

Matador Resources Co  
Form PRE 14A  
February 09, 2015

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

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**MATADOR RESOURCES COMPANY**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: Matador Resources Co - Form PRE 14A

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  
  
  - (2) Aggregate number of securities to which transaction applies:
  
  
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  - (4) Proposed maximum aggregate value of transaction:
  
  
  - (5) Total fee paid:
  
- .. Fee paid previously with preliminary materials.
  
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  
  
  - (2) Form, Schedule or Registration Statement No.:
  
  
  - (3) Filing Party:

(4) Date Filed:

To the Matador Resources Company Shareholders:

On behalf of the Board of Directors of Matador Resources Company (the *Company*), we invite you to attend a special meeting of shareholders of the Company. The special meeting will be held at [ ], on [ ], 2015, at [ ] a.m., Central Time, for the purpose of approving an amendment to the Company's amended and restated certificate of formation to (i) increase the amount of the Company's authorized common stock (*Common Stock*) from 80,000,000 shares to 120,000,000 shares and (ii) increase the total number of shares of capital stock that the Company is authorized to issue to reflect such increase in the Company's authorized Common Stock.

The purpose of the proposed amendment is to (i) provide sufficient additional authorized shares of Common Stock so that all of the shares of the Company's new class of Series A Convertible Preferred Stock to be issued to HEYCO Energy Group, Inc. upon the closing of the previously announced Agreement and Plan of Merger, dated as of January 19, 2015 (as amended, the *Merger Agreement*), as described in the accompanying proxy statement, may be converted into shares of Common Stock and (ii) give the Company flexibility to take timely advantage of market conditions and opportunities to issue shares of Common Stock for various future corporate purposes, including potential strategic transactions (including mergers, acquisitions and other business combinations), capital-raising or financing transactions, grants and awards under equity compensation plans, stock splits and stock dividends.

Shareholders are not being asked to approve the Merger Agreement or the transactions contemplated by the Merger Agreement (the *Merger*), and the consummation of the Merger is not conditioned on shareholder approval of the proposed amendment. The Company expects to consummate the Merger prior to the special meeting and regardless of whether or not the proposed amendment is approved. Information provided in the accompanying proxy statement with respect to the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement is for informational purposes only.

Our Board of Directors unanimously recommends that our shareholders vote **FOR** the proposed amendment.

All shareholders of record at the close of business on [ ], 2015 will be entitled to vote at the special meeting or any postponement or adjournment thereof. A list of the shareholders is available at the Company's offices in Dallas, Texas.

Your vote is important. Please take the time to read the accompanying proxy statement and to vote so that your shares are represented at the special meeting. We appreciate your interest and continued support.

By Order of the Board of Directors

Joseph Wm. Foran

*Chairman and Chief Executive Officer*

[ ], 2015

**YOUR VOTE IS IMPORTANT!**

**Whether or not you will attend the meeting, please vote as promptly as possible by using the Internet or telephone or by signing, dating and returning your proxy card to the address listed on the card.**

One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, Texas 75240  
[www.matadorresources.com](http://www.matadorresources.com)

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held on [ ], 2015**

A special meeting of shareholders of Matador Resources Company (the Company) will be held at [ ], on [ ], 2015, at [ ] a.m., Central Time, to approve an amendment to the Company's amended and restated certificate of formation to (i) increase the amount of authorized common stock from 80,000,000 shares to 120,000,000 shares and (ii) increase the total number of shares of capital stock that the Company is authorized to issue to reflect such increase in the Company's authorized common stock. Attached to this notice is a proxy statement setting forth information with respect to the proposal and certain other information.

All shareholders of record at the close of business on [ ], 2015 will be entitled to vote at the meeting or any postponement or adjournment thereof. A list of the shareholders is available at the Company's offices in Dallas, Texas.

This Proxy Statement and the accompanying form of proxy are being mailed to shareholders on or about [ ], 2015.

