

Diamondback Energy, Inc.  
Form S-1/A  
May 08, 2012  
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As filed with the Securities and Exchange Commission on May 7, 2012

Registration No. 333-179502

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**AMENDMENT NO. 1**

**to**

**FORM S-1**

REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

**Diamondback Energy, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of

1311

**45-4502447**  
(I.R.S. Employer

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incorporation or organization) (Primary Standard Industrial Classification Code Number) Identification Number)

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Midland, Texas 79701

(432) 221-7400

(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

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The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we and the selling stockholders are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED MAY 7, 2012.**

**PROSPECTUS**

**Shares**

**Diamondback Energy, Inc.**

**Common Stock**

We are selling \_\_\_\_\_ shares of common stock and the selling stockholders are selling \_\_\_\_\_ shares of common stock. We will not receive any of the proceeds from the shares of common stock sold by the selling stockholders.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of the common stock is expected to be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share. We have applied to list our common stock on The NASDAQ Global Market under the symbol FANG.

We and the selling stockholders granted the underwriters an option to purchase up to an aggregate of \_\_\_\_\_ additional shares of our common stock to cover the underwriters' option to purchase additional shares.

**We are an emerging growth company under applicable Securities and Exchange Commission rules and will be subject to reduced public company reporting requirements. Investing in our common stock involves risks. See Risk Factors beginning on page 14.**

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Diamondback	Proceeds to Selling Stockholders
Per Share	\$	\$	\$	\$
Total	\$	\$	\$	\$
Delivery of the shares of common stock will be made on or about _____, 2012.				

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**Credit Suisse**

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The date of this prospectus is \_\_\_\_\_, 2012.

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**ABOUT THIS PROSPECTUS**

You should rely only on the information contained in this prospectus. We have not, and the selling stockholders and the underwriters have not, authorized any other person to provide you with information different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We, the selling stockholders and the underwriters are only offering to sell, and only seeking offers to buy, our common stock in jurisdictions where offers and sales are permitted.

The information contained in this prospectus is accurate and complete only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock by us, the selling stockholders or the underwriters. Our business, financial condition, results of operations and prospects may have changed since that date.

**Dealer Prospectus Delivery Obligation**

Until (25 days after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

**Industry and Market Data**

This prospectus includes industry data and forecasts that we obtained from internal company surveys, publicly available information and industry publications and surveys. Our internal research and forecasts are based on management's understanding of industry conditions, and such information has not been verified by independent sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable.

Unless the context otherwise requires, the information in this prospectus (other than in the historical financial statements) assumes that the underwriters will not exercise their option to purchase additional shares.

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**PROSPECTUS SUMMARY**

*This summary contains basic information about us and the offering. Because it is a summary, it does not contain all the information that you should consider before investing in our common stock. Except as expressly noted otherwise, the historical assets, operations and results described in this prospectus are those of Windsor Permian LLC, or Windsor Permian, an entity controlled by Wexford Capital LP, or Wexford. Prior to the closing of this offering, Wexford will cause all of the outstanding equity interests in Windsor Permian to be contributed to us in exchange for shares of our common stock and Windsor Permian will become our wholly-owned subsidiary. On May 7, 2012, we entered into a contribution agreement with Gulfport Energy Corporation, or Gulfport, in which Gulfport, agreed to contribute to us, subject to certain conditions, all of its oil and natural gas interests in the Permian Basin in exchange for shares of our common stock and a promissory note. In addition, Wexford has agreed to cause all of the outstanding equity interests in Windsor UT LLC, or Windsor UT, to be contributed to Windsor Permian prior to the time Windsor Permian is contributed to us. Windsor UT owns oil and natural gas interests in the Permian Basin. In this prospectus, we refer to the Gulfport contribution and the Windsor UT contribution together as the Contributions. See Summary The Contributions beginning on page 6 of this prospectus for more information regarding the Contributions. Except as expressly noted otherwise, references to our operations and assets as of March 31, 2012 and thereafter give effect to the Contributions. You should read and carefully consider this entire prospectus before making an investment decision, especially the information presented under the heading Risk Factors and our financial statements and the accompanying notes included elsewhere in this prospectus, as well as the other documents to which we refer you. We have provided definitions for some of the oil and natural gas industry terms used in this prospectus in the Glossary of Oil and Natural Gas Terms.*

**DIAMONDBACK ENERGY, INC.**

**Overview**

We are an independent oil and natural gas company currently focused on the acquisition, development, exploration and exploitation of unconventional, onshore oil and natural gas reserves in the Permian Basin in West Texas. This basin, which is one of the major producing basins in the United States, is characterized by an extensive production history, a favorable operating environment, mature infrastructure, long reserve life, multiple producing horizons, enhanced recovery potential and a large number of operators.

We began operations in December 2007 with our acquisition of 4,174 net acres with production at the time of acquisition of approximately 800 net barrels of oil equivalent, or BOE, per day from 33 gross (16.5 net) wells in the Permian Basin. Subsequently, we acquired approximately 25,851 additional net acres, which brought our total net acreage position in the Permian Basin to 30,025 net acres at March 31, 2012 and, after giving effect to the Contributions, we had 49,703 net acres. We are the operator of approximately 99% of this acreage. As of March 31, 2012, after giving effect to the Contributions, we had drilled 147 gross (136 net) wells, and participated in an additional 11 gross (five net) non-operated wells, in the Permian Basin. Of these 158 gross wells, 149 were completed as producing wells and nine are in various stages of completion. In the aggregate, as of March 31, 2012, we held interests in 182 gross (166 net) producing wells in the Permian Basin.

