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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): February 27, 2014

DIAMONDBACK ENERGY, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware	**001-35700**	**45-4502447**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

500 West Texas **Suite 1200** **Midland, Texas**	**79701**
(Address of principal executive offices)	(Zip code)

(432) 221-7400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 2.01. Completion of Acquisition or Disposition of Assets.

As previously reported by Diamondback Energy, Inc. ("Diamondback") in its Current Report on Form 8-K filed on March 5, 2014, Diamondback acquired additional leasehold interests in Martin County, Texas, in the Permian Basin (the "Acquisitions"). Diamondback hereby amends the initial report to provide the financial statements and pro forma financial information required by Item 9.01(a) and (b) of Form 8-K in connection with the Acquisitions.

Item 9.01. Financial Statements and Exhibits

(a) *Financial Statements of Businesses Acquired.*

1. Henry Group Properties carve-out financial statements for the year ended December 31, 2013

2. Lime Rock Properties carve-out financial statements for the year ended December 31, 2013

(b) *Pro Forma Financial Information.*

1. Unaudited pro forma condensed combined financial statements for the year ended December 31, 2013

(d) *Exhibits*

Number	**Exhibit**
23.1	Consent of WEAVER AND TIDWELL, L.L.P.
99.1	Henry Group Properties carve-out financial statements for the year ended December 31, 2013
99.2	Lime Rock Properties carve-out financial statements for the year ended December 31, 2013
99.3	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2013

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			DIAMONDBACK ENERGY, INC.
Date:	May 14, 2014	By:	/s/ Teresa L. Dick
			Teresa L. Dick
			Senior Vice President and Chief Financial Officer

Exhibit Index

Number	Exhibit
23.1	Consent of WEAVER AND TIDWELL, L.L.P.
99.1	Henry Group Properties carve-out financial statements for the year ended December 31, 2013
99.2	Lime Rock Properties carve-out financial statements for the year ended December 31, 2013
99.3	Unaudited pro forma condensed combined financial statements for the year ended December 31, 2013

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 14, 2014, accompanying the carve-out financial statements of Henry Group Properties for the year ended December 31, 2013 and our report dated May 14, 2014 accompanying the carve-out financial statements for Lime Rock Properties for the year ended December 31, 2013, included in the current report of Diamondback Energy, Inc. on Form 8-K/A filed on May 14, 2014. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Diamondback Energy, Inc. on Form S-3 (File No. 333-192099, effective November 5, 2013) and on Form S-8 (File No. 333-188552, effective May 13, 2013).

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
May 14, 2014

HENRY GROUP PROPERTIES

CARVE-OUT FINANCIAL STATEMENTS

DECEMBER 31, 2013

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of
Henry Resources LLC
Midland, Texas

We have audited the accompanying carve-out statement of assets, liabilities and net investment of the Henry Group Properties (HGP) which consists of the Henry Group Companies and the Along-side Interests, (collectively the "Seller," defined in Note 1) as provided for in the Purchase Agreements dated February 14, 2014, as of December 31, 2013, and the related carve-out statements of revenues and expenses, changes in net investment, and cash flows for the year then ended, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the HGP preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the HGP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the carve-out financial statements referred to above presents fairly, in all material respects, the financial position of HGP as of December 31, 2013, and the results of its operations and its cash flows for the year ended December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 1, HGP is a group of related assets and liabilities in the form of leasehold interests owned by the Henry Group Companies and Along-side Interest owners in certain producing oil and gas properties and are not a stand-alone entity. The carve-out financial statements of HGP reflect the assets, liabilities, revenues, and expenses directly attributable to the properties, as well as allocations deemed reasonable by management to present the carve- out financial position, results of operations, changes in net investment and cash flows of HGP on a stand-alone basis and do not necessarily reflect the carve-out financial position, results of operations, changes in net investment and cash flows of HGP in the future or what they would have been had HGP been a separate stand-alone entity during the period presented.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P. Midland, Texas

April 14, 2014

HENRY GROUP PROPERTIES
CARVE-OUT STATEMENT OF ASSETS, LIABILITIES, AND NET INVESTMENT
DECEMBER 31, 2013

ASSETS		
CURRENT ASSETS		
Accounts receivable	$	3,183,166
Total current assets		3,183,166
OIL AND GAS PROPERTIES, full cost		
Costs being amortized		139,872,588
Accumulated depletion, depreciation, amortization and impairment		(33,641,554)
Net oil and gas properties		106,231,034
TOTAL ASSETS	$	109,414,200
LIABILITIES AND NET INVESTMENT		
CURRENT LIABILITIES		
Related party payables	$	2,353,943
Commodity price hedging contract		59,469
Margin tax liability		86,070
Total current liabilities		2,499,482
NON-CURRENT LIABILITIES		
Deferred tax liability		587,323
Asset retirement obligations		1,352,692
Total non-current liabilities		1,940,015
Total liabilities		4,439,497
NET INVESTMENT		104,974,703
TOTAL LIABILITIES AND NET INVESTMENT	$	109,414,200

The Notes to Carve-out Financial Statements are an integral part of this statement.

HENRY GROUP PROPERTIES
CARVE-OUT STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES		
Oil and gas sales	$	39,166,383
EXPENSES		
Lease operating expenses		5,711,183
Production taxes		1,749,490
Depreciation, depletion and amortization expense		12,586,062
Accretion of asset retirement obligation		70,334
General and administrative expenses		1,868,830
Total expenses		21,985,899
Income from operations		17,180,484
OTHER EXPENSE		
State tax expense		169,599
Realized and unrealized loss on commodity price hedging contracts		511,614
NET INCOME	$	16,499,271

The Notes to Carve-out Financial Statements are an integral part of this statement.

HENRY GROUP PROPERTIES
CARVE-OUT STATEMENT OF CHANGES IN NET INVESTMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

BALANCE, December 31, 2012	$	97,717,684
Net Income		16,499,271
Capital distributions to owners		(9,242,252)
BALANCE, December 31, 2013	$	104,974,703

The Notes to Carve-out Financial Statements are an integral part of this statement.

HENRY GROUP PROPERTIES
CARVE-OUT STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	16,499,271
Adjustments to reconcile net income to		
net cash provided by operating activities		
Depreciation, depletion and amortization		12,586,062
Accretion of asset retirement obligation		70,334
Market value adjustment for derivative instruments		511,614
Changes in operating assets and liabilities		
Accounts receivable		(409,554)
Related party payable		(3,037,937)
Deferred tax liability		83,529
Margin tax liability		86,070
Settlements received from derivative instruments		28,100
Net cash provided by operating activities		26,417,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures - drilling and development		(12,351,033)
Capital expenditures - lease and well equipment		(4,824,204)
Net cash used in investing activities		(17,175,237)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions to owners		(9,242,252)
Net cash used in financing activities		(9,242,252)
Net change in cash		—
CASH, beginning of year		—
CASH, end of year	$	—
SIGNIFICANT NON-CASH TRANSACTIONS		
Net increase in asset retirement obligations related to oil and gas properties	$	193,094
Accrued capital expenditures related to oil and gas properties	$	1,587,901

The Notes to Carve-out Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Organization and Basis of Presentation

On February 14, 2014, Diamondback E&P LLC, a Delaware limited liability company (“Diamondback E&P” or “Buyer”) entered into two purchase agreements with Henry Resources LLC, a Texas limited liability company, Henry Production LLC, a Texas limited liability company, Henry Taw Production LP, a Texas limited partnership, and Davlin LP, a Texas limited partnership, collectively (“Henry Group Companies”), to purchase all of their interests in certain oil and gas properties located in Martin and Midland Counties, Texas for an aggregate cash consideration of approximately $159 million, before purchase price adjustments. In connection with the purchase of the Henry Group Companies, Diamondback E&P purchased certain additional non-operated rights and interests in the Henry Group Companies’ properties from certain persons affiliated with the Henry Group Companies (collectively, the “Along-side Interests”) for an aggregate cash consideration of approximately $15 million. The closing with the Henry Group Companies and the Along-side Interests (collectively, “Henry Group Properties” or “HGP”) occurred on February 27, 2014 with the effective date of January 1, 2014. The accompanying carve-out financial statements include the assets, liabilities, revenues and expenses, and cash flows of HGP as of December 31, 2013 and for the year then ended. A summary of the HGP’s significant accounting policies consistently applied in the preparation of the accompanying carve-out financial statements follows:

Allocation of Costs

The accompanying carve-out financial statements have been prepared in accordance with Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin (“SAB”) Topic 1-B. These rules require allocation of costs for salaries and benefits, depreciation, rent, accounting, legal services and other expenses. The Seller has allocated general and administrative expense to HGP using a ratio of oil and gas volume produced by HGP to the total oil and gas volume produced by all properties owned by the Seller for the year ended December 31, 2013. Management believes the allocation methodologies used are reasonable and result in an allocation of the cost of doing business borne by the Seller on behalf of HGP. These allocations may not be indicative of the cost of future operations or the amount of future allocations.

