



Diamondback Provides Supplemental Operational Update

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MIDLAND, Texas, March 19, 2020 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (NASDAQ: FANG) ("Diamondback" or the "Company") today provided an update to the operational press release it issued on March 9, 2020, as well as an update to the Company's 2020 and 2021 oil hedge positions.

Following last week's release, Diamondback has reduced activity further, including a minimum one-month break for all completion crews operating for the Company. After that break, the Company expects to judiciously reactivate crews and run between three and five completion crews, down from nine crews, for the rest of 2020 dependent upon future commodity price, with the primary goal of protecting the Company's balance sheet and cash flow. Diamondback plans to reduce its operated drilling rig count to ten by early in the third quarter as contracts roll off over the next few months, and plans to run between six and ten rigs thereafter dependent upon future commodity price, representing more than a 50% reduction in rigs from earlier this year.

As a result of this reduction in activity, the Company is expected to reduce its capital budget for 2020 by \$1.2 billion at the midpoint to \$1.5 - \$1.9 billion from its previously announced \$2.8 - \$3.0 billion capital budget, and is prepared to decrease its budget further should commodity prices remain weak. The Company's 2020 infrastructure budget will be reduced to \$90 - \$120 million from the \$150 - \$175 million previously announced. The Company's midstream budget will be reduced to \$100 - \$150 million from the \$200 - \$225 million previously announced.

The Company intends to release revised production guidance in the coming weeks, but expects production to decline from the first quarter of 2020 through the end of the year, with full year oil production lower than fourth quarter 2019 oil production of 195,000 barrels per day.

"We are in an unprecedented and uncertain market driven by fear and panic. In this environment where we do not get paid adequately for the product we produce, we will reduce activity and focus on maintaining our financial strength. Diamondback is protecting its downside by hedging almost all of its expected 2020 production and has added significant hedges for 2021 since our last update ten days ago. We are pulling out our 2016 playbook by high-grading locations to where we have mineral ownership through Viper and minimal midstream and infrastructure capital requirements, and have shifted over 70% of our planned future activity to the Midland Basin, where we have better returns through our cost structure," stated Travis Stice, Chief Executive Officer of Diamondback.

Mr. Stice continued, "Cost structure has never been more important in our business as we are in an all-out price war and Diamondback is focused on protecting its balance sheet, dividend and people. Our consolidated cash interest expense is \$220 million per year and our cash general and administrative expense is ~\$80 million per year, with all other costs on the table for removal or further reduction, including lease operating expenses and all capital. We have reduced activity dramatically and swiftly, and are prepared to reduce it further for an extended period of time to maintain our strength and be prepared to thrive again like we have in the past. We will use this slowdown to further improve our best in class execution processes, and reduce expenses to the lowest and most efficient cost structure."

DERIVATIVES UPDATE

The Company now has a total of 148.8 thousand barrels per day protected in 2020, with 91% of those hedges having unlimited downside protection as a swap, put or collar. The Company has added 73.5 thousand barrels per day of hedges in 2021 through a combination of collars and swaps.

Below is Diamondback's hedge position as of March 18, 2020. The Company has restructured a significant number of its 2020 contracts, increased 2020 hedge protection to cover a majority of expected production, and built a position to protect 2021 cash flow.

As of March 18, 2020, the Company had the following outstanding derivative contracts. The Company's derivative contracts are based upon reported settlement prices on commodity exchanges, with crude oil derivative settlements based on New York Mercantile Exchange West Texas Intermediate pricing and Crude Oil Brent and with natural gas derivative settlements based on the New York Mercantile Exchange Henry Hub pricing. When aggregating multiple contracts, the weighted average contract price is disclosed.

	Crude Oil (Bbls/day, \$/Bbl)				
	Q2 2020	Q3 2020	Q4 2020	1H 2021	2H 2021
Swaps - WTI (Cushing)	14,000	10,000	10,000	—	—
\$	48.15	45.07	45.07	—	—
Swaps - WTI (Magellan East Houston)⁽¹⁾	14,000	14,000	14,000	5,000	5,000
\$	56.98	56.98	56.98	37.78	37.78
Swaps - Crude Brent Oil⁽²⁾	27,200	21,200	21,200	16,000	5,000
\$	51.96	49.42	49.42	43.79	41.62
Puts - WTI (Cushing)	3,700	3,700	3,700	—	—
\$	50.00	50.00	50.00	—	—
Costless Collars - WTI (Cushing)	35,029	35,029	35,029	—	—
Long Put Price (\$/Bbl)	\$ 38.06	\$ 38.06	\$ 38.06	—	—
Ceiling Price (\$/Bbl)	\$ 45.09	\$ 45.09	\$ 45.09	—	—
Costless Collars - WTI (Magellan East Houston)	4,000	4,000	4,000	—	—
Long Put Price (\$/Bbl)	\$ 39.00	\$ 39.00	\$ 39.00	—	—
Ceiling Price (\$/Bbl)	\$ 49.00	\$ 49.00	\$ 49.00	—	—
Costless Collars - Crude Brent Oil	44,710	44,710	44,710	58,000	58,000

