Longwood Gathering & Disposal Systems GP, Inc.
Form S-4
March 09, 2017

Table of Contents

As filed with the Securities and Exchange Commission on March 9, 2017

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Matador Resources Company*

(Exact name of registrant as specified in its charter)

Texas	**1311**	**27-4662601**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

	Joseph Wm. Foran
	Chairman and Chief Executive Officer
	Matador Resources Company
5400 LBJ Freeway, Suite 1500	**5400 LBJ Freeway, Suite 1500**
Dallas, Texas 75240	**Dallas, Texas 75240**
(972) 371-5200	**(972) 371-5200**
(Address, including zip code, and telephone number, including area code, of registrants principal executive offices)	**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

Copies to:

Craig N. Adams	**M. Preston Bernhisel**
Executive Vice President - Land, Legal & Administration	**Baker Botts L.L.P.**
Matador Resources Company	**2001 Ross Avenue**
5400 LBJ Freeway, Suite 1500	**Dallas, Texas 75201**
Dallas, Texas 75240	**(214) 953-6500**
(972) 371-5200	

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Unit**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee**
6.875% Senior Notes Due 2023	$175,000,000	100%	$175,000,000	$20,283.00(1)
Guarantees of 6.875% Senior Notes due 2023 (2)				

(1) Calculated in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended.
(2) No separate consideration will be received for the guarantees, and no separate fee is payable pursuant to Rule 457(n) under the Securities Act of 1933, as amended.
* Includes certain subsidiaries of Matador Resources Company identified on the following page.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange

Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

***GUARANTORS**

Exact name of registrant as specified in its charter(1)	State or other jurisdiction of incorporation or organization	I.R.S. Employer Identification No.
Delaware Water Management Company, LLC	Texas	35-2514885
Longwood Gathering and Disposal Systems GP, Inc.	Texas	20-5668672
Longwood Gathering and Disposal Systems, LP	Texas	20-5668690
Longwood Midstream Delaware, LLC	Texas	61-1745124
Longwood Midstream Holdings, LLC	Texas	35-2585241
Longwood Midstream South Texas, LLC	Texas	37-1764590
Longwood Midstream Southeast, LLC	Texas	32-0448226
Matador Production Company	Texas	75-3131373
MRC Delaware Resources, LLC	Texas	37-1776519
MRC Energy Company	Texas	36-4535752
MRC Energy South Texas Company, LLC	Texas	30-0839694
MRC Energy Southeast Company, LLC	Texas	32-0447771
MRC Permian Company	Texas	20-4090232
MRC Permian LKE Company, LLC	Texas	37-1795459
MRC Rockies Company	Texas	26-4001290
Southeast Water Management Company, LLC	Texas	38-3939361

(1) The address for each registrant s principal executive office is 5400 LBJ Freeway, Suite 1500, Dallas, Texas 75240, and the telephone number of each registrant s principal executive office is (972) 371-5200.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting any offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

Subject to Completion, dated March 9, 2017

Matador Resources Company

Offer to Exchange

up to

$175,000,000 of 6.875% Senior Notes due 2023

that have been registered under the Securities Act of 1933

for any and all outstanding

$175,000,000 of 6.875% Senior Notes due 2023

that have not been registered under the Securities Act of 1933

The exchange offer and withdrawal rights will expire at 5:00 p.m., New York City time, on , 2017 unless extended.

We are offering to exchange up to $175,000,000 aggregate principal amount of our outstanding 6.875% Senior Notes due 2023, or the 2016 senior notes, for new notes with substantially identical terms that have been registered under the Securities Act of 1933, as amended, or the Securities Act, and are freely transferable, which we refer to herein as the exchange notes. On April 14, 2015, we issued $400,000,000 aggregate principal amount of 6.875% Senior Notes due 2023, all of which were exchanged in October 2015 for substantially identical notes registered under the Securities Act, which we refer to as the initial notes. We refer to the 2016 senior notes, the exchange notes and the initial notes collectively in this prospectus as the notes. We refer to this exchange as the exchange offer. We are offering you exchange notes in exchange for 2016 senior notes in order to satisfy our registration obligations from the offering of the 2016 senior notes.

