



Diamondback Energy, Inc. Provides Second Quarter Update and Announces Revised 2020 Guidance

July 14, 2020

MIDLAND, Texas, July 14, 2020 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (NASDAQ: FANG) ("Diamondback" or the "Company") today provided an operational update for the second quarter of 2020 and announced revised full year 2020 guidance.

SECOND QUARTER 2020 UPDATE

- Q2 2020 average production of 176.3 MBO/d (294.1 MBOE/d). After voluntarily curtailing 9.0 MBO/d (16.1 MBOE/d) of total Q2 2020 production, primarily in May, Diamondback elected to return this curtailed production in June, with nearly all curtailed production back online today
- Q2 2020 average realized hedged prices of \$35.21 per barrel of oil, \$7.17 per barrel of natural gas liquids and \$0.33 per Mcf of natural gas, resulting in a total equivalent price of \$22.95 per BOE. Diamondback realized total hedging gains of \$211 million in the second quarter, including \$11 million of realized gains from the early termination of 10.0 MBO/d of Q3 2020 oil hedges
- Q2 2020 average unhedged realized prices of \$21.99 per barrel of oil, \$7.17 per barrel of natural gas liquids and \$0.63 per Mcf of natural gas, resulting in a total equivalent price of \$15.39 per BOE
- Q2 2020 cash CAPEX of \$562 million. Q2 2020 activity-based CAPEX incurred of approximately \$348 million
- Drilled 58 gross operated horizontal wells and turned 15 wells to production in the second quarter, with nine wells turned to production in April, six in May and zero in June
- After averaging 13 operated drilling rigs in the second quarter with minimal completion activity, the Company is currently operating seven drilling rigs and three completion crews, with the third completion crew having begun operations in July. Drilling activity is expected to be further reduced to six rigs in July
- Assuming a continuation of current market conditions, Diamondback plans to operate between five and six operated drilling rigs and between three and four completion crews for the remainder of 2020

REVISED 2020 PRODUCTION AND CAPITAL GUIDANCE

After taking a significant, nearly three-month break from completion activity versus the Company's original expectations of just over one month, and accounting for higher than expected curtailed volumes in the second quarter, Diamondback is revising full year 2020 production guidance lower than expectations announced earlier in 2020. A summary of revised 2020 production guidance and narrowed activity level guidance is presented below:

- Full year revised 2020 production guidance of 290 – 305 MBOE/d
- Full year revised 2020 oil production guidance of 178 – 182 MBO/d
- Q4 2020 production guidance of 170 – 175 MBO/d (280 – 290 MBOE/d)
- Full year 2020 cash CAPEX guidance of \$1.8 – \$1.9 billion
- The Company expects to drill between 205 – 215 gross wells and complete between 170 – 200 gross (153 – 180 net) wells with an average lateral length of approximately 10,000 feet in 2020
- The Company plans to exit 2020 with 110 – 140 drilled but uncompleted wells ("DUCs")
- Diamondback believes it can maintain Q4 2020 oil production through full year 2021 with a capital budget 25% – 35% less than 2020's capital budget

"Diamondback made the decision to preserve value in the second quarter by suspending almost all completion activity and curtail ~5% of full quarter oil production due to the most volatile oil price market in recent history. With oil prices having recovered significantly since the decision to curtail production was made in April, Diamondback returned this production through the month of June with minimal associated cost. We brought two completion crews back to work in June, and a third crew in July. These completion crews will enable us to honor our lease obligations and subsequently stem production declines, which we expect to do by the fourth quarter of 2020 after production bottoms in the third quarter. Organizationally, we continue to improve our industry-leading cost structure, with controllable cash operating costs per BOE and capital costs per lateral foot at or below all-time lows across the board" stated Travis Stice, Chief Executive Officer of Diamondback.

Mr. Stice continued, "This year has brought many challenges, including a much different production and capital profile than originally expected. Returning completion crews to work later than originally anticipated put a deeper hole in our production profile for the year, and therefore we have revised full year 2020 oil production guidance lower by 4% at the midpoint, as we continue to provide guidance for purposes of transparency. From an activity perspective, we elected to finish out our rig contracts and limit cash costs associated with early termination fees. Accordingly, our operated rig count declined from 20 rigs on March 31 to seven today. As a result, along with the fact that Diamondback reports cash capital expenditures that match our cash flow statement, which is unique in our industry, we spent \$562 million of cash capex in the second quarter. Activity-based capital, or capital costs incurred during the quarter, was approximately \$348 million. We expect both cash and activity-based capital expenditures to decline in the second half of 2020, normalizing by the fourth quarter of 2020 at a trend in line with our 2021 maintenance capital run-rate."

Mr. Stice continued, "Diamondback will generate significant free cash flow in the second half of 2020 and into 2021 at current commodity prices. Under a maintenance capital scenario in 2021, Diamondback can hold Q4 2020 oil production flat while spending 25% - 35% less capital than 2020. Our long-term capital allocation philosophy and Diamondback's value proposition remain unchanged: protect and grow our dividend as our primary

return of capital, protect our balance sheet, and drill, complete and produce barrels with the highest margins at the lowest capital and operating costs in the industry.”

