Diamondback Energy, Inc.
Form DEF 14A
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

ý Filed by Registrant o Filed by a Party other than the Registrant

Check the appropriate box

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under § 240.14a-12

Diamondback Energy, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Title of each class of securities to which transaction applies:

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(4) Date Filed:

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500 West Texas, Suite 1200
Midland, Texas 79701

NOTICE OF
2014
ANNUAL STOCKHOLDERS
MEETING

and

PROXY STATEMENT

Monday

June 9, 2014

2:00 p.m. local time

6300 Waterford Boulevard
Oklahoma City, Oklahoma 73118

April 30, 2014

Dear Diamondback Energy, Inc. Stockholder:

On behalf of your board of directors and management, you are cordially invited to attend the Annual Meeting of Stockholders to be held at 6300 Waterford Boulevard, Oklahoma City, Oklahoma 73118 on Monday, June 9, 2014, at 2:00 p.m.

It is important that your shares be represented at the meeting. Whether or not you plan to attend the meeting, please complete and return the enclosed proxy card in the accompanying envelope. Please note that submitting a proxy will not prevent you from attending the meeting and voting in person.

You will find information regarding the matters to be voted on at the meeting in the enclosed proxy statement. Our 2013 Annual Report to Stockholders is either enclosed with these materials or has previously been mailed to you. This proxy statement and our 2013 Annual Report to Stockholders are also available on our website at http://ir.diamondbackenergy.com/.

In addition to the formal items of business to be brought before the meeting, there will be a report on our operations, followed by a question and answer period. Your interest in Diamondback Energy, Inc. is appreciated. We look forward to seeing you on June 9, 2014.

Sincerely,

/s/ Steven E. West
Steven E. West
Chairman of the Board

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DIAMONDBACK ENERGY, INC.
500 West Texas, Suite 1200
Midland, Texas 79701

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 9, 2014

To the Stockholders of Diamondback Energy, Inc.:
The Annual Meeting of Stockholders of Diamondback Energy, Inc. will be held on June 9, 2014 at 2:00 p.m., local time, at 6300 Waterford Boulevard, Oklahoma City, Oklahoma 73118, for the following purposes:

1. To elect five directors to serve until the Company's 2015 Annual Meeting of Stockholders;
2. To approve the Company's 2014 Executive Annual Incentive Compensation Plan;
3. To hold an advisory vote on the Company's executive compensation;
4. To hold an advisory vote on the frequency of holding an advisory vote on the Company's executive compensation;
5. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2014; and
6. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Your vote is important. Please carefully consider the proposals and vote in one of these ways:

- Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope; or
- Submit a ballot at the Annual Meeting.

Only stockholders of record at the close of business on April 14, 2014 or their proxy holders may vote at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 9, 2014. This proxy statement and the Company's 2013 Annual Report to Stockholders are available on the Company's website at http://ir.diamondbackenergy.com/.

By Order of the Board of Directors,

/s/ Randall J. Holder
Randall J. Holder
Vice President, General Counsel and Secretary

This notice and proxy statement are first being mailed to stockholders on or about May 5, 2014.

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DIAMONDBACK ENERGY, INC.
500 West Texas, Suite 1200
Midland, Texas 79701

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About the Annual Meeting

Who is soliciting my vote?

The board of directors of Diamondback Energy, Inc., which we refer to as "Diamondback," the "Company" and "we" in this proxy statement, is soliciting your vote at the 2014 Annual Meeting of Stockholders.

What am I voting on?

You are voting on:

- The election of directors (see Proposal 1 beginning on page 4);
- Approving our 2014 Executive Annual Incentive Compensation Plan (see Proposal 2 on page 40);
- Approving, on an advisory basis, the compensation paid to the Company's named executive officers as reported in this proxy statement (see Proposal 3 on page 43);
- Approving, on an advisory basis, the frequency of holding an advisory vote on the compensation paid to the Company's named executive officers at an interval of "every one year," "every two years" or "every three years" (see Proposal 4 on page 44);
- The ratification of Grant Thornton LLP as our independent auditors for 2014 (see Proposal 5 beginning on page 45); and
- Any other business properly coming before the meeting.

How does the board of directors recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of directors. The board of directors' recommendation can be found with the description of each item in this proxy statement. In summary, the board of directors recommends a vote:

- FOR the proposal to elect nominated directors;
- FOR approving our 2014 Executive Annual Incentive Compensation Plan;
- FOR approving, on an advisory basis, the compensation paid to the Company's named executive officers as reported in this proxy statement (see page 43);
- FOR holding an advisory vote on the compensation paid to the Company's named executive officers at an interval of "every one year" (see page 44);
- FOR the proposal to ratify Grant Thornton LLP as the Company's independent auditors for 2014.

Who is entitled to vote?

You may vote if you were the record owner of our common stock as of the close of business on April 14, 2014. Each share of common stock is entitled to one vote. As of April 14, 2014, we had 50,700,099 shares of common stock outstanding and entitled to vote. There is no cumulative voting.

How many votes must be present to hold the meeting?

Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. In order for us to hold our meeting, holders of a majority of the voting power of our outstanding shares of common stock as of the close of business on April 14, 2014 must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

What is a broker non-vote?

If a broker does not have discretion to vote shares held in street name on a particular proposal and does not receive instructions from the beneficial owner on how to vote those shares, the broker may return the proxy card without voting on that proposal. This is known as a broker non-vote. No broker may vote your shares without your specific instructions on any of the proposals to be considered at the Annual Meeting other than the ratification of our independent auditors.

How many votes are needed to approve each of the proposals?

The five nominees for election as directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as directors. This is called plurality voting. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your shares FOR all the nominees for director named in Proposal 1.

Proposals 2, 3 and 5 require the affirmative “FOR” vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

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With respect to Proposal 4 to approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation, stockholders will be able to choose among four options, namely whether future stockholder votes to approve executive compensation should occur every year, every two years or every three years, or whether the stockholder abstains from voting. The affirmative vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon, in favor of one of the voting options contemplated by Proposal 4 is required to approve, on an advisory basis, Proposal 4. If one of the voting options is not adopted by the required vote of the stockholders, our board of directors will evaluate the votes cast for each of the voting options and will deem the voting option receiving the greatest number of votes to be the voting option approved by the stockholders.

Except with respect to the proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against these proposals will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

How do I vote?

You can vote either in person at the meeting or by proxy without attending the meeting.

To vote by proxy, you must fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage-paid envelope.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you plan to vote in person at the Annual Meeting, and you hold your stock in street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

Can I change my vote?

Yes. You can change or revoke your vote at any time before the polls close at the Annual Meeting. You can do this by:

- Signing another proxy card with a later date and returning it to us prior to the meeting;
- Sending our Corporate Secretary a written document revoking your earlier proxy; or
- Voting again at the meeting.

Who counts the votes?

We have hired Computershare Trust Company, N.A., our transfer agent, to count the votes represented by proxies cast by mail or ballot. Employees of Computershare Trust Company, N.A. will act as inspectors of election.

Will my vote be confidential?

Yes. As a matter of Company policy, proxies, ballots and voting tabulations that identify individual stockholders are treated as confidential. Only the tabulation agent and the inspectors of election have access to your vote. Directors and employees of the Company may see your vote only if there is a contested proxy solicitation, as required by law or in certain other special circumstances.

Will my shares be voted if I don't provide my proxy and don't attend the Annual Meeting?

If you do not provide a proxy or vote your shares held in your name, your shares will not be voted.

If you hold your shares in street name, your broker may be able to vote your shares for certain "routine" matters even if you do not provide the broker with voting instructions. The ratification of Grant Thornton LLP as our independent auditors for 2014 is considered routine. For matters not considered "routine," if you do not give your broker instructions on how to vote your shares, the broker will return the proxy card without voting on that proposal. This is a broker non-vote.

The proposals to elect directors, to approve the Company's 2014 Executive Annual Incentive Compensation Plan, to approve, on an advisory basis, the Company's executive compensation and to approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation are not considered routine. As a result, no broker may vote your shares on these proposals without your specific instructions.

How are votes counted?

In the election of directors contemplated by Proposal 1, you may vote "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. For Proposal 2, 3 and 5 you may vote "FOR," "AGAINST" or "ABSTAIN." To approve, on an advisory basis, the frequency of holding an advisory vote on the Company's executive compensation contemplated by Proposal 4, you may vote in favor of holding such advisory vote every year, every two

years or every three years or may “ABSTAIN” from the vote.

What if I return my proxy but don’t indicate my vote on the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted FOR the director nominees listed on the card, FOR approving the Company’s 2014 Executive Annual Incentive Compensation Plan, FOR approving, on an advisory basis, the Company’s executive compensation as described in this proxy statement, FOR approving, on an advisory basis, of holding an advisory

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vote on the Company's executive compensation every year and FOR the ratification of Grant Thornton LLP as our independent auditors for 2014.

Could other matters be decided at the Annual Meeting?

We have not received any stockholder proposals and are not aware of any other matters that will be considered at the Annual Meeting. If any other matters arise at the Annual Meeting, the persons named in your proxies will vote in accordance with their best judgment.

Who can attend the meeting?

The Annual Meeting is open to all holders of our common stock.

What do I need to bring to attend the Annual Meeting?

You will need proof of ownership of our common stock to enter the meeting. If your shares are in the name of your broker or bank or other nominee, you will need to bring evidence of your stock ownership, such as your most recent brokerage statement. All stockholders will be required to present valid picture identification. IF YOU DO NOT HAVE VALID PICTURE IDENTIFICATION AND PROOF THAT YOU OWN SHARES OF OUR STOCK, YOU MAY NOT BE ADMITTED INTO THE MEETING.

How can I access the Company's proxy materials and annual report electronically?

This proxy statement and the Company's 2013 Annual Report to Stockholders are available on the Company's website at http://ir.diamondbackenergy.com/.

Board of Directors Information

What is the makeup of the board of directors and how often are the members elected?

Our board of directors consists of five members who are elected annually. The majority of these directors are independent under the Nasdaq listing standards.

What if a nominee is unable or unwilling to serve?

That is not expected to occur. If it does, shares represented by proxies will be voted for a substitute nominated by the board of directors.

How are directors compensated?

Members of our board of directors who are also officers or employees of the Company do not receive compensation for their services as directors.

Cash Compensation

In November 2012, our board of directors approved a change to the fee component of director compensation to provide for annual fees for non-employee directors of the Company in the amounts $20,000 for each director plus an additional annual payment of $15,000 for the chairperson and $10,000 for each other member of the audit committee and $10,000 for the chairperson and $5,000 for each other member of each other committee, with such amounts to be paid in quarterly installments. No changes were made to our director compensation for 2013 or 2014 to date.

Equity Compensation

From time to time, we provide our non-employee directors with equity compensation under our 2012 Equity Incentive Plan, or the 2012 Plan, as additional compensation and incentive. Our current non-employee directors are Steven E. West, Michael P. Cross, David L. Houston and Mark L. Plaumann. In October 2012, each non-employee director was granted 6,666 restricted stock units which vest in three annual installments of 2,222 restricted stock units, the first of which occurred on October 11, 2012, with the two remaining equal annual installments occurring on each anniversary of such date. No equity awards were granted to our non-employee directors during 2013 or 2014 to date. Further details regarding our director compensation in 2013 are set forth under the heading "Director Compensation" below.

Insurance and Indemnification

We provide liability insurance for our directors and executive officers at a current annual cost of approximately $205,000. We are also party to indemnification agreements with our directors and executive officers. In addition, our certificate of incorporation sets forth limitations on our directors' liability to our stockholders. Further, our bylaws contain indemnification and advancement of expenses provisions for the benefit of our directors and officers.

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How often did the board of directors meet in 2013?
Our board of directors met eleven times, in person or telephonically, in 2013. In addition to these meetings, the board of directors adopted resolutions by unanimous written consent. Each director attended at least 75% of the aggregate meetings of the board of directors and the meetings of the committees on which he served.

Election of Directors and Director Biographies
(Proposal 1 on the Proxy Card)

Who are this year's nominees?
The directors standing for election this year to hold office until the 2015 Annual Meeting of Stockholders and until each such director's successor is elected are:
STEVEN E. WEST, age 53. Mr. West has served as a director of the Company since December 2011 and Chairman of the Board since October 2012. Mr. West served as our Chief Executive Officer from January 1, 2009 to December 31, 2011. Since January 2011, Mr. West has been a partner at Wexford Capital LP, focusing on Wexford Capital's private equity energy investments. From August 2006 until December 2010, Mr. West served as senior portfolio advisor at Wexford Capital. From August 2003 until August 2006, Mr. West was the chief financial officer of Sunterra Corporation, a former Wexford Capital portfolio company. From December 1993 until July 2003, Mr. West held senior financial positions at Coast Asset Management and IndyMac Bank. Prior to that, Mr. West worked at First Nationwide Bank, Lehman Brothers and Peat Marwick Mitchell & Co., the predecessor of KPMG LLP. Mr. West holds a Bachelor of Science degree in Accounting from California State University, Chico. We believe Mr. West's background in finance, accounting and private equity energy investments, as well as his executive management skills developed as part of his career with Wexford Capital, its portfolio companies and other financial institutions qualify him to serve on our board of directors.
TRAVIS D. STICE, age 52. Mr. Stice has served as our Chief Executive Officer since January 2012 and as a director of the Company since November 2012. Prior to his current positions with us, he served as our President and Chief Operating Officer from April 2011 to January 2012. He served as a Vice President of Laredo Petroleum Holdings, Inc. from September 2008 to September 2010. Prior to that, Mr. Stice held a series of positions of increasing responsibilities at Burlington Resources until Burlington Resources' acquisition by ConocoPhillips in March 2006. He started his career with Mobil Oil in 1985. Mr. Stice has nearly 30 years of industry experience in production operations, reservoir engineering, production engineering and unconventional oil and gas exploration and over 20 years of management experience. Mr. Stice graduated from Texas A&M University with a Bachelor of Science degree in Petroleum Engineering. Mr. Stice is a registered engineer in the State of Texas, and is a 26-year member of the Society of Petroleum Engineers. We believe that Mr. Stice's leadership within the Company, his management experience and his knowledge of the critical internal and external challenges facing the Company and the oil and natural gas industry as a whole qualify him for service on our board of directors.
MICHAEL P. CROSS, age 62. Mr. Cross has served as a director of the Company since October 2012. Mr. Cross is President and owner of Michael P. Cross, Inc., an independent oil and natural gas producer, a position he has held since July 1994. Mr. Cross also currently serves as a director of Warren Equipment Company, a position he has held since 2002. Mr. Cross has also served as a member of the Oklahoma Energy Resources Board since February 2005 and has been a member of the executive committee since 2007. Mr. Cross also served as a member of the Board of Directors of the Oklahoma Independent Petroleum Association for over 16 years. Mr. Cross served on the Board of Directors for OGE Energy GP LLC from October 2007 to October 2008. Mr. Cross also served as CEO and President of Windsor Energy Resources, Inc. from December 2005 until December 2006. Mr. Cross served as President and Manager of Twister Gas Services, L.L.C., an oil and gas exploration, production and marketing company, from its inception in 1996 until June 2003 and served as President of its predecessor, Twister Transmission Company, from 1990 to 1996. Mr. Cross graduated from Oklahoma State University in 1973 with a BS in Business Administration. We believe that Mr. Cross's strong oil and gas background and executive management experience qualify him for service on our board of directors.

DAVID L. HOUSTON, age 61. Mr. Houston has served as a director of the Company since October 2012. Since 1991, Mr. Houston has been the principal of Houston Financial, a firm that offers life and disability insurance, compensation and benefits plans and wealth management services with a focus on the energy sector. Since 2000, Mr. Houston has managed a mineral trust with approximately 9,200 net acres in Oklahoma, Texas, Kansas and New Mexico, which included responsibility for leasing and production matters. Mr. Houston served on the board of directors and executive committee of Deaconess Hospital, Oklahoma City, Oklahoma, from January 1993 until December 2008. Mr. Houston has served as a director of Gulfport Energy Corporation, or Gulfport, since July 1998, Chairman of its Board since June 2013 and is the chairman of its audit committee. He also served as a director of Bronco Drilling Company from May 2005 until December 2010 and was a member of its audit committee. Mr. Houston received a Bachelor of Science degree in business from Oklahoma State University and a graduate degree in banking from Louisiana State University. We believe that Mr. Houston’s financial background and his executive management experience qualify him for service on our board of directors.

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MARK L. PLAUMANN, age 58. Mr. Plaumann has served as a director of the Company since October 2012. He is currently a Managing Member of Greyhawke Capital Advisors LLC, or Greyhawke, which he co-founded in 1998. Prior to founding Greyhawke, Mr. Plaumann was a Senior Vice President of Wexford Capital. Mr. Plaumann was formerly a Managing Director of Alvarez & Marsal, Inc. and the President of American Healthcare Management, Inc. He also was Senior Manager at Ernst & Young LLP. Mr. Plaumann served as a director and audit committee chairman for ICx Technologies, Inc. from 2006 until October 2010 and currently serves as a director and a member of the audit and compensation committees of Republic Airways Holdings, Inc., and a director of one private company. Mr. Plaumann also has served as a director, an audit committee chairman and a member of the conflicts committee of the general partner of Rhino Resource Partners LP, a coal operating company, since September 2010. Mr. Plaumann holds an M.B.A. and a B.A. in Business from the University of Central Florida. We believe that Mr. Plaumann's service on the boards of other public companies and his executive management experience, including previous experience as chairman of audit committees, qualifies him for service on our board of directors.

Investors Rights Agreement

In connection with our acquisition of oil and natural gas properties from Gulfport immediately prior to the completion of our initial public offering in October 2012, we entered into an investors rights agreement with Gulfport under which Gulfport has a right, for so long as it beneficially owns more than 10% of our outstanding common stock, to designate one individual as a nominee to serve on our board of directors. Such nominee, if elected to our board of directors, will also serve on each committee of the board of directors so long as he or she satisfies the independence and other requirements for service on the applicable committee. So long as Gulfport has the right to designate a nominee to our board of directors and there is no Gulfport nominee actually serving as our director, Gulfport will have the right to appoint one individual as an advisor to the board of directors who shall be entitled to attend board and committee meetings. Mr. David Houston was Gulfport's nominee pursuant to the investor rights agreement at the time of our initial public offering completed in October 2012, which we refer to as our IPO, and at the time of our 2013 Annual Meeting of Stockholders. Since then, Gulfport reduced its ownership interest in our common stock and currently owns less than 10% of our outstanding common stock. As a result, Gulfport does not currently have the right to designate a director nominee to our board of directors.

What does the board of directors recommend?

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF THESE DIRECTORS

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What are the committees of the Board?
Our board of directors has the following committees:

Committee	Members	Principal Functions	Number of Meetings in 2013
Audit	David L. Houston Michael P. Cross Mark L. Plaumann*	Reviews and discusses with management and the independent auditors the integrity of our accounting policies, internal controls, financial statements, accounting and auditing processes and risk management compliance. Monitors and oversees our accounting, auditing and financial reporting processes generally, including the qualifications, independence and performance of the independent auditor. Monitors our compliance with legal and regulatory requirements. Establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Reviews and approves related party transactions. Appoints, determines compensation, evaluates and terminates our independent auditors. Pre-approves audit and permissible non-audit services to be performed by the independent auditors. Prepares the report required by the SEC for the inclusion in our annual proxy statement. Reviews and reassesses the adequacy of the audit committee charter on a periodic basis.	Nine (9)
Compensation	David L. Houston Michael P. Cross* Mark L. Plaumann	Oversees and administers our executive compensation policies, plans and practices and evaluates their impact on risk and risk management. Reviews and makes recommendations to the board of directors with respect to compensation plans, policies and benefit programs for employees generally. Discharges the board of directors' responsibilities relating to the compensation of our chief executive officer and other executive officers. Reviews, approves and administers our Executive Annual Incentive Compensation Plan, including	Three (3)

the establishment of performance criteria and targets and awards under such plan.

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Committee	Members	Principal Functions	Number of Meetings in 2013
		Reviews, approves and administers our equity-based compensation plans, including the grants of stock options, restricted stock units and other equity awards under such plans. Makes recommendations to the board with respect to director compensation. Determines stock ownership guidelines for our chief executive officer and other executive officers and directors. Conducts annual performance evaluation of the committee. Reviews disclosure related to executive compensation in our proxy statement. Reviews and reassesses the adequacy of the compensation committee charter. Advise the board of directors regarding the stockholder advisory vote on executive compensation and golden parachutes, including the frequency of such votes. Reviews and considers the stockholder advisory vote on executive compensation when determining policies and making decisions on executive compensation. Has the sole authority to appoint, compensate and oversee work of any compensation consultant and other advisors with respect to executive compensation and assistance with other charter responsibilities and determines any conflict of interest with such compensation consultant.	
Nominating	David L. Houston* Michael P. Cross Mark L. Plaumann	Assists the board of directors in developing criteria for, identifying and evaluating individuals qualified to serve as members of our board of directors. Identifies and recommends director candidates to the board of directors to be submitted for election at the Annual Meeting and to fill any vacancies on the board of directors. Evaluates candidates for board of directors membership, including those recommended by stockholders of the Company. Periodically reviews and makes recommendations regarding the composition and size of the board of directors and each of its committees. Reviews and recommends to the board of directors appropriate corporate governance guidelines for the Company. Conducts an annual assessment of the qualifications and performance of the board of directors.	None**

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Committee	Members	Principal Functions	Number of Meetings in 2013
		Annually reviews and reports to the board of directors on the performance of management. Reviews and reassesses the adequacy of the nominating committee charter.	

*Committee Chairperson.
**Took actions by written consent.