Our activities are primarily focused on the Clearfork, Spraberry, Wolfcamp, Cline, Strawn and Atoka formations, which we refer to collectively as the Wolfberry play. The Wolfberry play is characterized by high oil and liquids rich natural gas, multiple vertical and horizontal target horizons, extensive production history, long-lived reserves and high drilling success rates. The Wolfberry play is a modification and extension of the Spraberry play, the majority of which is designated in the Spraberry trend area field. According to the U.S. Energy Information Administration, the Spraberry trend area ranks as the second largest oilfield in the United States, based on 2009 reserves.

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As of December 31, 2011, our estimated proved oil and natural gas reserves, pro forma for the Contributions, were 39,460 MBOE based on reserve reports prepared by Ryder Scott Company L.P., or Ryder Scott, our independent reserve engineers. Of these reserves, approximately 21.7% are classified as proved developed producing, or PDP. Proved undeveloped, or PUD, reserves included in this estimate are from 329 gross well locations on 40-acre spacing. As of December 31, 2011, these proved reserves were approximately 67% oil, 20% natural gas liquids and 13% natural gas.

We have 977 identified potential vertical drilling locations on 40-acre spacing based on our evaluation of applicable geologic and engineering data and we have an additional 1,162 identified potential vertical drilling locations based on 20-acre downspacing. These identified potential drilling locations do not include any potential horizontal drilling locations. We intend to grow our reserves and production through development drilling, exploitation and exploration activities on this multi-year project inventory of identified potential drilling locations and through acquisitions that meet our strategic and financial objectives, targeting oil-weighted reserves. Our estimated ultimate recoveries, or EURs, from future PUD wells, as estimated by Ryder Scott, range from 89 MBOE to 147 MBOE per well, with an average EUR per well of 127 MBOE. Our 2012 drilling plan currently contemplates drilling 72 gross (65 net) vertical wells and nine gross (eight net) horizontal wells in the Wolfberry play. We are currently using four drilling rigs and intend to add two additional rigs later in 2012.

We believe the experience gained from our historical drilling programs and the information obtained from the results of extensive industry drilling activity in the Permian Basin have helped us reduce the risk and uncertainty associated with drilling vertical wells on our Permian Basin acreage. We intend to supplement our vertical development drilling activity with horizontal wells targeting various intervals in the Wolfberry play. Our horizontal drilling program is intended to further capture the upside potential that may exist on our properties and increase our well performance and recoveries as compared to drilling vertical wells alone.

During 2011, we assembled a new executive team and, beginning with the fourth quarter of 2011, this team assumed management control of our operations and development activities in the Permian Basin. With an average of approximately 26 years of industry experience per person, this team has extensive experience in the Permian Basin as well as other resource plays in North America, including significant experience in drilling and completing horizontal wells. Under the direction of our new executive team, the average drilling time required to reach total depth, or TD, was shortened by 25% to 15 days during the fourth quarter of 2011 from 20 days during the second quarter of 2011, reducing average drilling costs (excluding completion costs) by 8.3% from \$1.2 million to \$1.1 million period-to-period, while also decreasing the time from spud to spud to 23 days from 25 days. Also, during the quarter ended March 31, 2012 our average daily production, pro forma for the Contributions, was 3,280 BOE/d, an increase of 11%, or 333 BOE/d, from 2,947 BOE/d for the quarter ended December 31, 2011. This increase was due primarily to improved strategies and procedures introduced by our new executive team relating to wellbore configuration, completion, execution, fluid recovery and well pumping practices that significantly reduced the level of required well remediation and the associated loss of production. We anticipate further increases in efficiencies as our new executive team executes on our development strategies across our acreage base.

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The following table provides a summary of selected operating information of our properties, pro forma for the Contributions. The information is as of March 31, 2012 except as otherwise noted.

Basin	Net Acreage	Average Working Interest	Identified Potential Drilling Locations <sup>(1)</sup>		Gross Wells <sup>(2)</sup>	2012 Budget		Estimated Net Proved Reserves at December 31, 2011		Average Daily Production (BOE/d) <sup>(3)</sup>
			Gross	Net		Net	Capex (In millions)	MBOE	% Developed	
Permian	49,703	86.2%	977	926	90	75	\$ 180.0	39,460	24	3,378

- (1) Reflects identified potential vertical drilling locations on 40-acre spacing based on our evaluation of applicable geologic and engineering data. We have an additional 1,162 potential vertical drilling locations based on 20-acre downspacing. These identified potential drilling locations do not include any potential horizontal drilling locations. The drilling locations on which we actually drill wells will ultimately depend on the availability of capital, regulatory approvals, oil and natural gas prices, costs, actual drilling results and other factors.
- (2) Includes 81 gross (72 net) wells for which we are the operator and nine gross (three net) non-operated wells.
- (3) During February 2012.

Our current exploration and development budget for our oil and natural gas properties for the year ending December 31, 2012 is approximately \$180.0 million. In 2012, we plan to spend approximately \$158.0 million on the drilling and completion of 72 gross (65 net) operated vertical wells and nine gross (eight net) horizontal wells, \$8.0 million for the drilling and completion of nine non-operated wells, \$8.0 million for leasehold acquisitions and \$6.0 million for the construction of infrastructure to support production, including investments in water disposal infrastructure and gathering line projects.

**Our Business Strategy**

Our business strategy is to increase stockholder value through the following:

**Grow production and reserves by developing our oil-rich resource base.** We intend to actively drill and develop our acreage base in an effort to maximize its value and resource potential. Through the conversion of our undeveloped reserves to developed reserves, we will seek to increase our production, reserves and cash flow while generating favorable returns on invested capital. As of March 31, 2012, after giving effect to the Contributions, we had 977 identified potential vertical drilling locations on our acreage in the Permian Basin based on 40-acre spacing and an additional 1,162 such locations based on 20-acre downspacing. We believe the drilling of these locations will provide us with the critical subsurface data necessary to target potential horizontal horizons. Our 2012 drilling plan currently contemplates drilling 72 gross (65 net) vertical wells and nine gross (eight net) horizontal wells in the Wolfberry play. We ended 2011 with a two rig drilling program and are currently using four drilling rigs. We intend to add two additional rigs later in the year. Subject to market conditions and rig availability, we expect to operate up to eight rigs in 2013, which we expect will allow us to significantly increase our drilling program in 2013.