By Order of the Board of Directors

Joseph Wm. Foran

*Chairman and Chief Executive Officer*

[ ], 2015

**YOUR VOTE IS IMPORTANT!**

**Whether or not you will attend the meeting, please vote as promptly as possible by using the Internet or telephone or by signing, dating and returning your proxy card to the address listed on the card.**

**Important Notice Regarding the Availability of Proxy Materials for the**

**Special Meeting of Shareholders to Be Held on [ ], 2015:**

**The notice of meeting and our Proxy Statement is available for viewing, printing and downloading at [ ].**

**Matador Resources Company**

**One Lincoln Centre**

**5400 LBJ Freeway, Suite 1500**

**Dallas, Texas 75240**

**[www.matadorresources.com](http://www.matadorresources.com)**

**PROXY STATEMENT**

**For**

**SPECIAL MEETING OF SHAREHOLDERS**

**To Be Held on [ ], 2015**

This Proxy Statement is being mailed on or about [ ], 2015 to the shareholders of Matador Resources Company ( Matador or the Company ) in connection with the solicitation of proxies by the Board of Directors (the Board ) of the Company to be voted at the Special Meeting of Shareholders of the Company (the Special Meeting ) to be held at [ ] on [ ], 2015, at [ ] a.m., Central Time, or at any postponement or adjournment thereof, for the purposes set forth in the accompanying Notice of Special Meeting of Shareholders. The address of the Company's principal executive office is One Lincoln Centre, 5400 LBJ Freeway, Suite 1500, Dallas, Texas 75240.

If you are a shareholder of record, you may vote in person by attending the meeting, by completing and returning a proxy by mail or by using the Internet or telephone. You may vote your proxy by mail by marking your vote on the enclosed proxy card and following the instructions on the card. To vote your proxy using the Internet or telephone, see the instructions on the proxy form and have the proxy form available when you access the Internet website or place your telephone call.

As previously announced, and as is described in additional detail under the section entitled The Merger beginning on page 11 of this Proxy Statement, on January 19, 2015, the Company entered into an Agreement and Plan of Merger (as amended, the Merger Agreement ) with HEYCO Energy Group, Inc. ( HEYCO ) and Harvey E. Yates Company (the Target ), pursuant to which the Target will merge with and into a wholly-owned subsidiary of the Company (the Merger ) and the Company will indirectly acquire certain oil and natural gas properties located in Lea and Eddy Counties, New Mexico. Upon the closing of the Merger (the Closing ), which is expected to occur on February 27, 2015, the Company will pay aggregate cash and equity consideration in the Merger, subject to certain adjustments, consisting of (i) \$37.4 million in cash, including the assumption of debt, (ii) 3,140,960 shares of the Company's common stock, \$0.01 par value per share ( Common Stock ), and (iii) 150,000 shares of a new class of the Company's Series A Convertible Preferred Stock ( Series A Preferred Stock ). Once the Proposed Amendment (as defined below) is approved by the Company's shareholders and a certificate of amendment (the Certificate of Amendment ) to the Company's amended and restated certificate of formation (the Certificate of Formation ) is filed with the Secretary of State of the State of Texas (and evidence of such filing is received), the outstanding shares of Series A Preferred Stock will automatically convert into shares of Common Stock on the basis of ten shares of Common Stock for each share of Series A Preferred Stock.

The Certificate of Formation currently authorizes the issuance of 80,000,000 shares of Common Stock. To account for the additional shares of Common Stock into which the Series A Preferred Stock will convert, and to give the Company flexibility to take timely advantage of market conditions and opportunities to issue shares of Common Stock

## Edgar Filing: Matador Resources Co - Form PRE 14A

for various future corporate purposes, the Company's shareholders are being asked to approve an amendment to Section 1 of Article 4 of the Certificate of Formation to (i) increase the number of shares of Common Stock that the Company is authorized to issue to 120,000,000 and (ii) increase the total number of shares of capital stock that the Company is authorized to issue to reflect such increase in the Company's authorized Common Stock (the Proposed Amendment). If the Proposed Amendment is not approved, the Series A Preferred Stock will remain outstanding and will begin accruing dividends at a quarterly rate of \$1.80 per share beginning on the date that is six months from the Closing. These materials describe the Proposed Amendment and are being sent to the Company's shareholders as the Company's Proxy Statement in connection with the Special Meeting.

The named proxies will vote your shares according to your directions. When voting regarding the approval of the Proposed Amendment, shareholders may vote for or against the Proposed Amendment or may abstain from voting. If you sign and return your proxy card but do not make any of the selections, the named proxies will vote your shares FOR the Proposed Amendment. The proxy may be revoked at any time before it is exercised by filing with the Company a written revocation addressed to the Corporate Secretary, by executing a proxy bearing a later date or by attending the Special Meeting and voting in person.

The record date for the determination of the shareholders entitled to notice of and to vote at the Special Meeting, or any postponement or adjournment thereof, is [ ], 2015 (the Record Date ). As of the Record Date, there were outstanding and entitled to vote [ ] shares of Common Stock. In addition, if the Record Date is after the Closing, [ ] shares of Series A Preferred Stock will be issued and outstanding, all of which will be held by HEYCO.

The presence, in person or by proxy, of the holders of record of a majority of the outstanding shares entitled to vote at the Special Meeting is necessary to constitute a quorum for the transaction of business at the Special Meeting, but if a quorum should not be present, the meeting may be adjourned from time to time until a quorum is obtained. Holders of Common Stock will be entitled to one vote per share on the Proposed Amendment and each other matter properly brought before the Special Meeting. If the Record Date is after the Closing, the holders of Common Stock and Series A Preferred Stock will be entitled to one vote per share, voting as separate classes, on the Proposed Amendment and will vote together as a single class on an as-converted basis on each other matter properly brought before the meeting.

The Proposed Amendment requires the affirmative vote of two-thirds of the outstanding shares of Common Stock and, if the Record Date is after the Closing, the Series A Preferred Stock, which will vote as a separate class. Shares held by a shareholder who abstains from voting on the Proposed Amendment will be included for the purpose of determining the presence of a quorum. An abstention will effectively count as a vote cast against the Proposed Amendment. Broker non-votes will not be counted in determining the outcome of the Proposed Amendment and will not be considered present and entitled to vote on the Proposed Amendment for quorum purposes. Pursuant to the Merger Agreement, at the Closing, HEYCO will enter into a voting agreement with the Company pursuant to which HEYCO will agree to vote all of its shares of Common Stock and Series A Preferred Stock in favor of the Proposed Amendment. If the Record Date is after the Closing, then the terms of such voting agreement will be in effect and HEYCO will have agreed to vote its shares of Common Stock and Series A Preferred Stock in favor of the Proposed Amendment. Please see the section entitled Ancillary Agreements Voting Agreement beginning on page 16 of this Proxy Statement for a description of the Voting Agreement.

The cost of preparing and mailing this Proxy Statement, the accompanying Notice of Special Meeting and proxy and any additional materials relating to the Special Meeting and the cost of soliciting proxies will be borne by the Company. We have engaged MacKenzie Partners, Inc. (the Proxy Solicitor ), a professional solicitation firm, as proxy solicitor for the Special Meeting, to whom we expect to pay approximately \$[ ] for the services it will perform in connection with the Special Meeting. Further, the Company will reimburse the Proxy Solicitor for its reasonable out-of-pocket expenses in connection therewith.

In addition to solicitation by mail, our directors, officers and employees may solicit proxies from shareholders by telephone or facsimile or in person. None of our directors, officers or employees will receive additional compensation for such solicitation. We will supply banks, brokers, dealers and other custodian nominees and fiduciaries with proxy materials to enable them to send a copy of such materials by mail to each beneficial owner of shares of Common Stock that they hold of record and will, upon request, reimburse them for their reasonable expenses in doing so.

Shareholders are not being asked to approve the Merger and the Merger is not conditioned on shareholder approval of the Proposed Amendment. The Company expects to consummate the Merger prior to the Special Meeting and regardless of whether or not the Proposed Amendment is approved. Information provided herein with respect to the Merger Agreement, the Merger and the transactions contemplated thereby is for informational purposes only.





## SUMMARY TERM SHEET

At the Special Meeting, you will be asked to approve an amendment to Section 1 of Article 4 of the Company's amended and restated certificate of formation (the Certificate of Formation) to (i) increase the number of shares of Common Stock that the Company is authorized to issue to 120,000,000 and (ii) increase the total number of shares of capital stock that the Company is authorized to issue to reflect such increase in the Company's authorized Common Stock (the Proposed Amendment). Once the Proposed Amendment is approved by the Company's shareholders and the Certificate of Amendment is filed with the Secretary of State of the State of Texas (and evidence of such filing is received), all issued and outstanding shares of Series A Preferred Stock will automatically convert into shares of Common Stock. The Series A Preferred Stock will be issued in connection with the Merger Agreement and is described in more detail beginning on page 15 of this Proxy Statement. Following is a Summary Term Sheet regarding the Merger Agreement and the transactions contemplated thereby.

