

Parsley Energy, Inc.
Form S-3ASR
May 31, 2018
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As filed with the Securities and Exchange Commission on May 31, 2018

Registration No. 333-

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

FORM S-3
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

PARSLEY ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

303 Colorado Street, Suite 3000

46-4314192
(I.R.S. Employer
Identification No.)

Edgar Filing: Parsley Energy, Inc. - Form S-3ASR

Austin, Texas 78701

(737-704-2300)

(Addresses, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Colin W. Roberts

Executive Vice President General Counsel

303 Colorado Street, Suite 3000

Austin, Texas 78701

(737) 704-2300

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Douglas E. McWilliams

Vinson & Elkins L.L.P.

1001 Fannin, Suite 2500

Houston, Texas 77002

(713) 758-2222

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest

reinvestment plans, check the following box:

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

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

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|--------------------------------|--|--|-----------------------------------|
| Primary Offering(1): | | | | |
| Class A common stock, par value \$0.01 per share | | | | |
| Preferred Stock, par value \$0.01 per share | | | | |
| Depositary Shares(2) | | | | |
| Warrants | | | | |
| Total Primary | (1) | (1) | (1) | (3) |
| Secondary Offering: | | | | |
| Class A common stock, par value \$0.01 per share(4) | 40,957,053(5) | (6) | \$1,215,605,334(7) | \$151,342.87(4) |
| Total (Primary and Secondary) | | | | |

(1) An indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be offered hereunder at indeterminate prices. This registration statement also covers an indeterminate amount of securities that may be issued in exchange for, or upon conversion or exercise of, as the case may be, the preferred stock or warrants registered hereunder. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. No separate consideration will be received for any securities registered hereunder that are issued in exchange for, or upon conversion of, as the case may be, the preferred stock or warrants registered hereunder.

(2)

The depositary shares being registered will be evidenced by depositary receipts issued under a deposit agreement. If Parsley Energy, Inc. elects to offer fractional interests in shares of preferred stock to the public, depositary receipts will be distributed to the investors purchasing the fractional interests, and the shares will be issued to the depositary under the deposit agreement.

- (3) In reliance on Rules 456(b) and 457(r) under the Securities Act, the registrant is deferring payment of the registration fee for all securities that may be offered in a primary offering by the registrant.
- (4) The secondary offering of shares of Class A common stock registered hereunder was previously registered under a registration statement on Form S-3 (File No. 333-204766) filed by Parsley Energy, Inc. with the Securities and Exchange Commission on June 5, 2015 (the Prior Registration Statement). 44,723,756 shares of Class A common stock that were previously registered pursuant to the Prior Registration Statement remain unsold. In accordance with Rule 457(p) under the Securities Act, the registrant is offsetting the registration fee due under this registration statement by \$89,842.19, which represents the portion of the registration fee previously paid with respect to such unsold shares (based on the registration fee in effect at the time of filing of the Prior Registration Statement and the proposed maximum aggregate offering price of \$773,168,615 associated with such unsold shares). Accordingly, a registration fee of \$61,500.68 has been paid in connection with the filing of this registration statement. Pursuant to Rule 457(p), the offering of the unsold securities registered on the Prior Registration Statement will be deemed terminated as of the date of filing of this registration statement.
- (5) Includes 26,132,688 shares of Class A common stock issuable upon the exchange of units in Parsley Energy, LLC together with an equal number of shares of the registrant's Class B common stock. Pursuant to Rule 416(a) under the Securities Act, the amount of Class A common stock being registered on behalf of the selling stockholders shall be adjusted to include any additional Class A common stock that may become issuable as a result of any distribution, split, combination or similar transaction.
- (6) With respect to the offering of shares of Class A common stock by the selling stockholders, the proposed maximum offering price per common share will be determined from time to time in connection with, and at the time of, a sale by the holder of such securities.
- (7) Pursuant to Rule 457(c) of the Securities Act, the registration fee is calculated on the basis of the average of the high and low sale prices of the registrant's Class A common stock on May 30, 2018, as reported on the New York Stock Exchange.

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EXPLANATORY NOTE

This registration statement consists of two prospectuses, covering the registration of:

Shares of Class A common stock, shares of preferred stock, depository shares and warrants of Parsley Energy, Inc.; and

Shares of Class A common stock of Parsley Energy, Inc. that may be sold in one or more secondary offerings by the selling stockholders.

This registration statement on Form S-3 offsets the registration fee due hereunder by the amount of the registration fee previously paid with respect to an aggregate of 44,723,756 shares of Class A common stock. Such shares were previously registered by us for offer and sale by certain selling stockholders pursuant to a registration statement on Form S-3 (File No. 333-204766), which registration statement was filed and declared effective on June 5, 2015.

