributable to Matador shareholders of $370.2 million for the nine months ended September 30, 2021. The increase in net income attributable to Matador shareholders primarily resulted from higher oil and natural gas production and higher realized oil and natural gas prices for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021, and from an unrealized loss on derivatives of $1.5 million for the nine months ended September 30, 2022, as compared to an unrealized loss on derivatives of $77.2 million for the nine months ended September 30, 2021. This increase was partially offset by an increase in the total income tax provision to $318.4 million for the nine months ended September 30, 2022, as compared to $1.5 million for the nine months ended September 30, 2021.

Adjusted EBITDA, a non-GAAP financial measure, increased $245.9 million to $539.7 million for the three months ended September 30, 2022, as compared to $293.8 million for the three months ended September 30, 2021. This increase is primarily attributable to higher oil and natural gas production and higher realized oil and natural gas prices for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021.

Adjusted EBITDA, a non-GAAP financial measure, increased $912.5 million to $1.67 billion for the nine months ended September 30, 2022, as compared to $752.9 million for the nine months ended September 30, 2021. This increase is primarily attributable to higher oil and natural gas production and higher realized oil and natural gas prices for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021.

Off-Balance Sheet Arrangements

From time-to-time, we enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of September 30, 2022, the material off-balance sheet arrangements and transactions that we have entered into include (i) non-operated drilling commitments, (ii) firm gathering, transportation, processing, fractionation, sales and disposal commitments and (iii) contractual obligations for which the ultimate settlement amounts are not fixed and determinable, such as derivative contracts that are sensitive to future changes in commodity prices or interest rates, gathering, treating, transportation and disposal commitments on uncertain volumes of future throughput, open delivery commitments and indemnification obligations following certain divestitures. Other than the off-balance sheet arrangements described above, the Company has no transactions, arrangements or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect our liquidity or availability of or requirements for capital resources. See "—Obligations and Commitments" below and Note 9 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information regarding our off-balance sheet arrangements. Such information is incorporated herein by reference.

Obligations and Commitments

We had the following material contractual obligations and commitments at September 30, 2022:

	Payments Due by Period				
(In thousands)	**Total**	**Less Than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More Than 5 Years**
Contractual Obligations					
Borrowings, including letters of credit[1]	$ 494,572	$ —	$ 449,000	$ 45,572	$ —
Senior unsecured notes[2]	757,411	—	—	757,411	—
Office leases	15,408	4,218	8,635	2,555	—
Non-operated drilling commitments[3]	24,797	24,797	—	—	—
Drilling rig contracts[4]	29,983	29,983	—	—	—
Asset retirement obligations[5]	52,154	447	5,494	1,866	44,347
Transportation, gathering, processing and disposal agreements with non-affiliates[6]	557,794	70,586	141,823	135,688	209,697
Transportation, gathering, processing and disposal agreements with San Mateo[7]	301,700	11,494	182,740	107,466	—
Total contractual cash obligations	$ 2,233,819	$ 141,525	$ 787,692	$ 1,050,558	$ 254,044

(1) The amounts included in the table above represent principal maturities only. At September 30, 2022, we had no borrowings outstanding under the Credit Agreement and approximately $45.6 million in outstanding letters of credit issued pursuant to the Credit Agreement. The Credit Agreement matures October 31, 2026. At September 30, 2022, San Mateo had $440.0 million of borrowings outstanding under the San Mateo Credit Facility and approximately $9.0 million in outstanding letters of credit issued pursuant to the San Mateo Credit Facility. The San Mateo Credit Facility matures December 19, 2023. Assuming the amount outstanding and interest rate of 5.12% for the San Mateo Credit Facility at September 30, 2022, the interest expense is expected to be approximately $22.8 million each year until maturity.

(2) The amounts included in the table above represent principal maturities only. Interest expense on the $757.4 million of outstanding Notes as of September 30, 2022 is expected to be approximately $44.5 million each year until maturity.

(3) At September 30, 2022, we had outstanding commitments to participate in the drilling and completion of various non-operated wells.

(4) We do not own or operate our own drilling rigs, but instead we enter into contracts with third parties for such drilling rigs.

(5) The amounts included in the table above represent discounted cash flow estimates for future asset retirement obligations at September 30, 2022.

(6) From time to time, we enter into agreements with third parties whereby we commit to deliver anticipated natural gas and oil production and produced water from certain portions of our acreage for transportation, gathering, processing, fractionation, sales and disposal. Certain of these agreements contain minimum volume commitments. If we do not meet the minimum volume commitments under these agreements, we would be required to pay certain deficiency fees. See Note 9 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information about these contractual commitments.

(7) We dedicated to San Mateo our current and certain future leasehold interests in the Rustler Breaks and Wolf asset areas and acreage in the southern portion of the Arrowhead asset area (the "Greater Stebbins Area") and Stateline asset area pursuant to 15-year, fixed-fee oil transportation, oil, natural gas and produced water gathering and produced water disposal agreements. In addition, we dedicated to San Mateo our current and certain future leasehold interests in the Rustler Breaks asset area and acreage in the Greater Stebbins Area and Stateline asset area pursuant to 15-year, fixed-fee natural gas processing agreements. See Note 9 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for more information about these contractual commitments.

