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## **Diamondback Energy Announces 2014 Guidance**

MIDLAND, Texas, Oct. 23, 2013 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (Nasdaq:FANG) ("Diamondback" or the "Company") today announced financial and operating guidance for the full year of 2014.

### **2013 REVIEW**

Diamondback is currently running three horizontal rigs and one vertical rig with a fourth rig expected to arrive in early November. The Company's acreage position has expanded substantially, and now stands at over 65,000 net acres. As a result of this growth, Diamondback's management team has been working diligently to accelerate its drilling plans into 2014 in order to continue and extend the Company's substantial production growth.

"We are encouraged that the successful results of our 2013 drilling program, as well as the results of our industry peers, have helped de-risked both Upton and Midland Counties for Wolfcamp B development. Further, our recent successes in Andrews County have added two additional development horizons in the Clearfork and Wolfcamp B shales," commented Diamondback CEO, Travis Stice. The Company closed on its acquisitions of 11,150 net acres in Martin and Dawson Counties in September 2013 and will be moving forward with drilling initial Wolfcamp B horizontal wells on this acreage late in the fourth quarter of 2013, with results expected in the first quarter of 2014.

As reported on October 14, 2013, average production for the third quarter was in line with expectations at 7.4 MBoe/d. Average daily production almost doubled relative to the same period in the prior year and net production exceeded 10,000 Boe/d for the first time in early October. Full year 2013 production guidance has not been adjusted, but volumes are expected to be at the upper end of the 7.2 to 7.5 MBoe/d range, with December exit volumes anticipated to be in excess of 11.0 Mboe/d.

The Company's 2013 development program has steadily shifted towards horizontal drilling throughout the year and it is anticipated that Diamondback will have drilled between 35 and 40 horizontal wells on its acreage position this year, spending between \$290 million and \$320 million as per guidance. "Well costs have continued to decline and we anticipate further progress in 2014," continued Travis Stice. "I have been very pleased by our team's execution in 2013 and am optimistic about our ability to delineate our expanded acreage position."

As previously announced, the acquisition of the mineral interests in Midland County closed on September 19, 2013 for a purchase price of \$440 million with net production at the time of closing of approximately 1,500 Boe/d. Continued development of the Spanish Trail leases by the leaseholders (of which 55% net is operated by Diamondback) has supported a continued increase in production, with current production now at approximately 1,950 Boe/d.

### **FULL YEAR 2014 GUIDANCE**

Looking ahead into 2014, with the combination of Diamondback's expanded drilling program and continued execution, the Company forecasts production to average between 15.0 and 16.0 MBoe/d, which represents an increase over 2013 average production of more than 100%.

Diamondback's board has approved an expanded 2014 capital expenditures budget for drilling and infrastructure in an estimated range of \$425 million to \$475 million. This represents roughly a 48% expansion from 2013 excluding acquisitions and is a reflection of the Company's larger acreage position and strong balance sheet as well as its commitment to growth. (This forecast excludes any potential acquisitions.)

The development focus for 2014 is to de-risk and delineate the horizontal potential in the Company's northern acreage (Andrews, Martin and Dawson Counties) and continue aggressive development in Midland County, which includes Diamondback's Spanish Trail leases in which Diamondback recently purchased mineral interests, and Upton County. The majority of these horizontal wells will target the Wolfcamp B formation, as well as test other potential horizons as Diamondback and other operators have done in 2013. One vertical drilling rig is expected to remain active throughout the year, firming up the Company's position. Additionally, a single non-operated horizontal rig is expected to be active throughout the year drilling on the Spanish Trail leases in Midland County which would contribute to net production via Diamondback's new ownership of the mineral interests.

The Company expects to exit 2013 with four horizontal rigs running, with one in Upton County, two in Midland County and one in Martin County. Diamondback expects to add a fifth horizontal rig in the second quarter of 2014, expanding its existing drilling program at its Spanish Trail leases as well as other acreage in Midland County.

Diamondback expects to drill 65 to 75 gross horizontal wells and 20 to 25 gross vertical wells in 2014, with costs expected to range from \$6.9 million to \$7.4 million for a 7,500 foot lateral horizontal well and \$2.0 million to \$2.2 million for a vertical well. The average lateral length for all horizontal wells is expected to average approximately 6,500 feet in 2014 due to lease geometry and should range from short laterals of 5,000' to longer laterals in excess of 10,000'. It is anticipated that roughly half of the wells drilled in 2014 will be from pad locations which are expected to support additional cost savings.

As shown in the table below, 2014 lease operating expenses are expected to be in the range of \$6.00 to \$7.00 per Boe, down from a 2013 guided range of \$9.50 to \$11.50 / Boe (after giving effect to the reclassification described in notes (a) and (b) in the table below), while general and administrative expense ("G&A") per Boe is expected to decline to between \$2.00 and \$3.00 per Boe, from a guided range of \$3.00 to \$5.00 per Boe in 2013. In 2014, depreciation, depletion and amortization expense ("DD&A") is expected to be between \$23.00 and \$25.00 per Boe while production and ad valorem taxes as a percent of revenue are expected to be 7.1%.

