

WHITING PETROLEUM CORP
Form DEFA14A
July 17, 2014

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Whiting Petroleum Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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ENERGY + TECHNOLOGY = GROWTH
YPE Shale Symposium Presentation
July 2014
Whiting Petroleum Corporation

Forward-Looking Statements, Non-GAAP
Measures, Reserve and Resource Information
Forward-Looking Statements, Non-GAAP
Measures, Reserve and Resource Information

2

Energy

+

Technology

=

Growth

Whiting uses in this presentation the terms proved, probable and possible reserves. Proved reserves are reserves 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 under existing economic conditions, 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. Probable reserves are reserves that are less certain to be recovered than proved reserves, but which, together with proved reserves, are as likely as not to be recovered. Possible reserves are reserves that are less certain to be recovered than probable reserves. Estimates of probable and possible reserves which may potentially be recoverable through additional drilling or recovery techniques are by nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company.

Whiting uses in this presentation the term total resources, which consists of contingent and prospective resources, which SEC rules prohibit in filings of U.S. registrants. Contingent resources are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the reserves category, the key conditions or contingencies that prevented commercial development must be clarified and removed. Prospective resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared. Estimates of resources are by nature more uncertain than reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company.

This presentation contains statements that Whiting Petroleum Corporation (Whiting) believes to be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts, including statements regarding the expected benefits of the proposed transaction to Whiting and Kodiak Oil & Gas Corp. (Kodiak) and their shareholders, the anticipated completion of the proposed transaction or the timing thereof, the expected future reserves, production, financial position, business strategy, revenues, earnings, costs, capital expenditures and debt levels of the combined company, and plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. These risks and uncertainties include, but are not limited to: the ability to obtain shareholder, court and regulatory approvals of the proposed acquisition of Kodiak; the ability to complete the proposed acquisition of Kodiak on anticipated terms and timetable; Whiting's and Kodiak's ability to integrate successfully after the transaction and

achieve anticipated benefits from the proposed transaction; the possibility that various closing conditions for the transaction may not be satisfied or waived; risks relating to any unforeseen liabilities of Whiting or Kodiak; oil and natural gas prices; level of success in exploration, development and production activities; the impacts of federal and state laws; the impacts of hedging on results of operations; uncertainty regarding future operating results and plans, objectives and expectations; and other risks described under the caption "Risk Factors" in Whiting's and Kodiak's Annual Reports on Form 10-K for the period ended December 31, 2013. Whiting assumes no obligation, and disclaims any duty, to update the forward-looking statements in this communication. Whiting's 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 drilling cost increases. In this presentation, we refer to Adjusted Net Income, Discretionary Cash Flow, Cash Flow per Share, EBITDAX and Net Debt, which are non-GAAP measures that the Company believes are helpful in evaluating the performance of its business. A reconciliation of such non-GAAP measures to the relevant GAAP measures can be found at the end of the presentation.

Whiting Overview

Whiting Petroleum Corporation's Solberg 34-11 Tripad wells with Nabors drilling rig B15 on the Zalesky 34-8 Tripad, in background.

Whiting Overview

Whiting Petroleum Corporation, a Delaware corporation, is an independent oil and gas company that explores for, develops, acquires and produces crude oil, natural

gas and natural gas liquids primarily in the Rocky Mountain and Permian Basin regions of the United States. The Company's largest projects are in the Bakken and Three Forks plays in North Dakota, the Redtail Niobrara play in northeast Colorado and its enhanced oil recovery field in Texas. The Company trades publicly under the symbol WLL on the New York Stock Exchange.

Q1 2014 Production

100.1 MBOE/d

Proved Reserves

(1)

438.5 MMBOE

% Oil Reserves

(1)

79% (89% Liquids)

R/P Ratio

(2)

13 years

(1) Whiting reserves at December 31, 2013 based on independent engineering.

(2) R/P ratio based on year-end 2013 proved reserves and 2013 production.