Use of Estimates in the Presentation of Financial Statements

The preparation of the carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires the HGP management to make estimates and assumptions that affect the amounts reported in these carve-out financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates in the Presentation of Financial Statements – Continued

Significant assumptions are required in the valuation of proved oil and gas reserves which may affect the amount at which oil and gas properties are recorded, provisions for depreciation, depletion and amortization, and the impairment of oil and gas properties. Estimation of asset retirement obligations is based on the timing and cost of future abandonments. Estimation of production volumes near period end is required in order to determine the amount of oil and gas revenue receivable at period end. It is possible these estimates could be revised in the near term and these revisions could be material.

Accounts Receivable

Trade accounts receivable, which are primarily from oil and gas sales, are recorded at the invoiced amount and do not bear interest. HGP routinely reviews outstanding accounts receivable balances, assesses the financial strength of its customers, and records a reserve for amounts not expected to be fully recovered. Actual balances are not applied against the reserve until substantially all collection efforts have been exhausted. At December 31, 2013, HGP had no allowance for doubtful accounts.

Oil and Gas Properties

HGP utilizes the full cost method of accounting for oil and gas properties. Accordingly, all costs associated with the acquisition, exploration and development of oil and gas reserves and present value of future retirement costs are capitalized. Exploration and development costs include dry hole costs, geological and geophysical costs, direct overhead related to exploration and development activities and other costs incurred for the purpose of finding oil and gas reserves. Costs related to undeveloped oil and gas properties may be excluded from depletable costs until such properties are evaluated as either proved or unproved properties. Costs incurred to maintain producing wells and related equipment and lease and well operating costs are charged to expense as incurred. Depreciation and depletion expense for oil and gas producing property was $12,586,062 for the year ended December 31, 2013. HGP had capitalized costs being amortized of $139,872,588 as of December 31, 2013. Investments in unevaluated properties and major development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. At December 31, 2013, none of the HGP undeveloped properties were excluded from depletable costs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Oil and Gas Properties – Continued

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves. Equipment salvage value is considered in determining the depreciation, depletion and amortization rate, if material. In addition, the capitalized costs are subject to a "ceiling test", which limits such costs to the aggregate of the estimated present value (discounted at 10 percent) of future net revenues from proved reserves, using the first of the month un-weighted average pricing for the year, based on current operating conditions, plus the lower of cost or fair market value of unevaluated properties. The HGP had net capitalized costs being amortized of $106,231,034 which did not exceed the estimated present value of future net revenues from proved reserves. As such, no impairment was recorded for the year ended December 31, 2013.

Derivative Financial Instruments

HGP's derivative financial instruments are used to manage commodity price risk attributable to expected oil and gas production. While there is risk the financial benefit of rising oil and gas prices may not be captured, HGP believes the benefits of stable and predictable cash flows outweighs the potential benefits.

HGP accounts for derivative financial instruments using fair value accounting and recognizes gains and losses in earnings during the period in which they occur. Unsettled derivative instruments are recorded in the accompanying carve-out statement of assets, liabilities, and net investment as either a current or non-current asset or liability measured at its fair value. HGP only offsets derivative assets and liabilities for arrangements with the same counterparty. When right of offset exists derivative assets and liabilities with counterparties are recorded gross in the carve-out statement of assets, liabilities, and net investment.

Related Party Payables

Related party payables include obligations incurred in the ordinary operation of the business for services performed and products received, including capital expenditures that are capitalized as oil and gas properties.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Asset Retirement Obligations

HGP accounts for their asset retirement obligations in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 410, Asset Retirement and Environmental Obligations. Asset retirement obligations consist of estimated costs of dismantlement, removal, site reclamation and similar activities associated with oil and gas properties. A liability is recorded when the fair value of the asset retirement obligation can be reasonably estimated and recognized in the period a legal obligation is incurred. The liability amounts are based on retirement costs estimates and incorporate many assumptions, such as expected economic recoveries of oil and gas, time to abandonment, future inflation rates and the adjusted risk-free rate of interest.

The retirement obligation is recorded at its estimated present value of the obligation's inception with an offsetting increase to proved properties in the carve-out statement of assets, liabilities, and net investment. This addition to proved properties represents a non-cash investing activity for presentation in the statement of cash flows and is subject to dispute. After initially recording the liability, it accretes for the passage of time and the related cost of capital, with the increase reflected as accretion expense in the carve-out statement of revenues and expenses.

Net Investment

The change in net assets that is not attributable to current period earnings is reflected as capital distributions to owners for that period.

Revenue Recognition

Revenues are recorded on the sales method of accounting for oil, natural gas and natural gas liquids whereby direct operating revenues are recognized as the production is sold to purchasers at a fixed and determinable price, delivery has occurred. The amount of gas sold may differ from the amount to which HGP is entitled based on ownership interest. HGP's natural gas imbalances are not significant.

Operating Expenses

Operating expenses are recognized when incurred and include amounts incurred to bring crude oil, natural gas, and natural gas liquids to the surface, gather, transport, field process, treat and store same. Operating expenses are reflected net of gathering, processing and transportation revenues associated with the oil and gas properties.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Credit Risk

Arrangements for crude oil and condensate, natural gas liquids, and natural gas sales are evidenced by signed contracts with determinable market prices and direct operating revenues are recorded when production is delivered. A significant majority of the purchasers of these products have investment grade credit rating and material credit losses have been rare. For the year ended December 31, 2013, proceeds from sale of oil and gas was related to one purchaser.

Income and State Tax Expense

HGP is treated as a flow-through entity for income tax purposes. As a result, the net taxable income of HGP and any related tax credits, for federal income tax purposes, are deemed to pass to the owners of HGP even though such net taxable income or tax credits may not have actually been distributed. Accordingly, no federal income tax provision has been made in the carve-out financial statements since the federal income tax is an obligation of the owners.

In 2006, the State of Texas enacted the Texas Margin Tax bill effective January 1, 2008 for the tax year ended December 31, 2007. The State of Texas franchise tax applies to legal entities conducting business in Texas. The tax is calculated by applying a tax rate to a base that considers both revenues and expenses and, therefore, has the characteristics of an income tax. HGP is also subject to various other state taxes. For the year ended December 31, 2013, HGP recognized a total of $169,599 in state tax expense related to the current Texas margin tax and change in deferred tax liabilities, disclosed further in note 6.

HGP uses the liability method of accounting for income tax in accordance with FASB ASC Topic No. 740, Accounting for Income Taxes. Income taxes are provided for the tax effects of transactions reported in the carve-out statement of assets, liabilities, and net investment and consist of taxes currently due plus deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carve-out financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income and State Tax Expense – Continued

Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets or liabilities. As of December 31, 2013 HGP had deferred tax liabilities for differences between book and tax reporting for oil and natural gas properties. FASB ASC Topic No. 740, Accounting for Income Taxes, prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized in the carve-out financial statements and the measurement of tax benefits recognized. For the year ended December 31, 2013 HGP did not record a liability related to uncertain tax positions. For the year ended December 31, 2013, HGP did not recognize any interest or penalty expense related to uncertain tax positions or income taxes.

As HGP is not subject to federal income tax, but is subject to state margin tax, provisions for state margin taxes are based on taxes payable for the current year and deferred taxes on temporary differences between the amount of taxable margin and pretax financial income, and between the tax bases of assets and liabilities and their reported amounts in the carve-out financial statements. Deferred tax assets and liabilities are included in the carve-out financial statements at currently enacted state margin tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for state margin taxes.

Accordingly, the Partnership has recorded $587,323 as a deferred tax provision liability and $86,070 for current portion for the year ended December 31, 2013.

Subsequent Events

Management has evaluated events and transactions associated with HGP after the balance sheet date through April 14, 2014, the date these carve-out financial statements were available to be issued.

NOTE 2. RELATED PARTY TRANSACTIONS

Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. FASB ASC Topic 850, Related Party Disclosures (ASC Topic 850), requires that transactions with related parties that would make a difference in decision making shall be disclosed so that users of the financial statements can evaluate their significance.

Related party transactions typically occur within the context of the following relationships:

- Affiliates of the entity;
- Entities for which investments in their equity securities is typically accounted for under the equity method by the investing entity;
- Trusts for the benefit of employees;
- Principal owners of the entity and members of their immediate families;
- Management of the entity and members of their immediate families;
- Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests;
- Other parties that can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Henry Resources, LLC is the operator of all the properties and is considered a related party under ASC 850. Transactions with this party to date have been the ordinary operation of the business for services performed, including all expenditures that are capitalized as oil and gas properties. During 2013, HGP paid and accrued $24,474,321 to the related party.

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS

HGP uses derivative financial instruments to manage its exposure to commodity volatility, support HGP's capital budget and expenditure plans and support the economics associated with acquisitions by stabilizing cash flows.

