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Matador Resources Co
Form 10-Q
May 11, 2015

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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 27-4662601
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

5400 LBJ Freeway, Suite 1500 75240
Dallas, Texas (Zip Code)
(Address of principal executive offices)
(972) 371-5200
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

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As of May 6, 2015, there were 85,370,330 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

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Part I – FINANCIAL INFORMATION

Item 1. Financial Statements

Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED

(In thousands, except par value and share data)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash	\$6,061	\$ 8,407
Restricted cash	991	609
Accounts receivable		
Oil and natural gas revenues	26,349	28,976
Joint interest billings	12,924	6,925
Other	7,114	9,091
Derivative instruments	47,011	55,549
Lease and well equipment inventory	1,718	1,212
Prepaid expenses	3,025	2,554
Total current assets	105,193	113,323
Property and equipment, at cost		
Oil and natural gas properties, full-cost method		
Evaluated	1,785,208	1,617,913
Unproved and unevaluated	449,042	264,419
Other property and equipment	64,610	43,472
Less accumulated depletion, depreciation and amortization	(717,330)	(603,732)
Net property and equipment	1,581,530	1,322,072
Other assets		
Other assets	703	896
Total other assets	703	896
Total assets	\$1,687,426	\$ 1,436,291
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$61,476	\$ 17,526
Accrued liabilities	128,845	109,502
Royalties payable	11,932	14,461
Note payable	11,982	—
Advances from joint interest owners	1,378	—
Deferred income taxes	16,462	19,751
Income taxes payable	—	444
Other current liabilities	123	103
Total current liabilities	232,198	161,787
Long-term liabilities		
Borrowings under Credit Agreement	410,000	340,000
Asset retirement obligations	13,275	11,640
Derivative instruments	19	—
Deferred income taxes	106,649	53,783
Other long-term liabilities	2,451	2,540
Total long-term liabilities	532,394	407,963
Commitments and contingencies (Note 11)		

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Shareholders' equity		
Preferred stock - Series A, \$0.01 par value, 2,000,000 shares authorized; 150,000 and zero shares issued and outstanding, respectively	1	—
Common stock - \$0.01 par value, 80,000,000 shares authorized; 76,844,899 and 73,373,744 shares issued; and 76,780,402 and 73,342,777 shares outstanding, respectively	769	734
Additional paid-in capital	830,824	724,819
Retained earnings	90,621	140,855
Treasury stock, at cost, 64,497 and 30,967 shares, respectively	—	—
Total Matador Resources Company shareholders' equity	922,215	866,408
Non-controlling interest in subsidiary	619	133
Total shareholders' equity	922,834	866,541
Total liabilities and shareholders' equity	\$1,687,426	\$ 1,436,291

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

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Matador Resources Company and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED

(In thousands, except per share data)

	Three Months Ended March 31,	
	2015	2014
Revenues		
Oil and natural gas revenues	\$62,465	\$78,931
Realized gain (loss) on derivatives	18,504	(1,843)
Unrealized loss on derivatives	(8,557)	(3,108)
Total revenues	72,412	73,980
Expenses		
Production taxes and marketing	7,049	6,006
Lease operating	13,046	9,351
Depletion, depreciation and amortization	46,470	24,030
Accretion of asset retirement obligations	112	117
Full-cost ceiling impairment	67,127	—
General and administrative	13,413	7,219
Total expenses	147,217	46,723
Operating (loss) income	(74,805)	27,257
Other income (expense)		
Net loss on asset sales and inventory impairment	(97)	—
Interest expense	(2,070)	(1,396)
Interest and other income	384	38
Total other expense	(1,783)	(1,358)
(Loss) income before income taxes	(76,588)	25,899
Income tax (benefit) provision		