The terms of the exchange notes are substantially identical to the 2016 senior notes, except that the transfer restrictions, registration rights and provisions for additional interest applicable to the 2016 senior notes do not apply to the exchange notes. The exchange notes will represent the same principal amount of debt as the 2016 senior notes, and we will issue the exchange notes under the same indenture as the initial notes and 2016 senior notes. The exchange notes will be substantially identical to, and are expected to bear the same CUSIP and ISIN numbers as, the initial notes, but will bear different CUSIP and ISIN numbers from any unexchanged 2016 senior notes. The notes will be treated as a single class under the indenture governing them.

Please read Risk Factors on page 9 of this prospectus for a discussion of factors you should consider before participating in the exchange offer.

We will exchange for an equal principal amount of exchange notes all 2016 senior notes that you validly tender and do not validly withdraw before the exchange offer expires. You may withdraw tenders of 2016 senior notes at any time prior to the expiration of the exchange offer. The exchange procedure is more fully described in The Exchange Offer Procedures for Tendering. If you fail to tender your 2016 senior notes, you will continue to hold unregistered notes that you will not be able to transfer freely.

Please read Description of the Exchange Notes for more details on the terms of the exchange notes. We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for 2016 senior notes where such 2016 senior notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

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

The date of this prospectus is , 2017.

TABLE OF CONTENTS

About This Prospectus	1
Prospectus Summary	2
The Exchange Notes	6
Risk Factors	9
Use of Proceeds	16
Ratio of Earnings to Fixed Charges	17
The Exchange Offer	18
Description of the Exchange Notes	25
Certain United States Federal Income Tax Considerations	73
Plan of Distribution	74
Legal Matters	75
Experts	75
Where You Can Find More Information	76
Cautionary Statement Regarding Forward-Looking Statements	77

This prospectus incorporates by reference business and financial information about us that is not included in or delivered with this prospectus. We will provide to each person, including any beneficial owner to whom a prospectus is delivered, a copy of these filings, other than an exhibit to these filings unless we have specifically incorporated that exhibit by reference into the filing, upon written or oral request and at no cost. Requests should be made by writing or telephoning us at the following address: Matador Resources Company, 5400 LBJ Freeway, Suite 1500, Dallas, Texas 75240, Attn: Investor Relations, telephone number: (972) 371-5200, internet website: www.matadorresources.com. To obtain timely delivery, you must request the information no later than , 2017, or the date which is five business days before the expiration date of this offer.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC. We may add, update or change in a prospectus supplement any information contained in this prospectus. You should read this prospectus and any accompanying prospectus supplement, as well as any post-effective amendments to the registration statement of which this prospectus is a part, together with the additional information described under Where You Can Find More Information before you make any investment decision.

We have not authorized any person to provide you with any information or represent anything about us other than what is contained in this prospectus. We do not take any responsibility for, and can provide no assurance as to the reliability of, any information that others may provide to you. You should not assume that the information in this prospectus or any document incorporated by reference is accurate as of any date other than the date on its front cover. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the front cover of such documents. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities offered hereunder, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

PROSPECTUS SUMMARY

This summary highlights information included or incorporated by reference in this prospectus. It may not contain all of the information that is important to you. This prospectus includes information about the exchange offer and the exchange notes and includes or incorporates by reference information about our business and our financial and operating data. Before deciding to participate in the exchange offer, you should read this entire prospectus carefully, including the information incorporated by reference in this prospectus and the Risk Factors section beginning on page 9 of this prospectus. In addition, certain statements include forward-looking information that involves known and unknown risks and uncertainties. See Cautionary Statement Regarding Forward-Looking Statements.

In this prospectus, 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.

Our 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 Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. We also operate in the Eagle Ford shale play in South Texas and the Haynesville shale and Cotton Valley plays in Northwest Louisiana and East Texas. Additionally, we conduct midstream operations primarily, as of February 17, 2017, through our midstream joint venture, San Mateo Midstream, LLC (San Mateo or the Joint Venture), in support of our exploration, development and production operations and provide natural gas processing, natural gas, oil and salt water gathering services and salt water disposal services to third parties on a limited basis.

