Diamondback Energy, Inc.
Form 424B5
January 23, 2015
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Filed pursuant to Rule 424(b)(5)

SEC File No. 333-192099

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount To Be Registered(1)	Proposed Maximum Aggregate Price Per Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value $0.01 per share	2,012,500	$59.34	$119,421,750	$13,876.81

(1) Assumes exercise in full of the underwriter s option to purchase up to an aggregate of 262,500 additional shares of common stock from the registrant.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. Payment of the registration fee at the time of filing of the registrant s registration statement on Form S-3ASR with the Securities and Exchange Commission on November 5, 2013 (File No. 333-192099) was deferred (with respect to the securities to be sold by the Company) pursuant to Rules 456(b) and 457(r) under the Securities Act, and is paid herewith. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in such registration statement.

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PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED NOVEMBER 5, 2013

1,750,000 Shares

Diamondback Energy, Inc.

Common Stock

We are offering 1,750,000 shares of our common stock.

Our common stock is listed on the NASDAQ Global Select Market under the symbol FANG. The last reported sales price of our common stock on the NASDAQ Global Select Market on January 20, 2015 was $62.81 per share.

We have granted the underwriter an option to purchase a maximum of 262,500 additional shares of our common stock at the price set forth below.

Investing in our common stock involves risks. See *Risk Factors* beginning on page S-10.

The underwriter has agreed to purchase the shares of common stock from us at a price of $59.34 per share, which will result in approximately $103.8 million of net proceeds to us before offering expenses.

The underwriter proposes to offer the shares of common stock from time to time for sale in one or more transactions on the NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See Underwriting.

Delivery of the shares of common stock will be made on or about January 26, 2015.

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

Credit Suisse

The date of this prospectus supplement is January 21, 2015

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under *Where You Can Find More Information* in the accompanying prospectus and *Information Incorporated by Reference* in this prospectus supplement. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. We have not, and the underwriter has not, authorized any other person to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should read this entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference herein and therein that are described under *Where You Can Find More Information* in the accompanying prospectus and *Information Incorporated by Reference* in this prospectus supplement. We and the underwriter are only offering to sell, and only seeking offers to buy, shares of our common stock in jurisdictions where offers and sales are permitted.

The information contained in this prospectus supplement and the accompanying prospectus or in any document incorporated herein or therein is accurate and complete only as of the date hereof or thereof, respectively, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common stock by us or the underwriter. Our business, financial condition, results of operations and prospects may have changed since those dates.

Industry and Market Data

This prospectus supplement includes industry and market 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 supplement assumes that the underwriter will not exercise its option to purchase additional shares.

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PROSPECTUS SUPPLEMENT SUMMARY

In this prospectus supplement, we refer to Diamondback Energy, Inc., together with its consolidated subsidiaries, as we, us, our or the Company. This prospectus supplement includes certain terms commonly used in the oil and natural gas industry, which are defined elsewhere in this prospectus supplement 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 BOE/d from 34 gross (16.8 net) wells in the Permian Basin. Subsequently, we acquired approximately 80,572 additional net acres, which brought our total net acreage position in the Permian Basin to approximately 84,746 net acres at September 30, 2014. In addition, we, through our subsidiary Viper Energy Partners LP, or Viper, own mineral interests underlying approximately 24,528 gross (15,948 net) acres primarily in Midland County, Texas in the Permian Basin. Approximately 43% of these net acres are operated by us. On June 23, 2014, Viper completed its initial public offering of 5,750,000 common units representing limited partner interests and, on September 19, 2014, Viper completed a follow-on underwritten public offering of 3,500,000 common units. The common units sold to the public in the aggregate represent an approximate 12% limited partner interest in Viper. We own the general partner of Viper and the remaining approximate 88% limited partner interest in Viper.

As of December 31, 2013, our estimated proved oil and natural gas reserves were 63,586 MBOE, including 10,270 gross MBOE attributable to the mineral interests held through Viper, based on a reserve report prepared by Ryder Scott Company, L.P., or Ryder Scott, our independent reserve engineers. After giving pro forma effect to Viper s initial public offering, our estimated proved oil and natural gas reserves would have been 62,811 MBOE based on the December 31, 2013 reserve report prepared by Ryder Scott. Of our reserves as of December 31, 2013, approximately 45% are classified as proved developed producing, or PDP. Proved undeveloped, or PUD, reserves included in this estimate are from 206 vertical gross (151 net) well locations on 40-acre spacing and 43 gross (31 net) horizontal well locations. These proved reserves were approximately 67% oil, 17% natural gas liquids and 16% natural gas. Our production was approximately 75% oil, 14% natural gas liquids and 11% natural gas for the three months ended September 30, 2014.