**Focus on increasing hydrocarbon recovery through horizontal drilling and increased well density.** We believe there are opportunities to target various intervals in the Wolfberry play with horizontal wells and we currently plan to drill nine gross (eight net) horizontal wells in 2012 to target these producing horizons. Our horizontal drilling program is designed to further capture the upside potential that may exist on our properties. We also believe our horizontal drilling program may significantly increase our recoveries per section as compared to drilling vertical wells alone. Horizontal drilling may also be economical in areas where vertical drilling is currently not economical or logistically viable. In addition, we believe increased well density opportunities may exist across our acreage base. We closely monitor industry trends with respect to higher well density, which could increase the recovery factor per section and enhance returns since infrastructure is typically in place.

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***Focus on enhancing advanced drilling and completion techniques to maximize recovery.*** Our eight member executive team, which has an average of approximately 26 years of industry experience per person, intends to continue to seek ways to maximize hydrocarbon recovery by refining and enhancing our drilling and completion techniques. The time to reach TD for our vertical Wolfberry wells decreased from an average of 20 days during the second quarter of 2011 to an average of 15 days during the fourth quarter of 2011, resulting in a lower total well cost. Our focus on efficient drilling and completion techniques, and the resulting reduction in time to reach TD, is an important part of the continuous drilling program we have planned for our significant inventory of identified potential drilling locations. In addition, we believe that the experience of our new executive team in deviated and horizontal drilling and completions should help reduce the execution risk normally associated with these complex well paths. Additionally, our completion techniques are continually evolving as we evaluate hydraulic fracturing practices that may potentially increase recovery and reduce completion costs. Our executive team regularly evaluates our operating results against those of other operators in the area in an effort to benchmark our performance against the best performing operators and evaluate and adopt best practices.

***Enhance returns through our low cost development strategy of resource conversion, capital allocation and continued improvements in operational and cost efficiencies.*** In the current commodity price environment, our oil and liquids rich asset base provides attractive returns. Our acreage position in the Wolfberry play is generally in contiguous blocks which allows us to develop this acreage efficiently with a manufacturing strategy that takes advantage of economies of scale and uses centralized production and fluid handling facilities. We are the operator of approximately 99% of our acreage. This operational control allows us to more efficiently manage the pace of development activities and the gathering and marketing of our production and control operating costs and technical applications, including horizontal development. Our average 86.2% working interest in our acreage pro forma for the Contributions allows us to realize the majority of the benefits of these expected improvements and cost efficiencies.

***Pursue strategic acquisitions with exceptional resource potential.*** We have a proven history of acquiring leasehold positions in the Permian Basin that have substantial oil-weighted resource potential and can achieve attractive returns on invested capital. Our executive team, with its extensive experience in the Permian Basin, has what we believe is a competitive advantage in identifying acquisition targets and a proven ability to evaluate resource potential. We intend to continue to pursue acquisitions that meet our strategic and financial targets.

***Maintain Financial flexibility.*** We seek to maintain a conservative financial position. As of December 31, 2011, on a pro forma basis after giving effect to this offering and the use of the net proceeds from this offering to repay borrowings under our revolving credit facility, we would have had approximately \$            million of available borrowing capacity under such facility. We expect that we will fund our capital development plans for 2012 from our operating cash flow, proceeds from this offering and borrowings under our revolving credit facility.

### **Our Strengths**

We believe that the following strengths will help us achieve our business goals:

***Oil rich resource base in one of North America's leading resource plays.*** All of our leasehold acreage is located in one of the most prolific oil plays in North America, the Permian Basin in West Texas. As of April 27, 2012, the Baker Hughes Rig Count survey reported that there were 510 rigs drilling in the Permian Basin. The majority of our current properties are well positioned in the core of the Wolfberry play. We believe that our historical vertical development success will be complemented with horizontal drilling locations that could ultimately translate into an increased recovery factor on a per section basis.

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Our production for the year ended December 31, 2011 was approximately 74% oil, 15% natural gas liquids and 11% natural gas. As of December 31, 2011, our estimated net proved reserves were comprised of approximately 68% oil and 19% natural gas liquids. This oil and liquids exposure allows us to benefit from their currently more favorable prices as compared to natural gas.

***Multi-year drilling inventory in one of North America's leading oil resource plays.*** We have identified a multi-year inventory of potential drilling locations for our oil-weighted reserves that we believe provides attractive growth and return opportunities. As of March 31, 2012, after giving effect to the Contributions, we had 977 identified potential vertical drilling locations based on 40-acre spacing and an additional 1,162 identified potential vertical drilling locations based on 20-acre downspacing. In 2012, after giving effect to the Contributions, we anticipate drilling 72 gross (65 net) vertical operated wells and nine gross (eight net) horizontal operated wells, which represent only approximately 7.4% of our identified potential vertical drilling locations at March 31, 2012. We also believe that there are multiple horizontal locations that could be drilled on our acreage. In addition, the liquids rich natural gas component of our inventory adds value with Btu content ranging from 1,243 MMBtu to 1,578 MMBtu and our March 2012 natural gas liquids yield was 125 Bbls/MMcf. In addition, we have approximately 117 square miles of proprietary 3-D seismic data covering our acreage. This data facilitates the evaluation of our existing drilling inventory and provides insight into future development activity, including horizontal drilling opportunities and strategic leasehold acquisitions.