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 the information included on, or linked from, our website, and you should not consider it to be part of this prospectus.

Table of Contents

EXCHANGE OFFER

On December 9, 2016, we completed a private offering of $175 million aggregate principal amount of 6.875% Senior Notes due 2023. As part of that offering, we entered into a registration rights agreement with the initial purchasers of the 2016 senior notes in which we agreed, among other things, to deliver this prospectus to you and to complete an exchange offer for the 2016 senior notes. Below is a summary of the exchange offer.

2016 Senior Notes	On December 9, 2016, we completed a private placement of $175 million aggregate principal amount of 6.875% Senior Notes due 2023, or the 2016 senior notes. The 2016 senior notes were issued as additional securities under an indenture dated April 14, 2015, among us, our subsidiary guarantors named therein and Wells Fargo Bank, National Association, as the trustee, as supplemented on October 1, 2015, November 4, 2015, June 8, 2016 and February 17, 2017.
	On April 14, 2015, we issued $400 million aggregate principal amount of 6.875% Senior Notes due 2023, or the initial notes, pursuant to the indenture governing the notes, all of which were exchanged for substantially identical notes registered under the Securities Act of 1933, as amended, or the Securities Act, in October 2015.
Exchange Notes	The exchange notes will be notes of the same series as the 2016 senior notes, the issuance of which has been registered under the Securities Act. The terms of the exchange notes are identical in all material respects to those of the 2016 senior notes, except that the transfer restrictions, registration rights and provisions for additional interest applicable to the 2016 senior notes do not apply to the exchange notes. The exchange notes will represent the same principal amount of debt and interest as the 2016 senior notes. The exchange notes will be substantially identical to, and are expected to bear the same CUSIP and ISIN numbers as, the initial notes, but will bear different CUSIP and ISIN numbers from any unexchanged 2016 senior notes.
Terms of the Exchange Offer	We are offering to exchange up to $175 million of exchange notes for a like amount of our 2016 senior notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof. In order to be exchanged, a 2016 senior note must be properly tendered and accepted. All 2016 senior notes that are validly tendered and not withdrawn will be exchanged. As of the date of this prospectus, there is $175 million aggregate principal amount of 2016 senior notes outstanding. We will issue exchange notes promptly after the expiration of the exchange offer.
Expiration Time	The exchange offer will expire at 5:00 p.m., New York City time, on , 2017, unless extended.

3

Table of Contents

Procedures for Tendering 2016 Senior Notes	All of the 2016 senior notes are held in book-entry form through the facilities of The Depository Trust Company, or DTC. To participate in the exchange offer, you must follow the automatic tender offer program, or ATOP, procedures established by DTC for tendering notes held in book-entry form. The ATOP procedures require that the exchange agent receive, prior to the expiration time of the exchange offer, a computer-generated message known as an agent s message that is transmitted through ATOP and that DTC confirm that: DTC has received instructions to exchange your notes; and you agree to be bound by the terms of the letter of transmittal in Annex A hereto. For more details, please read The Exchange Offer Terms of the Exchange Offer and The Exchange Offer Procedures for Tendering. Letters of transmittal should not be sent to us. Such letters should only be sent to the exchange agent. Questions regarding how to tender 2016 senior notes and requests for information should be directed to the exchange agent. See The Exchange Offer Exchange Agent.
Guaranteed Delivery Procedures	None.
Acceptance of 2016 Senior Notes for Exchange; Issuance of Exchange Notes	Subject to the conditions stated in The Exchange Offer Conditions to the Exchange Offer, we will accept for exchange any and all 2016 senior notes which are properly tendered in the exchange offer before the expiration time. The exchange notes will be delivered promptly after the expiration time.
Interest Payments on the Exchange Notes	The exchange notes will bear interest from October 15, 2016 or, if interest has already been paid on the 2016 senior notes, from the date it was most recently paid. If your 2016 senior notes are accepted for exchange, then you will receive interest on the exchange notes (including any accrued but unpaid additional interest on the 2016 senior notes) and not on the 2016 senior notes.
Withdrawal of Tenders	You may withdraw your tender of 2016 senior notes at any time prior to the expiration time. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read The Exchange Offer Withdrawal of Tenders.
Conditions to the Exchange Offer	The registration rights agreement does not require us to accept 2016 senior notes for exchange if the exchange offer or the making of any exchange by a

holder of the 2016 senior notes would violate any applicable law or SEC policy. A minimum aggregate principal amount of 2016 senior notes being tendered is not a condition to the exchange offer. Please read The Exchange Offer Conditions to the Exchange Offer for more information about the conditions to the exchange offer.