General Outlook and Trends

Our business success and financial results are dependent on many factors beyond our control, such as economic, political and regulatory developments, as well as competition from other sources of energy. Commodity price volatility, in particular, is a significant risk to our business, cash flows and results of operations. Commodity prices are affected by changes in market supply and demand, which are impacted by overall economic activity, the conflict between Russia and Ukraine as well as political instability in China and the Middle East, the actions of OPEC+, the ongoing impact of COVID-19 and its variants, weather, pipeline capacity constraints, inventory storage levels, oil and natural gas price differentials and other factors.

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

For the three months ended September 30, 2022, oil prices averaged $91.43 per Bbl, ranging from a high of $108.43 per Bbl in early July to a low of $76.71 per Bbl in late September, based upon the WTI oil futures contract price for the earliest delivery date. We realized a weighted average oil price of $94.36 per Bbl ($91.69 per Bbl including realized losses from oil derivatives) for our oil production for the three months ended September 30, 2022, as compared to $69.73 per Bbl ($58.43 per Bbl including realized losses from oil derivatives) for our oil production for the three months ended September 30, 2021. At October 25, 2022, the WTI oil futures contract for the earliest delivery date had decreased from the average price for the third quarter of 2022 of $91.43 per Bbl, settling at $85.32 per Bbl, which was a slight increase as compared to $83.76 per Bbl at October 25, 2021.

Natural gas prices were also higher in the third quarter of 2022, as compared to the third quarter of 2021. For the three months ended September 30, 2022, natural gas prices averaged $7.95 per MMBtu, ranging from a low of $5.51 per MMBtu in early July to a high of $9.68 per MMBtu in mid-August, based upon the NYMEX Henry Hub natural gas futures contract price for the earliest delivery date. We realized a weighted average natural gas price of $9.22 per Mcf ($7.55 per Mcf including realized losses from natural gas derivatives) for our natural gas production (including revenues attributable to NGLs) for the three months ended September 30, 2022, as compared to $6.27 per Mcf ($6.05 per Mcf including realized losses from natural gas derivatives) for our natural gas production (including revenues attributable to NGLs) for the three months ended September 30, 2021. Certain volumes of our natural gas production are sold at prices established at the beginning of each month by the various markets where we sell our natural gas production, and certain volumes of our natural gas production are sold at daily market prices. NGL prices declined in the third quarter of 2022, which further contributed to our lower third quarter weighted average realized natural gas price. At October 25, 2022, the NYMEX Henry Hub natural gas futures contract price for the earliest delivery date had decreased from the average price for the third quarter of 2022 of $7.95 per MMBtu, settling at $5.61 per MMBtu, which was a decrease as compared to $5.90 per MMBtu at October 25, 2021.

From time to time, we use derivative financial instruments to mitigate our exposure to commodity price risk associated with oil, natural gas and NGL prices. Even so, decisions as to whether, at what price and what production volumes to hedge are difficult and depend on market conditions and our forecast of future production and oil, natural gas and NGL prices, and we may not always employ the optimal hedging strategy. This, in turn, may affect the liquidity that can be accessed through the borrowing base under the Credit Agreement and through the capital markets. During the first nine months of 2022, we incurred realized losses on our oil derivative contracts of approximately $67.2 million, primarily as a result of oil prices that were above the ceiling prices of certain of our oil costless collar contracts and above the strike price of certain of our oil basis swap contracts. We also incurred losses on our natural gas derivative contracts of approximately $72.7 million during the first nine months of 2022 as a result of natural gas prices that were above the ceiling prices of certain of our natural gas costless collar contracts. At October 25, 2022, we have derivative contracts in place for approximately 2.7 million Bbl of our anticipated oil production for the fourth quarter of 2022, approximately 13.2 Bcf of our anticipated natural gas production for the fourth quarter of 2022 and 2.4 Bcf of our anticipated natural gas production for the first quarter of 2023.

The prices we receive for oil and natural gas production often reflect a discount to the relevant benchmark prices, such as the WTI oil price or the NYMEX Henry Hub natural gas price. The difference between the benchmark price and the price we receive is called a differential. At September 30, 2022, most of our oil production from the Delaware Basin was sold based on prices established in Midland, Texas, and a significant portion of our natural gas production from the Delaware Basin was sold based on Houston Ship Channel pricing, while the remainder of our Delaware Basin natural gas production was sold primarily based on prices established at the Waha hub in far West Texas.

The Midland-Cushing (Oklahoma) oil price differential has been highly volatile in recent years. At October 25, 2022, this oil price differential was positive at approximately +$2.00 per Bbl. At October 25, 2022, we had derivative contracts in place to mitigate our exposure to this Midland-Cushing (Oklahoma) oil price differential on a portion of our anticipated full year 2022 oil production.

