

Diamondback Energy, Inc.
Form S-1/A
October 02, 2012
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As filed with the Securities and Exchange Commission on October 2, 2012

Registration No. 333-179502

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 5

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)

Teresa Dick

Chief Financial Officer

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act), check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	"		Accelerated filer	"
Non-accelerated filer	x (Do not check if a smaller reporting company)		Smaller reporting company	"

CALCULATION OF REGISTRATION FEE

	Proposed	
	Maximum	
Title of each Class of	Aggregate	Amount of
Securities to be Registered	Offering Price(2)	Registration Fee(3)
Common Stock, par value \$0.01 per share(1)	\$273,125,000	\$36,164.25

- (1) Includes shares of common stock that may be sold to cover the exercise of an option to purchase additional shares granted to the underwriters.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act.
- (3) Registrant has previously paid a registration fee of \$5,730 in connection with the registration statement on Form S-1 (Registration Statement No. 333-179502) filed on February 14, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We 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 are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 2, 2012.

PROSPECTUS

12,500,000 Shares

Diamondback Energy, Inc.

Common Stock

This is the initial public offering of our common stock. 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 \$17.00 and \$19.00 per share. We have applied to list our common stock on The NASDAQ Global Market under the symbol FANG.

We have granted the underwriters an option to purchase up to 1,875,000 additional shares of our common stock to cover the underwriters' option to purchase additional shares.

Wexford Capital LP, or Wexford, our equity sponsor, has indicated that it or one or more of its affiliates may purchase in this offering up to \$30.0 million, or up to approximately 1,666,667 shares (based on the midpoint of the price range set forth on the cover page of this prospectus), of our common stock at the same price as the price to the public. The underwriters will not receive any underwriting discounts or commissions on any shares sold to Wexford or its affiliates. The number of shares available for sale to the general public will be reduced to the extent Wexford or its affiliates purchase such shares. See Underwriting (Conflicts of Interest) beginning on page 151.

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 18.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Diamondback
Per Share	\$	\$	\$
Total(1)	\$	\$	\$

(1)

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Assumes Wexford or its affiliates have not purchased shares of our common stock in this offering, for which the underwriters would not receive any underwriting discounts or commissions.

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

Raymond James

Tudor, Pickering, Holt & Co.

Wells Fargo Securities

Capital One Southcoast

Scotiabank / Howard Weil

Simmons & Company

International

Sterne Agee

SunTrust Robinson Humphrey

Wunderlich Securities

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 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 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 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. Windsor Permian is a wholly-owned subsidiary of Diamondback Energy LLC, an entity controlled by Wexford Capital LP, or Wexford. Prior to the effectiveness of the registration statement of which this prospectus is a part, Diamondback Energy LLC will be merged with and into Diamondback Energy, Inc. and Diamondback Energy, Inc. will continue as the surviving entity. As a result of this merger, Windsor Permian will become our wholly-owned subsidiary. 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 merger in a transaction we refer to as the Windsor UT contribution. Windsor UT owns oil and natural gas interests in the Permian Basin. On May 7, 2012, we entered into an agreement with Gulfport Energy Corporation, or Gulfport, in which Gulfport agreed to sell 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 a transaction we refer to as the Gulfport transaction. The Gulfport transaction would be completed prior to the effectiveness of the registration statement of which this prospectus is a part and immediately after the merger described above. In this prospectus, we refer to the Gulfport transaction and the Windsor UT contribution together as the Transactions. See Prospectus Summary The Transactions beginning on page 7 of this prospectus for more information regarding the Transactions. Except as expressly noted otherwise, references to our operations and assets as of June 30, 2012 and thereafter give effect to the Transactions. 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 34 gross (16.8 net) wells in the Permian Basin. Subsequently, we acquired approximately 26,878 additional net acres, which brought our total net acreage position in the Permian Basin to 31,052 net acres at August 31, 2012 and, after giving effect to the Transactions, we had 51,709 net acres. We are the operator of approximately 99% of this acreage. As of August 31, 2012, after giving effect to the Transactions, we had drilled 167 gross (155 net) wells, and participated in an additional 16 gross (seven net) non-operated wells, in the Permian Basin. Of these 183 gross wells, 171 were completed as producing wells and 12 are in various stages of completion. In the aggregate, as of August 31, 2012, we held interests in 205 gross (185 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-

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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.

