DIAMONDBACK Energy

# Investor Presentation

**February 2021**

# Forward Looking Statement and Non-GAAP Financial Measures

**Forward-Looking Statements**

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included in this presentation that address activities, events or developments that Diamondback Energy, Inc. (“we”, the “Company” or “Diamondback”) expects, believes or anticipates will or may occur in the future are forward-looking statements. The words “believe,” “expect,” “may,” “estimates,” “will,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. However, the absence of these words does not mean that the statements are not forward-looking. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include the expectations of plans, strategies, objectives and anticipated financial and operating results of the Company, including as to the Company’s acquisitions, dispositions, drilling programs, production, hedging activities, capital expenditure levels, environmental targets, and other guidance included in this presentation. These statements are based on certain assumptions made by the Company based on management's expectations and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include the factors discussed or referenced in the Company’s filings with the Securities and Exchange Commission (“SEC”), including its Forms 10-K, 10-Q and 8-K and any amendments thereto, relating to financial performance and results, the volatility of realized oil and natural gas prices, the threat, occurrence, potential duration or other implications of epidemic or pandemic diseases, including the ongoing coronavirus (“COVID-19”) pandemic, or any government response to such threat, occurrence or pandemic; conditions of U.S. oil and natural gas industry and the effect of U.S. energy, monetary and trade policies, U.S. and global economic conditions and political and economic developments, including the impact of the recent U.S. presidential and congressional elections on energy and environmental policies and regulations, any other potential regulatory actions (including those that may impose production limits in the Permian Basin), current macroeconomic conditions, demand for oil and natural gas, impact of impairment charges, effects of hedging arrangements, availability of drilling equipment and personnel, levels of production; severe weather conditions (including the impact of the recent severe winter storms on production volume), impact of reduced drilling activity, availability of sufficient capital to execute the Company’s business plan, successful results from the Company’s identified drilling locations, the Company’s ability to replace reserves and efficiently develop and exploit its current reserves, the Company’s ability to successfully identify, complete and integrate acquisitions of properties or businesses, including the pending merger with QEP Resources, Inc. (“QEP”) and acquisition of certain assets from Guidon Operating LLC (“Guidon”), and other important factors that could cause actual results to differ materially from those projected.

Any forward-looking statement speaks only as of the date on which such statement is made, and Diamondback undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

The presentation also contains the Company’s updated capital expenditure and production guidance for 2020 and certain forward-looking information with respect to 2021. The actual levels of production, capital expenditures, expenses and other estimates may be higher or lower than these estimates due to, among other things, uncertainty in drilling schedules, changes in market demand and unanticipated delays in production. These estimates are based on numerous assumptions, including assumptions related to number of wells drilled, average spud to release times, rig count, and production rates for wells placed on production. All or any of these assumptions may not prove to be accurate, which could result in actual results differing materially from estimates. If any of the rigs currently being utilized or intended to be utilized becomes unavailable for any reason, and the Company is not able to secure a replacement on a timely basis, we may not be able to drill, complete and place on production the expected number of wells. Similarly, average spud to release times may not be maintained in 2020. No assurance can be made that new wells will produce in line with historic performance, or that existing wells will continue to produce in line with expectations. Our ability to fund our 2020 and future capital budgets is subject to numerous risks and uncertainties, including volatility in commodity prices and the potential for unanticipated increases in costs associated with drilling, production and transportation. In addition, our production estimate assumes there will not be any new federal, state or local regulation of portions of the energy industry in which we operate, or an interpretation of existing regulation, that will be materially adverse to our business. For additional discussion of the factors that may cause us not to achieve our production estimates, see the Company’s filings with the SEC, including its forms 10-K, 10-Q and 8-K and any amendments thereto. We do not undertake any obligation to release publicly the results of any future revisions we may make to this prospective data or to update this prospective data to reflect events or circumstances after the date of this presentation. Therefore, you are cautioned not to place undue reliance on this information.

**Non-GAAP Financial Measures**

Consolidated Adjusted EBITDA and Free Cash Flow are supplemental non-GAAP financial measures used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We define Consolidated Adjusted EBITDA as net income (loss) plus non-cash (gain) loss on derivative instruments, net, interest expense, net, depreciation, depletion and amortization expense, impairment of oil and natural gas properties, non-cash equity based compensation expense, capitalized equity-based compensation expense, asset retirement obligation accretion expense, loss from equity method investments, loss on damaged assets, gain (loss) on revaluation of investment, loss on extinguishment of debt and income tax (benefit) adjusted for non-controlling interest in net income (loss). Consolidated Adjusted EBITDA is not a measure of net income (loss) as determined by United States generally accepted accounting principles, or GAAP. Management believes Consolidated Adjusted EBITDA is useful because the measure allows it to more effectively evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We add the items listed above to net income (loss) in arriving at Consolidated Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Consolidated Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Consolidated Adjusted EBITDA are significant components in understanding and assessing a company’s financial performance, such as a company’s cost of capital and tax structure, as well as the historic costs of depreciable assets. Our computation of Consolidated Adjusted EBITDA may not be comparable to other similarly titled measures of other companies or to such measures in our revolving credit facility and the indenture governing our senior notes. For a reconciliation of Consolidated Adjusted EBITDA to net income (loss), and other non-GAAP financial measures, please refer to our earnings release furnished to, and other filings we make with the SEC.

Free Cash Flow is cash flow from operating activities before changes in working capital in excess of cash capital expenditures. Management believes that Free Cash Flow is useful to investors as it provides a measure to compare both cash flow from operating activities and additions to oil and natural gas properties across periods on a consistent basis. These measures should not be considered as an alternative to, or more meaningful than, net cash provided by operating activities as an indicator of operating performance. Our computation of operating cash flow before working capital changes and Free Cash Flow may not be comparable to other similarly titled measures of other companies. For a reconciliation of net cash provided by operating activities to operating cash flow before working capital changes and to Free Cash Flow, please refer to our earnings release furnished to, and other filings we make with, the SEC.

**Oil and Gas Reserves**

The SEC generally permits oil and gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC’s definitions for such terms. The Company discloses only estimated proved reserves in its filings with the SEC. The Company’s estimated proved reserves (including those of its consolidated subsidiaries) as of December 31, 2020 referenced in this presentation were prepared by Ryder Scott Company, L.P., an independent engineering firm, and comply with definitions promulgated by the SEC. Additional information on the Company’s estimated proved reserves is contained in the Company’s filings with the SEC. This presentation also contains the Company’s internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways. Actual number of locations that may be drilled may differ substantially.

# Important Information for Investors and Stockholders

**IMPORTANT INFORMATION FOR INVESTORS AND STOCKHOLDERS; ADDITIONAL INFORMATION AND WHERE TO FIND IT**

As previously announced, on December 20, 2020, the Company, QEP and Bohemia Merger Sub, Inc., the Company's wholly owned subsidiary ("Merger Sub"), entered into an Agreement and Plan of Merger, as may be amended from time to time, under which, Merger Sub will be merged with and into QEP, with QEP surviving as the Company's direct, wholly owned subsidiary (the "Pending Merger"). This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. In connection with the Pending Merger, the Company previously filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4, as amended, which was declared effective by the SEC on February 10, 2021 (the "Registration Statement"). The Registration Statement includes a proxy statement of QEP that also constitutes a prospectus of the Company. Each of the Company and QEP have filed and may continue to file other relevant documents with the SEC regarding the Pending Merger. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act. A definitive proxy statement of QEP was mailed to stockholders of QEP on or about February 10, 2021.

INVESTORS AND SECURITY HOLDERS OF THE COMPANY AND QEP ARE URGED TO READ THE REGISTRATION STATEMENT, PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT HAVE BEEN, AND MAY IN THE FUTURE BE, FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PENDING MERGER.

Investors and security holders will be able to obtain free copies of these documents and other documents containing important information about the Company and QEP, once such documents are filed with the SEC through the website maintained by the SEC at http://www.sec.gov. Copies of the documents filed with the SEC by the Company are available free of charge on the Company's website at https://www.diamondbackenergy.com/home/default.aspx under the tab "Investors" and then under the heading "Financial Information." Copies of the documents filed with the SEC by QEP are available free of charge on QEP's website at https://www.qepres.com under the tab "Investors" and then under the heading "Financial Information."

**PARTICIPANTS IN THE SOLICITATION**

The Company, QEP and certain of their respective directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and executive officers of the Company is available in its definitive proxy statement for its 2020 annual meeting, filed with the SEC on April 24, 2020, and information regarding the directors and executive officers of QEP is available in its definitive proxy statement for its 2020 annual meeting, filed with the SEC on April 2, 2020.

Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the Rule 424(b)(3) prospectus filed with the SEC on February 10, 2021. Investors should read the prospectus carefully before making any voting or investment decisions. You may obtain free copies of these documents from the Company or QEP using the sources indicated above.

# Diamondback Energy: Leading Pure-play Permian Operator

**Large Cap Permian pure-play E&P:**

- >347,000 net Midland and Delaware basin acres[1]
- Pending Guidon acquisition expected to close 2/26/2021; adds ~32,500 net acres in the Northern Midland Basin
- Shareholder vote for previously announced all-stock acquisition of QEP Resources ("QEP") scheduled for 3/16/2021; assuming a successful close, will provide updated FY 2021 guidance giving effect to QEP thereafter

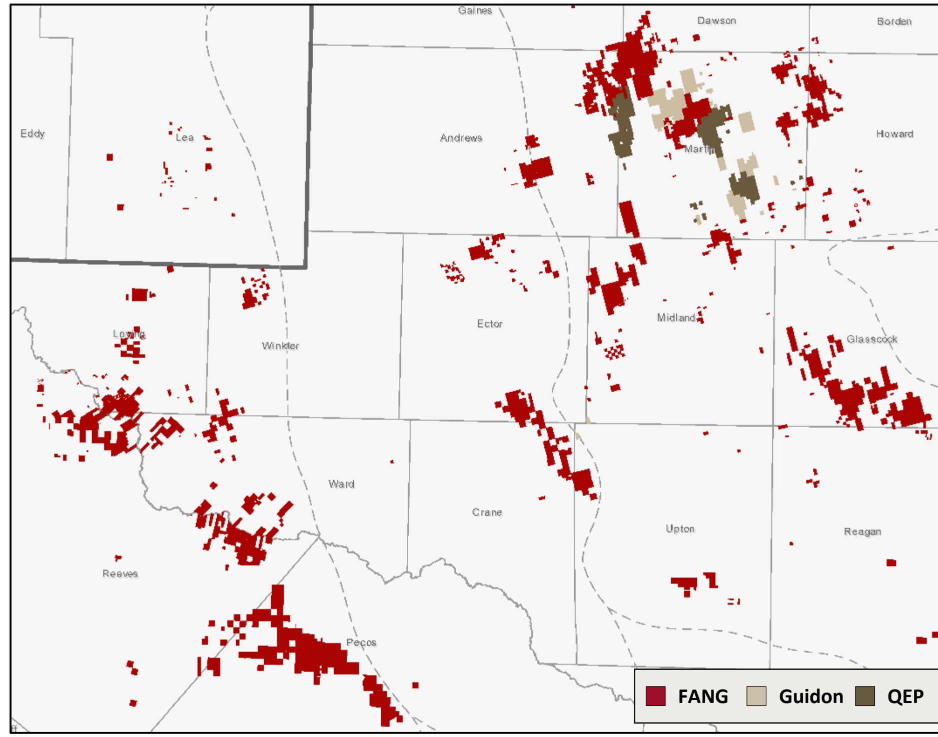
**Low Cost Structure and Capital Flexibility:**