Do the committees have written charters?
Yes. The charters for our audit committee, compensation committee and nominating committee can be found on our website at www.diamondbackenergy.com under the “Corporate Governance” caption. You may also obtain copies of these charters, as well as our Code of Business Conduct and Ethics, which is described below, by writing to Corporate Secretary, Diamondback Energy, Inc. 14301 Caliber Drive, Oklahoma City, OK 73134.

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Corporate Governance Matters and Communications with the Board

Who are our independent directors?

Our board of directors has determined that David L. Houston, Michael P. Cross and Mark L. Plaumann meet the standards regarding independence set forth in the Nasdaq listing standards and are free of any relationship which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Our board of directors has determined that each member of the audit committee is independent for purposes of serving on such committee under the Nasdaq listing standards and applicable federal law. In addition, our board of directors has determined that each current member of the audit committee is financially literate under the Nasdaq listing standards and that Mark L. Plaumann qualifies as the "audit committee financial expert," as such term is defined in Item 407(d) of Regulation S-K.

Our board of directors has also determined that each member of the compensation committee and the nominating committee meets the independence requirements applicable to those committees under the Nasdaq rules. In addition, our board of directors determined that each member of our compensation committee is an "outside director" in accordance with Section 162(m) of the Internal Revenue Code and a "non-employee director" in accordance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Do our non-management directors meet separately without management?

Our non-management directors have the opportunity to meet in an executive session following each regularly scheduled meeting of the board of directors. Our non-management directors met in an executive session on one occasion in 2013.

How can I communicate with the board of directors?

Individuals may communicate with our board of directors or individual directors by writing to Corporate Secretary, Diamondback Energy, Inc., 14301 Caliber Drive, Oklahoma City, Oklahoma 73134. Our Corporate Secretary will review all such correspondence and forward to our board of directors a summary of all such correspondence and copies of all correspondence that, in the opinion of our Corporate Secretary, relates to the functions of our board of directors or the compensation committee thereof or that he otherwise determines requires their attention. Directors may review a log of all such correspondence received by us and request copies. Concerns relating to accounting, internal control over financial reporting or auditing matters will be immediately brought to the attention of the chairman of the audit committee and handled in accordance with the audit committee procedures established with respect to such matters.

Do directors attend the Annual Meeting?

Recognizing that director attendance at our Annual Meeting can provide our stockholders with an opportunity to communicate with directors about issues affecting the Company, we actively encourage our directors to attend the Annual Meeting of Stockholders. All of our directors attended our 2013 Annual Meeting of Stockholders.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics designed to help directors and employees resolve ethical issues. Our Code of Business Conduct and Ethics applies to all directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer and controller and persons performing similar functions. Our Code of Business Conduct and Ethics covers various topics including, but not limited to, conflicts of interest, fair dealing, discrimination and harassment, confidentiality, compliance procedures and employee complaint procedures. Our Code of Business Conduct and Ethics is posted on our website under the "Investor Relations—Corporate Governance" caption.

Nominating Process For Directors, Director Qualifications and Review of Director Nominees

The nominating committee is comprised of three non-employee directors, all of whom are independent under Nasdaq listing standards. As provided by the nominating committee's charter, our nominating committee identifies, evaluates and recommends to our board of directors candidates with the goal of creating a balance of knowledge, experience and diversity. Generally, the committee identifies candidates through the personal, business and organizational contacts of

the directors and management.

Potential directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the interests of our stockholders. In addition to reviewing a candidate's background and accomplishments, candidates for director nominees are reviewed in the context of the current composition of our board of directors and the evolving needs of our stockholders' businesses. It is the policy of our board of directors that at all times at least a majority of its members meets the standards of independence promulgated by Nasdaq and the Securities and Exchange Commission, or the SEC, and that all members reflect a range of talents, ages, skills and expertise, particularly in the areas of accounting and finance, management, leadership and oil and gas

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related industries sufficient to provide sound and prudent guidance with respect to our operations and stockholders' interests. In addition to the foregoing factors, our nominating committee considers diversity in its evaluation of candidates for board membership. Although our board of directors does not have a formal diversity policy, our board believes that diversity with respect to viewpoint, skills and experience should be an important factor in board composition. Our nominating committee ensures that diversity considerations are discussed in connection with each potential nominee, as well as on a periodic basis in connection with its periodic review of the composition of the board and the size of the board as a whole.

We also require that the members of our board of directors be able to dedicate the time and resources sufficient to ensure the diligent performance of their duties on our behalf, including attending all meetings of the board of directors and applicable committee meetings. In accordance with its charter, our nominating committee periodically reviews the criteria for the selection of directors to serve on our board and recommends any proposed changes to our board of directors for approval.

In connection with our acquisition of oil and natural gas properties from Gulfport immediately prior to the completion of our initial public offering in October 2012, we entered into an investors rights agreement with Gulfport under which Gulfport has a right, for so long as it beneficially owns more than 10% of our outstanding common stock, to designate one individual as a nominee to serve on our board of directors. Such nominee, if elected to our board of directors, will also serve on each committee of the board of directors so long as he or she satisfies the independence and other requirements for service on the applicable committee. So long as Gulfport has the right to designate a nominee to our board of directors and there is no Gulfport nominee actually serving as our director, Gulfport will have the right to appoint one individual as an advisor to the board of directors who shall be entitled to attend board and committee meetings. Mr. David Houston was Gulfport's nominee pursuant to the investor rights agreement at the time of our IPO and at the time of our 2013 Annual Meeting of Stockholders. Since then, Gulfport reduced its ownership interest in our common stock and currently owns less than 10% of our outstanding common stock. As a result, Gulfport does not currently have the right to designate a director nominee to our board of directors.

Our board of directors will consider stockholder nominations for director candidates upon written submission of such recommendation to our Corporate Secretary along with, among other things, the nominee's qualifications and certain biographical information regarding the nominee, such nominee's written consent to serving as a director if elected and being named in the proxy or information statement and certain information regarding the status of the stockholder submitting the recommendation, all in the manner required by our amended and restated bylaws and the applicable rules and regulations promulgated under the Exchange Act. Following verification of the stockholder status of persons proposing candidates, recommendations will be aggregated and considered by our board of directors at a regularly scheduled or special meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials will be forwarded to our board of directors.

Our board of directors may also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, our board of directors will seek to achieve a balance of knowledge, experience and capability on the board. Our board of directors uses the same criteria for evaluating candidates nominated by stockholders as it does for those proposed by current board members, professional search firms and other persons. After completing its evaluation, our board of directors approves the final slate of director nominees.

Our nominating committee approved the director nominees submitted for election at this Annual Meeting. Each nominee is a current board member and brings a strong and unique background and set of skills to our board of directors, giving our board of directors as a whole competence and experience in a variety of areas, including corporate governance and board service, executive management, oil and natural gas industry, accounting and finance and risk assessment and management. Specifically, in nominating the current board members for re-election at this Annual Meeting, our nominating committee considered such directors' past service on our board and the information discussed in each of the directors' individual biographies set forth beginning on page 4 above.

Director Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer are held by two different individuals. Separating these positions allows our Chief Executive Officer to focus on our day-to-day business and operations, while allowing our Chairman of the Board to lead the board in its fundamental role of providing advice to and oversight of management. The Chairman of the Board provides leadership to our board of directors and works with the board of directors to define its structure and activities in the fulfillment of its responsibilities. The Chairman of the Board sets the board agendas, with the input from other members of the board and our management, facilitates communications among and information flow to directors, has the power to call special meetings of our board of directors and stockholders and presides at meetings of our board of directors and stockholders. The Chairman of the Board also advises and counsels our Chief Executive Officer and other officers.

We believe that our directors bring a broad range of leadership experience to the boardroom and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that the atmosphere of our board is collegial, that all board members are well engaged in their responsibilities, and that all board members express their views and consider the opinions expressed by other directors. Three out of five directors on our board are independent under the Nasdaq listing

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standards and SEC rules, and Mr. Houston has been appointed as the lead director among our independent directors. In such capacity, Mr. Houston's duties include presiding at all meetings of the board at which the Chairman of the Board is not present, including executive sessions of the independent directors, and serving as a liaison between the Chairman of the Board and the independent directors. We believe that all of our independent directors have demonstrated leadership in business enterprises and are familiar with board processes. Our independent directors are involved in the leadership structure of our board by serving on our audit, nominating and compensation committees, each having a separate independent chairperson. Specifically, the chair of our audit committee oversees the accounting and financial reporting processes, as well as compliance with legal and regulatory requirements. The chair of our compensation committee oversees the annual performance evaluation of our Chief Executive Officer and our compensation policies and practices and their impact on risk and risk management. The chair of our nominating committee monitors matters such as the composition of the board and its committees, board performance and best practices in corporate governance. As such, each committee chair provides independent leadership for purposes of many important functions delegated by our board of directors to such committee.

Board of Director's Role in Risk Oversight

As an exploration and production company, we face a number of risks, including risks associated with supply of and demand for oil and natural gas, volatility of oil and natural gas prices, exploring for, developing, producing and delivering oil and natural gas, declining production, environmental and other government regulations and taxes, weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area, adequacy of our insurance coverage, political instability or armed conflict in oil and natural gas producing regions and overall economic environment. Management is responsible for the day-to-day management of risks we face as the Company, while our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. It its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

Our board of directors believes that full and open communication between management and the board of directors is essential for effective risk management and oversight. Our Chairman of the Board meets regularly with our Chief Executive Officer and our Chief Financial Officer to discuss strategy and risks facing the Company. Our executive officers regularly attend the board meetings and are available to address any questions or concerns raised by the board on risk management-related and any other matters. Other members of our management team periodically attend the board meetings or are otherwise available to confer with the board to the extent their expertise is required to address risk management matters. Periodically, our board of directors receives presentations from senior management on strategic matters involving our operations. During such meetings, our board of directors also discusses strategies, key challenges, and risks and opportunities for the Company with senior management.

While our board of directors is ultimately responsible for risk oversight at the Company, our three committees assist the board in fulfilling its oversight responsibilities in certain areas of risk. Our audit committee assists the board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and discusses policies with respect to risk assessment and risk management. Our compensation committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. Our nominating committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance.

Audit Committee Report

The audit committee is responsible for providing independent, objective oversight for the integrity of the Company's financial reporting process and internal control system. Other primary responsibilities of the audit committee include the review, oversight and appraisal of the qualifications, independence and audit performance of the Company's independent registered public accounting firm and providing an open venue for communication among the independent registered public accounting firm, financial and senior management, our internal auditors and the board

of directors of the Company. A more detailed description of the responsibilities of the audit committee is set forth in its written charter, which is posted on our website at www.diamondbackenergy.com. The following report summarizes certain of the audit committee's activities with respect to its responsibilities during 2013.

Review with Management and Independent Registered Public Accounting Firm. The audit committee has reviewed and discussed with management and Grant Thornton LLP, an independent registered public accounting firm, the audited consolidated financial statements of the Company for the year ended December 31, 2013.

Controls and Procedures. The audit committee discussed with management and Grant Thornton LLP the quality and adequacy of the Company's disclosure controls and procedures. The audit committee also reviewed and discussed with management and Grant Thornton LLP the Company's system of internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

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Discussions with Independent Auditing Firm. The audit committee has discussed with Grant Thornton LLP, independent auditors for the Company, the matters required to be discussed by Rules on Auditing Standards No. 16, Communication with Audit Committees, as amended. The audit committee has received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and has discussed with that firm its independence from the Company.

Recommendation to the board of directors. Based on its review and discussions noted above, the audit committee recommended to the board of directors that the audited financial statements and management's report on internal control over financial reporting be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

THE AUDIT COMMITTEE

Mark L. Plaumann, Chairman
Michael P. Cross
David L. Houston

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Executive Officers

The following table sets forth the name, age and positions of each of our executive officers as of the record date:

Name	Age	Position
Travis D. Stice	52	Chief Executive Officer and Director
Teresa L. Dick	44	Chief Financial Officer, Senior Vice President and Assistant Secretary
Russell D. Pantermuehl	54	Vice President—Reservoir Engineering
Michael L. Hollis	38	Vice President—Drilling
Jeffrey L. White	57	Vice President—Operations
Paul S. Molnar	58	Vice President—Geoscience
Elizabeth E. Moses	56	Vice President—Business Development and Land
Randall J. Holder	60	Vice President, General Counsel and Secretary

Biographical information for Mr. Stice is set forth in this proxy statement under the heading “Election of Directors and Director Biographies.”

TERESA L. DICK. Ms. Dick has served as our Chief Financial Officer and Senior Vice President and Assistant Secretary since November 2009. Prior to her current position with us, Ms. Dick served as our Corporate Controller from November 2007 until November 2009. From June 2006 to November 2007, Ms. Dick held a key management position as the Controller/Tax Director at Hiland Partners, a publicly-traded midstream energy master limited partnership. Ms. Dick has over 19 years of accounting experience, including over eight years of public company experience in both audit and tax areas. Ms. Dick received her Bachelor of Business Administration degree in Accounting from the University of Northern Colorado. Ms. Dick is a certified public accountant and a member of the American Institute of CPAs and the Council of Petroleum Accountants Societies.

RUSSELL D. PANTERMUEHL. Mr. Pantermuehl joined us in August 2011 as Vice President—Reservoir Engineering. Prior to his current position with us, Mr. Pantermuehl served as a reservoir engineering supervisor for Concho Resources Inc., an oil and gas exploration company, from March 2010 to August 2011 where he was responsible for reserve reporting and estimates of the Midland Basin Wolfberry assets. Mr. Pantermuehl worked for ConocoPhillips Company as a reservoir engineering advisor from January 2005 to March 2010 where he provided advice with respect to ConocoPhillips’ Bakken assets, reserve reporting and capital allocation. Mr. Pantermuehl also worked as an independent consultant in the oil and gas industry from April 2000 to January 2005. Mr. Pantermuehl received a Bachelor of Science degree in Petroleum Engineering from Texas A&M University.

MICHAEL L. HOLLIS. Mr. Hollis joined us in September 2011 as Vice President—Drilling. Prior to his current position with us, Mr. Hollis served in various roles, most recently as drilling manager at Chesapeake Energy Corporation, an oil and gas exploration company, from June 2006 to September 2011. Mr. Hollis worked for ConocoPhillips Company as a senior drilling engineer from January 2002 to June 2006 and as a process engineer from 2001 to 2003. Mr. Hollis also worked as a production engineer for Burlington Resources from 1998 to 2001 as well as from June 2003 to January 2004. Mr. Hollis received his Bachelor of Science degree in Chemical Engineering from Louisiana State University.

JEFFREY L. WHITE. Mr. White joined us in October 2011 as Vice President—Operations. Prior to his current position with us, Mr. White worked for Laredo Petroleum Holdings, Inc. as a completion manager from May 2009 to September 2011. Mr. White also worked as a staff completion engineer for ConocoPhillips from February 2005 to May 2009. In addition, he worked in various engineering and management positions with Anadarko Petroleum from June 1988 to June 2005. Mr. White received a Bachelor of Science degree in Petroleum Engineering from Texas Tech University. He also received a Bachelor of Science degree in Fishery Biology from New Mexico State University.

PAUL S. MOLNAR. Mr. Molnar joined us in August 2011 as Vice President—Geoscience. Prior to his current position with us, Mr. Molnar served as a Senior District Geologist for Samson Investment Company, an oil and gas exploration company, from March 2011 to August 2011. Mr. Molnar worked as an asset supervisor and geosciences supervisor for ConocoPhillips Company from April 2006 to February 2011. Mr. Molnar also worked as a geologic advisor for Burlington Resources, an oil and gas exploration company, from December 1996 to March 2006. Mr. Molnar has over 31 years of industry experience. Mr. Molnar received a Bachelor of Science degree in Geoscience from the State

University of New York, College at Buffalo and a Master of Science degree in Geology from the State University of New York, University at Buffalo.

ELIZABETH E. MOSES. Ms. Moses became Vice President—Business Development and Land in January 2014. Prior to this position, Ms. Moses worked for us as a Land Manager from February 2013 until December 2013. Ms. Moses worked as an independent consulting petroleum landman from 2003 until she joined us in February 2013. In her role as an independent consultant, Ms. Moses consulted with various clients in the oil and gas industry and supervised other sub-consultants. Ms. Moses has over 34

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years of experience as a landman in the oil and gas industry. Ms. Moses received her Bachelor of Business Administration degree from Steven F. Austin State University.

RANDALL J. HOLDER. Mr. Holder joined us in November 2011 as General Counsel and Vice President responsible for legal matters. Prior to his current position with us, Mr. Holder served as General Counsel and Vice President for Great White Energy Services LLC, an oilfield services company, from November 2008 to November 2011. Mr. Holder served as Executive Vice President and General Counsel for R.L. Hudson and Company, a supplier of molded rubber and plastic components, from February 2007 to October 2008. Mr. Holder was in private practice of law and a member of Holder Betz LLC from February 2005 to February 2007. Mr. Holder served as Vice President and Assistant General Counsel for Dollar Thrifty Automotive Group, Inc., a vehicle rental company, from January 2003 to February 2005 and, before that, as Vice President and General Counsel for Thrifty Rent-A-Car System, Inc., a vehicle rental company, from September 1996 to January 2003. He also served as Vice President and General Counsel for Pentastar Transportation Group, Inc. from November 1992 to September 1996, which was wholly-owned by Chrysler Corporation. Mr. Holder started his legal career with Tenneco Oil Company where he served as a Division Attorney providing legal services to the Company’s mid-continent division for ten years. Mr. Holder received a Juris Doctorate degree from Oklahoma City University.

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Compensation Discussion and Analysis

Overview

The compensation discussion and analysis set forth below provides an overview of our compensation program, including the objectives and rationale of each element of compensation, for each of our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers, which we refer to herein as our named executive officers. This compensation discussion and analysis describes the actions and decisions of the compensation committee of our board of directors, and of our board of directors, to the extent applicable, as they relate to our executive compensation decisions. The compensation committee, which is composed entirely of independent directors, is primarily responsible for establishing, implementing and monitoring our compensation programs, including those applicable to our named executive officers. In particular, the compensation committee's current role is to oversee, on behalf of our board of directors, our compensation and benefit plans and policies, review and approve incentive compensation and equity based plans (including establishing, reviewing and approving cash incentive bonuses and equity grants to our executive officers and directors, as may be applicable) and establish, review and approve annually all compensation decisions relating to our named executive officers, including those with respect to employment agreements, performance targets, severance arrangements, change in control provisions and any special supplemental benefits applicable to our Chief Executive Officers and other executive officers. The compensation committee meets at least annually to review executive compensation programs, approve compensation levels, consider performance targets, review management performance and administer our equity-based and cash incentive compensation plans. The compensation committee operates in accordance with its charter, which was amended and restated effective January 2014, which sets forth the committee's powers and responsibilities described in more detail under the heading "Election of Directors and Director Biographies—What are the committees of the Board?"

Executive Compensation Policy and Objectives

Our general compensation policy is guided by several key principles:

- designing competitive total compensation programs to enhance our ability to attract and retain knowledgeable and experienced senior management level employees;
- motivating employees to deliver outstanding financial performance and meet or exceed general and specific business, operational and individual objectives;
- setting compensation and incentive levels relevant to the market in which the employee provides service;
- providing a meaningful performance-based compensation incentive, based on the performance of the individual and the financial performance of the Company to assure an alignment of interests between our senior management-level employees and our stockholders; and
- providing a meaningful portion of the total compensation to our named executive officers in equity, thus assuring an alignment of interests between our senior management level employees and our stockholders.

Our compensation committee determines, subject to the terms of the employment agreements with our named executive officers, the mix of compensation, both among short-term and long-term compensation and cash and non-cash compensation, to establish structures that it believes are appropriate for each of our named executive officers. In making compensation decisions with respect to each element of compensation, the compensation committee considers numerous factors, including:

- the individual's particular background and circumstances, including training and prior relevant work experience;
- the individual's role with us and the compensation paid to similar persons at comparable companies;
- the demand for individuals with the individual's specific expertise and experience at the time of hire;
- achievement of individual and company performance goals and other expectations relating to the position;
- comparison to other executives within the Company having similar levels of expertise and experience and the uniqueness of the individual's industry skills; and
- aligning the compensation of our executives with the performance of the Company on both a short-term and long-term basis.

The compensation committee seeks to provide a total compensation package to our named executive officers designed to drive performance and reward contributions in support of our business strategies and to attract, motivate and retain high quality talent with the skills and competencies required by us. The compensation committee also seeks to balance

these goals by designing our compensation policies and programs to encourage and reward prudent business judgment over the long term by structuring long-term awards as both time-vesting and performance-based and setting meaningful performance criteria and targets, while also offering a competitive base salary component of executive compensation. The compensation committee believes that this combination should avoid encouraging management-level employees to engage in excessive risk-taking, while at the same time promoting performance and retention. In structuring our compensation policies and programs, the compensation committee also takes into consideration the

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compensation practices of our peer companies and may also review compensation data from the oil and natural gas industry in general. The compensation committee also may review any relevant compensation surveys and consult with compensation consultants with respect to determining any changes in the compensation for our named executive officers, subject to their respective employment agreements. The compensation committee also takes into consideration recommendations from our Chief Executive Officer with respect to our other named executive officers' compensation.

Highlights of Company Performance in 2013

2013 marked our first full year as a public company, during which our production volumes increased 149%, our total proved reserves increased 58% and our proved developed reserves increased 143%, in each case as compared to 2012. During 2013, we also increased our revenues by 177% to $208.0 million and net income by 250% to $54.6 million, as compared to revenue and net loss we had in 2012. Our expense structure also demonstrated improvement with lease operating expense averaging $7.92 per barrel of oil equivalent, or boe, in 2013, which is down from $14.14 per boe in 2012. Our low lease operating expenses combined with higher oil production as a percent of total production also drove peer leading cash margins for the Company in 2013.

