Longwood Gathering & Disposal Systems GP, Inc.
Form 424B2
May 22, 2014
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Filed Pursuant to Rule 424(b)(2)
Registration File No. 333-

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated May 22, 2014

PROSPECTUS SUPPLEMENT

(To prospectus dated May 22, 2014)

7,500,000 Shares

Matador Resources Company

Common Stock

We are selling 7,500,000 shares of our common stock. The underwriter has agreed to purchase our common stock from us at a price of $ per share, which will result in approximately $ million of proceeds to us. The underwriter may offer shares of our common stock from time to time for sale in one or more transactions on the New York Stock Exchange (NYSE), in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting (Conflicts of Interest).

Our common stock is traded on the NYSE under the symbol MTDR. On May 21, 2014, the last sale price of our common stock as reported on the NYSE was $26.13 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-13 of this prospectus supplement and on page 1 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares of common stock to purchasers on , 2014.

RBC CAPITAL MARKETS

The date of this prospectus supplement is , 2014.

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Prospectus Supplement

Prospectus

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference into this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus, as well as the information we previously filed with the Securities and Exchange Commission (the SEC) that is incorporated by reference in this prospectus, is accurate as of any date other than its respective date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement and the information incorporated by reference herein, which, among other things, describes the specific terms of this offering. The second part is the accompanying prospectus and the information incorporated by reference therein, which, among other things, gives more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both this prospectus supplement and the accompanying prospectus. If any information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Additional information about us, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to certain of our filings with the SEC. You are urged to read carefully this prospectus and the information incorporated by reference in this prospectus, including the risk factors and other cautionary statements described under the heading Risk Factors included elsewhere in this prospectus and in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2013 before investing in our common stock. See Where You Can Find More Information in this prospectus supplement.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s web site at http://www.sec.gov and at our website at http://www.matadorresources.com. You may also read and copy any document we file with the SEC at the SEC s public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room and its copy charges.

We are incorporating by reference in this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference in this prospectus is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) (excluding any information furnished pursuant to Item 2.02 or Item 7.01 on any Current Report on Form 8-K):

Our Annual Report on Form 10-K for the year ended December 31, 2013, as filed with the SEC on March 17, 2014;

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, as filed with the SEC on May 7, 2014;

Our Current Reports on Form 8-K filed with the SEC on January 2, 2014, March 12, 2014 and April 15, 2014; and

Description of our capital stock contained in our registration statement on Form 8-A filed with the SEC on January 27, 2012.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus or in any other subsequently filed document which is also incorporated, or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of any of the documents summarized or incorporated by reference in this prospectus, at no cost, by writing or telephoning us at the following address and phone number:

Matador Resources Company

Attention: Corporate Secretary

One Lincoln Centre

5400 LBJ Freeway, Suite 1500

Dallas, Texas 75240

(972) 371-5200

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement and the documents incorporated by reference herein 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 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, intend, may, might, potential, predict, project, should or other similar 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, among others: changes in oil or natural gas prices, the success of our drilling program, the timing and amount of planned capital expenditures, having sufficient cash flow from operations together with available borrowing capacity under our credit agreement, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally as well as our ability to access them, the proximity to and capacity of transportation facilities, availability of acquisitions, uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, and the other factors discussed below and elsewhere in this prospectus 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 reserves;
- our technology;
- our cash flows and liquidity;
- our financial strategy, budget, projections and operating results;
- our oil and natural gas realized prices;
- the timing and amount of future production of oil and natural gas;
- the availability of drilling and production equipment;
- 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;

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 costs of exploiting and developing our properties and conducting other operations;

general economic conditions;

competition in the oil and natural gas industry;

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- the effectiveness of our risk management and hedging activities;
- environmental liabilities;
- counterparty credit risk;
- developments in oil-producing and natural gas-producing countries;
- our future operating results;
- estimated future reserves and the present value thereof;
- our plans, objectives, expectations and intentions contained in this prospectus that are not historical; and
- other factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, 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 do not intend 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.

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SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement. See Where You Can Find More Information. Certain oil and natural gas terms used in this prospectus supplement and the accompanying prospectus are defined in the Glossary of Oil and Natural Gas Terms included as Appendix A hereto.