	2013	2014 Guidance		
	Guidance	Diamondback excluding Minerals	Minerals	Diamondback Energy Inc
Total Net Production — MBoe/d	7.2 - 7.5	12.5 - 13.0	2.5 - 3.0	15.0 - 16.0
<i>Unit costs (\$/boe)</i>				
Lease operating expenses (a)	\$9.50 - \$11.50	\$7.00 - \$8.00	\$0.00	\$6.00 - \$7.00
G&A	\$3.00 - \$5.00	\$2.50 - \$3.50	\$0.00	\$2.00 - \$3.00
DD&A	\$22.00 - \$25.00	\$22.00 - \$24.00	\$26.00 - \$28.00	\$23.00 - \$25.00
Net Interest Expense		n/a	n/a	\$36.0 - \$38.0
Production and Ad Valorem Taxes (% of Revenue) (b)	6.9% - 7.1%	7.0%	7.5%	7.1%
<i>\$ - million</i>				
Gross Horizontal Well Costs (c)	\$7.5 - \$8.5	\$6.9 - \$7.4	n/a	\$6.9 - \$7.4
Horizontal Wells Drilled (net)		65-75 (52 - 60)	n/a	65-75 (52 - 60)
Gross Vertical Well Costs	\$2.0 - \$2.2	\$2.0 - \$2.2	n/a	\$2.0 - \$2.2
Gross Vertical Wells Drilled (net)		20-25 (16 - 20)	n/a	20-25 (16 - 20)
Capital Expenditures	\$290 - \$320	\$425 - \$475	n/a	\$425 - \$475

*a - Prior 2013 guidance included ad valorem taxes in lease operating expenses. The Company has reclassified these taxes and these taxes will now be reported in production and ad valorem taxes. Corporate overhead, previously reported as indirect LOE, is now included as part of lease operating expenses. 2013 guidance has been adjusted to reflect this reclassification.*

*b - Includes production taxes of 4.6% for oil and 7.5% for natural gas and NGLs and ad valorem taxes. Previous 2013 production tax guidance excluded estimated ad valorem taxes of \$1.50/boe of lease operating expense.*

*c - Assumes a 7,500' average lateral length.*

Approximately 1,500 Bbls/d of 2014 production is hedged with LLS at approximately \$100.72/Bbl and 333 Bbls/d of 2014 production is hedged with Brent at \$109.70/Bbl. The Company's liquidity position remains strong with approximately \$50 million of cash on hand at September 30, 2013 and an undrawn revolver. The Company has been advised by its lenders that its borrowing base will be increased to \$225.0 million as a result of its recently completed fall redetermination.

The table below presents estimated 2014 EBITDA based on various oil price scenarios (oil price held flat for full year, gas at \$4.00/Mcf and NGLs at 40% of oil price):

**2014 EBITDA Guidance (\$ - million)**  
**Diamondback**

<u>Oil Price (\$/bbl)</u>	<u>excluding Minerals</u>	<u>Minerals</u>	<u>Diamondback Energy Inc</u>
120	369	85	454
100	302	71	373
80	234	57	291

## **CONFERENCE CALL**

Diamondback will host a conference call to discuss its 2014 guidance on October 24, 2013, at 10:00 a.m. ET (9:00 a.m. CT). Interested parties should call (877) 440-7573 (United States/Canada) or (253) 237-1144 (International) and utilize the confirmation code 91190512. A live broadcast of the earnings conference call will also be available via the internet at [www.diamondbackenergy.com](http://www.diamondbackenergy.com) under the "Investor Relations" section of the site. A telephonic replay will be available for anyone unable to participate in the live call. To access the replay, call (855) 859-2056 (United States/Canada) or (404) 537-3406 (International) and enter confirmation code 91190512. The recording will be available from 1:00 p.m. ET on Thursday, October 24, 2013 through Wednesday, October 30, 2013 at 11:59 p.m. ET. The webcast will be archived on the Company's website for 30 days.

## **About Diamondback Energy, Inc.**

Diamondback is an independent oil and natural gas company 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 Clearfork, Spraberry, Wolfcamp, Cline, Strawn and Atoka formations, which we refer to collectively as the Wolfberry play.

## **Forward Looking Statements**

This news release contains forward-looking statements within the meaning of the federal securities laws. 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 belief, based on currently available information, as to the outcome and timing of future events. These forward-looking 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 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, that could cause actual results to differ materially from those projected. These filings are available for free at the SEC's website (<http://www.sec.gov>). Any forward-looking statement made in this new release speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

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