Certain volumes of our Delaware Basin natural gas production are exposed to the Waha-Henry Hub basis differential, which has also been highly volatile in recent years. In early 2022, concerns about natural gas pipeline takeaway capacity out of the Delaware Basin, particularly beginning in the latter half of 2022 and into 2023, began to increase. As a result, the Waha basis differential began to widen, and, at October 25, 2022, this natural gas price differential was approximately ($2.40) per MMBtu. A significant portion of our Delaware Basin natural gas production, however, is sold at Houston Ship Channel pricing and is not exposed to Waha pricing. During 2021 and through the third quarter of 2022, we typically realized a premium to natural gas sold at the Waha hub despite higher transportation charges incurred to transport the natural gas to the Gulf Coast. At certain times, we may also sell a portion of our natural gas production into other markets to improve our realized natural gas pricing. Further, approximately 10% of our reported natural gas production for the nine months ended September 30, 2022 was attributable to the Haynesville and Eagle Ford shale plays, which are not exposed to Waha pricing. In addition, as a two-stream reporter, most of our natural gas volumes in the Delaware Basin are processed for NGLs, resulting in a further reduction in the reported natural gas volumes exposed to Waha pricing.

At October 25, 2022, we had not experienced material pipeline-related interruptions to our oil, natural gas or NGL production. In certain recent periods, shortages of NGL fractionation capacity were experienced by certain operators in the Delaware Basin. Although we did not encounter such fractionation capacity problems, we can provide no assurances that such problems will not arise. If we do experience any interruptions with takeaway capacity or NGL fractionation, our oil and natural gas revenues, business, financial condition, results of operations and cash flows could be adversely affected. Should we experience future periods of negative pricing for natural gas as we have in October 2022 and in previous periods, we may temporarily shut in certain high gas-oil ratio wells and take other actions to mitigate the impact on our realized natural gas prices and results. In addition, we have no derivative contracts in place to mitigate our exposure to these natural gas price differentials.

As a result of the recent increases in oil and natural gas prices, we have begun to experience inflation in the costs of certain oilfield services, including diesel, steel, labor, trucking, sand, personnel and completion costs, among others. Should oil and natural gas prices remain at their current levels or increase further, we expect to be subject to additional service cost inflation in future periods, which may increase our costs to drill, complete, equip and operate wells. When we revised our D/C/E capital expenditure budget as of July 25, 2022, we budgeted a 20% increase in oilfield service costs, as compared to the fourth quarter of 2021. Should we experience service cost inflation above 20% during the remainder of 2022, we may be required to further increase our 2022 estimated capital expenditure budget. In addition, during the remainder of 2022, supply chain disruptions being experienced throughout the United States and global economy and in the oil and natural gas industry may limit our ability to procure the necessary products and services we need for drilling, completing and producing wells in a timely fashion, which could result in delays to our operations and could, in turn, adversely affect our business, financial condition, results of operations and cash flows.

In addition, should oil and natural gas prices remain at their current levels throughout the remainder of 2022, we expect to exhaust our federal or state net operating loss carryforwards and become subject to federal and state income taxes beginning in 2022. At October 25, 2022, given our current projections, we expect to pay federal income taxes and state income taxes in New Mexico beginning in 2022, as reflected by our current income tax provision of $51.9 million for the nine months ended September 30, 2022.

Our oil and natural gas exploration, development, production, midstream and related operations are subject to extensive federal, state and local laws, rules and regulations. The regulatory burden on the oil and natural gas industry increases our cost of doing business and affects our profitability. Because these laws, rules and regulations are frequently amended or reinterpreted and new laws, rules and regulations are proposed or promulgated, we are unable to predict the future cost or impact of complying with the laws, rules and regulations to which we are, or will become, subject. For example, although such bills have not passed, in recent years, various bills have been introduced in the New Mexico legislature proposing to add a surtax on natural gas processors and proposing to place a moratorium on, ban or otherwise restrict hydraulic fracturing, including prohibiting the injection of fresh water in such operations. In 2019, New Mexico's governor signed an executive order declaring that New Mexico would support the goals of the Paris Agreement by joining the U.S. Climate Alliance, a bipartisan coalition of governors committed to reducing greenhouse gas emissions consistent with the goals of the Paris Agreement. The stated objective of the executive order is to achieve a statewide reduction in greenhouse gas emissions of at least 45% by 2030 as compared to 2005 levels. The executive order also requires New Mexico regulatory agencies to create an "enforceable regulatory framework" to ensure methane emission reductions. In 2021, the New Mexico Oil Conservation Division (the "NMOCD") implemented rules regarding the reduction of natural gas waste and the control of emissions that, among other items, require upstream and midstream operators to reduce natural gas waste by a fixed amount each year and achieve a 98% natural gas capture rate by the end of 2026. The New Mexico Environment Department (the "NMED") has implemented similar rules and regulations. These and other laws, rules and regulations, including any federal legislation, regulations or orders intended to limit or restrict oil and natural gas operations on federal lands, if enacted, could have an adverse impact on our business, financial condition, results of operations and cash flows.