HGP does not enter into derivative instruments for speculative or trading purposes. The HGP accounts for derivatives in accordance with FASB ASC Topic 815, Accounting for Derivative Instruments and Hedging Activity (as amended) (ASC Topic 815). Currently, HGP does not designate its derivative instruments to qualify for hedge accounting. Accordingly, HGP reflects changes in the fair value of its derivative instruments in its statements of operations as they occur.

Commodity hedging instruments may take the form of collars, swaps or other derivatives indexed to NYMEX or other commodity price indexes. Such derivative instruments will not exceed anticipated production volumes, are expected to have a reasonable correlation between price movements in the futures market and the spot markets where HGP's production is sold, and are authorized by the Owners of HGP. Derivatives are expected to be realized as related production occurs, but may be terminated earlier if anticipated downward price movement occurs or if HGP believes the potential for such movement has abated.

During 2013, HGP entered into a series of crude oil collar contracts to fix their crude oil price exposure. The periods covered, notional amounts, fixed price and related commodity pricing index of the contracts are described below. The following table sets forth HGP's outstanding crude oil derivative contracts as of December 31, 2013:

				Collars	
Period	Type of Contract	Index	Bbls Per Month	Weighted Average Floor Price	Weighted Average Ceiling Price
2014	Collars	NYMEX WTI	8,464	$ 90.00	$ 97.78

The fair value of derivatives included in the accompanying carve-out statement of assets, liabilities, and net investment as of December 31, 2013 is summarized below:

Commodity, current derivative liability	$ 59,469
	59,469

NOTE 3. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

The following table sets forth the cash settlements and non-cash fair value adjustments for derivative instruments not designated as hedges for the year ended December 31, 2013, which is presented as realized and unrealized losses on derivative instruments in the accompanying carve-out statements of revenues and expenses:

Cash receipts, upon settlement	$	(28,100)
Fair value adjustment loss		539,714
Realized and unrealized loss on oil and gas derivatives	$	511,614

NOTE 4. FAIR VALUE MEASUREMENTS

HGP’s valuation techniques are applied to all of the assets and liabilities carried at fair value as of December 31, 2013 and have been categorized based upon a fair value hierarchy in accordance with FASB ASC Topic 820, Fair Value Measurements and Disclosures (ASC Topic 820). ASC Topic 820 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements.

HGP’s derivative instruments are carried at fair value as measured by ASC Topic 820. The fair value is based upon independently sourced market parameters. HGP's derivative instruments are subject to netting arrangements and qualify for net presentation in the carve-out statement of assets, liabilities, and net investment in those instances where such arrangements exist with the respective counterparty.

To ensure these derivative instruments are recorded at fair value, valuation adjustments may be required to reflect the creditworthiness of either party as well as market constraints on liquidity. Any such adjustment was not material as of December 31, 2013.

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 inputs: — Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

NOTE 4. FAIR VALUE MEASUREMENTS - CONTINUED

Level 2 inputs: — Inputs, other than quoted prices in active markets that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 inputs: — Prices or valuations that require unobservable inputs that are both significant to the fair value measurement and unobservable. Valuation under Level 3 generally involves a significant degree of judgment from management. HGP's crude oil collars were fair valued using Level 3 inputs as of December 31, 2013.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. ASC Topic 820 defines "fair value" as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments, the market and the instruments' complexity.

The following tables present the fair value hierarchy for those derivative instruments measured at fair value on a recurring basis as of December 31, 2013:

	Quoted Prices in Active Markets for Identical Assets (Level1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Liability - current				
Commodity derivative price collar contracts	—		(59,469)	(59,469)
Total liability - current	—	—	(59,469)	(59,469)
Net financial liabilities	$ —	$ —	$ (59,469)	$ (59,469)

NOTE 4. FAIR VALUE MEASUREMENTS - CONTINUED

The following table sets forth a reconciliation of changes in the fair value of financial assets (liabilities) classified as Level 3 in the fair value hierarchy:

Balance at December 31, 2012	$	—
Unrealized gains/losses, net		(59,469)
Balance at December 31, 2013	$	(59,469)
Total gains for the period included in earnings attributable to changes in unrealized gains relating to assets still held at the balance sheet date	$	(59,469)

NOTE 5. ASSET RETIREMENT OBLIGATIONS

HGP accounts for its asset retirement obligations in accordance with ASC Topic 410, Asset Retirement and Environmental Obligations (ASC Topic 410). ASC Topic 410 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including: 1) the timing of liability recognition, 2) initial measurement of the liability, 3) allocation of asset retirement cost to expense, 4) subsequent measurement of the liability, and 5) related financial statement disclosure. ASC Topic 410 requires that an asset retirement cost be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. HGP's asset retirement obligations relate to future plugging and abandonment expenses of its oil and gas properties. The following table shows the changes in the balance of the asset retirement obligations during the period through December 31, 2013:

Beginning of year	$	1,089,264
Liability incurred upon acquiring and drilling wells		191,386
Accretion expense		70,334
Revisons of previous estimates		1,708
End of year	$	1,352,692

NOTE 6. STATE TAX EXPENSE

HGP follows the provisions of FASB ASC Topic No. 740-10, Accounting for Income Taxes, which provides for recognition of a deferred tax asset for deductible temporary differences, net of a valuation allowance, and recognition of a deferred tax liability for taxable temporary differences. HGP is not subject to federal income taxes. The provision for income taxes consists of deferred taxes and differs from amounts that would be calculated by applying state mandated rates on taxable margin from income derived from operations in the state of Texas, due to the effect of various deductible and nondeductible items.

The components of the provision for the Texas franchise tax for the year ended December 31, 2013 are as follows.

State		
Current	$	86,070
Deferred		83,529
Total provision	$	169,599

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 31, 2013 are as follows:

Deferred tax liabilities		
Oil and natural gas properties, full cost method	$	587,323

HGP is subject to the Texas Margin Tax. The taxable margin on all income derived from operations in the State of Texas is taxed at a rate of .975%. HGP recognizes deferred tax assets and liabilities for temporary differences related primarily to intangible drilling and completion costs which are capitalized for financial statement purposes and are deducted for Texas Margin Tax purposes.

NOTE 7. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

The following tables summarize the net ownership interest in the proved oil and gas reserves and the standardized measure of discounted future net cash flows related to the proved oil and gas reserves for HGP.

Proved reserves as of December 31, 2013 were estimated by qualified petroleum engineers of HGP using historical data and other information from the records of the third party seller of the Properties.

NOTE 7. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) - CONTINUED

All information set forth herein relating to the proved reserves as of December 31, 2013, including the estimated future net cash flows and present values, from that date, is taken or derived from the records of HGP. These estimates were based upon review of historical production data and other geological, economic, ownership, and engineering data provided and related to the reserves. No reports on these reserves have been filed with any federal agency. In accordance with the SEC's guidelines, estimates of proved reserves and the future net revenues from which present values are derived, are based on an unweighted 12-month average of the first-day-of-the-month price for the period, held constant throughout the life of the oil and gas Properties. Operating costs, development costs, and certain production-related taxes, which are based on current information and held constant, were deducted in arriving at estimated future net revenues.

The proved natural gas, crude oil, and natural gas liquids reserves, all within the United States, as of December 31, 2013 together with the changes therein are as follows:

	Natural Gas Mcf	Crude Oil Bbl	Natural Gas Liquids Bbl	Total Boe
Quantities of proved reserves:				
Balance December 31, 2012	6,987,738	3,223,340	—	4,387,963
Revisions	1,491,399	138,164	—	386,731
Discoveries	64,528	33,996	—	44,751
Production	(689,297)	(373,884)	—	(488,767)
Balance December 31, 2013	7,854,368	3,021,616	—	4,330,678

	Natural Gas Mcf	Crude Oil Bbl	Natural Gas Liquids Bbl	Total Boe
Proved developed reserves				
December 31, 2012	5,582,967	2,491,140	—	3,421,635
December 31, 2013	7,112,044	2,647,251	—	3,832,592
Proved undeveloped reserves				
December 31, 2012	1,404,771	732,200	—	966,329
December 31, 2013	742,324	374,365	—	498,086

NOTE 7. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) - CONTINUED

Standardized measure of discounted future net cash flows relating to proved reserves before income taxes is as follows:

Future cash inflows	$	333,836,250
Future production and development costs:		
Production		136,273,762
Development		10,118,379
Future income taxes		2,336,854
Future net cash flows		185,107,255
10% discount for estimating timing of cash flows		(77,845,186)
Standardized measure of discounted future net cash flows	$	107,262,069

Future cash inflows are computed by applying a 12-month average commodity price adjusted for location and quality differentials for 2013 to year-end quantities of proved reserves, except in those instances where fixed and determinable price changes are provided by contractual arrangements at year-end. Future development costs include future asset retirement costs. Future production costs do not include any general and administrative expenses. A discount factor of 10% was used to reflect the timing of future net cash flows. The standardized measure of discounted future net cash flows is not intended to represent the replacement cost or fair value of the oil and gas properties. The discounted future cash flow estimates do not include the effects of derivative instruments. Average sales price per commodity before adjustments follows:

Crude Oil per Bbl	$	97.29
Natural gas per Mcf	$	3.71

NOTE 7. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) - CONTINUED

The principal changes in standardized measure of discounted future cash inflows (outflows) are as follows:

Standardized measure of discounted future net cash flow- beginning of year	$	100,858,521
Changes from:		
Sales of natural gas and crude oil produced - net of production costs		(31,705,710)
Net change in prices and production costs		13,989,968
Net change in future development costs		388,507
Discoveries		185,650
Revisions of previous quantity estimates		9,685,203
Preciously estimated development costs incurred		16,105,090
Net change in taxes		(78,194)
Accretion of discount		10,197,485
Change in timing and other		(12,364,451)
Standardized measure of discounted future net cash flows - end of year	$	107,262,069

LIME ROCK PROPERTIES

CARVE-OUT FINANCIAL STATEMENTS

DECEMBER 31, 2013

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lime Rock Properties
Houston, Texas

We have audited the accompanying carve-out statement of assets, liabilities and net investment of the Lime Rock Properties (LRP) which consists of certain properties sold by Lime Rock Resources II-A, LP and Lime Rock Resources II-C, LP, as provided for in the Purchase Agreements dated February 19, 2014, as of December 31, 2013, and the related carve-out statements of revenues and expenses, changes in net investment, and cash flows for the year then ended, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the carve-out financial statements referred to above presents fairly, in all material respects, to the financial position of LRP as of December 31, 2013, and the results of its operations and its cash flows for the year ended December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

As discussed in Note 1, LRP is a group of related assets and liabilities in the form of leasehold interests owned by Lime Rock Resources II-A, LP and Lime Rock Resources II-C, LP in certain producing oil and gas properties and are not a stand-alone entity. The carve-out financial statements of LRP reflect the assets, liabilities, revenues, and expenses and cash flows directly attributable to the properties, as well as allocations deemed reasonable by management to present the carve-out financial position, results of operations, changes in net investment and cash flows of LRP on a stand-alone basis and do not necessarily reflect the carve-out financial position, results of operations, changes in net investment and cash flows of LRP in the future or what they would have been had LRP been a separate stand-alone entity during the period presented.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Midland, Texas
May 14, 2014

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF ASSETS, LIABILITIES, AND NET INVESTMENT
DECEMBER 31, 2013

ASSETS		
CURRENT ASSETS		
Accounts receivable	$	2,181,511
Drilling prepayments		614,896
Total current assets		2,796,407
OIL AND GAS PROPERTIES, successful efforts		
Proved properties		106,483,936
Lease and well equipment		6,308,664
Accumulated depletion, depreciation, amortization and impairment		(16,215,812)
Net oil and gas properties		96,576,788
TOTAL ASSETS	$	99,373,195
LIABILITIES AND NET INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	$	1,547,048
State tax liability		99,556
Total current liabilities		1,646,604
NON-CURRENT LIABILITIES		
Deferred State tax liability		104,415
Notes payable		44,500,000
Asset retirement obligations		855,248
Total non-current liabilities		45,459,663
Total liabilities		47,106,267
NET INVESTMENT		52,266,928
TOTAL LIABILITIES AND NET INVESTMENT	$	99,373,195

The Notes to Carve-out Financial Statements are an integral part of this statement.

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES		
Oil and gas sales	$	25,490,342
EXPENSES		
Lease operating expenses		3,497,916
Production taxes		1,046,097
Depreciation, depletion and amortization expense		11,730,618
Accretion of asset retirement obligation		46,225
General and administrative expenses		224,209
Total expenses		16,545,065
Income from operations		8,945,277
OTHER EXPENSE		
Interest expense		1,307,636
State tax expense		87,014
NET INCOME	$	7,550,627

The Notes to Carve-out Financial Statements are an integral part of this statement.

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF CHANGES IN NET INVESTMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

BALANCE, December 31, 2012	$	50,443,786
Net Income		7,550,627
Capital distributions to owners		(5,727,485)
BALANCE, December 31, 2013	$	52,266,928

The Notes to Carve-out Financial Statements are an integral part of this statement.

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	7,550,627
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization		11,730,618
Accretion of asset retirement obligation		46,225
Changes in operating assets and liabilities		
Accounts receivable		(358,651)
Drilling prepayments		(43,943)
Accounts payable		(1,996,578)
Deferred tax liability		(12,542)
State tax liability		99,556
Net cash provided by operating activities		17,015,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures - drilling and development		(8,117,287)
Capital expenditures - lease and well equipment		(3,170,540)
Net cash used in investing activities		(11,287,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital distributions to owners		(5,727,485)
Net cash used in financing activities		(5,727,485)
Net change in cash		—
CASH, beginning of year		—
CASH, end of year	$	—
Interest paid	$	1,307,636
SIGNIFICANT NON-CASH TRANSACTIONS		
Net increase in asset retirement obligations related to oil and gas properties	$	126,904
Accrued capital expenditures related to oil and gas properties	$	1,043,593

The Notes to Carve-out Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

On February 19, 2014, Diamondback E&P LLC, a Delaware limited liability company ("Diamondback E&P" or "Buyer") entered into a purchase agreement with Lime Rock Resources II-A, LP and Lime Rock Resources II-C, LP ("Lime Rock Companies"), to purchase all of their interests in certain oil and gas properties located in Martin and Midland Counties, Texas ("LRP") for an aggregate cash consideration of approximately $114 million, before purchase price adjustments. The closing with the Lime Rock Companies occurred on February 28, 2014 with the effective date of January 1, 2014. The accompanying carve-out financial statements include the assets, liabilities, revenues and expenses, and cash flows of LRP as of December 31, 2013 and for the year than ended. A summary of the LRP's significant accounting policies consistently applied in the preparation of the accompanying carve-out financial statements follows:

Allocation of Costs

The accompanying carve-out financial statements have been prepared in accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin ("SAB") Topic 1-B. These rules require allocation of costs for salaries and benefits, depreciation, rent, accounting, legal services and other expenses. Lime Rock Companies has allocated general and administrative expense to LRP using a ratio of oil and gas volume produced by LRP to the total oil and gas volume produced by all properties owned by Lime Rock Companies for the year ended December 31, 2013. Management believes the allocation methodologies used are reasonable and result in an allocation of the cost of doing business borne by the Lime Rock Companies on behalf of LRP. These allocations may not be indicative of the cost of future operations or the amount of future allocations.

Use of Estimates in the Presentation of Financial Statements

The preparation of the carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires the LRP management to make estimates and assumptions that affect the amounts reported in these carve-out financial statements and accompanying notes. Actual results could differ from those estimates.

Significant assumptions are required in the valuation of proved oil and gas reserves which may affect the amount at which oil and gas properties are recorded, provisions for depreciation, depletion and amortization, and the impairment of oil and gas properties. Estimation of asset retirement obligations is based on the timing and cost of future abandonments. Estimation of production volumes near period end is required in order to determine the amount of oil and gas revenue receivable at period end. It is possible these estimates could be revised in the near term and these revisions could be material.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Substantially all of LRP's accounts receivable is due from purchasers of oil and natural gas or operators of the oil and natural gas properties. Oil and natural gas receivables are generally unsecured. LRP routinely reviews outstanding accounts receivable balances, assesses the financial strength of its customers, and records a reserve for amounts not expected to be fully recovered. Actual balances are not applied against the reserve until substantially all collection efforts have been exhausted. At December 31, 2013, LRP had no allowance for doubtful accounts.

Drilling Prepayments

Upon entering into various oil and gas ventures for the properties, LRP submitted prepayments to its contractual partners for drilling and development costs to be incurred in the respective oil and gas drilling ventures.

Oil and Gas Properties

LRP uses the successful efforts method of accounting for its oil and gas exploration and production activities. Costs incurred by LRP related to the acquisition of oil and gas properties and the cost of drilling development wells and successful exploratory wells are capitalized, while the costs of unsuccessful exploratory wells are expensed when determined to be unsuccessful. Costs incurred to maintain wells and related equipment, lease and well operating costs and other exploration costs are charged to expense as incurred. Gains and losses arising from sales of properties are generally included as income.

Capitalized acquisition costs attributable to proved oil and gas properties are depleted by field using the unit-of-production method based on proved reserves. Capitalized exploration well costs and development costs, including asset retirement obligations, are amortized similarly by formation or field, based on proved developed reserves. Depreciation and depletion expense for oil and gas producing property and related equipment was $11,730,618 for the year ended December 31, 2013. LRP had capitalized costs related to proved properties and related equipment of $112,792,600 at December 31, 2013.

