

## **Five Point Capital Partners and Matador Resources Form Strategic Joint Venture to Expand Midstream Business in the Delaware Basin**

**Five Point continues to focus on deploying capital in partnership with industry leading management teams**

**Delaware Basin recognized as one of the most economic and active oil and gas basins in North America**

Houston, TX – February 17, 2017 – A wholly owned subsidiary of Five Point Capital Partners LLC (“**Five Point**”) and Matador Resources Company (NYSE: MTDR) (“**Matador**”) today announced the formation of San Mateo Midstream, LLC (“**San Mateo**” or the “**JV**”) to own, operate and expand natural gas, crude oil, and produced water midstream assets in the Delaware Basin, including Matador’s midstream assets in Eddy County, New Mexico and Loving County, Texas (the “**Midstream Assets**”). At formation, Five Point and Matador owned 49% and 51% of the JV, respectively, with Matador’s midstream team continuing to operate the Midstream Assets.

The implied value of the Midstream Assets and the associated gathering, processing and disposal agreements entered into with Matador was approximately \$500 million at closing, after taking into account performance incentives. Funding for the JV includes an initial cash consideration of \$176.4 million by Five Point and certain of its co-investors, with a subsidiary of Matador contributing the Midstream Assets. The parties to the JV have also committed to spend up to an additional \$150 million in aggregate to expand the JV’s midstream operations and asset base.

David Capobianco, CEO and Managing Partner of Five Point, said, “Our JV with Matador perfectly aligns with Five Point’s strategy of proactively identifying industry leading management teams to partner with to build out world-class midstream infrastructure companies. The JV will build oil, NGL, gas and water infrastructure to support the needs of Matador, as our anchor customers, as well as third party producers in the region who seek infrastructure solutions. We firmly believe that the JV will create significant value, as the Delaware is one of the most promising producing basins in North America, yet currently lacks sufficient permanent ‘in-basin’ midstream infrastructure.”

Joseph Wm. Foran, Chairman and Chief Executive Officer of Matador, said, “We are very pleased and excited to announce this transaction with Five Point, which recognizes the significant value that Matador has already created with our midstream assets in the Delaware Basin. In addition, this joint venture gives us and our partners at Five Point the opportunity to continue to build out and expand these assets to further enhance their value for our respective stakeholders, while giving Matador the opportunity to retain operational control of these important assets and providing critical support to our ongoing exploration and production operations in the Delaware Basin. The joint venture will not only provide midstream services for Matador but will also serve third party customers in and around our Rustler Breaks and Wolf asset areas. We had many opportunities to make a deal on these assets with a number of different companies over the past year, and we are confident that Five Point is the right joint venture partner for Matador. We look forward to working together closely with the Five Point team going forward.”

Matt Morrow, COO and Managing Partner of Five Point, said “We are delighted to partner with Joe and the Matador team, who we believe to be one of the preeminent operators in North America. The Delaware Basin is one of the most economic and active oil and gas basins in all of North America, and we look forward to building a world-class infrastructure business to meet the region’s expanding needs.”

### **Additional Details on the JV:**

The JV will continue to provide firm capacity service to Matador at market rates, while also being a leading service provider to third party customers in and around Matador's Rustler Breaks and Wolf asset areas. The JV expects to expand the Black River Cryogenic Processing Plant in Matador's Rustler Breaks asset area from its current inlet capacity of 60 million cubic feet of natural gas per day to as much as 260 million cubic feet of natural gas per day. This expansion is expected to be operational as early as the first quarter of 2018 and serve both Matador and third party customers. The JV also plans to accelerate the buildout of oil, natural gas and water gathering lines throughout both the Rustler Breaks and Wolf asset areas, as well as to drill and complete at least one additional commercial salt water disposal well in the Rustler Breaks asset area in 2017.

Included in the Midstream Assets contributed by Matador to the joint venture are:

- The Black River Cryogenic Processing Plant in the Rustler Breaks asset area in Eddy County, New Mexico;
- One salt water disposal well and a related commercial salt water disposal facility in the Rustler Breaks asset area;
- Three salt water disposal wells and a related commercial salt water disposal facility in the Wolf asset area in Loving County, Texas; and
- All related oil, natural gas and water gathering systems and pipelines in both the Rustler Breaks and Wolf asset areas.

Matador retained its ownership in certain midstream assets owned in South Texas and North Louisiana.

In connection with the JV, Matador dedicated its current and future leasehold interests in the Rustler Breaks and Wolf asset areas pursuant to 15-year, fixed-fee natural gas, oil and salt water gathering agreements and salt water disposal agreements. In addition, Matador dedicated its current and future leasehold interests in the Rustler Breaks asset area pursuant to a 15-year, fixed fee natural gas processing agreement. The JV will provide Matador with firm service under each of these agreements in exchange for certain minimum volume commitments.

### **About Five Point Capital Partners**

Five Point Capital Partners is a private equity firm focused on midstream energy infrastructure and energy sector investments across North America. Five Point's investment strategy is to partner with, develop and support strong management teams through buyouts and growth capital investments within the midstream energy sector. Based in Houston, Texas, Five Point is currently investing from Five Point Capital Midstream Fund II L.P. and manages more than \$600 million of capital. For further information, please visit [www.fivepointcp.com](http://www.fivepointcp.com).

### **About Matador Resources Company**

Matador 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. Its 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. Matador also operates in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana and East Texas. Matador also conducts midstream operations in support of its exploration, development and production operations and provides natural gas

processing, natural gas, oil and salt water gathering services and salt water disposal services to third parties on a limited basis. For more information, visit Matador Resources Company at [www.matadorresources.com](http://www.matadorresources.com).

**Media Inquiries:**

Daniel Yunger or Ethan Lyle

KEKST

212-521-4800

Daniel.Yunger@kekst.com / Ethan.Lyle@kekst.com