- Generated >$240 million of Free Cash Flow ("FCF") in Q4 2020, with cash operating costs of $6.87 per boe[2]
- Expect to maintain expected pro forma Q4 2020 oil production with 22% less capital than standalone 2020
- Targeting 2021 reinvestment rate of ~70% assuming WTI oil prices of $40/Bbl with significant Free Cash Flow[2]

**Significant Liquidity and Capital Return:**

- $1.60 per share annual dividend, up 7% from $1.50 per share previously[4]
- >$2.0 billion of standalone liquidity as of YE 2020[3]
- $191 million maturity in September 2021; no other material term debt maturities until 2024

## Diamondback Pro Forma Acreage Map[5]




## Diamondback Market Snapshot

NASDAQ Symbol: FANG

Market Cap: $10,359 million

Net Debt: $5,751 million

Enterprise Value: $17,120 million

Share Count: 158 million

2021 Annual Dividend: $1.60 (2.4% current yield)[4]

*Source: Company data, public filings, and Bloomberg. Financial data as of 12/31/2020. Market data as of 2/19/2021.*

(1) *Net acreage excludes exploratory and conventional Diamondback acreage, as well as acreage from the pending Guidon and QEP transactions.*

(2) *FCF defined as operating cash flow before changes in working capital less cash CAPEX. Reinvestment rate calculated as cash CAPEX divided by pre-dividend operating cash flow before changes in working capital. See slides 8-9 for more detail.*

(3) *Excludes Viper and Rattler.*

(4) *Yield based on 2/19/2021 closing price. Future dividends subject to the discretion and approval of the Board of Directors.*

(5) *Includes ~81,500 net surface acres in the Midland Basin from the pending Guidon and QEP transactions.*

# Diamondback: Investment Highlights

| | |
|---|---|
| **Q4 2020 Highlights** | ◆ Generated $242 million of FCF in Q4 2020[1]<br>◆ Q4 2020 oil production of 175.8 Mbo/d (299.0 Mboe/d); up 3% over Q3 2020<br>◆ Q4 2020 cash operating costs of $6.87 per boe; including cash G&A of $0.51 per boe<br>◆ Q4 2020 dividend of $0.40 / share; payable March 11, 2021<br>◆ Reduced flaring to 0.9% of gross gas production in Q4 2020, down >80% from 2019 |
| **2021 Guidance: Pro Forma for Guidon Transaction** | ◆ FY 2021 production guidance of 178 – 185 Mbo/d (308 – 325 Mboe/d)<br>◆ FY 2021 cash CAPEX guidance of $1.35 - $1.55 billion; implies 22% reduction from 2020<br>◆ Expect to drill 180 – 200 gross wells and complete 215 – 235 gross horizontal wells in 2021 with an average lateral of ~10,100 feet (75% Midland Basin / 25% Delaware Basin)<br>◆ Midland Basin D,C&E cost guidance of $520 - $580 per lateral foot[2]<br>◆ Delaware Basin D,C&E cost guidance of $720 - $800 per lateral foot[2] |
| **2021 Investment Framework** | ◆ Current plan focused on maintaining pro forma Q4 2020 oil production through 2021; implies 3% increase to Q4 2020 run-rate oil production for 22% less capital than standalone 2020 plan<br>◆ Expect to generate over $625 million of pre-dividend Free Cash Flow in 2021, with a reinvestment rate of ~70%, assuming $40/Bbl WTI oil prices[1]<br>◆ Increased annual cash dividend to $1.60 / share; up 7% from $1.50 / share previously<br>◆ Free Cash Flow in excess of dividend expected to be used for debt reduction |
| **ESG Initiatives** | ◆ Committed to reducing Scope 1 GHG intensity by at least 50% from 2019 levels by 2024<br>◆ Committed to reducing methane intensity by at least 70% from 2019 levels by 2024<br>◆ "Net Zero Now": As of January 1, 2021, every hydrocarbon molecule produced by Diamondback is anticipated to be produced with zero net Scope 1 emissions |

*Source: Company data and filings. Financial data as of 12/31/2020 unless otherwise noted.*
*(1) Free Cash Flow ("FCF") defined as operating cash flow before changes in working capital less cash CAPEX. Reinvestment rate defined as cash CAPEX divided by pre-dividend cash flow from operations before changes in working capital. See slides 8-9 for more detail.*
*(2) Well costs assume gross Rattler costs. Please see note 4 on slide 6 for more detail.*



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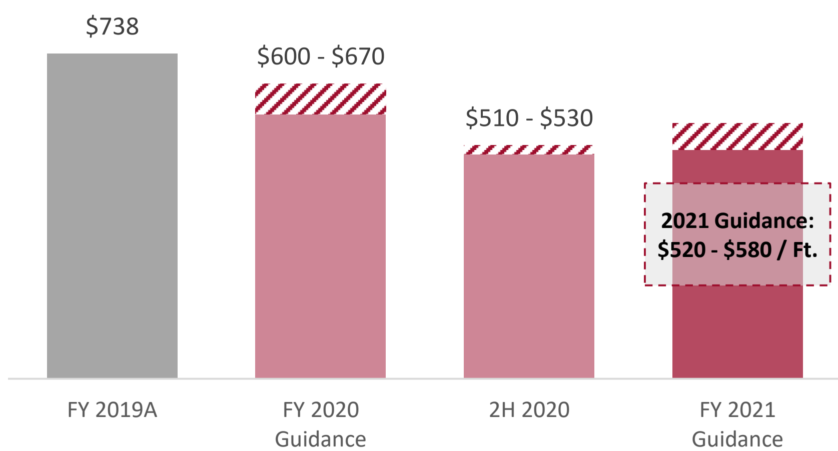
# Fourth Quarter 2020 Execution

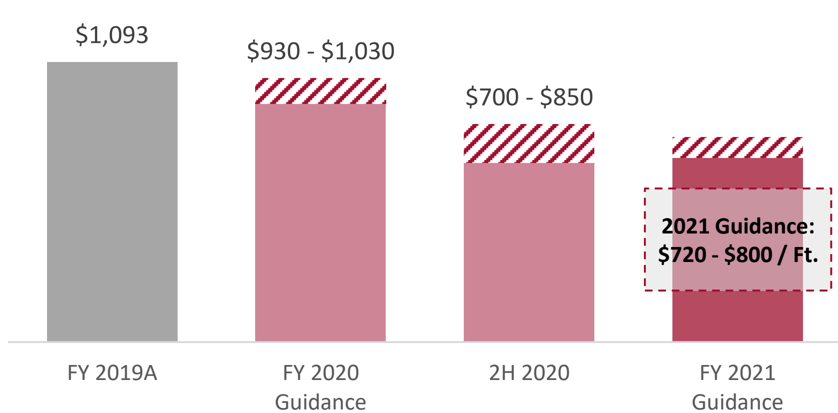
## Q4 2020 Execution

| | Q3 2020 | | Q4 2020 |
|---|---|---|---|
| **Oil Production** *Net Mbo/d* | 170 | +3% | 176 |
| **Net Lateral Feet** *TIL Net Ft. (1,000's)* | 400 | +5% | 421 |
| **Cash CAPEX** *$MM[(1)]* | $281 | -20% | $226 |
| **Quarterly Dividend** *$ / Share* | $0.375 | +7% | $0.400 |
| **Free Cash Flow** *$MM[(2)]* | $153 | +58% | $242 |
| **Controllable Cash Costs** *$ / Boe[(3)]* | $4.28 | -9% | $3.89 |

## Gross Midland Basin D,C&E Well Costs ($ / Ft.)[(4)]




## Gross Delaware Basin D,C&E Well Costs ($ / Ft.)[(4)]




*Source: Company data, filings and estimates.*

*(1) Capital budget includes spending for operated drill, complete and equip ("D,C&E"), non-operated properties and capital workovers, midstream and infrastructure; excludes long-haul pipeline investments and acquisitions.*

*(2) Free cash flow calculated as operating cash flow before changes in working capital and dividends, less cash CAPEX for D,C&E, non-operated properties and workovers, midstream, infrastructure and environmental; excludes long-haul pipeline investments.*

*(3) Controllable cash casts defined as the sum of lease operating expense and cash G&A expenses.*

*(4) Well costs assume gross Rattler costs. Net benefit of Rattler margins would result in approximately $25/Ft. of extra savings in the Midland Basin and approximately $40/Ft. of extra savings in the Delaware Basin.*



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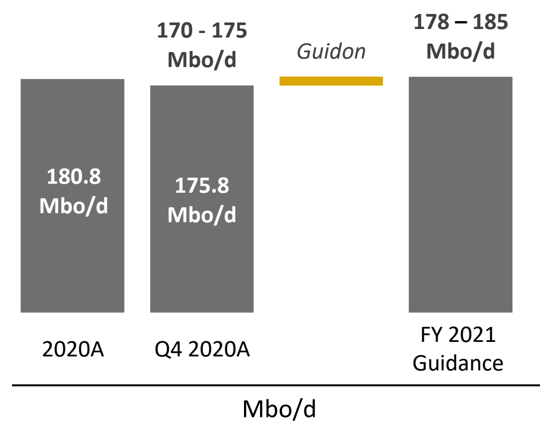
# Overview of 2021 Guidance and Capital Budget

## 2021 Activity and Guidance Midpoints vs 2020

| | 2020A | Change | Initial 2021 Guidance |
|---|---|---|---|
| **Oil Production** *Net Mbo/d* | 181 | ~flat | 182 |
| **TIL Lateral Feet** *Net Ft. (1,000's)* | 1,668 | +25% | 2,081 |
| **Drilled Lateral Feet** *Net Ft. (1,000's)* | 1,968 | -16% | 1,656 |
| **Capital Budget** *$MM[(1)]* | $1,859 | -22% | $1,450 |
| **Annual Dividend** *$ / Share* | $1.50 | +7% | $1.60 |
| **Free Cash Flow** *$40 / Bbl WTI; $MM[(2)]* | $162 | +2.9x | $625+ |

## 2021 Production and Activity Outlook

**2021 plan focused on maintaining pro forma Q4 2020 oil production**

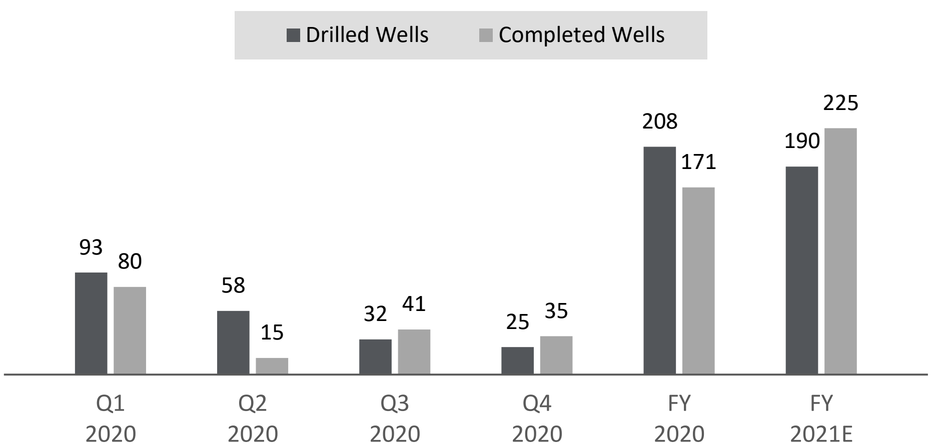



**180 – 200**
Gross operated wells drilled

**215 – 235**
Gross operated wells TIL

**75%**
Midland Basin net lateral ft.

## 2021 Gross Operated Activity Summary (Guidance Midpoint)




Source: Company data, filings and estimates.