The following performance graph compares our cumulative total shareholder return (assuming dividend reinvestment) from the first trading date following our IPO through December 31, 2013, with the average performance of our proxy peer group identified below under "Compensation Decisions for 2013 and Changes in Compensation for 2014," the Standard & Poor's 500 Stock Index, a broad market index, or the S&P 500 Index, and the PHLX SIG Oil Exploration and Production Index, or PHLX Index. The graph assumes an investment of $100 on such date, and that all dividends were reinvested and are weighted on a market capitalization basis. In 2013, we outperformed each of the peer group, the S&P 500 Index and the PHLX Index.

Date	S&P 500	PHLX SIG Oil Exploration and Production	Diamondback Energy Inc.	Proxy Peer Group
10/12/2012	$100.00	$100.00	$100.00	$100.00
12/31/2012	$99.83	$93.56	$109.26	$91.77
3/28/2013	$109.84	$101.36	$153.37	$104.60
6/28/2013	$112.44	$98.35	$190.40	$98.34
9/30/2013	$117.71	$113.67	$243.66	$121.27
12/31/2013	$129.38	$117.47	$302.17	$121.27

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During 2013, we also completed several acquisitions continuing to build our inventory of horizontal drilling opportunities. In August 2013, we acquired approximately 11,150 net acres in Martin and Dawson Counties for $165 million. At the time of acquisition, the acreage included approximately 800 net boe per day of production, 2.1 Mmboe of proved reserves and 69 net horizontal Wolfcamp B locations with additional upside in multiple Spraberry and Wolfcamp A intervals, as well as Cline intervals. In September 2013, we acquired mineral interests in Midland County under approximately 12,500 net acres (half of which we operate) for $440 million. At the time of acquisition, the mineral interests had approximately 1,600 net boe/d of production and 8.6 MMboe of proved reserves, based on our internal estimates. In early 2014, we added an additional 4,683 net acres in southwest Martin County for approximately $288 million that included 142 net horizontal locations, based on our internal estimates, in multiple Spraberry and Wolfcamp intervals, as well as the Cline and Clearfork intervals. Additionally, the property had approximately 2,155 net boe/d of production during the first two weeks of February 2014 and 6.9 Mmboe of proved reserves at the time of acquisition, based on our internal estimates. These transactions were each accretive to our stockholders and were funded with approximately $385 million in net proceeds from our equity offerings, $440 million in net proceeds from our senior notes offering and borrowings under our revolving credit facility.

Compensation Decisions for 2013 and Changes in Compensation for 2014

During 2013, our named executive officers' compensation was set in their employment agreements, subject to any salary adjustments by the compensation committee. The compensation committee met in December 2012 to consider, among other things, base salary increases for the named executive officers for 2013, based on the Company's performance in 2012, performance of each executive and, with respect to our named executive officers other than our Chief Executive Officer, our Chief Executive Officer's recommendations. During that meeting, the compensation committee approved increases in base salaries effective January 1, 2013, from $300,000 to $400,000 for our Chief Executive Officer, from $220,000 to $238,700 for our Vice President—Reservoir Engineering, from $230,000 to $276,000 for our Vice President—Drilling and from $220,000 to $236,500 for our Vice President—Operations. The base salary of our Chief Financial Officer for 2013 remained level at $250,000. These decisions were based on our Chief Executive Officer's recommendations, considering market salaries for similarly situated executives, their respective individual performances, their role in completion of our IPO and the Company performance in 2012. During its December 2012 meeting, the compensation committee also approved, among other things, an amendment to our Chief Executive Officer's employment agreement to provide for a target annual bonus of 100% of his annual base salary, a minimum annual bonus of 66% of annual base salary and eligibility to receive an annual bonus of up to 133% of annual base salary as determined by the compensation committee. The compensation committee did not engage a compensation consultant in making any compensation determinations with respect to our named executive officers or directors for 2013, except with respect to 2013 annual incentive bonuses for our named executive officers discussed in more detail below.

During 2013, the principal elements of compensation for our named executive officers contemplated by their respective employment agreements have been:

- base salary;
- annual incentive bonus awards;
- equity awards made to our named executive officers in October 2012 in connection with our IPO to replace the options awarded to them in 2011 that were originally contemplated by their respective employment agreements, subject to vesting in four approximately equal annual installments beginning on the date of their respective original employment agreement; and
- health insurance, life and disability insurance and 401(k) plan benefits available to all of our other employees.

In the fall of 2013, the compensation committee retained Aon Hewitt to conduct a competitive review of compensation practices for our executive officers, including our named executive officers, and to establish marketplace compensation levels for such executives. The compensation committee also requested that Aon Hewitt provide a review of current marketplace incentive design practices. The compensation committee considered any potential conflicts of interest with the compensation consultant and determined that there were no such conflicts of interest. In connection with the foregoing, Aon Hewitt prepared its 2013 executive compensation analysis, dated

November 14, 2013, based on the information available to it from its Oil & Gas Industry compensation surveys of oil and gas companies of similar size (measured by annual revenue) and market capitalization, which we refer to herein as the survey peer group companies, and the review of compensation practices in our peer group companies, based on such companies' proxy statements filed in 2013, which we refer to herein as our proxy peer group companies. For 2013, our proxy peer group consisted of the following 17 companies determined to be similar to us based on industry and size (measured by annual revenue) and market capitalization: Concho Resources Inc., Linn Energy LLC, Energen Corp., Laredo Petroleum, Inc., Clayton Williams Energy Inc., Kodiak Oil & Gas Corp., Carrizo Oil & Gas Inc., PDC Energy Inc., Northern Oil & Gas Inc., Bonanza Creek Energy, Inc., Magnum Hunter Resources Corp., Resolute Energy Corp., Gulfport Energy Corporation, Athlon Energy Inc., Goodrich Petroleum Corp., Approach Resources Inc. and Callon Petroleum Co.

In its report, the compensation consultant provided competitive data for similarly situated executives at both the survey peer group and the proxy peer group companies (if such data was available for a particular named executive officer), focusing on the following elements of compensation: (i) the annual base salary, (ii) the target annual cash incentive bonus, assuming target performance is

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achieved, (iii) the total target annual cash compensation consisting of the two elements referenced above, (iv) the value of long-term incentive awards as of the date of grant and (v) the total direct compensation, consisting of the total target annual cash compensation and the value of long-term incentive awards as of the date of grant. The compensation consultant also analyzed how these elements of compensation compare to elements of compensation afforded to our executive officers, including the named executive officers, except that no comparative data was provided for our named executive officers with respect to long-term incentive compensation, since no grants of such awards were made to our named executive officers in 2013.

In its analysis, the compensation consultant determined that the 2013 base salary, target annual cash incentive bonus and target total annual cash compensation afforded to each of our named executive officers were generally on the low-end of being competitive with the survey peer group and were below the competitive range with the proxy peer group. In addition, the compensation consultant provided market values with respect to the annual long-term incentive awards granted to similarly situated executives at the survey peer group and proxy peer group companies to assist the compensation committee in making these determinations with respect to our named executive officers for 2014.

Following its analysis of the market data, the compensation consultant provided its recommendations with respect to the levels of compensation, taking into consideration each compensation element, for our named executive officers, other than our Chief Executive Officer, based on the survey peer group and proxy peer group companies' data. The compensation consultant recommended to increase the base salary for our Chief Financial Officer from $250,000 to $295,000, for our Vice President—Reservoir Engineering from $238,700 to $325,000, for our Vice President—Operations from $236,500 to $290,000 and for our Vice President—Drilling from $276,000 to $325,000 to make their respective salaries competitive with the proxy peer group. These recommendations were taken into account by our Chief Executive Officer and were consistent with his own recommendations to the compensation committee regarding annual base salary adjustments for 2014 for our other named executive officers, except that our Chief Executive Officer recommended that the 2014 annual base salary for each of our Vice President—Reservoir Engineering and Vice President—Drilling be set at $350,000 to recognize their role in the peer leading performance of the Company in 2013 and encourage retention.

The compensation consultant also recommended to increase the target annual incentive bonus for each of the named executive officers, other than our Chief Executive Officer, (i) from 50% to 60% for our Chief Financial Officer and (ii) from 50% to 80% for our other named executive officers, so that such increase will bring the target incentive cash bonus in the competitive range with the survey peer group and the proxy peer group for our named executive officers, and with respect to our Vice President—Operations and Vice President—Drilling to incentivize them further to contribute to our growth and expansion of our horizontal drilling and production operations. Based on this analysis and in consideration of the Company's 2013 performance, the compensation consultant recommended the payment of the annual incentive bonuses for 2013 to our named executive officers, other than the Chief Executive Officer, as follows: $520,000 to each of our Vice President—Reservoir Engineering and Vice President—Drilling, $464,000 to our Vice President—Operations and $310,000 to our Chief Financial Officer.

To provide long-term incentive to our named executive officers, the compensation consultant also recommended that the compensation committee consider granting our named executive officers, other than our Chief Executive Officer, the long-term equity awards to enhance this element of compensation for our named executive officers and make it more competitive with the proxy peer group. No recommendations were made by the compensation consultant with respect to any elements of our Chief Executive Officers' compensation.

The compensation consultant also presented an overview of the overall annual incentive design programs, noting that the majority of annual incentive plans used by the proxy peer group companies are based on pre-established performance-based goals and provide for incentive compensation calculated based on meeting or exceeding the target opportunity above the specified threshold and based on performance ratings. The compensation consultant also provided data with respect to performance measures and the range of performance levels used by the proxy peer group companies in such incentive programs. The compensation consultant further provided information with respect to the average mix of the target total compensation and correlation of each element of compensation (expressed as the percentages of the target total compensation) for chief executive officers in the proxy peer group, consisting predominantly of performance shares or units, restricted stock or units and, to a lesser degree, stock options).

The compensation committee considered the 2013 Executive Compensation Analysis prepared by Aon Hewitt at its December 2013 meeting. The compensation committee also considered the recommendations from our Chief Executive Officer with respect to annual incentive bonuses for 2013 and changes in compensation for 2014 for our other named executive officers, in each case, based on market data, enterprise value creation, total shareholder return, individual contribution and executive retention considerations and the compensation consultant's analysis. Our Chief Executive Officer highlighted the Company's financial and operating performance in 2013, reviewed the performance of each executive and presented his recommendations as to 2013 annual bonuses, target bonus levels and base salary adjustments. During the meeting, the compensation committee also considered our Chief Executive Officer's recommendations with respect to long-term incentive compensation for our other named executive officers, in light of the compensation consultant's analysis. No particular benchmark targets were used in determining compensation for our named executive officers for 2013 or 2014 and the compensation consultant's analysis of the compensation data from both the survey peer group and the proxy peer group was used only as guidance.

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Based on the recommendations of our Chief Executive Officer for our other named executive officers, and taking into account the compensation consultant's recommendations, the compensation committee determined that a material amount of executive compensation should be tied to performance, and a significant portion of the total prospective compensation of each named executive officer should be tied to measurable financial and operational objectives. These include performance criteria relative to our peer group. During periods when performance meets or exceeds established objectives, our named executive officers should be paid at or above targeted levels, respectively. When our performance does not meet key objectives and falls below the threshold, no payments should be made to such executive officers. Based on the foregoing, the compensation committee approved increases in the target annual performance bonus percentages for such named executive officers, consistent with those recommended by the compensation consultant, approved a grant of performance restricted share units to be received by such named executive officers under the 2012 Plan upon attainment of certain performance goals, based on our total stockholder return relative to our proxy peer group during a performance period commencing on January 1, 2013 through December 31, 2015. The compensation committee also approved a grant of restricted stock unit awards to such named executive officers to be made at the beginning of 2014 under the 2012 Plan, vesting in three equal annual installments with the initial vesting commencing on the date of the award and the two remaining annual installments vesting on January 2 of each subsequent year. Following these determinations, the compensation committee discussed, in his absence, the performance of our Chief Executive Officer. To recognize our Chief Executive Officer's leadership role in the significant financial and operational performance gains and accomplishments during the first year of operation as a public company and taking into consideration the information provided in the compensation consultant's analysis, the compensation committee approved an annual bonus in the amount of $1,400,000 to be awarded to Mr. Stice for 2013. The compensation committee also determined to increase Mr. Stice's base salary from $400,000 to $700,000 beginning January 1, 2014 to make it competitive with the compensation of the chief executive officers at the proxy peer group, to recognize Mr. Stice's leadership and encourage retention. In connection with the expiration of Mr. Stice's employment agreement, we entered into an amended and restated employment agreement, effective as of April 18, 2014, with Mr. Stice, the terms of which employment agreement were approved by the compensation committee. In connection with the execution of his amended and restated employment agreement, Mr. Stice's salary was further increased to $725,000 beginning April 18, 2014, as certain of Mr. Stice's perquisites previously made available to him, such as car allowance and reimbursement of membership fees at the Midland Petroleum Club, were eliminated. Under his amended and restated agreement, Mr. Stice is also entitled to receive a target annual bonus of 100% of his base salary upon achievement of performance goals established by the compensation committee. The annual bonus may be less than the 100% target or more than 100%, up to a maximum of 200% of base salary in the event performance exceeds the target level established by the compensation committee. For a detailed description of Mr. Stice's amended and restated employment agreement, see "Employment Agreements" below. In addition to the compensation provided in this amended and restated employment agreement, on February 27, 2014, Mr. Stice was granted 25,000 performance-based and 25,000 time-vesting restricted stock units having the same vesting schedule as the schedule discussed above with respect to our other named executive officers. These awards were approved by the compensation committee during its meeting in December 2013 (to be made in 2014) during which it considered Mr. Stice's performance during 2013 and his compensation package for 2014. See "Executive Compensation Program Elements—Long Term Equity Incentive Compensation" and "Employment Agreements" below for a more detailed discussions of these awards made to each our Chief Executive Officer and other named executive officers in 2014. The compensation committee believes that the awards made to our named executive officers under the 2012 Plan will provide incentive to these executive officers to enhance our long-term success and encourage performance, and will continue to align the interests of our named executive officers with those of our stockholders.

Executive Compensation Program Elements

Subject to the terms of the employment agreements with our named executive officers, our compensation committee determines the mix of compensation, both among short-term and long-term compensation and cash and non-cash compensation, to establish structures that it believes are appropriate for each of our named executive officers. The compensation committee believes that the mix of base salary, performance-based incentive compensation, bonus awards, existing equity awards under their employment agreements, awards under the long-term incentive plan and

the other benefits that are or will be available to our named executive officers will accomplish our overall compensation objectives. We believe that these elements of compensation create competitive compensation opportunities to align and drive executive performance in support of our business strategies and to attract, motivate and retain high quality talent with the skills and competencies required by us.

The following describes each element of our executive compensation program, which we use to meet our compensation objectives discussed above.

Base Salary

Our named executive officers' base salaries are established in their respective employment agreements. Subject to the terms of the applicable employment agreements, as they may be amended or amended and restated from time to time, the compensation committee may increase base salaries to align such salaries with market levels for comparable positions in other companies in our industry if we identify significant market changes. Additionally, the compensation committee may increase base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive's role or responsibilities. The compensation committee may also evaluate our named executive officers' salaries together with other components of their compensation to ensure that the executive's total compensation is in line with our overall compensation philosophy and market practices in our peer group or our

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industry in general. Pursuant to the employment agreements with the named executive officers, as amended and restated prior to the date of this proxy statement, the base salaries of such named executive officers can be increased from time to time by the compensation committee, but cannot be decreased . The base salaries for Mr. Stice, Ms. Dick, Mr. Pantermuehl, Mr. Hollis and Mr. White for 2013 were $400,000, $250,000, $238,700, $276,000 and $236,500, respectively. Effective April 18, 2014 (in the case of Mr. Stice) and January 1, 2014 (in the case of other named executive officers), these named executive officers' salaries were increased by the compensation committee to $725,000, $295,000, $350,000, $350,000 and $290,000, respectively, in connection with the execution of their amended and restated employment agreements. As discussed above, Mr. Stice's base salary was previously set by the compensation committee at $700,000 for the period from January 1, 2014 to April 17, 2014. The compensation committee believes that these increases will make our named executive officers' base salaries competitive with the peer group companies and will facilitate our ability to attract and retain the top talent. See "Compensation Decisions for 2013 and Changes in Compensation for 2014" for a discussion of considerations involved in the determination of our named executive's base salaries.

Annual Incentive Bonus

2013 Discretionary Annual Bonus. In accordance with our named executive officers' employment agreements in effect at the time the 2013 bonuses were determined, the compensation committee had the authority to award annual cash bonuses to our named executive officers that have achieved their respective performance goals determined by the board of directors for the applicable year. Pursuant to the terms of such employment agreements, the target amount of the annual cash bonus that each of our named executive officers (with the exception of Mr. Stice) was eligible to receive for 2013 was equal to 50% of such officer's annual base salary. Mr. Stice was entitled to receive an annual bonus of at least 66% of his base salary and could receive an annual bonus of up to 133% of his base salary upon the achievement of performance goals to be determined by the compensation committee. Mr. Stice's target annual bonus was 100% of his base salary upon achievement of his performance goals. For 2013, we did not establish any specific target performance goals for our named executive officers and the discretionary annual bonuses discussed below under "Compensation Tables—Summary Compensation Table" were paid to our named executive officers based on their respective individual performances and contribution to the Company in 2013 and other factors generally, including the Company's performance in 2013, the value these executives bring to the Company, market trends, economic climate, experience, leadership and employee retention, as well as the compensation consultant's analysis and peer group market data discussed in more detail above under "Compensation Decisions for 2013 and Changes in Compensation for 2014." None of these factors was given materially greater weight than the other factors in determining the named executive officers' bonuses for 2013.

2014 Performance Bonus. On April 2, 2014, the compensation committee, pursuant to the authority delegated to it in its charter by our board of directors, approved our 2014 Executive Annual Incentive Compensation Plan, the terms of which were considered at the March 27, 2014 compensation committee meeting and which we refer to as the Annual Incentive Plan, subject to the approval by our stockholders at the 2014 Annual Meeting of Stockholders. See "Proposal to Approve Our 2014 Executive Annual Incentive Compensation Plan" (Item 2 on the Proxy Card) included in this proxy statement on page 40. The Annual Incentive Plan is designed to provide an incentive to executive officers and other selected employees of the Company to contribute to the growth, profitability and increased value of the Company by providing cash incentive compensation that qualifies as "performance based compensation" within the meaning of Section 162(m) of the Internal Revenue Code. The Annual Incentive Plan focuses on achievement of certain annual objectives and goals, as determined by the compensation committee at the beginning of each calendar year, and provides that the participants may earn a pre-determined percentage of their respective base salaries for the achievement of such specified goals. Under the Annual Incentive Plan, the payout opportunity is contingent upon meeting the threshold performance levels, and thereafter varies for performance above and below the pre-established target performance levels, subject to a maximum award level. With respect to each of our named executive officers, the target award opportunity is established for each such named executive officer in his or her employment agreement, as adjusted based upon meeting or exceeding the performance levels established by the compensation committee for that year, and cannot exceed a maximum payment limit specified by the compensation committee. See "Employment Agreements" below. The Annual Incentive Plan also provides that the awards granted to executive officers and covered

employees under the Annual Incentive Plan will be forfeited if their respective employment does not continue through the date that the compensation committee certifies attainment of the applicable performance targets. In the event of a change in control, each named executive officer will be paid the target award amount (mid-point of any specified range of potential award payment amount) based on the assumption that the performance target was attained at the target level (mid-point of any specified range of performance targets) for the entire performance period. The target award amount will be paid within ten days following the consummation of the change in control transaction. For a more detailed description of the Annual Incentive Plan, see “Proposal to Approve Our 2014 Executive Annual Incentive Compensation Plan” (Item 2 on the Proxy Card).

On March 27, 2014, the compensation committee established the performance criteria and targets for 2014 for the named executive officers and other covered employees under the Annual Incentive Plan and specified the weighting attributable to such performance metrics. These awards are subject to final adoption of the Annual Incentive Plan by our stockholders at the 2014 Annual Meeting of Stockholders. For 2014, the performance levels require achieving certain financial and operational metrics, including EBITDA, growth of estimated proved reserves, growth of oil and natural gas production, general and administrative cost and lease operating expenses and certain other capital efficiency criteria. The compensation committee believes that these performance levels, as well as bonus targets set forth in our named executive officers’ employment agreements, as amended and restated to date, will further

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motivate our named executive officers to contribute to the Company's performance and growth, align our named executive officers' interests with those of our stockholders and put a larger portion of our named executives' compensation at risk.

Long Term Equity Incentive Compensation

We seek to promote an ownership culture among our executive officers in an effort to enhance our long-term performance. We believe the use of stock and stock-based awards offers the best approach to achieving our compensation goals and to align the interests of our executive officers with those of our stockholders. In connection with our IPO, we adopted the 2012 Plan. The purpose of the 2012 Plan is to enable us, and our affiliates, to attract and retain the services of the types of employees, consultants and directors who will contribute to our long term success and to provide incentives that will be linked directly to increases in share value that will inure to the benefit of our stockholders. The 2012 Plan provides a means by which eligible recipients of awards may be given an opportunity to benefit from increases in value of our common stock through the granting of equity awards. The terms of the 2012 Plan are described in more detail below. Under the employment agreements with each of our named executive officers, as amended and restated effective as of January 1, 2014 for our named executive officers other than our Chief Executive Officer and as of April 18, 2014 for our Chief Executive Officer, each such executive is eligible to participate in the 2012 Plan or such other equity incentive plan or plans then in existence for the benefit of employees, and may in the discretion of the compensation committee receive an equity award in accordance with the terms of such plan or plans. The timing and amount of such equity awards, any target performance goals and the vesting terms of such awards will be determined by the compensation committee in its sole discretion. If any of such executive's employment terminates prior to any scheduled vesting date then, except as expressly provided in any existing or future equity award, the applicable executive shall forfeit all rights and interests in and to such unvested equity awards.