In this prospectus supplement, references to we, our or the Company refer to Matador Resources Company and its subsidiaries as a whole (unless the context indicates otherwise) and references to Matador refer solely to Matador Resources Company.

The Company

We are 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. Our current operations are focused primarily on the oil and liquids-rich portion of the Eagle Ford shale play in South Texas and the Wolfcamp and Bone Spring plays in the Permian Basin in Southeast New Mexico and West Texas. We also operate in the Haynesville shale and Cotton Valley plays in Northwest Louisiana and East Texas. In addition, we have a large exploratory leasehold position in Southwest Wyoming and adjacent areas of Utah and Idaho where we are testing the Meade Peak shale.

Our goal is to increase shareholder value by building oil and natural gas reserves, production and cash flows at an attractive rate of return on invested capital. We plan to achieve our goal by, among other items, executing the following business strategies:

- focus exploration and development activity on our Eagle Ford acreage in South Texas;
- explore and develop our Wolfcamp and Bone Spring acreage in the Permian Basin;
- identify, evaluate and develop oil and natural gas plays to maintain a balanced portfolio;
- continue to improve operational and cost efficiencies;
- maintain our financial discipline; and
- pursue opportunistic acquisitions.

Our focus since inception has been the exploration for oil and natural gas in unconventional plays with an emphasis in recent years on the Eagle Ford shale play in South Texas, the Haynesville shale play in Northwest Louisiana and most recently, the Wolfcamp and Bone Spring plays in the Permian Basin in Southeast New Mexico and West Texas. During 2013, we devoted most of our efforts and most of our capital investment to our drilling operations in the Eagle Ford shale in South Texas as we sought to continue to increase our oil production and reserves. Since our inception, our exploration efforts have concentrated primarily on known hydrocarbon-producing basins with well-established production histories offering the potential for multiple-zone completions. We have also sought to balance the risk profile of our prospects by exploring for more conventional targets as well, although at March 31, 2014, essentially all of our efforts are focused on unconventional plays.

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The following table presents certain summary data for each of our operating areas as of and for the periods indicated:

	Net Acreage[1]	Producing Wells[2] Gross	Producing Wells[2] Net	Total Identified Drilling Locations[2][3] Gross	Total Identified Drilling Locations[2][3] Net	Estimated Net Proved Reserves[4][5] MBOE[6]	Estimated Net Proved Reserves[4][5] % Developed	Avg. Daily Production (BOE/d)[4][6]
South Texas:								
Eagle Ford[7]	28,405	73	63.3	273	229.3	19,422	59.3	8,734
NW Louisiana/ East Texas:								
Haynesville	14,272	140	13.0	527	114.5	29,978	14.1	1,583
Cotton Valley[8]	21,168	100	63.7	71	49.3	1,326	100.0	521
Area Total[9]	25,064	240	76.7	598	163.8	31,304	17.7	2,104
Permian Basin:								
SE New Mexico, West Texas[10]	56,199	13	5.0	241	177.7	3,837	33.5	1,066
Other:								
Wyoming, Utah, Idaho	36,004							
Total	145,672	326	145.0	1,112	570.8	54,563	33.6	11,904

(1) As of May 6, 2014.

(2) As of December 31, 2013.

(3) Identified and engineered drilling locations. These locations have been identified for potential future drilling and were not producing at December 31, 2013. The total net engineered drilling locations is calculated by multiplying the gross engineered drilling locations in an operating area by our working interest participation in such locations. At December 31, 2013, these engineered drilling locations included 52 gross (39.8 net) locations to which we have assigned proved undeveloped reserves in the Eagle Ford, four gross (3.4 net) locations to which we have assigned proved undeveloped reserves in the Wolfcamp or Bone Spring plays in the Permian Basin and 125 gross (20.6 net) locations to which we have assigned proved undeveloped reserves in the Haynesville. We had no proved undeveloped reserves assigned to engineered drilling locations in any other formation at December 31, 2013.

(4) At or for the three months ended March 31, 2014.

(5) These estimates were prepared by our engineering staff.

(6) Estimated using a conversion ratio of one Bbl of oil per six Mcf of natural gas.

(7) Includes two wells producing small quantities of oil from the Austin Chalk formation and two wells producing small quantities of natural gas from the San Miguel formation in Zavala County, Texas.