(1) Capital budget includes spending for operated drill, complete and equip ("D,C&E"), non-operated properties and capital workovers, midstream and infrastructure; excludes long-haul pipeline investments and acquisitions.

(2) Free cash flow calculated as operating cash flow before changes in working capital and dividends, less cash CAPEX for D,C&E, non-operated properties and workovers, midstream, infrastructure and environmental; excludes long-haul pipeline investments. See slides 8-9 for more detail.



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# 2021 Free Cash Flow Sensitivity

- Diamondback believes it can maintain Q4 2020 oil production (pro forma for the pending Guidon acquisition) with estimated cash CAPEX of $1.35 - $1.55 billion in 2021; implies 22% decrease relative to standalone CAPEX for 2020
- Diamondback expects to generate over $625 million of pre-dividend free cash flow at $40/Bbl WTI
- Protecting dividend and maintenance capital with forward expected cash flow remains capital allocation priority, with any potential tailwinds from increasing commodity prices to be used for debt reduction

## Illustrative 2021E Consolidated Free Cash Flow at Various WTI Oil Prices ($MM)(1)

### FY 2021 Assumptions

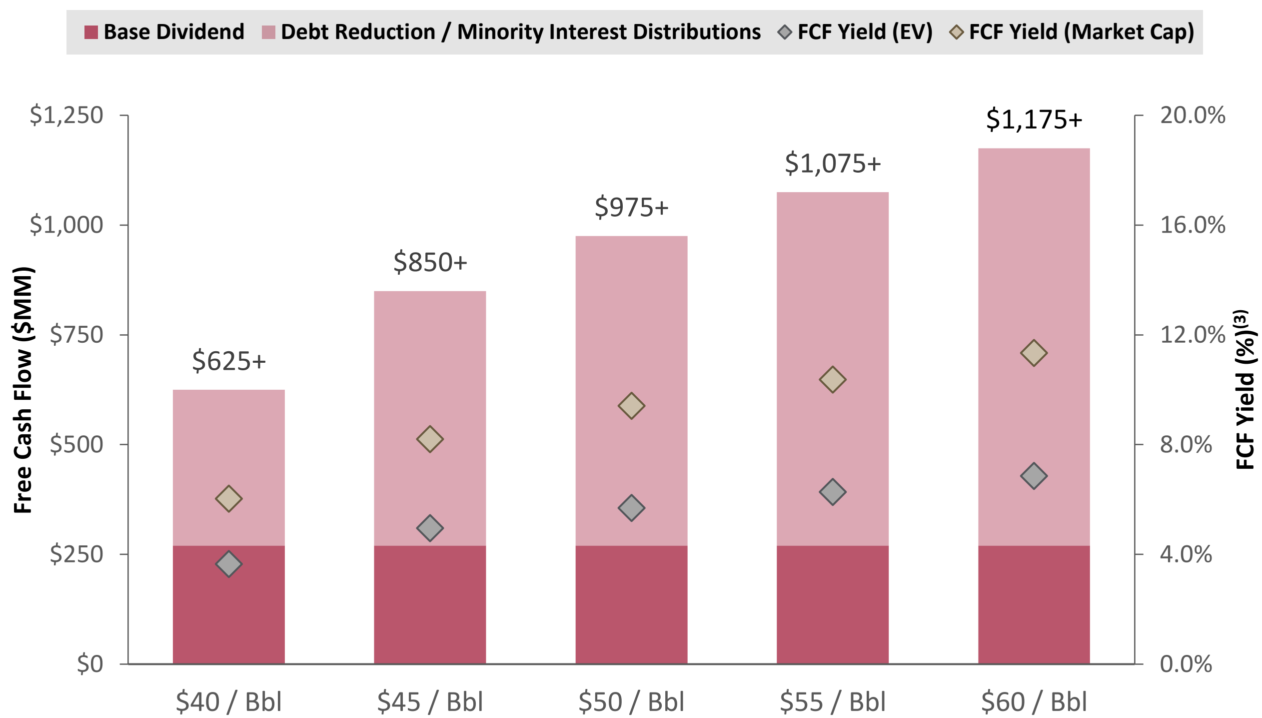
**178 - 185 Mbo/d**
Oil Production

**$1.35 - $1.55 billion**
Cash CAPEX(2)

**~95%**
% of WTI Realized ($/Bbl)

**$11/Bbl / $2/Mcf**
Unhedged NGL / Gas Prices

**$1.60 / Share**
Annual Shareholder Dividend



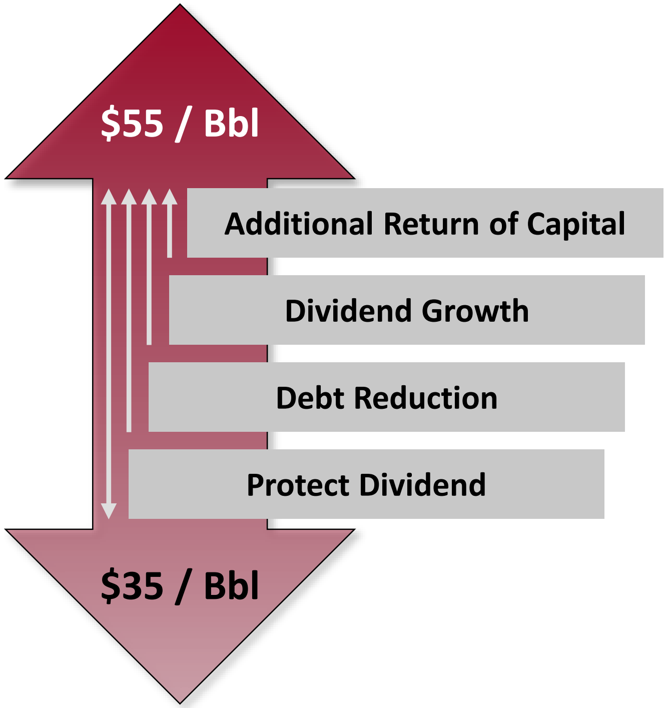



Source: Company data, filings and estimates. Note: All 2021E scenarios incorporate identical activity levels, capital spending, production, respectively; assumes current cash operating costs, well costs and incorporate current hedges.
(1) Free cash flow defined as operating cash flow before changes in working capital less cash CAPEX (defined below).
(2) Defined as capital spending for operated D,C&E, non-operated properties and capital workovers, midstream and infrastructure; excludes long-haul pipeline investments and acquisitions.
(3) Free cash flow yield calculated as free cash flow divided by FANG's enterprise value ("EV") and FANG's market capitalization ("Market Cap") as of 2/19/2021, respectively.

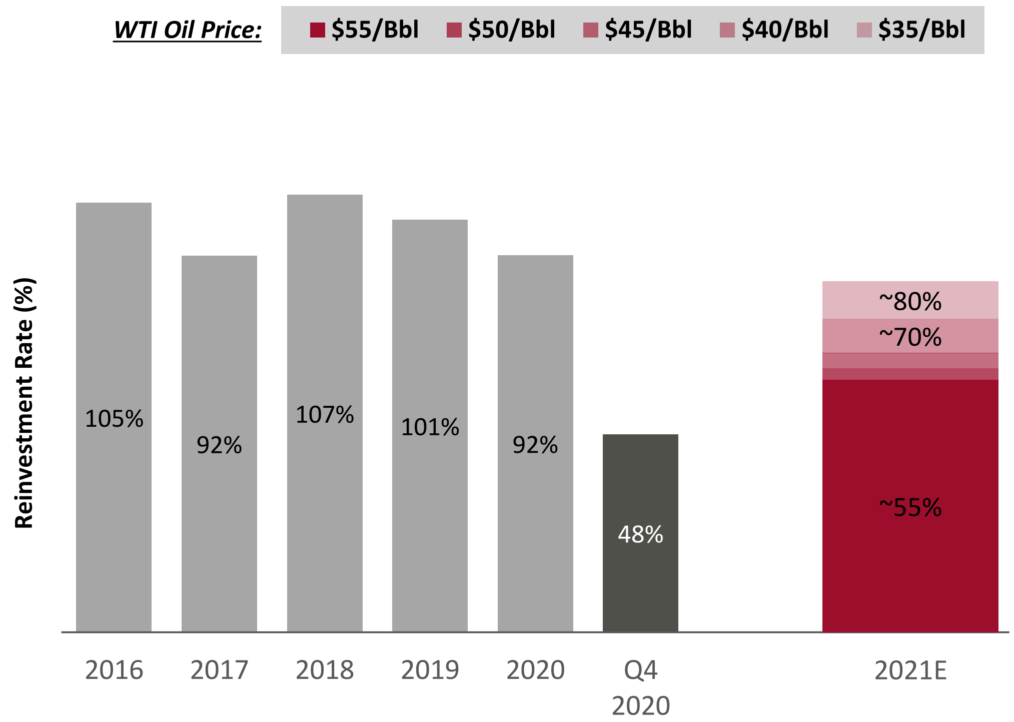
# Diamondback Investment Framework

- Diamondback has the size, scale, balance sheet, asset quality and cost structure to weather a prolonged downturn and thrive in the inevitable upcycle
- Diamondback's investment framework and capital allocation philosophy at current oil prices remains very simple: protect and consistently grow our base dividend, spend maintenance capital to hold oil production flat, and use excess Free Cash Flow to pay down debt
- Recent commodity price strengthening does not change this capital allocation framework

## Investment Framework




## Historical and Future Reinvestment Rates (%)(1)




*Source: Company data, filings and estimates. Note: All 2021E scenarios incorporate identical activity levels, capital spending, production, respectively; assumes current cash operating costs, well costs and incorporate current hedges.*
*(1) Reinvestment rate calculated as cash CAPEX (defined below) divided by pre-dividend cash flow from operations before changes in working capital. See slide 8 for additional detail.*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# Diamondback Acquiring Tier-1 Assets in the Northern Midland Basin