On February 27, 2014, based on the compensation committee's determination in December 2013, Mr. Stice, Ms. Dick, Mr. Pantermuehl, Mr. Hollis and Mr. White were granted time-vesting restricted stock units in the amounts of 25,000, 7,080, 8,775, 8,775 and 7,830, respectively, under the 2012 Plan, of which one-third of the award vested on February 27, 2014 and the remaining restricted stock units will vest in two substantially equal annual installments beginning on January 2, 2015. On February 27, 2014, Mr. Stice, Ms. Dick, Mr. Pantermuehl, Mr. Hollis and Mr. White were also granted performance-based restricted stock units in the amounts of 25,000, 7,080, 8,775, 8,775 and 7,830, respectively, under the 2012 Plan, which awards are subject to the satisfaction of certain total stockholder return performance conditions relative to our peer group for the performance period commencing on January 1, 2013 and ending on December 31, 2015, and continuous service requirements.

In the event of our change in control, the time-vesting restricted stock units granted to each of our named executive officers in 2014 will vest immediately upon the occurrence of such event and will be settled upon the consummation of such event. In the event of the executive's death or disability during a period of continuous service, the deceased or disabled executive's restricted stock units will vest immediately and will be settled in full on the payment date coincident with or next following the date of vesting. In the event of our change in control, the performance period for performance-based restricted stock units granted to each named executive officer in 2014 will be accelerated to the last trading day of the month preceding the date of the consummation of our change in control, and the number of shares subject to performance-based restricted stock units will be determined based on meeting the total stockholder return percentile for such accelerated performance period, which shares will vest immediately following such determination and will be settled upon the consummation of the change in control. In the event of the named executive's death or disability during a period of continuous service, the deceased or disabled executive's vesting percentage will be determined at the end of the performance period and settled at the same payment date as if the participant remained in continuous service through the end of the performance period.

No equity awards were made to our named executive officers in 2013.

Other Compensation and Perquisites

Consistent with our compensation philosophy, our compensation committee provides benefits to our executives that are substantially the same as those currently being offered to our other employees, including health insurance, life and disability insurance and a 401(k) plan. A description of the 401(k) plan is below.

Employment Agreements

The following summarizes the material terms of the employment agreements we have with our named executive officers.

Travis D. Stice. We are party to an employment agreement with Mr. Stice, our Chief Executive Officer, which employment agreement was originally entered into on April 18, 2011, amended and restated on August 20, 2012, amended effective January 1, 2013 and further amended and restated on April 24, 2014, effective April 18, 2014. The employment agreement, as amended and restated to date, has a three-year term commencing as of April 18, 2014 and provides for an annual base salary of $725,000 that can be increased from time to time by the compensation committee, but not decreased. Mr. Stice is also entitled to receive a target annual bonus of 100% of his base salary upon achievement of performance goals established by the compensation committee. The annual bonus may be less than the 100% target or more than 100%, up to a maximum of 200% of base salary in the event performance exceeds the target level established by the compensation committee. Mr. Stice is entitled to participate in such life and medical insurance plans and other similar plans that we establish from time to time for our executive employees.

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Mr. Stice has agreed to certain restrictive covenants in his employment agreement, including, without limitation, his agreement not to compete with us, not to interfere with any of our employees, suppliers or regulators and not to solicit our customers or employees, in each case during Mr. Stice's affiliation with us and for a period of six months thereafter. Mr. Stice's continued employment with us is terminable by either party. We may terminate Mr. Stice's employment at any time, with or without advance notice. Mr. Stice may terminate the employment relationship at any time and for any reason, and is required to give us 30 days' notice if he voluntarily resigns without good reason. However, if (i) we terminate Mr. Stice's employment without "cause" or due to non-renewal of the term of his employment agreement (together, a "no cause termination"), (ii) Mr. Stice resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement or a material diminution in Mr. Stice's position, duties or authority or relocation of principal office more than 25 miles outside of Midland, Texas, or (iii) Mr. Stice's employment is terminated due to death or disability, then (x) we will be obligated to pay, on a monthly basis, 200% of Mr. Stice's base annual salary until the later of 24 months or the expiration of the term of his employment agreement, provided, however, that if a no cause termination or a good reason resignation occurs within 24 months after the occurrence of a change in control (as defined in the 2012 Plan or any successor plan) and such change in control is a "change in control event" within the meaning of Internal Revenue Service's rules and regulations, Mr. Stice will be entitled to receive such severance in a lump sum payment, and (y) 100% of the premiums to continue Mr. Stice's or his surviving spouse's and eligible dependents' group health plan continuation coverage under COBRA (provided that such individuals are qualified beneficiaries who are eligible and timely elect COBRA continuation coverage), in addition to any obligations under the terms of any outstanding equity awards; provided, in each case, that Mr. Stice continues to comply with the restrictive covenants described above and Mr. Stice (or his estate or beneficiaries in the case of clause (iii) above) executes a full general release in our favor. Under the employment agreement with Mr. Stice, the terms of each equity award granted to Mr. Stice will provide that such equity award will become 100% vested upon (i) our termination of Mr. Stice without cause or non-renewal of his employment agreement, (ii) Mr. Stice's resignation for good reason, (iii) his death or disability or (iv) our change in control (as defined in the 2012 plan or any successor plan). In the event Mr. Stice's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses. For purposes of Mr. Stice's employment agreement, "cause" is generally defined as Mr. Stice's (a) willful and knowing refusal or failure to perform his duties in any material respect, (b) willful misconduct or gross negligence in performing his duties, (c) material breach of his employment agreement or any other agreement with us or Company policy of Code of Conduct, (d) conviction of, or a plea of guilty or nolo contendere to, a criminal act that constitutes a felony or involves fraud, dishonesty or moral turpitude, (e) indictment for a felony involving embezzlement, theft or fraud, (f) filing of a voluntary, or consent to an involuntary, bankruptcy petition, (g) dishonesty in connection with his responsibilities as an employee or (h) failure to comply with directives of our board of directors.

Teresa L. Dick. Effective September 2011, we entered into an employment agreement with Ms. Dick, our Senior Vice President and Chief Financial Officer, which employment agreement was amended and restated on August 20, 2012, amended effective January 1, 2013 and further amended and restated effective January 1, 2014. The employment agreement, as amended and restated to date, provides for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Ms. Dick's annual base salary is $295,000, which can be increased from time to time by the compensation committee, but not decreased. Subject to Ms. Dick's achievement of certain performance goals as determined by our board of directors or the compensation committee for each fiscal year, Ms. Dick is eligible to receive a target annual bonus of 60% of her annual base salary, provided she remains employed by us on the payment date. Ms. Dick is also entitled to participate in any life and medical insurance plans and other similar plans that we establish from time to time for our executive employees.

Under her employment agreement, Ms. Dick is eligible to participate in the 2012 Plan or such other equity incentive plan or plans then in existence for the benefit of employees, and may in the discretion of the compensation committee receive an equity award in accordance with the terms of such plan or plans. The timing and amount of such equity awards, any target performance goals and the vesting terms of such awards will be determined by the compensation committee in its sole discretion. If Ms. Dick's employment terminates prior to any scheduled vesting date, except as

expressly provided in any existing or future equity award, then she will forfeit all rights and interests in and to such unvested equity awards.

Ms. Dick has agreed to certain restrictive covenants in her employment agreement, including, without limitation, her agreement not to compete with us, not to interfere with any of our employees, suppliers or regulators and not to solicit our customers or employees, in each case during Ms. Dick's affiliation with us and for a period of six months thereafter. Ms. Dick's continued employment with us is terminable by either party. We may terminate Ms. Dick's employment agreement at any time, with or without advance notice. Ms. Dick may terminate the employment relationship at any time and for any reason, and is required to give us 30 days' notice if she voluntarily resigns without good reason. However, if (i) we terminate Ms. Dick's employment without "cause" or due to non-renewal of the term of her employment agreement, (ii) Ms. Dick resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of her principal office 25 miles outside of Oklahoma City, Oklahoma or a material diminution in Ms. Dick's position, duties or authority, or (iii) Ms. Dick's employment is terminated due to death or disability, then Ms. Dick will be entitled to severance pay in an amount equal to 12 months' base salary, provided, in each case, that the executive continues to comply with the restrictive covenants described above and the executive (or her estate or beneficiaries in the case of clause (iii) above) executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Ms. Dick's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses as of the termination

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date. For purposes of Ms. Dick's employment agreement, "cause" is generally defined as Ms. Dick's (a) willful and knowing refusal or failure to perform her duties in any material respect, (b) willful misconduct or gross negligence in performing her duties, (c) material breach of her employment agreement or any other agreement with us or Company policy or Code of Conduct, (d) conviction of, or a plea of guilty or nolo contendere to, a criminal act that constitutes a felony or involves fraud, dishonesty or moral turpitude, (e) indictment for a felony involving embezzlement, theft or fraud, (f) filing of a voluntary, or consent to an involuntary, bankruptcy petition, (g) dishonesty in connection with her responsibilities as an employee or (h) failure to comply with directives of our board of directors. The benefits Ms. Dick is entitled to receive upon certain terminations, resignations and changes of control are summarized below in "Potential Payments Upon Termination, Resignation or Change of Control" included elsewhere in this proxy statement.

Russell Pantermuehl. Effective July 2011, we entered into an employment agreement with Mr. Pantermuehl, our Vice President—Reservoir Engineering, which employment agreement was amended and restated on August 20, 2012, amended effective January 1, 2013 and further amended and restated effective January 1, 2014. The employment agreement, as amended and restated to date, provides for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Mr. Pantermuehl's annual base salary is $350,000, which can be increased from time to time by the compensation committee, but not decreased. Subject to Mr. Pantermuehl's achievement of certain performance goals as determined by our board of directors or the compensation committee for each fiscal year, Mr. Pantermuehl is eligible to receive a target annual bonus of 80% of his annual base salary, provided he remains employed by us on the payment date. Mr. Pantermuehl is also entitled to participate in any life and medical insurance plans and other similar plans that we establish from time to time for our executive employees.

Under his employment agreement, Mr. Pantermuehl is eligible to participate in the 2012 Plan or such other equity incentive plan or plans then in existence for the benefit of employees, and may in the discretion of the compensation committee receive an equity award in accordance with the terms of such plan or plans. The timing and amount of such equity awards, any target performance goals and the vesting terms of such awards will be determined by the compensation committee in its sole discretion. If Mr. Pantermuehl's employment terminates prior to any scheduled vesting date then, except as expressly provided in any existing or future equity award, then he will forfeit all rights and interests in and to such unvested equity awards.

Mr. Pantermuehl has agreed to certain restrictive covenants in his employment agreement, including, without limitation, his agreement not to compete with us, not to interfere with any of our employees, suppliers or regulators and not to solicit our customers or employees, in each case during Mr. Pantermuehl's affiliation with us and for a period of six months thereafter. Mr. Pantermuehl's continued employment with us is terminable by either party. We may terminate Mr. Pantermuehl's employment at any time, with or without advance notice. Mr. Pantermuehl may terminate the employment relationship at any time and for any reason, and is required to give us 30 days' notice if he voluntarily resigns without good reason. However, if (i) we terminate Mr. Pantermuehl's employment without "cause" or due to non-renewal of the term of his employment agreement, (ii) Mr. Pantermuehl resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Midland, Texas or a material diminution in Mr. Pantermuehl's position, duties or authority, or (iii) Mr. Pantermuehl's employment is terminated due to death or disability, then Mr. Pantermuehl will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that the executive continues to comply with the restrictive covenants described above and the executive (or his estate or beneficiaries in the case of clause (iii) above) executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. Pantermuehl's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date. For purposes of Mr. Pantermuehl's employment agreement, "cause" is generally defined as Mr. Pantermuehl's (a) willful and knowing refusal or failure to perform his duties in any material respect, (b) willful misconduct or gross negligence in performing his duties, (c) material breach of his employment agreement or any other agreement with us or Company policy or Code of Conduct, (d) conviction of, or a plea of guilty or nolo contendere to, a criminal act that constitutes a felony or involves fraud, dishonesty or moral turpitude, (e) indictment for a felony involving embezzlement, theft or fraud, (f) filing of a voluntary, or consent to an

involuntary, bankruptcy petition, (g) dishonesty in connection with his responsibilities as an employee or (h) failure to comply with directives of our board of directors. The benefits Mr. Pantermuehl is entitled to receive upon certain terminations, resignations and changes of control are summarized below in "Potential Payments Upon Termination, Resignation or Change of Control" included elsewhere in this proxy statement.

Michael Hollis. Effective September 2011, we entered into an employment agreement with Mr. Hollis, our Vice President—Drilling, which employment agreement was amended and restated on August 20, 2012, amended effective January 1, 2013 and further amended and restated effective January 1, 2014. The employment agreement, as amended and restated to date, provides for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Mr. Hollis' annual base salary is $350,000, which can be increased from time to time by the compensation committee, but not decreased. Subject to Mr. Hollis' achievement of certain performance goals as determined by our board of directors for each fiscal year, Mr. Hollis is entitled to an annual bonus of 80% of his annual base salary, provided he remains employed by us on the payment date. Mr. Hollis is also entitled to participate in any life and medical insurance plans and other similar plans that we establish from time to time for our executive employees.

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Under his employment agreement, Mr. Hollis is eligible to participate in the 2012 Plan or such other equity incentive plan or plans then in existence for the benefit of employees, and may in the discretion of the compensation committee receive an equity award in accordance with the terms of such plan or plans. The timing and amount of such equity awards, any target performance goals and the vesting terms of such awards will be determined by the compensation committee in its sole discretion. If Mr. Hollis' employment terminates prior to any scheduled vesting date then, except as expressly provided in any existing or future equity award, then he will forfeit all rights and interests in and to such unvested equity awards.

Mr. Hollis has agreed to certain restrictive covenants in his employment agreement, including, without limitation, his agreement not to compete with us, not to interfere with any of our employees, suppliers or regulators and not to solicit our customers or employees, in each case during Mr. Hollis' affiliation with us and for a period of six months thereafter. Mr. Hollis' continued employment with us is terminable by either party. We may terminate Mr. Hollis' employment at any time, with or without advance notice. Mr. Hollis may terminate the employment relationship at any time and for any reason, and is required to give us 30 days' notice if he voluntarily resigns without good reason. However, if (i) we terminate Mr. Hollis' employment without "cause" or due to non-renewal of the term of his employment agreement (ii) Mr. Hollis resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office more than 25 miles outside of Midland, Texas, or a material diminution in Mr. Hollis' position, duties or authority, or (iii) Mr. Hollis' employment is terminated due to death or disability, then Mr. Hollis will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that Mr. Hollis continues to comply with the restrictive covenants described above and the executive (or his estate or beneficiaries in the case of clause (iii) above) executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. Hollis' employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date. For purposes of Mr. Hollis' employment agreement, "cause" is generally defined as Mr. Hollis' (a) willful and knowing refusal or failure to perform his duties in any material respect, (b) willful misconduct or gross negligence in performing his duties, (c) material breach of his employment agreement or any other agreement with us or Company policy or Code of Conduct, (d) conviction of, or a plea of guilty or nolo contendere to, a criminal act that constitutes a felony or involves fraud, dishonesty or moral turpitude, (e) indictment for a felony involving embezzlement, theft or fraud, (f) filing of a voluntary, or consent to an involuntary, bankruptcy petition, (g) dishonesty in connection with his responsibilities as an employee or (h) failure to comply with directives of our board of directors. The benefits Mr. Hollis is entitled to receive upon certain terminations, resignations and changes of control are summarized below in "Potential Payments Upon Termination, Resignation or Change of Control" included elsewhere in this proxy statement.

Jeff White. Effective September 2011, we entered into an employment agreement with Mr. White, our Vice President—Operations, which employment agreement was amended and restated on August 20, 2012, amended effective January 1, 2013 and further amended and restated effective January 1, 2014. The employment agreement, as amended and restated to date, provides for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Mr. White's annual base salary is $290,000, which can be increased from time to time by the compensation committee, but not decreased. Subject to Mr. White's achievement of certain performance goals as determined by our board of directors or the compensation committee for each fiscal year, Mr. White is eligible to receive a target annual bonus of 80% of his annual base salary, provided he remains employed by us on the payment date. Mr. White is also entitled to participate in any life and medical insurance plans and other similar plans that we establish from time to time for our executive employees.

Under his employment agreement, Mr. White is eligible to participate in the 2012 Plan or such other equity incentive plan or plans then in existence for the benefit of employees, and may in the discretion of the compensation committee receive an equity award in accordance with the terms of such plan or plans. The timing and amount of such equity awards, any target performance goals and the vesting terms of such awards will be determined by the compensation committee in its sole discretion. If Mr. White's employment terminates prior to any scheduled vesting date then, except as expressly provided in any existing or future equity award, then he will forfeit all rights and interests in and to such unvested equity awards.

Mr. White has agreed to certain restrictive covenants in his employment agreement, including, without limitation, his agreement not to compete with us, not to interfere with any of our employees, suppliers or regulators and not to solicit our customers or employees, in each case during Mr. White's affiliation with us and for a period of six months thereafter. Mr. White's continued employment with us is terminable by either party. We may terminate Mr. White's employment at any time, with or without advance notice. Mr. White may terminate the employment relationship at any time and for any reason, and is required to give us 30 days' notice if he voluntarily resigns without good reason. However, if (i) we terminate Mr. White's employment without "cause" or due to non-renewal of the term of his employment agreement, (ii) Mr. White resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Midland, Texas or a material diminution in Mr. White's position, duties or authority, or (iii) Mr. White's employment is terminated due to death or disability, then Mr. White will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that the executive continues to comply with the restrictive covenants described above and the executive (or his estate or beneficiaries in the case of clause (iii) above) executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. White's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses. For purposes of Mr. White's employment

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agreement, "cause" is generally defined as Mr. White's (a) willful and knowing refusal or failure to perform his duties in any material respect, (b) willful misconduct or gross negligence in performing his duties, (c) material breach of his employment agreement or any other agreement with us or Company policy or Code of Conduct, (d) conviction of, or a plea of guilty or nolo contendere to, a criminal act that constitutes a felony or involves fraud, dishonesty or moral turpitude, (e) indictment for a felony involving embezzlement, theft or fraud, (f) filing of a voluntary, or consent to an involuntary, bankruptcy petition, (g) dishonesty in connection with his responsibilities as an employee or (h) failure to comply with directives of our board of directors. The benefits Mr. White is entitled to receive upon certain terminations, resignations and changes of control are summarized below in "Potential Payments Upon Termination, Resignation or Change of Control" included elsewhere in this proxy statement.

2012 Plan

Eligible award recipients under the 2012 Plan are employees, consultants and directors of the Company and its affiliates. Incentive stock options may be granted only to our employees. Awards other than incentive stock options may be granted to employees, consultants and directors. The shares that may be issued pursuant to awards consist of our authorized but unissued common stock, and the maximum aggregate amount of such common stock which may be issued upon exercise of all awards under the plan, including incentive stock options, may not exceed 2,500,000 shares, subject to adjustment to reflect certain corporate transactions or changes in our capital structure. At any time after the Company is subject to the deduction limitations under Section 162(m) of the Internal Revenue Code, the maximum number of shares of common stock issuable under our equity incentive plan to any one participant during a calendar year shall not exceed 1,000,000 shares.

Share Reserve. The aggregate number of shares of common stock initially authorized for issuance under the plan is 2,500,000 shares. However, (i) shares covered by an award that expires or otherwise terminates without having been exercised in full and (ii) shares that are forfeited to, or repurchased by, us pursuant to a forfeiture or repurchase provision under the plan may return to the plan and be available for issuance in connection with a future award.

Administration. Our board of directors (or our compensation committee or any other committee of the board of directors as may be appointed by our board of directors from time to time) administers the plan. Among other responsibilities, the plan administrator selects participants from among the eligible individuals, determines the number of shares that will be subject to each award and determines the terms and conditions of each award, including methods of payment, vesting schedules and limitations and restrictions on awards. The plan administrator may amend, suspend, or terminate the plan at any time. Amendments will not be effective without stockholder approval if stockholder approval is required by applicable law or stock exchange requirements. Unless terminated earlier, our equity incentive plan will terminate in October 2022.

Stock Options. Incentive and nonstatutory stock options are granted pursuant to incentive and nonstatutory stock option agreements. Employees, directors and consultants may be granted nonstatutory stock options, but only employees may be granted incentive stock options. The plan administrator determines the exercise price of a stock option, provided that the exercise price of a stock option generally cannot be less than 100% (and in the case of an incentive stock option granted to a more than 10% stockholder, 110%) of the fair market value of our common stock on the date of grant, except when assuming or substituting options in limited situations such as an acquisition. Generally, options granted under the plan vest ratably over a four-year period and have a term of ten years (five years in the case of an incentive stock option granted to a more than 10% stockholder), unless specified otherwise by the plan administrator in the option agreement.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (i) cash or check, (ii) a broker-assisted cashless exercise, (iii) the tender of common stock previously owned by the optionee, (iv) stock withholding and (v) other legal consideration approved by the plan administrator, such as exercise with a full recourse promissory note (not applicable for directors and executive officers).

Unless the plan administrator provides otherwise (solely with respect to intervivos transfers to certain family members and estate planning vehicles), nonstatutory options generally are not transferable except by will or the laws of descent and distribution. An optionee may designate a beneficiary, however, who may exercise the option following the

optionee's death. Incentive stock options are not transferable except by will or the laws of descent and distribution.