Energy

+

Technology

=

Growth

3

A Focused Company

Major Asset Areas

Q1 2014 Net Production

100.1 MBOE/d

4

Energy + Technology = Growth

(1) At December 31, 2013 based on independent engineering.

Williston Basin

Bakken / Three Forks

3,738 Gross Potential Future

Drilling Locations

73,325 BOE/d (Q1 2014)

Redtail

Niobrara A and B

3,310 Gross Potential Future

Drilling Locations

4,550 BOE/d (Q1 2014)

HEADQUARTERS

Denver, Colorado

North Ward Estes

110 MMBOE Proved Reserves

(1)

104 MMBOE 92 + P3 Reserves

(1)

Capital Budget for Key Property Areas in 2014
2014 Production Growth Guidance of +17% to +19%

(1)

(2)

(3)

5

Energy

+
 Technology
 =
 Growth
 Northern Rockies
 \$1,101 MM
 Central Rockies
 \$575 MM
 EOR Project
 (3)
 \$203 MM
 Libby Ranch CO2
 Development
 \$56 MM
 (1)
 Other
 Exploration
 Drilling
 \$44 MM
 Non-Operated
 \$232 MM
 Land
 \$116 MM
 Facilities
 \$151 MM
 Exploration
 Expense
 (2)
 \$72 MM
 Well Work, Misc.
 Costs, Other
 \$150 MM
 For development of CO

2
 prospect at Bravo Dome in northeastern New Mexico.
 Comprised primarily of exploration salaries, lease delay
 rentals
 and
 seismic
 activities.

This multi-year CO
 2

project involves many re-entries, workovers and conversions. Therefore, it is budgeted on a project basis not a well basis.

Property Area

2014 CAPEX

(MM)

Gross

Wells

Net

Wells

% of	
Total	
Northern Rockies	
1,101	
199	
137.2	
41%	
Central Rockies	
575	
120	
104.9	
21%	
EOR Project	
203	
NA	
(3)	
NA	
(3)	
7%	
Libby Ranch CO ₂	
Develop.	
(1)	
56	
2%	
Other Exploration Drilling	
44	
9	
7.3	
2%	
Non-Operated	
232	
8%	
Land	
116	
4%	
Facilities	
151	
6%	
Exploration Expense	
(2)	
72	
3%	
Well Work, Misc. Costs, Other	
150	
6%	
Total Budget	
\$2,700	
328	
249.4	
100%	

Field
Target
Gross Acres
Net Acres
Sanish / Parshall
Middle Bakken
Three Forks

174,666
82,445
Pronghorn
Pronghorn Sand
193,625
125,630
Lewis & Clark
Three Forks
174,020
117,590
Hidden Bench
Middle Bakken
Three Forks
65,882
37,314
Tarpon
Middle Bakken
Three Forks
8,805
6,265
Starbuck
Middle Bakken
Three Forks
Red River
53,012
42,932
Missouri Breaks
Middle Bakken
Three Forks
99,930
65,869
Cassandra
Middle Bakken
Three Forks
29,827
13,949
Big Island
Red River
175,740
137,559
Other ND & Montana
122,651
54,251
Total
1,098,158
683,804
Whiting Lease Areas in Williston Basin
March 31, 2014
6
Energy

+
Technology
=
Growth

Rigs drilling in the Williston Basin

(as of 7/13/14)

2,3

Announced Strategic Combination with Kodiak Oil & Gas Corp.