DERIVATIVES UPDATE

The Company now has an average of 168.1 thousand barrels of oil per day protected in the second half of 2020, with 98% of those hedges having unlimited downside protection as a swap, put or collar. The Company has an average of 85.5 thousand barrels of oil per day of hedge protection in 2021 through a combination of collars and swaps. These hedge positions are consolidated to include hedges in place at Viper Energy Partners LP (“Viper”).

As of June 30, 2020, the Company had the following outstanding consolidated derivative contracts, including derivative contracts at Viper. 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)			
	Q3 2020	Q4 2020	1H 2021	2H 2021
	11,000	11,000	—	—
Swaps - WTI (Cushing)	\$ 43.47	\$ 43.47	\$ —	\$ —
	4,000	10,550	5,000	5,000
Swaps - WTI (Magellan East Houston)⁽¹⁾	\$ 61.95	\$ 57.63	\$ 37.78	\$ 37.78
	24,200	24,200	10,000	5,000
Swaps - Crude Brent Oil⁽²⁾	\$ 47.62	\$ 47.62	\$ 41.56	\$ 41.62
	4,700	4,700	—	—
Puts - WTI (Cushing)	\$ 46.51	\$ 46.51	\$ —	\$ —
	—	8,000	—	—
Calls - WTI (Cushing)⁽³⁾	\$ —	\$ 45.00	\$ —	\$ —
Costless Collars - WTI (Cushing)	51,029	45,779	10,000	10,000
Long Put Price (\$/Bbl)	\$ 35.56	\$ 35.92	\$ 30.00	\$ 30.00
Ceiling Price (\$/Bbl)	\$ 41.54	\$ 42.29	\$ 43.05	\$ 43.05
Costless Collars - WTI (Magellan East Houston)	4,000	4,000	—	—
Long Put Price (\$/Bbl)	\$ 39.00	\$ 39.00	\$ —	\$ —
Ceiling Price (\$/Bbl)	\$ 49.00	\$ 49.00	\$ —	\$ —
Costless Collars - Crude Brent Oil	64,710	64,710	66,000	60,000
Long Put Price (\$/Bbl)	\$ 37.59	\$ 37.59	\$ 39.03	\$ 39.43
Ceiling Price (\$/Bbl)	\$ 45.63	\$ 45.63	\$ 48.29	\$ 48.12
Costless Put Spreads - WTI (Magellan East Houston)	3,800	3,800	—	—
Short Put Price (\$/Bbl)	\$ 25.00	\$ 25.00	\$ —	\$ —
Long Put Price (\$/Bbl)	\$ 50.00	\$ 50.00	\$ —	\$ —
	45,087	45,087	—	—
Basis Swaps - WTI (Midland)	\$ (1.33)	\$ (1.33)	\$ —	\$ —
	8,000	8,000	—	—
Basis Swaps - Argus WTL	\$ (1.31)	\$ (1.31)	\$ —	\$ —
	120,000	120,000	—	—
Roll Swaps - WTI	\$ (1.05)	\$ (1.05)	\$ —	\$ —

(1) Includes 6,550 Bo/d of swaps in the fourth quarter of 2020 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) Includes of 5,000 of swaps in the first half of 2021 whereby the counterparty has the right to extend the hedge into the second half of 2021 at an average price of \$41.50/Bbl

(3) Includes a deferred premium at a weighted-average price of \$1.89/Bbl

	Natural Gas (Mmbtu/day, \$/Mmbtu)			
	Q3 2020	Q4 2020	1H 2021	2H 2021
	60,000	60,000	120,000	120,000
Natural Gas Swaps - Henry Hub	\$ 2.48	\$ 2.48	\$ 2.57	\$ 2.57
	90,000	90,000	—	—
Natural Gas Swaps - Waha Hub	\$ 1.58	\$ 1.58	\$ —	\$ —
	145,000	145,000	230,000	230,000
Natural Gas Basis Swaps - Waha Hub	\$ (1.57)	\$ (1.57)	\$ (0.69)	\$ (0.69)

	Natural Gas Liquids (Bbls/day, \$/Bbl)			
	Q3 2020	Q4 2020	1H 2021	2H 2021
	7,000	7,000	—	—

Natural Gas Liquids Swaps - Mont Belvieu Ethane	\$ 8.43	\$ 8.43	\$ —	\$ —
	5,000	5,000	—	—
Natural Gas Liquids Swaps - Mont Belvieu Propane	\$ 21.76	\$ 21.76	\$ —	\$ —

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 beliefs, based on currently available information, as to the outcome and timing of future events, including proposed sales of assets, future dividends, production, drilling and capital expenditure plans, commodity prices, effects of hedging arrangements and the impact of the ongoing COVID-19 pandemic. 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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Source: Diamondback Energy, Inc.