As of December 31, 2011, our estimated proved oil and natural gas reserves, pro forma for the Transactions, 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 66% oil, 20% natural gas liquids and 14% natural gas.

We have 916 identified potential vertical drilling locations on 40-acre spacing based on our evaluation of applicable geologic and engineering data as of August 31, 2012 and we have an additional 1,122 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 on 40-acre spacing, as estimated by Ryder Scott, range from 102 MBOE per well, consisting of 46 MBbls of oil, 143 MMcf of natural gas and 32 MBbls of natural gas liquids, to 158 MBOE per well, consisting of 112 MBbls of oil, 113 MMcf of natural gas and 27 MBbls of natural gas liquids, with an average EUR per well of 135 MBOE, consisting of 93 MBbls of oil, 102 MMcf of natural gas and 25 MBbls of natural gas liquids. We also intend to continue to refine our drilling pattern and completion techniques in an effort to increase our average EUR per well from vertical wells drilled on 40-acre spacing. We currently anticipate a reduction of approximately 20% in our EURs from vertical wells drilled on 20-acre spacing. Our 2012 drilling plan currently contemplates drilling 48 gross (43 net) vertical wells on 40-acre spacing and two gross (two net) horizontal wells in the Wolfberry play. As of August 31, 2012, we were using two drilling rigs and, upon completion of this offering, intend to increase our drilling program to six rigs.

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 24 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 14 days during the period from April 2012 through August 2012 from 20 days during the second quarter of 2011. We also reduced the time from spud to production from an average of 68 days during the fourth quarter of 2011 to an average of 56 days during the second quarter of 2012. During the quarter ended June 30, 2012, our average daily production, pro forma for the Transactions, was 3,637 BOE/d, consisting of 2,579 Bbls/d of oil, 2,757 Mcf/d of natural gas and 599 Bbls/d of natural gas liquids, an increase of 13%, or 408 BOE/d, from 3,229 BOE/d, consisting of 2,365 Bbls/d of oil, 2,267 Mcf/d of natural gas and 486 Bbls/d of natural gas liquids, for the quarter ended March 31, 2012. This increase was due primarily to improved strategies and procedures introduced by our new executive team relating to wellbore configuration,

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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.

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

Basin	Net Acreage	Average Working Interest	Identified Potential Drilling Locations ⁽¹⁾		2012 Budget			Estimated Net Proved Reserves at December 31, 2011		Average Daily Production (BOE/d) ⁽³⁾
			Gross	Net	Gross Wells ⁽²⁾	Net Wells ⁽²⁾	Capex (In millions)	MBOE	% Developed	
Permian	51,709	87%	916	849	59	48	\$ 150.0-\$160.0	39,460	23.9	3,712

- (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 1,122 gross (1,027 net) identified 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 50 gross (45 net) wells, of which two gross (two net) wells are horizontal, for which we are the operator and nine gross (three net) non-operated wells, of which three gross (one net) wells are horizontal wells.
- (3) During August 2012.

We currently anticipate our 2012 capital budget for drilling and infrastructure will be approximately \$150.0 million to \$160.0 million after giving effect to the Transactions. Of this amount, we plan to spend approximately \$126.0 million on the drilling and completion of 48 gross (43 net) operated vertical wells and two gross (two net) horizontal wells, \$11.0 million for the drilling and completion of nine gross (three net) non-operated wells, \$6.0 million for leasehold acquisitions and \$12.0 million for the construction of infrastructure to support production, including investments in water disposal infrastructure and gathering line projects. During the six months ended June 30, 2012, our aggregate capital expenditures for drilling and infrastructure after giving effect to the Transactions were \$70.7 million.

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 August 31, 2012, after giving effect to the Transactions, we had 916 identified potential vertical drilling locations on our acreage in the Permian Basin based on 40-acre spacing and an additional 1,122 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 48 gross (43 net) vertical wells and two gross (two net) horizontal wells in the Wolfberry play. We ended 2011 with a two rig drilling program which we increased to four drilling rigs in 2012. As of August 31, 2012, we were using two drilling rigs. Upon completion of this offering, we intend to increase our drilling program to six rigs. Subject to market conditions and rig availability, we expect to operate six rigs throughout 2013, which we expect will allow us to significantly increase our drilling program in 2013.