Creates Leading Williston Basin Operator

7

Energy

+
Technology

=
Growth

Acreage Overview (855,000 net acres)

Q1'14 Bakken / Three Forks Net Production

(Mboepd)

107.3

97.5

86.0

73.3

63.0

~60.0

54.0

49.4

42.9

42.7

34.0

31.1

18

18

18

14

14

12

10

8

7

6

6

5

Source: Company presentations, filings and press releases

1

As of December 31, 2013

2

Rigs currently drilling on July 13, 2014 per NDIC

3

As of July 13, 2014, Whiting had two additional rigs moving and Kodiak had one additional rig moving, for a combined operated 21 rigs in the Williston Basin

Expected benefits to Whiting

Increases weighting of production from Bakken/TFS

80% of pro forma Q1 2014 production from Bakken/TFS

855,000 combined net acres, with an inventory of 3,460 net Williston Basin drilling locations

Addition
of
complementary
acreage
position
in
area
Whiting
knows
very
well

Significantly enhanced growth potential from accelerated development of Kodiak resource base

Expect to increase Kodiak's rig fleet from 7 to 12 operated rigs by Q4 '15

Substantial present value benefit from acceleration

Materially increased scale enhances relative positioning of company vs. peers and strengthens
Whiting's credit profile and financial flexibility

All-stock transaction structure is credit enhancing

Expected to be accretive in 2015 and increasingly accretive thereafter across all metrics

Discretionary cash flow per share

Earnings per share

Production per share

8

Energy

+

Technology

=

Growth

Annulus
Stages
Frac Ports
per Stage
Potential
Entry
Points

Free fluid
between
packers
30
1
30
Annulus
Stages
Perforation
Clusters
per Stage
Potential
Entry
Points
Cemented
40
3
120
Older Style
Sliding Sleeve Completion
New Style
Cemented Liner Completion
Maximizing Recovery Efficiency
Improving Frac Distribution
9
Energy
+
Technology
=
Growth

10
Evolution of Completion Design
Skov 31-28 Unit
(1)
at Missouri Breaks
Well
Annulus

Completion Method
 Stages
 Entry
 Points
 Cost
 (\$MM)
 Incr.
 IP
 (BOEPD)
 Incr.
 Skov 31-28-1H
 Open
 Sliding Sleeve
 30
 30
 7.90
 -
 927
 -
 Skov 31-28-2H
 Cemented
 P&P -
 3 clusters/stage
 30
 90
 8.10
 3%
 1,072
 16%
 Skov 31-28-4H
 Cemented
 P&P -
 5 clusters/stage
 30
 150
 8.10
 3%
 1,219
 31%
 Skov 31-28-3H
 Cemented
 CT -
 Multistage+(P&P -
 5)
 60+5X5
 85
 8.80
 11%
 1,607
 73%

(1) Skov 31-28-1H was completed on 5/31/2013. Skov 31-28-2H and Skov 31-28-4H were completed on 4/2/2014. Skov 31-28-1H was completed using Energy + Technology = Growth CT (Coiled Tubing) Conveyed Frac

Exploiting the Bakken and Three Forks in the Williston
Primary and Prospective Drilling Locations

11

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MISSOURI BREAKS

8 WELLS

CASSANDRA

12 WELLS

SANISH

15 WELLS

PRONGHORN

6 WELLS

TARPON

12 WELLS

HIDDEN BENCH

16 WELLS

Redtail Discovery
Defining the Sweet Spot of the Niobrara
12

Redtail Development Program
Economic Sweet Spot
(Weld County, Colorado)

OBJECTIVE

Niobrara B

Shale

Niobrara A

Shale

DEVELOPMENT PLAN

Mix of 960 and 640-acre spacing units

8 Wells per spacing unit Niobrara B

8 Wells per spacing unit Niobrara A

3,300+ potential drilling locations

ACREAGE

Whiting has assembled 174,892 gross

(122,656 net) acres in our Redtail

prospect in the northeastern portion of

the DJ Basin.

Average WI of 70%

Average NRI of 59%

COMPLETED WELL COST

Horizontal: \$5.5 MM

DRILLING HIGHLIGHTS

Results from our high density pilots

support a 16-well per 960-acre drilling

pattern in the B

and A

zones. We

spud our 30F super pad located in the

Horsetail township in June 2014. This

high density pilot will test a 32-well

drilling spacing pattern in the A , B

and C

zones. If successful, our potential

drilling locations at Redtail would

increase to more than 6,600 gross wells.