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PROSPECTUS

Parsley Energy, Inc.

Class A Common Stock

Preferred Stock

Depositary Shares

Warrants

From time to time we may offer and sell the following securities:

Shares of Class A common stock;

Shares of preferred stock;

Depositary shares; and

Warrants.

We may offer and sell these securities from time to time in amounts, at prices and on terms to be determined by market conditions and other factors at the time of our offerings. We may offer and sell these securities through agents, through underwriters or dealers or directly to one or more purchasers, including existing stockholders. This prospectus provides you with a general description of these securities and the general manner in which we will offer the securities. Each time securities are offered, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus.

Our Class A common stock is traded on the New York Stock Exchange (the NYSE) under the symbol PE.

Our principal executive offices are located at 303 Colorado Street, Suite 3000, Austin, Texas 78701, and our telephone number at that address is (737) 704-2300.

You should read carefully this prospectus, the documents incorporated by reference in this prospectus and any prospectus supplement before you invest. See Risk Factors beginning on page 6 of this prospectus for information on certain risks related to the purchase of our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 31, 2018.

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You should rely only on the information contained in this prospectus, any prospectus supplement and the documents we have incorporated by reference. We have not authorized any dealer, salesperson or other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any prospectus supplement are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any sale of a security.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under this shelf registration process, we may, from time to time, offer and sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus generally describes Parsley Energy, Inc. and the Class A common stock, par value \$0.01 per share (Class A common stock), preferred stock, depositary shares and warrants that we may offer. Each time securities are offered by means of this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering. We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to these offerings. We may also add or update in the prospectus supplement (and in any related free writing prospectus that we may authorize to be provided to you) any of the information contained in this prospectus or in the documents that we have incorporated by reference into this prospectus. We urge you to carefully read this prospectus, any applicable prospectus supplement and any related free writing prospectus, together with the information incorporated by reference herein as described under the heading **Where You Can Find Additional Information**, before buying any of the securities being offered.

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the heading **Available Information**.

As used in this prospectus, references to the Company, we, our, us or like terms mean Parsley Energy, Inc. and its consolidated subsidiaries unless we state otherwise or the context otherwise requires.

ABOUT PARSLEY ENERGY, INC.

We are an independent oil and natural gas company focused on the acquisition and development of unconventional oil, natural gas and NGLs reserves in the Permian Basin. The Permian Basin is located in West Texas and Southeastern New Mexico and is comprised of three primary sub-areas: the Midland Basin, the Central Basin Platform and the Delaware Basin. These areas are characterized by high oil and liquids-rich natural gas content, multiple vertical and horizontal target horizons, extensive production histories, long-lived reserves and historically high drilling success rates. Our properties are located in the Midland and Delaware Basins, where, given the historical associated returns, we focus predominantly on horizontal development drilling.

As a holding company and the sole managing member of Parsley Energy, LLC (Parsley LLC), (i) our sole material asset consists of equity interests in Parsley LLC, (ii) we are responsible for all operational, management and administrative decisions of Parsley LLC, and (iii) we consolidate the financial results of Parsley LLC and its subsidiaries.

Our principal executive offices are located at 303 Colorado Street, Suite 3000, Austin, Texas 78701 and our telephone number at that address is (737) 704-2300. Our website address is www.parsleyenergy.com. Information contained on our website is not incorporated by reference into this prospectus.

For additional information about our company, please read the documents listed under **Incorporation of Certain Documents by Reference**.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information we have filed with it, which means that we can disclose important information to you, without actually including the specific information in this prospectus, by referring you to other documents previously filed with the SEC. The information incorporated by reference is an important part of this prospectus. Information that we later provide to the SEC, and which is deemed to be filed with the SEC, will automatically update and supersede information previously filed with the SEC and in this prospectus.

We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and before the termination of this offering (other than, in each case, information furnished rather than filed);

our Annual Report on Form 10-K for the year ended December 31, 2017;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018;

our Current Reports on Form 8-K filed on February 7, 2017, August 11, 2017, January 9, 2018, May 3, 2018, May 30, 2018 and May 31, 2018 and our Current Report on Form 8-K/A filed on May 3, 2017;

the information specifically incorporated by reference into the Annual Report on Form 10-K for the year ended December 31, 2017 from our Definitive Proxy Statement on Schedule 14A filed on April 6, 2018 and Amendment No. 1 thereto filed on April 17, 2018; and

the description of our Class A common stock contained in our Form 8-A filed on May 20, 2014, including any amendment to that form that we may file in the future for the purpose of updating the description of our Class A common stock.

