

W0. Introduction

W0.1

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

Diamondback Energy, Inc. 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. We refer to Diamondback, together with its consolidated subsidiaries, as "we," "us," "our," or "the Company".

This questionnaire contains forward-looking statements as defined by the Securities and Exchange Commission (SEC). 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 of public health crises, 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 SEC, 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.

W-OG0.1a

(W-OG0.1a) Which business divisions in the oil & gas sector apply to your organization?

Upstream

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 2022 | December 31 2022 |

W0.3

(W0.3) Select the countries/areas in which you operate.

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. |

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

| Indicate whether you are able to provide a unique identifier for your organization. | Provide your unique identifier |
|---|--------------------------------|
| Yes, a Ticker symbol | FANG |

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 | Frequency of measurement | Method of measurement | Please explain |
|--|----------------------------------|--------------------------|-------------------------|--|
| Water withdrawals – total volumes | 100% | Continuously | Direct monitoring | Diamondback regularly measures and monitors all water withdrawals to meet regulatory requirements and obligations to water rights holders. |
| Water withdrawals – volumes by source | 100% | Continuously | Direct monitoring | Diamondback monitors total volumes of water across all of our operations. |
| Entrained water associated with your metals & mining and/or coal sector activities - total volumes [only metals and mining and coal sectors] | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector] | 100% | Continuously | Direct monitoring | Diamondback monitors and measures all produced water to meet regulatory requirements. |
| Water withdrawals quality | 76-99 | Yearly | Third party lab testing | Diamondback tests water withdrawals and extrapolates the data in areas of similar aquifer characteristics. |
| Water discharges – total volumes | 100% | Continuously | Direct monitoring | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water discharges – volumes by destination | 100% | Continuously | Direct monitoring | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water discharges – volumes by treatment method | 100% | Continuously | Direct monitoring | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water discharge quality – by standard effluent parameters | Not relevant | <Not Applicable> | <Not Applicable> | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances) | Not relevant | <Not Applicable> | <Not Applicable> | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water discharge quality – temperature | Not relevant | <Not Applicable> | <Not Applicable> | If applicable, Diamondback monitors and measures all water discharges to meet regulatory requirements. |
| Water consumption – total volume | 100% | Continuously | Direct monitoring | Diamondback monitors total volumes of water across all of our operations. |
| Water recycled/reused | 100% | Continuously | Direct monitoring | Diamondback monitors and measures produced water across all of our operations. Recycled water volumes are measured daily and used for internal reporting purposes. |
| The provision of fully-functioning, safely managed WASH services to all workers | 100% | Continuously | Direct monitoring | All Diamondback field and corporate office locations have access to fresh water supply, sanitation and hygiene facilities. Water volumes are measured by public water systems' billings. |

W1.2b

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

| | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Please explain |
|-------------------|--------------------------|---|---|--------------------|---|---|
| Total withdrawals | 31129 | Higher | Change in accounting methodology | About the same | Increase/decrease in business activity | Total withdrawals increased 12,358 ML from 2021, or 66%. In 2022, Diamondback included produced water in total withdrawals to align with the CDP definition. We do not anticipate an increase in freshwater withdrawals. Diamondback has invested capital to build water recycling facilities in the Midland Basin where most of our operations are. When we are not able to recycle water in an area, we try to use brackish water to reduce the draw on freshwater. |
| Total discharges | 0 | About the same | Other, please specify (Diamondback did not discharge to any surface water or ground water.) | About the same | Other, please specify (Diamondback does not anticipate discharging to any surface water or ground water.) | Diamondback injects produced water into geologic formations below usable groundwater formations in accordance with all federal and state regulations. |
| Total consumption | 22051 | Higher | Increase/decrease in business activity | About the same | Increase/decrease in business activity | Total water consumption increased 861 ML from 2021, or 4%. Diamondback's total consumption fluctuates depending on activity levels. In 2022, we drilled 11% more wells and completed 7% less wells. |

W-OG1.2c

(W-OG1.2c) In your oil & gas sector operations, what are the total volumes of water withdrawn, discharged, and consumed (by business division), how do they compare to the previous reporting year, and how are they forecasted to change?

| | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Please explain |
|--|--------------------------|---|---|--------------------|---|---|
| Total withdrawals - upstream | 31129 | Higher | Change in accounting methodology | About the same | Increase/decrease in business activity | Total withdrawals increased 12,358 ML from 2021, or 66%. In 2022, Diamondback included produced water in total withdrawals to align with the CDP definition. We do not anticipate an increase in freshwater withdrawals. Diamondback has invested capital to build water recycling facilities in the Midland Basin where most of our operations are. When we are not able to recycle water in an area, we try to use brackish water to reduce the draw on freshwater. |
| Total discharges -- upstream | 0 | About the same | Other, please specify (Diamondback did not discharge to any surface water or ground water.) | About the same | Other, please specify (Diamondback does not anticipate discharging to any surface water or ground water.) | Diamondback injects produced water into geologic formations below usable groundwater formations in accordance with all federal and state regulations. |
| Total consumption -- upstream | 22051 | Higher | Increase/decrease in business activity | About the same | Increase/decrease in business activity | Total water consumption increased 861 ML from 2021, or 4%. Diamondback's total consumption fluctuates depending on activity levels. In 2022, we drilled 11% more wells and completed 7% fewer wells. |
| Total withdrawals - midstream/downstream | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total discharges -- midstream/downstream | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total consumption -- midstream/downstream | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total withdrawals -- chemicals | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total discharges -- chemicals | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total consumption -- chemicals | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total withdrawals -- other business division | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total discharges -- other business division | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Total consumption -- other business division | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

| | Withdrawals are from areas with water stress | % withdrawn from areas with water stress | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Five-year forecast | Primary reason for forecast | Identification tool | Please explain |
|-------|--|--|---|--|--------------------|--|---------------------|--|
| Row 1 | Yes | 76-99 | Lower | Increase/decrease in business activity | About the same | Increase/decrease in business activity | 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 | Primary reason for comparison with previous reporting year | Please explain |
|--|--------------|--------------------------|---|--|---|
| Fresh surface water, including rainwater, water from wetlands, rivers, and lakes | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback does not withdraw from fresh surface water, including rainwater, water from wetlands, rivers, and lakes. |
| Brackish surface water/Seawater | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback does not withdraw from brackish surface water/seawater sources. |
| Groundwater – renewable | Relevant | 5844 | Lower | Change in accounting methodology | Diamondback considers our freshwater (1,000 Total Dissolved Solids or below) withdrawn to be from renewable sources. |
| Groundwater – non-renewable | Relevant | 12720 | Higher | Change in accounting methodology | Diamondback considers brackish water (above 1,000 Total Dissolved Solids) withdrawn to be from non-renewable sources. |
| Produced/Entrained water | Relevant | 12565 | Higher | Change in accounting methodology | Diamondback considers produced water withdrawn to be produced/entrained water. |
| Third party sources | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Third party sources are included in the categories above. |

W1.2i

(W1.2i) Provide total water discharge data by destination.

| | Relevance | Volume (megaliters/year) | Comparison with previous reporting year | Primary reason for comparison with previous reporting year | Please explain |
|---------------------------------|--------------|--------------------------|---|--|--|
| Fresh surface water | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback does not discharge into fresh surface water. |
| Brackish surface water/seawater | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback does not discharge into brackish surface water/seawater. |
| Groundwater | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback does not discharge into groundwater. |
| Third-party destinations | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | Third party sources are included in the categories above. |

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

| | Relevance of treatment level to discharge | Volume (megaliters/year) | Comparison of treated volume with previous reporting year | Primary reason for comparison with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
|--|---|--------------------------|---|--|--|---|
| Tertiary treatment | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |
| Secondary treatment | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |
| Primary treatment only | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |
| Discharge to the natural environment without treatment | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |
| Discharge to a third party without treatment | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |
| Other | Not relevant | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | Diamondback did not discharge to any surface water or ground water. |

