

Matador Resources Co
Form 8-K
April 14, 2015

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) April 9, 2015

Matador Resources Company

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction

of incorporation)

001-35410
(Commission

File Number)

27-4662601
(IRS Employer

Identification No.)

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5400 LBJ Freeway, Suite 1500, Dallas, Texas

(Address of principal executive offices)

75240

(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

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

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Purchase Agreement

On April 9, 2015, Matador Resources Company (the *Company*) and certain of its subsidiaries (the *Guarantors*) entered into a purchase agreement (the *Purchase Agreement*) with Merrill Lynch, Pierce, Fenner & Smith Incorporated (*Merrill Lynch*), as representative of the several initial purchasers named therein (collectively, the *Initial Purchasers*), pursuant to which the Company agreed to issue and sell \$400,000,000 in aggregate principal amount of the Company's 6.875% Senior Notes due 2023 (the *Notes*).

The Purchase Agreement contains customary representations and warranties of the parties and indemnification and contribution provisions under which the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other, have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the *Securities Act*). The Company also agreed not to offer or sell certain debt securities for a period of 60 days after April 9, 2015, without the prior consent of Merrill Lynch.

The Notes were offered and sold in a transaction exempt from the registration requirements under the Securities Act. The initial purchasers intend to resell the Notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S. The Notes have not been registered under the Securities Act or applicable state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state laws.

The description of the Purchase Agreement set forth above is qualified in its entirety by reference to the terms of the Purchase Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K (this *Current Report*) and is incorporated herein by reference.

The Company intends to use the net proceeds from the offering to repay a portion of the outstanding borrowings under its revolving credit facility and the debt assumed in connection with the merger of Harvey E. Yates Company with and into a wholly-owned subsidiary of the Company, to fund a portion of its future capital expenditures and for other general working capital needs. Certain of the Initial Purchaser are lenders under the Company's revolving credit facility, and, as a result, will receive a portion of the net proceeds from the issuance and sale of the Notes. In addition, the Initial Purchasers or their respective affiliates have performed investment banking, financial advisory and commercial banking services for the Company and certain of its subsidiaries, for which they have received customary compensation, and they may continue to do so in the future.

Indenture

Interest and Maturity

On April 14, 2015, in connection with the issuance and sale of the Notes, the Company entered into an Indenture (the Indenture) among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee.

The Notes will mature on April 15, 2023, and interest is payable on the Notes semiannually in arrears on each April 15 and October 15, commencing on October 15, 2015. The Notes are guaranteed on a senior unsecured basis by the Guarantors.

Optional Redemption

At any time prior to April 15, 2018, the Company may redeem up to 35% in aggregate principal amount of Notes at a redemption price of 106.875% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, in an amount not greater than the net proceeds of certain equity offerings so long as the redemption occurs within 180 days of completing such equity offering and at least 65% of the aggregate principal amount of the Notes remains outstanding after such redemption.

In addition, at any time prior to April 15, 2018, the Company may redeem all or part of the Notes for cash at a redemption price equal to 100% of their principal amount plus an applicable make-whole premium and accrued and unpaid interest, plus accrued and unpaid interest to the redemption date. On and after April 15, 2018, the Company may redeem all or a part of the Notes at redemption prices (expressed as percentages of principal amount) equal to (i) 105.156% for the twelve-month period beginning on April 15, 2018; (ii) 103.438% for the twelve-month period beginning on April 15, 2019; (iii) 101.719% for the twelve-month period beginning on April 15, 2020; and (iv) 100.000% on April 15, 2021 and at any time thereafter, plus accrued and unpaid interest to the applicable redemption date.

Change of Control

Upon the occurrence of a Change of Control (as defined in the Indenture), unless the Company has exercised its optional redemption right in respect of the Notes, the holders of the Notes will have the right to require the Company to repurchase all or a portion of the Notes at a price equal to 101% of the aggregate principal amount of the Notes, plus any accrued and unpaid interest to the date of purchase.

Certain Covenants

The Indenture restricts the Company's ability and the ability of certain of its subsidiaries to: (i) incur or guarantee additional debt or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire its capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make certain investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from its restricted subsidiaries to the Company; (vii) consolidate, merge or transfer all or substantially all of its assets; (viii) enter into transactions with affiliates; and (ix) create unrestricted subsidiaries. These covenants are subject to a number of important exceptions and qualifications. At any time when the Notes are rated investment grade by both Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, many of these covenants will terminate.