Capitalized costs are evaluated for impairment in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 360, Accounting for the Impairment or Disposal of Long-Lived Assets, whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Oil and Gas Properties – Continued

To determine if a depletable field is impaired, the carrying value of the depletable field is compared to the undiscounted future net cash flows by applying LRP’s estimates of future oil and gas prices to the estimated future production of oil and gas reserves over the economic life of the property and deducting future costs. Future net cash flows are based upon reservoir engineers' estimates of proved reserves. For a property determined to be impaired, an impairment loss equal to the difference between the carrying value and the estimated fair value of the impaired property will be recognized. Fair value, on a depletable field basis, is estimated to be the present value of the aforementioned expected future net cash flows. Each part of this calculation is subject to a large degree of judgment, including the determination of the depletable fields’ estimated reserves, future net cash flows and fair value. LRP did not recognize any impairment loss for the year ended December 31, 2013.

The fair values of proved properties are measured using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount. Significant inputs used to determine the fair values of proved properties include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The underlying commodity prices embedded in LRP’s estimated cash flows are the product of a process that begins with applicable forward curve pricing, adjusted for estimated location and quality differentials, as well as other factors that LRP believes will impact realizable prices.

Accounts Payable

Accounts payable include obligations incurred in the ordinary operation of the business for services performed and products received, including capital expenditures that are capitalized as oil and gas properties.

Asset Retirement Obligations

LRP accounts for their asset retirement obligations in accordance with Financial
Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic
410, Asset Retirement and Environmental Obligations. Asset retirement obligations consist of estimated costs of dismantlement, removal, site reclamation and similar activities associated with oil and gas properties. A liability is recorded when the fair value of the asset retirement obligation can be reasonably estimated and recognized in the period a legal obligation is incurred. The liability amounts are based on retirement costs estimates and incorporate many assumptions, such as expected economic recoveries of oil and gas, time to abandonment, future inflation rates and the adjusted risk-free rate of interest.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Asset Retirement Obligations – Continued

The retirement obligation is recorded at its estimated present value of the obligation's inception with an offsetting increase to proved properties in the carve-out statement of assets, liabilities, and net investment. This addition to proved properties represents a non-cash investing activity for presentation in the statement of cash flows and is subject to dispute. After initially recording the liability, it accretes for the passage of time and the related cost of capital, with the increase reflected as accretion expense in the carve-out statement of revenues and expenses.

Net Investment

The change in net assets that is not attributable to current period earnings is reflected as capital distributions to owners for that period.

Revenue Recognition

Revenues are recorded on the sales method of accounting for oil, natural gas and natural gas liquids whereby direct operating revenues are recognized as the production is sold to purchasers at a fixed and determinable price, delivery has occurred. The amount of gas sold may differ from the amount to which LRP is entitled based on ownership interest. LRP's natural gas imbalances are not significant.

Operating Expenses

Operating expenses are recognized when incurred and include amounts incurred to bring crude oil, natural gas, and natural gas liquids to the surface, gather, transport, field process, treat and store same. Operating expenses are reflected net of gathering, processing and transportation revenues associated with the oil and gas properties.

Concentration of Credit Risk

Arrangements for crude oil and condensate, natural gas liquids, and natural gas sales are evidenced by signed contracts with determinable market prices and direct operating revenues are recorded when production is delivered. A significant majority of the purchasers of these products have investment grade credit rating and material credit losses have been rare. For the year ended December 31, 2013, proceeds from sale of oil and gas was related to one purchaser.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income and State Tax Expense

LRP is treated as a flow-through entity for income tax purposes. As a result, the net taxable income of LRP and any related tax credits, for federal income tax purposes, are deemed to pass to the owners of LRP even though such net taxable income or tax credits may not have actually been distributed. Accordingly, no federal income tax provision has been made in the carve-out financial statements since the federal income tax is an obligation of the owners.

In 2006, the State of Texas enacted the Texas Margin Tax bill effective January 1, 2008 for the tax year ended December 31, 2007. The State of Texas franchise tax applies to legal entities conducting business in Texas. The tax is calculated by applying a tax rate to a base that considers both revenues and expenses and, therefore, has the characteristics of an income tax. LRP is also subject to various other state taxes. For the year ended December 31, 2013, LRP recognized a total of $87,014 in state tax expense related to the current Texas margin tax and change in deferred tax liabilities, disclosed further in Note 4.

LRP use the liability method of accounting for income tax in accordance with FASB ASC Topic No. 740, Accounting for Income Taxes. Income taxes are provided for the tax effects of transactions reported in the carve-out statement of assets, liabilities, and net investment and consist of taxes currently due plus deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carve-out financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets or liabilities. As of December 31, 2013 LRP had deferred tax liabilities for differences between book and tax reporting for oil and natural gas properties. FASB ASC Topic No. 740, prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized in the carve-out financial statements and the measurement of tax benefits recognized. For the year ended December 31, 2013 LRP did not record a liability related to uncertain tax positions. For the year ended December 31, 2013, LRP did not recognize any interest or penalty expense related to uncertain tax positions or income taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income and State Tax Expense – Continued

As LRP is not subject to federal income tax, but is subject to state margin tax, provisions for state margin taxes are based on taxes payable for the current year and deferred taxes on temporary differences between the amount of taxable margin and pretax financial income, and between the tax bases of assets and liabilities and their reported amounts in the carve-out financial statements. Deferred tax assets and liabilities are included in the carve-out financial statements at currently enacted state margin tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for state margin taxes.

Accordingly, LRP has recorded $104,415 as a deferred State tax liability and $99,556 for a current liability as of December 31, 2013.

Subsequent Events

Management has evaluated events and transactions associated with LRP after the balance sheet date through May 14, 2014, the date these carve-out financial statements were available to be issued.

NOTE 2. RELATED PARTY TRANSACTIONS

Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. FASB ASC Topic 850, Related Party Disclosures (ASC Topic 850), requires that transactions with related parties that would make a difference in decision making shall be disclosed so that users of the financial statements can evaluate their significance.

Related party transactions typically occur within the context of the following relationships:

- Affiliates of the entity;
- Entities for which investments in their equity securities is typically accounted for under the equity method by the investing entity;
- Trusts for the benefit of employees;
- Principal owners of the entity and members of their immediate families;
- Management of the entity and members of their immediate families;

NOTE 2. RELATED PARTY TRANSACTIONS - CONTINUED

- Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests;

- Other parties that can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

During 2013, there were no related party transactions.

NOTE 3. NOTES PAYABLE

During 2012, Lime Rock Companies entered into a credit facility which was syndicated to a group of lenders and is set to mature October 25, 2016. The borrowing base is subject to review and adjustment on a semi-annual basis and other interim adjustments as requested by the lenders or LRP, as applicable. Amounts outstanding under the revolver bear interest at specified margins over the LIBOR of 2.25% to 2.75% or specified margins over the Alternate Base Rate of 1.25% to 2.00%, at the election of Lime Rock Companies. The Alternate Base Rate is the greatest of the Prime Rate, the Fed Funds Rate plus ½ of 1%, or the adjusted LIBOR for a one month Interest Period plus 1%. Such margins will fluctuate based on the utilization of the facility. As of December 31, 2013, the interest rate on the revolving line of credit was an average of 2.94%. Payments under the facility are due quarterly and consist of interest only until maturity.

Borrowings under the revolver are collateralized by a perfected, first-priority security interest in 100% of the oil and gas properties. Lime Rock Companies is subject to financial covenants with respect to current ratio, interest coverage ratio, and ratio of debt to EBITDAX. EBITDAX is defined as net income plus interest, income taxes, depreciation, depletion, amortization, exploration expenses, and other noncash charges, and minus all noncash income. Lime Rock Companies was in compliance with the current ratio covenant at December 31, 2013. LRP was allocated a portion of the debt that was directly used to fund the acquisition of LRP’s assets. At December 31, 2013, borrowings allocated to LRP were $44,500,000.

NOTE 4. ASSET RETIREMENT OBLIGATIONS

LRP accounts for its asset retirement obligations in accordance with ASC Topic 410, Asset Retirement and Environmental Obligations (ASC Topic 410). ASC Topic 410 establishes accounting requirements for retirement obligations associated with tangible long-lived assets, including: 1) the timing of liability recognition, 2) initial measurement of the liability, 3) allocation of asset retirement cost to expense, 4) subsequent measurement of the liability, and 5) related financial statement disclosure. ASC Topic 410 requires that an asset retirement cost be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. LRP's asset retirement obligations relate to future plugging and abandonment expenses of its oil and gas properties.

The following table shows the changes in the balance of the asset retirement obligations during the year ended December 31, 2013:

Beginning of year	$	682,119
Liability incurred upon acquiring and drilling wells		125,781
Accretion expense		46,225
Revisons of previous estimates		1,123
End of year	$	855,248

NOTE 5. STATE TAX EXPENSE

LRP follows the provisions of FASB ASC Topic No. 740-10, Accounting for Income Taxes, which provides for recognition of a deferred tax asset for deductible temporary differences, net of a valuation allowance, and recognition of a deferred tax liability for taxable temporary differences. LRP are not subject to federal income taxes. The provision for income taxes consists of deferred taxes and differs from amounts that would be calculated by applying state mandated rates on taxable margin from income derived from operations in the state of Texas, due to the effect of various deductible and nondeductible items.

The components of the provision for the State tax for the year ended December 31, 2013 are as follows.