(8) Includes the Cotton Valley formation and shallower zones and also includes one well producing from the Frio formation in Orange County, Texas.

(9) Some of the same leases cover the net acres shown for both the Haynesville formation and the shallower Cotton Valley formation. Therefore, the sum of the net acreage for both formations is not equal to the total net acreage for Northwest Louisiana and East Texas. This total includes acreage that we are producing from or that we believe to be prospective for these formations.

(10) Includes potential future engineered drilling locations in the Wolfcamp, Bone Spring or Avalon shale plays on our acreage in the Permian Basin at December 31, 2013.

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2014 Capital Expenditure Budget

Our 2014 drilling activity will continue to be focused on increasing our oil production and reserves in South Texas, primarily in the Eagle Ford shale play, while we expand our exploration efforts in the Permian Basin in Southeast New Mexico and West Texas. At March 31, 2014, we had two contracted drilling rigs operating on our Eagle Ford acreage in South Texas, and one contracted drilling rig operating in the Permian Basin. In April 2014, we replaced the drilling rig operating in the central portion of our Eagle Ford acreage in Karnes and Wilson Counties with a new walking rig. Due to a temporary contract overlap resulting from initiating drilling operations with the second walking rig in the central portion of our Eagle Ford acreage, we moved the rig then operating in the central Eagle Ford from Karnes County in South Texas to Loving County in West Texas. We are using this rig to drill the next two wells on our Wolf prospect in the Permian Basin. This temporary overlap was anticipated and accounted for in our original 2014 capital expenditure budget. As a result of this overlap, at May 6, 2014, we are operating four contracted drilling rigs two in the Eagle Ford and two in the Permian. We intend to use a portion of the proceeds from this offering to keep this fourth rig in the Permian Basin so that we have two drilling rigs operating in the Eagle Ford and two drilling rigs operating in the Permian Basin throughout the remainder of 2014 and 2015.

In addition to our drilling program, during the first quarter of 2014, we were notified by a subsidiary of Chesapeake Energy Corporation (Chesapeake) of its intent to drill up to a total of 30 Haynesville wells on our Elm Grove acreage in southern Caddo Parish, Louisiana during 2014. We retain the right to participate for up to a 25% working interest in all wells drilled on this property with our working interest proportionately reduced to the leasehold position in any individual drilling unit. At May 6, 2014, we have agreed to participate in 15 gross (3.4 net) Haynesville wells that have been proposed by Chesapeake on this acreage. Should Chesapeake elect to drill all 30 wells on this acreage in 2014, our working interest would be equivalent to approximately 6.3 net wells at an estimated capital expenditure of approximately $50.0 million. These Chesapeake-operated Haynesville wells were not accounted for in our original 2014 capital expenditure budget.

Between January 1, 2014 and May 6, 2014, we acquired an additional 16,100 gross (11,400 net) acres in the Permian Basin, virtually all in our Ranger/Querecho Plains and Indian Draw/Rustler Breaks prospect areas in Lea and Eddy Counties, New Mexico and in the Loving County, Texas area. Between January 1, 2014 and May 6, 2014, we also acquired 1,400 gross (1,300 net) acres in the Eagle Ford shale. As a result of these recent targeted acreage acquisitions in the Permian Basin and the Eagle Ford shale, at May 6, 2014, we have incurred approximately $45.0 million in capital expenditures for leasehold and seismic data, which exceeds our original 2014 planned capital expenditures for leasehold and seismic data acquisition of $30.0 million. In addition, we anticipate incurring an additional $35.0 million, primarily for leasehold acquisitions, to continue adding to our leasehold positions in certain targeted operating areas in the Permian Basin and the Eagle Ford shale and also in the Haynesville shale as opportunities arise throughout the remainder of 2014.