## Summary of Transactions

| QEP | |
|---|---|
| Transaction Size | ◆ $2.15 billion at announcement |
| Consideration | ◆ 100% stock-for-stock merger<br>◆ 12.27 MM FANG shares issued to QEP shareholders (0.05x exchange ratio)<br>◆ Implied value of $2.29 per QEP share |
| Announced Synergies | ◆ At least $60 - $80 million per year |
| Timing | ◆ Expected to close in late Q1 2021[1] |

| Guidon | |
|---|---|
| Transaction Size | ◆ $862 million at announcement |
| Consideration | ◆ 10.63 MM FANG shares issued to the seller<br>◆ $375 million cash<br>◆ Cash component expected to be funded through a combination of cash on hand and revolver borrowings |
| Timing | ◆ Expected to close February 26, 2021 |

## Key Highlights

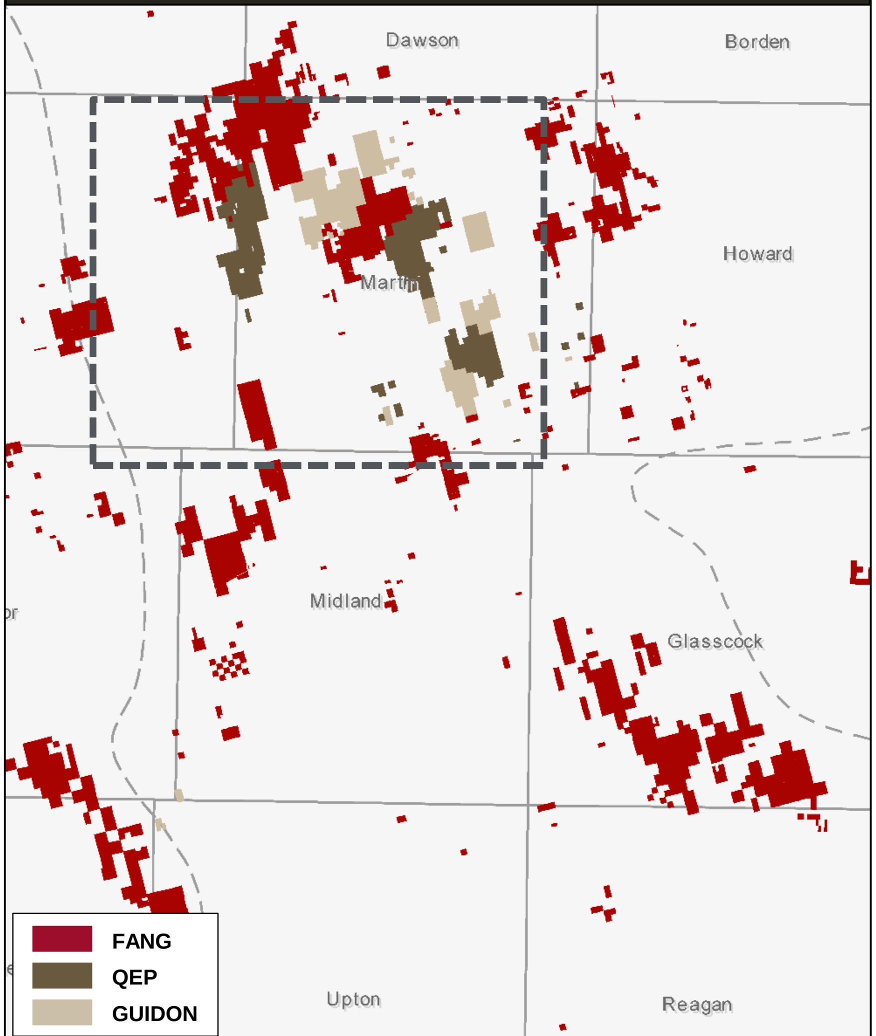
- Logical, disciplined Midland Basin consolidation of assets with a largely overlapping footprint
- Diamondback to deploy its low cost structure and investment grade balance sheet on Tier-1 assets
- Further enhances Diamondback's value proposition of consistent free cash flow generation, balance sheet strength and return of capital to shareholders
- Accretive across all relevant cash flow and return metrics *before* synergies ($60 - $80 million per year; PV-10 value of ~$500 - $700MM)[2]
  - G&A savings
  - Cash savings on reduced interest expense on refinanced / repaid QEP debt
  - Improved in-field operating costs
  - Optimized development, longer laterals
  - QEP's significant midstream assets
  - Potential divestment of Williston Basin, with potential sale proceeds to be used towards debt reduction, or harvest for cash flow

**Diamondback has entered into definitive agreements to acquire QEP and assets from Guidon, adding over 81,500 net acres in the Northern Midland Basin**

*Source: Management estimates, Company filings and Bloomberg; market data as of 12/18/2020.*
*(1) Expected to close shortly following the special meeting of QEP stockholders scheduled for 3/16/2021, subject to QEP stockholder approval.*
*(2) Represents PV-10 over the life of QEP's production as of 12/18/2020.*

# Summary of QEP and Guidon Midland Basin Assets

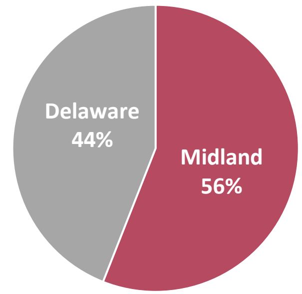
## Midland Basin Acreage Overview




## Net Permian Acres ('000s)[1]

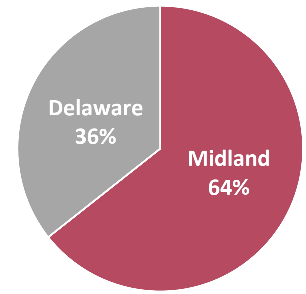
**42% Increase in Midland Basin Acreage**

**Status Quo**




**Total Net Permian Acres: 347k**

**Pro Forma**




**Total Net Permian Acres: 429k**

## Key Asset Statistics

| | QEP | Guidon |
|---|---|---|
| Net Permian Acres | 49,064 | ~32,500 |
| Permian Production (Mboe/d)[1] | 48 | 18 |
| Permian Oil Production (Mbo/d)[1] | 30 | 12 |
| Total Production (Mboe/d)[2] | 77 | 18 |

*Source: Company data, filings, and estimates and Enverus.*
*(1) Based on Q3 2020 actual production.*
*(2) QEP total production includes Williston production.*

# Environmental Strategy Update

- Diamondback recently announced significant changes to environmental, social and governance ("ESG") performance and disclosure, including Scope 1 and methane emissions intensity reduction targets as well as a commitment to Scope 1 carbon emission neutrality, or "Net Zero Now"
- Carbon emissions are seen as a “cost” at Diamondback, and we expect to become the low-cost carbon operator as well as the leader in operating and capital costs

| Recent and Planned Changes to Environmental Strategy | |
|---|---|
| Greenhouse Gas (“GHG”) Emissions Reduction Targets | ◆ **Reduce Scope 1 GHG intensity by at least 50% from 2019 levels by 2024**<br>◆ **Reduce methane intensity by at least 70% from 2019 levels by 2024** |
| “Net Zero Now” | ◆ **As of January 1, 2021, every hydrocarbon produced by Diamondback is anticipated to be produced with zero net Scope 1 emissions**<br>◊ Recognizing the Company will still have a carbon footprint, Diamondback will purchase carbon offset credits to offset remaining emissions<br>◊ Intend to eventually invest in income-generating projects that will more directly offset remaining Scope 1 emissions |
| Short-term Incentive Compensation (“STI”) | ◆ **Increase ESG component weighting to 20% from 15% currently**<br>◊ Component to be determined by meeting or exceeding the same key environmental and safety metrics as 2020: flaring intensity, GHG intensity, recycled water percentage, fluid spill control and TRIR (safety)<br>◊ Thresholds will all meet or exceed 2020 actual performance |

*Source: Company data and filings.*

# CO2e Emissions Breakdown and Strategic Reduction Initiatives

## Diamondback 2019 CO2e Emissions Detail and Strategic Initiatives:

**<u>Gas Pneumatic Devices:</u>**
**~7% of CO2e emissions**

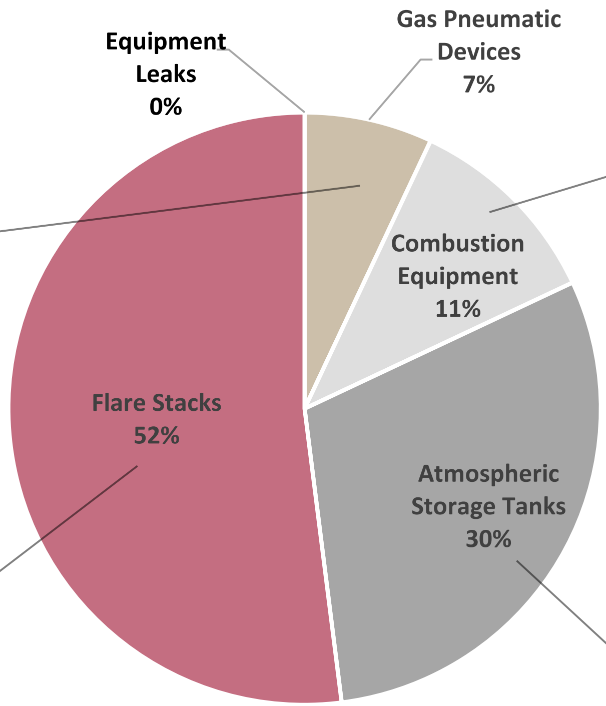
<u>Drivers:</u> 883 tank batteries at FANG today; legacy batteries run off natural gas pneumatic systems

<u>Initiatives:</u> Air pneumatics have been installed on new batteries for last four years; plan to spend ~$50-$70 million over next four years to retrofit all batteries with air pneumatics

**<u>Flare Stacks:</u>**
**~52% of CO2E emissions**

<u>Drivers:</u> flaring at the wellhead due to excess gas volumes or midstream constraints

<u>Initiatives:</u> Minimize flaring; currently at ~0.5% of gross gas produced(1); down ~87% from ~5.7% in 2019




**<u>2019 Scope 1 GHG Emissions:</u>**
**~1.4 million tons of CO2e**
**Intensity: 13.75 mt / net boe produced**

**<u>Combustion Equipment:</u>**
**~11% of CO2e emissions**

<u>Drivers:</u> encompasses all drilling rigs, completion crews, workover rigs, generators and compressors

<u>Initiatives:</u> Electrification; minimize generator use and identify compressors to electrify, maximize electricity use for D&C operations

**<u>Equipment Leaks:</u>**
**Negligible CO2e emissions**

<u>Initiatives:</u> Aerial monitoring and FLIR cameras; now conducting quarterly flyovers of all batteries and continuing to increase number of FLIR cameras, while implementing best practices to monitor methane leaks

**<u>Atmospheric Storage Tanks:</u>**
**~30% of CO2e emissions**

<u>Drivers:</u> encompasses tanks at all batteries; dependent on number of tanks and volume moving through facilities

<u>Initiatives:</u> exploring tankless facility designs; minimize number of tanks

**Diamondback is committed to reducing its Scope 1 GHG intensity by at least 50% from 2019 levels by 2024**

*Source: Company data, filings and estimates.*
*(1) Represents flaring metric for YTD 2021 as of 2/12/2021.*