13

Source: IHS and internal Whiting production database

Energy

+

Technology

=

Growth

Niobrara Initial 30-Day Average Rate

(Gas converted to oil price equivalent ratio 17:1)

Pre 2013

2013

-

14

BOEPD

1

350

350

450

450

550
550
650
650
750
> 750

14

Middle Bakken / Niobrara Reservoir Comparison

High-resolution pore structure image from Scanning Electron Microscope

7% Porosity

13% Porosity

15

Niobrara Reservoir Geometry

3-Dimensional image of the Niobrara B Reservoir from Whiting's Dual-Beam Scanning
Electron Microscope

Niobrara Reservoir

Whiting RAZOR 25-2514H

GR	Zone	PHI	Minerals	BVFluid	RES
0	200				
30	-10		0	100 0.2	2000
A					
A					

B

B

C

C

Niobrara Resource Potential

(1)

*

**

GOR=500 cf/bo

Stimulated Rock Volume

Recoverable

Oil

16

Well

/

DSU

Density

(Total OOIP A Zone + B Zone = 59 MMBOE/DSU)**

16 wells

10% Recovery

16 wells

15% Recovery

16

wells

20% Recovery

370 MBOE

560 MBOE

740 MBOE

(1) Please refer to the beginning of this presentation for disclosures regarding Reserve and Resource Information.

Estimates updated as of December 31, 2013

Recoverable

Oil

32

Well

/

DSU

Density

(Total OOIP A Zone + B Zone + C Zone = 70 MMBOE/DSU)**

32 wells

15% Recovery

32 wells

20% Recovery

32

wells

25% Recovery

330 MBOE

440 MBOE

550 MBOE

Redtail Development Program

Niobrara Reservoirs

16

Energy

+

Technology

=

Growth

Reservoir

Porosity

(%)

Thickness

(ft)

OOIP

(MMBOE/

960ac)*

% WLL

Wells

#

Gross

Wells

NIO A

13%

35

19

81

1,344

NIO B

13%

65

40

81

1,343

NIO C

11%

25

11

80

1,316

70

OOIP by Zone

27L Pad
Drilling Density

-

16 Wells/DSU

-

330 ft.

Target: B-B-B-B

Status: Flowing

27K Pad

Drilling Density

-

16 Wells/DSU

-

330 ft.

Target: A-B-A-B

Status: Flowing

Razor Pilot

16 Wells / 960ac DSU

30F Pad

Drilling Density

-

32 Wells/DSU

-

165 ft.

Target: C-B-A-B-

A-B-C-B

Status: Drilling

Horsetail Pilot

32 Wells / 960ac DSU

Planned Wells

Producing Wells

Future Infill Wells

Redtail Development Planning

Defining Optimal Well Density

17

Energy

+

Technology

=

Growth

Legend
Redtail 16 Well Planning
Well Status
Existing Wells
Future Locations
Permitted
Township

Operated
Non-Operated
Redtail Development Plan
3,310 Gross (1,654 Net) Wells
16
Wells
Per
DSU
in
Upper
Niobrara
(A
&
B
Zones)
as
of
March
31,
2014
18
2014
2018 Development Plan Includes
Approximately 1,024 Gross Wells with an
84% Average Working Interest
NBL Operated
Energy
+
Technology
=
Growth

Redtail Niobrara A & B Type Curve: 420 MBOE

Per Well Results: 85%-100% IRRs

(1)(2)(3)

19

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Growth

(1)

Please refer to the beginning of this presentation for disclosures regarding "Reserve and Resource Information." All volumes present the fair value of our oil and natural gas reserves.

(2)
EURs, ROIs, IRRs and PV10% values will vary well to well. Estimates updated as of December 31, 2013.

(3)
Based on a mix of 17 640-
and 960-acre spaced wells drilled since March 21, 2013.

