PARSLEY ENERGY

INVESTOR PRESENTATION
1Q 2018

Forward Looking Statements and Cautionary Statements

Forward-Looking Statements
The information in this presentation includes “forward-looking statements” that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact included in this presentation, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this presentation, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on Parsley Energy, Inc.’s (“Parsley Energy,” “Parsley,” or the “Company”) current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of oil and natural gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating reserves and in projecting future rates of production, the production potential of our undeveloped acreage, cash flow and access to capital, the timing of development expenditures and the risk factors discussed in or referenced in our filings with the United States Securities and Exchange Commission (“SEC”), including our Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this presentation. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this presentation.

Our production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or cost increases.

Industry and Market Data
This presentation has been prepared by Parsley and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Parsley believes these third-party sources are reliable as of their respective dates, Parsley has not independently verified the accuracy or completeness of this information. Some data are also based on Parsley’s good faith estimates, which are derived from its review of internal sources as well as the third-party sources described above.

Oil & Gas Reserves
This presentation provides disclosure of Parsley’s proved reserves, which are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions (using unweighted average 12-month first day of the month prices), operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

In this presentation, proved reserves attributable to Parsley as of 12/31/17 are estimated utilizing SEC reserve recognition standards and pricing assumptions based on SEC pricing, as adjusted for market differentials, transportation fees, and quality, of $49.17 / Bbl crude, $2.53 / Mcf gas, and $22.20/ Bbl NGL. References to our estimated proved reserves as of 12/31/17 are derived from our proved reserve report audited by Netherland, Sewell & Associates, Inc. (“NSAI”).

We may use the term “expected ultimate recoveries” (“EURs”) or other descriptions of volumes of reserves, which terms include quantities of oil and gas that may not meet the SEC’s definitions of proved, probable and possible reserves, and which the SEC's guidelines strictly prohibit Parsley from including in filings with the SEC. Unless otherwise stated in this presentation, such estimates have been prepared internally by our engineers and management without review by independent engineers. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include these estimates to demonstrate what we believe to be the potential for future drilling and production by the Company. Actual locations drilled and quantities that may be ultimately recovered from our properties will differ substantially. In addition, we have made no commitment to drill all of the drilling locations. Ultimate recoveries will be dependent upon numerous factors including actual encountered geological conditions, the impact of future oil and gas pricing, exploration and development costs, and our future drilling decisions and budgets based upon our future evaluation of risk, returns and the availability of capital and, in many areas, the outcome of negotiation of drilling arrangements with holders of adjacent or fractional interest leases. Our estimates may change significantly as development of our properties provides additional data and therefore actual quantities that may ultimately be recovered will likely differ from these estimates. Our related expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells, the undertaking and outcome of future drilling activity and activity that may be affected by significant commodity price declines or drilling cost increases.

Unless otherwise noted, Net Present Value (“NPV”) estimates are before taxes and assume the Company generated EUR and decline curve estimates based on Company drilling and completion cost estimates that do not include facilities, land, seismic, general and administrative (“G&A”) or other corporate level costs.

Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“ASC 606”)
Natural gas and natural gas liquids (“NGLs”) sales and associated production volumes for the three months ended March 31, 2018 reflect adjustments associated with Parsley’s adoption of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), effective January 1, 2018. Unless otherwise noted, all references to 1Q18 production volumes and per Boe unit costs likewise reflect this adoption, which has the effect of increasing certain natural gas and NGLs volumes and revenues, offset by a corresponding transportation and processing cost such that there is no change to reported net income. The recognition and presentation of oil volumes and associated revenues and expenses are unaffected by the adoption of ASC 606. For more information on ASC 606 and a reconciliation of 1Q18 production and unit costs under ASC 605 and as adjusted under ASC 606, please see slide 20.

Parsley Energy Overview

Premier Permian Pure-Play

Superior acreage portfolio

- Premier combination of acreage quality and quantity
- Large, concentrated development blocks in heart of Midland Basin and Delaware Basin oil windows

Advantaged marketing position

- Multi-year firm transport agreements provide flow assurance
- Diversified pricing agreements limit exposure to regional basis differentials

Established track record of efficient capital investment

- Robust operating margins and sustained top-tier recycle ratio

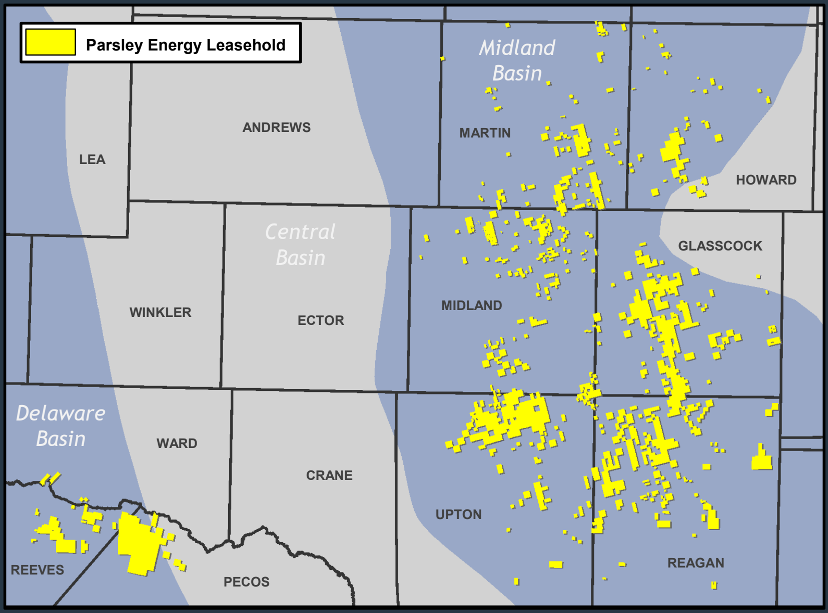
Efficient and sustainable growth profile

- Over a decade of inventory of premium drilling locations in proven target intervals
- Steady development plan with strong hedge book and secured services and equipment

Financial flexibility with strong balance sheet

- Liquidity of ~$1.5 billion[1]

Parsley Leasehold



Market Snapshot

NYSE Symbol: PE

Market Cap: $9,550 MM[2]

Net Debt: $1,832 MM[3]

Enterprise Value: $11,382 MM[4]

Share Count: 317 MM

Permian Basin Net Leasehold Acreage: ~215,000[1]

Midland Basin: ~170,000

Delaware Basin: ~45,000

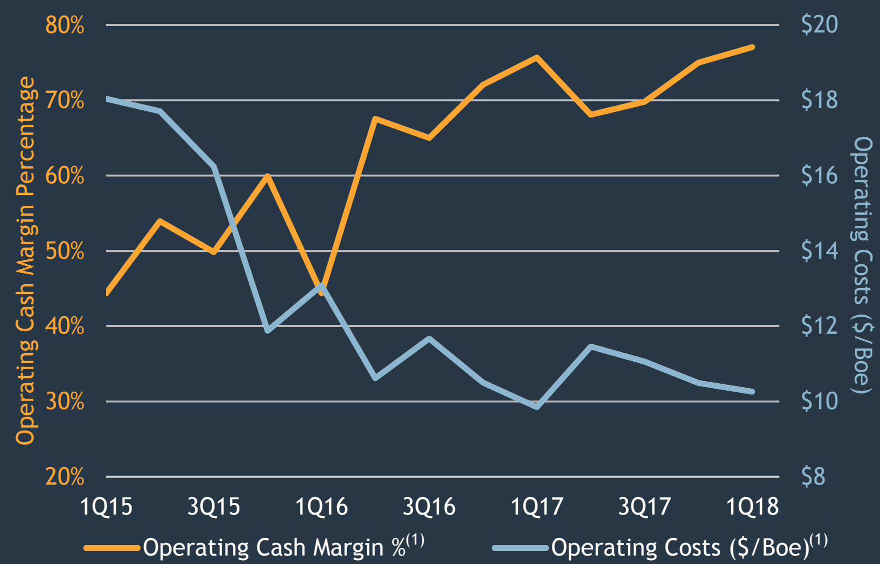
Permian Basin Net Royalty Acreage: ~7,000

(1) As of 3/31/2018; (2) Calculated using fully diluted share count of 317 mm shares (274 mm Class A shares plus 43 mm Class B shares) as of 5/1/2018 and closing price as of 5/2/2018; (3) As of 3/31/2018. Net Debt is a non-GAAP financial measure that is defined as total debt less cash and cash equivalents and short-term investments; (4) Enterprise value is calculated as market capitalization plus net debt, where market capitalization is calculated as share price times the sum of Class A shares outstanding and Class B shares outstanding. Because noncontrolling interest represents the portion of total book value of equity allocated to Class B shareholders, it is already represented in the enterprise value calculation by the inclusion of Class B shares in the calculation of market capitalization, and therefore should not be added separately as a component of enterprise value.

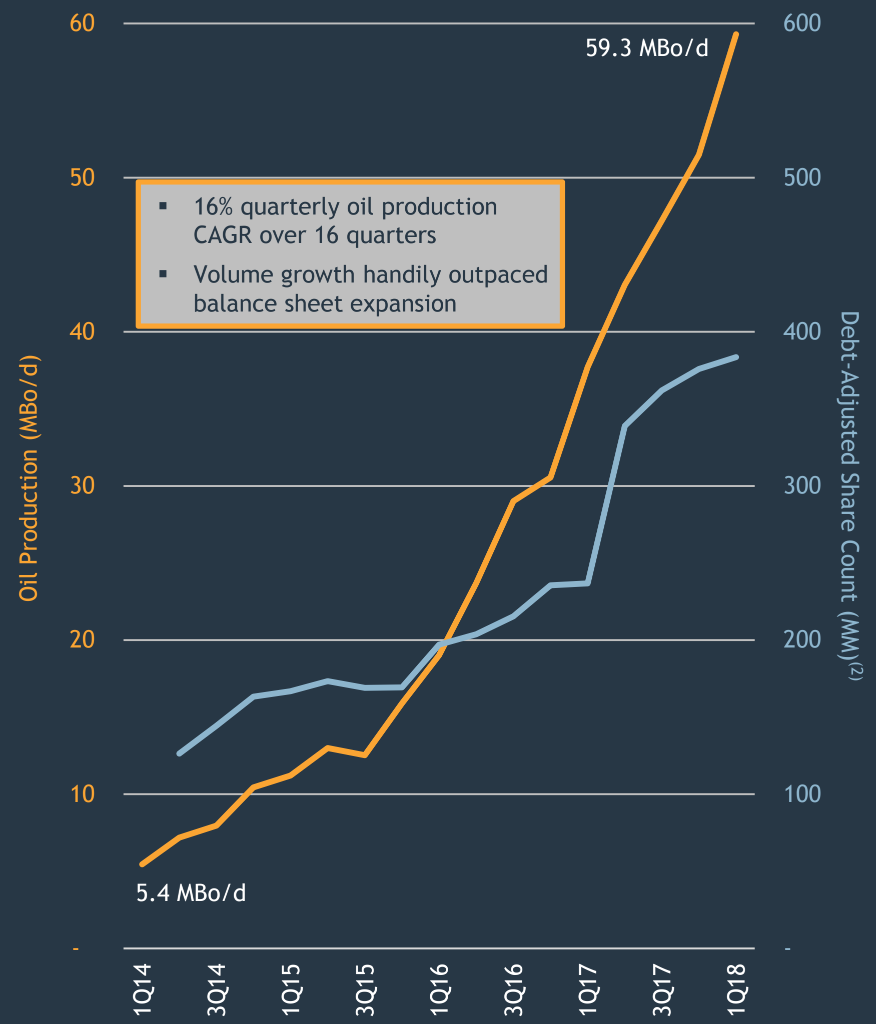
1Q18 Update: Executing on Simplified Development Plan

- Company-record operating cash margin percentage as marketing advantages, operating cost compression, and scale benefits flow through
- Strong volume growth on efficient operations
- Favorable operating cost trends

Company-Record Operating Cash Margin Percentage



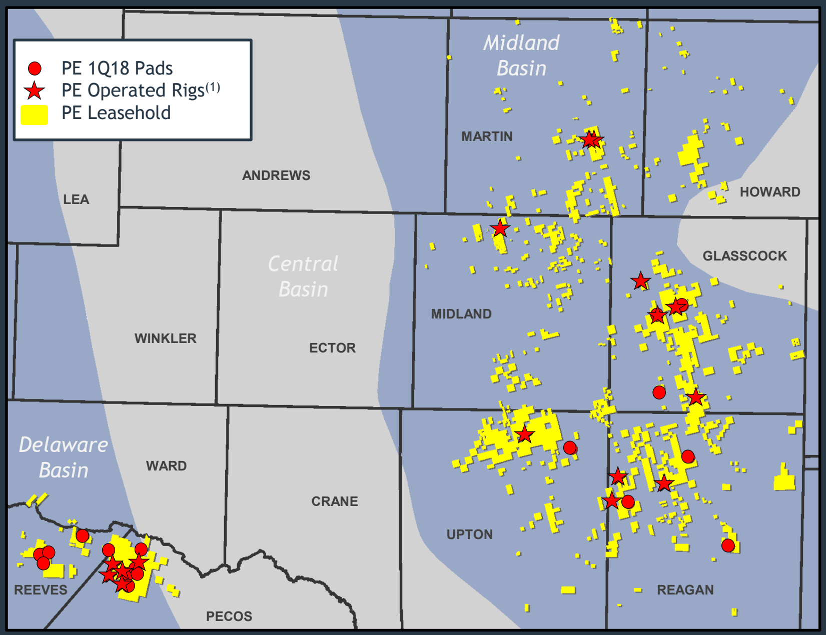
Value-Creating Production Growth

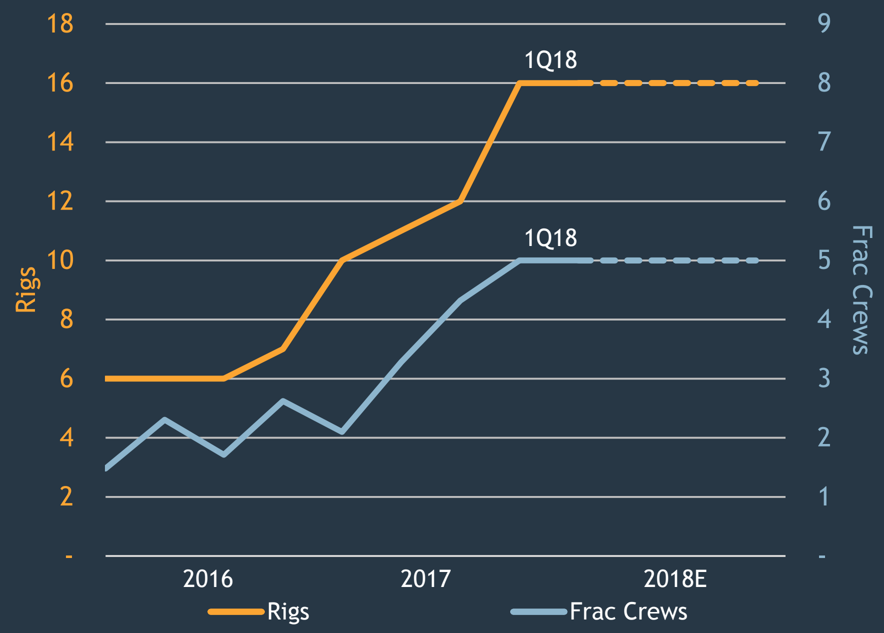


(1) Operating cash margin percentage calculated as operating cash margin per Boe divided by realized price per Boe excluding hedges. Operating cash margin defined as realized price per Boe excluding hedges less per-unit operating costs. Per-unit operating costs include lease operating expenses, cash based general & administrative expenses (exclusive of stock-based compensation), production and ad valorem taxes, and, if recorded during the period, transportation and processing costs. For comparison purposes, per-unit operating cost trend excludes transportation and process costs. 1Q18 operating cash margin percentage reflects adoption of ASC 606; (2) Debt-adjusted share count calculated as fully diluted shares plus net debt at the end of the period divided by the average share price for the respective quarter. Refer to slide 3 for current share count.

Set Up For Sustained Success

Strong 1Q18 results reflective of ongoing development plan





Distributed development demonstrates broad-based acreage quality

Stable development pace supports operational continuity

(1) As of 4/25/2018. Excludes surface and service rigs.

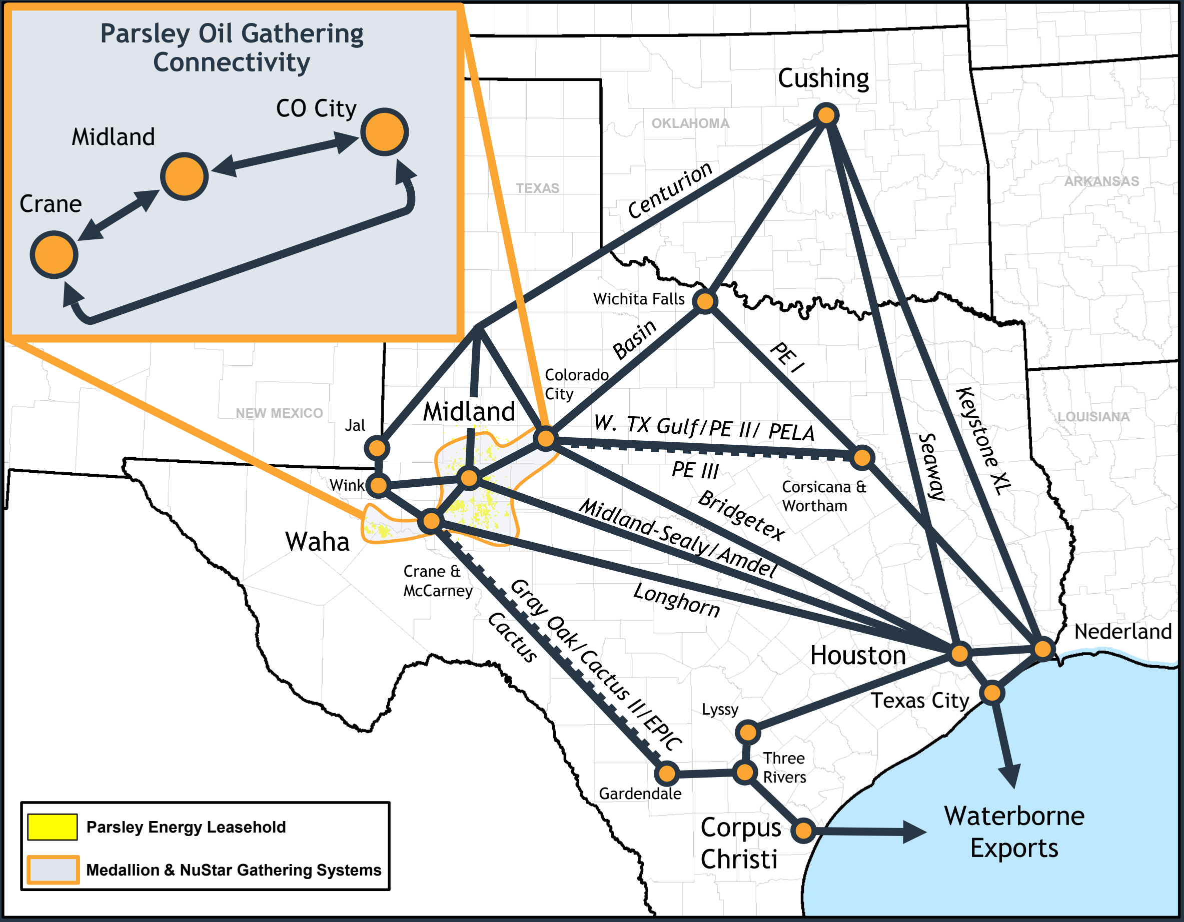
Advantaged Takeaway Positioning – Flow Assurance

Marketing strategy centered around two guiding principles: **dependability** and diversification

Oil Takeaway Advantages

- Gathering: Preferred shipper status on Medallion gathering system confers priority delivery to long-haul connection of choice
- Firm transport: Multi-year agreements assure means of egress in tightening market
- Marketing: Parsley barrels attractive to large-scale purchasers due to:
  - Flexible connections
  - Oil quality
  - Growth visibility

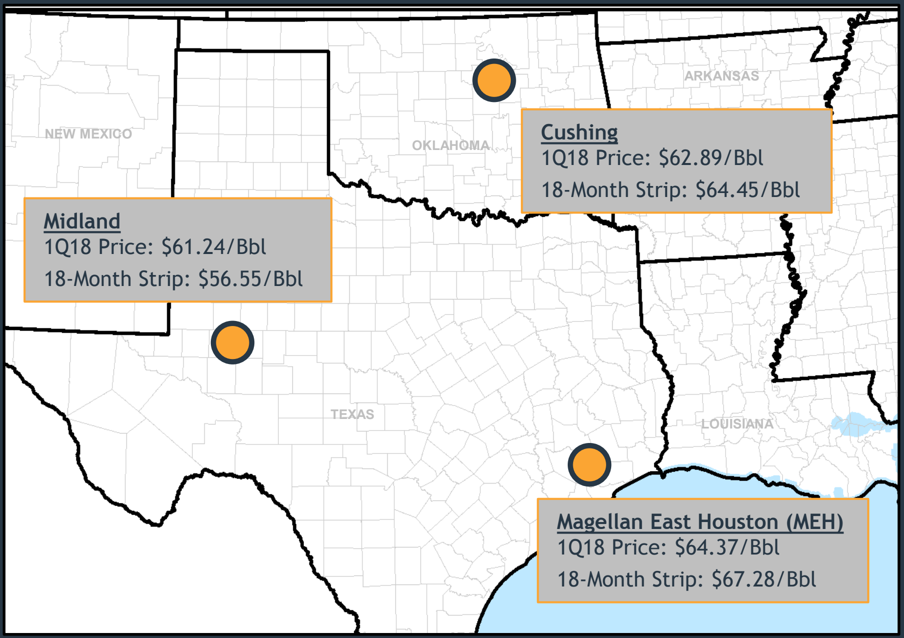
Flexible Access to Key Downstream Markets



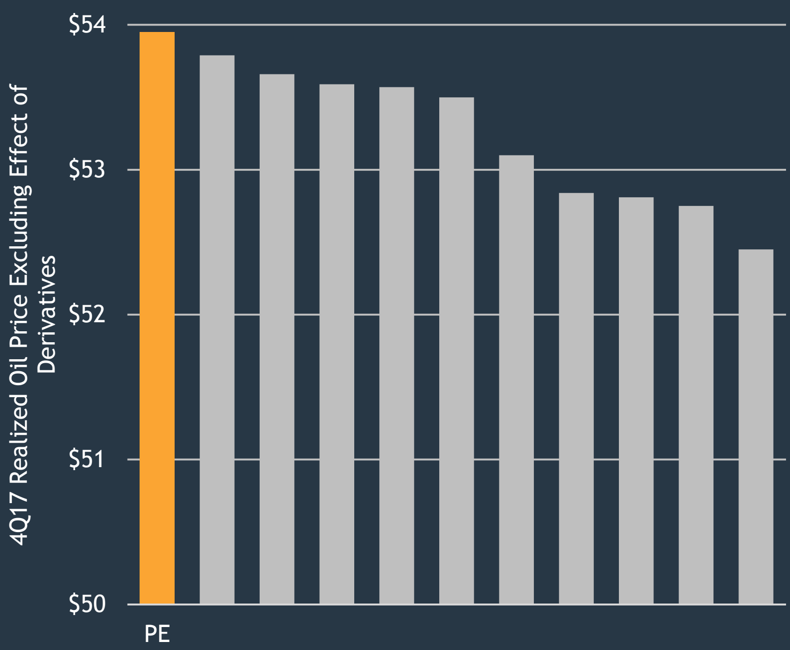
Advantaged Takeaway Positioning - Diversified Pricing

Marketing strategy centered around two guiding principles: dependability and **diversification**

Exposure to Multiple Pricing Points[1]



Leading Oil Price Realization[2]



- Sales agreements with large oil purchasers link price of Parsley barrels to multiple price points
- Diversified pricing limits exposure to regional basis differentials
- Basis swaps supplement regional price protection

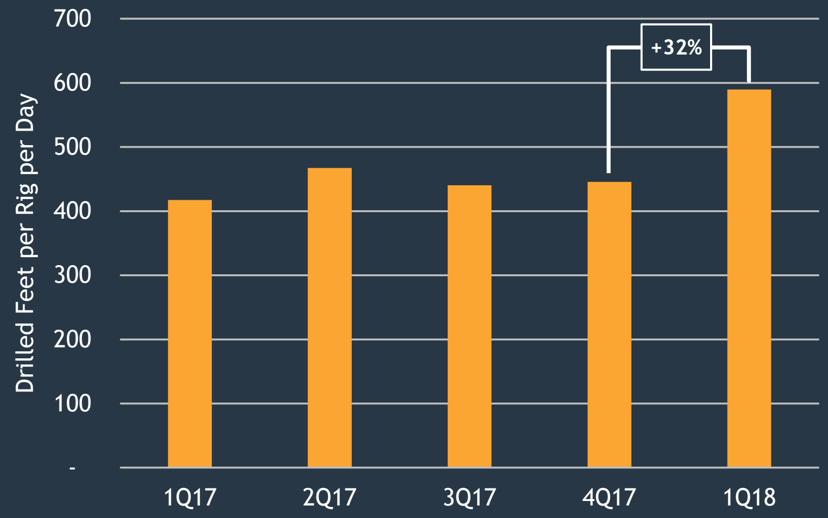
- Peer-leading oil price realization are a product of proactive marketing strategy
- Favorable transportation cost with 85% of oil volumes on pipe

(1) Historical prices from Argus; Futures strip from Bloomberg as of 4/30/2018; (2) PE realized price shown net of transportation costs. Peers include CDEV, CPE, CXO, EGN, FANG, JAG, LPI, MTDR, PXD, and RSPP.

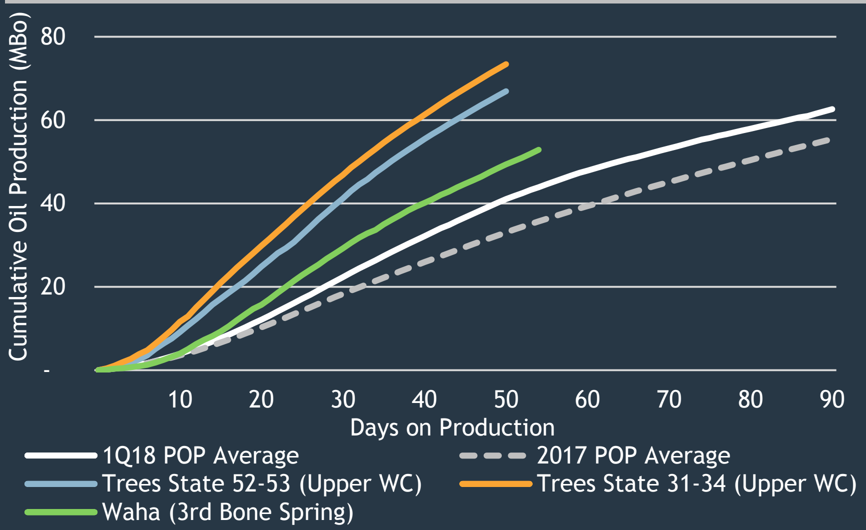
Delaware Spotlight - Operations

- Delaware Basin oil production up more than 50% Q/Q on improving productivity and efficiency trends
- Two new Parsley-record Delaware Basin wells in southeast portion of Pecos County acreage
  - Average IP30 of 2,027 Boe/d (86% oil) on approximately two-mile laterals
- Encouraging results from initial 3rd Bone Spring well
  - IP30 of 1,639 Boe/d (78% oil) on approximately a two-mile lateral
- Step change in Delaware drilling efficiency compressed cycle times
  - 21 wells placed on production; more than all of 2017

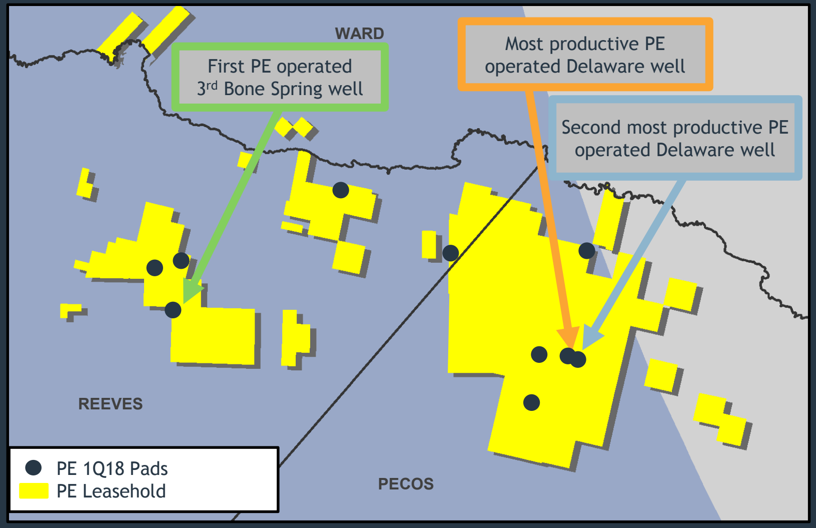
Drilling Efficiency Gains



Recent Delaware Basin Wells Showing Productivity Uplift



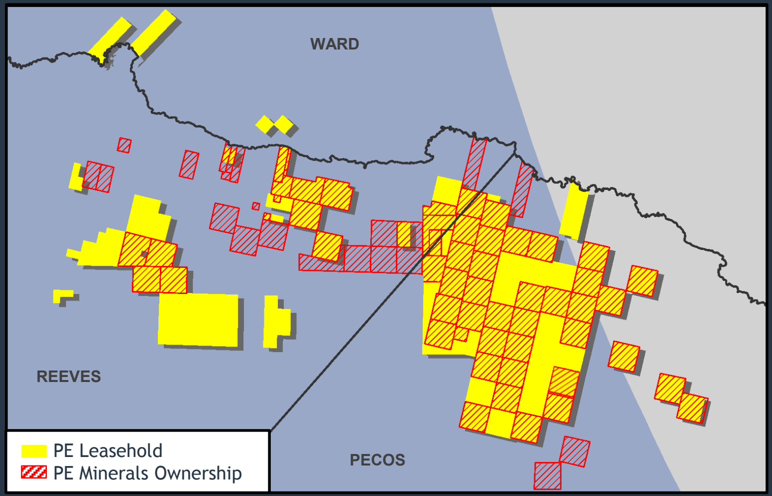
Delaware Basin Leasehold and 1Q18 POPs



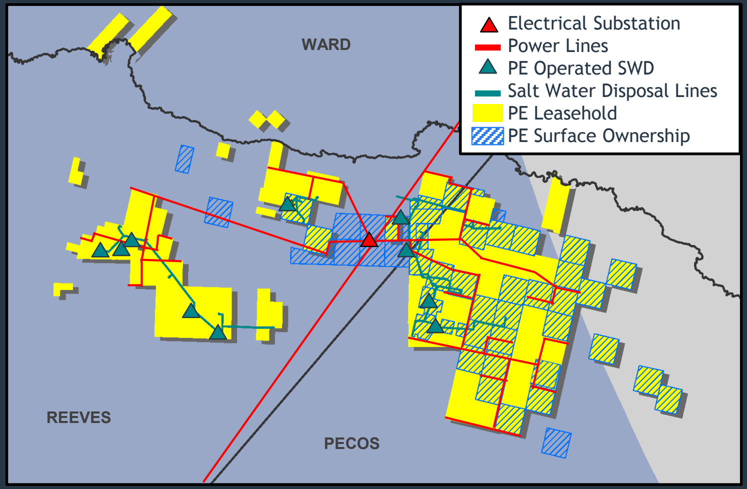
Delaware Spotlight – Enhanced Economics

- Mineral ownership amplifies Delaware production at no additional cost
- More than doubled production associated with Delaware minerals in 1Q18
- Ample running room with ~6,000 net royalty acres(1) in Delaware Basin
- 18 of 21 Delaware wells turned to production in 1Q18 have reduced royalty burden
- Expect average royalty burden of ~15% on operated Delaware wells turned to production in 2018
  - Effect of 10% reduction in royalty burden from 25% to 15%(2):
    - 17% increase in ROR
    - 29% increase in NPV
    - 4 month reduction in payback period

Delaware Mineral Interests Boost Returns



Delaware Infrastructure in Place



- Leveraging significant surface ownership to create advantaged infrastructure, reduce costs, and improve long-term development visibility
  - Own surface rights on ~26,000 Delaware acres
  - Saved $3.2 MM on water sourcing and disposal costs in 1Q18
    - Self-sourced over 5 million barrels of fresh water
    - 99% of produced water on pipe
- New electric substation reducing rental and fuel costs by ~$150K/month

(1) Net royalty acres calculated as net mineral acres multiplied by average royalty interest; net mineral acres defined as gross leasehold acres multiplied by average mineral interest. (2) Based on Delaware Basin 10k' type curve, realized oil price of $57.50/Bbl, and D&C cost of $11.5 million.

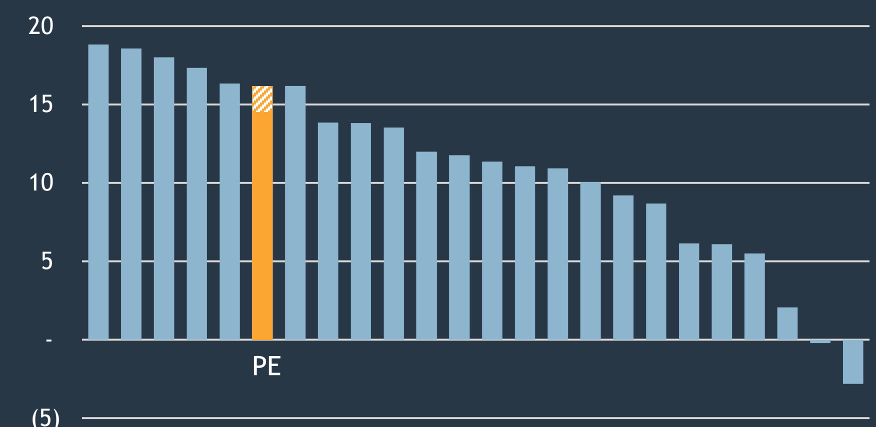
Guidance Summary

Production	2018E
Annual Net Oil Production (MBo/d)	65 - 70
Annual Net Total Production (MBoe/d)(1)	98 - 108
Capital Program	
Total Development Expenditures ($MM)	$1,350 - $1,550
Drilling & Completion (% of total)	85 - 90%
Facilities, Infrastructure & Other (% of total)	10 - 15%
Activity	
Gross Operated Horizontal POPs(2)	~160
Midland Basin (% of total)	~75%
Delaware Basin (% of total)	~25%
Average Lateral Length	~9,500'
Average Working Interest	~90%
Unit Costs	
LOE ($/Boe)(1)	$3.75 - $5.00
Cash G&A ($/Boe)(1)	$3.50 - $4.25
Production & Ad Valorem Taxes (% of Revenue)	6.0 - 7.0%

2018 Guidance Highlights

- 2018 organic oil growth of 50% YoY at midpoint
- Steady development pace of approximately 40 gross operated wells turned to production per quarter
- Efficient program primarily utilizes 2-well and 3-well pads with an average lateral length of ~9,500'
- Top-half of capital budget includes 5-10% service cost inflation
- Forecast translates to strong capital efficiency among oily peers

2018 MBoe/d Added per $MM Capex(3)



2018E Well Costs ($MM)(4)

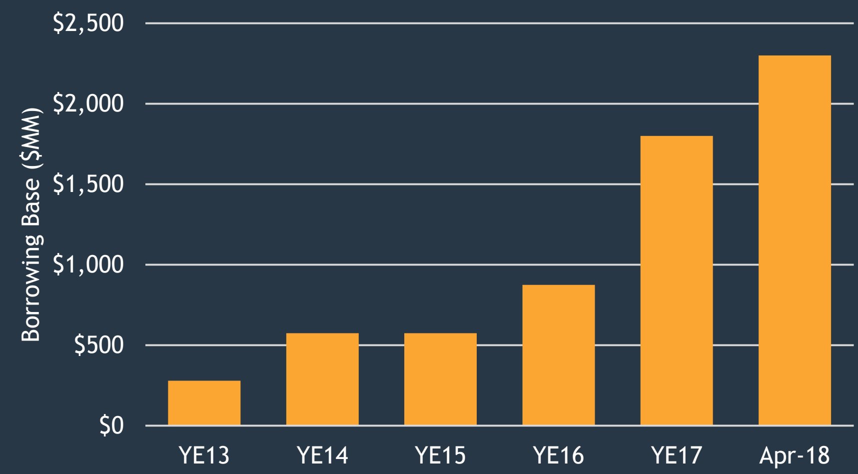
Midland Basin	Delaware Basin
$8.4-$8.8	$11.5-$12.0

(1) Incorporates adoption of ASC 606; (2) Wells placed on production; (3) Based on FactSet consensus as of 4/28/2018. Peers include oily E&Ps (oil as % of 2018 production >50%) with market cap of $1B+. Peers include APA, APC, BBG, CDEV, CLR, CPE, CRC, CRZO, CXO, DNR, EGN, EOG, FANG, JAG, MTDR, MUR, OAS, OXY, PE, PXD, RSPP, WLL, WPX, and WRD. PE range based on high- and low-ends of production and capex guidance; (4) D&C costs based on 9,500' average lateral length.

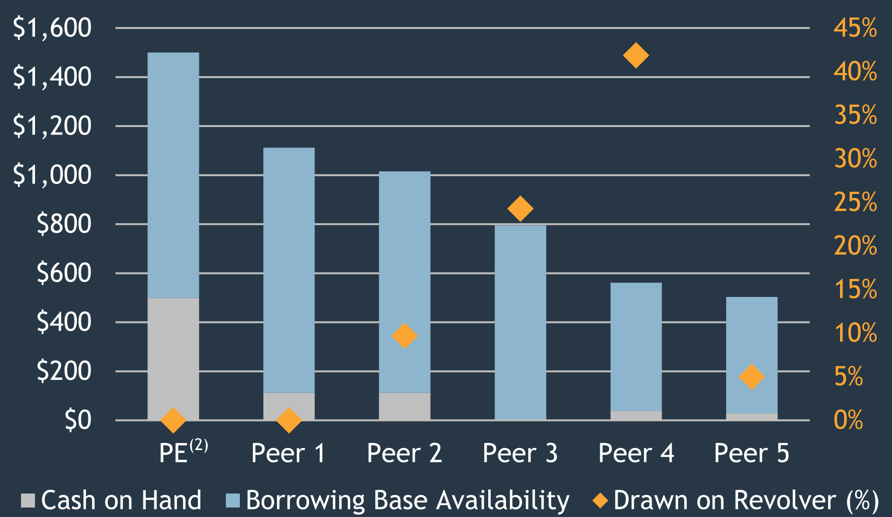
Strong, Flexible Financial Position

- Peer-leading[(1)] liquidity of $1.5 billion[(2)] provides ample flexibility to fund efficient growth
- Borrowing base quadrupled in last three years
- Favorable debt maturity schedule with earliest notes maturity in 2024
- Weighted average cost of debt has dropped ~250 bps over last two years

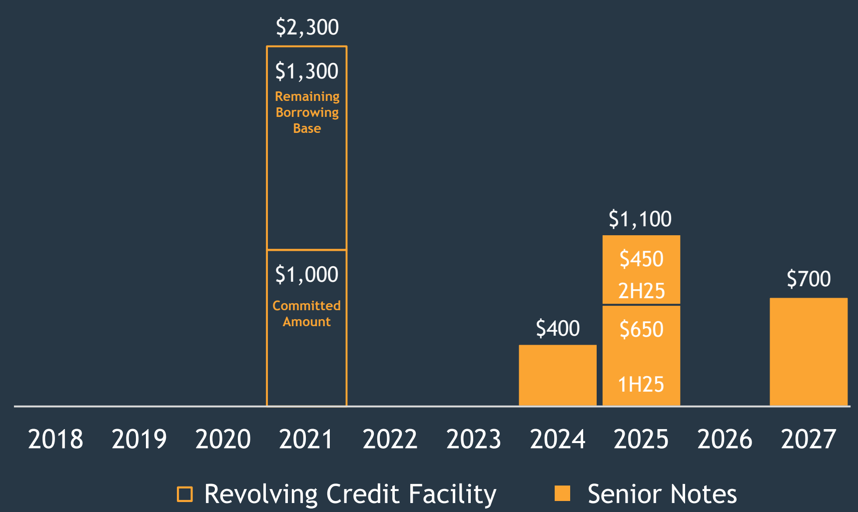
Ample Borrowing Capacity[(3)]



Advantaged Liquidity Profile ($MM)[(1)]



Favorable Debt Maturity Schedule



(1) Permian SMID-Cap peers include CPE, EGN, FANG, LPI, and RSPP. Calculated as availability on committed portion of borrowing base plus cash and cash equivalents and short-term investments. Peer data obtained from 4Q17 filings and pro forma for subsequent debt offerings and divestitures; (2) As of 3/31/2018; (3) Elected commitment amount of $1.0 billion as of 4/30/2018.

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SUPPLEMENTARY SLIDES

Expansive, High-quality Drilling Inventory

- Extensive inventory of premium drilling locations provides visibility to years of high-return production growth
- Clear control over development schedule, operating ~90% of gross acreage
- Over a decade of 7,500'+, high working interest (85%+), operated inventory in development zones[2]
- Low average royalty burden of ~15% on 520 net Wolfcamp locations in Delaware Basin
- Established track record of converting delineation capital into development opportunities
  - Further success in 3rd Bone Spring zone could prompt migration to development inventory
- Peer delineation activity in Jo Mill, Wolfcamp D/Cline, Bone Spring, and Woodford targets offers resource upside

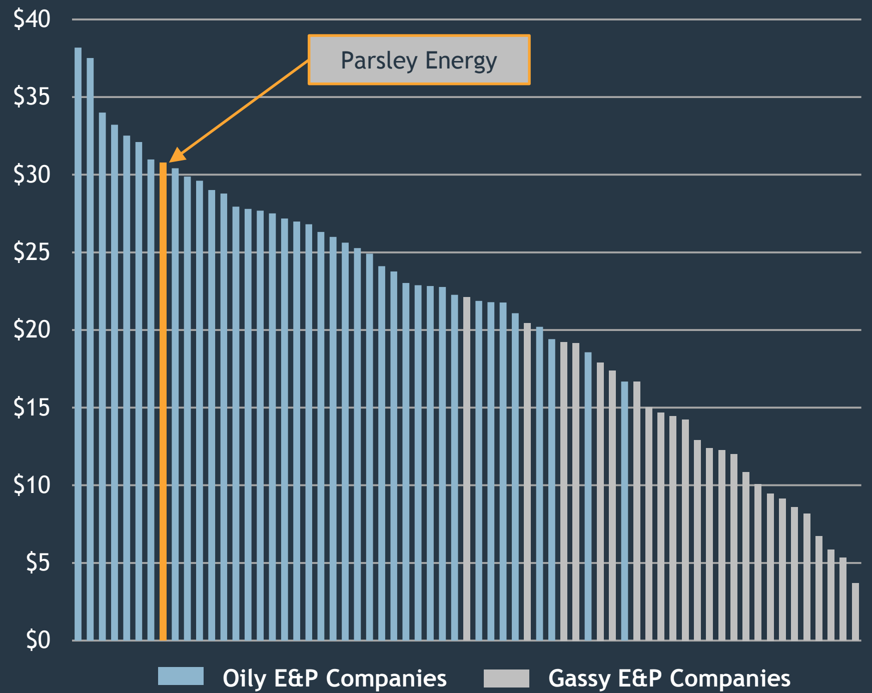
Horizontal Drilling Inventory[1]

	GROSS	NET	WELLS PER SECTION
Development Zones			
Midland Basin			
Lower Spraberry	1,170	790	8
Wolfcamp A	1,450	970	8
Wolfcamp B	2,590	1,730	8 / 16[3]
Wolfcamp C	1,410	940	8
Delaware Basin			
Wolfcamp	550	520	16[4]
Development Total	**7,170**	**4,950**	
Delineation Zones			
Midland Basin			
Middle Spraberry	770	520	5 / 6
Cline	1,530	1,060	8
Atoka	1,160	810	8
Delaware Basin			
2nd Bone Spring	140	130	4
3rd Bone Spring	140	130	4
Delineation Total	**3,740**	**2,650**	
Total	**10,910**	**7,600**	

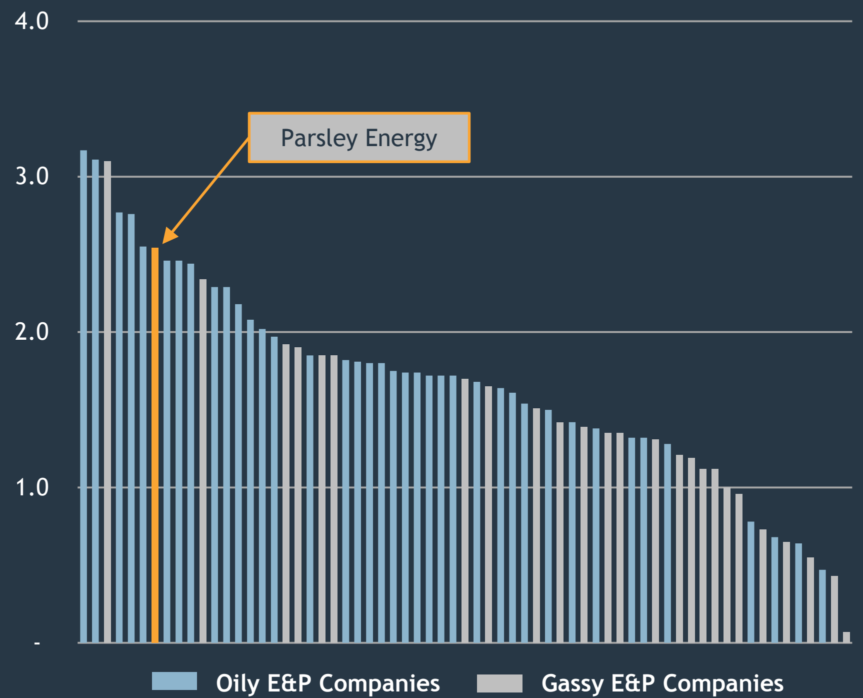
(1) As of 3/31/2018 pro forma for subsequent acreage trades and divestitures. Location counts rounded to the nearest ten; (2) Assumes current run rate of ~160 wells per year; (3) 16 wells per section reflects two landing zones; (4) Reflects an average of two landing zones.

Top-Tier Capital Efficiency

Operating Margin ($/Boe)(1)



Recycle Ratio(2)



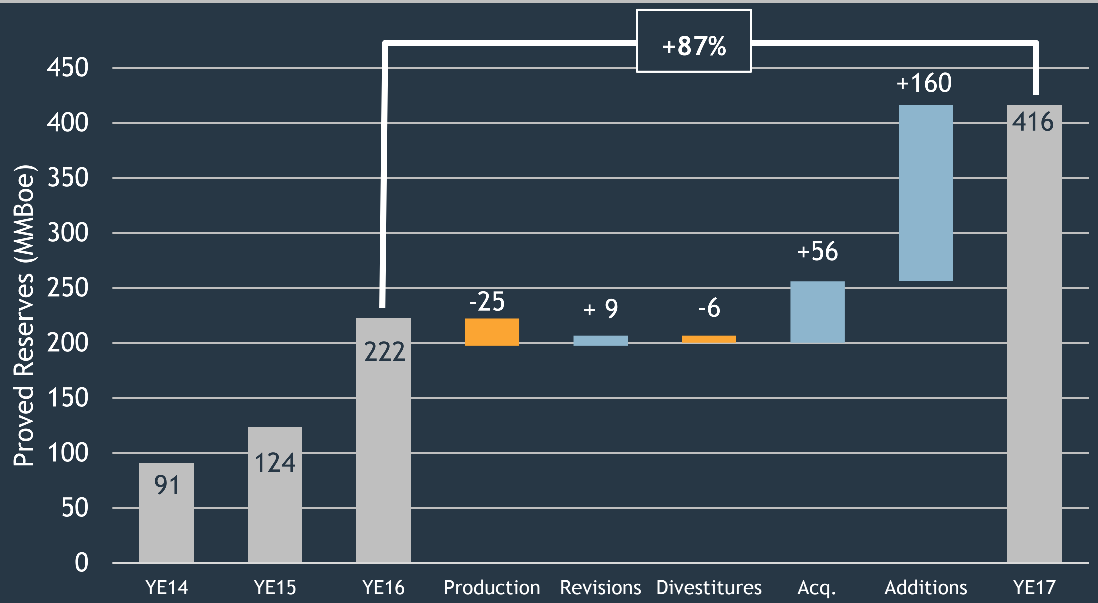
- Liquids-rich production mix and favorable productivity to cost ratio drive top performance on key capital efficiency measures
- Superior capital efficiency translates to value-adding growth

Source: SGS E&P Comp Sheets – week ending April 20, 2018. Companies include APA, APC, AR, AREX, AXAS, CDEV, CHK, CLR, CNX, COG, CPE, CRC, CRK, CRZO, CXO, DNR, DVN, ECA, ECR, EGN, EOG, EPE, EQT, ESTE, FANG, GDP, GPOR, GST, HES, HPR, JAG, JONE, LPI, MCF, MRO, MTDR, MUR, NBL, NFX, NOG, OAS, OXY, PDCE, PE, PQ, PXD, QEP, REI, REN, RRC, RSPP, SBOW, SD, SGY, SM, SN, SRCI, SWN, UPL, WLL, WPX, WRD, WTI, XEC, and XOG; Oily E&P Companies are defined as companies with oil accounting for 40% or more of 2017 production, and Gassy E&P Companies are defined as companies with oil accounting for less than 40% of 2017 production. (1) 4Q17 unhedged operating margins as reported in SGS E&P Comp Sheets; operating margin is defined as realized price per Boe excluding hedges less per-unit lease operating expenses, transportation & gathering costs, total general & administrative expenses, production and ad valorem taxes, and other operating expenses; (2) Recycle ratio is equal to operating margin divided by PD F&D. F&D costs based on 2017 data and operating margin based on 4Q17. PE recycle ratio includes actual 2017 PD F&D/Boe of $12.10.

Consistently Efficient Reserve Growth

- YE17 proved reserves up 87% Y/Y (oil up 82% Y/Y)
  - Three-year proved reserve CAGR of 66%
- Organic reserves replacement ratio of 683%[(1)]
- Positive performance revisions of 4.5 MMBo to oil PDP reserves highlight stability of asset base
- Drillbit F&D[(2)] of $7.12/Boe displays quality and depth of asset base
- PD F&D of $12.10/Boe[(3)] during delineation heavy year supports top-tier recycle ratio of 2.6x[(4)]

Strong Growth in Proved Reserves



Proved Reserves Summary[(5)]

	Oil (MMBbl)	Gas (Bcf)	NGL (MMBbl)	Total (MMBoe)
PDP	118.5	237.2	49.1	207.2
PDNP	1.1	3.1	0.6	2.2
PUD	128.9	211.4	42.9	207.0
Total Proved	**248.5**	**451.7**	**92.6**	**416.4**

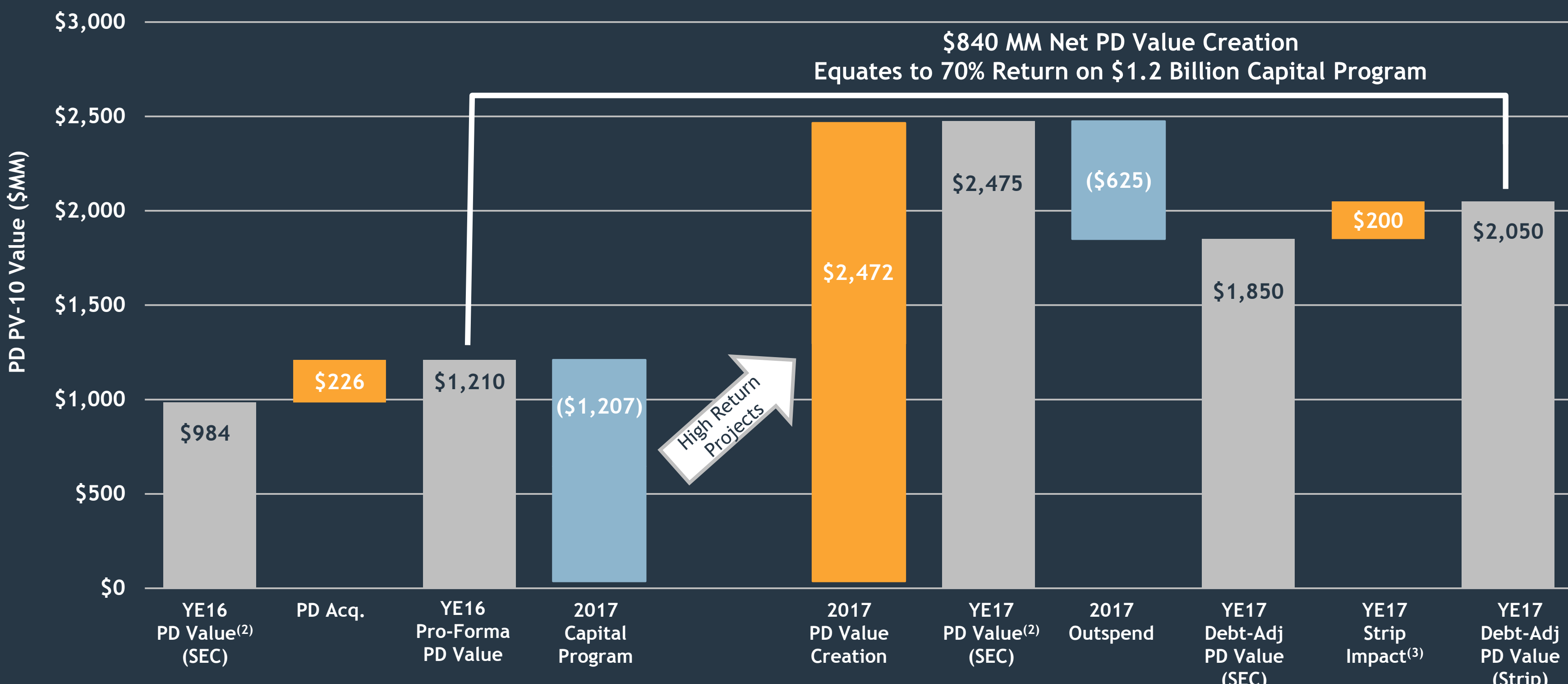
(1) Organic reserves replacement ratio calculated as total 2017 reserve additions and revisions (technical and pricing) divided by total 2017 production; excludes acquisitions and divestitures. For additional detail refer to slide 21; (2) Drillbit F&D calculated as total 2017 Capex (including infrastructure and Other) divided by total 2017 reserves additions and revisions (technical and pricing); excludes acquisitions and divestitures. For additional detail refer to slide 21; (3) PD F&D calculated as total 2017 Capex (including Infrastructure and Other) divided by total 2017 proved developed reserves additions and revisions (technical and pricing); excludes acquisitions and divestitures. Refer to slide 21 for additional detail; (4) Recycle ratio calculated as 4Q17 Operating cash margin divided by PD F&D ($12.10/Boe); oil and gas PD F&D cost (includes only development capital) was $11.61/Boe; Refer to slide 21 for definitions of PD F&D and Oil and Gas PD F&D costs; (5) Reserve summary as of 12/31/2017 and audited by NSAI.

Robust Organic Value Creation

Parsley's portfolio of highly economic development projects allows it to employ incremental capital at high rates of return

- Growth in proved developed reserve value ("PD Value") translated to 70%(1) return on capital invested in 2017
- Levered capital program amplified 2017 value creation, generating $840 MM organic increase in present value of PD base on a debt-adjusted basis, even in a delineation heavy year

Significant Organic Expansion of PD Value(2)



(1) Calculated as annual net PD value creation ($840 MM) divided by annual capital expenditures ($1,207 MM); (2) PD Value is an independently audited value found in exhibits of the Company's 10-K; SEC pricing used to compute YE17 PD value was $49.17 per barrel of oil, $22.20 per barrel of NGL, and $2.530 per MCF of gas; (3) Based on WTI strip pricing as of 12/31/2017.

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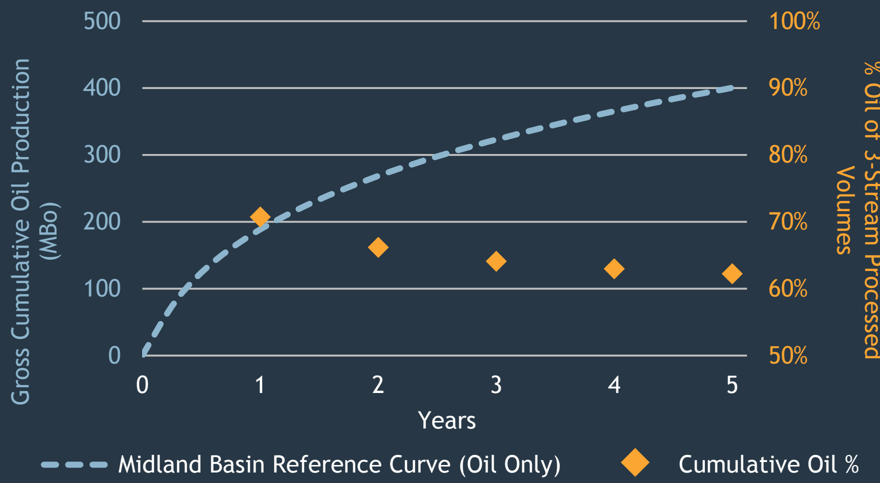
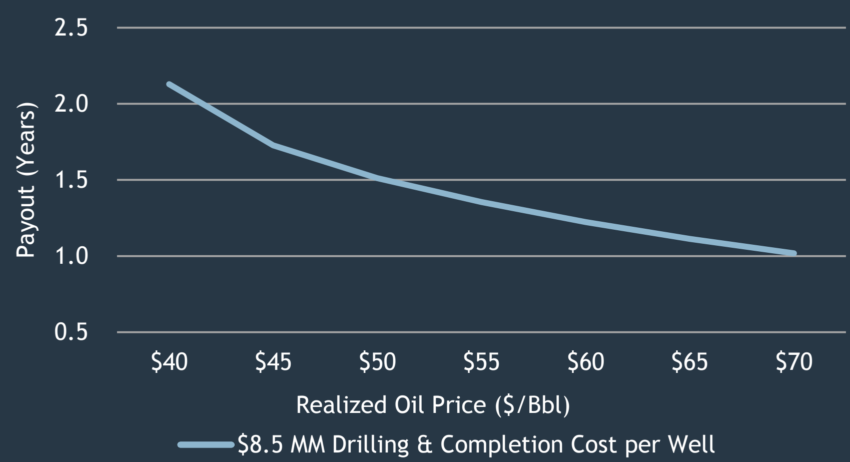
Reference Curves Imply Compelling Economics

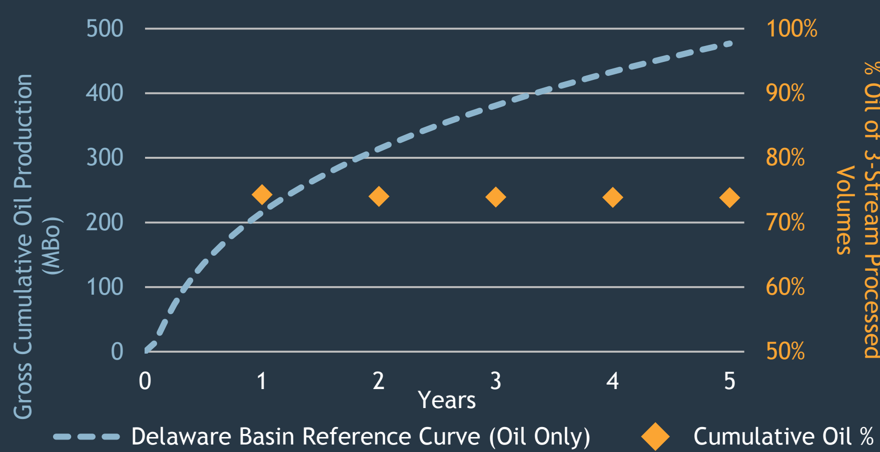
Midland Basin Oil Curve(1)



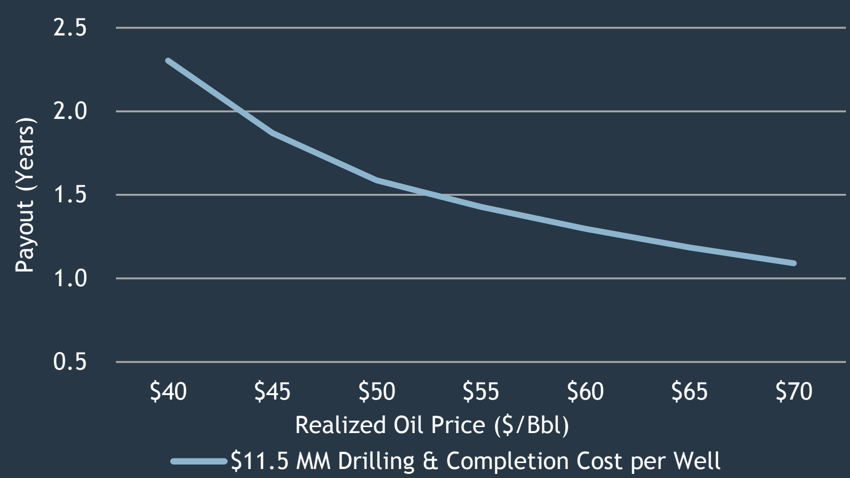
Estimated Midland Basin Well Payout Period(2)



Delaware Basin Oil Curve(1)



Estimated Delaware Basin Well Payout Period(3)



(1) Based on 10,000' lateral. Gross oil and processed NGL and gas volumes are not adjusted for various loss and downtime factors—the combination of which typically constitutes approximately 10% of gross or processed volumes—and are presented before the application of working interest and royalty interest; Oil mix reflects adjustments associated with Parsley's adoption of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), effective January 1, 2018; (2) Excludes facilities costs and assumes realized gas price of $3.00/MMBtu, realized NGL price of 40% WTI, and 25% royalty burden; (3) Excludes facilities costs and assumes realized gas price of $3.00/MMBtu, realized NGL price of 40% WTI, and 15% royalty burden.

PARSLEY ENERGY

Substantial Oil Hedge Position

	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Put Spreads (MBbls/d)(1)	**11.5**	**34.2**	**37.5**	**20.6**	**20.3**	**11.4**	**11.4**
Long Put Price ($/Bbl)	$52.50	$49.64	$49.67	$54.32	$54.32	$55.71	$55.71
Short Put Price ($/Bbl)	$42.50	$39.64	$39.67	$44.32	$44.32	$45.71	$45.71
Three Way Collars (MBbls/d)(2)	**49.5**	**31.0**	**31.0**	**8.3**	**8.2**	**9.8**	**9.8**
Short Call Price ($/Bbl)	$68.11	$75.65	$75.65	$80.40	$80.40	$80.33	$80.33
Long Put Price ($/Bbl)	$50.00	$50.00	$50.00	$50.00	$50.00	$50.83	$50.83
Short Put Price ($/Bbl)	$40.00	$40.00	$40.00	$40.00	$40.00	$40.83	$40.83
Premium Realization ($MM)(3)	**($16.5)**	**($17.9)**	**($19.1)**	**($8.4)**	**($8.4)**	**($5.5)**	**($5.5)**
Collars (MBbls/d)(4)	**3.0**	**3.0**	**3.0**				
Short Call Price ($/Bbl)	$61.31	$61.31	$61.31				
Long Put Price ($/Bbl)	$45.67	$45.67	$45.67				
Total MBbls/d Hedged	**64.0**	**68.2**	**71.5**	**28.9**	**28.6**	**21.2**	**21.2**
Mid-Cush Basis Swaps (MBbls/d)(5)	**11.4**	**11.3**	**11.3**				
Swap Price ($/Bbl)	($0.86)	($0.86)	($0.86)				
Rollfactor Swaps (MBbls/d)(6)	**15.0**	**15.0**	**15.0**				
Swap Price ($/Bbl)	$0.60	$0.60	$0.60				

Hedge positions as of 5/2/2018. Prices represent the weighted average price of contracts scheduled for settlement during the period; (1) When the NYMEX price is above the long put price, Parsley receives the NYMEX price. When the NYMEX price is between the long put price and the short put price, Parsley receives the long put price. When the NYMEX price is below the short put price, Parsley receives the NYMEX price plus the difference between the short put price and the long put price; (2) Functions similarly to put spreads except when the index price is at or above the call price, Parsley receives the call price; (3) Premium realizations represent net premiums paid (including deferred premiums), which are recognized as a loss in the period of settlement; (4) When the NYMEX price is above the call price, Parsley receives the call price. When the NYMEX is below the long put price, Parsley receives the long put price. When the NYMEX price is between the short call and long put prices, Parsley receives the NYMEX price; (5) Parsley receives the swap price; (6) These positions hedge the timing risk associated with Parsley's physical sales. Parsley generally sells crude oil for the delivery month at a sales price based on the average NYMEX price during that month, plus an adjustment calculated as a spread between the weighted average prices of the delivery month, the next month, and the following month during the period when the delivery month is the first month.

Adjusted EBITDAX Reconciliation

Unaudited, in thousands	Three Months Ended March 31,	
Adjusted EBITDAX reconciliation to net income:	**2018**	**2017**
Net income attributable to Parsley Energy, Inc. stockholders	$82,890	$29,442
Net income attributable to noncontrolling interests	22,573	8,848
Depreciation, depletion and amortization	121,199	68,970
Exploration and abandonment costs	5,411	2,763
Interest expense, net	29,845	16,965
Income tax expense	23,325	18,402
EBITDAX	285,243	145,390
Change in TRA liability	82	20,549
Stock-based compensation	5,069	4,209
Acquisition costs	4	1,344
Loss on sale of property	111	—
Accretion of asset retirement obligations	354	136
Loss on early extinguishment of debt	—	3,891
Inventory write down	61	—
Loss (gain) on derivatives	10,793	(24,616)
Net settlements on derivative instruments	(2,873)	(301)
Net premium realization on options that settled during the period	(16,526)	(4,854)
Adjusted EBITDAX	$282,318	$145,748

Note: Certain reclassifications to prior period amounts have been made to conform with current presentation.

Impact of ASC 606 Adoption

	Three Months Ended March 31, 2018		
	ASC 605	Adjustment	ASC 606
Production revenues (in thousands):			
Oil sales	$331,103	--	$331,103
Natural gas sales	15,586	1,838	17,424
Natural gas liquids sales	36,191	4,429	40,620
Total production revenues	382,880	6,267	389,147
Operating expenses			
Transportation and processing costs	--	6,267	6,267
Production revenues less transportation and processing costs	$382,880	--	$382,880
Net income attributable to Parsley, Inc. stockholders (in thousands)	$82,890	--	$82,890
Production:			
Oil (MBbls)	5,341	--	5,341
Natural gas (MMcf)	7,982	574	8,556
Natural gas liquids (MBbls)	1,464	179	1,643
Total (MBoe)	8,083	327	8,410
Average daily production volume:			
Oil (Bbls)	59,344	--	59,344
Natural gas (Mcf)	88,689	6,378	95,067
Natural gas liquids (Bbls)	16,267	1,989	18,256
Total (Boe)	89,811	3,633	93,444
Certain unit costs (per Boe):			
Lease operating expenses	$3.57	$(0.14)	$3.43
Transportation and processing costs	--	$0.75	$0.75
Production and ad valorem taxes	$2.99	$(0.11)	$2.88
Depreciation, depletion and amortization	$14.99	$(0.58)	$14.41
General and administrative expenses (including stock-based compensation)	$4.33	$(0.17)	$4.16
General and administrative expenses (cash based)	$3.70	$(0.14)	$3.56

Reserves Replacement Ratio and F&D Cost (Unaudited)

Organic Reserves Replacement Ratio

Parsley uses the organic reserves replacement ratio as an indicator of the company's ability to replace the reserves that it has developed and to increase its reserves over time. The ratio is not a representation of value creation and has a number of limitations that should be considered. For example, the ratio does not incorporate the costs or timing of developing future reserves. The organic reserves replacement ratio of 683% was calculated as total 2017 reserve additions and revisions (technical and pricing), divided by total 2017 production. The ratio calculation excludes acquisitions and divestitures.

Proved Developed Finding and Development ("F&D") Costs

Parsley uses proved developed F&D, oil and gas proved developed F&D, and drillbit F&D costs as an indicator of capital efficiency, in that it measures Parsley's costs to add proved developed reserves on a per Boe basis. Proved developed F&D is calculated as total 2017 capital expenditures (including Infrastructure and Other) divided by total 2017 proved developed reserves additions and revisions (technical and pricing). Drillbit F&D is calculated as total 2017 capital expenditures (including infrastructure and Other), divided by total 2017 reserves additions and revisions (technical and pricing). Both calculations exclude acquisitions and divestitures and are subject to limitations, including the uncertainty of future costs to development the company's reserves. Oil and gas PD F&D cost calculated by dividing annual development capital expenditures by year-over-year proved developed producing and proved developed non-producing reserve additions, and includes reclassifications and technical and pricing revisions, but excludes acquisitions and divestitures.