

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

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. Diamondback’s activities are primarily focused on the horizontal exploitation of multiple intervals within the Wolfcamp, Spraberry, Clearfork, Bone Spring and Cline formations.

This questionnaire contains forward-looking statements as defined by the Securities and Exchange Commission. 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 the current industry and macroeconomic conditions, commodity pricing environment, production levels, any future regulatory actions affecting Diamondback, the impact and duration of the ongoing COVID-19 pandemic, acquisitions and sales of assets and drilling and capital expenditure plans. These forward-looking statements involve certain risks and uncertainties, many of which are beyond Diamondback’s control and could cause the actual results or developments to differ materially from those currently anticipated 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 reports on Forms 10-K, 10-Q and 8-K. Diamondback undertakes no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2019	December 31 2019

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Non-operated oil and gas wells	Diamondback excludes its interest in non-operated oil and gas wells because the water use data is collected by the operator and not readily available or accessible to Diamondback.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Not very important	Not very important	Water use is important for all of our operations but we rely on brackish and/or produced water where available in lieu of freshwater.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Neutral	Diamondback utilizes brackish and/or recycled water in areas where it is available and economical.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Diamondback regularly measures and monitors all water withdrawals to meet regulatory requirements and obligations to water rights holders.
Water withdrawals – volumes by source	76-99	Diamondback monitors total volumes of water across all of our operations.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	76-99	Diamondback tests water withdrawals and extrapolates the data in areas of similar aquifer characteristics.
Water discharges – total volumes	Not relevant	
Water discharges – volumes by destination	Not relevant	
Water discharges – volumes by treatment method	Not relevant	
Water discharge quality – by standard effluent parameters	Not relevant	
Water discharge quality – temperature	Not relevant	
Water consumption – total volume	100%	
Water recycled/reused	100%	
The provision of fully-functioning, safely managed WASH services to all workers	Not relevant	

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	29569	Higher	Increased completions activity caused higher water use. However, we also increased the use of recycled water in the same period.
Total discharges	0	About the same	
Total consumption	28480	Higher	Increased completions activity caused higher water use. However, we also increased the use of recycled water in the same period.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	76-99	About the same	WRI Aqueduct	We utilize the World Resources Institute's Aqueduct Water Risk Atlas to categorize scarce water zones in our operating areas and assist us in our goal of making environmentally responsible decisions for future water needs. Diamondback's operations are located entirely within the Permian Basin, much of which is considered water stressed by the World Resources Institute. Our water management practices are designed to conserve and protect water resources in the areas where we operate by prioritizing the use of low-quality produced water and brackish water in our operations and attempting to minimize the use of freshwater.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant	<Not Applicable>	<Not Applicable>	
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	
Groundwater – renewable	Relevant	29569	Please select	
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	
Produced/Entrained water	Relevant	4441	This is our first year of measurement	A portion of our produced water was collected and recycled in the completion operations of subsequent wells.
Third party sources	Not relevant	<Not Applicable>	<Not Applicable>	Third party sources are included in categories above.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Other

Tools and methods used

WRI Aqueduct

Internal company methods

Comment

Diamondback uses the World Resources Institute's Aqueduct Water Risk Atlas to categorize scarce water zones in our operating area. This tool helps guide us to make environmentally responsible decisions for future water needs. We recognize that our operations are primarily located in a water scarce region. As such, Diamondback undertook a study to classify fresh and brackish water use throughout our operating areas. This testing established total dissolved solids (TDS) as the key determining factor between fresh and brackish water, wherein freshwater contained less than 2,000 parts per million of TDS. Diamondback's overall goal is to minimize freshwater use and maximize recycled produced water and brackish water for our operations in all areas.

Supply chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, only within our direct operations

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	0	Less than 1%	Diamondback does not have existing facilities that are substantively exposed to water supply risks.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

United States of America	Not known
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Type of risk & Primary risk driver

Regulatory	Regulatory uncertainty
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Primary potential impact

Increased operating costs

Company-specific description

Diamondback's operations depend upon reliable access to water as environmental regulation and policies evolve, Diamondback's access to sourced water could become constrained or more expensive.

Timeframe

Unknown

Magnitude of potential impact

Medium

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial impact

N/A

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Diamondback has built extensive produced water recycling networks across our various operating areas that supplement freshwater use with recycled water.

Cost of response

Explanation of cost of response

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Re-using water from production operations can reduce costs and improve efficiencies by transporting water on existing pipeline infrastructure. Transporting water on existing pipeline infrastructure also reduces the number of vehicles on the road to transport water.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

Financial impact dependent on market conditions.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Company water targets and goals	Please see Diamondback's Corporate Responsibility Report for an overview of the Company's water management practices.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other, please specify (Safety, Sustainability and Corporate Responsibility Committee)

Responsibility

Assessing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	Diamondback's management are incentivized to achieve quantitative water recycling/re-use goals.

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Within our longer term planning of our corporate strategy, we consider many scenarios and risks associated with those scenarios. Regulatory and environmental criteria are a key part of that decision matrix among other things such as technical challenges, technology developments, and commodity outlook.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	As we deliberate over the key components which impact our long term corporate plan, we strategize on appropriate methods to mitigate risk to achieving that plan. Water-related matters including alternatives to the present state of our operations are thought through as a key function of our longer term planning.
Financial planning	Yes, water-related issues are integrated	5-10	We consider many financial risks and objectives related to water as a part of our long-term planning. As an example, we plan for long-term infrastructure spending to reduce our dependence on fresh water and increase our utilization of recycled water in conjunction with our long-term asset development

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Activity level specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Targets for recycling are set annually based on continuous improvement of past behavior. Reasonable stretch targets beyond what was achieved in the past are set with input from the technical and operational teams. The results and key performance indicators vs. these targets are reported to the management team quarterly by the functional groups.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water recycling/reuse

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Greater than 10% of water used for completion operations sourced from recycled water.

Quantitative metric

Other, please specify (% of recycled water used in completion operations)

Baseline year

2020

Start year

2020

Target year

2020

% of target achieved

Please explain

As 2020 is the baseline year, we will update the progress of achievement after year-end.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Reduce environmental impact of product in use phase

Level

Company-wide

Motivation

Reduced environmental impact

Description of goal

Our goal is to reduce our freshwater intensity (volume of freshwater/BOE production) and track that performance over time to ensure we're using less freshwater per BOE year over year assuming consistent activity and production levels.

Baseline year

Start year

End year

Progress

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer	Chief Financial Officer (CFO)

[Submit your response](#)

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

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I have read and accept the applicable Terms