State		
Current	$	99,556
Deferred		(12,542)
Total provision	$	87,014

NOTE 5. STATE TAX EXPENSE - CONTINUED

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at December 31, 2013 are as follows:

Deferred tax liabilities		
Oil and natural gas properties, successful efforts	$	104,415

LRP is subject to the Texas Margin Tax. The taxable margin on all income derived from operations in the State of Texas is taxed at a rate of .975%. LRP recognizes deferred tax assets and liabilities for temporary differences related primarily to intangible drilling and completion costs which are capitalized for financial statement purposes and are deducted for Texas Margin Tax purposes.

NOTE 6. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

The following tables summarize the net ownership interest in the proved oil and gas reserves and the standardized measure of discounted future net cash flows related to the proved oil and gas reserves for LRP. Proved reserves as of December 31, 2013 were estimated by qualified petroleum engineers of LRP using historical data and other information from the records of the third party seller of the properties.

All information set forth herein relating to the proved reserves as of December 31, 2013, including the estimated future net cash flows and present values, from that date, is taken or derived from the records of LRP. These estimates were based upon review of historical production data and other geological, economic, ownership, and engineering data provided and related to the reserves. No reports on these reserves have been filed with any federal agency. In accordance with the SEC’s guidelines, estimates of proved reserves and the future net revenues from which present values are derived, are based on an unweighted 12-month average of the first-day-of-the-month price for the period, held constant throughout the life of the oil and gas properties. Operating costs, development costs, and certain production-related taxes, which are based on current information and held constant, were deducted in arriving at estimated future net revenues.

NOTE 6. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) - CONTINUED

The proved natural gas, crude oil, and natural gas liquids reserves, all within the United States, as of December 31, 2013 together with the changes therein are as follows:

	Natural Gas Mcf	Crude Oil Bbl	Natural Gas Liquids Bbl	Total Boe
Quantities of proved reserves:				
Balance December 31, 2012	2,115,741	2,344,582	514,807	3,212,012
Revisions	478,102	(115,373)	(141,326)	(177,015)
Production	(453,024)	(245,726)	—	(321,230)
Balance December 31, 2013	2,140,819	1,983,483	373,481	2,713,766

	Natural Gas Mcf	Crude Oil Bbl	Natural Gas Liquids Bbl	Total Boe
Proved developed reserves				
December 31, 2012	1,342,549	1,481,644	326,705	2,032,107
December 31, 2013	1,944,738	1,769,687	338,935	2,432,745
Proved undeveloped reserves				
December 31, 2012	773,192	862,938	188,102	1,179,905
December 31, 2013	196,080	213,795	34,546	281,021

Standardized measure of discounted future net cash flows relating to proved reserves before income taxes is as follows:

Future cash inflows	$ 206,964,178
Future production and development costs:	
Production	84,021,555
Development	5,382,692
Future income taxes	—
Future net cash flows	117,559,932
10% discount for estimating timing of cash flows	(46,700,177)
Standardized measure of discounted future net cash flows	$ 70,859,754

NOTE 6. SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) - CONTINUED

Future cash inflows are computed by applying a 12-month average commodity price adjusted for location and quality differentials for 2013 to year-end quantities of proved reserves, except in those instances where fixed and determinable price changes are provided by contractual arrangements at year-end. Future development costs include future asset retirement costs. Future production costs do not include any general and administrative expenses. A discount factor of 10% was used to reflect the timing of future net cash flows. The standardized measure of discounted future net cash flows is not intended to represent the replacement cost or fair value of the oil and gas properties. The discounted future cash flow estimates do not include the effects of derivative instruments. Average sales price per commodity before adjustments follows:

Crude Oil per Bbl	$	97.29
Natural gas per Mcf	$	3.71

The principal changes in standardized measure of discounted future cash inflows (outflows) are as follows:

Standardized measure of discounted future net cash flow-beginning of year	$	78,080,326
Changes from:		
Sales of natural gas and crude oil produced - net of production costs		(20,946,329)
Net change in prices and production costs		1,442,918
Net change in future development costs		336,092
Discoveries		—
Revisions of previous quantity estimates		(4,357,407)
Preciously estimated development costs incurred		12,084,852
Net change in taxes		113,279
Accretion of discount		7,906,684
Change in timing and other		(3,800,661)
Standardized measure of discounted future net cash flows - end of year	$	70,859,754

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On February 27 and 28, 2014, Diamondback Energy, Inc. completed the acquisition of certain oil and natural gas properties from Henry Resources, LLC and certain of its affiliates (the “Henry Group Properties” or the “Henry Group”) and from Lime Rock Resources II-A, L.P. and an affiliate (the “Lime Rock Properties” or “Lime Rock”), respectively. The following unaudited pro forma condensed combined financial information and related notes are based on the historical financial statements of Diamondback Energy, Inc. and Subsidiaries (“Diamondback” or the “Company,” and also referred to as “we,” “us” or “our”), the Henry Group Properties and the Lime Rock Properties, and have been prepared to give effect to the acquisitions.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 presented below has been prepared based on Diamondback’s historical audited statement of operations for such period, and was prepared as if the Henry Group and Lime Rock acquisitions had occurred on January 1, 2013. The unaudited pro forma combined balance sheet at December 31, 2013 presented below was prepared based on Diamondback’s historical audited consolidated balance sheet at December 31, 2013, and was prepared as if the Henry Group and Lime Rock acquisitions had occurred on December 31, 2013.

The accompanying unaudited pro forma condensed combined financial statements are based on assumptions and include adjustments as explained in the notes thereto. Certain information (including substantial footnote disclosures) included in our annual historical financial statements has been excluded in these unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements are not intended to represent or be indicative of the consolidated results of operations or financial position that we would have reported had the acquisitions been completed as of the dates presented, and should not be taken as representative of our future consolidated results of operations or financial condition.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of Diamondback included in our Annual Report on Form 10-K for the year ended December 31, 2013 as well as Henry Group’s audited historical carve-out financial statements and accompanying notes for the year ended December 31, 2013 and Lime Rock’s audited historical carve-out financial statements and accompanying notes for the year ended December 31, 2013, included as Exhibit 99.1 and 99.2, respectively, in this Current Report on Form 8-K/A.

Diamondback Energy, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Balance Sheet
As of December 31, 2013

	Diamondback Historical	Henry Group Properties	Lime Rock Properties(1)	Pro Forma Adjustments		Pro Forma Combined
	(In thousands, except par values and share data)					
Assets						
Current assets:						
Cash and cash equivalents	$ 15,555	$ —	$ —	$ 208,644	(a)	$ 19,040
				(292,159)	(b)	
				87,000	(c)	
Accounts receivable - joint interest and other	14,437	—	—	—		14,437
Accounts receivable - oil and natural gas sales	23,533	3,183	2,182	(5,365)	(b)	23,533
Accounts receivable - related party	1,303	—	—	—		1,303
Inventories	5,631	—	—	—		5,631
Deferred income taxes	112	—	—	—		112
Derivative instruments	213	—	—	—		213
Prepaid expenses and other	1,184	—	615	(615)	(b)	1,184
Total current assets	61,968	3,183	2,797	(2,495)		65,453
Property and equipment						
Oil and natural gas properties, based on the full cost method of accounting ($369,561 excluded from amortization at December 31, 2013)	1,648,360	139,873	112,793	40,751	(b)	1,941,777
Pipeline and gas gathering assets	6,142	—	—	—		6,142
Other property and equipment	4,071	—	—	—		4,071
Accumulated depletion, depreciation, amortization and impairment	(212,236)	(33,642)	(41,684)	75,326	(b)	(212,236)
	1,446,337	106,231	71,109	116,077		1,739,754
Derivative instruments	218	—	—	—		218
Deferred income taxes	—	—	137	(137)	(b)	—
Other assets	13,091	—	—	—		13,091
Total assets	$ 1,521,614	$ 109,414	$ 74,043	$ 113,445		$ 1,818,516
Liabilities and Stockholders' Equity						
Current liabilities:						
Accounts payable-trade	$ 2,679	$ 2,354	$ 1,547	$ (3,901)	(b)	$ 2,679
Accounts payable-related party	17	—	—	—		17
Accrued capital expenditures	74,649	—	—	—		74,649
Other accrued liabilities	34,750	86	100	(186)	(b)	34,750
Revenues and royalties payable	9,225	—	—	—		9,225
Derivative instruments	—	59	—	(59)	(b)	—
Total current liabilities	121,320	2,499	1,647	(4,146)		121,320
Long-term debt	460,000	—	44,500	(44,500)	(b)	547,000
				87,000	(c)	
Asset retirement obligations	2,989	1,353	855	(950)	(b)	4,247
Deferred income taxes	91,764	587	—	(587)	(b)	91,764
Total liabilities	676,073	4,439	47,002	36,817		764,331
Commitments and contingencies						
Stockholders' equity:						
Common stock, $0.01 par value, 100,000,000 shares authorized, 47,106,216 issued and outstanding at December 31, 2013	471	—	—	35	(a)	506
Additional paid-in capital	842,557	—	—	208,609	(a)	1,051,166
Retained earnings	2,513	—	—	—		2,513
Net Investment	—	104,975	27,041	(132,016)	(b)	—
Total stockholders' equity and net investment	845,541	104,975	27,041	76,628		1,054,185
Total liabilities, stockholders' equity and net investment	$ 1,521,614	$ 109,414	$ 74,043	$ 113,445		$ 1,818,516

(1) The amounts presented above include reclassification adjustments to convert the basis of accounting for oil and natural gas properties from successful efforts to full cost method. Refer to Note 3 below for further discussion.