Restricted Awards. Restricted awards are awards of either actual shares of common stock (e.g., restricted stock awards), or of hypothetical share units (e.g., restricted stock units) having a value equal to the fair market value of an identical number of shares of common stock, that will be settled in the form of shares of common stock upon vesting or other specified payment date, and which may provide that such restricted awards may not be sold, transferred, or otherwise disposed of for such period as the plan administrator determines. The purchase price and vesting schedule, if applicable, of restricted awards are determined by the plan administrator. A restricted stock unit is similar to a restricted stock award except that participants holding restricted stock units do not have any stockholder rights until the stock unit is settled with shares. Stock units represent an unfunded and unsecured obligation for us and a holder of a stock unit has no rights other than those of a general creditor.

Performance Awards. Performance awards entitle the recipient to vest in or acquire shares of common stock, or hypothetical share units having a value equal to the fair market value of an identical number of shares of common stock that will be settled in the form of

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shares of common stock upon the attainment of specified performance goals. Performance awards may be granted independent of or in connection with the granting of any other award under the plan. Performance goals will be established by the plan administrator based on one or more business criteria that apply to the plan participant, a business unit, or the Company and our affiliates. Performance goals will be objective and will be intended to meet the requirements of Section 162(m) of the Internal Revenue Code. Performance goals must be determined prior to the time 25% of the service period has elapsed but not later than 90 days after the beginning of the service period. No payout will be made on a performance award granted to a named executive officer unless all applicable performance goals and service requirements are achieved. Performance awards may not be sold, assigned, transferred, pledged or otherwise encumbered and terminate upon the termination of the participant's service to us or our affiliates.

Stock Appreciation Rights. Stock appreciation rights may be granted independent of or in tandem with the granting of any option under the plan. Stock appreciation rights are granted pursuant to stock appreciation rights agreements. The exercise price of a stock appreciation right granted independent of an option is determined by the plan administrator, but as a general rule will be no less than 100% of the fair market value of our common stock on the date of grant. The exercise price of a stock appreciation right granted in tandem with an option is the same as the exercise price of the related option. Upon the exercise of a stock appreciation right, we will pay the participant an amount equal to the product of (i) the excess of the per share fair market value of our common stock on the date of exercise over the strike price, multiplied by (ii) the number of shares of common stock with respect to which the stock appreciation right is exercised. Payment will be made in cash, delivery of stock, or a combination of cash and stock as deemed appropriate by the plan administrator.

Adjustments in capitalization. In the event that there is a specified type of change in our common stock without the receipt of consideration by us, such as pursuant to a merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction, appropriate adjustments will be made to the various limits under, and the share terms of, the plan including (i) the number and class of shares reserved under the plan, (ii) the maximum number of stock options and stock appreciation rights that can be granted to any one person in a calendar year and (iii) the number and class of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. Except as may be provided in a specific award certificate, in the event of a change in control transaction (other than a transaction resulting in Wexford Capital LP or an entity controlled by, or under common control with Wexford Capital LP maintaining direct or indirect control over the Company), or a corporate transaction such as a dissolution or liquidation of the Company, or any corporate separation or division, including, but not limited to, a split-up, a split-off or a spin-off, or a sale in one or a series of related transactions, of all or substantially all of the assets of the Company or a merger, consolidation, or reverse merger in which we are not the surviving entity, then all outstanding stock awards under the plan may be assumed, continued or substituted for by any surviving or acquiring entity (or its parent company), or may be cancelled either with or without consideration for the vested portion of the awards, all as determined by the plan administrator. In the event an award would be cancelled without consideration paid to the extent vested, the award recipient may exercise the award in full or in part for a period of ten days.

401(k) Plan

We participate in a 401(k) Plan. Employees may elect to defer a portion of their compensation up to the statutorily prescribed limit. Each pay period we make a matching contribution to each employee's deferral, not to exceed six percent. An employee's interests in his or her deferrals and our matching contributions are, in each case, 100% vested when contributed. The 401(k) Plan is intended to qualify under Section 401(a) of the Internal Revenue Code. As such, contributions to the 401(k) Plan and earnings on those contributions are not taxable to the employee until distributed from the 401(k) Plan, and all contributions are deductible by us when made.

Effect of Our Compensation Policies and Practices on Risk and Risk Management

The compensation committee reviews the risks and rewards associated with our compensation policies and programs. We believe that such policies and programs encourage and reward prudent business judgment and avoid encouraging excessive risk-taking over the long term. With respect to specific elements of compensation:

- We believe that our programs balance short- and long-term incentives for our executive officers providing for an appropriate mix of fixed, discretionary and equity compensation that overall encourages long-term performance.
- We believe that annual base salaries for our named executive officers do not encourage excessive risk-taking as they are fixed amounts that are subject to discretionary increases by our compensation committee, based, among other factors, on annual performance evaluations. We also believe that such annual base salaries are set at reasonable levels, as compared to the base salaries of similarly situated individuals at our peer group companies. The base salary represents a portion of our named executive officers' overall compensation potential and is balanced by the other elements of their overall compensation potential, which are tied to both performance and long-term service.

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- Our annual bonuses are designed to award achievement of short-term results. The payment and amounts of the 2013 bonuses were within the discretion of and determined by our compensation committee, based on the Company's performance and annual performance evaluations of our named executive officers. Our 2014 performance bonuses to be awarded under our 2014 Executive Annual Incentive Compensation Plan are contingent upon approval of the plan by our stockholders at the 2014 Annual Meeting of Stockholders and upon meeting of certain performance criteria and targets established by the compensation committee and discussed in more detail above, which we believe are set meaningful levels so as to not encourage excessive risk taking.
- Stock options and restricted stock units granted to our named executive officers are subject to time vesting provisions. We award stock options to align compensation with Company performance, as the options become valuable to the executive only if the stock price increases from the date of grant. Also, stock options require a long-term commitment by executives to realize the appreciation potential of the options. We award restricted stock units to ensure that our executives have a continuing stake in the long-term success of the Company as the value of the award will depend on the stock price at and after the time of vesting. We believe that our long-term equity awards do not encourage excessive risk taking that may be associated with equity awards that vest based strictly on achieving certain targets. We also believe that our long-term equity awards provide incentive to our named executive officers to take appropriate amount of risk.
- As described above in the discussion of the employment agreements of the named executive officers, our named executive officers are entitled to certain benefits that are payable upon the occurrence of their termination without "cause," resignation for "good reason," or certain change in control transactions.

Based on the foregoing, the compensation committee believes that the Company does not utilize compensation policies and programs creating risks that are reasonably likely to have a material adverse impact on the Company.

Report of the Compensation Committee on Executive Compensation

The compensation committee has reviewed and discussed the foregoing summary of Executive Compensation with management. Based on its review and discussion with management, the compensation committee recommended that the summary of Executive Compensation be included in this proxy statement.

Respectfully submitted by the compensation committee:

Michael P. Cross, Chairman
David L. Houston
Mark L. Plaumann

Compensation Committee Interlocks and Insider Participation

No current member of our compensation committee has ever been an officer or employee of ours. None of our executive officers serves, or has served during the past fiscal year, as a member of the board of directors or compensation committee of any other company that has one or more executive officers serving as member of our board of directors or compensation committee.

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Compensation Tables
SUMMARY COMPENSATION TABLE

The following table provides information concerning compensation of our principal executive officer, principal financial officer and three other highest paid executive officers, each our named executive officer, for the fiscal years ended December 31, 2013, 2012 and 2011.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)(3)	401(k) Contributions and All Other Compensation ($)(4)	Total ($)
Travis D. Stice (5)	2013	$400,000	$1,733,333	—	—	$ 31,287	$2,164,620
Chief Executive	2012	$300,000	$1,023,771	$1,000,003	$1,257,526	$ 30,754	$3,612,054
Officer	2011	$115,880	$225,000	—	$1,452,851	$ 5,874	$1,799,605
Teresa L. Dick	2013	$250,000	$310,000	—	—	$ 17,954	$577,954
Chief Financial	2012	$250,000	$412,500	$300,003	$225,875	$ 16,211	$1,204,589
Officer (6)	2011	$98,517	$112,631	—	$379,299	$ 3,558	$594,005
Russell Pantermuehl Vice President -Reservoir Engineering (7)	2013	$238,700	$520,000	—	—	$ 16,994	$775,694
Michael L. Hollis (8)	2013	$276,000	$520,000	—	—	$ 17,854	$813,854
Vice President-	2012	$230,000	$493,750	$600,005	$454,243	$ 14,989	$1,792,987
Drilling	2011	$70,629	$67,950	—	$576,657	$ 309	$715,545
Jeffrey L. White	2013	$236,500	$464,000	—	—	$ 2,292	$702,792
Vice President-	2012	$220,000	$624,500	$600,005	$458,365	$ 1,023	$1,903,893
Operations (9)	2011	$55,846	$112,500	—	$576,657	$ 309	$745,312

(1) In 2013, Mr. Stice, Ms. Dick, Mr. Pantermuehl, Mr. Hollis and Mr. White received $1,733,333, $310,000, $520,000, $520,000 and $464,000 in annual incentive bonuses, respectively. In 2012, Mr. Stice, Ms. Dick, Mr. Hollis and Mr. White received annual incentive bonuses and bonuses under their respective employment agreements, as then in effected, related to the IPO as follows: a $357,104 annual incentive bonus and a $666,667 bonus related to the IPO received by Mr. Stice; a $112,500 annual incentive bonus and a $300,000 bonus related to the IPO received by Ms. Dick; a $143,750 annual incentive bonus and a $350,000 bonus related to the IPO received by Mr. Hollis; and a $104,500 annual incentive bonus and a total of $520,000 bonus related to the IPO (of which $170,000 was payable under the terms of his employment agreement, in effect at that time, due to the timing of the IPO) received by Mr. White. In 2011, Mr. Stice received a $225,000 annual incentive bonus, Ms. Dick received $112,631 annual incentive bonus, Mr. Hollis received a $30,000 signing bonus and a $37,950 annual incentive bonus and Mr. White received an $85,000 signing bonus and a $27,500 annual incentive bonus.

(2) The amounts shown reflect the grant date fair value of restricted stock units and stock options granted respectively, determined in accordance with FASB ASC Topic 718. See Note 8 to our consolidated financial statements for the fiscal year ended December 31, 2013, included in our Annual Report on Form 10-K, filed with the SEC on

February 19, 2014, regarding assumptions underlying valuations of equity awards for 2013, 2012 and 2011. Details regarding equity awards that are still outstanding can be found in the "Outstanding Equity Awards at Fiscal 2012 Year End" table.

(3) In connection with our IPO and the 2012 Plan, the options awarded in 2011 were canceled and replaced with the right to receive a cash payment, restricted stock units and stock options. Such grant of new awards is deemed to be a modification of old awards and was accounted for as a modification of the original awards. The modification date for these awards was October 11, 2012, which was the date of IPO pricing of $17.50 per share. Mr. Stice, Ms. Dick, Mr. Hollis and Mr. White received cash payments of $666,667, $300,000, $350,000 and $350,000, respectively. Mr. Stice received an additional cash payment $333,333 on October 11, 2013. Mr. Stice, Ms. Dick, Mr. Hollis and Mr. White also received 57,143, 17,143, 34,286 and 34,286 restricted stock units, respectively, and options to purchase 300,000, 50,000, 100,000 and 100,000 shares of our common stock at $17.50, respectively.

(4) Amounts for 2013 include (i) our 401(k) plan contributions of $15,300, car allowance of $10,800, life insurance premium payments of $2,787 and reimbursement of membership fees at the Midland Petroleum Club of $2,400 for Mr. Stice, (ii) our 401(k) plan contributions of $15,167 and life insurance premium payments of $2,787 for Ms. Dick, (iii) our 401(k) plan contributions of $14,473 and life insurance premium payments of $2,521 for Mr. Pantermuehl, (iv) our 401(k) plan contributions of $15,300 and life insurance premium payments of $2,554 for Mr. Hollis and (v) life insurance premium payments of $2,292 for Mr. White. Amounts in 2012 include (i) our 401(k) plan contributions of $18,792, car allowance of $10,800 and life insurance premium payments of $1,162 for Mr. Stice; (ii) our 401(k) plan contributions of $15,151 and life insurance premium payments of $1,060 for Ms. Dick, (iii) our 401(k) plan contributions of $13,920 and life insurance premium payments of $1,069 for Mr. Hollis and

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(iv) life insurance premium payments of $1,023 for Mr. White. Amounts in 2011 include (i) our 401(k) plan contributions of $1,832, car allowance of $3,666 and life insurance premium payments of $377 for Mr. Stice, (ii) our 401(k) plan contributions of $2,736 and life insurance premium payments of $822 for Ms. Dick, (iii) life insurance premium payments of $309 for Mr. Hollis and (iv) life insurance premium payments of $309 for Mr. White.

(5) Mr. Stice became our President and Chief Operating Officer in April 2011. On January 1, 2012, Mr. Stice resigned as President and Chief Operating Officer and became our Chief Executive Officer.

(6) Ms. Dick served as our Corporate Controller from November 2007 to November 2009 and has been our Chief Financial Officer and Senior Vice President since November 2009.

(7) Mr. Pantermuehl joined us in August 2011 as Vice President—Reservoir Engineering.

(8) Mr. Hollis became our Vice President—Drilling in September 2011.

(9) Mr. White joined us in September 2011 as Vice President—Operations.

GRANTS OF PLAN-BASED AWARDS

No awards were made to our named executive officers in the fiscal year ended December 31, 2013 under any Company plan.

OUTSTANDING EQUITY AWARDS AT FISCAL 2013 YEAR-END

The following table provides information concerning equity awards outstanding for our named executive officers at December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
Travis D. Stice	150,000	150,000(2)	$17.50	04/18/2016	28,571(3)	$1,510,834
Teresa L. Dick	21,910	25,000(4)	$17.50	09/01/2016	8,571(5)	$453,234
Russell Pantermuehl	25,000	50,000(6)	$17.50	08/15/2016	17,143(7)	$906,575
Michael L. Hollis	3,045	50,000(8)	$17.50	9/12/2016	17,143(9)	$906,575
Jeffrey L. White	—	50,000(10)	$17.50	09/30/2016	17,143(11)	$906,575

(1) Market value of shares or units that have not vested is based on the closing price of $52.88 per share of our common stock on The NASDAQ Global Select Market on December 31, 2013, the last trading day of 2013.

(2) These options vest in two remaining approximately equal annual installments beginning on April 18, 2014.

(3) These restricted stock units vest in two remaining approximately equal annual installments beginning on April 18, 2014.

(4) These options will vest in two remaining approximately equal annual installments beginning on September 1, 2014.

(5) These restricted stock units will vest in two remaining approximately equal annual installments beginning on September 1, 2014.

(6) These options will vest in two remaining equal annual installments beginning on August 15, 2014.

(7) These restricted stock units will vest in two remaining approximately equal annual installments beginning on August 15, 2014.

(8) These options will vest in two remaining approximately equal annual installments beginning on September 12, 2014.

(9) These restricted stock units vest in two remaining approximately equal annual installments beginning on September 12, 2014.

(10) These options will vest in two remaining approximately equal annual installments beginning on September 30, 2014.

(11) These restricted stock units vest in two remaining approximately equal annual installments beginning on September 30, 2014.

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OPTION EXERCISES AND STOCK VESTED

The following table provides certain information for the named executive officers on stock option exercises during 2013, including the number of shares acquired upon exercise and the value realized, and the number of shares acquired upon the vesting of restricted stock awards during 2013.

Name	Option Awards Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Stock Awards Number of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting ($)(2)(3)
Travis D. Stice	—	—	14,286	$378,722
Teresa L. Dick	3,089	$83,805	4,286	$178,555
Russell Pantermuehl	25,000	$670,487	8,571	$341,040
Michael L. Hollis	46,955	$1,272,011	8,571	$399,666
Jeffrey L. White	50,000	$1,499,000	8,572	$365,510

(1) Value realized on exercise is based on the difference between the exercise price and the exercise date closing price per share of our common stock on the NASDAQ Global Select Market.

(2) The number of shares acquired on vesting and value realized on vesting do not reflect the restricted stock units that vested on October 11, 2012, but have not settled until September 16, 2013.

(3) Value realized on vesting is based on the vesting date closing price per share of our common stock on the NASDAQ Global Select Market.

Potential Payments Upon Termination, Resignation or Change of Control

The following tables provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2013.

	Termination Without Cause or Upon Death or Disability(1)(2)					Resignation for Good Reason(3)				
Name	Base Salary	Bonus	$35.38 Options(4)	$52.88 RSUs	Total	Base Salary	Bonus	$35.38 Options(4)	$52.88 RSUs	T
Travis D. Stice	$116,667(5)(6)	$264,000(6)	$5,307,000(7)	$1,510,834(7)	$7,198,501	$116,667(5)		$5,307,000	$1,510,834	$
Teresa L. Dick	$166,667(8)		$884,500(7)	$453,234(7)	$1,504,401	$166,667(8)		$884,500	$453,234	$
Russell Pantermuehl	$149,188(9)		$1,769,000(7)	$906,575(7)	$2,824,762	$149,188(9)		$1,769,000	$906,575	$
Michael L. Hollis	$195,500(10)		$1,769,000(7)	$906,575(7)	$2,871,075	$195,500(10)		$1,769,000	$906,575	$
Jeffrey L. White	$177,375(11)		$1,769,000(7)	$906,575(7)	$2,852,950	$177,375(11)		$1,769,000	$906,575	$

(1) In the event a named executive officer is terminated upon death or disability, the receipt of the payments and benefits described in this table is subject to such executive's or his estate's full general release of all claims and continued compliance with the non-competition, confidentiality, non-interference, proprietary information, return of property, non-solicitation and non-disparagement provisions of such executive's employment agreement.

(2) In the event a named executive officer is terminated without cause, the receipt of the payments and benefits described in this table are subject to (a) such executive's continued compliance with the non-competition, confidentiality, non-interference, proprietary information, return of property, non-solicitation and

non-disparagement provisions of such executive's employment agreement and (b) such executive executing (and not revoking) a full general release of all claims, known or unknown against us, Wexford Capital and various other parties affiliated with Wexford Capital.

Under the terms of the employment agreements with our named executive officers (except for Mr. Stice), the applicable officer is entitled to certain benefits in the event such officer resigns for good cause, which means such resignation follows any (a) material breach by us of the terms of the applicable employment agreement or (b) material diminution in the officer's position, duties or authority which in either case is not cured within thirty (30)

(3) business days following our receipt of notice thereof, subject to (i) such executive's continued compliance with the non-competition, confidentiality, non-interference, proprietary information, return of property, non-solicitation and non-disparagement provisions of such executive's employment agreement and (ii) such executive executing (and not revoking) a full general release of all claims, known or unknown against us, Wexford Capital and various other parties affiliated with Wexford Capital.

(4) Reflects the difference between the option exercise price and fair market value of the option at December 31, 2013.

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(5) Represents the amount payable under Mr. Stice's employment agreement and is equal to Mr. Stice's base salary for the remainder of the term of his employment agreement. For a description of termination provisions under Mr. Stice's amended and restated employment agreement effective as of April 18, 2014, see "Employment Agreements" above.

(6) Upon his death or disability, Mr. Stice is entitled to his base salary for the remainder of the term and a prorated portion of his minimum bonus for the period prior to such event. For a description of benefits upon death or disability under Mr. Stice's amended and restated employment agreement effective as of April 18, 2014, see "Employment Agreements" above.

(7) Under the terms of our employment agreement, in effect as of December 31, 2013, and the applicable award agreement with each of Mr. Stice, Ms. Dick, Mr. Pantermuehl, Mr. Hollis, and Mr. White, the equity awards (options and restricted stock units) granted in connection with the IPO under such agreement will vest immediately (a) in the event that more than 50% of the combined voting power of our then outstanding stock is controlled by one or more parties that is not us, Wexford Capital, an affiliate of Wexford Capital or an underwriter temporarily holding securities pursuant to an offering of securities and either there is a material change in the applicable named executive officer's position, duties or authority or such officer is required to relocate to a location outside of a 50 mile radius of their current office location it Midland, Texas or Oklahoma City, Oklahoma (as may be applicable) or (b) upon termination without cause or upon death or disability.

(8) Represents the amount payable under Ms. Dick's employment agreement and is equal to Mr. Dick's base salary for the remainder of the term of her employment agreement, which was scheduled to expire on September 1, 2014. Effective January 1, 2014, this employment agreement was amended and restated to provide for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Under the employment agreement, as amended and restated to date, if (i) we terminate Ms. Dick's employment without "cause" or due to non-renewal of the term of her employment agreement, (ii) Ms. Dick resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Oklahoma City, Oklahoma or a material diminution in Ms. Dick's position, duties or authority, or (iii) Mr. Dick's employment is terminated due to death or disability, then Ms. Dick will be entitled to severance pay in an amount equal to 12 months' base salary, provided, in each case, that the executive continues to comply with the restrictive covenants described above and executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Ms. Dick's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date.

(9) Represents the amount payable under Mr. Pantermuehl's employment agreement and is equal to Mr. Pantermuehl's base salary for the remainder of the term of his employment agreement, which was scheduled to expire on August 15, 2014. Effective January 1, 2014, this employment agreement was amended and restated to provide for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Under Mr. Pantermuehl's employment agreement, as amended and restated to date, if (i) we terminate Mr. Pantermuehl's employment without "cause" or due to non-renewal of the term of his employment agreement, (ii) Mr. Pantermuehl resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Midland, Texas or a material diminution in Mr. Pantermuehl's position, duties or authority, or (iii) Mr. Pantermuehl's employment is terminated due to death or disability, then Mr. Pantermuehl will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that the executive continues to comply with the restrictive covenants described above and executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. Pantermuehl's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date.

(10)

Represents the amount payable under Mr. Hollis' employment agreement and is equal to Mr. Hollis's base salary for the remainder of the term of his employment agreement, which was scheduled to expire on September 12, 2014. Effective January 1, 2014, this employment agreement was amended and restated to provide for a two-year term commencing on January 1, 2014, which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Under Mr. Hollis' employment agreement, as amended and restated to date, if (i) we terminate Mr. Hollis' employment without "cause" or due to non-renewal of the term of his employment agreement, (ii) Mr. Hollis resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Midland, Texas or a material diminution in Mr. Hollis' position, duties or authority, or (iii) Mr. Hollis' employment is terminated due to death or disability, then Mr. Hollis will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that the executive continues to comply with the restrictive covenants described above and executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. Hollis' employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date.