10
100
1000
0
20
40
60
80
100
120
140
160
180
Months on Production

EUR -
420 MBOE, Development Phase CAPEX \$5.5 MM
NYMEX Oil Price/Bbl

\$90
\$100
ROI
3.2
3.7
IRR (%)
85%
100%

Payout (Yrs.)
1.2
1.0
PV10 (\$MM)
6.28
7.87

Redtail Infrastructure Plan: A Great Place to Find an
Oil Field!
April 2014
Redtail Facilities Plan
Planned
Gathering
System

Gas Gathering Lines

141 Miles

Oil Gathering Lines

111 Miles

SW Gathering Lines

54 Miles

Frac Water Supply Lines

16 Miles

Redtail Gas Plant

Train 1 Capacity (Online)

20 MMcf/d

Train 2 Capacity (Q1 2015)

50 MMcf/d

Train 3 Capacity (2016)

70 MMcf/d

Takeaway Capacity (2016)

140 MMcf/d

Capital Investment

Gas Plant

\$100 MM

Gas Gathering / Field Compression

\$95 MM

Oil Gathering / LACTs

\$80 MM

Electricity

\$40 MM

Total

\$315 MM

20

8

Residue Pipeline

Constructed By TallGrass

Redtail Plant

Terrace Plant

Pony

Express

Kinder Morgan

Interstate

Trailblazer

TallGrass

Pawnee

Terminal

TallGrass

Buckingham

Terminal

Northeast Colorado Lateral

to Pony Express

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Growth

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Important Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of a vote or proxy. The proposed transaction anticipates that the Whiting shares will be exempt from registration under the United States Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 3(a)(10) of

the
Securities
Act.
Consequently,
the
Whiting
shares
will
not
be
registered
under
the
Securities
Act
or
any

state securities laws. In connection with the proposed transaction, Whiting and Kodiak intend to file relevant materials with the SEC and other governmental or regulatory authorities, including a joint proxy statement and circular. **INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT AND CIRCULAR AND ANY OTHER RELEVANT MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT**

Whiting,
Kodiak
AND
THE
PROPOSED
TRANSACTION.

The
joint
proxy
statement
and
circular
and
certain

other relevant materials (when they become available) and other documents filed by Whiting or Kodiak with the SEC may be obtained free of charge at the SEC's website at <http://www.sec.gov>. In addition, investors may obtain copies of

these
documents
(when
they
become
available)
free
of
charge
by
written

request

to

Whiting

Investor

Relations,

1700 Broadway, Suite 2300, Denver, CO 80290-2300 or calling (303) 390-4051 or by written request to Kodiak Investor Relations, 1625 Broadway, Suite 250, Denver, CO 80202-2300 or calling (303) 592-8030.

Participants in the Solicitation

Whiting, Kodiak and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about the executive officers and directors of Whiting and the number of shares of Whiting's common stock beneficially owned by such persons is set forth in the proxy statement for Whiting's 2014 Annual Meeting of Stockholders which was filed with the SEC on March 23, 2014, and Whiting's Annual Report on Form 10-K for the period ended December 31, 2013. Information about the executive officers and directors of Kodiak and the number of Kodiak's ordinary shares beneficially owned by such persons is set forth in the proxy statement for Kodiak's 2014 Annual Meeting of Shareholders which was filed with the SEC on May 9, 2014, and Kodiak's Annual Report on Form 10-K for the period ended December 31, 2013. Investors may obtain additional information regarding the direct and indirect interests of Whiting, Kodiak and their respective executive officers and directors in the transaction by reading the joint proxy statement and circular regarding the transaction when it becomes available.

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Questions?

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1700 Broadway, Suite 2300, Denver, CO 80290-2300 or calling (303) 390-4051 or by written request to Kodiak Investor Relations, 1625 Broadway, Suite 250, Denver, CO 80202-2300 or calling (303) 592-8030.

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