The performance to date of our initial horizontal wells in the Permian Basin is very encouraging. The Ranger 33 State Com #1H well was completed in the Second Bone Spring sand in Lea County, New Mexico in late October 2013. In its first six months on production, including the initial cleanup phase, this well produced 87,000 BOE, including almost 80,000 Bbl of oil (91% oil), and as of May 6, 2014, continued to produce between 450 and 500 Bbl of oil per day with gas lift assist. The Dorothy White #1H well was completed in the Wolfcamp A formation in Loving County, Texas in January 2014. In its first four months on production, including the initial cleanup phase, this well produced almost 100,000 BOE (66% oil) and as of May 6, 2014, continued to flow approximately 600 Bbl of oil per day and 1.8 MMcf of natural gas per day at approximately 2,700 psi flowing surface pressure on a 22/64th inch choke. Matador s third horizontal well, the Rustler Breaks 12-24-27 #1H well, a Wolfcamp B completion in Eddy County, New

Mexico, was initially tested in late February 2014 at 987 BOE per day (44% oil), including 436 Bbl of oil per day and 3.3 MMcf of natural gas per day at 3,000 psi on a 24/64th inch choke during a 24-hour initial potential test. This well has recently been connected to a natural gas pipeline and as of May 6, 2014 was flowing approximately 1,160 BOE per day, including 3.6 MMcf of natural gas and 560 Bbl of oil (48% oil), at 2,750 psi surface pressure on a 20/64th inch choke, above the well s initial 24-hour initial potential test results. Each of these wells has exceeded our expectations, particularly with the shallow declines exhibited by both the Ranger 33 State Com #1H and the Dorothy White #1H wells thus far, which we attribute to the effectiveness of the stimulation treatments performed on these wells.

As a result of our preliminary results in the Permian Basin, we have determined to operate two rigs in the Permian Basin for the remainder of 2014 and throughout 2015. As a result of the anticipated Chesapeake drilling activity in the Haynesville shale and additional leasehold and seismic data acquisitions anticipated throughout the remainder of 2014, on May 6, 2014, we increased our 2014 capital expenditure budget from $440.0 million to $540.0 million. In connection with the anticipated addition of a fourth rig throughout the remainder of 2014, we have further increased our 2014 capital expenditure budget to $570.0 million. At March 31, 2014, we had incurred $138.1 million, or approximately 24%, of this increased 2014 capital expenditure budget. Because of the timing of the addition of the fourth rig in the Permian Basin, we do not expect its addition to materially impact our anticipated 2014 oil and natural gas production or 2014 oil and natural gas revenues. Instead, we anticipate that the addition of this rig will have a material impact on our operations and financial results in 2015.

Our remaining 2014 capital expenditure budget is subject to change depending upon a number of factors, including additional well results and other data from the Eagle Ford shale and the Wolfcamp and Bone Spring plays, results of horizontal and vertical drilling and recompletions, economic and industry conditions, prevailing and anticipated prices for oil, natural gas liquids and natural gas, the availability of sufficient capital resources for drilling prospects, potential acquisitions and our financial results.

Recent Developments

Amendment to Credit Facility

On March 12, 2014, the borrowing base under our third amended and restated credit agreement (the Credit Agreement), which has a maximum facility amount of $500.0 million, was increased to $385.0 million, and the conforming borrowing base was increased to $310.0 million based on the lenders review of our proved oil and natural gas reserves at December 31, 2013. At that time, we also amended our Credit Agreement to, among other items, reduce the interest rate charged to us on our outstanding level of borrowings by 0.25% across the borrowing grid and to eliminate the current ratio covenant. At May 6, 2014, we had $300.0 million in borrowings and $0.6 million in letters of credit outstanding under our Credit Agreement.

Acreage Acquisitions

Between January 1 and May 6, 2014, we acquired an additional 16,100 gross (11,400 net) acres in Southeast New Mexico and West Texas, bringing our total Permian Basin acreage position to 87,000 gross (56,200 net) acres as of May 6, 2014. Between January 1 and May 6, 2014, we also acquired approximately 1,400 gross (1,300 net) acres prospective for the Eagle Ford in La Salle County, Texas.

Proved Oil and Natural Gas Reserves

At March 31, 2014, our estimated proved oil and natural gas reserves were 54.6 million BOE with a present value discounted at 10% (PV-10) of $739.8 million (Standardized Measure of $653.6 million), as

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compared to 51.7 million BOE with a PV-10 of $655.2 million (Standardized Measure of $578.7 million) at December 31, 2013. Our PV-10 at March 31, 2014 and December 31, 2013 may be reconciled to our Standardized Measure of discounted future net cash flows at such dates by reducing our PV-10 by the discounted future income taxes associated with such reserves. For more information on PV-10, a non-GAAP financial measure, see Summary Production and Reserves Data.