Events of Default

The Indenture provides that each of the following is an Event of Default:

default for 30 days in the payment when due of interest on the Notes;

default in the payment when due of the principal of, or premium, if any, on the Notes;

failure by the Company to comply with its obligations to offer to purchase or purchase notes when required pursuant to the change of control or asset sale provisions of the Indenture or its failure to comply with the covenant relating to merger, consolidation or sale of assets;

failure by the Company for 180 days after notice to comply with its reporting obligations under the Indenture;

failure by the Company for 60 days after notice to comply with any of the other agreements in the Indenture;

payment defaults and accelerations with respect to other indebtedness of the Company and its Restricted Subsidiaries (as defined in the Indenture) in the aggregate principal amount of \$25.0 million or more;

failure by the Company or any Restricted Subsidiary to pay certain final judgments aggregating in excess of \$25.0 million within 60 days;

any subsidiary guarantee by a Guarantor ceases to be in full force and effect, is declared null and void in a judicial proceeding or is denied or disaffirmed by its maker; and

certain events of bankruptcy or insolvency with respect to the Company or any Restricted Subsidiary that is a significant subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a significant subsidiary.

The description of the Indenture set forth above is qualified in its entirety by reference to the terms of the Indenture, a copy of which is filed as Exhibit 4.1 to this Current Report and is incorporated herein by reference.

Registration Rights Agreement

On April 14, 2015, in connection with the issuance and sale of the Notes, the Company, the Guarantors and Merrill Lynch entered into a registration rights agreement (the *Registration Rights Agreement*). Under the Registration Rights Agreement, the Company and the

Guarantors have agreed to file a registration statement with the Securities and Exchange Commission with respect to an offer to exchange the Notes for substantially identical notes that are registered under the Securities Act. Under some circumstances, in lieu of, or in addition to, a registered exchange offer, the Company and the Guarantors have agreed to file a shelf registration statement with respect to the Notes. The Company and the Guarantors are required to pay additional interest on the Notes if they fail to comply with their obligations to consummate the offer to exchange within 365 days of April 14, 2015.

The description of the Registration Rights Agreement set forth above is qualified in its entirety by reference to the terms of the Registration Rights Agreement, a copy of which is filed as Exhibit 4.2 to this Form 8-K and is incorporated herein by reference.

Credit Agreement Amendment

On September 28, 2012, the Company, as a guarantor, and MRC Energy Company, its wholly-owned subsidiary, as borrower, entered into an amended and restated senior secured revolving credit agreement (the "Revolving Credit Agreement"). For a summary of key terms of the Revolving Credit Agreement, see Item 1.01 of the Company's Current Report on Form 8-K filed on October 4, 2012, which description is incorporated herein by reference. On April 14, 2015, MRC Energy Company, as borrower, entered into an amendment (the "Amendment") to the Revolving Credit Agreement (as amended, the "Credit Agreement") and the Company reaffirmed its guaranty of MRC Energy Company's obligations under the Credit Agreement. The Amendment amends the Credit Agreement to allow for the issuance of the Notes, to reduce the borrowing base from \$450 million to \$375 million following the issuance of the Notes and maintain the conforming borrowing base at \$375 million.

The description of the Amendment set forth above is qualified in its entirety by reference to the terms of the Amendment, a copy of which is filed as Exhibit 10.2 to this Form 8-K and is incorporated herein by reference.

Item 1.02 Termination of a Material Definitive Agreement.

In connection with the issuance of the Notes, on April 14, 2014, the Company terminated the guaranty (the "Guaranty"), dated as of February 27, 2015, in favor of PlainsCapital Bank ("PlainsCapital") pursuant to which the Company guaranteed its wholly-owned subsidiary's payment obligations under the indebtedness assumed by such subsidiary in connection with its merger with Harvey E. Yates Company (the "Assumed Indebtedness"). The Assumed Indebtedness was paid in full with a portion of the proceeds from the issuance of the Notes. No material early termination fees were incurred or paid by Matador in connection with the termination of the guaranty or the repayment of the Assumed Indebtedness.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information included or incorporated by reference in Item 1.01 of this Current Report is incorporated by reference into this Item 2.03 of this Current Report.

Item 8.01. Other Events.

On April 9, 2015 the Company issued a press release announcing the pricing of the Notes. A copy of the press release is furnished as Exhibit 99.1 to this Current Report.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description of Exhibit
4.1	Indenture, dated as of April 14, 2015, by and among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee.
4.2	Registration Rights Agreement, dated as of April 14, 2015, by and among the Company, the Guarantors and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several initial purchasers named therein.
10.1	Purchase Agreement, dated as of April 9, 2015, by and among the Company, the Guarantors and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the several initial purchasers named therein.
10.2	Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of April 14, 2015, by and among MRC Energy Company, as Borrower, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent.
99.1	Press Release, dated April 9, 2015.

SIGNATURES

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

MATADOR RESOURCES COMPANY

Date: April 14, 2015

By: /s/ Craig N. Adams
Name: Craig N. Adams
Title: Executive Vice President

EXHIBIT INDEX

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