# Methane Emissions and Strategic Reduction Initiatives

## Diamondback 2019 Methane Emissions Detail and Strategic Initiatives:

**Equipment Leaks:**
**~7% of methane emissions**

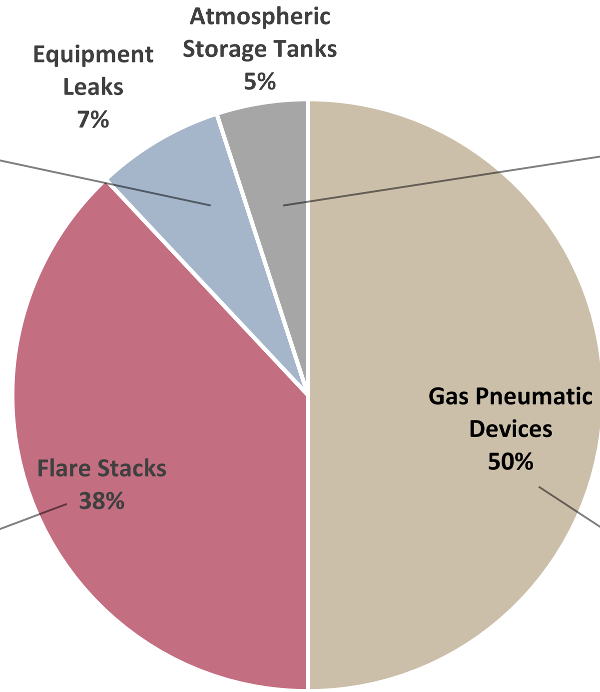
Initiatives: Aerial monitoring and FLIR cameras; now conducting quarterly flyovers of all batteries and continuing to increase number of FLIR cameras, while implementing best practices to monitor methane leaks

**Flare Stacks:**
**~38% of methane emissions**

Drivers: flaring at the wellhead due to excess gas volumes or midstream constraints

Initiatives: Minimize flaring; currently at ~0.5% of gross gas produced(1); down ~87% from ~5.7% in 2019

Flare stacks rated to 98% destruction efficiency; reducing flaring directly reduces methane emissions from flaring




**Atmospheric Storage Tanks:**
**~5% of methane emissions**

Drivers: encompasses tanks at all batteries; dependent on number of tanks and volume moving through facilities

Initiatives: exploring tankless facility designs; minimize number of tanks

**Gas Pneumatic Devices:**
**~50% of methane emissions**

Drivers: 883 tank batteries at FANG currently; legacy batteries run off gas pneumatic systems

Initiatives: Air pneumatics have been installed on new batteries for last four years; plan to spend ~$50-$70 million over next four years to retrofit all batteries with air pneumatics

**2019 Methane Emissions:**
**7,145 tons of methane**
**0.25% methane intensity**

**Diamondback is committed to reducing its methane intensity by at least 70% from 2019 levels by 2024**

*Source: Company data, filings and estimates.*
*(1) Represents flaring metric for YTD 2021 as of 2/12/2021.*



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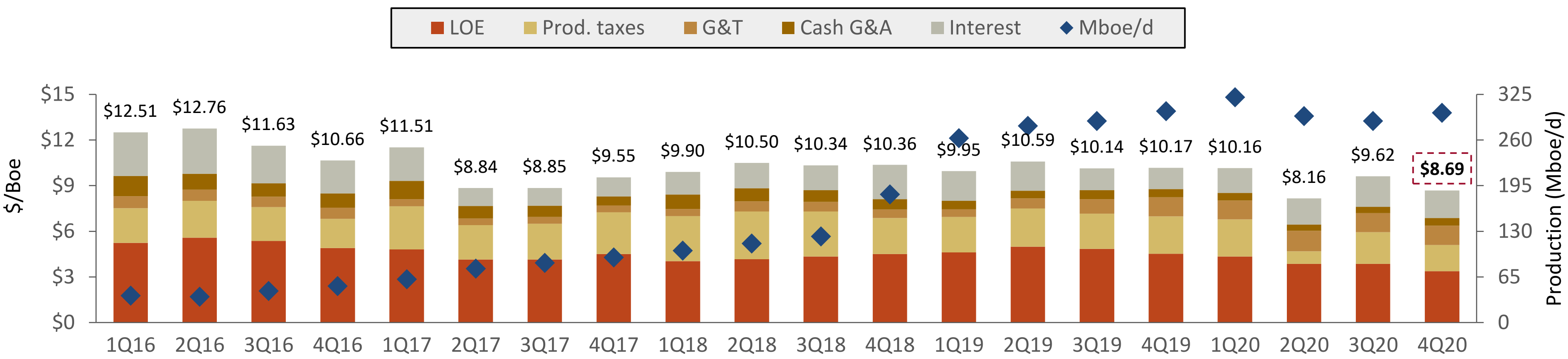
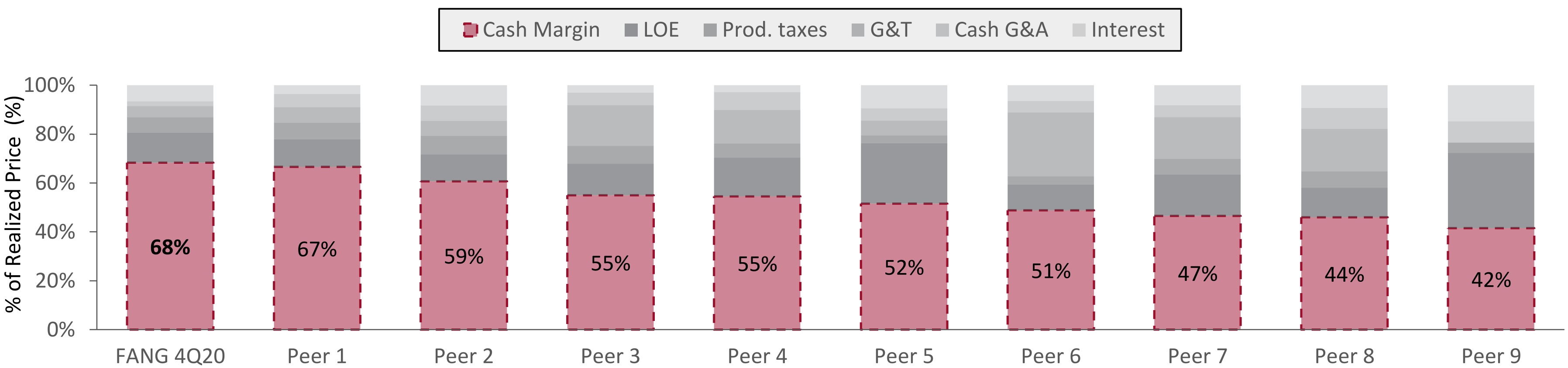
# Peer-Leading Cash Margins and Operating Costs

## Diamondback Cash Operating Costs Including Interest Over Time ($ / Boe)[1]




## Cash Margins and Operating Costs versus Extended Peer Group (% of Unhedged Realized Price)[1][2]




**Peer leading cash operating costs and a low interest burden allow Diamondback to maintain high cash margins in any commodity price environment**

*Source: Company data and latest peer filings as of 2/19/2021. Extended peers include PXD, CLR, EOG, XEC, APA, OVV, MRO, DVN and HES.*
*(1) Cash operating costs including interest calculated as the sum of LOE, G&T, production taxes, cash G&A expense and interest expense per boe.*
*(2) Unhedged cash margins calculated as the sum of unhedged realized price per boe less cash operating costs including interest divided by unhedged realized price per boe.*



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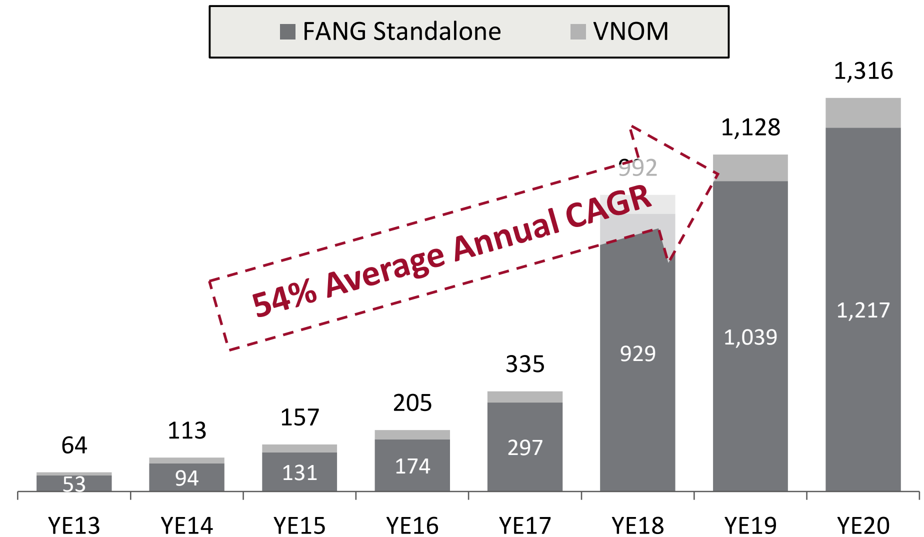
# 2020 Reserves Update

- YE20 proved reserves increased 17% y/y to 1,316 MMBoe (759 MMBo, 62% PDP)
- PDP reserves of 817 MMBoe; PDP oil reserves of 443 MMBo
- Oil comprised 58% of total proved reserves on 3-stream basis; ~64% of total on 2-stream basis
- Consolidated proved developed F&D for 2020 was $9.65/boe with drill bit F&D of $5.00

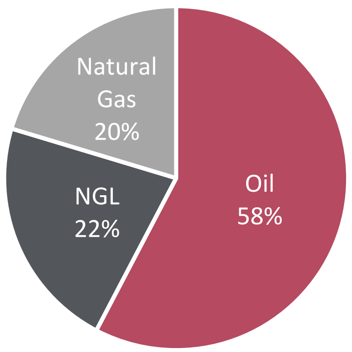
**F&D Costs**

| ($/Boe) | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Proved Developed F&D[1] | $9.09 | $10.44 | $10.87 | $9.65 |
| Drill Bit F&D[2] | $7.22 | $7.28 | $11.11 | $5.00 |
| Reserve Replacement[3] | 549% | 1,479% | 231% | 272% |
| Organic Reserve Replacement[4] | 443% | 457% | 250% | 269% |

## Total Reserve Growth (MMBoe)

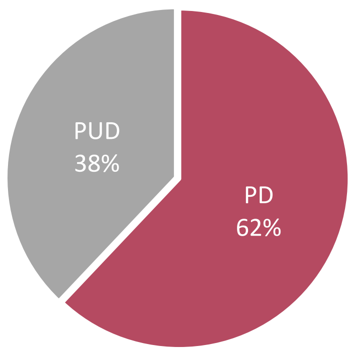



## 1P Reserves – By Commodity




**1,316 MMBOE**

## 1P Reserves – By Category




**1,316 MMBOE**

Source: Company Filings, Management Data and Estimates.

(1) PD F&D costs defined as exploration and development costs divided by the sum of reserves associated with transfers from proved undeveloped reserves at YE2019 including any associated revisions in 2020 and extensions and discoveries placed on production during 2020.