Table of Contents

Resales of Exchange Notes	Based on interpretations by the staff of the SEC in no-action letters issued to third parties, we believe that you may transfer exchange notes issued under the exchange offer in exchange for the 2016 senior notes if:

you acquire the exchange notes in the ordinary course of your business; and

you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such exchange notes.

You may not participate in the exchange offer if you are:

an affiliate within the meaning of Rule 405 under the Securities Act of Matador Resources Company; or

a broker-dealer that acquired 2016 senior notes directly from us.

If you fail to satisfy any of the foregoing conditions, you will not be permitted to tender your 2016 senior notes in the exchange offer and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of your 2016 senior notes unless such sale is made pursuant to an exemption from such requirements.

Each broker or dealer that receives exchange notes for its own account in exchange for 2016 senior notes that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell, resale or other transfer of the exchange notes issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the exchange notes. See The Exchange Offer Resales of Exchange Notes.

Certain U.S. Federal Income Tax Considerations	The exchange of the 2016 senior notes for the exchange notes will not be a taxable event for U.S. federal income tax purposes. Please read Certain United States Federal Income Tax Considerations.
Exchange Agent	Wells Fargo Bank, National Association is serving as the exchange agent in connection with the exchange offer. The address and telephone and facsimile numbers of the exchange agent are listed under the heading The Exchange Offer Exchange Agent.
Use of Proceeds	We will not receive any proceeds from the issuance of exchange notes in the exchange offer. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement. We will pay all expenses incident to the exchange offer. See Use of Proceeds and The Exchange Offer Fees and Expenses.

Table of Contents

THE EXCHANGE NOTES

The exchange notes will be substantially identical to the 2016 senior notes, except that the exchange notes will be registered under the Securities Act, and the transfer restrictions and registration rights and provisions for additional interest applicable to the 2016 senior notes will not apply to the exchange notes. The exchange notes will represent the same principal amount of debt and interest as the 2016 senior notes, and we will issue the exchange notes under the same indenture used in issuing the initial notes and 2016 senior notes.

The summary below describes the principal terms of the exchange notes. The terms and conditions described below are subject to important limitations and exceptions. The Description of the Exchange Notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

Issuer	Matador Resources Company.
Notes Offered	$175,000,000 aggregate principal amount of 6.875% Senior Notes due 2023. The terms of the exchange notes are identical in all material respects to those of the 2016 senior notes, except that the transfer restrictions, registration rights and provisions for additional interest applicable to the 2016 senior notes do not apply to the exchange notes.
Maturity Date	April 15, 2023.
Relationship with 6.875% Senior Notes due 2023 issued April 14, 2015	The exchange notes offered hereby will have substantially identical terms, other than with respect to transfer restrictions, registration rights and provisions for additional interest, as our 2016 senior notes, and will have substantially identical terms as our initial notes other than with respect to the date of issuance and issue price. The exchange notes will bear different CUSIP and ISIN numbers than any unexchanged 2016 senior notes. The exchange notes are expected to bear the same CUSIP and ISIN numbers as, and be fungible with, our initial notes. The exchange notes will be treated as a single series of debt securities with our initial notes.
Interest Rate	6.875% per year (calculated using a 360-day year).
Interest Payment Dates	April 15 and October 15 of each year, with the next payment due on , 2017. Interest on the exchange notes will accrue from October 15, 2016 or, if interest has already been paid on the 2016 senior notes, from the date it was most recently paid.
Ranking	The exchange notes will be our general unsecured senior obligations. Accordingly, they will rank: equal in right of payment to all of our existing and future senior indebtedness (including our initial notes and 2016 senior notes);

effectively subordinate in right of payment to all of our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness;

structurally subordinate in right of payment to all existing and future indebtedness and other liabilities, including trade payables, of our existing subsidiaries that do not guarantee the notes, consisting of San Mateo and its subsidiaries, and any future subsidiaries that do not guarantee the notes (in each case, other than indebtedness and other liabilities owed to us); and

Table of Contents

senior in right of payment to all of our future subordinated indebtedness.