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

| | Revenue | Total water withdrawal volume (megaliters) | Total water withdrawal efficiency | Anticipated forward trend |
|-------|-----------|--|-----------------------------------|---|
| Row 1 | 879300000 | 31129 | 282469.722766552 | Diamondback anticipates that our water withdrawal efficiency will stay the same based on similar activity levels. The proportion of freshwater withdrawn will decrease as we increase our recycled water usage. |

W-OG1.3

(W-OG1.3) Do you calculate water intensity for your activities associated with the oil & gas sector?

Yes

W-OG1.3a

(W-OG1.3a) Provide water intensity information associated with your activities in the oil & gas sector.

Business division

Upstream

Water intensity value (m3/denominator)

0.16

Numerator: water aspect

Total water consumption

Denominator

Other, please specify (Thousand barrel of oil equivalent (net))

Comparison with previous reporting year

Higher

Please explain

Total water consumption intensity (ML) was higher than 2021 (0.15).

Business division

Upstream

Water intensity value (m3/denominator)

0.03

Numerator: water aspect

Freshwater consumption

Denominator

Other, please specify (Thousand barrel of oil equivalent (net))

Comparison with previous reporting year

Lower

Please explain

Total freshwater consumption intensity (ML) was lower than 2021 (0.04). Diamondback has invested capital to build water recycling facilities in the Midland Basin where most of our operations are. When we are not able to recycle water in an area, we try to use brackish water to reduce the draw on freshwater.

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

| | Products contain hazardous substances | Comment |
|-------|---------------------------------------|---------|
| Row 1 | Unknown | |

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

| | Engagement | Primary reason for no engagement | Please explain |
|--|------------|----------------------------------|--|
| Suppliers | Yes | <Not Applicable> | <Not Applicable> |
| Other value chain partners (e.g., customers) | No | Judged to be unimportant | Diamondback does not sell water to other value chain partners. |

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

Yes, we assess the impact of our suppliers

Considered in assessment

Supplier dependence on water

Number of suppliers identified as having a substantive impact

1

% of total suppliers identified as having a substantive impact

76-99

Please explain

Diamondback's primary supplier of water is Rattler Midstream LP (Rattler), a wholly-owned subsidiary of Diamondback. As the owner of Rattler, Diamondback has a deep understanding of the water use, risks and management information held by Rattler. Diamondback works closely with the Rattler management team to limit the use of freshwater and rely on brackish or recycled water whenever possible.

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

| | Suppliers have to meet specific water-related requirements | Comment |
|-------|--|------------------|
| Row 1 | Yes, water-related requirements are included in our supplier contracts | <Not Applicable> |

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Setting and monitoring water withdrawal reduction targets

% of suppliers with a substantive impact required to comply with this water-related requirement

76-99

% of suppliers with a substantive impact in compliance with this water-related requirement

76-99

Mechanisms for monitoring compliance with this water-related requirement

Ground-based monitoring system

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

Diamondback's primary supplier of water is Rattler Midstream LP (Rattler), a wholly-owned subsidiary of Diamondback. As the owner of Rattler, Diamondback has a deep understanding of the water use, risks and management information held by Rattler. Diamondback works closely with the Rattler management team to limit the use of freshwater and rely on brackish or recycled water whenever possible.

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

No other supplier engagements

Details of engagement

<Not Applicable>

% of suppliers by number

<Not Applicable>

% of suppliers with a substantive impact

<Not Applicable>

Rationale for your engagement

Diamondback's primary supplier of water is Rattler and provides 76-99% of water spend.

Impact of the engagement and measures of success

<Not Applicable>

Comment

Diamondback's primary supplier of water is Rattler and provides 76-99% of water spend.