(2) Drill bit F&D costs defined as the exploration and development costs divided by the sum of extensions, discoveries and recoveries.

(3) Defined as the sum of extensions, discoveries, revisions, and purchases, divided by annual production.

(4) Defined as the sum of extensions, discoveries, and revisions, divided by annual production.



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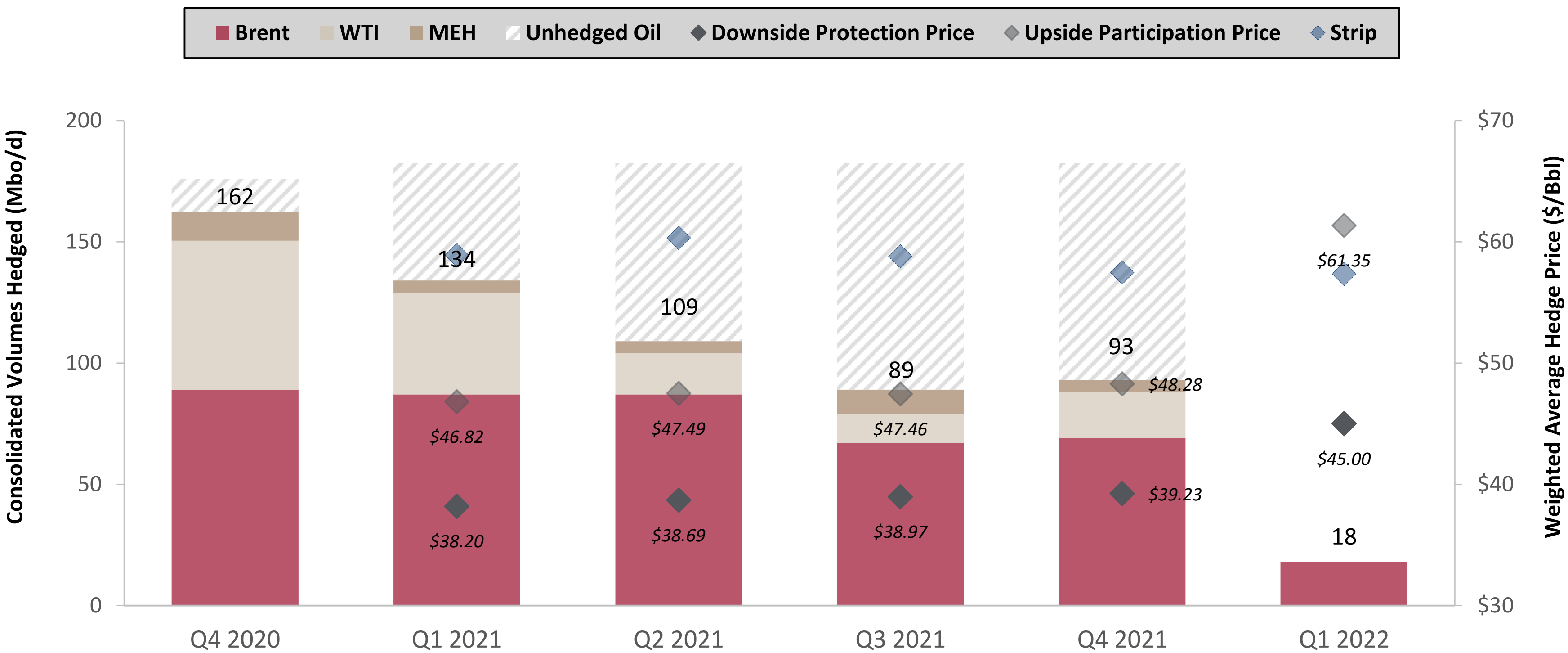
# Current Hedges Maximize Downside Protection

- Current oil hedges provide downside protection on >55% of expected FY 2021 oil production[1], with percentage protected declining through Q1 2022
- Strategy focused on maximizing downside protection and securing cash flow to protect dividend, spend maintenance capital and reduce debt
- Diamondback will continue to add hedges, primarily in the form of two-way collars, that have put prices that protect its dividend and keep leverage metrics manageable

## Consolidated Oil Hedges (Mbo/d)[2]




Source: Company data, filings and estimates and Bloomberg as of 2/19/2021.
(1) Based on FY 2021 production guidance of 178 – 185 Mbo/d.
(2) Excludes basis / roll swaps and short puts, and any hedges that may be assumed in the pending QEP transaction. See slides 23-24 for additional detail.



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# Oil Takeaway Solutions

**Oil Purchase Contracts:**

- Diamondback's oil production is purchased under long term purchase agreements with four large, well-funded counterparties
- Every major operating area has a long-term oil purchase agreement and is dedicated to a long haul pipeline
- Long-term agreements and associated physical pipeline space provide insurance in times of uncertainty

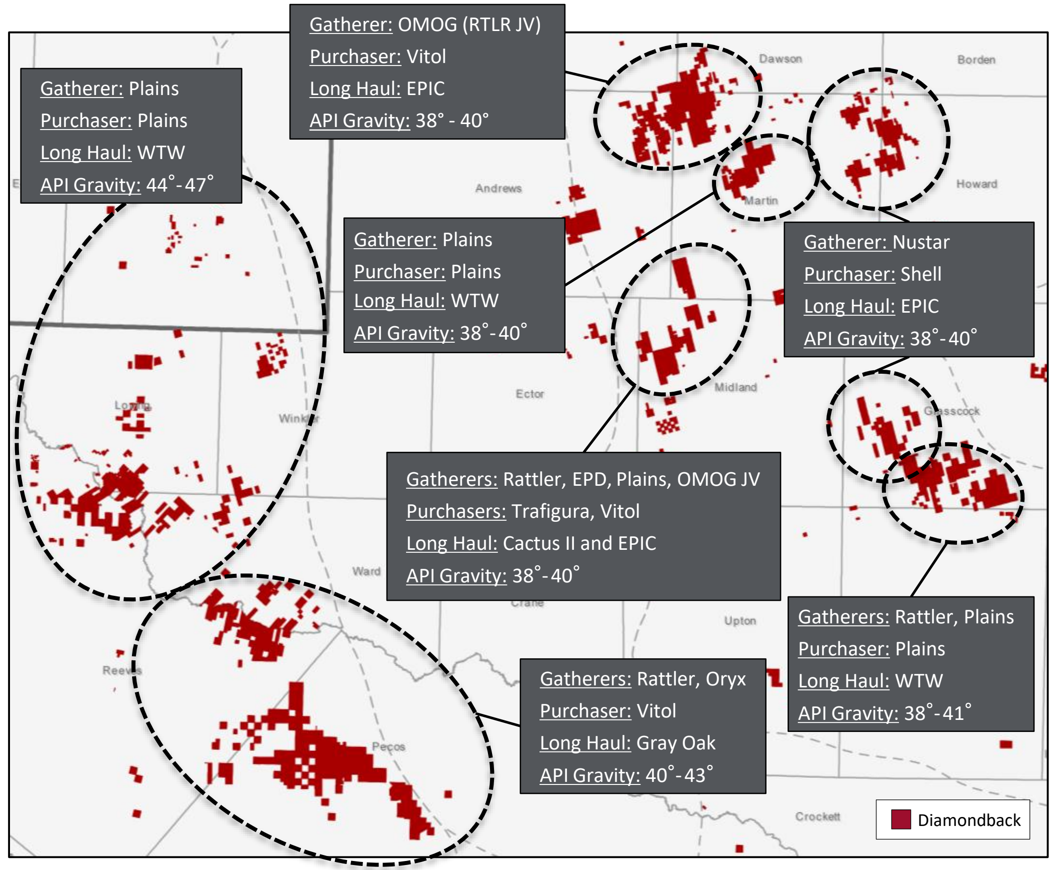
**Obligations and Pricing Exposure:**

- Take or pay obligations to pipelines and firm sales in 2020 cover 125,000 gross bo/d
  - Increases to 175,000 gross bo/d with the in-service date of the Wink to Webster pipeline

## Oil Exposure and Expected Differentials

| Exposure (Benchmark) | Estimated Deduct ($ / Bbl) | 2021E Production (%) |
|---|---|---|
| Brent | $5.00 - $6.00 | ~60% |
| MEH | $4.00 - $5.00 | ~15% |
| WTI Midland | $1.00 - $2.00 | ~25% |

## Oil Takeaway Solutions




**Diamondback's oil marketing agreements provide long-term flow assurance to the most liquid markets as well as minimize local basis exposure**

*Source: Company filings, management data and estimates.*

# Capital Structure and Liquidity

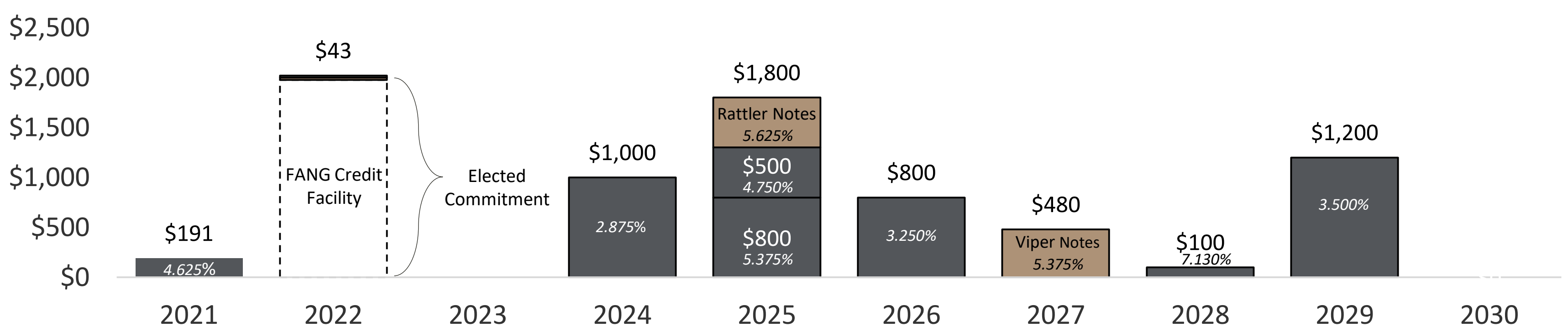
- As of December 31, 2020, FANG had ~$23 million of outstanding borrowings under its credit facility with standalone liquidity of over $2.0 billion(1)
- Diamondback intends to fund the remaining cash portion of the pending Guidon acquisition with cash on hand and borrowings under its credit facility
- Future Free Cash Flow in excess of the dividend expected to be used to reduce debt
- Expect to pay off $191 million of notes due September 2021 at par with expected cash on hand

## FANG's Liquidity and Capitalization ($MM)

| FANG's Consolidated Capitalization | 12/31/2020 |
|---|---|
| Cash and cash equivalents | $104 |
| FANG's Revolving Credit Facility | $23 |
| VNOM's Revolving Credit Facility | 84 |
| RTLR's Revolving Credit Facility | 79 |
| Senior Notes | 5,591 |
| DrillCo Agreement | 78 |
| ***Total Debt*** | ***$5,855*** |
| ***Net Debt*** | ***$5,751*** |

| FANG's Standalone Liquidity | 12/31/2020 |
|---|---|
| Cash(1) | $61 |
| Elected commitment amount | 2,000 |
| ***Liquidity*** | ***$2,038*** |

## FANG's Debt Maturity Profile ($MM)




Source: Company Filings, Management data and Estimates.
(1) Excludes Viper and Rattler.