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Recent Developments

Operational Update

During the fourth quarter ended December 31, 2014, our production increased 25% to 25.7 MBOE/d from 20.6 MBOE/d in the third quarter of 2014. Our full-year 2014 production increased approximately 166% to 19.5 MBOE/d from 7.3 MBOE/d in 2013. The following table provides certain of our selected operating data for the fourth quarter and full year ended December 31, 2014.

Selected Operating Data

(unaudited)

	Three Months Ended December 31,		**Year Ended December 31,**	
	2014	**2013**	**2014**	**2013**
Production Data:				
Oil (MBbl)	1,785	760	5,382	2,023
Natural gas (MMcf)	1,447	525	4,346	1,730
Natural gas liquids (MBbls)	341	112	1,002	361
Oil Equivalents(1)(2) (MBOE)	2,367	959	7,108	2,672
Average daily production(2) (BOE/d)	25,724	10,426	19,474	7,321
% Oil	75%	79%	76%	76%

(1) Bbl equivalents are calculated using a conversion rate of six Mcf per one Bbl.
(2) The volumes presented are based on actual results and are not calculated using the rounded numbers in the table above.

Production attributable to Viper s interests during the fourth quarter ended December 31, 2014 was 4.2 MBOE/d, an increase of 24% from 3.4 MBOE/d during the third quarter of 2014. Production attributable to Viper s interest was 3.04 MBOE/d for the full year ended December 31, 2014.

Severe winter weather in late December 2014 and early January 2015 caused production interruptions throughout the Permian Basin for area operators, including us. While the impact was minimal on our 2014 production, we are still quantifying our 2015 production that was shut-in due to power outages and marketing constraints resulting from these weather conditions.

During the fourth quarter ended December 31, 2014, we completed our first Lower Spraberry well in Andrews County, the UL Tawny 812 Unit 1LS, with a 7,585 foot lateral and 33 fracture stimulation stages, achieving an average peak 30-day 2-stream initial production, or IP, rate of 1,239 BOE/d, of which 92% was from oil, on electric submersible pump, or ESP, or approximately 163 BOE/d per 1,000 feet of lateral. We believe that this well, combined with the Mabee Breedlove 2301LS in northwest Martin County, lowers the risk of drilling in the Lower Spraberry in a large portion of northwest Martin County and northeast Andrews County.

During the fourth quarter ended December 31, 2014, our first Lower Spraberry well in Dawson County, the Estes B Unit 1602LS, started producing oil prior to encountering electricity issues related to the recent severe weather in the Permian Basin. We expect to announce results for this well during the first quarter of 2015.

Our Gridiron S002LS well, which targeted the Lower Spraberry and was part of our first operated stacked lateral test with the Gridiron S001WB, achieved an average peak 30-day 2-stream IP rate of 1,517 BOE/d, of which 88% was from oil, on ESP and an average peak 60-day 2-stream IP rate of 1,472 BOE/d, of which 87% was from oil.

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Production commenced on six additional Lower Spraberry completions in Spanish Trail late in the fourth quarter of 2014. Early results from the six wells indicate an average 24-hour IP rate of 1,326 BOE/d per well, of which 93% was from oil, from an average lateral length of 5,939 feet.

Our Gridiron S001WB well, which targeted the Wolfcamp B, achieved an average peak 30-day 2-stream IP rate of 1,373 BOE/d, of which 87% was from oil.

Production has also commenced on our first two Wolfcamp B wells on the Martin County acreage that we acquired in February 2014, with early results indicating performance similar to the Wolfcamp B in Spanish Trail.

Horizontal Drilling Update

We are currently running a five-rig horizontal drilling program and one-rig vertical drilling program. We intend to release two of our horizontal rigs and our remaining vertical rig in February 2015. During the fourth quarter of 2014, 19 wells were completed on our acreage, bringing the total wells completed in 2014 to 65. During the fourth quarter ended December 31, 2014, completions consisted of ten Lower Spraberry wells and nine Wolfcamp B wells.