As of the date of this prospectus, San Mateo and its subsidiaries have no outstanding indebtedness.

Subsidiary Guarantees

The exchange notes will be jointly and severally guaranteed by all of our existing subsidiaries that are the borrower or are guarantors under our revolving credit facility and may be guaranteed by certain of our future restricted subsidiaries. In the future, the guarantees may be released or terminated under certain circumstances. See Description of the Exchange Notes Subsidiary Guarantees and Description of the Exchange Notes Certain Covenants Additional Subsidiary Guarantees.

Each subsidiary guarantee will rank:

equal in right of payment to all existing and future senior indebtedness of the guarantor subsidiary;

effectively subordinate in right of payment to all existing and future secured indebtedness of the guarantor subsidiary, including its guarantee of indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness; and

senior in right of payment to any future subordinated indebtedness of the guarantor subsidiary.

Optional Redemption

At any time prior to April 15, 2018, we may, from time to time, redeem up to 35% of the aggregate principal amount of the notes with an amount of cash not greater than the net cash proceeds of certain equity offerings at the redemption price set forth under Description of the Exchange Notes Optional Redemption, if at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering.

At any time prior to April 15, 2018, we may, on any one or more occasions, redeem all or part of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the make whole premium as of, and accrued and unpaid interest, if any, to, the date of redemption. See Description of the Exchange Notes Optional Redemption.

On and after April 15, 2018, we may redeem all or part of the notes at the redemption prices set forth under Description of the Exchange Notes Optional Redemption.

Change of Control	If we experience certain kinds of changes of control, each holder of the notes may require us to repurchase all or a portion of its notes for cash at a price equal to 101% of the aggregate principal amount of such notes, plus any accrued and unpaid interest to the date of repurchase. See Description of the Exchange Notes Repurchase at the Option of the Holders Change of Control.

Table of Contents

Certain Covenants

The indenture governing the notes contains covenants that, among other things, limit the ability of our restricted subsidiaries to:

incur or guarantee additional indebtedness or issue certain types of preferred stock;

pay dividends on capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness;

transfer or sell assets;

make investments;

create certain liens;

enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us;

consolidate, merge or transfer all or substantially all of our assets;

engage in transactions with affiliates; and

create unrestricted subsidiaries.

The covenants set forth in the indenture are subject to important exceptions and qualifications that are described under Description of the Exchange Notes Certain Covenants. If the notes achieve an investment grade rating

	from each of Moody s Investors Service, Inc. and Standard & Poor s Ratings, many of these covenants will terminate.
Trustee	Wells Fargo Bank, National Association.
Governing Law	The notes and the indenture are governed by New York law.
Transfer Restrictions; Absence of a Public Market for the Notes	The exchange notes generally will be freely transferable. However, although a limited market exists for the initial notes, an active trading market for the exchange notes may not develop and, if one develops, it may not be liquid. We do not intend to make a trading market in the exchange notes after the exchange offer. Therefore, we cannot assure you as to the development of an active market for the exchange notes or as to the liquidity of any such market.
Form of Exchange Notes	The exchange notes will be represented initially by one or more global notes. The global exchange notes will be deposited with the trustee, as custodian for DTC.
Risk Factors	You should consider carefully the information set forth in the section entitled Risk Factors and all other information contained in this prospectus before deciding to invest in the exchange notes.

Table of Contents

RISK FACTORS

Before deciding to participate in the exchange offer, you should consider carefully the risks and uncertainties described below and in Item 1A Risk Factors in our annual report on Form 10-K for the year ended December 31, 2016, as updated by annual, quarterly and other reports and documents we file with the SEC after the date of this prospectus, together with all of the other information included or incorporated by reference in this prospectus. If any of the described risks actually were to occur, our business, financial condition, results of operations and cash flows could be materially adversely affected.