### Parties to the Merger Agreement:

HEYCO Energy Group, Inc., a Delaware corporation

Harvey E. Yates Company, a New Mexico corporation, which will reincorporate as a Texas corporation prior to the Closing

Matador Resources Company, a Texas corporation

MRC Delaware Resources, LLC, a Texas limited liability company (MRC Delaware)

### The Merger:

On January 19, 2015, the Company entered into an Agreement and Plan of Merger (as amended, the Merger Agreement) with HEYCO and the Target in which the Target will merge with and into MRC Delaware (the Merger), with MRC Delaware continuing as a wholly-owned subsidiary of the Company and holding all of the assets of the Target, including certain oil and natural gas properties in Lea and Eddy Counties, New Mexico.

### Board Appointment:

Subject to the Closing, which is expected to occur on February 27, 2015, the Board has (i) increased the size of the Board from eight to nine members and (ii) appointed George M. Yates, the Chairman, President and Chief Executive Officer of HEYCO, to fill the vacancy created by such increase until the next election of directors by the Company's shareholders and, thereafter, until his successor is duly appointed. In addition, subject to the Board's fiduciary duties, the Company has agreed in the Merger Agreement to nominate Mr. Yates for re-election at the Company's 2015 Annual Meeting.

### Consideration:

The Company will pay aggregate cash and equity consideration in the Merger, subject to certain adjustments, consisting of (i) \$37.4 million in cash (including the assumption of debt), (ii) 3,140,960 shares of Common Stock and (iii) 150,000 shares of Series A Preferred Stock. The Company and HEYCO have agreed to deposit at the Closing a portion of the shares of Series A Preferred Stock issued pursuant to the Merger Agreement into escrow to satisfy potential title defect and environmental condition claims. The shares of Series A Preferred Stock held in escrow will be subject to the terms of an escrow agreement to be entered into at the Closing among the Company,

HEYCO and an escrow agent to be agreed upon by the Company and HEYCO. The private placement of the Common Stock and Series A Preferred Stock will be made in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the Securities Act ), pursuant to Section 4(a)(2) thereof.

## **Rights and Preferences of the Series A**

### **Preferred Stock:**

The shares of Series A Preferred Stock will be entitled to receive any cash dividends declared on the Common Stock on an as-converted basis. In addition, if the Proposed Amendment is not approved by the Company's shareholders within six months after the Closing, the holders of Series A Preferred Stock will be entitled to receive dividends on the Series A Preferred Stock in cash at a quarterly rate of \$1.80 per share of Series A Preferred Stock. The holders of Series A Preferred Stock will vote together with the holders of Common Stock as a single class on an as-converted basis, except with respect to matters to which the holders of Common Stock have a separate class vote as required by applicable law or regulation, in which case the holders of Common Stock will vote as a separate class. The holders of Series A Preferred Stock will vote as a separate class on matters that would adversely affect the holders of Series A Preferred Stock as compared to the holders of Common Stock.

### **Conversion of Series A Preferred**

#### **Stock:**

Once the Proposed Amendment is approved by the Company's shareholders and the Certificate of Amendment is filed with the Secretary of State of the State of Texas (and evidence of such filing is received), all issued and outstanding shares of Series A Preferred Stock will automatically convert into shares of Common Stock.

### **Ancillary Agreements:**

The Company and HEYCO have agreed to deposit at the Closing a portion of the shares of Series A Preferred Stock issued pursuant to the Merger Agreement into escrow to satisfy potential title defect and environmental condition claims. The shares of Series A Preferred Stock held in escrow will be subject to the terms of an escrow agreement to be entered into at the Closing among the Company, HEYCO and an escrow agent to be agreed upon by the Company and HEYCO. The Company has also agreed to enter into a registration rights agreement with HEYCO at the Closing, pursuant to which the Company will be required, upon request from HEYCO at any time after the one year anniversary of the Closing, to file and maintain a shelf registration statement with respect to the resale of the shares of Common Stock issued as consideration in the Merger and upon conversion of the Series A Preferred Stock, respectively, and to provide piggyback registration rights for such shares of Common Stock. In addition, at the Closing, HEYCO will enter into a voting agreement with the Company pursuant to which HEYCO will agree to vote all of its shares of Common Stock and Series A Preferred Stock in favor of the Proposed Amendment if the Record Date is after the Closing.



**INFORMATION ABOUT THE SPECIAL MEETING**

We are furnishing you this Proxy Statement in connection with the solicitation of proxies by the Board to be used at the Special Meeting and any adjournment thereof. The Special Meeting will be held on [ ], 2015 at [ ] a.m., Central Daylight Time. We are sending this Proxy Statement to our shareholders on or about [ ], 2015.