We currently intend to defer acceleration of our horizontal drilling program and run three horizontal rigs beginning in February 2015 when we release two of our horizontal rigs and our remaining vertical rig. Two of the horizontal rigs will operate at Spanish Trail, where Viper owns the underlying minerals. We intend to drill and complete 50 to 60 gross horizontal wells in 2015, which represents approximately a 30% reduction from 82 gross wells drilled in 2014 at the midpoint. We anticipate that service costs will recalibrate to the current commodity environment and expect costs for a 7,500 foot lateral horizontal well to range from $6.2 to $6.7 million. Consistent with a slower drilling program, our board of directors has approved a 2015 capital expenditures budget for drilling, completion and infrastructure in an estimated range of $400.0 to $450.0 million, which represents more than a 40% reduction from the initial plan to run an eight rig drilling program.

Derivatives Information

Currently, approximately 10,700 Bbl/d of our estimated 2015 production are hedged with a combination of Brent, WTI and LLS fixed price swaps at an average price of $88.14/Bbl.

The table below provides certain unaudited information regarding our current fixed price swap contracts through 2015.

Oil Swaps	**Average Bbls Per Day**	**Average Price per Bbl**
2015		
First Quarter-LLS	6,344	$ 95.57
First Quarter-WTI	5,000	$ 84.10
First Quarter-Brent	1,000	$ 88.83
Second Quarter-LLS	3,330	$ 91.89
Second Quarter-WTI	5,000	$ 84.10
Second Quarter-Brent	2,000	$ 88.78
Third Quarter-LLS	3,000	$ 90.99
Third Quarter-WTI	5,000	$ 84.10
Third Quarter-Brent	2,000	$ 88.78
Fourth Quarter-LLS	3,000	$ 90.99
Fourth Quarter-WTI	5,000	$ 84.10
Fourth Quarter-Brent	2,000	$ 88.78
2015 Average	10,660	$ 88.14

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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 entitled *Risk Factors* in this prospectus supplement and the accompanying prospectus, as well as other risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from the filings we make with the Securities and Exchange Commission, or the SEC, 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:

- The volatility of oil and natural gas prices due to factors beyond our control greatly affects our profitability and the present value of our estimated reserves.

- 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.

- 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 estimated 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.

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

One of our stockholders 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 S-10 and those incorporated by reference into this prospectus supplement and the accompanying prospectus from the filings we make with the SEC, as well as *Cautionary Note Regarding Forward-Looking Statements* on page S-15 of this prospectus supplement.

Our Offices

Our principal executive offices are located at 500 West Texas, Suite 1200, 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*. Information contained on our website does not constitute part of this prospectus supplement.

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The Offering

Common stock offered by us	1,750,000 shares (2,012,500 shares if the underwriter s option to purchase additional shares is exercised in full).
Option to purchase additional shares	We have granted the underwriter a 30-day option to purchase up to an aggregate of 262,500 additional shares of our common stock.
Common stock to be outstanding immediately after completion of this offering	58,637,583 shares (58,900,083 shares if the underwriter s option to purchase additional shares is exercised in full).
Use of proceeds	We expect to receive approximately $103.6 million of net proceeds from the sale of common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses (or approximately $119.2 million if the underwriter s option to purchase additional shares is exercised in full). Following the closing of this offering, we intend to use the net proceeds from this offering to repay a portion of the outstanding borrowings under our revolving credit facility. See *Use of Proceeds* on page S-16 of this prospectus supplement.
Dividend policy	We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future.
NASDAQ Global Select Market symbol	FANG
Risk Factors	You should carefully read and consider the information set forth under the heading *Risk Factors* beginning on page S-10 of this prospectus supplement and other risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from the filings we make with the SEC, as well as all other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding to invest in our common stock.

Except as otherwise indicated, all share information contained in this prospectus supplement assumes the underwriter does not exercise its option to purchase additional shares of our common stock.

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Summary Reserve Data

The following table sets forth estimates of our net proved oil, natural gas and natural gas liquid reserves as of December 31, 2013, 2012 and 2011, and the present value of our reserves as of December 31, 2013, based on the reserve reports prepared by Ryder Scott. Each reserve report was prepared in accordance with the rules and regulations of the SEC. A copy of Ryder Scott s report as of December 31, 2013 is included in our Annual Report on Form 10-K for the year ended December 31, 2013 incorporated by reference in this prospectus supplement and the accompanying prospectus, respectively. You should refer to *Risk Factors*, *Business Oil and Natural Gas Data Proved Reserves*, *Business Oil and Natural Gas Production Prices and Production Costs Production and Price History*, *Management s Discussion and Analysis of Financial Condition and Results of Operations* and our audited consolidated financial statements and notes thereto included, as applicable, in this prospectus supplement and our Annual Report on Form 10-K for the year ended December 31, 2013 incorporated by reference into this prospectus supplement and the accompanying prospectus, in evaluating the material presented below.