In January 2021, President Biden signed an executive order instructing the Department of the Interior to pause new oil and natural gas leases on public lands pending completion of a comprehensive review and consideration of federal oil and natural gas permitting and leasing practices, which has lapsed at September 30, 2022. In 2019, 2020 and 2021, an environmental group filed three lawsuits in federal district courts in New Mexico and the District of Columbia challenging certain Bureau of Land Management ("BLM") lease sales, including lease sales in which we purchased leases in New Mexico. In 2021, ten states, led by the State of Louisiana, filed a lawsuit in federal district court in Louisiana against President Biden and various other federal government officials and agencies challenging an executive order directing the federal government to utilize certain calculations of the "social cost" of carbon and other greenhouse gases in its decision making. The BLM has, at times, indicated that the lease sale litigation or the social cost of carbon litigation will require additional processes and approvals or may delay lease sales and the approval of drilling permits. The impact of federal actions and lawsuits related to the oil and natural gas industry remains unclear, and should other limitations or prohibitions be imposed or continue to be applied, our operations on federal lands could be adversely impacted. Such limitations or prohibitions would almost certainly impact our future drilling and completion plans and could materially impact our production volumes, revenues, reserves, cash flows and availability under our Credit Agreement. See "Risk Factors—Risks Related to Laws and Regulations" in the Annual Report.

We and San Mateo dispose of large volumes of produced water gathered from our and third parties' drilling and production operations by injecting it into wells pursuant to permits issued to us by governmental authorities overseeing such disposal activities. State and federal regulatory agencies recently have focused on a possible connection between the operation of injection wells used for produced water disposal and the increased occurrence of seismic activity, also known as "induced seismicity." This has resulted in stricter regulatory requirements in some jurisdictions relating to the location and operation of underground injection wells. In addition, a number of lawsuits have been filed in some states alleging that fluid injection or oil and natural gas extraction have caused damage to neighboring properties or otherwise violated state and federal rules regarding waste disposal. In response to these concerns, regulators in some states, including New Mexico and Texas, are seeking to impose additional requirements, including requirements regarding the permitting of salt water disposal wells or otherwise, to assess the relationship between seismicity and the use of such wells. For example, in 2021, the NMOCD implemented new rules establishing protocols in response to seismic events in New Mexico. Under these protocols, applications for salt water disposal well permits in certain areas of New Mexico with recent seismic activity require enhanced review prior to approval. In addition, the protocols require enhanced reporting and varying levels of curtailment of injection rates for salt water disposal wells, including potentially shutting in such wells, in the area of seismic events based on the magnitude, timing and proximity of the seismic event. The adoption of federal, state and local legislation and regulations intended to address induced seismicity in the areas in which we operate could restrict our drilling and production activities, as well as our ability to dispose of produced water gathered from such activities, and could result in increased costs and additional operating restrictions or delays, that could, in turn, materially impact our production volumes, revenues, reserves, cash flows and availability under our Credit Agreement. The adoption of such legislation and regulations could also decrease our and San Mateo's revenues and result in increased costs and additional operating restrictions for San Mateo as well.

Certain segments of the investor community have recently expressed negative sentiment towards investing in the oil and natural gas industry. Equity returns in the sector prior to 2021 versus other industry sectors have led to lower oil and natural gas representation in certain key equity market indices and some investors, including certain pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the oil and natural gas sector based on social and environmental considerations.

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Except as set forth below, there have been no material changes to the sources and effects of our market risk since December 31, 2021, which are disclosed in Part II, Item 7A of the Annual Report and incorporated herein by reference.

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

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

We record all derivative financial instruments at fair value. The fair value of our derivative financial instruments is determined using purchase and sale information available for similarly traded securities. At September 30, 2022, The Bank of Nova Scotia, BMO Harris Financing (Bank of Montreal), PNC Bank, Royal Bank of Canada and Truist Bank (or affiliates thereof) were the counterparties for all of our derivative instruments. We have considered the credit standing of the counterparties in determining the fair value of our derivative financial instruments. See Note 7 to the interim unaudited condensed consolidated financial statements in this Quarterly Report for a summary of our open derivative financial instruments. Such information is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report, we evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) under the supervision and with the participation of our management, including our Chief Executive Officer and our Principal Financial Officer. Based on that evaluation, our Chief Executive Officer and our Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2022 to ensure that (i) information required to be disclosed in the reports it files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed under the Exchange Act is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls during the three months ended September 30, 2022 that have materially affected or are reasonably likely to have a material effect on our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. Legal Proceedings

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

For information on our legal proceeding with the Environmental Protection Agency and the New Mexico Environment Department, see “Item 3. Legal Proceedings” in the Annual Report. There have been no material changes regarding such legal proceeding since the Annual Report.