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?

| | Water-related regulatory violations | Fines, enforcement orders, and/or other penalties | Comment |
|-------|-------------------------------------|---|---------|
| Row 1 | No | <Not Applicable> | |

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

| | Identification and classification of potential water pollutants | How potential water pollutants are identified and classified | Please explain |
|-------|---|---|------------------|
| Row 1 | Yes, we identify and classify our potential water pollutants | Diamondback routinely samples water purchases and water used in all operating areas to identify and classify potential water pollutants. This testing established total dissolved solids (TDS) as the key determining factor between fresh and brackish water, wherein freshwater contained less than 1,000 parts per million of TDS. This level is commonly referred to as the level of TDS where water is no longer "fresh" and has limited potential use by humans, livestock, or agriculture. Diamondback's overall goal is to minimize freshwater use and maximize recycled produced water and brackish water for our operations in all areas. | <Not Applicable> |

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other, please specify (Chemicals)

Description of water pollutant and potential impacts

General Pollution

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience

Please explain

While chemical additives used in hydraulic fracturing fluid are typically less than one percent of the fluids used, one of Diamondback's ongoing goals is to further minimize the amount of chemicals used to complete our wells. Diamondback does not discharge chemicals that would impact water ecosystems or human health.

Water pollutant category

Other, please specify (Drilling Fluids)

Description of water pollutant and potential impacts

General Pollution

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

Diamondback has policies in place to safely dispose of all drilling fluids, including oil-based mud and cuttings. This disposal does not impact water ecosystems.

Water pollutant category

Other, please specify (Produced Water)

Description of water pollutant and potential impacts

General Pollution

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience
Water recycling

Please explain

Diamondback seeks to recycle as much produced water as possible in completion operations. When that option is not available, Diamondback safely disposes produced water into deep geologic formations so as to not impact local water ecosystems. These zones are between 5,000 and 13,000 feet below the surface and everything above the disposal zones is protected through metal casing and cement.

Water pollutant category

Oil

Description of water pollutant and potential impacts

General Pollution

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience

Please explain

Diamondback has state of the art facilities with multiple layers of impermeable containment to protect against oil spilling on to the environment surrounding our facilities.

Water pollutant category

Other, please specify (Treated Recycled Water)

Description of water pollutant and potential impacts

General Pollution

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Assessment of critical infrastructure and storage condition (leakages, spillages, pipe erosion etc.) and their resilience

Please explain

Diamondback has state of the art facilities with multiple layers of impermeable containment to protect against treated recycled water spilling on to the environment surrounding our facilities.

(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.

Value chain stage

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

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

Regulators

Suppliers

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 TDS as the key determining factor between fresh and brackish water, wherein freshwater contained less than 1,000 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.

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

| | Rationale for approach to risk assessment | Explanation of contextual issues considered | Explanation of stakeholders considered | Decision-making process for risk response |
|-------|--|--|---|---|
| Row 1 | As an exploration and production company, we face a number of risks, including water-related risks. Management is responsible for the day-to-day management of risks we face as a company, while our Board of Directors, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. | Diamondback relies on water availability for a large part of its business. As part of its risk assessment, water availability and quality are considered when sourcing water. Diamondback prefers to use lower quality, brackish water when recycling produced water is not feasible. We consider and follow all applicable water regulatory frameworks, including the EPA, Texas Railroad Commission and Texas Commission on Environmental Quality (TCEQ) in how we source our water. | Diamondback operates in the same areas in which a majority of our employees and their families live, and are dedicated to preserving and protecting the environment for the benefit of our stockholders, employees, our community and other stakeholders. | Regulatory and environmental criteria are a key parts of Diamondback's decision matrix among other things such as technical challenges, technology developments, and commodity outlook. |

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?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

As a public company, Diamondback adheres to the SEC's rules, regulations and guidance regarding the disclosure of material information. The SEC defines material information as information to which there is a substantial likelihood that a reasonable investor would attach importance in determining whether to buy or sell the securities registered.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
|-------|--|--|
| Row 1 | Risks exist, but no substantive impact anticipated | We have identified minimal water-related risks from our direct operations in our water-related risk assessments. |

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

| | Primary reason | Please explain |
|-------|--|--|
| Row 1 | Risks exist, but no substantive impact anticipated | We have identified minimal water-related risks from our value chain in our water-related risk assessments. |

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

Diamondback has long been committed to recycling water from our production operations. We primarily re-use produced water for our completion operations, limiting the amount of fresh water sourced for our development plan.