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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. In June 2012, we completed our first horizontal operated well, in which we have a 100% interest, in the Wolfcamp B interval in Upton County and currently plan to drill one additional gross (one net) horizontal operated well in 2012, also targeting the Wolfcamp B interval. Our first horizontal operated well had a 3,842 foot lateral, a 24-hour initial production rate of 618 BOE/d and a 30-day average initial production rate of 486 BOE/d, of which 86% was oil. Based on the decline curve analysis of the current production, we anticipate that the EUR for this well will be in the range of 400 to 500 MBOE, of which 67% is expected to be oil. Additionally, since June 2012, we have participated in three gross (one net) horizontal non-operated wells in Midland and Ector Counties. See *Prospectus Summary Recent Developments* on page 6. 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.

Leverage our experience operating in the Permian Basin. Our executive team, which has an average of approximately 24 years of industry experience per person and significant experience in the Permian Basin, 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 14 days during the period from April 2012 through August 2012, 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 87% working interest in our acreage pro forma for the Transactions 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.

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Maintain financial flexibility. We seek to maintain a conservative financial position. After giving effect to this offering and the use of proceeds from this offering to repay the outstanding borrowings under our revolving credit facility, we will have \$90.0 million of available borrowing capacity under such 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 September 21, 2012, the Baker Hughes Rig Count survey reported that there were 501 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. Our production was approximately 74% oil, 15% natural gas liquids and 11% natural gas for both the six months ended June 30, 2012 and the year ended December 31, 2011. As of December 31, 2011, after giving effect to the Transactions, our estimated net proved reserves were comprised of approximately 66% oil and 20% 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 August 31, 2012, after giving effect to the Transactions, we had 916 identified potential vertical drilling locations based on 40-acre spacing and an additional 1,122 identified potential vertical drilling locations based on 20-acre downspacing. In 2012, after giving effect to the Transactions, we anticipate drilling 48 gross (43 net) vertical operated wells, which represent only approximately 5.1% of our identified potential vertical drilling locations on 40-acre spacing at August 31, 2012. We also believe that there are a significant number of horizontal locations that could be drilled on our acreage. In June 2012, we completed our first horizontal operated well, in which we have a 100% interest, in the Wolfcamp B interval in Upton County and currently expect to drill one additional gross (one net) horizontal operated well during 2012, also targeting the Wolfcamp B interval. Additionally, since June 2012, we have participated in three gross (one net) non-operated horizontal wells. Management currently estimates that EURs for our horizontal wells will be approximately 500 to 600 MBOE for lateral lengths averaging 7,500 feet. In addition, the liquids rich natural gas component of our inventory adds value with Btu content ranging from 1,225 MMBtu to 1,528 MMBtu and our June 2012 natural gas liquids yield was 118 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 24 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.

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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 approximately 380,000 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. Additionally, as the operator of substantially all of our acreage, we retain the ability to adjust our capital expenditure program based on commodity price outlooks. 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. After giving effect to this offering and the use of proceeds from this offering to repay the outstanding borrowings under our revolving credit facility, we will have \$90.0 million of available borrowing capacity under our revolving credit facility. We expect that our borrowing base will be increased as a result of the Transactions.

Recent Developments

In June 2012, we completed our first horizontal operated well, in which we have a 100% interest, in the Wolfcamp B interval in Upton County and currently plan to drill one additional gross (one net) horizontal well in 2012, also targeting the Wolfcamp B interval. Our first horizontal operated well had a 3,842 foot lateral, a 24-hour initial production rate of 618 BOE/d and a 30-day average initial production rate of 486 BOE/d, of which 86% was oil. Based on the decline curve analysis of the current production, we anticipate that the EUR for this well will be in the range of 400 to 500 MBOE, of which 67% is expected to be oil. Additionally, since June 2012, we have participated in three gross (one net) horizontal non-operated wells. One of these is in Midland County and was completed in the Wolfcamp B interval with a 3,733 foot lateral and a 7-day average initial production rate as reported to us by the operator of 477 BOE/d, of which 89% was oil. During its initial production period, the well showed a production rate and pressures similar to those of our first horizontal operated well. We also participated in a horizontal non-operated well in Ector County targeting the Cline interval, which was completed in September 2012 with a 3,968 foot lateral and an average production rate as reported to us by the operator of 240 BOE/d measured on artificial lift over the last nine days of its initial 19 producing dates, of which 86% was oil. Finally, we participated in a horizontal non-operated well in Ector County, which was completed in August 2012 in the Clearfork interval with a 4,635 foot lateral and a 30-day initial production rate as reported to us by the operator of 58 BOE/d, of which 79% was oil.