Item 1A. Risk Factors

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

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

During the quarter ended September 30, 2022, the Company re-acquired shares of common stock from certain employees in order to satisfy the employees’ tax liability in connection with the vesting of restricted stock.

Period	Total Number of Shares Purchased[(1)]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs
July 1, 2022 to July 31, 2022	264	$ 46.63	—	—
August 1, 2022 to August 31, 2022	3,435	$ 60.78	—	—
September 1, 2022 to September 30, 2022	—	$ —	—	—
Total	3,699	$ 59.77	—	—

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

Item 5. Other Information

On October 28, 2022, we entered into an employment agreement (the “Employment Agreement”) with Michael D. Frenzel, who serves as our Executive Vice President and Treasurer and as our Principal Financial Officer.

The term of the Employment Agreement is 18 months, with an automatic extension of one additional month at the end of each month. The Employment Agreement includes payment of an annual base salary of $450,000, or such higher amount as may be established from time to time by the Company. In addition, Mr. Frenzel is eligible to participate in our annual cash incentive plan, with any awards under such plan subject to the discretion of the Board.

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

Additionally, the Employment Agreement contains a non-competition provision, pursuant to which Mr. Frenzel has agreed that: (i) for six months following termination by us for total disability, (ii) for 18 months following termination (a) by us for just cause, or (b) by Mr. Frenzel for any reason or (iii) for 24 months in connection with a change in control, Mr. Frenzel shall not, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer (which consent may be withheld in his or its sole discretion), directly or indirectly: (x) invest in (other than investments in publicly-owned companies which constitute not more than 1% of the voting securities of any such company) a competing business with significant assets in the restricted area (each as defined below), or (y) participate in a competing business as a manager, employee, director, officer, consultant, independent contractor or other capacity or otherwise provide, directly or indirectly, services or assistance to a competing business in a position that involves input into or direction of such competing business’s decisions within the restricted area.

For purposes of the Employment Agreement:

- “competing business” means any person or entity engaged in (A) oil and natural gas exploration, development and production; (B) marketing and midstream operations, including natural gas processing, oil and natural gas transportation services, oil, natural gas and salt water gathering services and salt water disposal services, and/or (C) acquisition activities related to (A) and (B);

- “significant assets” means (A) oil and natural gas reserves in excess of 10 million barrels of oil equivalent or (B) midstream assets with an aggregate fair market value of $25 million or more; and

- “restricted area” means Eddy and Lea Counties, New Mexico and Loving County, Texas (collectively, the “Named Counties”), plus any county or parish where the Company has significant assets as of the date of such officer’s termination of employment; provided, however, that the restricted area shall cease to include a particular Named County following a sale of all or substantially all of the assets held by the Company, together with its Subsidiaries, in such Named County.

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

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

- the officer dies;
- the officer is totally disabled;
- we mutually agree to end the employment agreement;
- we dissolve or liquidate; or
- the term of the employment agreement ends,

we will pay Mr. Frenzel the average of all bonuses paid to the officer with respect to the prior two years, pro-rated based on the number of complete or partial months completed during the year of termination.

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

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

For definitions of “change in control,” “good reason” and “just cause,” please see the form of employment agreement, which is included as Exhibit 10.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Formation of Matador Resources Company (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.2	Certificate of Amendment to the Amended and Restated Certificate of Formation of Matador Resources Company dated April 2, 2015 (incorporated by reference to Exhibit 3.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.3	Certificate of Amendment to the Amended and Restated Certificate of Formation of Matador Resources Company effective June 2, 2017 (incorporated by reference to Exhibit 3.4 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).
3.4	Amended and Restated Bylaws of Matador Resources Company, as amended (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on February 22, 2018).
10.1†	Form of Employment Agreement between Matador Resources Company and each of Michael D. Frenzel, W. Thomas Elsener and Brian J. Willey (filed herewith).
22.1	List of Subsidiary Guarantors (filed herewith).
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101	The following financial information from Matador Resources Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets - Unaudited, (ii) the Condensed Consolidated Statements of Operations - Unaudited, (iii) the Condensed Consolidated Statements of Changes in Shareholders' Equity - Unaudited, (iv) the Condensed Consolidated Statements of Cash Flows - Unaudited and (v) the Notes to Condensed Consolidated Financial Statements - Unaudited (submitted electronically herewith).
104	Cover Page Interactive Data File, formatted in Inline XBRL (included as Exhibit 101).

† Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

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

		MATADOR RESOURCES COMPANY
Date: October 28, 2022	By:	/s/ Joseph Wm. Foran
		Joseph Wm. Foran Chairman and Chief Executive Officer
Date: October 28, 2022	By:	/s/ Michael D. Frenzel
		Michael D. Frenzel Executive Vice President and Treasurer (Principal Financial Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

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

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

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

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

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

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

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

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

(a) Base Salary. Employee shall receive an annualized salary of $[•] per year, payable in installments in accordance with the Company's then standard payroll practices, or such higher compensation as may be established by the Company from time to time ("Base Salary"). Should Employee become "Partially Disabled," which for purposes hereof means the inability because of any physical or mental illness lasting no more than 90 days to perform his assigned duties under this Agreement for no less than 20 hours per week (and including any period of short term total absence due to illness or injury, including recovery from surgery, but in no event lasting more than the 90-day period of Partial Disability), and if Employee, during any period of Partial Disability, receives any periodic payments representing lost compensation under any health and accident policy or under any salary continuation insurance policy, the premiums for which have been paid by the Company, the amount of Base Salary that Employee would be entitled to receive from the Company during the period of Partial Disability shall be decreased by the amounts of such payments. Notwithstanding the foregoing, should Employee become Totally Disabled, as defined in Section 12(b), during a period of Partial Disability, the provisions in Sections 12 and 14 with respect to Total Disability shall control.

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

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

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

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

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

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

8. Non-Disclosure of Confidential Information. The Company shall provide Employee Confidential Information, which Employee may use in the performance of his job duties with the Company. "Confidential Information," whether electronic, oral or in written form, includes without limitation: all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records and other reports and related data, calculations, summaries, memoranda and opinions relating to the foregoing, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, customer lists, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any documents relating to the business of the Company and information or data regarding the Company's systems, operations, business, finances, prospects, properties or prospective properties; provided, however, that Confidential Information shall not include any information that is or becomes publicly available, or is otherwise generally known in the Company's industry, other than as a result of any disclosure by Employee that is inconsistent with his duties pursuant to this Agreement. As a material inducement to the Company to enter into this Agreement and to pay to Employee the compensation stated in Section 4, Employee covenants and agrees that he shall not, at any time during or following the Term, directly or indirectly divulge or disclose for any purpose whatsoever, other than as may be required by law, any Confidential Information that has been obtained by, or disclosed to, him as a result of his employment by the Company, or use such Confidential Information for any reason other than to perform his duties pursuant to this Agreement. Notwithstanding any other provision in this Agreement, Employee will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that (a) is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the Company's trade secrets to Employee's attorney and use the trade secret information in the court proceeding if Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

9. Non-Competition and Non-Solicitation Agreement.

(a) Employee acknowledges and agrees that the Confidential Information the Company has previously provided and will continue to provide to Employee will enable Employee to injure the Company if Employee should compete with the Company. Therefore, Employee hereby agrees that during Employee's employment with the Company and (i) if the Company terminates Employee's employment for Total Disability, then for a period of six (6) months thereafter, (ii) if the Company terminates Employee's employment for Just Cause or Employee terminates his employment during the Term for any reason, then for a period of eighteen (18) months thereafter, or (iii) Employee is entitled to severance pay pursuant to Section 14(b) or Section 14(c), then for a period of twenty-four (24) months thereafter, Employee shall not, without the prior written consent of the Board, the Chairman of the Board or the Chief Executive Officer (which consent may be withheld in his or its sole discretion), directly or indirectly: (a) invest in (other than investments in publicly-owned companies which constitute not more than 1% of the voting securities of any such company) a Competing Business with Significant Assets in the Restricted Area (each as defined below), or (b) participate, directly or indirectly, in the operations of a Competing Business in the Restricted Area as a manager, employee, director, officer, consultant, independent contractor, or in any other capacity or otherwise provide, directly or indirectly, services or assistance to a Competing Business in a position that involves input into or direction of the Competing

Business's decisions within the Restricted Area. "Competing Business" means any person or entity engaged in (x) oil and natural gas exploration, development, production and acquisition activities; (y) marketing and midstream operations, including natural gas processing, oil and natural gas transportation services, oil, natural gas and salt water gathering services and salt water disposal services, and/or (z) acquisition activities related (x) and (y). "Significant Assets" means (i) oil and natural gas reserves in excess of 10 million barrels of oil equivalent or (ii) midstream assets with an aggregate fair market value of $25 million or more. "Restricted Area" means Eddy and Lea Counties, New Mexico and Loving County, Texas (collectively, the "Named Counties"), plus any county or parish where the Company, together with its subsidiaries, has Significant Assets as of the date of Employee's termination of service pursuant to this Agreement; provided, however, that the Restricted Area shall cease to include a particular Named County following a sale of all or substantially all of the assets held by the Company, together with its subsidiaries, in such Named County.

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

10. Reasonableness of Restrictions

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

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

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

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

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

(a) By Employee's death.