(11) Represents the amount payable under Mr. White's employment agreement and is equal to Mr. White's base salary for the remainder of the term of his employment agreement, which was scheduled to expire on September 30, 2014. Effective January 1, 2014, this employment agreement was amended and restated to provide for a two-year term commencing on January 1, 2014,

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which will be extended for successive one-year periods unless we or the executive elects to not extend the term. Under Mr. White's employment agreement, as amended and restated to date, if (i) we terminate Mr. White's employment without "cause" or due to non-renewal of the term of his employment agreement, (ii) Mr. White resigns for good reason, meaning such resignation follows a material uncured breach by us of the employment agreement, relocation of his principal office 25 miles outside of Midland, Texas or a material diminution in Mr. White's position, duties or authority, or (iii) Mr. White's employment is terminated due to death or disability, then Mr. White will be entitled to severance pay in an amount equal to 12 months' base salary; provided, in each case, that the executive continues to comply with the restrictive covenants described above and executes a full general release in our favor, except that the restriction on competition will not apply in the event the executive resigns for good reason within 12 months following our change of control. In the event Mr. White's employment is terminated for "cause," our obligations will terminate with respect to the payment of any base salary or bonuses effective as of the termination date.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of December 31, 2013, certain information with respect to all compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1)	Weighted average exercise price of outstanding options, warrants and rights (b)(2)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(c)
Equity compensation plans approved by security holders(1)	712,955	$17.96	1,301,295
Equity compensation plans not approved by security holders	—	—	—

(1) Refers to the 2012 Plan.

(2) The weighted average exercise price does not take into account restricted stock units because they have no exercise price.

2013 DIRECTOR COMPENSATION

The following table contains information with respect to 2013 compensation of our directors who served in such capacity during that year, except that the 2013 compensation of those directors who are also our named executive officers is disclosed in the Summary Compensation Table above.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Steven E. West (2)(3)	$20,000	—	—	$20,000
Michael P. Cross (2)	$45,000	—	—	$45,000
David L. Houston (2)	$45,000	—	—	$45,000
Mark L. Plaumann (2)	$45,000	—	—	$45,000

(1) The amounts shown reflect the grant date fair value of restricted stock units granted, determined in accordance with FASB ASC Topic 718. See Note 8 to our consolidated financial statements for the fiscal year ended December 31,

2013, included in our Annual Report on Form 10-K, filed with the SEC on February 19, 2014, regarding assumptions underlying valuations of equity awards for 2013.

(2) Does not include $11,250 paid to each director in January 2013 for director fees earned during 2012.

(3) Under the terms of his employment with Wexford Capital, Mr. West's fees earned for his service on the board of our directors were paid directly to Wexford Capital.

Director Compensation

In November 2012, our board of directors approved a change to the fee component of director compensation to provide for annual fees for non-employee directors of the Company in the amounts $20,000 for each director; plus an additional annual payment of $15,000 for the chairperson and $10,000 for each other member of the audit committee and $10,000 for the chairperson and $5,000 for each

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other member of each other committee, with such amounts to be paid in quarterly installments. Members of our board of directors who are also officers or employees of the Company do not receive compensation for their services as directors. No changes were made to our director compensation for 2013 or 2014 to date.

Prior to the implementation of this policy, non-employee directors received a monthly retained of $1,000 and a per meeting attendance fee of $500 and reimbursement of all ordinary and necessary expenses incurred in the conduct of our business.

As described above, directors are also eligible award recipients under the 2012 Plan. In October 2012, each non-employee director was granted 6,666 restricted stock units which vest in three annual installments of 2,222 restricted stock units, the first of which occurred on October 11, 2012, with the two remaining equal annual installments occurring on each anniversary of such date. No additional equity awards were received by our non-employee directors in 2013 or to date in 2014.

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Stock Ownership

Holdings of Major Stockholder

The following table sets forth certain information regarding the beneficial ownership as of April 1, 2014 of shares of our common stock by each person or entity known to us to be a beneficial owner of 5% or more of our common stock.

MAJOR STOCKHOLDER TABLE

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class	
DB Energy Holdings LLC c/o Wexford Capital LP 411 West Putnam Avenue Greenwich, CT 06830	9,310,128 (2)	18.4	%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	5,088,385 (3)	10.0	%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	3,469,390 (4)	6.8	%
Gulfport Energy Corporation 14313 North May Avenue, Suite 100 Oklahoma City, Oklahoma 73134	3,379,500 (5)	6.7	%

(1) Beneficial ownership is determined in accordance with SEC rules. The percentage of shares beneficially owned is based on 50,700,099 shares of common stock outstanding as of April 1, 2014.

(2) Based solely on Schedule 13D/A filed with the SEC on March 26, 2014 by DB Energy Holdings LLC ("DB Holdings"), Wexford Spectrum Fund, L.P. ("WSF"), Wexford Catalyst Fund, L.P. ("WCF"), Spectrum Intermediate Fund Limited ("SIF"), Catalyst Intermediate Fund Limited ("CIF," and together with DB Holdings, WSF, WCF and SIF, the "Funds"), Wexford Capital LP ("Wexford Capital"), Wexford GP LLC ("Wexford GP"), Charles E. Davidson ("Mr. Davidson"), and Joseph M. Jacobs ("Mr. Jacobs"). DB Holdings is a holding company managed by Wexford Capital. WSF, WCF, SIF and CIF are investment funds managed by Wexford Capital. Wexford Capital is an investment advisor registered with the SEC, and manages a series of investment funds. Wexford GP is the general partner of Wexford Capital. Mr. Davidson and Mr. Jacobs are the managing members of Wexford GP. DB has shared voting and dispositive power over 9,310,128 shares. WSF has shared voting and dispositive power over 111,074 shares. WCF has shared voting and dispositive power over 17,553 shares. SIF has shared voting and dispositive power over 374,331 shares. CIF has shared voting and dispositive power over 73,824 shares. Wexford Capital, Wexford GP, Mr. Davidson and Mr. Jacobs have shared voting and dispositive power over 9,893,576 shares. Wexford Capital may, by reason of its status as manager or investment manager of the Funds, be deemed to own beneficially the securities of which the Funds possess beneficial ownership. Wexford GP may, as the General Partner of Wexford Capital, be deemed to own beneficially the securities of which the Funds possess beneficial ownership. Each of Mr. Davidson and Mr. Jacobs may, by reason of his status as a controlling person of Wexford GP, be deemed to own beneficially the securities of which the Funds possess beneficial ownership. Each of Wexford Capital, Wexford GP, Mr. Davidson and Mr. Jacobs disclaims beneficial ownership of the securities owned by the Funds except, in the case of Mr. Davidson and Mr. Jacobs, to the extent of their respective interests in the Funds.

(3) Based solely on Schedule 13G/A filed with the SEC on February 10, 2014 by Wellington Management Company, LLP ("Wellington Management"). These shares are owned of record by clients of Wellington Management. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No such client is known to have such right or power with respect to more than five percent of this class of securities. Wellington Management has shared voting power over 4,367,342 shares and shared

dispositive power over 5,088,385 shares.

(4) Based solely on Schedule 13G filed with the SEC on February 14, 2014 by T. Rowe Price Associates, Inc. ("Price Associates"). These shares are owned of record by individual and institutional clients of Price Associates, for which Price Associates serves as an investment adviser. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No such client is known to have such right or power with respect to more than five percent of this class of securities. Price Associates has sole voting power over 534,900 shares and sole dispositive power over 3,469,390 shares.

(5) Based solely on Schedule 13G filed with the SEC on February 14, 2014 by Gulfport Energy Corporation. Gulfport Energy Corporation reported sole voting and dispositive power of such shares of common stock.

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Holdings of Officers and Directors

The following table sets forth certain information regarding the beneficial ownership as of April 1, 2014 of shares of our common stock by each of our directors, by each named executive officer and by all directors and executive officers as a group:

Name of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class
Travis D. Stice (2)	178,990	*
Teresa L. Dick(3)	17,698	*
Russell Pantermuehl (4)	11,625	*
Michael L. Hollis (5)	5,970	*
Jeffrey L. White (6)	—	*
Steven E. West	—	*
Michael P. Cross (7)	4,444	*
David L. Houston (7)	4,444	*
Mark L. Plaumann (7)(8)	4,444	*
Directors and Executive Officers as a Group (12 persons)	235,555	*

*Less than 1%.

(1) Beneficial ownership is determined in accordance with SEC rules. In computing percentage ownership of each person, shares of common stock subject to options held by that person that are exercisable as of April 1, 2014, or exercisable within 60 days of April 1, 2014, are deemed to be beneficially owned. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of each other person. The percentage of shares beneficially owned is based on 50,700,099 shares of common stock outstanding as of April 1, 2014. Unless otherwise indicated, all amounts exclude shares issuable upon the exercise of outstanding options and vesting of restricted stock units that are not exercisable and/or vested as of April 1, 2014 or within 60 days of April 1, 2014.

(2) Includes shares issuable upon exercise of options to purchase 150,000 shares of our common stock, all of which have either vested or will vest within 60 days of April 1, 2014, shares issuable upon vesting of 14,285 restricted stock units within 60 days of April 1, 2014 and 14,705 shares of our common stock held by Mr. Stice. Excludes options to purchase 75,000 shares of our common stock, which will vest on April 18, 2015, and 30,953 restricted stock units, of which 14,286 will vest on April 18, 2015 and 16,667 will vest in two remaining approximately equal annual installments beginning on January 2, 2015. Also excludes 25,000 performance-based restricted stock units awarded to Mr. Stice on February 27, 2014, which awards are subject to the satisfaction of certain stockholder return performance conditions relative to the Company's peer group.

(3) Includes shares issuable upon exercise of options to purchase 16,910 shares of our common stock, all of which have vested, and 788 shares of our common stock held by Ms. Dick. Excludes options to purchase 25,000 shares of common stock, which will vest in two equal annual installments beginning on September 1, 2014, and 13,291 restricted stock units, of which 8,571 will vest in two approximately equal annual installments beginning on September 1, 2014 and 4,720 will vest in two equal annual installments beginning on January 2, 2015. Also excludes 7,080 performance-based restricted stock units awarded to Ms. Dick on February 27, 2014, which awards are subject to the satisfaction of certain stockholder return performance conditions relative to the Company's peer group.

(4) Includes shares issuable upon exercise of options to purchase 6,700 shares of our common stock, all of which have vested, and 4,925 shares of our common stock held by Mr. Pantermuehl. Excludes options to purchase 50,000 shares of common stock, which will vest in two equal annual installments beginning on August 15, 2014, and 22,994 restricted stock units, of which 17,143 will vest in two equal annual installments beginning on August 15, 2014 and 5,850 will vest in two equal annual installments beginning on January 2, 2015. Also excludes 8,775

performance-based restricted stock units awarded to Mr. Pantermuehl on February 27, 2014, which awards are subject to the satisfaction of certain stockholder return performance conditions relative to the Company's peer group.

(5) Includes shares issuable upon exercise of options to purchase 3,045 shares of our common stock, all of which have vested, and 2,925 shares of common stock held by Mr. Hollis. Excludes options to purchase 50,000 shares of common stock, which will vest in two equal annual installments beginning on September 12, 2014, and 22,994 restricted stock units, of which 17,143 will vest in two equal annual installments beginning on September 12, 2014 and 5,850 will vest in two equal annual installments beginning on January 2, 2015. Also excludes 8,775 performance-based restricted stock units awarded to Mr. Hollis on February 27, 2014, which awards are subject to the satisfaction of certain stockholder return performance conditions relative to the Company's peer group.

(6) Excludes options to purchase 50,000 shares of common stock, which will vest in two equal annual installments beginning on September 30, 2014, and 22,363 restricted stock units, of which 17,143 will vest in two equal annual installments beginning on

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September 30, 2014 and 5,220 will vest in two equal annual installments beginning on January 2, 2015. Also excludes 7,830 performance-based restricted stock units awarded to Mr. White on February 27, 2014, which awards are subject to the satisfaction of certain stockholder return performance conditions relative to the Company's peer group.

(7) Includes 4,444 restricted stock units, all of which have vested. Excludes 2,222 restricted stock units, which will vest on October 11, 2014

(8) Mr. Plaumann may be deemed to be the beneficial owner of these shares of common stock held by Greyhawke Capital Advisors LLC, of which he is the principal.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and to furnish us with copies of the forms they file. To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations of our officers and directors, all Section 16(a) reports for the year ended December 31, 2012 applicable to our officers and directors and such other persons were filed on a timely basis with the following exceptions: (i) Paul Molnar filed one late Form 4 that covered four transactions; (ii) Teresa L. Dick filed one late Form 4 that covered two transactions; (iii) Russell D. Pantermuehl filed one late Form 4 that covered two transactions; and (iv) Gulfport Energy Corporation filed one late Form 4 reporting two transactions.

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Certain Relationships and Related Transactions

Review and Approval of Related Party Transactions

Our board of directors has adopted a policy regarding related party transactions. Under the policy, the audit committee reviews and approves all relationships and transaction in which we and our directors, director nominees and executive officers and their immediate family members, as well as holders of more than 5% of any class of our voting securities and their immediate family members, have a direct or indirect material interest. The policy provides that, the following do not create a material direct or indirect interest on behalf of the related party and are therefore not related party transactions:

- a transaction involving compensation of directors;
- a transaction involving compensation of an executive officer or involving an employment agreement, severance arrangement, change in control provision or agreement or special supplemental benefit of an executive officer;
- a transaction with a related party involving less than $120,000;
- a transaction in which the interest of the related party arises solely from the ownership of a class of our equity securities and all holders of that class receive the same benefit on a pro rata basis;
- a transaction involving indemnification payments and payments under directors and officers indemnification insurance policies made pursuant to our certificate of incorporation or bylaws or pursuant to any policy, agreement or instrument of the Company or to which the Company is bound; and
- a transaction in which the interest of the related party arises solely from indebtedness of a 5% stockholder or an "immediate family member" of a 5% stockholder.

The policy supplements the conflict of interest provisions in our Code of Business Conduct and Ethics.

Prior to the implementation of this policy and the adoption of the Code of Business Conduct and Ethics, the review and approval of related party transactions was the responsibility of our management, and all of the transactions discussed under "Related Party Transactions" below have been approved by our management, subject to a conflicts of interest policy set forth in our employee handbook, pursuant to which all of our employees must avoid any situations where their personal outside interest could conflict, or even appear to conflict, with the interests of the Company. Although our management believes that the terms of the related party transactions described below are reasonable, it is possible that we could have negotiated more favorable terms for such transactions with unrelated third parties.

Gulfport Transaction and Investor Rights Agreement

On May 7, 2012, we entered into an agreement with Gulfport in which we agreed to acquire from Gulfport, prior to the effectiveness of the registration statement relating to our initial public offering, all of Gulfport's oil and natural gas properties in the Permian Basin in exchange for (i) shares of our common stock representing 35% of our common stock outstanding immediately prior to the closing of our initial public offering and (ii) approximately $63.6 million in the form of a non-interest bearing promissory note that was repaid in full upon the closing of our initial public offering. The Gulfport transaction was completed on October 11, 2012. The aggregate consideration payable to Gulfport was subject to a post-closing cash adjustment calculated to be approximately $18.6 million and paid to Gulfport in January 2013. Under the agreement, Gulfport is generally responsible for all liabilities and obligations with respect to its Permian Basin properties arising prior to the closing of the transaction and we are responsible for such liabilities and obligations arising after the closing of the transaction. At the closing of the Gulfport transaction, we entered into an investor rights agreement with Gulfport in which Gulfport was granted certain (i) demand and "piggyback" registration rights, (ii) director nomination rights and (iii) information rights. Mr. David Houston was Gulfport's nominee pursuant to the investor rights agreement at the time of our IPO and at the time of our 2013 Annual Meeting of Stockholders. Since then, Gulfport reduced its ownership interest in our common stock and currently owns less than 10% of our outstanding common stock. As a result, Gulfport does not currently have the right to designate a director nominee to our board of directors.

Administrative Services

We entered into a shared services agreement, dated March 1, 2008, with Everest Operations Management LLC (formerly, Windsor Energy Resources LLC), or Everest, an entity controlled by Wexford Capital, our equity sponsor.

Under this agreement, Everest has provided us with administrative and payroll services and office space in Oklahoma City, Oklahoma and we reimbursed Everest in an amount determined by Everest's management based on estimates of the amount of office space provided and the amount of its employees' time spent performing services for us. The reimbursement amounts were determined based upon underlying salary costs of employees performing Company related functions, payroll, revenue or headcount relative to other companies managed by Everest, or specifically identified invoices processed, depending on the nature of the cost. The initial term of the shared services agreement with

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Everest was two years. Since the expiration of such two-year period on March 1, 2010, the agreement, by its terms, has continued on a month-to-month basis. For the year ended December 31, 2013, we incurred total costs of $207,000. Costs incurred unrelated to drilling activities are expensed and costs incurred in the acquisition, exploration and development of proved oil and natural gas properties have been capitalized. As of December 31, 2013, we owed $17,000 to Everest.

Effective January 1, 2012, we entered into an additional shared services agreement with Everest under which we provide Everest and, at its request, certain of its affiliates with consulting, technical and administrative services, including payroll, human resources administration, accounts payable and treasury services. The initial term of this shared services agreement was two years. Upon expiration of the initial term, the agreement has continued on a month-to-month basis until it is cancelled by either party upon thirty days' prior written notice. Everest, or its affiliates, reimburse us for our dedicated employee time and administrative costs based on the pro rata share of time our employees spend performing these services, including pro rata benefits and bonuses of such employees. For the year ended December 31, 2013, Everest and its affiliates reimbursed us $1.1 million for services under the shared services agreement. As of December 31, 2013, Everest or its affiliates owed no amounts to us.

Drilling and Field Services

Bison Drilling and Field Services LLC, or Bison, an affiliate of Wexford Capital, has performed drilling and field services for us under master drilling agreements and master field services agreements. These agreements are terminable by either party on 30 days' prior written notice, although neither party will be relieved of its respective obligations arising from a drilling contract being performed prior to such termination. For the year ended December 31, 2013, we incurred total costs of $13.9 million payable to Bison for drilling and field services. We owed Bison no amounts as of December 31, 2013 for these services.

Effective September 9, 2013, we entered into a master service agreement with Panther Drilling Systems LLC, or Panther Drilling, an affiliate of Wexford Capital. Panther Drilling provides directional drilling and other services. This master service agreement is terminable by either party on 30 days' prior written notice, although neither party will be relieved of its respective obligations arising from work performed prior to the termination of the master service agreement. For the year ended December 31, 2013, we incurred $176,000 for services performed by Panther Drilling. We owed Panther Drilling no amounts as of December 31, 2013.

Midland Lease

Effective May 15, 2011, we occupied corporate office space in Midland, Texas under a lease with a five-year term. The office space is owned by Fasken Midland, LLC, or Fasken, an affiliate of Wexford Capital. In the second and third quarters of 2013, we amended this agreement to increase the size of the leased premises. The monthly rent under the lease increased from $13,000 to $15,000 beginning on August 1, 2013 and increased further to $25,000 beginning on October 1, 2013. The monthly rent will continue to increase approximately 4% annually on June 1 of each year during the remainder of the lease term. We paid $214,000 to Fasken under this lease during the year ended December 31, 2013.

Field Office Lease

We leased field office space in Midland, Texas from an unrelated third party from March 1, 2011 to March 1, 2014. Effective March 1, 2014, the building was purchased by WT Commercial Portfolio, LLC, an affiliate of Wexford. As of March 1, 2014, the remaining term of the lease was four years. The monthly base rent under the lease is $11,000 which will increase 3% annually on March 1 of each year during the remainder of the lease term.

Oklahoma City Lease

We occupy office space in Oklahoma City, Oklahoma under a sixty-seven month lease agreement, effective January 1, 2012, with Caliber Investment Group, LLC, or Caliber, an affiliate of Wexford Capital. Effective April 1, 2013, we entered into an amendment to this agreement to increase the size of the leased premises, at which time our monthly base rent increased to $19,000 for the remainder of the lease term. We are also responsible for paying a portion of

specified costs, fees and expenses associated with the operation of the premises. During the year ended December 31, 2013, we paid $244,000 to Caliber under this lease.

Coronado Midstream

We are party to a gas purchase agreement, dated May 1, 2009, as amended, with Coronado Midstream LLC, or Coronado Midstream, formerly known as MidMar Gas LLC. Coronado Midstream owns a gas gathering system and processing plant in the Permian Basin. An entity controlled by Wexford Capital, in which Gulfport and certain entities controlled by Wexford Capital are members, owns an approximately 28% equity interest in Coronado Midstream. Under this gas purchase agreement, Coronado Midstream is obligated to purchase from us, and we are obligated to sell to Coronado Midstream, all of the gas conforming to certain quality specifications produced from certain of our Permian Basin acreage. Following the expiration of the initial ten-year term, the agreement will continue

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on a year-to-year basis until terminated by either party on 30 days' written notice. Under the gas purchase agreement, Coronado Midstream is obligated to pay us 87% of the net revenue received by Coronado Midstream for all components of our dedicated gas, including the liquid hydrocarbons, and the sale of residue gas, in each case extracted, recovered or otherwise processed at Coronado Midstream's gas processing plant, and 94.56% of the net revenue received by Coronado Midstream from the sale of such gas components and residue gas, extracted, recovered or otherwise processed at Chevron's Headlee plant. We recognized revenues from Coronado Midstream of $7.2 million for the year ended December 31, 2013, and as of December 31, 2013, Coronado Midstream owed us $1.3 million for our portion of the net proceeds from the sale of gas, gas products and residue gas.