***Experienced, incentivized and proven management team.*** Our new executive team has an average of approximately 26 years of industry experience per person, most of which is focused on resource play development. This team has a proven track record of executing on multi-rig development drilling programs and extensive experience in the Permian Basin. In addition, our executive team has significant experience with both drilling and completing horizontal wells as well as horizontal well reservoir and geologic expertise, which will be of strategic importance as we expand our future development plans to include horizontal drilling. Prior to joining us, our Chief Executive Officer held management positions at Apache Corporation, Laredo Petroleum Holdings, Inc. and Burlington Resources.

***Favorable and stable operating environment.*** We have focused our drilling and development operations in the Permian Basin, one of the oldest hydrocarbon basins in the United States, with a long and well-established production history and developed infrastructure. With over 400,000 wells drilled in the Permian Basin since the 1940s, we believe that the geological and regulatory environment is more stable and predictable, and that we are faced with less operational risks, in the Permian Basin as compared to emerging hydrocarbon basins.

***High degree of operational control.*** We are the operator of approximately 99% of our Permian Basin acreage. This operating control allows us to better execute on our strategies of enhancing returns through operational and cost efficiencies and increasing ultimate hydrocarbon recovery by seeking to continually improve our drilling techniques, completion methodologies and reservoir evaluation processes. This operating control also enables us to obtain data needed for efficient exploration of horizontal prospects.

***Financial flexibility to fund expansion.*** Upon the completion of this offering, we will have a conservative balance sheet. We will seek to maintain financial flexibility to allow us to actively develop our drilling, exploitation and exploration activities in the Wolfberry play and maximize the present value of our oil-weighted resource potential. As of December 31, 2011, on a pro forma basis after giving effect to this offering and the use of the net proceeds from this offering to repay borrowings under our revolving credit facility, we would have had approximately \$            million of available borrowing capacity under our revolving credit facility. We expect that our borrowing base will be increased as a result of the Contributions.

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### **Risk Factors**

Investing in our common stock involves risks that include the speculative nature of oil and natural gas exploration, competition, volatile oil and natural gas prices and other material factors. You should read carefully the section of this prospectus entitled *Risk Factors* beginning on page 14 for an explanation of these risks before investing in our common stock. In particular, the following considerations may offset our competitive strengths or have a negative effect on our strategy or operating activities, which could cause a decrease in the price of our common stock and a loss of all or part of your investment:

Our business is difficult to evaluate because of our limited operating history.

Difficulties managing the growth of our business may adversely affect our financial condition and results of operations.

Failure to develop our undeveloped acreage could adversely affect our future cash flow and income.

Our exploration and development operations require substantial capital that we may be unable to obtain, which could lead to a loss of properties and a decline in our reserves.

Our future success depends on our ability to find, develop or acquire additional oil and natural gas reserves.

The volatility of oil and natural gas prices due to factors beyond our control greatly affects our profitability.

Our estimated reserves are based on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present values of our reserves.

Our producing properties are located in the Permian Basin of West Texas, making us vulnerable to risks associated with a concentration of operations in a single geographic area. In addition, we have a large amount of proved reserves attributable to a small number of producing horizons within this area.

We depend upon several significant purchasers for the sale of most of our oil and natural gas production. The loss of one or more of these purchasers could limit our access to suitable markets for the oil and natural gas we produce.

Our operations are subject to various governmental regulations which require compliance that can be burdensome and expensive.

Any failure by us to comply with applicable environmental laws and regulations, including those relating to hydraulic fracturing, could result in governmental authorities taking actions that adversely affect our operations and financial condition.

Our operations are subject to operational hazards for which we may not be adequately insured.

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Our failure to successfully identify, complete and integrate future acquisitions of properties or businesses could reduce our earnings and slow our growth.

Our largest stockholder controls a significant percentage of our common stock and its interests may conflict with yours.

For a discussion of other considerations that could negatively affect us, see *Risk Factors* beginning on page 14 and *Cautionary Note Regarding Forward-Looking Statements* on page 41 of this prospectus.

### **The Contributions**

On May 7, 2012, we entered into a contribution agreement with Gulfport in which Gulfport agreed to contribute to us, prior to the closing of this offering, all of its oil and natural gas interests in the Permian Basin in exchange for (i) \_\_\_\_\_ shares of our common stock, which will represent 35% of our outstanding

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common stock immediately prior to the closing of this offering and (ii) approximately \$63.6 million in the form of a non-interest bearing promissory note, which we refer to as the Gulfport contribution note, that will be repaid in full upon the closing of this offering with a portion of the net proceeds from this offering. We are the operator of the acreage to be contributed to us by Gulfport. The aggregate consideration payable to Gulfport is subject to a post-closing cash adjustment based on changes in our working capital, long-term debt and certain other items identified in the contribution agreement as of the date of the contribution. Gulfport's obligation to make this contribution is contingent upon, among other things, the contribution to us of all the outstanding equity interests in Windsor Permian and Gulfport's satisfaction with the terms of this offering. In connection with this contribution, we will grant Gulfport the right, for so long as Gulfport beneficially owns more than 10% of our outstanding common stock, to designate one individual as a nominee to serve on our board of directors. We will also grant Gulfport certain demand and piggyback registration rights obligating us to register with the SEC the shares of our common stock owned by Gulfport. For more information about the Gulfport contribution, see *Management Our Board of Directors and Committees*, *Related Party Transactions Gulfport Contribution and Investor Rights Agreement* and *Shares Eligible for Future Sale Registration Rights* beginning on pages 103, 118 and 128, respectively, of this prospectus.

In addition, our equity sponsor, Wexford, has agreed to cause all of the outstanding equity interests in Windsor UT LLC, or Windsor UT, to be contributed to Windsor Permian before it is contributed to us. Windsor UT was formed in April 2010 and acquired 4,978 gross (2,489 net) acres in the Permian Basin. The other 2,489 net acres are owned by Gulfport and will be contributed to us in the Gulfport contribution. Five wells have been drilled on this acreage as of March 31, 2012, which acreage contains 120 of our identified potential vertical drilling locations based on 40-acre spacing.