Our first recycling activity took place in 2017, and our commitment to recycling has grown over the last five years. Water recycling percentage is one of our five environmental and safety metrics included in our short term incentive compensation scorecard, therefore tying this activity to the compensation of every employee in the Company. Currently, 35-45% of the water used in drilling and completion operations is sourced from recycled water, with a company-wide 2023 goal of greater than 50% of water used in drilling and completion operations sourced from recycled water. We have used up to 100% recycled water for completion operations in the Delaware and Midland Basins, where we have more water production and more water recycling infrastructure, respectively. In all of our core operating areas across both the Midland and Delaware Basins, we have spent capital to create and maintain high capacity recycling systems. We expect to increase our recycling percentages as we develop the ability to store produced water in above-ground pits, particularly in the Midland Basin. We spent approximately \$40 million in 2022 to continue building out this infrastructure and move to a high percentage of overall water use sourced from recycling.

In addition to recycling efforts, we have also placed a premium on sourcing brackish water that is not usable for human consumption, farming or ranching activities. By doing so, we continue to lower our impact on local citizens and lessen our impact on fresh water reservoirs. The combination of either brackish water or recycled water accounts for over 80% of all water usage by the Company, and we expect this number to continue to increase over time.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

34000000

Potential financial impact figure – maximum (currency)

102000000

Explanation of financial impact

Recycling water reduces the need to purchase fresh or brackish water from surface landowners, which can range from \$0.20 - \$1.00 per barrel depending on the operating field. Diamondback estimates the process of recycling water for completion operations saves \$100,000 - \$300,000 per well, depending on how much water is recycled at each well, and we are currently completing ~340 wells per year.

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 Commitment to reduce water withdrawal and/or consumption volumes in direct operations Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Commitment to stakeholder education and capacity building on water security Commitment to water stewardship and/or collective action Commitment to the conservation of freshwater ecosystems Reference to company water-related targets | Please see Diamondback's Corporate Sustainability Report available at www.diamondbackenergy.com/about/sustainability 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

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

| Position of individual or committee | Responsibilities for water-related issues |
|-------------------------------------|--|
| Board-level committee | Members of our Safety, Sustainability & Corporate Responsibility Committee |

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

| | Frequency that water-related issues are a scheduled agenda item | Governance mechanisms into which water-related issues are integrated | Please explain |
|-------|---|--|--|
| Row 1 | Scheduled - all meetings | Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing the setting of corporate targets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives | As an oil and gas company, we understand that we have the potential to make a uniquely positive impact in the world. We provide affordable, domestically produced energy that helps run our homes, businesses, transportation networks and other key components of our economy. As we continue to provide a critical product that contributes to economic growth and society, we view the connection between responsible operations and business success a fundamental necessity. We are committed to the safe and responsible development of our resources in the Permian Basin. We operate in the same areas in which a majority of our employees and their families live, and are dedicated to preserving and protecting the environment for the benefit of our stockholders, employees and our community. We have identified key areas of focus, including water use, energy, emissions, waste and spills, compliance, health and safety, training and education, and community, and have described below certain of our efforts relating to these areas. We have also established the Safety, Sustainability and Corporate Responsibility Committee of our Board of Directors that oversees, among other things, our management's monitoring and adherence to our policies on ESG matters and the quality of our procedures for identifying, assessing, monitoring and managing the principal environmental, health, safety and social risks in our business and provides leadership with respect to best practices in the areas environmental, sustainability and corporate and social responsibility. |