Corporate Information

We were incorporated in 2003 as a Texas corporation. Our corporate headquarters are located at 5400 LBJ Freeway, Suite 1500, Dallas, Texas 75240, and our telephone number is (972) 371-5200. Our website is located at http://www.matadorresources.com. We have not incorporated by reference into this prospectus supplement or the accompanying prospectus the information included on, or linked from, our website, and you should not consider it to be part of this prospectus supplement or the accompanying prospectus.

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The Offering

Issuer	Matador Resources Company
Common Stock Offered	7,500,000 shares
Common Stock to be Outstanding after the Offering(1)	73,306,120 shares
Use of Proceeds	We expect to receive net proceeds of approximately $ million from this offering, after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds from this offering primarily to fund a portion of our capital expenditures, including to continue to operate a fourth rig throughout the remainder of 2014, allowing us to operate two drilling rigs for the development of our acreage in the Eagle Ford shale play and two drilling rigs for the exploration and development of our acreage in the Wolfcamp and Bone Spring plays in the Permian Basin. We also intend to use net proceeds from this offering to fund targeted acquisitions of additional acreage in the Permian Basin, as well as in the Eagle Ford shale and the Haynesville shale, for our participation in additional Haynesville wells proposed by Chesapeake Energy Corporation and for other general working capital needs. Pending such uses, we intend to repay outstanding borrowings under our revolving credit facility, which amounts may be reborrowed in accordance with the terms of that facility. See Use of Proceeds.
Conflicts of Interest	Because an affiliate of RBC Capital Markets, LLC is a lender under our revolving credit facility and will receive more than 5% of the net proceeds of this offering due to the repayment of a portion of the revolving credit facility by us, RBC Capital Markets, LLC is deemed to have a conflict of interest under Rule 5121 (Rule 5121) of the Financial Industry Regulatory Authority, Inc. (FINRA). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. The appointment of a qualified independent underwriter is not required in connection with this offering as a bona fide public market, as defined in Rule 5121, exists for our common stock. See Use of Proceeds and Underwriting (Conflicts of Interest).
Risk Factors	Investing in our common stock involves substantial risks. You should carefully consider the risk factors set forth in the section entitled Risk Factors and the other information contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein, prior to making an investment in our common stock. See Risk Factors beginning on page S-13 of this prospectus supplement.
NYSE Symbol	MTDR

(1) Based on 65,806,120 shares outstanding as of May 6, 2014, and excludes 1,989,777 shares issuable pursuant to the exercise of outstanding stock options and the vesting of restricted stock units.

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Summary Historical Financial Data

We derived the summary historical financial data as of and for the years ended December 31, 2011, 2012, and 2013 from our audited consolidated financial statements included in our Annual Reports on Form 10-K for the years ended December 31, 2012 and December 31, 2013. We derived the summary historical financial data as of and for the three months ended March 31, 2013 and 2014 from our unaudited condensed consolidated financial statements included in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and March 31, 2014.

The following table should be read together with, and is qualified in its entirety by reference to, the historical combined financial statements and the accompanying notes incorporated by reference into this prospectus supplement. See Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the three months ended March 31, 2014, which are incorporated by reference into this prospectus supplement, for a discussion of the factors that affect comparability of the information reflected in the summary consolidated financial and operating data.