We refer to Gulfport's contribution of properties to us as the Gulfport contribution and we refer to the Gulfport contribution together with the contribution to Windsor Permian of all the equity interests in Windsor UT as the Contributions.

### **Our Equity Sponsor**

We were formed by our equity sponsor, Wexford Capital LP, or Wexford, which is a Greenwich, Connecticut-based SEC-registered investment advisor with over \$5.5 billion under management as of December 31, 2011. Wexford has made public and private equity investments in many different sectors and has particular expertise in the energy and natural resources sector. Upon completion of this offering, Wexford will beneficially own approximately % of our common stock (approximately % if the underwriters' option to purchase additional shares is exercised in full). As a result, Wexford will continue to be able to exercise significant control over all matters requiring stockholder approval, including the election of directors, changes to our organizational documents and significant corporate transactions. Prior to the closing of this offering, we will enter into an advisory services agreement with Wexford under which Wexford will provide us with financial and strategic advisory services related to our business. We are also party to certain other agreements with Wexford and its affiliates. For a description of the advisory services agreement and other agreements with Wexford and its affiliates, see *Related Party Transactions* beginning on page 118. Although our management believes that the terms of these related party agreements are reasonable, it is possible that we could have negotiated more favorable terms for such transactions with unrelated third parties. The existence of these related party agreements may give Wexford the ability to further influence and maintain control over many matters affecting us.

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### **Our History**

Diamondback Energy, Inc. was incorporated on December 30, 2011 in Delaware as a holding company and will not conduct any material business operations prior to the transaction described below. All of our historical assets, operations and results described in this prospectus are those of Windsor Permian LLC, or Windsor Permian, which is an entity controlled by our equity sponsor, Wexford. Prior to the completion of this offering, Wexford will cause DB Energy Holdings LLC, or DB Holdings, an entity controlled by Wexford, to contribute all of the outstanding equity interests in Windsor Permian to us in exchange for shares of our common stock. Contemporaneously with this contribution, Gulfport will complete the Gulfport contribution. Upon completion of these contributions, Wexford and Gulfport will beneficially own 65% and 35%, respectively, of our outstanding common stock. Upon completion of the offering, Wexford and Gulfport will beneficially own approximately and %, respectively, of our common stock (approximately % and %, respectively, if the underwriters' option to purchase additional shares is exercised in full).

As of April 30, 2012, Windsor Permian held a 22% interest in Bison Drilling and Field Services LLC, or Bison, and a 33% interest in Muskie Holdings LLC, or Muskie. Bison owns drilling rigs and various oil and natural gas well servicing equipment and performs drilling and field services for us. Muskie owns certain assets, real estate and rights in a lease for land that is prospective for oil and natural gas fracture grade sand. Windsor Permian's interests in Bison and Muskie will be distributed to Windsor Permian's sole member prior to the contribution of Windsor Permian to us so we may focus our activities on our oil and natural gas exploration and development activities. We recorded revenues of \$0.8 million and \$1.5 million attributable to Bison in our consolidated statements of operations during 2010 and the first quarter of 2011, respectively. Muskie was formed in 2011, and we recorded a loss from equity method investments of \$7,107 for 2011. The interests in Bison and Muskie are reflected in Investments-equity method on our consolidated balance sheets. For additional information regarding Bison and Muskie, see *Unaudited Pro Forma Condensed Consolidated Financial Statements* and *Related Party Transactions* beginning on pages 48 and 118, respectively, of this prospectus and Note 5 to our consolidated financial statements appearing elsewhere in this prospectus.

### **Emerging Growth Company**

We are an emerging growth company within the meaning of the federal securities laws. For as long as we are an emerging growth company, we will not be required to comply with the requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We intend to take advantage of these reporting exemptions until we are no longer an emerging growth company. For a description of the qualifications and other requirements applicable to emerging growth companies and certain elections that we have made due to our status as an emerging growth company, see *Risk Factors Risks Related to this Offering and our Common Stock We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors* on page 37 of this prospectus.

### **Our Offices**

Our principal executive offices are located at 500 West Texas, Suite 1225, Midland, Texas, and our telephone number at that address is (432) 221-7400. We also lease additional office space in Midland and in Oklahoma City, Oklahoma. Our website address is [www.diamondbackenergy.com](http://www.diamondbackenergy.com). Information contained on our website does not constitute part of this prospectus. Except as otherwise indicated or required by the context, all references in this prospectus to Diamondback, the Company, we, us or our relate to Diamondback Energy, Inc. and its consolidated subsidiaries after giving effect to the contribution to us of all of the outstanding equity interests in Windsor Permian.



excludes shares of common stock reserved for issuance under our equity incentive plan.

**Table of Contents****Summary Consolidated Historical and Pro Forma Financial Data**

The following table sets forth our summary historical consolidated financial data as of and for each of the periods indicated. The summary consolidated financial data as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 are derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated balance sheet data as of December 31, 2009 are derived from our audited consolidated balance sheet as of that date, which is not included in this prospectus. The unaudited pro forma condensed consolidated financial data give effect to (a) the Contributions and (b) the distribution by Windsor Permian to its equity holder of its minority equity interests in Bison and Muskie. The unaudited pro forma condensed consolidated balance sheet data assume that these transactions occurred on December 31, 2011. The unaudited pro forma condensed consolidated statement of operations data for the year ended December 31, 2011 assume that these transactions occurred on January 1, 2011. The unaudited pro forma C Corporation financial data presented give effect to income taxes assuming we operated as a taxable corporation throughout the periods presented. Operating results for the periods ended December 31, 2011, 2010 and 2009 are not necessarily indicative of results that may be expected for any future periods. You should review this information together with *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Selected Historical Consolidated Financial Data* and *Unaudited Pro Forma Condensed Consolidated Financial Statements* beginning on pages 54, 45 and 48, respectively, of this prospectus as well as our consolidated historical financial statements, the historical financial statements of Windsor UT and the statements of revenues and direct operating expenses of certain property interests of Gulfport and their respective related notes included elsewhere in this prospectus.