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 18 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.

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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.

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 18 and *Cautionary Note Regarding Forward-Looking Statements* on page 45 of this prospectus.

The Transactions

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On May 7, 2012, we entered into an agreement with Gulfport in which Gulfport agreed to sell to us all of its oil and natural gas properties in the Permian Basin in exchange for (i) 7,914,036 shares of our common stock, which will represent 35% of our outstanding 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 transaction 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 acquired by us from Gulfport. The aggregate consideration payable to Gulfport is subject to a post-closing cash adjustment and will be increased or decreased by an amount equal to the difference between \$118.1 million and the final capital amount, divided by 65% and then multiplied by 35%. For purposes of our agreement with Gulfport, final capital amount means Windsor Permian's (a) total current assets, consisting of cash, trade accounts receivable (net of an allowance for doubtful accounts), inventory, prepaid expenses, other current assets and other assets, less (b) total current liabilities, consisting of trade accounts payable, accounts payable to related parties, accrued capital and other expenses, long-term debt and asset retirement

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obligations, in each case as of the closing date of the transaction. If the closing date for the transaction had been September 30, 2012, based on preliminary estimates we believe that we would have owed Gulfport approximately \$16.0 million for this post-closing adjustment. Gulfport's obligation to complete this transaction 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 transaction, 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 regarding the Gulfport transaction, see *Management Our Board of Directors and Committees*, *Related Party Transactions Gulfport Transaction and Investor Rights Agreement* and *Shares Eligible for Future Sale Registration Rights* beginning on pages 118, 134 and 146, 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 the completion of the Gulfport transaction described above. Windsor UT was formed in April 2010 and acquired 4,978 gross (2,489 net) acres in the Permian Basin, of which we are the operator. The other 2,489 net acres are owned by Gulfport and will be transferred to us in the Gulfport transaction. Six wells have been drilled on this acreage as of August 31, 2012, which acreage contains 118 of our identified potential vertical drilling locations based on 40-acre spacing.

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

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, assuming Wexford or its affiliates make no additional purchases of our common stock, Wexford will beneficially own approximately 41.9% of our common stock (approximately 39.7% if the underwriters' option to purchase additional shares is exercised in full). In addition, Wexford has indicated that it or one or more of its affiliates may purchase in this offering up to \$30.0 million, or up to approximately 1,666,667 shares (based on the midpoint of the price range set forth on the cover page of this prospectus), of our common stock at the same price as the price to the public, in which case Wexford or its affiliates will beneficially own, upon completion of the offering, approximately 46.6% of our common stock (or approximately 44.2% if the underwriters' option to purchase additional shares is exercised in full). The underwriters will not receive any underwriting discounts or commissions on any shares sold to Wexford or its affiliates. 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 134. 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. Windsor Permian is a wholly-owned subsidiary of Diamondback Energy LLC, which is an entity controlled by our equity sponsor, Wexford. Prior to the effectiveness of the registration statement of which this prospectus is a part, Wexford will cause Diamondback Energy LLC to be merged with and into Diamondback Energy, Inc. and Diamondback Energy, Inc. will continue as the surviving entity. Immediately after the merger and prior to the effectiveness of the registration statement of which this prospectus is a part, Gulfport will complete the Gulfport transaction. Upon completion of these Transactions, Wexford and Gulfport will beneficially own 65% and 35%, respectively, of our outstanding common stock. Upon completion of the offering, assuming Wexford or its affiliates make no additional purchases of our common stock, Wexford and Gulfport will beneficially own approximately 41.9% and 22.5%, respectively, of our common stock (approximately 39.7% and 21.4%, respectively, if the underwriters' option to purchase additional shares is exercised in full). Assuming Wexford or its affiliates purchase \$30.0 million, or 1,666,667 shares (based on the midpoint of the price range set forth on the cover page of this prospectus), of our common stock in the offering, Wexford will beneficially own, upon completion of the offering, approximately 46.6% of our common stock (or approximately 44.2% 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 were distributed to Windsor Permian's sole member in June 2012 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 \$7,017 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 54 and 134, respectively, of this prospectus and Note 5 to our consolidated financial statements appearing elsewhere in this prospectus.

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The following organizational charts illustrate (a) our pre-offering organizational structure and (b) our organizational structure after giving effect to the Transactions and the offering:

