

## Management

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## EPG Commentary by Dan Steffens

**Viper Energy, Inc. (NASDAQ: VNOM)** is now a C-Corp. It is one of the Minerals / Royalties companies in our High Yield Income Portfolio. It is a subsidiary of **Diamondback Energy, Inc. (NASDAQ: FANG)**, which is one of the large-cap upstream companies in our Sweet 16 Growth Portfolio with a market-cap of ~\$27 billion. It is a “pure play” on the Permian Basin. Diamondback’s aggressive drilling program drives double digit annual production growth for Viper.

*Based on my forecast, Viper’s “Base + Variable” dividends should be ~\$2.35/share in 2024.*

## Viper: Investment Highlights

### Q4 2023 Review

- 4Q '23 cash available for distribution of \$0.74/share; total return of capital to Class A shareholders of \$0.72/share
- 4Q '23 average production of 24,533 Bo/d (43,783 Boe/d)
- Lease bonus income of \$2.4 million
- 246 total gross (3.0 net 100% royalty interest) horizontal wells with average lateral of 10,688' turned to production during 4Q '23
- Completed conversion from partnership to a Delaware corporation on November 13, 2023; average daily trading volume has increased 2.8x post-conversion

### 2024 Outlook

- Q1 2024 average production guidance of 25,000 – 25,500 Bo/d (44,750 – 45,500 Boe/d)
- FY 2024 average production guidance of 25,500 – 27,500 Bo/d (45,500 – 49,000 Boe/d)
- 787 gross (13.4 net 100% royalty interest) horizontal wells in the process of active development; additional 762 gross (20.0 net 100% royalty interest) horizontal wells with line-of-sight to future development
- Unmatched size and scale with \$613 million in liquidity and proved reserves of 179.3 MMBoe

### Return of Capital

- Base distribution of \$0.27/share implies a 3.1% annualized yield<sup>(1)</sup>; represents approximately 50% of estimated cash available for distribution assuming \$55 WTI
- Declared variable dividend for 4Q '23 of \$0.29/share; total base-plus-variable dividend of \$0.56/share implies a 6.3% annualized yield<sup>(1)</sup>
- Repurchased 1.0 million shares in 4Q '23 for an aggregate of \$28.7 million (average price of \$28.07/share)

### Undeveloped Inventory Supports Durable Free Cash Flow

- ~34,500 net royalty acres located predominately in the Permian Basin; 75 rigs currently operating on Viper's acreage
- Largely undeveloped, concentrated acreage throughout the core of the Permian under competent operators, primarily Diamondback, provides long-term organic growth potential
- High cash margins, no capital requirements and minimal operating costs drive continuous free cash flow generation through the cycle and provide significant upside potential to increases in commodity prices

**Viper's Mineral and Royalty Interests Provide Significant Exposure to High Margin, Largely Undeveloped Assets with Zero Capital Requirements to Support its Free Cash Flow Profile**

Source: Company data and filings. Data as of 12/31/2023.  
<sup>(1)</sup> Based on VNOM's closing price on 2/16/2024.

## *My Fair Value Estimate for VNOM is \$41.00/share*

Compared to TipRank's Price Target of \$36.17

**Disclosure:** I have a long position in VNOM. I do not intend on buying or selling any shares in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this report.



### Company Overview

**Viper Energy, Inc. (NASDAQ: VNOM)** is a publicly traded Delaware corporation formed by Diamondback Energy (FANG) to own and acquire mineral and royalty interests in oil and natural gas properties primarily in the Permian Basin. *< Diamondback's aggressive drilling program on acreage where Viper owns the minerals continues to generate strong production growth for Viper.*

Viper's primary business objective is to provide an attractive return to its shareholders by focusing on business results, generating robust free cash flow, reducing debt and protecting its balance sheet, while maintaining a best-in-class cost structure. The Company's initial assets consisted of mineral and royalty interests in oil and natural gas properties in the Permian Basin in West Texas, substantially all of which are leased to working interest owners who bear the costs of operation and development.

Viper is currently focused primarily on oil and natural gas properties in the Permian Basin, which is one of the oldest and most prolific producing basins in North America. The Permian Basin, which consists of approximately 75,000 square miles centered around Midland, Texas, has been a significant source of oil production since the 1920s. The Permian Basin is known to have a number of zones of oil and natural gas bearing rock throughout.

#### *Relationship to Diamondback Energy Inc.*

As of December 31, 2023, Diamondback owned 7,946,507 shares of Viper's Class A Common Stock and beneficially owned all of Viper's 90,709,946 shares of outstanding Class B Common Stock, collectively, representing approximately 56% of Viper's total shares outstanding. Viper believes Diamondback's significant ownership in Viper may motivate it to offer additional mineral and other interests in oil and natural gas properties to Viper in the future, although Diamondback has no obligation to do so and may elect to dispose of mineral and other interests in such properties without offering Viper the opportunities to acquire them.

Viper believes Diamondback views Viper as part of its business strategy and that Diamondback may be incentivized to pursue acquisitions jointly with Viper in the future. However, Diamondback will regularly evaluate acquisitions and may elect to acquire properties without offering Viper the opportunity to participate in such transactions. Moreover, Diamondback may not be successful in identifying potential acquisitions. Diamondback is free to act in a manner that

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is beneficial to its interests without regard to Viper's, which may include electing not to present Viper with acquisition or disposition opportunities.

## Viper Energy Overview

### Differentiated Investment Opportunity

✓ **Unique Relationship with Primary Operator**  
Diamondback relationship and ownership reduces uncertainty around pace of development

✓ **Minimal Exposure to Cost Inflation**  
Zero capital requirements means insulated from inflationary cost pressures

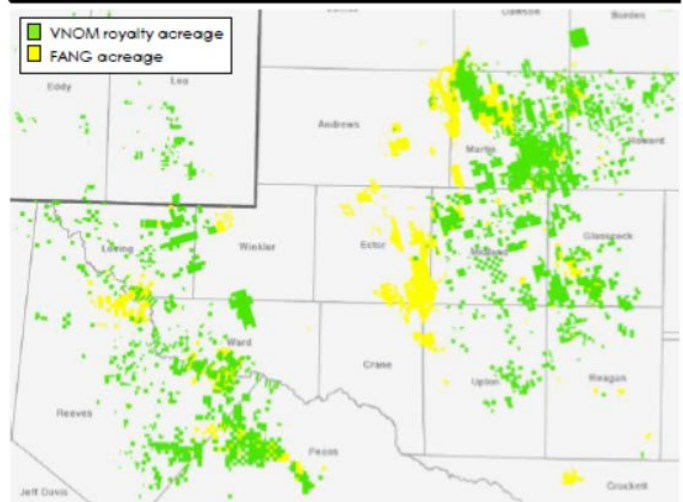
✓ **High Margin Upside to Commodity Prices**  
Limited operating costs enable best-in-class margins  
Hedging strategy maximizes upside commodity exposure

✓ **Differentiated Focus on Per Share Growth**  
2023 oil production +13% Y/Y  
Average share count reduced -1% during 2023

✓ **Significant Undeveloped Resource**  
Permian asset <35% developed<sup>(1)</sup>  
Concentrated acreage throughout core of Permian

✓ **Unmatched Size and Scale**  
Current liquidity of \$613 million  
Proved reserves of 179.3 MMBoe<sup>(2)</sup>

### Viper Mineral and Royalty Assets



### Market Snapshot

NASDAQ Symbol: VNOM  
Market Cap: \$6,261 million  
Net Debt: \$1,068MM / Liquidity: \$613 million  
Enterprise Value: \$7,328 million  
Share Count: 177 million  
Dividend Yield<sup>(3)</sup>: 6.3% (MRQA)  
Net Royalty Acreage<sup>(4)</sup>: ~32,000 (~50% FANG-operated)

Source: Company data and filings. Financial data as of 12/31/2023 unless stated otherwise. All market data based on VNOM's closing price on 2/16/2024.

(1) Illustrative calculation assuming 1.5 mile laterals, 28 wells per DSU in the Midland Basin and 20 wells per DSU in the Delaware Basin.

(2) Reserves as of year-end 2023.

(3) Dividend yield defined as total base-plus-variable cash dividend divided by market cap. Market cap as of 2/16/2024. MRQA represents most recent quarter annualized.

(4) Represents Permian acreage only.

In addition, neither Viper, the Viper Energy Partners LLC, nor Viper Energy Partners GP LLC ("Viper's General Partner") has any employees. Diamondback provides management, operating and administrative services to Viper and Viper's General Partner. Subsequently, Viper was converted to a corporation now known as Viper Energy, Inc.

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## Business Strategy

- **Capitalize on the development of the properties underlying Viper's mineral interests to grow Viper's cash flow.** Viper expects the production from its mineral interests will increase as Diamondback and Viper's other operators continue to drill, complete and develop Viper's acreage. Viper expects to capitalize on this development, which requires no capital expenditure funding from Viper, and believes the anticipated increase in its aggregate royalty payment receipts will enable Viper to grow its cash flows.
- **Leverage Viper's relationship with Diamondback to participate with it in acquisitions of mineral or other interests in producing properties from third parties and to increase the size and scope of Viper's potential third party acquisition targets.** Viper has in the past and intends to continue to make opportunistic acquisitions of mineral and other interests that have substantial oil-weighted resource potential and organic growth potential. Through Viper's relationships with Diamondback and its affiliates, Viper has access to Diamondback's significant pool of management talent and industry relationships, which Viper believes provide it with a competitive advantage in pursuing potential third party acquisition opportunities. For example, Viper and Diamondback may pursue an acquisition where Diamondback would acquire working and revenue interests in properties and Viper would acquire mineral or royalty interests in such properties either in the same or subsequent transactions, similar to Diamondback's acquisition of certain assets from Guidon Operating LLC and Viper's acquisition of certain mineral and royalty interests from Swallowtail Royalties LLC and Swallowtail Royalties II LLC in October 2021, which Viper refers to in this report as the Swallowtail Acquisition.
- **Seek to acquire from Diamondback, from time to time, mineral or other interests in producing oil and natural gas properties that meet Viper's acquisition criteria.** Since Viper's formation, Viper has acquired, and may have additional opportunities from time to time in the future to acquire, mineral or other interests in producing oil and natural gas properties directly from Diamondback. Viper believes Diamondback may be incentivized to sell properties to it, as doing so may enhance Diamondback's economic returns by monetizing long-lived producing properties while potentially retaining a portion of the resulting cash flow through distributions on Diamondback's limited partner interests in Viper. However, neither Diamondback nor any of its affiliates are contractually obligated to offer or sell any interests in properties to Viper.
- **High-grade Viper's asset base.** Viper intends to continue to high-grade its asset base and selectively divest non-core minerals with limited optionality when the amount negotiated exceeds its projected total value and then redeploy proceeds into its core areas of focus.
- **Maintain a conservative capital structure to allow financial flexibility.** Since Viper's formation, Viper has maintained a conservative capital structure that has allowed it to opportunistically purchase accretive mineral and other interests. Viper is committed to maintaining a conservative leverage profile and will continue to seek to opportunistically fund accretive acquisitions. In addition to making distributions in accordance with Viper's distribution policy, Viper intends to continue to repay debt using free cash flow to ensure Viper's ability to successfully operate in challenging business and commodity price environments.
- **Hedge to manage commodity price risk and to protect Viper's balance sheet and cash flow.** Viper uses a combination of derivative instruments to economically hedge exposure to changes in commodity prices and maintain financial and balance sheet flexibility.

## Updates

### Drop Down Transaction

On March 8, 2023, Viper completed the acquisition of certain mineral and royalty interests from subsidiaries of Diamondback for approximately \$74.5 million in cash, including customary post-closing adjustments for net title benefits. The mineral and royalty interests acquired in the Drop Down represent approximately 660 net royalty acres in Ward County in the Southern Delaware Basin, 100% of which are operated by Diamondback, and have an average net royalty interest of approximately 7.2% and current production of approximately 300 BO/d. Viper funded the Drop Down through a combination of cash on hand and borrowings under the Viper Energy Partners LLC's revolving credit facility. The Drop Down was accounted for as a transaction between entities under common control with the properties acquired recorded at Diamondback's historical carrying value in the Viper's condensed consolidated balance sheet. The historical carrying value of the properties approximated the Drop-Down purchase price.

## Drop Down Acquisition Highlights

### Consideration

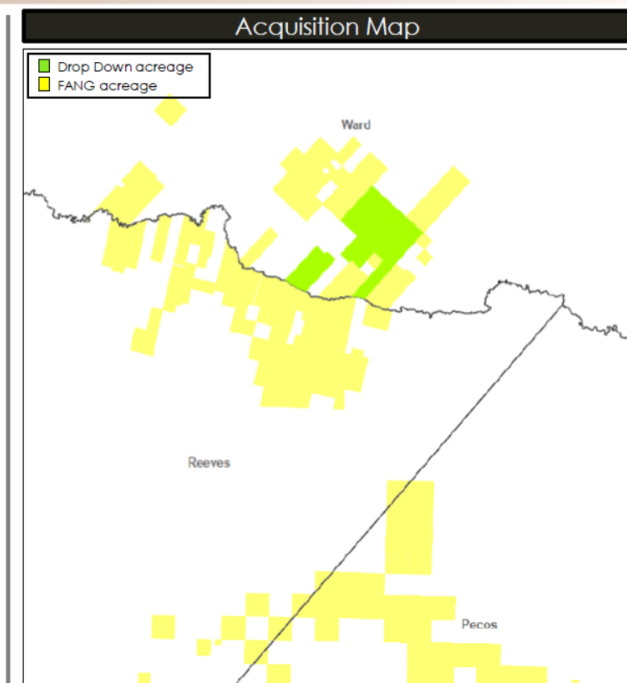
- \$75 million cash
- Closed March 8, 2023, with an effective date of February 1, 2023

### Acreage

- 660 net royalty acres, 100% operated by Diamondback
- Acreage provides a 6.9% average NRI across ten Diamondback operated units
- Overriding royalty interest created from Diamondback leasehold having a greater than 75% effective net revenue interest

### Development

- 28 existing producing horizontal wells at time of acquisition; primarily undeveloped acreage
- Q1 2023 average daily production of ~300 bo/d (72% oil)
- Full year 2023 estimated average daily production of 525 bo/d
  - 6 wells planned with a 12.5% average NRI (0.8 net wells)
- Full year 2024 estimated average daily production of 550 bo/d
  - 8 wells planned with an 8.8% average NRI (0.7 net wells)
- Over 20 wells planned from 2025 and beyond with a ~5% average NRI (>1.0 net wells)



**Immediately Accretive Acquisition that Provides Concentrated Exposure to Largely Undeveloped Acreage where Diamondback Plans to Focus Development in the Southern Delaware Basin for the Next Several Years**

Source: Partnership data and estimates.

## GRP Acquisition

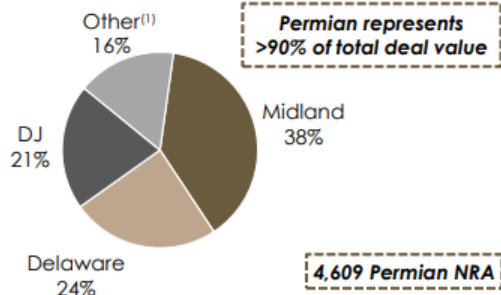
On November 1, 2023, Viper and the Viper Energy Partners LLC acquired certain mineral and royalty interests from Royalty Asset Holdings, LP, Royalty Asset Holdings II, LP and Saxum Asset Holdings, LP pursuant to a definitive purchase and sale agreement for approximately 9.02 million common units and \$750.0 million in cash, subject to customary post-closing adjustments. The mineral and royalty interests acquired in the Acquisition represent approximately 4,600 net royalty acres in the Permian Basin, plus approximately 2,700 additional net royalty acres in other major basins. The cash consideration for the Acquisition was funded through a combination of cash on hand and held in escrow, borrowings under the Viper Energy Partners LLC's revolving credit facility, proceeds from the 2031 Notes Offering and proceeds from the \$200.0 million common unit issuance to Diamondback. Following the completion of the Acquisition, Diamondback beneficially owned approximately 56% of Viper's total limited partner units outstanding.

### Acquisition Details

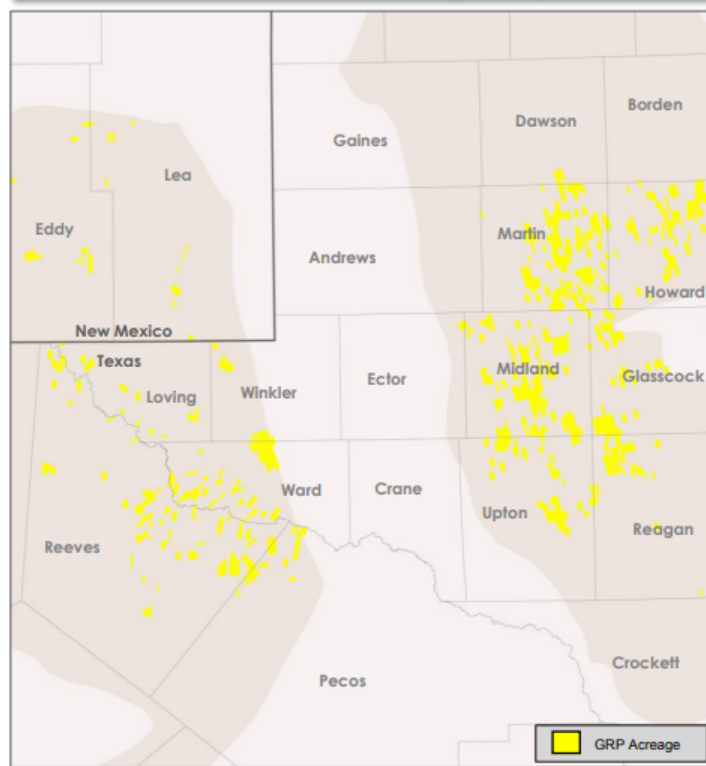
- ~4,600 Permian and ~2,700 other basin net royalty acres
  - ~4,000 Bo/d (~7,000 Boe/d) of current production
  - ~4,750 Bo/d (~8,500 Boe/d) of 2024 production based on conservative timing assumptions applied to current work-in-progress locations
  - Permian represents over 90% of current production and total deal value
- Transaction expected to close by the middle of Q4 2023, subject to customary closing conditions and diligence
- \$750 million of cash and 9.02 million Viper units
- Accretive on all relevant financial metrics and expected return of capital to unitholders

### Net Royalty Acres

**7,322**  
Net Royalty Acres



### GRP Permian Acreage Map



**GRP offers a large-scale Permian asset with significant near-term cash flow and premium undeveloped acreage**

## Other Acquisitions

During the year ended December 31, 2023, Viper acquired, in individually insignificant transactions from unrelated third-party sellers, mineral and royalty interests representing 286 net royalty acres in the Permian Basin for an aggregate purchase price of approximately \$70.4 million, subject to customary post-closing adjustments.

## Fourth Quarter 2023 Highlights

- Q4 2023 average production of 24,533 bo/d (43,783 boe/d)
- Received \$2.4 million in lease bonus income
- Q4 2023 consolidated net income (including non-controlling interest) of \$125.9 million; net income attributable to Viper Energy, Inc. of \$57.0 million, or \$0.70 per common share
- Q4 2023 cash available for distribution to Viper's common shares of \$63.8 million, or \$0.74 per Class A common share
- Declared Q4 2023 base cash dividend of \$0.27 per Class A common share; implies a 3.1% annualized yield based on the February 16, 2024, share closing price of \$35.40
- Q4 2023 variable cash dividend of \$0.29 per Class A common share; **total base-plus-variable dividend of \$0.56 per Class A common share implies a 6.3% annualized yield** based on the February 16, 2024, share closing price of \$35.40
- Repurchased 1.0 million Class A common shares in Q4 2023 for \$28.7 million, excluding excise tax (average price of \$28.70 per share)
- Total Q4 2023 return of capital of \$61.9 million, or \$0.72 per Class A common share, represents 97% of cash available for distribution from share repurchases and the declared base-plus-variable dividend
- As previously announced, closed acquisition of certain mineral and royalty interests from affiliates of Warwick Capital Partners and GRP Energy Capital on November 1, 2023
- As previously announced, on November 13, 2023, completed the conversion from a Delaware limited partnership to a Delaware corporation
- 246 total gross (3.0 net 100% royalty interest) horizontal wells turned to production on Viper's acreage during Q4 2023 with an average lateral length of 10,688 feet

## Full Year Highlights

- Full year 2023 average production of 21,995 bo/d (39,244 boe/d)
- Received \$109.7 million in lease bonus income
- Full year 2023 consolidated net income (including non-controlling interest) of \$501.3 million; net income attributable to Viper Energy, Inc. of \$200.1 million, or \$2.69 per Class A common share
- Declared dividends of \$1.82 per Class A common share during the full year 2023
- Repurchased 3.4 million common shares during the full year 2023 for \$95.2 million (average price of \$28.08 per share)
- Generated full year 2023 consolidated adjusted EBITDA of \$757.5 million

- Proved reserves as of December 31, 2023, of 179,249 Mboe (80% PDP, 89,903 Mbo), up 20% year over year with oil up 14% from year end 2022
- 982 total gross (20.9 net 100% royalty interest) horizontal wells turned to production on Viper's acreage during 2023 with an average lateral length of 10,869 feet

## 2024 Outlook

- Initiating average daily production guidance for Q1 2024 of 25,000 to 25,500 bo/d (44,750 to 45,500 boe/d)
- Initiating full year 2024 average daily production guidance of 25,500 to 27,500 bo/d (45,500 to 49,000 boe/d)
- As of December 31, 2023, there were approximately 787 gross horizontal wells in the process of active development on Viper's acreage in which Viper expects to own an average 1.7% net royalty interest (13.4 net 100% royalty interest wells)
- Approximately 762 gross (20.0 net 100% royalty interest) line-of-sight wells on Viper's acreage that are not currently in the process of active development, but for which Viper has visibility to the potential of future development in coming quarters, based on Diamondback's current completion schedule and third-party operators' permits

***“The fourth quarter wrapped up a milestone year for Viper. For the full year, average oil production increased 13% compared to the previous year while our average share count was reduced by one percent over the same period. As a result of continued strong organic production growth, accretive acquisitions, and an opportunistic share repurchase program, the fourth quarter of 2023 represented the eighth consecutive quarter of increased production per share for Viper Energy.*”**

***There were several strategic initiatives completed during 2023 that marked important steps in the growth and evolution of Viper. Our GRP acquisition, which closed during the fourth quarter, clearly laid out the framework we look for in large scale M&A: accretive on all relevant financial metrics, high quality undeveloped inventory that supports our long-term growth profile and provides clear visibility to future development, and significant scale that results in a pro forma business that is both bigger and better. Additionally, Viper completed its conversion into a Delaware corporation, a step which we believe has delivered increased governance rights for our shareholders and positions Viper to continue to grow the business and fully highlight the advantaged nature of mineral and royalty ownership.***

***Looking ahead to 2024, we have initiated production guidance for both Q1 and the full year. While Q1 is expected to be the weakest quarter of the year, primarily as a result of the timing of large pads, we continue to see strong activity levels across our acreage position and expect significant growth to occur throughout the year with Q4 2024 expected to be at, or above, the high-end of our guidance range. This continued production growth, along with our best-in-class cost structure, should enable Viper to continue to return a substantial amount of capital to our***



*shareholders, primarily through our base-plus-variable dividend.”* – Travis Stice, Chief Executive Officer of Viper’s General Partner

## Operations Update

During the fourth quarter of 2023, Viper estimates that 246 gross (3.0 net 100% royalty interest) horizontal wells with an average royalty interest of 1.2% were turned to production on its acreage position with an average lateral length of 10,688 feet. Of these 246 gross wells, Diamondback is the operator of 48 gross wells, with an average royalty interest of 4.4%, and the remaining 198 gross wells, with an average royalty interest of 0.5%, are operated by third parties. Viper’s footprint of mineral and royalty interests was 34,217 net royalty acres as of December 31, 2023.

## Diamondback Operated Inventory

### Net Economic Locations at Various Oil Prices<sup>(1)</sup>

**>180 net locations economic down to \$40/Bbl**

Oil Price	Midland Basin	Delaware Basin	Total
\$40/Bbl	139	49	<b>188</b>
\$50/Bbl	142	53	<b>194</b>

- >3,300 gross (194 net) horizontal wells economic at \$50/Bbl oil prices<sup>(1)</sup>
- Diamondback continues to focus its development on areas where Viper has a concentrated royalty interest as it increases consolidated wellhead economics
- Midland Basin Development: average inter-lateral spacing of 5-7 wells per section
- Delaware Basin Development: average inter-lateral spacing of 4-5 wells per section

### Midland Basin Gross (Net) Locations Economic at \$50/Bbl

	< 10,000'	10,000'+	12,500'+	Total	Avg. Lateral
MS / JM	99 (5.3)	221 (11.3)	110 (5.4)	430 (22.0)	10,400'
LS	62 (1.7)	177 (7.5)	80 (3.4)	319 (12.6)	10,400'
WCA	49 (1.6)	155 (9.8)	70 (3.4)	274 (14.8)	10,600'
WCB	60 (3.4)	204 (10.7)	85 (3.7)	349 (17.8)	10,500'
WCD	90 (8.7)	250 (16.9)	126 (7.3)	466 (33.0)	10,500'
Other	89 (9.0)	291 (28.0)	64 (4.4)	444 (41.4)	10,200'
<b>Total</b>	<b>449 (29.7)</b>	<b>1,298 (84.3)</b>	<b>535 (27.5)</b>	<b>2,282 (141.5)</b>	<b>10,400'</b>

### Delaware Basin Gross (Net) Locations Economic at \$50/Bbl

	< 10,000'	10,000'+	12,500'+	Total	Avg. Lateral
2BS	66 (3.1)	168 (7.8)	57 (3.2)	291 (14.1)	10,100'
3BS	116 (6.2)	169 (7.1)	36 (2.1)	321 (15.3)	9,200'
WCA	52 (2.7)	58 (2.6)	18 (1.0)	128 (6.4)	9,200'
WCB	90 (4.7)	133 (6.2)	41 (2.1)	264 (13.0)	9,300'
Other	29 (2.0)	31 (1.5)	2 (0.5)	62 (3.9)	8,300'
<b>Total</b>	<b>353 (18.7)</b>	<b>559 (25.2)</b>	<b>154 (8.8)</b>	<b>1,097 (52.7)</b>	<b>9,400'</b>

**With visibility to Diamondback’s expected development plan, Viper can offer years of sustained production without spending one dollar of capital**

Source: Company data as of 12/31/2023.  
(1) Defined as locations that can generate at least a 10% rate of return.

The 787 gross wells currently in the process of active development are those wells that have been spud and are expected to be turned to production within approximately the next six to eight months. Further in regard to the active development on Viper's asset base, there are currently 75 gross rigs operating on Viper's acreage, 12 of which are operated by Diamondback. The 762 line-of-sight wells are those that are not currently in the process of active development, but for which Viper has reason to believe that they will be turned to production within approximately the next 15 to 18 months. The expected timing of these line-of-sight wells is based primarily on permitting by third party operators or Diamondback's current expected completion schedule. Existing permits or active development of Viper's royalty acreage does not ensure that those wells will be turned to production.

## Permian Portfolio Overview

- ◆ 184 gross (3.0 net) horizontal wells turned to production during Q4 2023
- ◆ Near-term inventory of 13.1 net wells currently in the process of active development and an additional 19.8 net line-of-sight wells not currently being developed
- ◆ 71 gross rigs currently operating on Viper's acreage, 12 of which are operated by Diamondback

	Diamondback Operated		Third Party Operated		Total
	Midland	Delaware	Midland	Delaware	
Net Royalty Acres	10,626	6,141	7,235	7,490	31,492
4Q '23 Gross Hz Wells Turned to Production (Net 100% NRI Wells)	39 (1.2)	9 (0.9)	108 (0.7)	28 (0.2)	184 (3.0)
Gross Producing Hz Locations (Net 100% NRI Wells)	1,371 (100.5)	473 (27.2)	4,746 (58.7)	2,168 (32.2)	8,758 (218.6)
Gross Active Rigs (Net 100% NRI Rigs)	10 (0.6)	2 (0.2)	35 (0.4)	24 (0.3)	71 (1.4)
Gross Work-in-Progress <sup>(1)</sup> (Net 100% NRI Wells)	114 (5.2)	0 (0.0)	405 (5.1)	213 (2.8)	732 (13.1)
Gross (Net) Line-of-Sight <sup>(2)</sup>	146 (8.7)	25 (2.1)	364 (6.5)	181 (2.5)	716 (19.8)

Source: Company data and estimates and Enverus. Acreage as of 12/31/2023 and activity data as of 1/23/2024. Existing permits or active development of Viper's royalty acreage does not ensure that those wells will be turned to production.

(1) Work in progress wells represent those that have been spud and are expected to be turned to production within approximately the next six to eight months.

(2) Line-of-sight wells are those that are not currently in the process of active development, but for which Viper has reason to believe that they will be turned to production within approximately the next 15 to 18 months. The expected timing of these wells is based primarily on permitting by third party operators or Diamondback's current expected completion schedule.

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## Financial Update

Viper's fourth quarter 2023 average unhedged realized prices were \$77.65 per barrel of oil, \$1.50 per Mcf of natural gas and \$21.47 per barrel of natural gas liquids, resulting in a total equivalent realized price of \$50.20/boe.

Viper's fourth quarter 2023 average hedged realized prices were \$76.56 per barrel of oil, \$1.34 per Mcf of natural gas and \$21.47 per barrel of natural gas liquids, resulting in a total equivalent realized price of \$49.38/boe.

During the fourth quarter of 2023, the Company recorded total operating income of \$204.7 million and consolidated net income (including non-controlling interest) of \$125.9 million.

As of December 31, 2023, the Company had a cash balance of \$25.9 million and total long-term debt outstanding (excluding debt issuance, discounts and premiums) of \$1.1 billion, resulting in net debt (as defined and reconciled below) of \$1.1 billion. Viper's outstanding long-term debt as of December 31, 2023, consisted of \$430.4 million in aggregate principal amount of its 5.375% Senior Notes due 2027, \$400.0 million in aggregate principal amount of its 7.375% Senior Notes due 2031 and \$263.0 million in borrowings on its revolving credit facility, leaving \$587.0 million available for future borrowings and \$612.9 million of total liquidity.

## Financial Overview

### Financial Strategy

#### Maintain Financial Flexibility

- Elected commitment of \$850 million with \$263 million drawn on revolver as of 12/31/2023
- Recently increased borrowing base to \$1.25 billion and extended maturity to 2028
- Net debt as of 12/31/2023 of \$1.07 billion

#### Enhanced Capital Return Program

- Return of capital commitment of at least 75% of cash available for distribution, inclusive of base dividend, variable dividends and opportunistic share repurchases
- Base annual dividend of \$1.08/share; declared 4Q '23 total base-plus-variable dividend of \$0.56/share, representing a 6.3% annualized yield
- Board authorized share repurchase program of \$750 million; repurchased \$316 million through 12/31/2023
- Expect to continue to use a portion of cash available for distribution to reduce debt and help fund small acquisitions

#### No Direct Operating or Capital Expenses

- Focus on mineral and royalty interests preserves low-cost structure
- Expected production and ad valorem taxes of ~7% of royalty income
- Operators bear capital burden, mitigating nearly entire impact of inflationary cost pressure on Viper

### Viper Capitalization (\$MM)

VNOM Capitalization & Leverage	12/31/2023
Cash	\$26
Revolving Credit Facility	263
Senior Notes	830
<b>Total Debt</b>	<b>\$1,093</b>
<b>Net Debt<sup>(1)</sup></b>	<b>\$1,068</b>
Net Debt / LTM EBITDA <sup>(1)</sup>	1.4x
Net Debt / MRQA EBITDA <sup>(1)(2)</sup>	1.4x
VNOM Liquidity	12/31/2023
Cash	\$26
Revolving Credit Facility	263
Elected Commitment	850
<b>Liquidity</b>	<b>\$613</b>

### Guidance Update

Q1 2024 Net Oil Production – Mbo/d	25.00 – 25.50
Q1 2024 Net Total Production – Mboe/d	44.75 – 45.50
Full Year 2024 Net Oil Production - Mbo/d	25.50 – 27.50
Full Year 2024 Net Total Production – Mboe/d	45.50 – 49.00

### Unit Costs (\$/boe)

Depletion	\$11.00 - \$11.50
Cash G&A	\$0.80 - \$1.00
Non-Cash Share-Based Compensation	\$0.10 - \$0.15
Interest Expense	\$4.00 - \$4.50
Production & Ad Valorem Taxes (% of Revenue)	~7%
Cash Tax Rate <sup>(3)</sup>	20% - 22%
Q1 2024 Cash Taxes (\$ - million)	\$10.0 - \$15.0

Source: Company data and filings. Financial data as of 12/31/2023 unless stated otherwise.  
 (1) Net debt, a non-GAAP measure, is defined as total debt less cash and cash equivalents.  
 (2) MRQA stands for Most Recent Quarter Annualized.  
 (3) Percent of pre-tax income attributable to Viper Energy, Inc.

## Fourth Quarter 2023 Cash Distribution & Capital Return Program

Viper announced today that the Board of Directors of Viper Energy, Inc., declared a base dividend of \$0.27 per Class A common share for the fourth quarter of 2023 payable on March 12, 2024, to Class A common shareholders of record at the close of business on March 5, 2024.

The Board also declared a variable cash dividend of \$0.29 per Class A common share for the fourth quarter of 2023 payable on March 12, 2024, to Class A common shareholders of record at the close of business on March 5, 2024.

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During the fourth quarter of 2023, Viper repurchased 1.0 million Class A common shares for an aggregate purchase price of \$28.7 million, excluding excise tax (average price of \$28.70 per share). In total, since the initiation of Viper's repurchase program through December 31, 2023, the Company has repurchased 13.4 million shares for an aggregate of \$315.8 million, excluding excise tax, reflecting an average price of \$23.49 per share.

## Return of Capital Framework

### Enhanced Return of Capital Framework

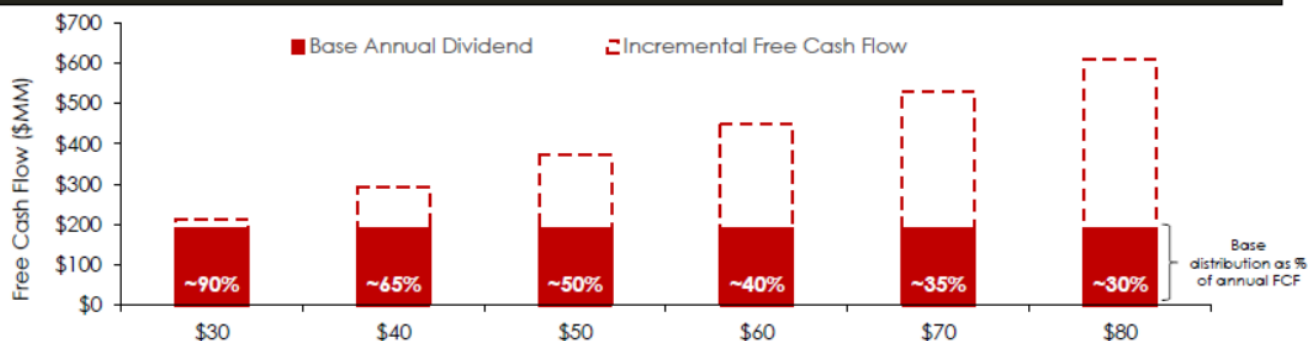
- Viper is committed to returning at least 75% of cash available for distribution to Class A shareholders
- Board has authorized a share repurchase program of \$750 million
- Capital returned through the following methods:
  - Sustainable and growing base dividend protected down to \$30/bbl WTI
  - Variable dividend
  - Opportunistic share repurchases

### 4Q '23 Return of Capital

- Base-plus-variable dividend of \$0.56 per Class A share; represents 6.3% annualized yield
- Repurchased 1.0 million Class A shares for an aggregate of \$28.7 million (average price of \$28.70/share)
- Variable dividend for 4Q '23 calculated assuming a 75% payout ratio excluding the buybacks done during the quarter

Q4 2023 Return of Capital to Class A Shareholders Reconciliation		
	\$MM	\$ / Share
Base Dividend - \$1.08 / Share <i>Paid quarterly</i>	\$23.3	\$0.27
Share Repurchases	\$14.0	\$0.16 <sup>(1)</sup>
Variable Dividend <i>Paid the following quarter to make investors whole for at least 75% return of capital</i>	\$24.6	\$0.29
<b>Q4 2023 Return of Capital to Class A Shareholders</b>	<b>\$61.8</b>	<b>\$0.72</b>
Cash Available for Distribution to Class A Shareholders	\$63.8	\$0.74
<b>Q4 2023 Payout Ratio</b>		<b>97%</b>

### Estimated Coverage of Base Annual Dividend at Various Oil Prices



Source: Company data and filings. Current price reflects closing price as of 2/16/2024.

(1) Share repurchases excluded from calculation assuming 75% payout ratio to determine variable dividend to Class A common shares during Q4 2023.

## Viper Hedging

### Hedge Update

Crude Oil (Bbls/day, \$/Bbl)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2025
Deferred Premium Put Options - WTI	16,000	14,000	14,000	6,000	-
Strike	\$58.13	\$59.29	\$55.00	\$55.00	-
Premium	-\$1.54	-\$1.51	-\$1.71	-\$1.79	-
Costless Collars - WTI	6,000	6,000	4,000	4,000	-
Floor	\$65.00	\$65.00	\$55.00	\$55.00	-
Ceiling	\$95.55	\$95.55	\$93.66	\$93.66	-
Natural Gas Waha Basis (Mmbtu/day, \$/Mmbtu)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2025
Swaps - Waha Basis	30,000	30,000	30,000	30,000	40,000
Swap Price	-\$1.20	-\$1.20	-\$1.20	-\$1.20	-\$0.68

**Given the Company's strong balance sheet, Viper's hedging strategy is to maximize upside exposure to commodity prices while protecting against the extreme downside**

Source: Company data as of 2/16/2024.

## Viper Reserves

Viper's proved oil and natural gas reserve estimates and their associated future net cash flows were prepared by Viper's internal reservoir engineers, and audited by Ryder Scott Company, L.P., independent petroleum engineers, as of December 31, 2023. Reference prices of \$78.22 per barrel of oil and natural gas liquids and \$2.64 per MMBtu of natural gas were used in accordance with applicable rules of the Securities and Exchange Commission. Realized

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prices with applicable differentials were \$77.93 per barrel of oil, \$1.54 per Mcf of natural gas and \$23.79 per barrel of natural gas liquids.

Proved reserves at year-end 2023 of 179,249 Mboe (89,903 Mbo) represent a 20% increase over year-end 2022 reserves. The year-end 2023 proved reserves have a PV-10 value of approximately \$3.6 billion and a standardized measure of discounted future net cash flows of \$3.2 billion.

Proved developed reserves increased by 34% year over year to 143,371 Mboe (69,043 Mbo) as of December 31, 2023, reflecting continued horizontal development by the operators of Viper's acreage.

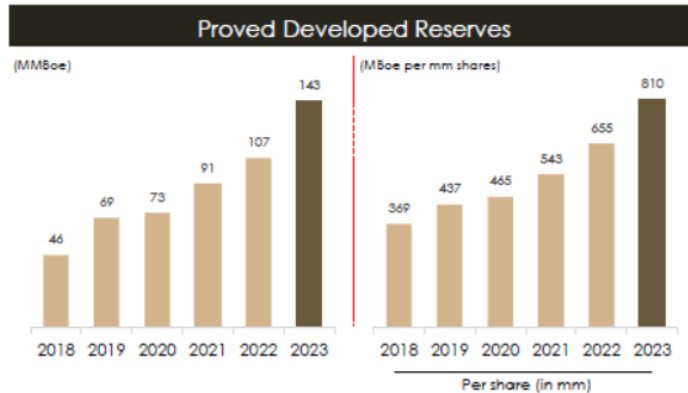
Net proved reserve additions of 44,673 Mboe resulted in a reserve replacement ratio of 312% (defined as the sum of extensions, discoveries, revisions, purchases and divestitures, divided by annual production). The organic reserve replacement ratio was 179% (defined as the sum of extensions, discoveries and revisions, divided by annual production).

Extensions and discoveries of 25,558 Mboe are primarily attributable to the drilling of 904 new wells and from 179 new proved undeveloped locations added. The Company's total positive revisions of previous estimated quantities of 138 Mboe consist of positive revisions of 5,688 MBOE primarily attributable to performance revisions which were largely offset by PUD downgrades of 5,548 MBOE. The purchase of reserves in place of 18,977 Mboe resulted primarily from the GRP Acquisition and other acquisitions of certain mineral and royalty interests.

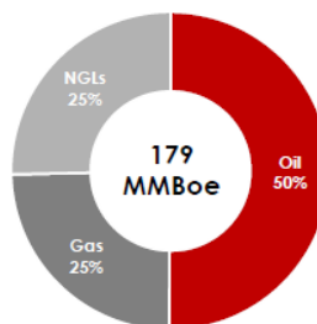
## High Growth, Oil Weighted Reserves

- Proved reserves at YE 2023 of 179.2 MMBoe (89.9 MMBo) represent a 20% increase over YE 2022 reserves
- Net proved reserve additions of 44.7 MMBoe resulted in a reserve replacement ratio of 312%; the organic reserve replacement ratio was 179%
- 80% proved developed reserves; conservatively booked
- 50% oil-weighting on a 3-stream basis

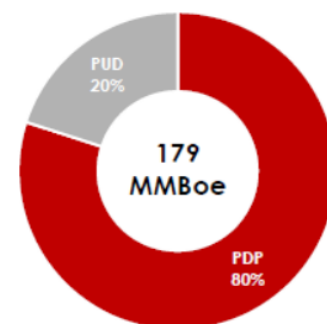
Reserve Report Summary				
	Oil (MMbbls)	Gas (MMcf)	NGLs (MMbbls)	Total (Mboe)
Proved reserves as of December 31, 2022	79,004	209,964	34,902	148,900
Purchase of reserves in place	10,469	27,011	4,006	18,977
Extensions and discoveries	13,636	34,632	6,150	25,558
Revisions of previous estimates	(5,178)	11,101	3,466	138
Production	(8,028)	(19,130)	(3,108)	(14,324)
<b>Proved reserves as of December 31, 2023</b>	<b>89,903</b>	<b>263,578</b>	<b>45,416</b>	<b>179,249</b>



### Reserves by Commodity



### Reserves by Category



**Conservatively Booked, Oil Weighted Reserves Have Grown Significantly on an Absolute and Per Share Basis**

Source: Company data and filings. Data as of 12/31/2023.



## Viper Guidance

Below is Viper's updated guidance for the full year 2024, as well as production guidance for Q1 2024.

	Viper Energy, Inc.
Q1 2024 Net Production - MBo/d	25.00 - 25.50
Q1 2024 Net Production - MBoe/d	44.75 - 45.50
Full Year 2024 Net Production - MBo/d	25.50 - 27.50
Full Year 2024 Net Production - MBoe/d	45.50 - 49.00
<i>Share costs (\$/boe)</i>	
	\$11.00 -
Depletion	\$11.50
Cash G&A	\$0.80 - \$1.00
Non-Cash Share-Based Compensation	\$0.10 - \$0.15
Interest Expense	\$4.00 - \$4.50
Production and Ad Valorem Taxes (% of Revenue)	~7%
Cash Tax Rate (% of Pre-Tax Income Attributable to Viper Energy, Inc.) <sup>(1)</sup>	20% - 22%
Q1 2024 Cash Taxes (\$ - million) <sup>(2)</sup>	\$10.0 - \$15.0
(1) Pre-tax income attributable to Viper Energy, Inc. is reconciled below.	
(2) Attributable to Viper Energy, Inc.	