Muskie Proppant LLC

We began purchasing sand from Muskie Proppant LLC, or Muskie, an affiliate of Wexford Capital and Gulfport, in March 2013. On May 16, 2013, we entered into a master services agreement with Muskie, pursuant to which Muskie agreed to sell custom natural sand proppant to us based on our requirements. We are not obligated to place any orders with, or accept any offers from, Muskie for sand proppant. The agreement may be terminated at the option of either party on 30 days' notice. We incurred costs of $743,000 for the year ended December 31, 2013. In addition, in 2013, Muskie paid all litigation expenses in a matter involving several defendants, including us, that related to the period during which we owned a membership interest in Muskie. The total litigation expenses for all defendants totaled $277,245. As of December 31, 2013, we did not owe Muskie any amounts.

Advisory Services Agreement

On October 11, 2012, we entered into an advisory services agreement with Wexford Capital under which Wexford Capital agreed to provide us with general financial and strategic advisory services related to our business in return for an annual fee of $500,000, plus reasonable out-of-pocket expenses. This agreement has a term of two years and will continue for additional one-year periods unless terminated in writing by either party at least ten days prior to the expiration of the then current term. The agreement may be terminated at any time by either party upon 30 days' prior written notice. In the event we terminate the agreement, we are obligated to pay all amounts due through the remaining term of the agreement. In addition, under the terms of the agreement we have agreed to pay Wexford Capital to-be-negotiated market-based fees approved by our independent directors for such services as may be provided by Wexford Capital at our request in connection with future acquisitions and divestitures, financings or other transactions. The services provided by Wexford Capital under the advisory services agreement will not extend to our day-to-day business or operations. In this agreement, we have agreed to indemnify Wexford Capital and its affiliates from any and all losses arising out of or in connection with the agreement except for losses resulting from Wexford Capital's or its affiliates' gross negligence or willful misconduct. We incurred total costs of $0.5 million for the year ended December 31, 2013 under the advisory services agreement and, as of December 31, 2013, we owed Wexford Capital no amounts under this agreement.

Registration Rights

We have entered into a registration rights agreement with DB Holdings and an investor rights agreement with Gulfport. Under these agreements, each of DB Holdings and Gulfport has certain demand and "piggyback" registration rights. During the year ended December 31, 2013, we incurred an aggregate cost of approximately $238,000 related to the secondary public offerings of our common stock undertaken by us on behalf of DB Holdings and/or Gulfport in connection with their registration rights.

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Proposal to Approve Our 2014 Executive Annual Incentive Compensation Plan
(Item 2 on the Proxy Card)

We are asking you to approve our 2014 Executive Annual Incentive Compensation Plan, which we refer to as the "Annual Incentive Plan" or the "Plan," as set forth in Appendix A to this proxy statement.

Purpose of our 2014 Executive Annual Incentive Compensation Plan

Pursuant to the authority delegated to it by our Board of Directors in the compensation committee charter, the compensation committee established performance criteria and goals under the Plan on March 27, 2014 and adopted the Plan in its final form on April 2, 2014, subject to receipt of our stockholders' approval. Approval of the Plan is intended to enable the Company to provide an incentive to executive officers and other selected employees of the Company to contribute to the growth, profitability and increased value of the Company by providing incentive compensation that qualifies as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code. If other requirements are met, performance-based compensation may be deductible by us for federal income tax purposes without regard to the $1 million deduction limitation imposed by Section 162(m) of the Code.

Summary of our 2014 Executive Annual Incentive Compensation Plan

The following summary of the Annual Incentive Compensation Plan is qualified in its entirety by reference to the full text of the Plan, which is attached as Appendix A to this proxy statement.

Eligibility. Our executive officers and selected employees and those of our subsidiaries are eligible to receive awards under the Plan.

Awards. The Plan provides for awards of incentive compensation that are contingent on the attainment of specific performance targets. The Administrator will establish the performance targets for each award and the performance period during which the performance is to be measured, which will generally be our fiscal year. Performance targets may include a minimum level of performance below which no payment will be made, levels of performance at which specified percentages of the award will be paid, and a maximum level of performance above which no additional award will be paid. The Administrator must adopt the performance targets and criteria for awards granted to executive officers subject to the limits of Section 162(m) of the Code, whom we refer to as "Covered Employees," no later than the earlier of:

- 90 days after the beginning of the performance period, or
- the time when 25% of the performance period has elapsed.

In addition, award amounts to be paid to any Covered Employee for any one year may not exceed the lesser of: (i) 300% of base salary at the time the Award is established, or (ii) $6 million dollars. Individual awards may be subject to lesser limits in the discretion of the compensation committee.

Performance Factors. Performance targets for each award will be based on pre-established performance factors, which may include any or all of the following, individually or in combination:

- revenue;
- net sales;
- operating income;
- earnings before all or any of interest, taxes, depreciation and/or amortization ("EBIT," "EBITA," or "EBITDA");
- growth of oil and natural gas production;
- growth of estimated or proved reserves;
- capital efficiency based on revenue per barrel of oil equivalent ("BOE") produced;
- lease operating expenses;
- general and administrative expenses;
- net cash provided by operating activities or other cash flow measurements;
- working capital and components thereof;
- return on equity or average stockholders' equity;
- return on assets;
- market share;
- net or gross sales measured by product line, territory, one or more customers, or other category;

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- stock price;
- earnings per share;
- earnings from continuing operations;
- net worth;
- credit rating; and
- levels of expense, cost or liability by category, operating unit, or any other delineation; or any increase or decrease of one or more of the foregoing over a specified period.

These performance factors may relate to the performance of the Company or the performance of a business unit, product line, territory, or any combination of these. Performance targets for employees who are not executive officers may also be based on other additional objective or subjective performance criteria established by the Administrator.

Limitation on Discretion. The Administrator may at any time establish additional conditions and terms of payment of awards, including additional financial, strategic or individual goals, which may be objective or subjective. The Administrator may exercise negative discretion to reduce the amount of an award, but may not adjust upwards the amount payable pursuant to any award to a Covered Employee, nor may it waive the achievement of the performance target requirement for any Covered Employee, except in the case of the death or disability of the participant or a change in control of the Company.

Payment of Awards. Unless the Administrator determines otherwise, all payments in respect of awards granted under the Plan will be made in cash, and will be paid within a reasonable period after the end of the performance period. In the case of awards designed not to be subject to Code Section 409A as deferred compensation, payments will be made not later than the latest date at which such awards will still qualify for the Section 409A exemption for short-term deferrals. Unless the Administrator provides otherwise, a participant must be employed by us on the date that awards are paid to receive an award payment, except in the case of death or disability. If a participant dies or becomes disabled during a performance period, the participant (or the participant's beneficiary) will receive a pro-rated award payment at the same time all other awards are paid for the performance period. In the event of a change in control, each named executive officer will be paid the target award amount (mid-point of any specified range of potential award payment amount) based on the assumption that the performance target was attained at the target level (mid-point of any specified range of performance targets) for the entire performance period. The target award amount will be paid within ten (10) days following the consummation of the change in control transaction.

Certification of Performance. Before payment of any award to a Covered Employee our compensation committee must certify in writing that the performance target requirement for such award was met.

Term. The Plan, if approved is effective as of April 1, 2014 with respect to the fiscal year performance period beginning January 1, 2014. The Administrator may at any terminate the Plan in whole or in part.

Amendment of the Plan. The Administrator may at any time amend the Plan, subject to approval by our stockholders to the extent stockholder approval is necessary to continue to qualify as "performance-based compensation" under Section 162(m) of the Code.

Administration of the Plan. Our Board has delegated its authority to administer the Plan to the Company's compensation committee, to whom we refer as the "Administrator." The compensation committee is expected to consist solely of at least two "outside directors" within the meaning of Section 162(m) of the Code. The Administrator has the authority to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including (but not limited to) the following:

- to interpret the Plan and any award;
- to prescribe rules relating to the Plan;
- to determine the persons to receive awards;
- to determine the terms, conditions, restrictions and performance criteria, including performance factors and performance targets, relating to any award;
- to accelerate an award that is designed not to be deferred compensation subject to Code Section 409A (after the attainment of the applicable performance target or targets);
- to adjust performance targets in recognition of specified events such as unusual or non-recurring events affecting us or our financial statements, including certain asset dispositions, cessation of operations resulting from a natural disaster,

or in response to changes in applicable laws, regulations, or accounting principles as specified in the Plan or in the performance targets established for any performance period;

- to waive restrictive conditions for an award (but not performance targets); and

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- to make any other determinations that may be necessary or advisable for administration of the Plan.

Stockholder Approval. No award will be paid under the Plan if our stockholders do not approve the Plan, including the performance factors and the maximum award limit. If our stockholders approve the Plan, we must submit the Plan to our stockholders for re-approval on or before the first stockholder meeting that occurs in the fifth year following this current approval of the Plan.

Federal Income Tax Consequences of the Plan

Under federal income tax laws currently in effect:

Participants in the Plan will recognize in the year of payment ordinary income equal to the award amount, which is subject to applicable income and employment tax withholding by us (including the additional tax of 0.9% imposed on wages in excess of $200,000 under Section 3101(b)(2) of the Code). Under current regulations and guidance, we expect that awards under the Plan will not be subject to Section 409A of the Code, which imposes restrictions on nonqualified deferred compensation arrangements and penalizes participants for violating these restrictions.

We expect that we will be entitled to a tax deduction in connection with each award under the Plan in an amount equal to the ordinary income realized by the participant without regard to the $1 million annual deduction limitation under Section 162(m) of the Code, if the stockholders approve the Plan and the other requirements of Section 162(m) are satisfied. However, the Administrator may award compensation that is or may become non-deductible, and expects to consider whether it believes such grants are in the best interest of the Company, balancing tax efficiency with long-term strategic objectives. While the Administrator is mindful of the limitation imposed by Section 162(m) of the Code, it also recognizes that facts and circumstances may render compliance with those limitations inappropriate, at odds with the best interests of the Company or out of step with the then-prevailing competitive market conditions. In such event, the Administrator's priority will be determining what is in the best interest of the Company and its stockholders rather than compliance with the technical limitations imposed by the Code.

Section 162(m). Section 162(m) of the Code imposes a $1 million annual limit on the amount of compensation that we may deduct for federal income tax purposes with respect to our chief executive officer and each of our other three highest compensated officers (other than our chief financial officer), subject to certain exceptions. The Plan is intended to qualify for the exception under Section 162(m) for "performance-based compensation."

New Plan Benefits

Awards under the Plan are based on actual future performance. As a result, the amounts that will be paid under the Plan are not currently determinable. In no event, however, may any Covered Employee receive award amounts for any one year exceeding the lesser of: (i) 300% of base salary at the time the Award is established, or (ii) $6 million dollars.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS VOTING "FOR" THE APPROVAL OF OUR 2014 EXECUTIVE ANNUAL INCENTIVE COMPENSATION PLAN.

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Proposal to Approve, on an Advisory Basis, the Company's Executive Compensation
(Item 3 on the Proxy Card)

In accordance with Section 14A of the Exchange Act, our board of directors is providing our stockholders with a non-binding advisory vote on the Company's executive compensation as reported in this proxy statement, or "say on pay" vote. The Company's stockholders are being asked to vote on the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved."

While the vote on executive compensation is non-binding and solely advisory in nature, our board of directors and the compensation committee will review and consider the "say on pay" voting results when making future decisions regarding our executive compensation program.

Stockholders are encouraged to carefully review the "Compensation Discussion and Analysis" section of this proxy statement, which discusses in detail the Company's compensation policy and compensation arrangements which the Company believes are appropriate and reasonably consistent with market practice and with the long-term interests of the Company and its stockholders. In furtherance of the Company's goals and objectives, the compensation committee, among other things, ensures that the Company's executive compensation arrangements (i) do not incentivize executives to take unnecessary risks, (ii) do not include excessive change in control provisions, (iii) include long-term vesting provisions in the awards of restricted stock units to encourage executives to focus on long-term performance and (iv) offer performance-based compensation, consisting of cash compensation with performance goals tied to our Company's performance and performance-based equity awards, based on total stockholder return relative to the peer group, in each case to motivate our executives to contribute to the growth, profitability and increased value of the Company.

Board Voting Recommendation

The board of directors unanimously recommends that stockholders vote "FOR" this Proposal 3.

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Proposal to Approve, on an Advisory Basis, the Frequency of Advisory Stockholder Vote on the Company's Executive Compensation

(Item 4 on the Proxy Card)

In accordance with Section 14A of the Exchange Act, our board of directors is also providing our stockholders with a non-binding advisory vote on whether future advisory votes on executive compensation of the nature reflected in Proposal 4 should be held every year, every two years or every three years. While this vote is non-binding and solely advisory in nature, our board of directors and the compensation committee will carefully review and consider the voting results when determining the frequency of future advisory votes on executive compensation.

Our board of directors believes that a frequency of "every year" for the advisory vote on executive compensation is an appropriate interval for conducting and responding to a "say on pay" vote. An annual approach provides regular input by stockholders and allows the Company to evaluate the effects of such input on executive compensation on a consistent basis.

The enclosed proxy card gives stockholders four choices for voting on this item. Stockholders can choose whether the advisory vote on executive compensation should be conducted every year, every two years or every three years. Stockholders may also abstain from voting on this item. Stockholders are not voting to approve or disapprove the board of directors' recommendation on this item.

Board Voting Recommendation

The board of directors unanimously recommends that stockholders vote for the option of "every one year" for future advisory votes on executive compensation.

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Proposal to Ratify the Appointment of Our Independent Auditors
(Item 5 on the Proxy Card)

What am I voting on?

You are voting on a proposal to ratify the appointment of Grant Thornton LLP as our independent auditors for fiscal year 2014. The audit committee has appointed Grant Thornton to serve as independent auditors.

What services do the independent auditors provide?

Audit services of Grant Thornton for fiscal 2013 included an audit of our consolidated financial statements and services related to periodic filings made with the SEC. Additionally, Grant Thornton provided certain services related to the consolidated quarterly reports and annual and other periodic reports, registration statements and comfort letters and other services as described below.

How much were the independent auditors paid in 2013 and 2012?

Grant Thornton's fees for professional services totaled $775,214 for 2013 and $936,000 for 2012. Grant Thornton's fees for professional services included the following:

- Audit Fees – aggregate fees for audit services, which relate to the fiscal year consolidated audit, quarterly reviews, registration statements, and comfort letters were $725,859 in 2013 and $904,000 in 2012.
- Audit-Related Fees – aggregate fees for audit-related services were zero in 2013 and 2012.
- Tax Fees– aggregate fees for tax services, consisting of tax return compliance, tax advice and tax planning, were $49,355 in 2013 and $32,000 in 2012.
- All Other Fees – aggregate fees for all other services, were zero in 2013 and 2012.

Does the Audit Committee approve the services provided by Grant Thornton?

It is our audit committee's policy to pre-approve all audit, audit related and permissible non-audit services rendered to us by our independent auditor. Consistent with such policy, all of the fees listed above that we incurred for services rendered by Grant Thornton LLP subsequent to our initial public offering in October 2012 and the formation of our audit committee were pre-approved by our audit committee.

Will a representative of Grant Thornton LLP be present at the meeting?

Yes, one or more representatives of Grant Thornton will be present at the meeting. The representatives will have an opportunity to make a statement if they desire and will be available to respond to appropriate questions from the stockholders.

What vote is required to approve this proposal?

Stockholder ratification of the appointment of our independent auditors is not required by the Company's bylaws or otherwise. However, we are submitting this proposal to the stockholders as a matter of good corporate practice. Approval of this proposal requires the affirmative vote of a majority of the votes cast on the proposal. If the appointment of Grant Thornton is not ratified, the audit committee will reconsider the appointment. Even if the appointment is ratified, the audit committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it is determined that such change would be in best interests of the Company and its stockholders.

Has Grant Thornton LLP always served as Diamondback's independent auditors?

Grant Thornton has served as our independent auditors since 2011.

What does the board of directors recommend?

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR 2014.

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Solicitation by Board; Expenses of Solicitation

Our board of directors has sent you this proxy statement. Our directors, officers and employees may solicit proxies by mail, by telephone or in person. Those persons will receive no additional compensation for any solicitation activities. We will request banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries to forward solicitation materials to the beneficial owners of common stock held of record by those entities, and we will, upon the request of those record holders, reimburse reasonable forwarding expenses. We will pay the costs of preparing, printing, assembling and mailing the proxy material used in the solicitation of proxies.

Submission of Future Stockholder Proposals

Under SEC rules, a stockholder who intends to present a proposal, including the nomination of directors, at the 2015 Annual Meeting of Stockholders and who wishes the proposal to be included in the proxy statement for that meeting must submit the proposal in writing to our Corporate Secretary. The proposal must be received no later than January 5, 2015.

Stockholders who wish to propose a matter for action at the 2015 Annual Meeting, including the nomination of directors, but who do not wish to have the proposal or nomination included in the proxy statement, must notify the Company in writing of the information required by the provisions of our by-laws dealing with stockholder proposals. The notice must be delivered to our Corporate Secretary between February 9, 2015 and March 11, 2015. You can obtain a copy of our by-laws by writing the Corporate Secretary at the address below.

All written proposals should be directed to Randall J. Holder, Corporate Secretary, Diamondback Energy, Inc., 14301 Caliber Drive, Oklahoma City, Oklahoma 73134.

The board of directors is responsible for selecting and recommending director candidates and will consider nominees recommended by stockholders. If you wish to have the board of directors consider a nominee for director, you must send a written notice to our Corporate Secretary at the address provided above and include the information required by our by-laws and discussed on page 9 of this proxy statement.

Availability of Form 10-K and Annual Report to Stockholders

SEC rules require us to provide an Annual Report to stockholders who receive this proxy statement. Additional copies of the Annual Report, along with copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as amended, including the financial statements and the financial statement schedules, are available without charge to stockholders upon written request to Secretary, Diamondback Energy, Inc., 14301 Caliber Drive, Oklahoma City, Oklahoma 73134 or via the Internet at www.diamondbackenergy.com. We will furnish the exhibits to our Annual Report on Form 10-K upon payment of our copying and mailing expenses.

Householding

The SEC permits a single set of annual reports and proxy statements to be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces our mailing and printing expenses.

If you would like to receive your own set of the annual report and proxy statement this year or in future years, follow the instructions described below. Similarly, if you share an address with another Diamondback stockholder and together both of you would like to receive in the future only a single annual report and proxy statement, follow these instructions:

- If your shares of our common stock are registered in your own name, please contact our transfer agent, Computershare Trust Company, N.A., and inform them of your request by calling their toll-free number: (800) 962-4284 or by mail: Computershare Trust Company, N.A., 250 Royall Street, Canton, MA 02021.
- If a broker or other nominee holds your shares, please contact your broker or nominee.

Other Matters

The board of directors does not intend to present any other items of business other than those stated in the Notice of Annual Meeting of Stockholders. If other matters are properly brought before the meeting, the persons named as your proxies will vote the shares represented by it in accordance with their best judgment. Discretionary authority to vote on other matters is included in the proxy.

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DIAMONDBACK ENERGY, INC.
2014 EXECUTIVE ANNUAL INCENTIVE COMPENSATION PLAN

1. Purpose.

The purpose of Diamondback Energy, Inc. 2014 Executive Annual Incentive Compensation Plan is to provide an incentive to executive officers and other selected employees of the Company to contribute to the growth, profitability and increased value of the Company by providing incentive compensation that qualifies as "performance based compensation" within the meaning of Section 162(m) of the Code. The Plan is designed to focus on achievement of annual objectives and goals, determined at the beginning of each calendar year. Participants may earn a pre-determined percentage of base salary for the achievement of specified goals. The payout opportunity varies for performance above and below the pre-established target performance levels.

2. Definitions.

Except as otherwise expressly provided or the context otherwise requires, financial and accounting terms are used as defined for purposes of , and will be determined in accordance with, United States generally accepted accounting principles, as from time to time in effect, as applied and included in the consolidated financial statements of the Company, prepared in the ordinary course of business. The following terms, as used herein, will have the following meanings:

(a) "Administrator" means the Board or a committee thereof to which the Board has delegated authority to administer the Plan in accordance with Section 3.

(b) "Award" means an incentive compensation award, granted pursuant to the Plan, which is contingent upon the attainment of specific Performance Targets during the Performance Period with respect to a preestablished Performance Factor.

(c) "Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular Person, such Person will be deemed to have beneficial ownership of all securities that such Person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time, the satisfaction of performance goals, or both. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means:

(i) The direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company to any Person other than a Permitted Holder;

(ii) The Incumbent Directors cease for any reason to constitute a majority of the Board;

(iii) The adoption of a plan relating to the liquidation or dissolution of the Company; or

(iv) The consummation of any transaction (including, without limitation, any merger, consolidation or exchange) that results in any Person other than a Permitted Holder becoming the Beneficial Owner of more than 50% of the voting power of the Company.

(v) The foregoing notwithstanding, a transaction will not constitute a Change in Control if (i) its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the Persons who held the Company's securities immediately before such transaction; (ii) it constitutes an initial public offering or a secondary public offering that results in any security of the Company being listed (or approved for listing) on any securities exchange or designated (or approved for designation) as a security on an interdealer quotation system; (iii) it constitutes a change in Beneficial Ownership that results from a change in ownership of a Permitted Holder; or (iv) solely because 50% or more of the total voting power of the Company's then outstanding securities is acquired by (A) a trustee or other fiduciary holding securities under one or more employee benefit plans of the Company or any affiliate, or (B) any company that, immediately before such acquisition, is owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of stock in the Company immediately before such acquisition.

(f) "Code" means the Internal Revenue Code of 1986, as amended.