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# Full Year 2021 Guidance: Pro Forma for Guidon Acquisition

- Full year 2021 oil production guidance of 178.0 – 185.0 Mbo/d; 2021 plan aimed at maintaining Q4 production levels, pro forma for Guidon
- Full year 2021 CAPEX budget of $1.35 - $1.55 billion; implies 22% reduction in 2020 CAPEX
- Expect to complete 215 – 235 gross horizontal wells with an average lateral length of ~10,100 feet
- Current guidance includes pending Guidon acquisition expected to close on 2/26/2021; excludes announced acquisition of QEP(1)

| Diamondback 2021 Capital Activity Guidance | |
|---|---|
| Gross (net) horizontal wells drilled | 180 – 200 (156 – 172) |
| Gross (net) horizontal wells completed | 215 – 235 (197 – 215) |
| Average lateral length (ft.) | ~10,100’ |
| Midland Basin well costs per lateral foot(2) | $520 – $580 |
| Delaware Basin well costs per lateral foot(2) | $720 – $800 |
| Midland Basin net lateral feet (%) | ~75% |
| Delaware Basin net lateral feet (%) | ~25% |

| Excludes QEP | Diamondback | Viper |
|---|---|---|
| Net Production – Mboe/d | 308.0 – 325.0 | 24.50 – 26.50 |
| Oil Production – Mbo/d | 178.0 – 185.0 | 14.75 – 16.00 |
| **Unit Costs ($/boe)** | | |
| Lease Operating Expenses | $3.90 – $4.30 | |
| Gathering & Transportation | $1.25 – $1.35 | |
| Cash G&A | $0.45 – $0.55 | $0.60 – $0.80 |
| Non-Cash Equity Based Compensation | $0.30 – $0.40 | $0.10 – $0.25 |
| D,D&A | $8.75 – $10.75 | $9.50 – $10.50 |
| Interest Expense (net) | $1.60 – $1.80 | $3.00 – $3.50 |
| Production and Ad Valorem Taxes (% of Revenue)(3) | 7% | 7% |
| Corporate Tax Rate (% of Pre-tax Income) | 23% | |

| Diamondback Capex Budget ($MM) | |
|---|---|
| Operated D,C&E | $1,070 – $1,210 |
| Non-Operated Properties / Capital Workovers | $150 – $170 |
| Midstream (ex. long-haul pipeline investments) | $60 – $80 |
| Infrastructure and Environmental | $70 – $90 |
| **Total 2021 Capital Budget** | **$1,350 – $1,550** |

*Source: Company filings, management data and estimates.*
*(1) QEP stockholder vote scheduled for 3/16/2021. Assuming the transaction is closed, Diamondback will subsequently provide updated FY 2021 guidance, giving effect to the QEP transaction*
*(2) Well costs assume gross Rattler costs. Please see note 4 on slide 6 for additional detail.*
*(3) Includes production taxes of 4.6% for crude oil and 7.5% for natural gas and NGLs and ad valorem taxes.*


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Differential Per Share Metrics and Cost Structure

Return On and Return Of Capital

Significant Resource Potential

Conservative Financial Management

Strategic Acquisitions and Execution

Efficient Conversion of Resource to Cash Flow

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# APPENDIX

# Current Hedge Summary: Oil

## Consolidated Crude Oil Hedges (Bbl/day, $/Bbl)

| Crude Oil Hedges | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | 1H 2022 | 2H 2022 |
|---|---|---|---|---|---|---|
| Swaps - WTI | 5,000 | 2,000 | – | – | – | – |
| | $45.46 | $47.35 | – | – | – | – |
| Swaps - MEH | 5,000 | 5,000 | 5,000 | 5,000 | – | – |
| | $37.78 | $37.78 | $37.78 | $37.78 | – | – |
| Swaps - Brent | 5,000 | 5,000 | 5,000 | 5,000 | – | – |
| | $41.62 | $41.62 | $41.62 | $41.62 | – | – |
| **Total Oil Swaps** | **15,000** | **12,000** | **10,000** | **10,000** | -- | -- |
| Costless Collars - WTI | 37,000 | 15,000 | 12,000 | 19,000 | – | – |
| *Floor / Ceiling* | $34.95 / $45.17 | $33.00 / $45.33 | $32.50 / $44.59 | $37.11 / $50.71 | – | – |
| Costless Collars - MEH | – | – | 5,000 | – | – | – |
| *Floor / Ceiling* | – | – | $45.00 / $57.90 | – | – | – |
| Costless Collars - Brent(1) | 82,000 | 82,000 | 62,000 | 64,000 | 8,950 | – |
| *Floor / Ceiling* | $39.04 / $48.51 | $39.40 / $48.84 | $39.61 / $48.42 | $39.78 / $48.90 | $45.00 / $61.35 | – |
| **Total Costless Collars** | **119,000** | **97,000** | **79,000** | **83,000** | **8,950** | -- |
| Short Puts - Brent | – | – | – | – | 5,000 | 5,000 |
| | – | – | – | – | $35.00 | $35.00 |
| **Total Short Puts** | -- | -- | -- | -- | **5,000** | **5,000** |
| **Total Crude Oil Hedges** | **134,000** | **109,000** | **89,000** | **93,000** | **13,950** | **5,000** |
| Basis Swaps - WTI | 21,278 | 23,000 | 18,000 | 18,000 | – | – |
| | $0.79 | $0.80 | $0.93 | $0.93 | – | – |
| **Total Basis Swaps** | **21,278** | **23,000** | **18,000** | **18,000** | -- | -- |
| Roll Swaps - WTI | 20,611 | 37,000 | 25,000 | 25,000 | – | – |
| | $0.09 | $0.19 | $0.32 | $0.32 | – | – |
| **Total Roll Swaps** | **20,611** | **37,000** | **25,000** | **25,000** | -- | -- |

*Source: Company data as of 2/19/2021. Note: Excludes any hedges that may be assumed in the pending QEP transaction.*
*(1) 1H 2022 Brent two-way collars include 18,000 Bo/d in Q1 2022.*



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# Current Hedge Summary: Natural Gas and Natural Gas Liquids

## Consolidated Natural Gas Hedges (Mmbtu/day, $/Mmbtu)

| Natural Gas Hedges | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | 1H 2022 | 2H 2022 |
|---|---|---|---|---|---|---|
| Swaps - Henry Hub | **206,889** | **220,000** | **220,000** | **220,000** | **–** | **–** |
| | $2.66 | $2.67 | $2.67 | $2.67 | – | – |
| **Total Swaps** | **206,889** | **220,000** | **220,000** | **220,000** | **–** | **–** |
| Basis Swaps - Waha | **230,000** | **250,000** | **250,000** | **250,000** | **130,000** | **130,000** |
| | ($0.69) | ($0.66) | ($0.66) | ($0.66) | ($0.40) | ($0.40) |
| **Total Basis Swaps** | **230,000** | **250,000** | **250,000** | **250,000** | **130,000** | **130,000** |

## Consolidated Natural Gas Liquids Hedges (Bbl/day, $/Bbl)

| Natural Gas Liquids Hedges | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | 1H 2022 | 2H 2022 |
|---|---|---|---|---|---|---|
| Swaps - Mont Belvieu Propane | **1,311** | **2,000** | **2,000** | **2,000** | **–** | **–** |
| | $29.40 | $29.40 | $29.40 | $29.40 | – | – |
| **Total Swaps** | **1,311** | **2,000** | **2,000** | **2,000** | **–** | **–** |

*Source: Company data as of 2/19/2021. Note: Excludes any hedges that may be assumed in the pending QEP transaction.*

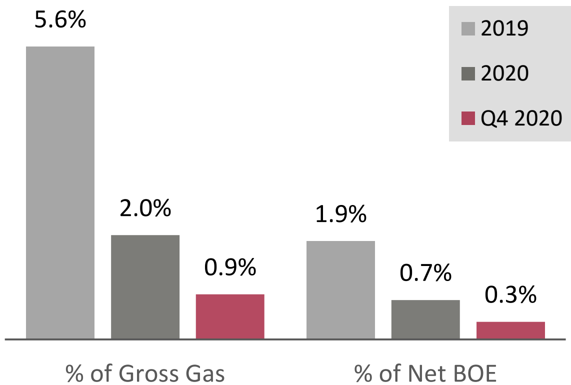


DIAMONDBACK Energy

# Environmental, Social and Governance ("ESG")

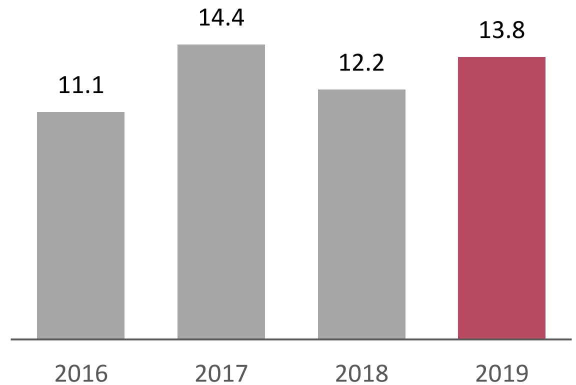
## Flaring (% of Production)