	Pro Forma	Historical		
	Year Ended December 31, 2011	2011	2010	2009
<b>Statement of Operations Data:</b>				
Oil and natural gas revenues		\$ 47,180,802	\$ 26,441,927	\$ 12,716,011
Other income		1,490,910	811,247	
Expenses:				
Lease operating expense		10,345,355	4,588,559	2,366,623
Production taxes		2,333,853	1,346,879	663,068
Gathering and transportation		201,828	105,870	42,091
Oil and natural gas services		1,732,892	811,247	
Depreciation, depletion and amortization		15,402,826	8,145,143	3,215,891
General and administrative		3,603,479	3,051,627	5,062,618
Asset retirement obligation accretion expense		63,259	37,856	27,934
Total expenses		33,683,492	18,087,181	11,378,225
Income from operations		14,988,220	9,165,993	1,337,786
Other income (expense):				
Interest income		11,197	34,474	35,075
Interest expense		(2,528,058)	(836,265)	(10,938)
Loss on derivative contracts		(13,009,393)	(147,983)	(4,068,005)
Loss from equity investment		(7,017)		
Total other expense, net		(15,533,271)	(949,774)	(4,043,868)
Net (loss) income		\$ (545,051)	\$ 8,216,219	\$ (2,706,082)

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	Pro Forma Year Ended December 31, 2011	2011	Historical Year Ended December 31,	
			2010	2009
<b>Pro Forma C Corporation Data:</b> <sup>(1)(2)</sup>				
Historical net income (loss) before income taxes	\$	\$ (545,051)	\$ 8,216,219	\$ (2,706,082)
Pro forma for income taxes, net of valuation allowance				
Pro forma net income (loss)	\$	\$ (545,051)	\$ 8,216,219	\$ (2,706,082)
Pro forma income (loss) per common share basic and diluted		\$		
Weighted average pro forma shares outstanding basic and diluted				
<b>Selected Cash Flow and Other Financial Data:</b>				
Net income (loss)		\$ (545,051)	\$ 8,216,219	\$ (2,706,082)
Depreciation, depletion and amortization		15,905,315	8,145,143	3,215,891
Other non-cash items		13,844,010	344,461	4,108,464
Change in operating assets and liabilities		1,179,920	(11,529,999)	(1,916,707)
Net cash provided by operating activities		\$ 30,384,194	\$ 5,175,824	\$ 2,701,566
Net cash used in investing activities		\$ (76,314,042)	\$ (53,134,641)	\$ (32,149,617)
Net cash provided by financing activities		\$ 48,642,492	\$ 49,618,254	\$ 23,849,250

	Pro Forma As of December 31, 2011	2011	Historical As of December 31,	
			2010	2009
<b>Balance sheet data:</b>				
Cash and cash equivalents		\$ 6,802,389	\$ 4,089,745	\$ 2,430,308
Other current assets		24,130,450	20,947,659	2,263,097
Oil and gas properties, net using full cost method of accounting		206,342,604	135,782,510	89,777,517
Well equipment to be used in development of oil and gas properties				5,413,310
Other property and equipment, net		684,015	11,059,220	105,564
Other assets		11,524,427	637,562	82,813
Total assets		\$ 249,483,885	\$ 172,516,696	\$ 100,072,609
Current liabilities		\$ 42,418,305	\$ 20,010,276	\$ 13,972,080
Note payable credit facility-long term		85,000,000	44,766,687	
Derivative contracts-long term		6,138,573	1,373,864	1,416,431
Asset retirement obligations		1,079,725	727,826	481,887
Member s equity		114,847,282	105,638,043	84,202,211
Total liabilities and member s equity		\$ 249,483,885	\$ 172,516,696	\$ 100,072,609

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	Pro Forma	Historical		
	Year Ended December 31, 2011	2011	2010	2009
<b>Other financial data:</b>				
Adjusted EBITDA <sup>(3)</sup>		\$ 31,505,264	\$ 17,383,466	\$ 4,616,686

- (1) Diamondback Energy, Inc. was incorporated on December 30, 2011 in Delaware as a holding company and will not conduct any material business operations prior to the transaction described below. Our historical consolidated financial statements and other financial information included in this prospectus pertain to assets, liabilities, revenues and expenses of Windsor Permian LLC, which is an entity controlled by our equity sponsor, Wexford. Windsor Permian LLC was treated as a partnership for federal income tax purposes. As a result, essentially all of Windsor Permian LLC's taxable earnings and losses were passed through to Wexford, and Windsor Permian LLC did not pay federal income taxes at the entity level. Prior to the completion of this offering, Windsor Permian LLC will become our wholly-owned subsidiary and, because we are a subchapter C corporation under the Internal Revenue Code, the earnings at Windsor Permian LLC will become subject to federal income tax. For comparative purposes, we have included pro forma financial data to give effect to income taxes net of valuation allowance assuming the earnings at Windsor Permian LLC had been subject to federal income tax as a subchapter C corporation in all periods presented in the accompanying table. If the earnings at Windsor Permian LLC had been subject to federal income tax as a subchapter C corporation during the periods presented herein, we would have incurred net operating losses in each period presented. We would have been in a net deferred tax asset, or DTA, position as a result of such tax losses and would have recorded a valuation allowance to reduce each period's DTA balance to zero. A valuation allowance to reduce each period's DTA would have resulted in an equal and offsetting credit for the respective expenses or an equal and offsetting debit for the respective benefits for income taxes, with the resulting tax expenses for each of the above periods of zero. The unaudited pro forma data is presented for informational purposes only, and does not purport to project our results of operations for any future period or our financial position as of any future date.
- (2) Unaudited historical pro forma basic and diluted income (loss) per share will be presented for the latest fiscal year on the basis of the aggregate number of shares to be issued to Gulfport in connection with the Gulfport contribution and to DB Holdings in connection with its contribution to us of all of the outstanding equity interests in Windsor Permian LLC, upon determination of the number of those shares.
- (3) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss), see *Selected Historical Consolidated Financial Data* beginning on page 45 of this prospectus.