The risks described below are not the only ones facing the Company. Additional risks not presently known to us or that we currently deem immaterial individually or in the aggregate may also impair our business operations.

This prospectus and documents incorporated by reference herein also contain forward-looking statements that involve risks and uncertainties, some of which are described in the documents incorporated by reference in this prospectus. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks and uncertainties faced by us described below or incorporated by reference in this prospectus. See Cautionary Statement Regarding Forward-Looking Statements.

Risks Related to the Exchange Offer

If you fail to exchange 2016 senior notes, existing transfer restrictions will remain in effect and the market value of 2016 senior notes may be adversely affected because they may be more difficult to sell.

If you fail to exchange 2016 senior notes for exchange notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the 2016 senior notes. In general, the 2016 senior notes may not be offered or sold unless they are sold in transactions that are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the 2016 senior notes.

The tender of 2016 senior notes under the exchange offer will reduce the principal amount of the currently outstanding 2016 senior notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any 2016 senior notes that you continue to hold following completion of the exchange offer.

Risks Related to the Exchange Notes

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under applicable debt instruments, which may not be successful.

Our ability to make scheduled payments on or to refinance our indebtedness obligations, including our revolving credit facility and the notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure or refinance indebtedness. Our ability to restructure or refinance indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of indebtedness could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. Our revolving credit facility currently restricts our ability to dispose of assets and our use of the proceeds from such disposition. We may not be able to consummate those dispositions, and the proceeds of any such disposition may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet scheduled debt service obligations.

As of February 22, 2017, the borrowing base under our revolving credit facility was $400.0 million. In the future, we may not be able to access adequate funding under our revolving credit facility as a result of a decrease in the borrowing base due to the issuance of new indebtedness, the outcome of a subsequent borrowing base redetermination or an unwillingness or inability on the part of lending counterparties to meet their funding obligations and the inability of other lenders to provide additional funding to cover the defaulting lender s portion. Declines in commodity prices could result in a determination to lower the borrowing base in the future and, in such a case, we could be required to repay any indebtedness in excess of the redetermined borrowing base. As a result, we may be unable to implement our drilling and development plan, make acquisitions or otherwise carry out our business plans, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness.

Our leverage and debt service obligations may adversely affect our financial condition, results of operations, business prospects and our ability to make payments on the exchange notes.

As of December 31, 2016, we had approximately $575 million of outstanding indebtedness (excluding letters of credit), including no borrowings outstanding under our revolving credit facility, and we had approximately $400 million of borrowing capacity under our revolving credit facility (excluding letters of credit). Our level of indebtedness could affect our operations in several ways, including the following:

- require us to dedicate a substantial portion of our cash flow from operations to service our existing debt, thereby reducing the cash available to finance our operations and other business activities;

- limit management s discretion in operating our business and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- increase our vulnerability to downturns and adverse developments in our business and the economy generally;

- limit our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness;

place restrictions on our ability to obtain additional financing, make investments, lease equipment, sell assets and engage in business combinations;

make it more likely that a reduction in our borrowing base following a redetermination could require us to repay a portion of our then-outstanding bank borrowings;

make us vulnerable to increases in interest rates as our indebtedness under any revolving credit facility may vary with prevailing interest rates;

place us at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size or less restrictive terms governing their indebtedness; and

make it more difficult for us to satisfy our obligations under the notes or other debt and increase the risk that we may default on our debt obligations.

Table of Contents

The notes and the guarantees are unsecured obligations and are effectively subordinated to all of our existing and future secured indebtedness and structurally subordinated to liabilities of our non-guarantor subsidiaries.

The notes and the guarantees are general unsecured senior obligations ranking effectively junior to all of our existing and future secured indebtedness (including all borrowings under our revolving credit facility) to the extent of the value of the collateral securing such indebtedness. If we or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, the holders of our secured indebtedness or the secured indebtedness of such guarantor will be entitled to be paid in full from the proceeds of the assets, if any, securing such indebtedness before any payment may be made with respect to the notes or the affected guarantees. Holders of the notes will participate ratably in any remaining proceeds with all holders of our unsecured indebtedness, including unsecured indebtedness incurred after the notes are issued that does not rank junior to the notes, including trade payables and all of our other general indebtedness, based on the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient funds to pay amounts due on the notes. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness.