**Flaring down >80% since 2019**



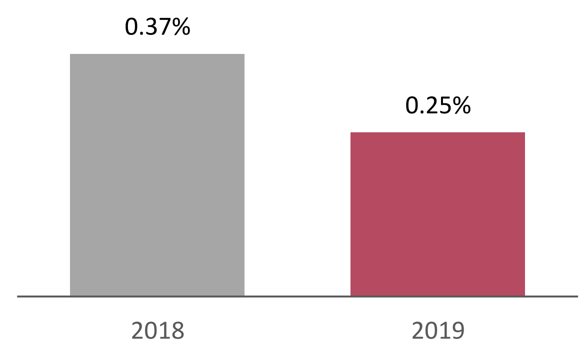

## GHG Intensity (mt / Boe Produced)

**Goal: reduce by 50% by 2024**



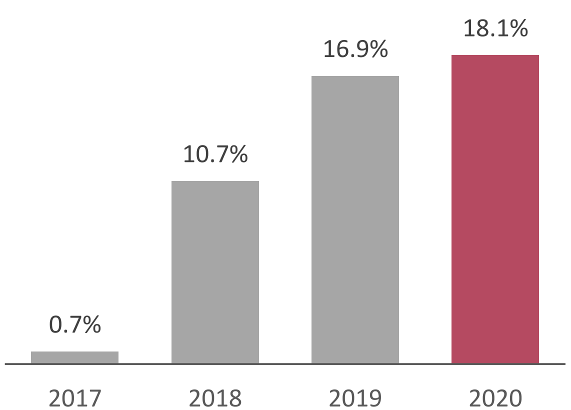

## Methane Intensity (%)

**Goal: reduce by 70% by 2024**



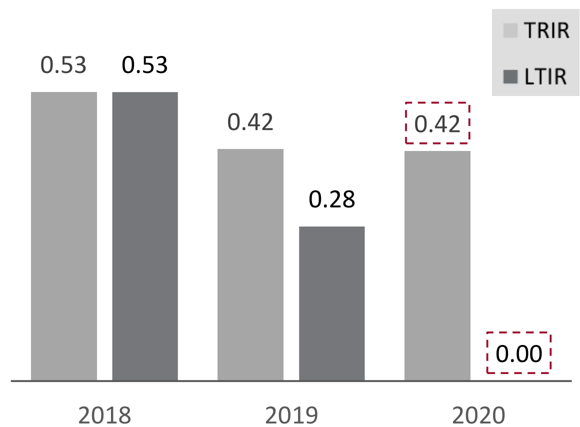

## Water Recycling (% of Produced)

**Water recycling up ~70% since 2018**



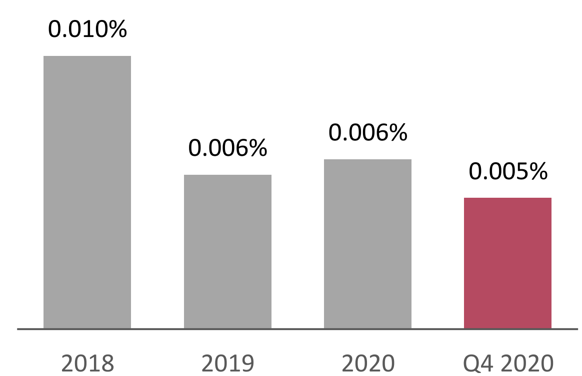

## Workplace Safety (TRIR / LTIR)

**TRIR down ~20% since 2018**




## Oil Spill Rate (%)

**Oil spills down >50% since 2018**




*Source: Company data and filings.*



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# Recent Changes to Governance and Compensation

- Diamondback seeks to expand its best in class track record on both disclosure and performance as it relates to sustainable long-term development of its natural resources
- Recent and planned initiatives to be discussed in its upcoming proxy; expected to be filed in Q2 2021

| Recent and Planned Changes to Governance and Compensation | |
|---|---|
| Long-term Incentive Compensation ("LTI") | ◆ Chief Executive Officer's Long Term Incentive ("LTI") compensation target amount reduced by 20% from 2020<br>◆ Remainder of executive team 2021 LTI compensation target amount reduced by 10% from 2020<br>◆ The Company plans to add both the S&P 500 and the XOP Index as peers to the 2021 peer group |
| Short-term Incentive Compensation ("STI") | ◆ No upward salary adjustments or change to STI targets for all members of the executive team<br>◆ 2020 STI scorecard performance to be capped at 100% target for all executives despite actual scorecard performance of 160% of target<br>◆ Plan to update annual metrics to include a FCF per share metric with expected 20% weighting<br>◆ Plan to increase ESG component weighting to 20% from 15% previously<br>◆ 2021 scorecard metrics expected to also include: Capital costs per lateral foot, PDP F&D costs, controllable cash costs (LOE and G&A), ROACE and ESG |

*Source: Company data and filings.*

# Build-out of Midstream Assets Through Rattler Midstream

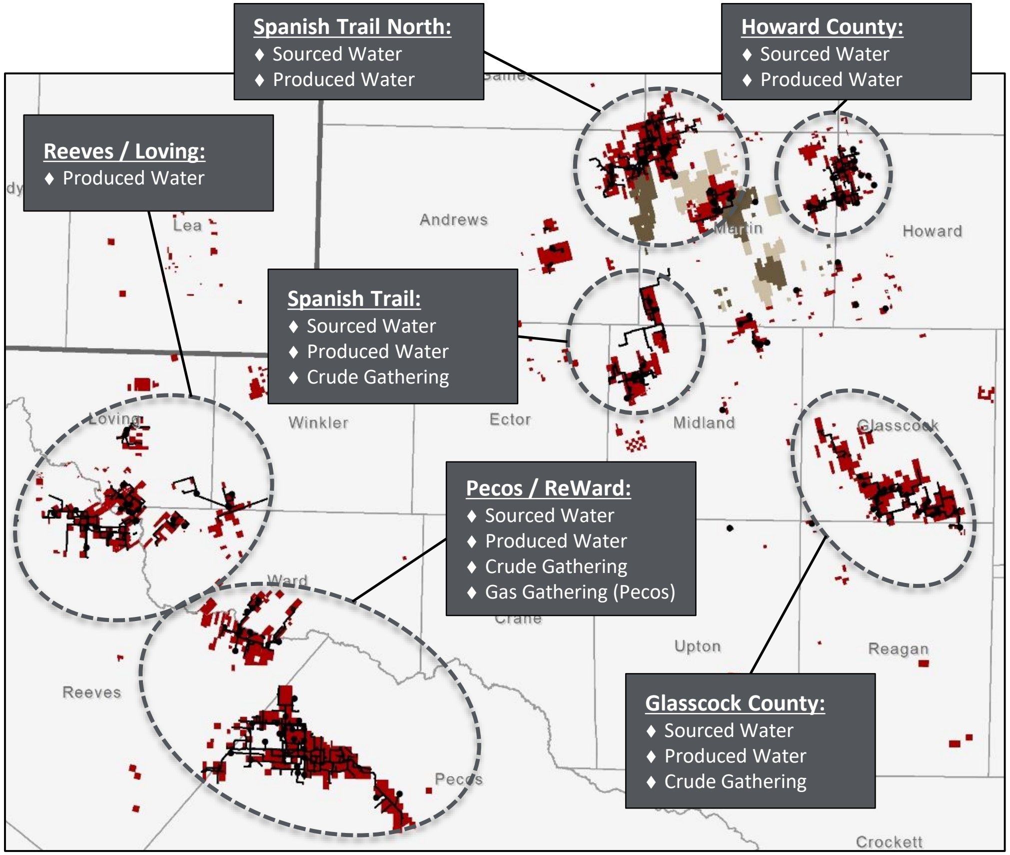
**Rattler Midstream:**

- Publicly-traded midstream subsidiary (NASDAQ: RTLR) created by Diamondback
- Interests fully aligned with upstream operations:
  - Assets located in all core operating areas
  - Midstream services key to Diamondback's low-cost operations
  - Close coordination and development visibility allows efficient and timely midstream build-out
  - Vehicle for participation in non-upstream investment opportunities such as long-haul pipelines
- Annual Distribution: $0.80 / unit (7.8% yield)[1]

**Rattler Capacity Overview**

| Fee Stream | Midland | Delaware |
|---|---|---|
| Produced Water – Bbl/d | 1,810,000 | 1,310,000 |
| Sourced Water – Bbl/d | 455,000 | 120,000 |
| Crude Oil – Bbl/d | 65,000 | 210,000 |
| Natural Gas – Mcf/d | -- | 170,000[2] |
| **Total** | **>2,330,000** | **>1,810,000** |

## Rattler Midstream Asset Map




Rattler secures FANG's access to vital midstream services and supports FANG's low-cost operations via improving realizations and lower LOE

*Source: Company filings, management data and estimates.*
*(1) Based on Rattler's most recent quarterly distribution announced on 11/04/2020. Yield based on RTLR's closing price as of 2/19/2021.*
*(2) 151,000 Mcf/d compression capacity.*



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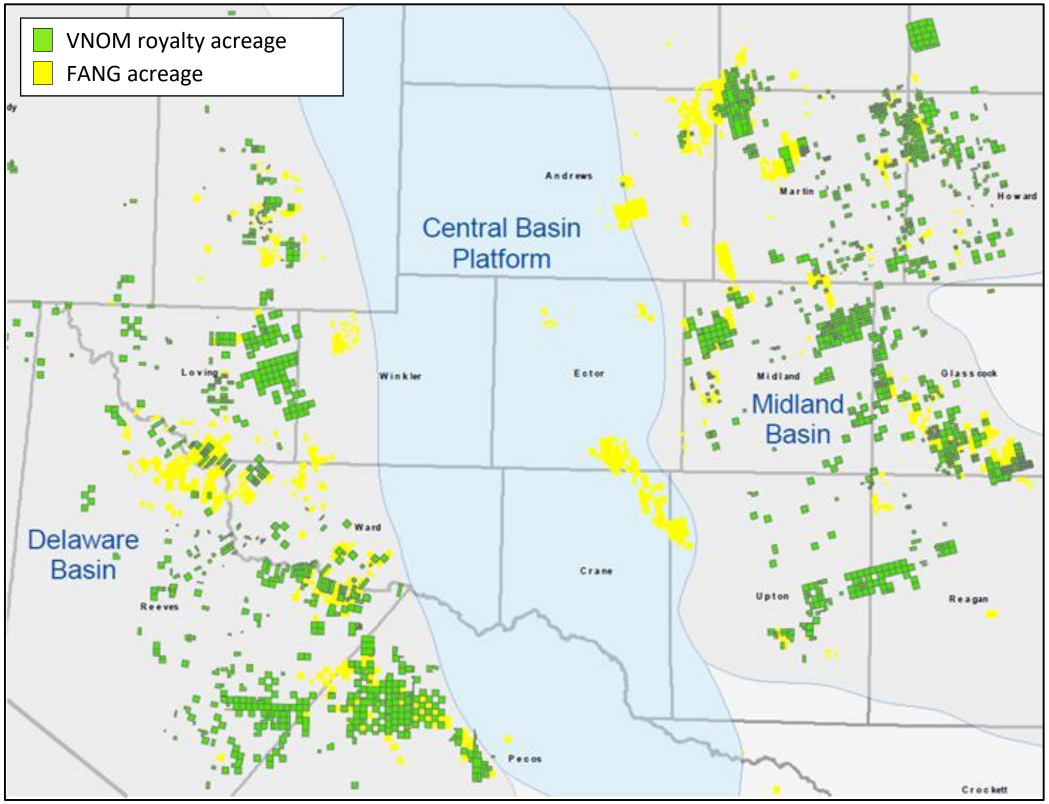
# Viper Update

**Viper Energy Partners:**

- Publicly-traded mineral and royalty subsidiary (NASDAQ: VNOM) created by Diamondback
  - Focused on owning and acquiring minerals and royalty interests in the Permian Basin, with a primary focus on Diamondback-operated acreage
- 24,350 net royalty acres, ~52% of which are operated by Diamondback
- Diamondback incentivized to focus development on Viper's acreage when possible due to improved consolidated returns
  - 21 of Diamondback's 35 Q4 2020 completions on Viper's acreage, in which Viper owned a 5.6% average NRI
- Q4 2020 average oil production of 17.4 Mbo/d; generated $0.28 / unit in distributable cash flow
- Outside of Diamondback operating almost 60% of Viper's current oil production, Viper has diversified exposure to other competent operators within the Permian Basin and Eagle Ford Shale

Viper Mineral and Royalty Assets




**Viper's Mineral and Royalty Interests Provide Perpetual Ownership Exposure to High Margin, Largely Undeveloped Assets and Lower Diamondback's Consolidated Breakevens**

*Source: Partnership data and filings. Data as of 12/31/2020.*

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