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Diamondback Energy, Inc. and Subsidiaries

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended December 31, 2013

	Diamondback Historical	Henry Group Properties	Lime Rock Properties[1]	Pro Forma Adjustments		Pro Forma Combined
	(In thousands, except per share amounts)					
Revenues:						
Oil and gas revenues	$ 200,772	$ 39,166	$ 25,490	$ 1,377	(aa)	$ 266,805
Oil and gas revenues - related party	7,230	—	—			7,230
Total revenues	208,002	39,166	25,490	1,377		274,035
Costs and expenses:						
Lease operating expenses[2]	19,991	5,050	3,064	164	(aa)	28,269
Lease operating expenses - related party	1,166	—	—	—		1,166
Production and ad valorem taxes[2]	12,399	2,411	1,480	23	(aa)	16,313
Production and ad valorem taxes - related party	500	—	—	—		500
Gathering and transportation	237	—	—	—		237
Gathering and transportation - related party	681	—	—	—		681
Depreciation, depletion and amortization	66,597	12,586	8,418	(6,673)	(bb)	80,928
General and administrative expenses	9,870	1,869	224	—		11,963
General and administrative expenses - related party	1,166	—	—	—		1,166
Asset retirement obligation accretion expense	201	70	46	(18)	(cc)	299
Total costs and expenses	112,808	21,986	13,232	(6,504)		141,522
Income from operations	95,194	17,180	12,258	7,881		132,513
Other income (expense)						
Interest income	1	—	—	—		1
Interest expense	(8,059)	—	(1,308)	1,308	(dd)	(10,542)
				(2,483)	(ee)	
Other income - related party	1,077	—	—	—		1,077
Loss on derivative instruments, net	(1,872)	(512)	—	512	(ff)	(1,872)
Total other income (expense), net	(8,853)	(512)	(1,308)	(663)		(11,336)
Income before income taxes	86,341	16,668	10,950	7,218		121,177
Provision for income taxes						
Current	191	169	107	(276)	(gg)	191
Deferred	31,563	—	—	2,000	(hh)	33,563
Net income	$ 54,587	$ 16,499	$ 10,843	$ 5,494		$ 87,423
Earnings per common share						
Basic	$ 1.30					
Diluted	$ 1.29					
Weighted average common shares outstanding						
Basic	42,015					
Diluted	42,255					

(1) The amounts presented above include reclassification adjustments to convert the basis of accounting for oil and natural gas properties from successful efforts to full cost method. Refer to Note 3 below for further discussion.

(2) Reclassification of ad valorem taxes from lease operating expenses to the production and ad valorem taxes were made to conform to Diamondback's financial statement presentation. Refer to Note 3 below for further discussion.

See Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. DESCRIPTION OF THE TRANSACTIONS

On February 27 and 28, 2014 Diamondback completed the acquisitions of certain oil and natural gas interests from Henry Group and Lime Rock. The acquisitions were funded with the net proceeds from an underwritten public offering of Diamondback common stock completed on February 26, 2014 and borrowings under the Diamondback revolving credit facility (the "Borrowing").

We refer to the acquisitions of certain oil and natural gas interests from Henry Group and Lime Rock and the Borrowing as the "Transaction."

2. BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting in accordance with generally accepted accounting principles in the United States (GAAP) and were derived based on the historical financial statements of Diamondback and the carve-out financial statements of Henry Group and Lime Rock after giving effect to the Transaction and after applying the reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements have adjusted the Lime Rock oil and natural gas properties accounted for under the successful efforts method to the full cost method. The unaudited pro forma condensed combined balance sheet as of December 31, 2013 is presented as if the Transaction had occurred on December 31, 2013. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013 is presented as if the Transaction had occurred on January 1, 2013.

The unaudited pro forma condensed combined financial statements are presented for information purposes only and are not intended to reflect the results of operations or financial position of the combined company that would have resulted had the Transaction been effective during the period presented or the results that may be obtained by the combined company in the future. Additionally, the unaudited pro forma condensed combined financial statements should be read in conjunction with the historical audited consolidated financial statements and accompanying notes of Diamondback included in our Annual Report on Form 10-K for the year ended December 31, 2013 as well as Henry Group's historical audited carve-out financial statements and accompanying notes for the year ended December 31, 2013 and Lime Rock's historical audited carve-out financial statements and accompanying notes for the year ended December 31, 2013, included as Exhibit 99.1 and 99.2, respectively, in this Current Report on Form 8-K/A.

3. RECLASSIFICATIONS

Reclassification of ad valorem taxes from lease operating expenses to the production and ad valorem taxes were made to conform to Diamondback's financial statement presentation. For the Henry Group Properties a reclassification of $661,000 was made from lease operating expense to production and ad valorem taxes. For the Lime Rock Properties a reclassification of $434,000 was made from lease operating expense to production and ad valorem taxes.

Reclassification adjustments have been made in the presentation of Lime Rock's historical amounts to convert the oil and natural gas properties accounted for under the successful efforts method to the full cost method.

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF ASSETS, LIABILITIES, AND NET INVESTMENT
DECEMBER 31, 2013

	Lime Rock Properties	Reclassification Adjustments		As Presented in Unaudited Condensed Combined Balance Sheet
		(In thousands)		
Assets				
Current assets:				
Accounts receivable	2,182	—		2,182
Drilling prepayments	615	(615)	(a)	—
Prepaid expenses and other	—	615	(a)	615
Total current assets	2,797	—		2,797
Property and equipment				
Oil and natural gas properties, based on the full cost method of accounting	—	112,793	(b)	112,793
Other property and equipment	—	—		—
Accumulated depletion, depreciation, amortization and impairment	—	(41,684)	(b)	(41,684)
	—	71,109		71,109
Oil and Gas Properties (successful efforts method)				
Proved properties	106,484	(106,484)	(b)	—
Lease and well equipment	6,308	(6,308)	(b)	—
Accumulated depletion, depreciation, amortization	(16,216)	16,216	(b)	
	96,576	(96,576)		—
Deferred tax asset	—	137	(b)	137
Total assets	$ 99,373	$ (25,330)		$ 74,043
Liabilities and Net Investment				
Current liabilities:				
Related party payables	$ 1,547	$ (1,547)	(a)	$ —
Accounts payable - trade	—	1,547	(a)	1,547
Margin tax liability	100	(100)	(a)	—
Other accrued liabilities	—	100	(a)	100
Total current liabilities	1,647	—		1,647
Asset retirement obligations	855	—		855
Notes payable	44,500	—		44,500
Deferred income taxes	104	(104)	(b)	—
Total liabilities	47,106	(104)		47,002
Net Investment	52,267	(25,226)	(b)	27,041
Total liabilities and net investment	$ 99,373	$ (25,330)		$ 74,043

(a) These reclassifications were made to conform to Diamondback's presentation.

(b) These adjustments are necessary to convert the method of accounting for oil and natural gas properties from successful efforts to full cost. Accordingly, all costs incurred in the acquisition, exploration and development of proved oil and natural gas properties, including the costs of abandoned properties, dry holes, geophysical costs and annual lease rentals are capitalized. The conversion to full cost has resulted in a deferred tax asset.

LIME ROCK PROPERTIES
CARVE-OUT STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Lime Rock Properties	Reclassification Adjustments		As Presented in Unaudited Condensed Combined Statement of Operations
		(In thousands)		
Revenues:				
Oil and gas revenues	$ 25,490	$ —		$ 25,490
Total revenues	25,490	—		25,490
Costs and expenses:				
Lease operating expenses	3,498	(434)	(a)	3,064
Production and ad valorem taxes	1,046	434	(a)	1,480
Depreciation, depletion and amortization	11,730	(3,312)	(b)	8,418
General and administrative expenses	224	—		224
Asset retirement obligation accretion expense	46	—		46
Total costs and expenses	16,544	(3,312)		13,232
Income from operations	8,946	3,312		12,258
Other income (expense)				
Interest income	—	—		—
Interest expense	(1,308)	—		(1,308)
Total other income (expense), net	(1,308)	—		(1,308)
Income before income taxes	7,638	3,312		10,950
Provision for income taxes				
Current	87	20	(b)	107
Net income	$ 7,551	$ 3,292		$ 10,843

(a) These reclassifications were made to conform to Diamondback's presentation.