Long Put Price (\$/Bbl)	\$ 39.19	\$ 39.19	\$ 39.19	\$ 39.52	\$ 39.52
Ceiling Price (\$/Bbl)	\$ 45.43	\$ 45.43	\$ 45.43	\$ 48.26	\$ 48.26
Three-Way Collar - WTI (Cushing)	3,000	3,000	3,000	—	—
Short Put Price (\$/Bbl)	\$ 41.67	\$ 41.67	\$ 41.67	\$ —	\$ —
Long Put Price (\$/Bbl)	\$ 51.67	\$ 51.67	\$ 51.67	\$ —	\$ —
Ceiling Price (\$/Bbl)	\$ 62.12	\$ 62.12	\$ 62.12	\$ —	\$ —
Three-Way Collar - Crude Brent Oil	6,000	6,000	6,000	—	—
Short Put Price (\$/Bbl)	\$ 46.67	\$ 46.67	\$ 46.67	\$ —	\$ —
Long Put Price (\$/Bbl)	\$ 58.33	\$ 58.33	\$ 58.33	\$ —	\$ —
Ceiling Price (\$/Bbl)	\$ 74.30	\$ 74.30	\$ 74.30	\$ —	\$ —
Costless Put Spreads - WTI (Magellan East Houston)	3,800	3,800	3,800	—	—
Short Put Price (\$/Bbl)	\$ 25.00	\$ 25.00	\$ 25.00	\$ —	\$ —
Long Put Price (\$/Bbl)	\$ 50.00	\$ 50.00	\$ 50.00	\$ —	\$ —
	41,538	41,087	41,087	—	—
Basis Swaps - WTI	\$ (1.21)	\$ (1.21)	\$ (1.21)	\$ —	\$ —
	20,000	20,000	20,000	—	—
Roll Swaps - WTI	\$ 0.44	\$ 0.44	\$ 0.44	\$ —	\$ —

1. Includes 10,000 Bo/d of FY 2020 swaps whereby the Company receives \$55.00/Bbl when the settlement price is above \$40/Bbl and settlement price plus \$15/Bbl if below \$40/Bbl.
2. Excludes 11,000 Bo/d of 2H 2021 swaps extendable above \$44.77/Bbl.

	Natural Gas (Mmbtu/day, \$/Mmbtu)				
	Q2 2020	Q3 2020	Q4 2020	1H 2021	2H 2021
Natural Gas Swaps - Henry Hub	30,000	30,000	30,000	—	—
	\$ 2.55	\$ 2.55	\$ 2.55	\$ —	\$ —
Natural Gas Swaps - Waha Hub	80,000	90,000	90,000	—	—
	\$ 1.68	\$ 1.58	\$ 1.58	\$ —	\$ —
Natural Gas Basis Swaps - Waha Hub	120,000	120,000	120,000	150,000	150,000
	\$ (1.46)	\$ (1.46)	\$ (1.46)	\$ (0.70)	\$ (0.70)

About Diamondback Energy, Inc.

Diamondback is an independent oil and natural gas company headquartered in Midland, Texas focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas. For more information, please visit www.diamondbackenergy.com.

Forward Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than historical facts, that address activities that Diamondback assumes, plans, expects, believes, intends or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current expectations and beliefs, based on currently available information, as to current conditions and the outcome and timing of future events, including the domestic and foreign supply of oil and natural gas, the level of consumer demand, political and economic conditions in oil producing and consuming countries, the impact of the coronavirus outbreak on global and economic activities and oil demand, future dividends, production, drilling and capital expenditure plans and effects of hedging arrangements. These forward-looking statements involve certain risks and uncertainties that could cause the results to differ materially from those expected by the management of Diamondback. Information concerning these risks and other factors can be found in Diamondback's filings with the Securities and Exchange Commission, including its Forms 10-K, 10-Q and 8-K, which can be obtained free of charge on the Securities and Exchange Commission's web site at <http://www.sec.gov>. Diamondback undertakes no obligation to update or revise any forward-looking statement.

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