Diamondback Energy, Inc. Provides Operational Update

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MIDLAND, Texas, March 09, 2020 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (NASDAQ: FANG) ("Diamondback" or the "Company") today provided an operational update given recent commodity price volatility.

Diamondback is reducing activity immediately from nine completion crews to six and expects to drop two drilling rigs in April 2020 and a third later in the second quarter of 2020. The Company has already dropped one completion crew as part of its original 2020 plan, but is now releasing two more completion crews as a result of the recent and expected oil price weakness.

As a result of this reduction in activity, the Company will reduce its capital budget for the year. Drill, complete and equip ("D,C&E") spend for 2020 is expected to decrease through the combination of a lower completed well count and lower expected well costs, and corresponding infrastructure and midstream capital budgets are expected to decrease as well.

"As a result of current and expected oil price weakness, we have immediately reduced development activity and expect lower activity levels to continue until we see clear signs of commodity price recovery. While this decision is expected to result in lower 2020 oil production than originally forecast, we will maintain positive cash flow and protect our balance sheet and dividend. We have made these decisions before and they are driven by the goal of protecting shareholder returns over the long term. Our balance sheet is stronger than ever having recently been upgraded to investment grade. We believe that while this is clearly a challenging time for our industry, these are the conditions that Diamondback is prepared for," stated Travis Stice, Chief Executive Officer of Diamondback.

Mr. Stice continued, "Diamondback has never been about growth for growth's sake, which we have publicly emphasized consistently since 2015. Because the expected returns of our 2020 program have decreased, we have decided to wait for higher commodity prices to return to growth. We have flexibility on all of our rig and completion crew contracts, and are well-protected with hedges this year for a majority of our production, all of which will allow us to exit this downturn from a position of strength. The ability to develop resources at best in class efficiencies is clearly a differentiator in challenging environments, and since its inception Diamondback has been a leader in this regard. We are well positioned to be a long-term winner in this business due to our inventory depth and quality, best in class cost structure, return of capital program and quality balance sheet."

DERIVATIVES UPDATE

Below is Diamondback's hedge position as of March 6, 2020. The Company continues to actively manage its hedge position by increasing downside protection and restructuring existing contracts.

As of March 6, 2020, the Company had the following outstanding derivative contracts. The Company's derivative contracts are based upon reported settlement prices on commodity exchanges, with crude oil derivative settlements based on New York Mercantile Exchange West Texas Intermediate pricing and Crude Oil Brent and with natural gas derivative settlements based on the New York Mercantile Exchange Henry Hub pricing. When aggregating multiple contracts, the weighted average contract price is disclosed.

	Crude Oil (Bbls/day, $/Bbl)			
	Mar 2020	**Q2 2020**	**Q3 2020**	**Q4 2020**
Swaps - WTI (Cushing)	8,000	8,000	4,000	4,000
	$ 57.99	$ 57.99	$ 60.14	$ 60.14
Swaps - WTI (Magellan East Houston)[1]	16,000	16,000	16,000	16,000
	$ 57.92	$ 57.92	$ 57.92	$ 57.92
Swaps - Crude Brent Oil	11,000	11,000	5,000	5,000
	$ 60.82	$ 60.82	$ 60.66	$ 60.66
Puts - WTI (Cushing)	3,700	3,700	3,700	3,700
	$ 50.00	$ 50.00	$ 50.00	$ 50.00
Costless Collars - WTI (Cushing)	6,000	6,000	6,000	6,000
Long Put Price ($/Bbl)	$ 51.00	$ 51.00	$ 51.00	$ 51.00
Ceiling Price ($/Bbl)	$ 61.00	$ 61.00	$ 61.00	$ 61.00
Three-Way Collar - WTI (Cushing)	22,350	22,350	20,350	20,350
Short Put Price ($/Bbl)	$ 41.12	$ 41.12	$ 41.23	$ 41.23
Long Put Price ($/Bbl)	$ 51.12	$ 51.12	$ 51.23	$ 51.23
Ceiling Price ($/Bbl)	$ 64.57	$ 64.57	$ 64.94	$ 64.94
Three-Way Collar - WTI (Magellan East Houston)	4,000	4,000	4,000	4,000
Short Put Price ($/Bbl)	$ 50.00	$ 50.00	$ 50.00	$ 50.00
Long Put Price ($/Bbl)	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Ceiling Price ($/Bbl)	$ 66.80	$ 66.80	$ 66.80	$ 66.80
Three-Way Collar - Crude Brent Oil	39,550	39,550	39,550	39,550
Short Put Price ($/Bbl)	$ 44.55	$ 44.55	$ 44.55	$ 44.55

Long Put Price ($/Bbl)	$ 57.28	$ 57.28	$ 57.28	$ 57.28
Ceiling Price ($/Bbl)	$ 66.16	$ 66.16	$ 66.16	$ 66.16
Costless Put Spreads - WTI (Cushing)	3,975	3,975	3,975	3,975
Short Put Price ($/Bbl)	$ 46.54	$ 46.54	$ 46.54	$ 46.54
Long Put Price ($/Bbl)	$ 57.67	$ 57.67	$ 57.67	$ 57.67
Costless Put Spreads - Crude Brent Oil	8,650	8,650	8,650	8,650
Short Put Price ($/Bbl)	$ 47.89	$ 47.89	$ 47.89	$ 47.89
Long Put Price ($/Bbl)	$ 60.75	$ 60.75	$ 60.75	$ 60.75
Basis Swaps - WTI	41,538	41,538	41,087	41,087
	$ (1.21)	$ (1.21)	$ (1.21)	$ (1.21)
Roll Swaps - WTI	20,000	20,000	20,000	20,000
	$ 0.44	$ 0.44	$ 0.44	$ 0.44

1. *Includes 10,000 Bo/d of swaps whereby the Company receives $55.00/Bbl when the settlement price is above $40/Bbl and settlement price plus $15/Bbl if below $40/Bbl*

	Natural Gas (Mmbtu/day, $/Mmbtu)				
	Q1 2020	**Q2 2020**	**Q3 2020**	**Q4 2020**	**FY 2021**
Natural Gas Swaps - Henry Hub	30,000	30,000	30,000	30,000	—
	$ 2.55	$ 2.55	$ 2.55	$ 2.55	$ —
Natural Gas Swaps - Waha Hub	80,000	80,000	90,000	90,000	—
	$ 1.68	$ 1.68	$ 1.58	$ 1.58	$ —
Natural Gas Basis Swaps - Waha Hub	70,000	120,000	120,000	120,000	150,000
	$ (1.19)	$ (1.46)	$ (1.46)	$ (1.46)	$ (0.70)

About Diamondback Energy, Inc.

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

Forward Looking Statements

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

Investor Contact:
Adam Lawlis
+1 432.221.7467
alawlis@diamondbackenergy.com

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