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(g) "Company" means, collectively, Diamondback Energy, Inc. and its subsidiaries and their respective successors.
(h) "Covered Employee" has the meaning set forth in Section 162(m)(3) of the Code.
(i) "Effective Date" means the date of adoption specified in Section 8.
(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.
(k) "Executive Officer" means an officer of the Company who is an "executive officer" within the meaning of Rule 3b 7 promulgated under the Exchange Act.
(l) "Incumbent Directors" means individuals who, on the Effective Date, constitute the Board, provided that any individual becoming a Director subsequent to the Effective Date whose election or nomination for election to the Board was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for Director without objection to such nomination) will be an Incumbent Director. No individual initially elected or nominated as a Director of the Company as a result of an actual or threatened election contest with respect to Directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board will be an Incumbent Director.
(m) "Participant" means an officer or employee of the Company who is, pursuant to Section 4 of the Plan, selected to participate herein.
(n) "Performance Factors" means the criteria and objectives, determined by the Administrator, used to measure the Performance Targets which must be met during the applicable Performance Period as a condition of the Participant's receipt of payment with respect to an Award. Performance Factors may include any or all of the following: revenue; net sales; operating income; earnings before all or any of interest expense, taxes, depreciation and/or amortization ("EBIT", "EBITA" or "EBITDA"); growth of oil and natural gas production; growth of estimated or proved reserves; capital efficiency based on revenue per barrel of oil equivalent ("BOE") produced; lease operating expenses; general and administrative expenses; net cash provided by operating activities or other cash flow measurements; working capital and components thereof; return on equity or average stockholders' equity; return on assets; market share; sales (net or gross) measured by product line, territory, customer(s), or other category; stock price; earnings per share; earnings from continuing operations; net worth; credit rating; levels of expense, cost or liability by category, operating unit or any other delineation; or any increase or decrease of one or more of the foregoing over a specified period. Such Performance Factors may relate to the performance of the Company, a business unit, product line, territory, or any combination thereof. With respect to Participants who are not Executive Officers, Performance Factors may also include such objective or subjective performance goals as the Administrator may, from time to time, establish. Subject to Section 5(b) and Section 6(b) hereof, the Administrator will have the sole discretion to determine whether, or to what extent, Performance Factors are achieved.
(o) "Performance Period" means the Company's fiscal year or such other period as may be specified by the Administrator.
(p) "Performance Target" means the specific performance goals applicable to any Performance Factor specified by the Administrator that are established to determine the amount payable to a Participant as a condition of the Participant's receipt of payment with respect to an Award. Such performance goals may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable company or an index covering multiple companies, or otherwise as the Administrator may determine.
(q) "Permitted Holder" means Wexford Capital LLC, a Delaware limited liability company, and any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture or unincorporated organization that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Wexford Capital LLC. For this purpose "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of another, whether through ownership of voting securities, by contract or otherwise.
(r) "Person" means an individual, partnership, limited liability company, corporation, association, joint stock company, trust, joint venture, labor organization, unincorporated organization, governmental entity or political subdivision thereof, or any other entity, and includes a syndicate or group as such terms are used in Section 13(d)(3)

or 14(d)(2) of the Exchange Act.

(s) "Plan" means Diamondback Energy, Inc. 2014 Executive Annual Incentive Compensation Plan.

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(t) "Publicly Held Corporation" means a corporation issuing any class of equity securities required to be registered under Section 12 of the Exchange Act and will have the meaning set forth in Section 162(m)(2) of the Code.

3. Administration.

The Plan will be administered by the Administrator. The Administrator will have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Awards; to determine the persons to whom and the time or times at which Awards will be granted; to determine the terms, conditions, restrictions and performance criteria, including Performance Factors and Performance Targets, relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, canceled, forfeited, or surrendered; to specify and make adjustments in the Performance Targets in recognition of unusual or non recurring events affecting the Company or the financial statements of the Company, or in response to changes in applicable laws, regulations, or accounting principles; to construe and interpret the Plan and any Award; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of Awards; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

During any period that the Company is a Publicly Held Corporation, the Board will delegate its authority to administer the Plan to a compensation committee. If the Board delegates its responsibility with respect to the administration of the Plan to a compensation committee thereof, the Administrator will consist of two or more persons each of whom will be an "outside director" within the meaning of Section 162(m) of the Code. All decisions, determinations and interpretations of the Administrator will be final and binding on all persons, including the Company and the Participant (or any person claiming any rights under the Plan from or through any Participant).

The Administrator and any members thereof will be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company, the Company's independent certified public accountants, consultants or any other agent assisting in the administration of the Plan. The Administrator, any members of the compensation committee and any officer or employee of the Company acting at the direction or on behalf of the Administrator will not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and will, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

4. Eligibility.

Awards may be granted to Participants in the sole discretion of the Administrator. In determining the persons to whom Awards may be granted, the Performance Factors and Performance Targets relating to each Award, the Administrator will take into account such factors as the Administrator deems relevant in connection with accomplishing the purposes of the Plan.

5. Terms of Awards.

Awards granted pursuant to the Plan may be communicated to Participants in such form as the Administrator from time to time approves and the terms and conditions of such Awards will be set forth therein.

(a) In General. The Administrator will specify with respect to a Performance Period the Performance Factors and the Performance Targets applicable to each Award. Performance Targets may include a level of performance below which no payment will be made and levels of performance at which specified percentages of the Award will be paid as well as a maximum level of performance above which no additional Award will be paid.

(b) Time and Form of Payment. Unless otherwise determined by the Administrator, all payments in respect of Awards granted under this Plan will be made, in cash, within a reasonable period after the end of the Performance Period, but in the case of Awards designed not to be deferred compensation within the meaning of Section 409A of the Code, not later than the latest date at which such Awards will still qualify for the exemption from Section 409A applicable to short-term deferrals. In the case of Participants who are Covered Employees, unless otherwise determined by the Administrator, such payments will be made only in accordance with the requirements of Section 6 after achievement of the Performance Targets has been certified by the Administrator.

6. Awards to Covered Employees.

(a) Additional Conditions. If the Administrator determines at the time an Award is established for a Participant that the Company is a Publicly Held Corporation and such Participant is, or may be as of the end of the tax year for which the Company

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would claim a tax deduction in connection with such Award, a Covered Employee, then the Administrator will provide that this Section 6 is applicable to such Award under such terms as the Administrator may determine.

(b) Establishment of Performance Criteria and Performance Targets. If an Award is subject to this Section 6, then the payment of cash pursuant thereto will be subject to the Company achieving the applicable Performance Target for the applicable Performance Year set by the Administrator within the time prescribed by Section 162(m) of the Code or the regulations thereunder in order for the level to be considered "pre established." Performance Factors and Performance Targets will be considered pre-established if they are adopted by the Administrator not later than the earlier of (i) 90 days after the commencement of the Performance Period and (ii) the time when 25 percent of the Performance Period has elapsed.

(c) Required Adjustments. To preserve the intended incentives and benefits of an Award based on revenue, net sales, operating income, EBIT, EBITA, or EBITDA, growth of oil and natural gas production, growth of estimated or proved reserves, capital efficiency based on revenue per barrel of oil equivalent ("BOE") produced, lease operating expenses, general and administrative expenses, cash flow, return on equity or average stockholders' equity, return on assets, sales (net or gross), earnings per share, earnings from continuing operations, levels of expense, cost or liability, the Administrator will apply the objective formula or standard with respect to the applicable Performance Target in a manner that will eliminate the effects of the following:

(i) the gain, loss, income or expense resulting from changes in accounting principles that become effective during the Performance Period;

(ii) the gain, loss, income or expense reported by the Company in its public filings with respect to the performance period that are extraordinary or unusual in nature or infrequent in occurrence,

(iii) the gains or losses resulting from, and the direct expenses incurred in connection with, any business, leasehold or well disposed of by the Company or any of its subsidiaries during the Performance Period to the extent that such dispositions were not included in the operating budget for the Performance Period for which the Performance Target was established;

(iv) the Performance Target and the actual results will be reduced by the pro forma gain, loss, income or expense of any business, leasehold or well disposed of by the Company or any of its subsidiaries during the Performance Period to the extent that such dispositions were not included in the operating budget for the Performance Period for which the Performance Target was established; and

(v) the Performance Target will be reduced in the event of a the cessation of operations of any business, leasehold or well as a result of natural disaster by an amount equal to the lost pro forma gain, loss, income or expense attributable to such business, leasehold or well during such period of ceased operations based upon the operating budget for the Performance Period for which the Performance Target was established.

The Administrator may, however, provide at the time the Performance Targets are established that one or more of the foregoing adjustments will not be made as to a specific Award. In addition, the Administrator may determine at the time the Performance Targets are established that other adjustments will apply to the objective formula or standard with respect to the applicable Performance Target to take into account, in whole or in part, in any manner specified by the Administrator, any one or more of the following with respect to the Performance Period: (1) gain or loss from all or certain claims and/or litigation and all or certain insurance recoveries relating to claims or litigation, (2) the impact of impairment of tangible or intangible assets, (3) the impact of restructuring activities, including but not limited to reductions in force, that are reported in the Company's public filings covering the Performance Period and (4) the impact of investments or acquisitions made during the year or, to the extent provided by the Administrator, any prior year. Each of the adjustments described in this Section 6(c) may relate to the Company as a whole or any part of the Company's business or operations, as determined by the Administrator at the time the Performance Targets are established. The adjustments are to be determined in accordance with generally accepted accounting principles and standards, unless another objective method of measurement is designated by the Administrator. In addition to the foregoing, the Administrator will adjust any Performance Factors, Performance Targets or other features of an Award that relate to or are wholly or partially based on the number of, or the value of, any shares, to reflect a change in the Company's capitalization, such as a stock split or dividend, or a corporate transaction, such as a merger, consolidation,

separation (including a spin-off or other distribution of stock or property), or a reorganization of the Company.

(d) Discretionary Adjustments. The Administrator may, in its discretion, at any time establish (and, once established, rescind, waive or amend) additional conditions and terms of payment of Awards (including but not limited to the achievement of other financial, strategic or individual goals, which may be objective or subjective) as it may deem desirable in carrying out the purposes of the Plan and may take into account such other factors as it deems appropriate in administering any aspect of the Plan, including to reduce the amount of such an Award at any time prior to payment based on such criteria as it may determine, including but not limited to individual merit and the attainment of specified levels of one or any combination of the Performance Factors. Notwithstanding any contrary provision of this Plan, the Administrator may not adjust upwards the amount payable pursuant to any

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Award subject to this Section 6, nor may it waive the achievement of the Performance Target requirement contained in Section 6(b), except in the case of the death or disability of the Participant or a change in control of the Company.
(e) Certification. Prior to the payment of any Award subject to this Section 6, the Administrator must certify in writing that the Performance Target requirement applicable to such Award was met.
(f) Additional Restrictions. The Administrator will have the power to impose such other restrictions on Awards subject to this Section 6 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance based compensation" within the meaning of Section 162(m)(4)(C) of the Code, the regulations promulgated thereunder, and any successors thereto.
(g) Maximum Individual Bonus. Notwithstanding any other provision hereof, no Covered Employee may receive a payment attributable to an Award under the Plan for any one year in excess of the lesser of: (i) 300% of base salary at the time the Award is established, or (ii) $6 million dollars. The foregoing limit will be subject to adjustments consistent with Section 6(h) in the event of acceleration or deferral.
(h) Express Authority (and Limitations on Authority) to Change Terms and Conditions of Awards; Acceleration or Deferral of Payment. Without limiting the Administrator's authority under other provisions of the Plan, but subject to any express limitations of the Plan and compliance with Section 162(m), the Administrator will have the authority to accelerate an Award that is designed not to be deferred compensation within the meaning of Section 409A of the Code (after the attainment of the applicable Performance Target(s)) and to waive restrictive conditions for an Award (including any forfeiture conditions, but not Performance Target(s)), in such circumstances as the Administrator deems appropriate. In the case of any acceleration of an Award after the attainment of the applicable Performance Target(s), the amount payable will be discounted to its present value using an interest rate equal to Moody's Average Corporate Bond Yield for the month preceding the month in which such acceleration occurs (or such other rate of interest that is deemed to constitute a "reasonable rate of interest" for purposes of Section 162(m)). In addition, and notwithstanding anything elsewhere in the Plan to the contrary, the Administrator will have the authority to provide under the terms of an Award that payment or vesting will be accelerated upon the death or disability of a Participant, a change in control of the Company, or, after the attainment of the applicable Performance Target(s) upon termination of the Participant's employment without cause or as a constructive termination, as and in the manner provided by the Administrator, and subject to such provision not causing the Award or the Plan to fail to satisfy the requirements for performance-based compensation under Section 162(m) generally.
7. General Provisions.
(a) Compliance with Legal Requirements. The Plan and the granting and payment of Awards, and the other obligations of the Company under the Plan, will be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required.
(b) Stockholder Approval. No Award may be paid under this Plan prior to the date that stockholders of the Company receive disclosure of and approve the material terms of the Performance Factors under the Plan. As and to the extent provided under Section 162(m) of the Code, the material terms of the Performance Factors under the Plan must be disclosed to and reapproved by the Company's stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which the stockholders previously approved the Performance Factors under the Plan.
(c) Nontransferability. Awards will not be transferable by a Participant except upon the Participant's death following the end of the Performance Period but prior to the date payment is made, in which case the Award will be payable to the Participant's designated beneficiary or, if no beneficiary has been designated, transferable by will or the laws of descent and distribution.
(d) No Right to Continued Employment. Nothing in the Plan or in any Award granted pursuant hereto will confer upon any Participant the right to continue in the employ of the Company or to be entitled to any remuneration or benefits not set forth in the Plan or to interfere with or limit in any way the right of the Company to terminate such Participant's employment.
(e) Withholding Taxes. Where a Participant or other person is entitled to receive a payment pursuant to an Award hereunder, the Company will have the right to withhold or otherwise require the Participant or such other person to

pay to the Company the amount of any taxes that the Company may be required to withhold before delivery to such Participant or other person of such payment.

(f) Amendment, Termination and Duration of the Plan. The Administrator may at any time and from time to time alter, amend, suspend, or terminate the Plan in whole or in part; provided that, no amendment that requires stockholder approval in

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order for the Plan to continue to comply with Code Section 162(m) will be effective unless the same is approved by the requisite vote of the stockholders of the Company.

(g) Participant Rights. No Participant will have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment for Participants.

(h) Termination of Employment. The amount of any Award to a Covered Employee or an Executive Officer will be forfeited if the Participant's employment terminates for any reason prior to the date the Administrator certifies in writing that the Performance Target requirement applicable to such Award was met. Unless otherwise provided by the Administrator in connection with specified terminations of employment, if the employment of a Participant who is not a Covered Employee or an Executive Officer terminates for any reason prior to the end of a Performance Period prior to the payment of any Award for any reason other than death or disability, no Award will be payable to such Participant for that Performance Period. A Participant whose termination is due to his or her death or disability will be entitled to receive a prorated Award based on the number of days he or she was employed by the Company during the applicable Performance Period, such Award to be paid to such Participant (or such Participant's beneficiary, in the case of such Participant's death) at the same time such Award would have been paid if such Participant remained employed.

(i) Change in Control. In the event of a Change in Control, each Participant will be paid the target Award amount based on the assumption that the Performance Target was attained at the target level for the entire Performance Period. The target Award amount will be paid within ten (10) days following the consummation (closing date) of the Change in Control transaction. For purposes of clarity, references to "target Award" and "target level" mean the mid-point of any specified range of potential Award payment amounts or Performance Targets.

(j) Unfunded Status of Awards. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award will give any such Participant any rights that are greater than those of a general creditor of the Company.

(k) Governing Law. The Plan and all determinations made and actions taken pursuant hereto will be governed by the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(l) Effective Date. The Plan will take effect upon its adoption by the Board for the fiscal year performance period beginning January 1, 2014; provided, however, that prior to the payment of any amount pursuant to any Award, the Plan will be subject to the requisite approval of the stockholders of the Company in order to comply with Section 162(m) of the Code. In the absence of such approval, the Plan (and any Awards made pursuant to the Plan prior to the date of such approval) will be null and void.

(m) Beneficiary. A Participant may file with the Administrator a written designation of a beneficiary on such form as may be prescribed by the Administrator and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant and an Award is payable to the Participant's beneficiary pursuant to Section 7(b), the executor or administrator of the Participant's estate will be deemed to be the grantee's beneficiary.

(n) Interpretation. The Plan is designed and intended to comply, to the extent applicable, with Section 162(m) of the Code, and all provisions hereof will be construed in a manner to so comply. Notwithstanding anything to the contrary in the Plan, the provisions of the plan may at any time be bifurcated by the Administrator in any manner so that certain provisions of the Plan or any Award intended (or required in order) to satisfy the applicable requirements of Section 162(m) are only applicable to Covered Employees whose compensation is subject to Section 162(m).

(o) No Impairment of Rights. The adoption or administration of the Plan is not intended, nor will it be interpreted, as having the effect of modifying, altering, adding or impairing any right that a Participant may have under a separate agreement entered into between the Company or any of its subsidiaries and such Participant.

(p) Section 409A. It is intended that any amounts payable with respect to any Award under this Plan will to the maximum extent possible be treated as short-term deferrals within the meaning of Treas. Regs. §1.409A-1(b)(4) or other payments that are not treated as nonqualified deferred compensation and will not be aggregated with other nonqualified deferred compensation plans or payments. To the extent that any amounts payable under this Plan constitute nonqualified deferred compensation it is intended that such payments will comply with and avoid the imputation of any tax, penalty or interest under Section 409A. This Plan and any Award under the Plan will be

construed and interpreted consistent with that intent. Any amount that is paid will be treated as a separate payment. Participants will not, directly or indirectly designate the taxable year of any payment made under this Plan. Neither Company nor any of its subsidiaries guaranty or warrant the tax consequences of any Award under this Plan and, except as specifically provided to the contrary in this Plan, each Participant will in all cases, be liable for any taxes due as a result

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of an Award under this Plan. Neither Company nor any of its subsidiaries will have any obligation to indemnify or otherwise hold any Participant harmless from any or all taxes, interest or penalties, or liability for any damages related thereto.

8. Execution.

To record the adoption of the Plan by the Compensation Committee of the Board on April 2, 2014, effective on such date, the Company has caused its authorized officer to execute the Plan as evidence of its adoption.

Diamondback Energy, Inc.

By: /s/ Travis Stice
Travis Stice, Chief Executive Officer

PROXY
FOR THE ANNUAL MEETING OF STOCKHOLDERS OF
Diamondback Energy, Inc.
This Proxy Is Solicited On Behalf Of The Board Of Directors

The undersigned hereby appoints Travis Stice, Teresa Dick and Randall Holder (together, the "Proxies"), and each of them, with full power of substitution, as proxies to vote the shares that the undersigned is entitled to vote at the Annual Meeting of Stockholders of Diamondback Energy, Inc. (the "Company") to be held on June 9, 2014 at 2:00 p.m. Oklahoma City time and at any adjournments and postponements thereof. Such shares shall be voted as indicated with respect to the proposals listed on the reverse side hereof and in the Proxies' discretion on such other matters as may properly come before the meeting or any adjournment or postponement thereof.
The undersigned acknowledges receipt of the 2014 Notice of Annual Meeting and accompanying Proxy Statement and revokes all prior proxies for said meeting.
THE SHARES REPRESENTED BY THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO SPECIFIC DIRECTION IS GIVEN AS TO THE PROPOSALS ON THE REVERSE SIDE, THIS PROXY WILL BE VOTED FOR EACH OF THE NOMINEES NAMED IN PROPOSAL 1, FOR EACH OF THE PROPOSALS 2, 3, 4 AND 5 IN ACCORDANCE WITH THE BOARD OF DIRECTOR'S RECOMMENDATION. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY.
(Continued and to be marked, dated and signed on reverse side.)

Ù Detach here from proxy voting card. Ù

DIAMONDBACK ENERGY, INC.

	FOR	WITHHOLD AUTHORITY
	all nominees listed (except as withheld)	to vote for nominees listed
	..	..

Proposal 1 - ELECTION OF DIRECTORS

01 Steven E. West	..	..
02 Michael P. Cross	..	..
03 Travis D. Stice	..	..
04 David L. Houston	..	..
05 Mark L. Plaumann	..	..

	For	Against	Abstain
Proposal 2 – Proposal to Approve Our 2014 Executive Annual Incentive Compensation Plan	..	..	..

	For	Against	Abstain
Proposal 3 - Proposal to Approve, on an Advisory Basis, the Company's Executive Compensation	..	..	..

	Every One Year	Every Two Years	Every Three Years	Abstain
Proposal 4 - Proposal to Approve, on an Advisory Basis, the Frequency of Advisory Stockholder Vote on the Company's Executive Compensation				

	¨	¨	¨	¨

Proposal 5 - Proposal to Ratify the Appointment of Our Independent Auditors, Grant Thornton LLP, for fiscal year 2014	For ¨	Against ¨	Abstain ¨

This proxy, when properly signed, will be voted in the manner directed herein by the undersigned stockholder. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES FOR ELECTION OF DIRECTORS UNDER PROPOSAL 1 AND FOR EACH OF THE PROPOSALS 2, 3, 4 AND 5 IN ACCORDANCE WITH THE BOARD OF DIRECTOR'S RECOMMENDATION.
IMPORTANT – PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY. THANK YOU FOR VOTING.

Signature _____ Signature, if held jointly _____ Dated _____, 2014
When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by an authorized person.
Proxy – Diamondback Energy, Inc.
You are cordially invited to attend the Annual Meeting of Stockholders
To be held on June 9, 2014, at
2:00 p.m. Oklahoma City time, at
6300 Waterford Boulevard, Oklahoma City, Oklahoma 73118.