These reports contain important information about us, our financial condition and our results of operations.

You may request a copy of any document incorporated by reference in this prospectus, including the exhibits thereto, at no cost, by writing or telephoning us at the following address or telephone number:

Parsley Energy, Inc.

303 Colorado Street, Suite 3000

Austin, Texas 78701

Attention: General Counsel

(737) 704-2300

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AVAILABLE INFORMATION

We file annual, quarterly, current and other reports and other information with the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. Our filings are also available to the public from commercial document retrieval services and through the SEC's website at <http://www.sec.gov>.

Our Class A common stock is listed and traded on the NYSE under the symbol PE. Our reports and other information filed with the SEC can also be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005.

We also make available free of charge on our website at www.parsleyenergy.com all of the documents that we file with the SEC as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website is not incorporated by reference into this prospectus.

This prospectus is part of a registration statement that we have filed with the SEC relating to the securities to be offered. This prospectus does not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules in accordance with the rules and regulations of the SEC, and we refer you to the omitted information. The statements made in this prospectus pertaining to the content of any contract, agreement or other document that is an exhibit to the registration statement necessarily are summaries of their material provisions and do not describe all exceptions and qualifications contained in those contracts, agreements or documents. You should read those contracts, agreements or documents for information that may be important to you. The registration statement, exhibits and schedules are available at the SEC's Public Reference Room or through its website.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in or incorporated by reference into this prospectus that express a belief, expectation, or intention, or that are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Exchange Act. These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil and natural gas reserves, drilling program, capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, anticipate, potential, could, may, foresee, plan, go, convey the uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. We have based these forward-looking statements on our current expectations and assumptions about future events. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Actual results may differ materially from those implied or expressed by the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus, or if made earlier, as of the date they were made. We disclaim any obligation to update or revise these statements unless required by law, and we caution you not to rely on them unduly. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties relating to, among other matters, the risks discussed under the heading Risk Factors and elsewhere in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K (other than, in each case, information furnished rather than filed), all of which are incorporated by reference in this prospectus, and any risk factors included in any applicable prospectus supplement.

Forward-looking statements may include statements about our:

business strategy;

reserves;

exploration and development drilling prospects, inventories, projects and programs;

ability to replace the reserves we produce through drilling and property acquisitions;

financial strategy, liquidity and capital required for our development program;

realized oil, natural gas, and natural gas liquids (NGLs) prices;

timing and amount of future production of oil, natural gas and NGLs;

hedging strategy and results;

future drilling plans;

competition and government regulations;

ability to obtain permits and governmental approvals;

pending legal or environmental matters;

marketing of oil, natural gas and NGLs;

leasehold or business acquisitions;

costs of developing our properties;

general economic conditions;

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credit markets;

uncertainty regarding our future operating results; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical.

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, natural gas and NGLs. 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, cash flow and access to capital, the timing of development expenditures, and the other risks described under **Risk Factors** in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K (other than, in each case, information furnished rather than filed), which are incorporated by reference herein.

Additionally, we caution you that reserve engineering is a process of estimating underground accumulations of oil, natural gas and NGLs that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this prospectus are expressly qualified in their entirety by this cautionary note. This cautionary note should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

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 cautionary note, to reflect events or circumstances after the date of this prospectus.

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RISK FACTORS

An investment in our securities involves a significant degree of risk. Before you invest in our securities you should carefully consider those risk factors described under, but not limited to, the heading "Risk Factors" in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K (other than, in each case, information furnished rather than filed), which are incorporated by reference herein, and those risk factors that may be included in any applicable prospectus supplement, together with all of the other information included in this prospectus, any prospectus supplement and the documents we incorporate by reference, in evaluating an investment in our securities. If any of these risks were actually to occur, our business, financial condition or results of operations could be materially adversely affected. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations and financial condition. Please read "Cautionary Note Regarding Forward-Looking Statements."

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USE OF PROCEEDS

Unless we inform you otherwise in a prospectus supplement or free writing prospectus, we intend to use the net proceeds from the sale of securities we are offering for general corporate purposes. This may include, among other things, additions to working capital, repayment or refinancing of existing indebtedness or other corporate obligations, financing of capital expenditures and acquisitions and investment in existing and future projects. Any specific allocation of the net proceeds of an offering of securities to a specific purpose will be determined at the time of the offering and will be described in an accompanying prospectus supplement or free writing prospectus.

Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds in the event that securities are sold by a selling stockholder.

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The following table sets forth our ratios of consolidated earnings to fixed charges for the periods presented:

| | Year Ended December 31, | | | | | Three Months Ended March 31, |
|--|-------------------------|------------------|------------------|------------------|------------------|---------------------------------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| | (\$ in thousands) | | | | | |
| Fixed charges: | | | | | | |
| Interest expense | \$ 14,006 | \$ 39,940 | \$ 45,581 | \$ 56,225 | \$ 97,381 | \$ 31,968 |
| Capitalized interest | 3,409 | 2,689 | | | | |
| Portion of rental expense which represents estimated interest factor | 35 | 69 | 217 | 345 | 487 | 136 |
| Total Fixed Charges | \$ 17,450 | \$ 42,698 | \$ 45,798 | \$ 56,570 | \$ 97,868 | \$ 32,104 |
| Preferred stock dividends | | | | | | |
| Earnings available for fixed charges and preferred stock dividends: | | | | | | |
| Pre-tax income (loss) | \$ 29,416 | \$ 93,190 | \$ (96,786) | \$ (106,341) | \$ 129,628 | \$ 128,788 |
| Less: (income) loss from equity investments | (184) | (348) | 311 | 751 | (536) | (631) |
| Add: fixed charges | 17,450 | 42,698 | 45,798 | 56,570 | 97,868 | 32,104 |
| Add: capitalized interest amortized during period | 131 | 193 | | | | |
| Less: capitalized interest | (3,409) | (2,689) | | | | |
| Less: net (income) loss noncontrolling interests | | (33,293) | 22,547 | 14,735 | (17,146) | (22,573) |
| Earnings (loss) available for fixed charges and preferred stock dividends | \$ 43,404 | \$ 99,751 | \$ (28,130) | \$ (34,285) | \$ 209,814 | \$ 137,688 |
| Ratio of earnings to combined fixed charges and preferred stock dividends(a) | 2.5x | 2.4x | NA(b) | NA(b) | 2.1x | 4.3x |

- (a) For purposes of calculating the ratios of consolidated earnings to combined fixed charges and preferred stock dividends, earnings consists of pre-tax income (loss) from continuing operations. Fixed charges consist of interest expense and capitalized interest. Interest expense includes amortization of discounts, financing fees, and deferred financing amortization.
- (b) Earnings were insufficient to cover total fixed charges and preferred dividends by \$28.1 million and \$34.3 million for the years ended December 31, 2015 and 2016, respectively.

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DESCRIPTION OF CAPITAL STOCK

As of May 30, 2018, our authorized capital stock consisted of 600,000,000 shares of Class A common stock, \$0.01 par value per share, of which 279,901,018 were issued and 279,313,004 were outstanding; 125,000,000 shares of Class B common stock, \$0.01 par value per share, of which 37,404,937 were issued and outstanding; and 50,000,000 shares of preferred stock, par value \$0.01 per share, of which no shares were issued and outstanding. The following summary of our capital stock, amended and restated certificate of incorporation and amended and restated bylaws does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our amended and restated certificate of incorporation and amended and restated bylaws.

Class A Common Stock

Voting Rights. Holders of shares of our Class A common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. The holders of shares of our Class A common stock do not have cumulative voting rights in the election of directors.

Dividend Rights. Holders of shares of our Class A common stock are entitled to ratably receive dividends when and if declared by our board of directors out of funds legally available for that purpose, subject to any statutory or contractual restrictions on the payment of dividends and to any prior rights and preferences that may be applicable to any outstanding preferred stock.

Liquidation Rights. Upon our liquidation, dissolution, distribution of assets or other winding up, the holders of shares of our Class A common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and the liquidation preference of any of our outstanding shares of preferred stock.

Other Matters. The shares of Class A common stock have no preemptive or conversion rights and are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the Class A common stock. All outstanding shares of our Class A common stock, including the Class A common stock offered in this offering, are fully paid and non-assessable.

Class B Common Stock

Voting Rights. Holders of shares of our Class B common stock are entitled to one vote per share held of record on all matters to be voted upon by the stockholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except with respect to the amendment of certain provisions of our amended and restated certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be by a majority of the votes entitled to be cast by the holders of the shares affected by the amendment, voting as a separate class, or as otherwise required by applicable law.

Dividend and Liquidation Rights. Holders of our Class B common stock do not have any right to receive dividends, unless the dividend consists of shares of our Class B common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock, and a dividend consisting of shares of Class A common stock or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for shares of Class A common stock on the same terms is simultaneously paid to the holders of Class A common stock. Holders of our Class B common stock do not have any right to receive a distribution upon our liquidation or winding up.