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

| | Board member(s) have competence on water-related issues | Criteria used to assess competence of board member(s) on water-related issues | Primary reason for no board-level competence on water-related issues | Explain why your organization does not have at least one board member with competence on water-related issues and any plans to address board-level competence in the future |
|-------|---|---|--|---|
| Row 1 | Yes | Rebecca "Becky" Klein joined the Diamondback board in July 2022. Ms. Klein was the Chairman of the Public Utility Commission of Texas. She has served as chair of the board of the Lower Colorado River Authority, a public power utility owning generation, transmission, and water services across the central Texas area. In addition, she sits on the board of Aiqueous, a privately held water and power software company. Ms. Klein also sits on the board of SJW Group (NYSE: SJW), a publicly traded water company which operates in California, Texas, Connecticut, and Maine. | <Not Applicable> | <Not Applicable> |

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)

Chief Executive Officer (CEO)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

All water related activity is reported to the CEO on a quarterly basis. This includes water related risk and opportunities throughout the quarter.

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

Chief Financial Officer (CFO)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

All water related activity is reported to the CFO on a quarterly basis. This includes water related risk and opportunities throughout the quarter.

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

Chief Operating Officer (COO)

Water-related responsibilities of this position

Assessing water-related risks and opportunities
 Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

All water related activity is reported to the COO on a quarterly basis. This includes water related risk and opportunities throughout the quarter.

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 has incorporated water related targets into the STI compensation scorecard at a 25% weighting for 2022 and 2023. |

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive | Performance indicator | Contribution of incentives to the achievement of your organization's water commitments | Please explain |
|---------------------|---|--|--|----------------|
| Monetary reward | Corporate executive team Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) | Improvements in water efficiency – product use | Diamondback has incorporated environmental-related targets (including water recycling) into the STI compensation scorecard at a 25% weighting for 2022 and 2023. | |
| Non-monetary reward | Please select | Please select | | |

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Diamondback's Safety, Sustainability and Corporate Responsibility Committee engages with our management and Board of Directors on our water policy / water commitment strategy. Diamondback's Senior Vice President of Government & Regulatory Affairs is kept abreast of relevant communications so that there is alignment both internally and externally with our trade associations and other stakeholders.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

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 |

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

125

Anticipated forward trend for CAPEX (+/- % change)

35

Water-related OPEX (+/- % change)

25

Anticipated forward trend for OPEX (+/- % change)

20

Please explain

Absolute capex and opex has increased as a result of greater production due to acquisitions in Q4 2022 and Q1 2023, as well as continued build out of centralized large scale water infrastructure conducive for water recycling in the Midland Basin.

The water used to complete a typical two-mile horizontal well typically costs \$150,000-\$400,000 in variable costs, with similar costs to gather and dispose produced water from each well over its life. Additionally, centralized water collection, distribution and disposal systems must be constructed to gather and distribute water for completions operations and disposal.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

| | Use of scenario analysis | Comment |
|-------|--------------------------|--|
| Row 1 | Yes | Our scenario analysis is publicly available in our latest Corporate Sustainability Report on our website, www.diamondbackenergy.com/about/sustainability . |

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

| | Type of scenario analysis used | Parameters, assumptions, analytical choices | Description of possible water-related outcomes | Influence on business strategy |
|-------|--------------------------------|---|---|---|
| Row 1 | Climate-related | Our scenario analysis is publicly available in our latest Corporate Sustainability Report on our website. | Our scenario analysis is publicly available in our latest Corporate Sustainability Report on our website. | Our scenario analysis is publicly available in our latest Corporate Sustainability Report on our website. |