Viper Energy, Inc. < Converted to a C-Corp. on 11-13-2023	GRP Acquisition closed on Nov 1, 2023					Soon after the merger of Endeavor Energy into Diamondback (FANG) in Q4, a large package of minerals now owned by Endeavor will dropdown into Viper						
Net Income and Cash Flow 2022 - 2025 (updated 2/28/2024)	Drop Down from FANG added 300 boepd on Mar 8th					Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	Actual 2022	Actual Qtr1 2023	Actual Qtr2 2023	Actual Qtr3 2023	Actual Qtr4 2023	Actual 2023	Qtr1 2024	Qtr2 2024	Qtr3 2024	Qtr4 2024	2024	2024
<b>REVENUES:</b>												
Royalty income	\$837,976	\$161,085	\$158,197	\$195,614	\$202,214	\$717,110	\$190,681	\$209,466	\$230,610	\$241,813	\$872,570	\$1,464,836
Lease bonus	27,791	7,471	2,411	97,433	2,363	109,678	2,500	2,500	2,500	2,500	10,000	10,000
Other operating income	700	402	179	193	135	909	200	200	200	200	800	1,000
<b>Total Revenues</b>	<b>866,467</b>	<b>168,958</b>	<b>160,787</b>	<b>293,240</b>	<b>204,712</b>	<b>827,697</b>	<b>193,381</b>	<b>212,166</b>	<b>233,310</b>	<b>244,513</b>	<b>883,370</b>	<b>1,475,836</b>
<b>EXPENSES:</b>												
Production and ad valorem taxes	56,372	12,887	12,621	12,286	12,607	50,401	13,348	14,663	16,143	16,927	61,080	102,539
DD&A	121,071	30,987	34,064	36,280	44,787	146,118	45,864	47,246	49,525	50,922	193,557	307,969
Impairment of property & equipment	0	0	0	0	0	0	0	0	0	0	0	0
General and Adm	3,472	2,121	1,429	1,057	2,910	7,517	3,000	3,000	3,500	4,000	13,500	16,500
Stock based compensation + other non-cash exp	5,070	643	579	823	1,397	3,442	1,000	1,000	1,000	1,500	4,500	5,000
<b>TOTAL EXPENSES</b>	<b>185,985</b>	<b>46,638</b>	<b>48,693</b>	<b>50,446</b>	<b>61,701</b>	<b>207,478</b>	<b>63,212</b>	<b>65,909</b>	<b>70,167</b>	<b>73,349</b>	<b>272,637</b>	<b>432,007</b>
<b>OPERATING EARNING</b>	<b>680,482</b>	<b>122,320</b>	<b>112,094</b>	<b>242,794</b>	<b>143,011</b>	<b>620,219</b>	<b>130,170</b>	<b>146,257</b>	<b>163,142</b>	<b>171,164</b>	<b>610,733</b>	<b>1,043,829</b>
<b>OTHER INCOME (EXPENSES)</b>												
Interest expense - cash	(40,409)	(9,686)	(11,291)	(11,203)	(16,727)	(48,907)	(17,250)	(17,250)	(17,000)	(17,000)	(68,500)	(100,000)
Amortization of debt issuance costs	0	0	0	0	0	0	0	0	0	0	0	0
Gain (loss) on derivatives - cash	(31,319)	(2,215)	(3,997)	(3,807)	(3,300)	(13,319)	0	0	0	0	0	0
Gain (loss) on derivatives - non-cash MTM	13,181	(12,888)	(8,597)	819	8,192	(12,474)	0	0	0	0	0	0
Gain on revaluation of investment	0	0	0	0	0	0	0	0	0	0	0	0
Other	416	141	172	489	972	1,774	0	0	0	0	0	0
<b>INCOME BEFORE INCOME TAXES</b>	<b>622,351</b>	<b>97,672</b>	<b>88,381</b>	<b>229,092</b>	<b>132,148</b>	<b>547,293</b>	<b>112,920</b>	<b>129,007</b>	<b>146,142</b>	<b>154,164</b>	<b>542,233</b>	<b>943,829</b>
<b>INCOME TAXES</b>												
Current	17,003	8,977	8,347	21,524	14,104	52,952	11,292	12,901	14,614	15,416	54,223	94,383
Deferred	(49,656)	429	103	355	(7,887)	(7,000)	14,680	16,771	18,998	20,041	70,490	122,698
<b>NET INCOME</b>	<b>\$655,004</b>	<b>\$88,266</b>	<b>\$79,931</b>	<b>\$207,213</b>	<b>\$125,931</b>	<b>\$501,341</b>	<b>\$86,948</b>	<b>\$99,336</b>	<b>\$112,529</b>	<b>\$118,706</b>	<b>\$417,519</b>	<b>\$726,748</b>
Common stock o/s, including FANG's share	163,940	161,572	161,572	161,572	176,854	165,393	174,000	174,000	174,000	174,000	174,000	170,000
<b>Earnings per share</b>	<b>\$4.00</b>	<b>\$0.55</b>	<b>\$0.49</b>	<b>\$1.28</b>	<b>\$0.71</b>	<b>\$3.03</b>	<b>\$0.50</b>	<b>\$0.57</b>	<b>\$0.65</b>	<b>\$0.68</b>	<b>\$2.40</b>	<b>\$4.27</b>
Cashflow per share (before CapEx)	\$718,308	\$133,213	\$123,274	\$243,852	\$156,036	\$656,375	\$147,992	\$163,353	\$180,053	\$188,670	\$680,067	\$1,092,415
	\$4.38	\$0.82	\$0.76	\$1.51	\$0.88	\$3.98	\$0.85	\$0.94	\$1.03	\$1.08	\$3.91	\$6.43
<b>PRODUCTION</b>												
Natural Gas (mcfpd)	43,463	46,933	51,484	53,261	57,837	52,379	60,000	61,500	64,500	66,000	63,000	103,500
Oil (bbls/d)	19,438	20,111	21,143	22,141	24,533	21,982	25,000	26,000	27,000	28,000	26,500	42,000
NGLs (bbls/d)	6,957	7,034	7,957	9,428	9,610	8,507	9,800	9,900	10,100	10,200	10,000	15,750
boepd	33,639	34,967	37,681	40,446	43,783	39,219	44,800	46,150	47,850	49,200	47,000	75,000
19.7%						16.6%					19.8%	59.6%
Natural Gas (\$/mcf)	\$ 4.15	\$ 2.11	\$ 0.65	\$ 1.47	\$ 1.34	\$1.39	\$ 0.75	\$ 0.75	\$ 1.25	\$ 1.50	\$ 1.06	\$ 2.00
Oil (\$/bbl)	\$ 91.66	\$ 74.30	\$ 71.39	\$ 81.44	\$ 76.56	\$ 75.92	\$ 73.00	\$ 78.00	\$ 80.50	\$ 80.50	\$ 78.00	\$ 80.50
NGLs (\$/bbl)	\$ 34.77	\$ 24.45	\$ 19.07	\$ 21.58	\$ 21.47	\$ 21.64	\$ 23.00	\$ 23.00	\$ 25.00	\$ 27.00	\$ 24.50	\$ 27.00
Gross Revenue check (prod * ave price)	806,647	158,870	154,200	191,807	198,914	701,312	190,681	209,466	230,610	241,813	866,107	1,464,836
							194,000	200,000	213,000	220,000	827,000	869,000
Distributions to unit holders	\$ 2.46	\$ 0.33	\$ 0.36	\$ 0.57	\$ 0.56	\$ 1.82	\$ 0.51	\$ 0.56	\$ 0.62	\$ 0.65	\$ 2.35	\$ 3.86

**TipRanks 2-28-2024**

Annual Cash Flow Per Share (CPS)

Estimates	8.60	4.61	4.59
2023	2024	2025	

< See NOTE below regarding impact of net income allocated to non-controlling interest

< Q4 2023 is shares outstanding at 12/31/2023

**GRP Acquisition added 9.02 million shares on 11-1-2023**

Stock Buybacks will continue in 2024

< Fair Value of 9 X 2023 to 2025 CFPS = **\$41.00**

< TipRanks CFPS estimates

TipRanks	\$	
JP Morgan	2/22/2024	\$ 39.00 BUY
Citi	2/22/2024	\$ 40.00 BUY
Piper Sand	2/21/2024	\$ 36.00 BUY
Stifel Nic	2/21/2024	\$ 33.00 BUY

< 2024 production guidance is 45,500 to 49,000 Boepd (~26,500 BOPD)

< Year over year production growth

< Impact of hedges less \$1.25 Differential

< See new hedges below less \$2.00 differential

< Revenues are net of cash settlements on hedges

< TipRanks Revenue estimates

< Estimated distributions

~ 60% of Cash Flow Per Share in 2024 & 2025

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