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Exchange Right. Each holder of shares of our Class B common stock holds an equal number of units in Parsley LLC (PE Units). In accordance with the terms of the Second Amended and Restated Limited Liability Agreement of Parsley LLC, each holder of PE Units (each, a PE Unit Holder) generally has the right to exchange his, her or its PE Units, together with a corresponding number of shares of Class B common stock, for shares of Class A common stock at an exchange ratio of one share of Class A common stock for each PE Unit (and a corresponding share of Class B common stock) exchanged (subject to conversion rate adjustments for stock splits, stock dividends and reclassifications) or, if we or Parsley LLC so elects, cash. As PE Unit Holders exchange their PE Units and Class B common stock for Class A common stock, our interest in Parsley LLC will correspondingly increase.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of preferred stock, par value \$0.01 per share, covering up to an aggregate of 50,000,000 shares of preferred stock. Each class or series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by the board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation, the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

Registration Rights Agreements***IPO Registration Rights Agreement***

In connection with the closing of our initial public offering, we entered into a registration rights agreement, dated May 29, 2014, by and among us, Parsley LLC and certain other stockholders (as amended, the IPO RRA). In connection with the closing of the Double Eagle Acquisition (as defined below), on April 20, 2017, we entered into the Second Amended and Restated Registration Rights Agreement (the Second A&R IPO RRA), by and among us, Parsley LLC and the other parties thereto. The Second A&R IPO RRA amended and restated the IPO RRA, to, among other things, address the relative rights of the holders of registrable securities under the Double Eagle RRA (as defined below) and the holders of registrable securities under the Second A&R IPO RRA and to include such registrable securities in certain registration statements and underwritten offerings. The Second A&R IPO RRA contains provisions by which we agree to register under the federal securities laws the sale of shares of our Class A common stock by certain selling stockholders or certain of their affiliates. These registration rights are subject to certain conditions and limitations. We are generally obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective.

Double Eagle Registration Rights Agreement

In connection with the closing of the acquisition of all of the interests in Double Eagle Lone Star LLC, DE Operating LLC, and Veritas Energy Partners, LLC (which were subsequently renamed Parsley DE Lone Star LLC, Parsley DE Operating LLC, and Parsley Veritas Energy Partners, LLC, respectively) from Double Eagle Energy Permian Operating LLC (DE Operating), Double Eagle Energy Permian LLC (DE Permian) and Double Eagle Energy Permian Member LLC (together with DE Operating and DE Permian, Double Eagle), as well as certain related transactions with an affiliate of Double Eagle (the Double Eagle Acquisition) on April 20, 2017, we entered into a registration rights agreement and lock-up agreement (the Double Eagle RRA) with the selling stockholders thereunder, pursuant to which, among other things and subject to certain restrictions, we were required to file with the SEC an automatically effective registration statement on Form S-3 registering for resale the shares of our Class A common stock issuable

upon exchange of the PE Units (together with a corresponding number of shares of our Class B common stock) issued as consideration in connection with

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the closing of the Double Eagle Acquisition and to conduct certain underwritten offerings thereof. The holders of registrable securities under the Double Eagle RRA were subject to a 90-day lock-up period during which they were not permitted to directly or indirectly transfer any PE Units, shares of our Class B common stock, or shares of our Class A common stock, or any rights or economic interests pertaining thereto. Pursuant to our obligations under the Double Eagle RRA, we filed an automatically effective registration statement with the SEC on May 3, 2017, providing for the registration of 39,848,518 shares of our Class A common stock that may be issued from time to time to certain members of Parsley LLC upon the exchange of such members' PE Units, together with an equal number of shares of our Class B common stock.

Anti-Takeover Effects of Provisions of Our Amended and Restated Certificate of Incorporation, our Amended and Restated Bylaws and Delaware Law

Certain provisions of Delaware law and certain provisions in our amended and restated certificate of incorporation and our amended and restated bylaws described below, could make it more difficult for a third party to acquire us by means of a tender offer, a proxy contest or otherwise. These provisions may also have the effect of preventing changes to our management and board of directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for our shares.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Law

Our amended and restated certificate of incorporation provides that we are not governed by Section 203 of the Delaware General Corporation Law ("DGCL"), which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations. Section 203 of the DGCL prohibits a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

the transaction is approved by the board of directors before the date the interested stockholder attained that status;

upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our Class A common stock.

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Among other things, our amended and restated certificate of incorporation and amended and restated bylaws:

establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the prec