	As of December 31,		
	2013	**2012**	**2011**
Estimated proved developed reserves:			
Oil (Bbls)	19,789,965	7,189,367	3,949,099
Natural gas (Mcf)	31,428,756	12,864,941	5,285,945
Natural gas liquids (Bbls)	4,973,493	2,999,440	1,263,710
Total (BOE)	30,001,584	12,332,964	6,093,800
Estimated proved undeveloped reserves:			
Oil (Bbls)	22,810,887	19,007,492	14,151,337
Natural gas (Mcf)	30,250,740	21,705,207	15,265,522
Natural gas liquids (Bbls)	5,732,231	5,251,989	3,785,849
Total (BOE)	33,584,908	27,877,016	20,481,440
Estimated Net Proved Reserves:			
Oil (Bbls)	42,600,852	26,196,859	18,100,436
Natural gas (Mcf)	61,679,496	34,570,148	20,551,467
Natural gas liquids (Bbls)	10,705,724	8,251,429	5,049,559
Total (BOE)(1)	63,586,492(2)	40,209,979	26,575,240
Percent proved developed	47.2%	30.7%	22.9%
PV-10 value(3)	$ 1,269,751,000		
Standardized measure(4)	$ 975,639,000		

(1) Estimates of reserves as of December 31, 2013, 2012 and 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 periods ended December 31, 2013, 2012 and 2011, respectively, in accordance with revised SEC guidelines applicable to reserve estimates as of the end of such periods. The unweighted arithmetic average first day of the month prices were $92.59 per Bbl for oil, $37.82 per Bbl for NGLs and $4.13 per Mcf for gas at December 31, 2013. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for 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.

(2) After giving effect to Viper s initial public offering, our estimated proved oil and natural gas reserves would have been 62,811 MBOE based on the December 31, 2013 reserve report prepared by Ryder Scott.

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(3) Represents present value, discounted at 10% per annum, of estimated future net revenue before income tax of our estimated proven reserves. The estimated future net revenues set forth above were determined by using reserve quantities of proved reserves and the periods in which they are expected to be developed and produced based on certain prevailing economic conditions. The estimated future production in our reserve report as of December 31, 2013 is priced based on the 12-month unweighted arithmetic average of the first-day-of-the month price for each month within such period, unless such prices were defined by contractual arrangements, as required by SEC regulations.

PV-10 is a non-GAAP measure because it excludes income tax effects. Management believes that the presentation of the non-GAAP financial measure of PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies. PV-10 is not a measure of financial or operating performance under GAAP. PV-10 should not be considered as an alternative to the standardized measure as defined under GAAP. We have included a reconciliation of PV-10 to the most directly comparable GAAP measure-standardized measure of discounted future net cash flows. The following table reconciles the standardized measure of future net cash flows to the PV-10 value:

	As of December 31, 2013
Standardized measure of discounted future net cash flows	$ 975,639,000
Add: Present value of future income tax discounted at 10%	$ 380,148,000
PV-10 value	$ 1,269,751,000

(4) The standardized measure represents the present value of estimated future cash inflows from proved oil and natural gas reserves, less future development, abandonment, production and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized measure differs from PV-10 because standardized measure includes the effect of future income taxes.

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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, as well as the risks described in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, as may be amended, and other filings we make with the SEC incorporated by reference into this prospectus supplement and the accompanying prospectus, and all of the other information contained in or incorporated by reference into this prospectus supplement and the accompanying 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 and those incorporated by reference into this prospectus supplement and the accompanying prospectus 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 this Offering and Our Common Stock

If the price of our common stock fluctuates significantly, your investment could lose value.

Although our common stock is listed on the NASDAQ Select Global Market, we cannot assure you that an active public market will continue for our common stock. If an active public market for our common stock does not continue, the trading price and liquidity of our common stock will be materially and adversely affected. If there is a thin trading market or float for our stock, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without a large float, our common stock would be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, investors may be unable to liquidate their investment in us. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of our common stock could fluctuate widely in response to several factors, including:

- the volatility of oil and natural gas prices;