(b) These adjustments are necessary to convert the method of accounting for oil and natural gas properties from successful efforts to full cost. Accordingly, all costs incurred in the acquisition, exploration and development of proved oil and natural gas properties, including the costs of abandoned properties, dry holes, geophysical costs and annual lease rentals are capitalized. The conversion to full cost has resulted in a deferred tax asset.

4. PRO FORMA ADJUSTMENTS

The following pro forma adjustments have been reflected in the unaudited pro forma condensed combined financial statements. Such information does not purport to be indicative of the results of operations or financial position that actually would have resulted had the Transaction occurred on the date indicated, nor is it indicative of the results that may be expected in future periods. The pro forma adjustments are based upon information and assumptions available at the time of filing the Current Report on Form 8-K/A to which these unaudited pro forma condensed combined financial statements are an exhibit.

(a) On February 26, 2014, Diamondback closed an underwritten public offering of an aggregate 3,450,000 shares of its common stock at a price to the public of $62.67 per share. Diamondback received net proceeds of approximately $208.6 million and used the net proceeds to fund the Transaction.

(b) To eliminate the assets, liabilities and net investment not acquired or assumed in the Transaction, to record the Transaction for $292.2 million in cash, and to allocate the purchase price to the assets acquired and liabilities assumed. The allocation of the purchase price to the assets acquired and liabilities assumed is preliminary and, therefore, subject to change. Any future adjustments to the allocation of the purchase price are not expected to have a material effect on Diamondback's financial condition, results of operations or cash flows.

The allocation of the purchase price of the Transaction to the fair value of the assets acquired and liabilities assumed is as follows:

		(in thousands)
Proved oil and natural gas properties	$	170,174
Unevaluated oil and natural gas properties		123,243
Asset retirement obligations		(1,258)
Total fair value of net assets	$	292,159

(c) Reflects borrowings under Diamondback's revolving credit facility to fund the Transaction.

(aa) These pro forma adjustments include immaterial amounts attributable to the acquisition of oil and natural gas interests from working interest owners with de minimis interests.

(bb) Reflects depletion, depreciation and amortization of oil and natural gas properties associated with the Transaction recorded on a combined basis under the full cost method. Costs associated with evaluated properties are amortized using a unit-of-production basis under the full cost method of accounting.

(cc) Reflects accretion of discount on asset retirement obligations associated with the Transaction recorded on a combined basis.

(dd) Reflects the elimination of interest expense from Lime Rock as the associated debt was not assumed in the Transaction.

(ee) Reflects estimated interest expense associated with borrowings under Diamondback's revolving credit agreement to fund the purchase price of the Transaction.

Diamondback is subject to market risk exposure related to changes in interest rates on our indebtedness under our revolving credit facility. The terms of our revolving credit facility provide for interest on borrowings at a floating rate equal to prime, LIBOR or federal funds rate plus margins ranging from 0.5% to 2.50% depending on the base rate used and the amount of the loan outstanding in relation to the borrowing base. An increase or decrease of 1% in the interest rate would have a corresponding decrease or increase in our pro forma interest expense of approximately $870,000 based on the $87,000,000 borrowed in conjunction with the Transaction.

(ff) Reflects the elimination of loss on derivatives from Henry Group as the associated derivative contracts were not assumed in the Transaction.

(gg) Reflects the elimination of current income tax provision from Lime Rock as the income tax provision is calculated on a combined basis as reflected in adjustment (hh).

(hh) Reflects estimated incremental income tax provision associated with the additional operating income from the Transaction and the pro forma adjustments using Diamondback's effective tax rate for 2013 of 36.8%. This rate is inclusive of federal and state income taxes.

4. SUPPLEMENTAL PRO FORMA COMBINED OIL AND GAS RESERVE AND STANDARDIZED MEASURE INFORMATION (Unaudited)

The following table sets forth unaudited pro forma information with respect to Diamondback's estimated proved reserves, including changes therein, and proved developed and proved undeveloped reserves for the year ended December 31, 2013, giving effect to the Transaction as if it had occurred on January 1, 2013. The estimates of reserves attributable to the Transaction may include development plans for those properties which are different from those that the Company will ultimately implement. Reserve estimates are inherently imprecise, require extensive judgments of reservoir engineering data and are generally less precise than estimates made in connection with financial disclosures.

	Diamondback Historical			Henry Group Historical			Lime Rock Historical			Total Pro Forma		
	Oil (Bbls)	Natural Gas Liquids (Bbls)	Natural Gas (Mcf)	Oil (Bbls)	Natural Gas Liquids (Bbls)	Natural Gas (Mcf)	Oil (Bbls)	Natural Gas Liquids (Bbls)	Natural Gas (Mcf)	Oil (Bbls)	Natural Gas Liquids (Bbls)	Natural Gas (Mcf)
Proved Developed and Undeveloped Reserves:												
As of January 1, 2013	26,196,859	8,251,429	34,570,148	3,223,340	—	6,987,738	2,344,582	514,807	2,115,741	31,764,781	8,766,236	43,673,627
Extensions and discoveries	17,041,744	4,597,856	24,184,540	33,996	—	64,528	—	—	—	17,075,740	4,597,856	24,249,068
Revisions of previous estimates	(5,943,164)	(3,455,306)	(5,786,180)	138,164	—	1,491,399	(115,373)	(141,326)	478,102	(5,920,373)	(3,596,632)	(3,816,679)
Purchase of reserves in place	7,328,162	1,672,824	10,441,485	—	—	—	—	—	—	7,328,162	1,672,824	10,441,485
Production	(2,022,749)	(361,079)	(1,730,497)	(373,884)	—	(689,297)	(245,726)	—	(453,024)	(2,642,359)	(361,079)	(2,872,818)
As of December 31, 2013	42,600,852	10,705,724	61,679,496	3,021,616	—	7,854,368	1,983,483	373,481	2,140,819	47,605,951	11,079,205	71,674,683
Proved Developed Reserves:												
December 31, 2013	19,789,965	4,973,493	31,428,756	2,647,251	—	7,112,044	1,769,687	338,935	1,944,738	24,206,903	5,312,428	40,485,538
Proved Undeveloped Reserves:												
December 31, 2013	22,810,887	5,732,231	30,250,740	374,365	—	742,324	213,795	34,546	196,080	23,399,047	5,766,777	31,189,144

The following pro forma standardized measure of the discounted net future cash flows and changes applicable to proved reserves reflect the effect of income taxes assuming the Transaction had been subject to federal income tax at a rate of 35%. The future net cash flows are based on a 10% annual discount rate. The projections should not be viewed as realistic estimates of future cash flows, nor should the "standardized measure" be interpreted as representing current value to Diamondback. Material revisions to estimates of proved reserves may occur in the future; development and production of the reserves may not occur in the periods assumed; actual prices realized are expected to vary significantly from those used; and actual costs may vary.

	Diamondback Historical	Henry Group Historical	Lime Rock Historical	Pro Forma Adjustments	Pro Forma as Adjusted
			(in thousands)		
Future cash inflows	$ 4,604,241	$ 333,836	$ 206,964	$ —	$ 5,145,041
Future development costs	(517,075)	(10,118)	(5,383)	—	(532,576)
Future production costs	(1,125,291)	(136,274)	(84,021)	—	(1,345,586)
Future income tax expenses	(674,260)	(2,337)	—	(55,417)	(732,014)
Future net cash flows	2,287,615	185,107	117,560	(55,417)	2,534,865
10% discount to reflect timing of cash flows	(1,311,976)	(77,845)	(46,700)	23,862	(1,412,659)
Standardized measure of discounted future net cash flows	$ 975,639	$ 107,262	$ 70,860	$ (31,555)	$ 1,122,206

The changes in Diamondback's pro forma standardized measure of discounted estimated future net cash flows were as follows for 2013:

	Diamondback Historical	Henry Group Historical	Lime Rock Historical	Pro Forma Adjustments	Pro Forma as Adjusted
			(in thousands)		
Standardized measure of discounted future net cash flows at the beginning of the period	$ 367,220	$ 100,858	$ 78,080	$ —	$ 546,158
Sales of oil and natural gas, net of production costs	(173,946)	(31,706)	(20,946)	—	(226,598)
Purchase of minerals in place	305,109	—	—	—	305,109
Extensions and discoveries, net of future development costs	552,450	186	—	—	552,636
Previously estimated development costs incurred during the period	76,631	16,105	12,085	—	104,821
Net changes in prices and production costs	51,828	13,990	1,443	—	67,261
Changes in estimated future development costs	(5,822)	389	336	—	(5,097)
Revisions of previous quantity estimates	(126,993)	9,685	(4,357)	—	(121,665)
Accretion of discount	57,988	10,197	7,907	—	76,092
Net change in income taxes	(168,570)	(78)	113	(31,555)	(200,090)
Net changes in timing of production and other	39,744	(12,364)	(3,801)	—	23,579
Standardized measure of discounted future net cash flows at the end of the period	$ 975,639	$ 107,262	$ 70,860	$ (31,555)	$ 1,122,206