The notes will also be structurally subordinated to any indebtedness and other liabilities of our subsidiaries that do not guarantee the notes, consisting of San Mateo and its subsidiaries. The indenture governing the notes will permit us to form or acquire additional subsidiaries that are not guarantors of the notes in certain circumstances.

Holders of the notes will have no claim as a creditor against any of our non-guarantor subsidiaries. See Description of the Exchange Notes Brief Description of the Notes and Subsidiary Guarantees The Subsidiary Guarantees.

We and the guarantors may incur substantial additional indebtedness. This could increase the risks associated with the notes.

Subject to the restrictions in the indenture governing the notes and in other instruments governing our other outstanding indebtedness (including our revolving credit facility), we and our subsidiaries may incur substantial additional indebtedness (including secured indebtedness) in the future. Although the indenture governing the notes and our revolving credit facility contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to waiver and a number of significant qualifications and exceptions, and indebtedness incurred in compliance with these restrictions could be substantial.

If we or a guarantor incurs any additional indebtedness that ranks equally with the notes (or with the guarantees thereof), including additional unsecured indebtedness or trade payables, the holders of that indebtedness will be entitled to share ratably with holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us or a guarantor. This may have the effect of reducing the amount of proceeds paid to holders of the notes in connection with such a distribution.

Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

- whether we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;

increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and

depending on the levels of our outstanding indebtedness, our ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited.

Table of Contents

We cannot assure you that we will be able to maintain or improve our leverage position.

An element of our business strategy involves maintaining a disciplined approach to financial management. However, we are also seeking to acquire, exploit and develop additional oil and natural gas reserves and conduct midstream operations, which may require the incurrence of additional indebtedness. Although we will seek to maintain or improve our leverage position, our ability to maintain or reduce our level of indebtedness depends on a variety of factors, including future performance and our future debt financing needs. General economic conditions, oil and natural gas prices and financial, business and other factors will also affect our ability to maintain or improve our leverage position. Many of these factors are beyond our control.

The indenture governing the notes has restrictive covenants that, among other things, could limit our financial flexibility, our ability to engage in activities that may be in our long-term best interests and our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- sell assets;
- pay dividends or make certain investments;
- create liens that secure indebtedness;
- enter into transactions with affiliates; and
- merge or consolidate with another company.

See Description of the Exchange Notes Certain Covenants. Our failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our indebtedness. We would not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

The borrowing base under our revolving credit facility is subject to periodic redetermination.

The borrowing base under the revolving credit facility is determined semi-annually as of May 1 and November 1 by the lenders based primarily on the estimated value of our proved oil and natural gas reserves at December 31 and June 30 of each year, respectively. Both we and the lenders may request an unscheduled redetermination of the borrowing base once each between scheduled redetermination dates. In addition, our lenders have the flexibility to reduce our borrowing base due to a variety of factors, some of which may be beyond our control. As of February 22, 2017, our borrowing base was $400.0 million. We could be required to repay a portion of any outstanding bank debt to the extent that, after a redetermination, our outstanding borrowings at such time exceeded the redetermined borrowing base. We may not have sufficient funds to make such repayments, which could result in a default under the terms of the facility and an acceleration of the loans thereunder requiring us to negotiate renewals, arrange new financing or sell significant assets, all of which could have a material adverse effect on our business and financial results.

If we are unable to comply with the restrictions and covenants in the agreements governing the notes and our other indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that we have borrowed and would affect our ability to make principal and interest payments on the notes.

Any default under the agreements governing our indebtedness that is not cured or waived by the required lenders or holders of the notes, and the remedies sought by the holders of any such indebtedness, could make us unable to pay principal, premium, if any, and interest, or special interest, if any, on the exchange notes and substantially decrease the market value of the exchange notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest, or special interest, if any, on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the agreements governing our indebtedness (including covenants in our revolving credit facility and the indenture governing the exchange notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default:

- the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;
- the lenders under our revolving credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to obtain waivers under our revolving credit facility to avoid being in default. If we breach our c