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

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

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

(e) By the Company for Just Cause at any time in accordance with Section 13. For purposes of this Agreement, "Just Cause" shall mean only the following: (i) Employee's continued and material failure to perform the duties of his employment consistent with Employee's position, except as a result of being Partially Disabled (during any period of Partial Disability) or Totally Disabled, (ii) Employee's failure to perform his material obligations under this Agreement, except as a result of being Partially Disabled (during any period of Partial Disability) or Totally Disabled, or a material breach by the Employee of the Company's written policies concerning discrimination, harassment, conflicts of interest or securities trading, (iii) Employee's insubordination, lack of cooperation, conduct detrimental to the Company or refusal or failure to follow lawful directives of the Board, the Chairman of the Board and/or Chief Executive Officer, except as a result of being Partially Disabled (during any period of Partial Disability) or Totally Disabled, (iv) Employee's commission of an act of fraud, theft, embezzlement or violation of an applicable regulation or law involving financial impropriety, (v) Employee's indictment for or conviction of a felony or other crime involving moral turpitude, or (vi) Employee's breach of fiduciary duty; provided, however, that Employee shall have thirty (30) days after written notice from the Board (or Compensation Committee or Executive Committee) to remedy any actions alleged under subsections (i) or (ii) in the manner reasonably specified by the Board (or Compensation Committee or Executive Committee), unless the Board (or Compensation Committee or Executive Committee), in its sole and reasonable discretion, determines that such alleged actions cannot be remedied within such thirty (30) day period. For the avoidance of doubt, the parties acknowledge and agree that a termination by the Company for Just Cause shall have priority over the other provisions of this Section 12, and the Company shall have the right, to the extent raised by the Company within twelve (12) months following Employee's termination, to "claw back" any benefits paid to Employee based on a termination pursuant to any other provision of this Section 12, in the event that the Company subsequently discovers the existence of facts or circumstances that would have been grounds for Employee's termination for Just Cause; provided, however, that the foregoing shall not modify in any way Employee's rights to dispute any termination for Just Cause, or to have any such dispute resolved by mediation or arbitration, as provided herein.

(f) At the end of the Term.

(g) [Reserved].

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

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

13. Notice of Termination/Date of Termination. The termination of Employee's employment by the Company for Just Cause or by Employee for any reason shall be accompanied by written notice of the reason for such termination. Such notice shall indicate a

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

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

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

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

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

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

15. <u>[Reserved]</u>.

16. <u>Other Termination Provisions</u>.

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

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

(l) Section 280G Treatment.

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

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

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

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

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

(C) Notwithstanding the foregoing provisions of this Section 16(c)(iii), (1) any payment made to or on behalf of Employee which relates to taxes imposed on Employee shall be made not later than the end of the calendar year next following the calendar year in which such taxes are remitted by or on behalf of Employee, and (2) any payment made to or on behalf of Employee which relates to reimbursement of expenses incurred due to a tax audit or litigation addressing the existence or amount of a tax liability shall be made by the end of the calendar year following the calendar year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the calendar year following the calendar year in which the audit is completed or there is a final and non-appealable settlement or other resolution of the litigation, whichever is the last event to occur.

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

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

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

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

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

21. Cooperation. During and after Employee's employment with the Company, Employee shall cooperate fully with the Company in the defense or prosecution of all claims or actions now in existence or which may be brought in the future against or on behalf of the Company or its affiliates. Employee's full cooperation in connection with such claims or actions shall include, but shall not be limited to, being available to meet with counsel to the Company and/or its affiliates to prepare for discovery, trial or alternative dispute resolution proceedings, and to act as a witness on behalf of the Company and its affiliates. During and after Employee's employment, Employee shall cooperate with the Company and its affiliates in connection with any investigation or review by any federal, state or local regulatory authority. In addition, during and after Employee's employment with the Company, Employee shall assist the Company in all reasonably requested transition efforts in connection with Employee's separation from the Company or the transfer of duties or responsibilities from Employee, including but not limited to execution and delivery of all documents that the Company reasonably requests to be signed by Employee. The Company shall (a) pay Employee an amount equal to his Base Salary in effect immediately prior to his termination of employment, but in any case not to exceed $1,500 per day, pro rated based on the number of days (and further pro rated for any partial day) that

Employee is required to perform the foregoing obligations, and (b) reimburse Employee for any reasonable out-of-pocket expenses incurred by Employee in connection therewith.

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

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

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

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

24. Substantially Prevailing Party. The substantially prevailing party in any legal proceeding, including mediation and arbitration, based upon this Agreement shall be entitled to reasonable attorneys' fees and costs, in addition to any other damages and relief allowed by law, from the substantially non-prevailing party; provided, however, that the maximum amount of fees and costs of all parties for which Employee shall be liable shall be $100,000.

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

26. Notice. Any and all notices required or permitted herein shall be deemed delivered if delivered personally or if mailed by registered or certified mail to the Company at its principal place of business and to Employee at the address hereinafter set forth following Employee's signature, or at such other address or addresses as either party may hereafter designate in writing to the other.

