



Diamondback Energy, Inc. and Five Point Energy LLC Form Deep Blue Midland Basin LLC

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Creates The Premier Sustainable Water Management Platform in the Midland Basin

MIDLAND, Texas, Sept. 11, 2023 (GLOBE NEWSWIRE) -- Diamondback Energy, Inc. (NASDAQ: FANG) ("Diamondback") and Five Point Energy LLC ("Five Point") announced today the formation of a new joint venture entity, Deep Blue Midland Basin LLC ("Deep Blue"). This strategic joint venture creates the largest independent water infrastructure platform in the Midland Basin with substantial excess capacity in place to pursue third-party growth.

Deep Blue Highlights:

- Integrated midstream water infrastructure network with over 800 miles of pipelines for gathering, transport, disposal and reuse
- Permitted disposal capacity of approximately 2 million barrels per day and over 65 million barrels of water storage
- Extensive recycle facilities in place with capacity to supply over 500,000 barrels per day of recycled water for completions activity
- Initial dedication across substantially all of Diamondback's acreage in the Midland Basin

As part of the transaction, Diamondback entered into a 15-year dedication for its produced water and supply water within a 12-county area of mutual interest in the Midland Basin. Diamondback will retain a 30% equity interest in Deep Blue and received approximately \$500 million in upfront cash proceeds, with potential for more cash proceeds through performance-based earnouts over the next 24 months. Additionally, Five Point and Diamondback anticipate collectively contributing \$500 million in follow-on equity capital to fund future growth projects and acquisitions.

In conjunction with closing the joint venture, Deep Blue also executed long-term acreage dedications with two investment-grade customers, totaling over 20,000 acres with expected produced water volumes of over 75,000 barrels per day during 2024.

Scott Mitchell, CEO of Deep Blue said, "Deep Blue is thrilled to announce our partnership with Diamondback and Five Point in the Midland Basin. This joint venture affords us the unique opportunity to execute on our vision of sustainable produced water management utilizing one of the largest platforms in the core of the Midland Basin. In addition to supporting Diamondback's long-term growth plans and advancing their reuse objectives, Deep Blue plans to grow its footprint while driving the advancement of new technology solutions for our customers."

"Diamondback is excited to announce our Deep Blue partnership with Five Point," stated Kaes Van't Hof, President and CFO of Diamondback. "This strategic joint venture has the assets, management and producer support to create significant value for Diamondback stockholders. We have spent nearly a decade building a differentiated water infrastructure platform in the Midland Basin, and believe this is the opportune time to monetize this business while retaining meaningful upside through our equity ownership. The joint venture has already had significant third-party commercial success, and we look forward to participating in the future growth of this business."

David Capobianco, CEO of Five Point and Chairman of Deep Blue, said, "Our joint venture with Diamondback reinforces Five Point's leadership in environmental water management solutions and our status as the industry's preferred partner. Deep Blue's basin-wide footprint and excess capacity ideally position it to grow and consolidate in the Midland Basin while bringing next-generation water management solutions to our customers, including recycling, enhanced evaporation and desalination technologies."

Skadden, Arps, Slate, Meagher & Flom LLP and Winston & Strawn LLP served as legal counsel to Deep Blue. Piper Sandler served as financial advisor, and Akin Gump Strauss Hauer & Feld LLP served as legal counsel to Diamondback.

About Deep Blue

Deep Blue is headquartered in Houston and Midland, Texas and develops, owns, and operates integrated midstream water infrastructure networks to manage water for exploration and production companies throughout the Midland Basin. The company's mission is to create value for its customers and stakeholders by addressing their long-term water management requirements through integrated pipeline systems and sustainable water management practices. Deep Blue's goal is to minimize disposal through water recycling and advanced technologies such as desalination and enhanced evaporation. Deep Blue strives to provide safe, reliable, and efficient solutions that support a thriving industry while protecting the environment and advancing more sustainable industry practices. For more information about Deep Blue, please visit: www.deepbluewater.com.

About Five Point Energy

Five Point Energy is a leading private equity firm focused on building businesses within the environmental water management and sustainable infrastructure sectors. The firm was founded by industry veterans who have had successful careers investing in, building, and running midstream infrastructure companies. Five Point's strategy is to buy and build assets, create companies, and grow them into sustainable enterprises with premier management teams and industry-leading E&P partners. Based in Houston, Five Point targets equity investments up to \$1 billion and has approximately \$4 billion of capital under management across multiple investment funds. For more information about Five Point Energy, please visit: www.fivepointenergy.com.

About Diamondback Energy

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 about Diamondback please visit: www.diamondbackenergy.com.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which involve risks, uncertainties, and assumptions. All statements, other than statements of historical fact, including statements regarding Diamondback's: future performance; business strategy; future operations (including drilling plans and capital plans); estimates and projections of revenues, losses, costs, expenses, returns, cash flow, and financial position; reserve estimates and its ability to replace or increase reserves; anticipated benefits of strategic transactions (including acquisitions, joint ventures and divestitures); and plans and objectives of management (including plans for future cash flow from operations and for executing environmental strategies) are forward-looking statements. When used in this news release, the words "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "model," "outlook," "plan," "positioned," "potential," "predict," "project," "seek," "should," "target," "will," "would," and similar expressions (including the negative of such terms) as they relate to Diamondback are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Although Diamondback believes that the expectations and assumptions reflected in its forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond Diamondback's control. Accordingly, forward-looking statements are not guarantees of future performance and Diamondback's actual outcomes could differ materially from what Diamondback has expressed in its forward-looking statements.

Factors that could cause the outcomes to differ materially include (but are not limited to) the following: changes in supply and demand levels for oil, natural gas, and natural gas liquids, and the resulting impact on the price for those commodities; the impact of public health crises, including epidemic or pandemic diseases, and any related company or government policies or actions; actions taken by the members of OPEC and Russia affecting the production and pricing of oil, as well as other domestic and global political, economic, or diplomatic developments, including any impact of the ongoing war in Ukraine on the global energy markets and geopolitical stability; instability in the financial sector; concerns over a potential economic slowdown or recession; inflationary pressures; rising interest rates and their impact on the cost of capital; regional supply and demand factors, including delays, curtailment delays or interruptions of production, or governmental orders, rules or regulations that impose production limits; federal and state legislative and regulatory initiatives relating to hydraulic fracturing and the use and/or disposal of water in oil and gas operations, including the effect of existing and future laws and governmental regulations; physical and transition risks relating to climate change and the risks and other factors disclosed 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>.

In light of these factors, the events anticipated by Diamondback's forward-looking statements may not occur at the time anticipated or at all. Moreover, Diamondback operates in a very competitive and rapidly changing environment and new risks emerge from time to time. Diamondback cannot predict all risks, nor can it assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those anticipated by any forward-looking statements it may make. Accordingly, you should not place undue reliance on any forward-looking statements made in this news release. All forward-looking statements speak only as of the date of this news release or, if earlier, as of the date they were made. Diamondback does not intend to, and disclaims any obligation to, update or revise any forward-looking statements unless required by applicable law.

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