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

Yes

Please explain

Diamondback uses the actual price paid to landowners to source freshwater when we are not able to use recycled water.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

| | Products and/or services classified as low water impact | Definition used to classify low water impact | Primary reason for not classifying any of your current products and/or services as low water impact | Please explain |
|-------|---|---|---|---|
| Row 1 | Yes | Diamondback recycles water whenever feasible to eliminate the withdrawal and consumption of freshwater. | <Not Applicable> | Diamondback has built robust water recycling facilities that eliminate the need to use freshwater in some areas of our operations. Treating and recycling water used for our operations eliminates the need to withdraw or consume freshwater. Diamondback has a long-term goal to use more than 65% of recycled water in operations by 2025. |

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

| | Target set in this category | Please explain |
|--|---|------------------|
| Water pollution | Yes | <Not Applicable> |
| Water withdrawals | Yes | <Not Applicable> |
| Water, Sanitation, and Hygiene (WASH) services | No, and we do not plan to within the next two years | |
| Other | No, and we do not plan to within the next two years | |

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in water use met through recycling/reuse

Year target was set

2022

Base year

2022

Base year figure

38835150

Target year

2022

Target year figure

56971787

Reporting year figure

56971787

% of target achieved relative to base year

100

Target status in reporting year

Achieved

Please explain

Over 41% of the water used in operations during 2022 was sourced from recycled water. Figures above are in barrels.

Target reference number

Target 2

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in water use met through recycling/reuse

Year target was set

2023

Base year

2022

Base year figure

28

Target year

2023

Target year figure

50

Reporting year figure

41

% of target achieved relative to base year

59.0909090909091

Target status in reporting year

Underway

Please explain

Target in process. Diamondback has a target to use 50% or more recycled water in operations.

Target reference number

Target 3

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Increase in water use met through recycling/reuse

Year target was set

2021

Base year

2021

Base year figure

29

Target year

2025

Target year figure

65

Reporting year figure

41

% of target achieved relative to base year

33.33333333333333

Target status in reporting year

Underway

Please explain

Through 2022, Diamondback recycled more than 41% of water used in drilling and completion operations, or approximately 63% of our long term goal to use at least 65% recycled water in operations.

Target reference number

Target 4

Category of target

Water pollution

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify (Bbls of produced liquid spills (net of recovered bbls) divided by thousands of bbls of liquid production)

Year target was set

2022

Base year

2022

Base year figure

0.01

Target year

2022

Target year figure

0.01

Reporting year figure

0.02

% of target achieved relative to base year

<Calculated field>

Target status in reporting year

Revised

Please explain

Diamondback did not achieve its target of less than 0.01 net liquid spills for 2022. For 2023, we have revised the target to less than 0.02 net liquid spills. Calculated as barrels of produced liquid spills (net of recovered barrels) by total thousands of barrels of liquids production.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

In progress

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

| | Plastics mapping | Value chain stage | Please explain |
|-------|--|-------------------|----------------|
| Row 1 | Not mapped – and we do not plan to within the next two years | <Not Applicable> | |

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

| | Impact assessment | Value chain stage | Please explain |
|-------|--|-------------------|----------------|
| Row 1 | Not assessed – and we do not plan to within the next two years | <Not Applicable> | |

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

| | Risk exposure | Value chain stage | Type of risk | Please explain |
|-------|--|-------------------|------------------|----------------|
| Row 1 | Not assessed – and we do not plan to within the next two years | <Not Applicable> | <Not Applicable> | |

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

| | Targets in place | Target type | Target metric | Please explain |
|-------|--|------------------|------------------|----------------|
| Row 1 | No – and we do not plan to within the next two years | <Not Applicable> | <Not Applicable> | |

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

| | Activity applies | Comment |
|--|------------------|---------|
| Production of plastic polymers | No | |
| Production of durable plastic components | No | |
| Production / commercialization of durable plastic goods (including mixed materials) | No | |
| Production / commercialization of plastic packaging | No | |
| Production of goods packaged in plastics | No | |
| Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services) | No | |

W11. 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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

| | Job title | Corresponding job category |
|-------|-----------------|----------------------------|
| Row 1 | President & CFO | President |

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

No

Please confirm below

I have read and accept the applicable Terms