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

MATADOR RESOURCES COMPANY

By: ______________
Joseph Wm. Foran
Chairman of the Board and Chief Executive Officer

Address for Notice:

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

EMPLOYEE:

____
[•], individually

Address for Notice:

[•]

(FORM)
SEPARATION AGREEMENT AND RELEASE

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

WHEREAS, Matador and Employee entered into an Employment Agreement as of [•], 2022 (the "Employment Agreement"). This Agreement is entered into by and between Employee and Matador pursuant to the Employment Agreement;

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

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

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

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

1. End of Employee's Employment. Employee's employment with Matador terminated on the Separation Date.

2. Certain Payments and Benefits.

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

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

(c) Waiver of Additional Compensation or Benefits. Other than the compensation and payments provided for in this Agreement and the post-termination benefits provided for in the Employment Agreement, Employee shall not be entitled to any additional compensation, benefits, payments or grants under any agreement, benefit plan, severance plan or bonus or incentive program established by Matador or any of Matador's affiliates, other than any vested retirement plan benefits, any vested equity grants or COBRA continuation coverage benefits. **[TO BE MODIFIED, IF APPLICABLE, FOR OTHER BENEFITS.]** Employee agrees that the release in Section 3 covers any claims Employee might have regarding Employee's compensation, bonuses, stock options or grants and any other benefits Employee may or may not have received during Employee's employment with Matador.

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

Employment Agreement, any vested retirement plan benefits, any vested equity grants or COBRA continuation coverage benefits. **[TO BE MODIFIED, IF APPLICABLE, FOR OTHER SURVIVING ARRANGEMENTS.]** Employee acknowledges that certain of the payments and benefits provided for in Section 2 of this Agreement constitute good and valuable consideration for the release contained in this Section 3.

4. Return of Matador Property. Within 7 days of the Agreement Date, Employee shall, to the extent not previously returned or delivered: (a) return all equipment, records, files, programs or other materials and property in Employee's possession which belongs to Matador or any of its affiliates, including, without limitation, all computers, printers, laptops, personal data assistants, cell phones, credit cards, keys and access cards; and (b) deliver all original and copies of Confidential Information (as defined in the Employment Agreement) in Employee's possession and notes, materials, records, plans, technical data or other documents, files or programs (whether stored in paper form, computer form, digital form, electronically or otherwise) in Employee's possession that contain Confidential Information. By signing this Agreement, Employee represents and warrants that Employee has not retained and has or will timely return and deliver all the items described or referenced in subsections (a) or (b) above; and, that should Employee later discover additional items described or referenced in subsections (a) or (b) above, Employee will promptly notify Matador and return/deliver such items to Matador.

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

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

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

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

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

10. Severability. Should any provision of this Agreement be declared or determined to be illegal or invalid by any government agency or court of competent jurisdiction, the validity

of the remaining parts, terms or provisions of this Agreement shall not be affected and such provisions shall remain in full force and effect.

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

12. Knowing and Voluntary Waiver. Employee, by Employee's free and voluntary act of signing below, (i) acknowledges that Employee has been given a period of twenty-one (21) days to consider whether to agree to the terms contained herein, (ii) acknowledges that Employee has been advised to consult with an attorney prior to executing this Agreement, (iii) acknowledges that Employee understands that this Agreement specifically releases and waives all rights and claims Employee may have under the ADEA, prior to the date on which Employee signs this Agreement, and (iv) agrees to all of the terms of this Agreement and intends to be legally bound thereby. The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has contributed to its preparation (with advice of counsel). Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both Parties and not in favor of or against either Party, regardless of which Party generally was responsible for the preparation of this Agreement.

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

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

If to Employee:

[EMPLOYEE]
[EMPLOYEE ADDRESS]

If to Matador:

Matador Resources Company
One Lincoln Centre

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

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

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

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

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

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

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

AGREED TO BY:

____
[EMPLOYEE]

Date ______________________________

STATE OF TEXAS

COUNTY OF

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

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

____
Notary Public in and for the
State of Texas

(PERSONALIZED SEAL)

MATADOR RESOURCES COMPANY

By: ______________________________
Title: ______________________________

Date: ______________________________

STATE OF TEXAS

COUNTY OF ______________________________

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

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

____
Notary Public in and for the
State of Texas

(PERSONALIZED SEAL)

Exhibit 22.1

List of Subsidiary Guarantors

As of September 30, 2022, the following subsidiaries of Matador Resources Company (the "Company") were guarantors of the Company's 5.875% Senior Notes due 2026.

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

Exhibit 31.1

CERTIFICATION

I, Joseph Wm. Foran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matador Resources Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 28, 2022	/s/ Joseph Wm. Foran
	Joseph Wm. Foran Chairman and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Michael D. Frenzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Matador Resources Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

October 28, 2022	/s/ Michael D. Frenzel
	Michael D. Frenzel Executive Vice President and Treasurer (Principal Financial Officer)

Exhibit 32.1

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

In connection with the quarterly report of Matador Resources Company (the “Company”) on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Joseph Wm. Foran, hereby certify in my capacity as Chairman and Chief Executive Officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 28, 2022

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

Exhibit 32.2

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

In connection with the quarterly report of Matador Resources Company (the “Company”) on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Michael D. Frenzel, hereby certify in my capacity as Executive Vice President and Treasurer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 28, 2022

/s/ Michael D. Frenzel
Michael D. Frenzel
Executive Vice President and Treasurer
(Principal Financial Officer)