	Year Ended December 31,			Three Months Ended March 31,	
	2013	2012	2011	2014	2013
(In thousands, except per share data)				(Unaudited)	(Unaudited)
Statement of operations data:					
Revenues					
Oil and natural gas revenues	$ 269,030	$ 155,998	$ 67,000	$ 78,931	$ 59,319
Realized (loss) gain on derivatives	(909)	13,960	7,106	(1,843)	392
Unrealized (loss) gain on derivatives	(7,232)	(4,802)	5,138	(3,108)	(4,825)
Total revenues	260,889	165,156	79,244	73,980	54,886
Expenses					
Production taxes and marketing	20,973	11,672	6,278	6,006	4,097
Lease operating	38,720	28,184	7,244	9,351	10,899
Depletion, depreciation and amortization	98,395	80,454	31,754	24,030	28,232
Accretion of asset retirement obligations	348	256	209	117	81
Full-cost ceiling impairment	21,229	63,475	35,673		21,230
General and administrative	20,779	14,543	13,394	7,219	4,602
Total expenses	200,444	198,584	94,552	46,723	69,141
Operating income (loss)	60,445	(33,428)	(15,308)	27,257	(14,255)
Other income (expense)					
Net loss on asset sales and inventory impairment	(192)	(485)	(154)		
Interest expense	(5,687)	(1,002)	(683)	(1,396)	(1,271)
Interest and other income	225	224	315	38	67
Total other expense	(5,654)	(1,263)	(522)	(1,358)	(1,204)
Net income (loss)	$ 45,094	$ (33,261)	$ (10,309)	$ 16,363	$ (15,505)
Earnings (loss) per common share					
Basic					
Class A	$ 0.77	$ (0.62)	$ (0.25)	$ 0.25	$ (0.28)
Class B[(1)]	$	$ (0.35)	$ 0.02	$	$
Diluted					
Class A	$ 0.77	$ (0.62)	$ (0.25)	$ 0.25	$ (0.28)
Class B[(1)]	$	$ (0.35)	$ 0.02	$	$

Class B dividend declared, per share[(1)]	$	$ 0.27	$ 0.27	$	$

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(In thousands)	At December 31, 2013	2012	2011	At March 31, 2014 (Unaudited)	2013 (Unaudited)
Balance sheet data (end of period):					
Cash	$ 6,287	$ 2,095	$ 10,284	$ 14,340	$ 4,652
Certificates of deposit		230	1,335		141
Net property and equipment	845,877	591,090	399,865	959,912	610,179
Total assets	890,330	632,029	439,469	1,021,731	650,322
Current liabilities	100,327	96,492	74,576	132,875	72,483
Long-term liabilities	221,079	156,433	93,378	302,455	213,734
Total shareholders equity	$ 568,924	$ 379,104	$ 271,515	$ 586,401	$ 364,105

(In thousands)	Year Ended December 31, 2013	2012	2011	Three Months Ended March 31, 2014 (Unaudited)	2013 (Unaudited)
Other financial data:					
Net cash provided by operating activities	$ 179,470	$ 124,228	$ 61,868	$ 31,945	$ 32,229
Net cash used in investing activities	(366,939)	(306,916)	(160,088)	(93,898)	(84,672)
Oil and natural gas properties capital expenditures	(363,192)	(300,689)	(156,431)	(92,891)	(83,387)
Expenditures for other property and equipment	(3,977)	(7,332)	(4,671)	(1,007)	(1,374)
Net cash provided by financing activities	191,661	174,499	87,444	70,006	55,000
Adjusted EBITDA[2]	$ 191,771	$ 115,923	$ 49,911	$ 56,345	$ 40,672

(1) Concurrent with the completion of our initial public offering in February 2012, all outstanding shares of Class B common stock were converted to Class A common stock on a one-for-one basis.

(2) 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.

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 inventory impairment. Adjusted EBITDA is not a measure of net income (loss) 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 (loss) in calculating

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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 an 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 (loss) and net cash provided by operating activities, respectively.

	Year Ended December 31,			Three Months Ended March 31,	
	2013	**2012**	**2011**	**2014**	**2013**
(In thousands)					
Unaudited Adjusted EBITDA Reconciliation to Net Income (Loss):					
Net income (loss)	$ 45,094	$ (33,261)	$ (10,309)	$ 16,363	$ (15,505)
Interest expense	5,687	1,002	683	1,396	1,271
Total income tax provision (benefit)	9,697	(1,430)	(5,521)	9,536	46
Depletion, depreciation and amortization	98,395	80,454	31,754	24,030	28,232
Accretion of asset retirement obligations	348	256	209	117	81
Full-cost ceiling impairment	21,229	63,475	35,673		21,230
Unrealized loss (gain) on derivatives	7,232	4,802	(5,138)	3,108	4,825
Stock-based compensation expense	3,897	140	2,406	1,795	492
Net loss on asset sales and inventory impairment	192	485	154		
Adjusted EBITDA	$ 191,771	$ 115,923	$ 49,911	$ 56,345	