**Table of Contents****Summary Historical and Pro Forma Reserve Data**

The following table sets forth estimates of our net proved oil and natural gas reserves as of December 31, 2011 on a historical basis and on a pro forma basis after giving effect to the Contributions as if they had occurred as of December 31, 2011. Our historical reserves and the historical reserves attributable to the Windsor UT properties and the properties subject to the Gulfport contribution have been prepared in each case as of December 31, 2011 by Ryder Scott, an independent petroleum engineering firm, in accordance with SEC rules and regulations. Copies of these reserve reports are attached to this prospectus as Appendices B, C and D. You should also refer to *Risk Factors*, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Business Oil and Gas Data Proved Reserves*, *Business Oil and Gas Production Prices and Production Costs* *Production and Price History* beginning on pages 14, 54, 84 and 88, respectively, of this prospectus, our audited consolidated financial statements and notes thereto and our unaudited pro forma financial statements and notes thereto included in this prospectus in evaluating the material presented below.

	Pro Forma December 31, 2011	Historical December 31, 2011
<b>Estimated proved developed reserves:</b>		
Oil (Bbls)	6,046,099	3,805,291
Natural gas (Mcf)	8,335,945	5,186,941
Natural gas liquids (Bbls)	1,969,711	1,233,319
Total (BOE)	9,405,134	5,903,100
<b>Estimated proved undeveloped reserves:</b>		
Oil (Bbls)	20,140,375	12,911,576
Natural gas (Mcf)	24,261,520	14,431,924
Natural gas liquids (Bbls)	5,870,850	3,529,955
Total (BOE)	30,054,812	18,846,852
<b>Estimated Net Proved Reserves:</b>		
Oil (Bbls)	26,186,474	16,716,867
Natural gas (Mcf)	32,597,465	19,618,865
Natural gas liquids (Bbls)	7,840,561	4,763,274
Total (BOE) <sup>(1)</sup>	39,459,946	24,749,952
Percent proved developed	23.8%	23.9%

- (1) Estimates of reserves as of December 31, 2011 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month within the 12-month period ended December 31, 2011, in accordance with revised SEC guidelines applicable to reserves estimates as of the end of 2011. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for unproved undeveloped acreage. The reserve estimates represent our net revenue interest in our properties. Although we believe these estimates are reasonable, actual future production, cash flows, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves may vary substantially from these estimates.

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### **RISK FACTORS**

*An investment in our common stock involves a high degree of risk. You should carefully consider the following risks and all of the other information contained in this prospectus before deciding to invest in our common stock. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The risks described below are not the only ones facing us. Additional risks not presently known to us or which we currently consider immaterial also may adversely affect us.*

#### **Risks Related to the Oil and Natural Gas Industry and Our Business**

*Our business is difficult to evaluate because we have a limited operating history.*

We were incorporated in Delaware on December 30, 2011. All of our historical oil and natural gas assets, operations and results described in this prospectus are currently those of Windsor Permian, which is an entity controlled by our equity sponsor, Wexford. Immediately prior to the closing of this offering, Windsor Permian will become our wholly-owned subsidiary and we will acquire the oil and gas assets of Gulfport located in the Permian Basin in the Gulfport contribution. The oil and natural gas properties of Windsor Permian, Gulfport and Windsor UT described in this prospectus have been acquired by Windsor Permian, Gulfport and Windsor UT since December 2007. As a result, there is only limited historical financial and operating information available upon which to base your evaluation of our performance.

*We may have difficulty managing growth in our business, which could adversely affect our financial condition and results of operations.*

As a recently-formed company, growth in accordance with our business plan, if achieved, could place a significant strain on our financial, technical, operational and management resources. As we expand our activities and increase the number of projects we are evaluating or in which we participate, there will be additional demands on our financial, technical, operational and management resources. The failure to continue to upgrade our technical, administrative, operating and financial control systems or the occurrences of unexpected expansion difficulties, including the failure to recruit and retain experienced managers, geologists, engineers and other professionals in the oil and natural gas industry, could have a material adverse effect on our business, financial condition and results of operations and our ability to timely execute our business plan.

*Approximately 74% of our net leasehold acreage is undeveloped, and that acreage may not ultimately be developed or become commercially productive, which could cause us to lose rights under our leases as well as have a material adverse effect on our oil and natural gas reserves and future production and, therefore, our future cash flow and income.*

Approximately 74% of our net leasehold acreage is undeveloped, or acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas regardless of whether such acreage contains proved reserves. In addition, many of our oil and natural gas leases require us to drill wells that are commercially productive, and if we are unsuccessful in drilling such wells, we could lose our rights under such leases. Our future oil and natural gas reserves and production and, therefore, our future cash flow and income are highly dependent on successfully developing our undeveloped leasehold acreage.

*Our development and exploration operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms or at all, which could lead to a loss of properties and a decline in our oil and natural gas reserves.*

The oil and natural gas industry is capital intensive. We make and expect to continue to make substantial capital expenditures in our business and operations for the exploration for and development, production and acquisition of oil and natural gas reserves. In 2011, our total capital expenditures, including expenditures for leasehold interest and property acquisitions, drilling, seismic and infrastructure, were approximately \$81.7 million. Our 2012 capital budget for drilling, completion and infrastructure, including investments in water

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disposal infrastructure and gathering line projects, is estimated to be approximately \$180.0 million. To date, we have financed capital expenditures primarily with funding from our equity sponsor, borrowings under our revolving credit facility and cash generated by operations.

In the near term, we intend to finance our capital expenditures with cash flow from operations, proceeds from this offering and borrowings under our revolving credit facility. Our cash flow from operations and access to capital are subject to a number of variables, including:

our proved reserves;

the volume of oil and natural gas we are able to produce from existing wells;

the prices at which oil and natural gas are sold; and

our ability to acquire, locate and produce new reserves.

We cannot assure you that our operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Further, our actual capital expenditures in 2012 could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount of capital we have available, we could be required to seek additional sources of capital, which may include traditional reserve base borrowings, debt financing, joint venture partnerships, production payment financings, sales of assets, offerings of debt or equity securities or other means. We cannot assure you that we will be able to obtain debt or equity financing on terms favorable to us, or at all.

If we are unable to fund our capital requirements, we may be required to curtail our operations relating to the exploration and development of our prospects, which in turn could lead to a possible loss of properties and a decline in our oil and natural gas reserves, or may be otherwise unable to implement our development plan, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our production, revenues and results of operations. In addition, a delay in or the failure to complete proposed or future infrastructure projects could delay or eliminate potential efficiencies and related cost savings.

### ***Our success depends on finding, developing or acquiring additional reserves.***

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are depleted, except to the extent that we conduct successful exploration or development activities or acquire properties containing proved reserves, or both. To increase reserves and production, we undertake development, exploration and other replacement activities or use third parties to accomplish these activities. We have made and expect to make in the future substantial capital expenditures in our business and operations for the development, production, exploration and acquisition of oil and natural gas reserves. We may not have sufficient resources to undertake our exploration, development and production activities or the acquisition of oil and natural gas reserves, our exploratory projects or other replacement activities may not result in significant additional reserves and we may not have success drilling productive wells at low finding and development costs. Furthermore, although our revenues may increase if prevailing oil and natural gas prices increase significantly, our finding costs for additional reserves could also increase.

### ***Our project areas, which are in various stages of development, may not yield oil or natural gas in commercially viable quantities.***

Our project areas are in various stages of development, ranging from project areas with current drilling or production activity to project areas that consist of recently acquired leasehold acreage or that have limited drilling or production history. From inception through March 31, 2012, after giving effect to the Contributions, we drilled a total of 147 gross wells and participated in an additional 11 gross non-operated wells, of which 149 wells were completed as producing wells and nine wells were in various stages of completion. If the wells in the process of being completed do not produce sufficient revenues to return a profit or if we drill dry holes in the future, our business may be materially affected.

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***Our identified potential drilling locations, which are part of our anticipated future drilling plans, are susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.***

As of March 31, 2012, after giving effect to the Contributions, we had 977 identified potential vertical drilling locations on our existing acreage based on 40-acre spacing and an additional 1,162 identified potential vertical drilling locations based on 20-acre downspacing. Only 329 of these identified potential vertical drilling locations were attributed to proved reserves. These drilling locations, including those without proved undeveloped reserves, represent a significant part of our growth strategy. Our ability to drill and develop these locations depends on a number of uncertainties, including the availability of capital, construction of infrastructure, inclement weather, regulatory changes and approvals, oil and natural gas prices, costs and drilling results. Further, our identified potential drilling locations are in various stages of evaluation, ranging from locations that are ready to drill to locations that will require substantial additional interpretation. We cannot predict in advance of drilling and testing whether any particular drilling location will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable or whether wells drilled on 20-acre downspacing will produce at the same rates as those on 40-acre spacing. The use of technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in sufficient quantities to be economically viable. Even if sufficient amounts of oil or natural gas exist, we may damage the potentially productive hydrocarbon bearing formation or experience mechanical difficulties while drilling or completing the well, possibly resulting in a reduction in production from the well or abandonment of the well. If we drill additional wells that we identify as dry holes in our current and future drilling locations, our drilling success rate may decline and materially harm our business. We cannot assure you that the analogies we draw from available data from other wells, more fully explored locations or producing fields will be applicable to our drilling locations. Further, initial production rates reported by us or other operators in the Permian Basin may not be indicative of future or long-term production rates. Because of these uncertainties, we do not know if the potential drilling locations we have identified will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. As such, our actual drilling activities may materially differ from those presently identified, which could adversely affect our business.

***Our acreage must be drilled before lease expiration, generally within three to five years, in order to hold the acreage by production. In a highly competitive market for acreage, failure to drill sufficient wells to hold acreage may result in a substantial lease renewal cost, or if renewal is not feasible, loss of our lease and prospective drilling opportunities.***

Leases on oil and natural gas properties typically have a term of three to five years, after which they expire unless, prior to expiration, production is established within the spacing units covering the undeveloped acres. As of March 31, 2012 after giving effect to the Contributions, we had leases representing 250 net acres expiring in 2012, 222 net acres expiring in 2013, 2,041 net acres expiring in 2014 and 13,628 net acres expiring in 2015. The cost to renew such leases may increase significantly, and we may not be able to renew such leases on commercially reasonable terms or at all. As such, our actual drilling activities may materially differ from our current expectations, which could adversely affect our business.

***The volatility of oil and natural gas prices due to factors beyond our control greatly affects our profitability.***

Our revenues, operating results, profitability, future rate of growth and the carrying value of our oil and natural gas properties depend primarily upon the prevailing prices for oil and natural gas. Historically, oil and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control, including:

the domestic and foreign supply of oil and natural gas;

the level of prices and expectations about future prices of oil and natural gas;

the level of global oil and natural gas exploration and production;

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the cost of exploring for, developing, producing and delivering oil and natural gas;

the price of foreign imports;

political and economic conditions in oil producing countries, including the Middle East, Africa, South America and Russia;

the ability of members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;

speculative trading in crude oil and natural gas derivative contracts;