WHITING PETROLEUM CORP
Form DEFA14A
July 30, 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 x 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

x 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):

x 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:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2014

Whiting Petroleum Corporation

(Exact name of registrant as specified in its charter)

Delaware	**1-31899**	**20-0098515**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

1700 Broadway, Suite 2300, Denver, Colorado 80290-2300

(Address of principal executive offices, including ZIP code)

(303) 837-1661

(Registrant s telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 C.F.R. §230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 C.F.R. §240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 C.F.R. §240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 C.F.R. §240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On July 30, 2014, Whiting Petroleum Corporation issued a press release announcing its financial and operating results for the second quarter ended June 30, 2014 and providing certain guidance for the third quarter of 2014 and full-year 2014. A copy of such press release is furnished as Exhibit 99 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired. Not applicable.

(b) Pro Forma Financial Information. Not applicable.

(c) Shell Company Transactions. Not applicable.

(d) Exhibits:

(99) Press Release of Whiting Petroleum Corporation, dated July 30, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WHITING PETROLEUM CORPORATION

Date: July 30, 2014

By: /s/ James J. Volker
James J. Volker
Chairman, President and Chief Executive Officer

WHITING PETROLEUM CORPORATION

FORM 8-K

EXHIBIT INDEX

Exhibit Number	Description
(99)	Press Release of Whiting Petroleum Corporation, dated July 30, 2014.

Exhibit 99

Company contact: John B. Kelso, Director of Investor Relations
303.837.1661 or john.kelso@whiting.com

Whiting Petroleum Corporation Announces

Second Quarter 2014 Financial and Operating Results

Record Production Reaches 109,760 BOE/d in Q2 2014, Up 9.7% Over Q1 2014,

Exceeds High End of Guidance

Record Bakken/Three Forks Production of 80,195 BOE/d in Q2 2014,

Up 33% Over Q2 2013

Redtail Niobrara Production of 7,235 BOE/d in Q2 2014,

Up 59% Over Q1 2014

Tarpon Well Completed in 2nd Bench of Three Forks Flowing 6,071 BOE/d

Raising Mid-Point of 2014 Production Guidance to 20% Over 2013

Q2 2014 Net Income Available to Common Shareholders of $151.4 Million

or $1.26 per Diluted Share and Adjusted Net

Income of $167.9 Million or $1.40 per Diluted Share

Q2 2014 Discretionary Cash Flow Totals a Record $556.2 Million

DENVER July 30, 2014 Whiting Petroleum Corporation s **(NYSE: WLL)** production in the second quarter of 2014 totaled a record 10.0 million barrels of oil equivalent (MMBOE), of which 88% was crude oil/natural gas liquids (NGLs). The production total exceeded the high end of our guidance and equates to an average production rate of 109,760 barrels of oil equivalent per day (BOE/d), which represents a sequential increase of 9.7% over the first quarter 2014 average of 100,065 BOE/d. With our record production, we generated record discretionary cash flow of $556.2 million for the quarter.

James J. Volker, Whiting s Chairman and CEO, commented, *Our double-play in the Bakken and Niobrara continued in the second quarter with record production and cash flow. We believe we have plenty of running room in the Williston Basin, particularly in light of our new completion techniques and downspacing programs. Our net production from the Bakken/Three Forks in the second quarter reached a record 80,195 BOE/d, representing a 33% increase over the second quarter of 2013. In the Niobrara, our net production of 7,235 BOE/d in the second quarter represented a sequential 59% increase over the first quarter of 2014.*

Mr. Volker added, Based on our mid-year reserve estimates, the EURs associated with our well completions that used cemented liners and plug-and-perf technology were approximately 23% higher than wells completed with uncemented liners and sliding sleeve completion technology. We believe there could be additional upside from the use of coiled tubing and slickwater frac technologies. Our first slickwater frac, the Sundheim 21-27-1H, achieved a first 120-day production rate that was 44% greater than the offsetting well, which was completed using an uncemented liner and sliding sleeve technology. We plan to utilize more coiled tubing fracs and slickwater fracs in the third quarter of 2014.

Operating and Financial Results

The following table summarizes the second quarter operating and financial results for 2014 and 2013:

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Change
Production (MBOE/d) [(1)]	109.76	93.38	+18%
Discretionary Cash Flow-MM [(2)]	$ 556.2	$ 440.9	+26%
Realized Price ($/BOE)	$ 82.16	$ 75.88	+8%
Total Revenues-MM	$ 835.6	$ 663.6	+26%
Net Income Available to Common Shareholders-MM [(3)]	$ 151.4	$ 134.7	+12%
Per Basic Share	$ 1.27	$ 1.14	+11%
Per Diluted Share	$ 1.26	$ 1.14	+11%
Adjusted Net Income Available to Common Shareholders-MM [(4)]	$ 167.9	$ 121.3	+38%
Per Basic Share	$ 1.41	$ 1.03	+37%
Per Diluted Share	$ 1.40	$ 1.02	+37%

(1) Includes production of 7.56 MBOE/d for the three months ended June 30, 2013 attributable to the Postle field, which was sold on July 15, 2013.

(2) A reconciliation of discretionary cash flow to net cash provided by operating activities is included later in this news release.

(3) For the three months ended June 30, 2014, net income available to common shareholders included $21.0 million of pre-tax, non-cash derivative losses or $0.11 per basic and diluted share after tax. For the three months ended June 30, 2013, net income available to common shareholders included $36.8 million of pre-tax, non-cash derivative gains or $0.20 per basic share and $0.19 per diluted share after tax.

(4) A reconciliation of adjusted net income available to common shareholders to net income available to common shareholders is included later in this news release.

The following table summarizes the first six months operating and financial results for 2014 and 2013:

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Change
Production (MBOE/d) [(1)]	104.94	91.27	+15%
Discretionary Cash Flow-MM [(2)]	$ 1,038.1	$ 841.9	+23%
Realized Price ($/BOE)	$ 81.14	$ 75.34	+8%
Total Revenues-MM	$ 1,575.9	$ 1,276.9	+23%
Net Income Available to Common Shareholders-MM [(3)]	$ 260.5	$ 220.7	+18%
Per Basic Share	$ 2.19	$ 1.87	+17%
Per Diluted Share	$ 2.17	$ 1.86	+17%
Adjusted Net Income Available to Common Shareholders-MM [(4)]	$ 294.0	$ 233.0	+26%
Per Basic Share	$ 2.47	$ 1.98	+25%
Per Diluted Share	$ 2.45	$ 1.96	+25%

(1) Includes production of 7.62 MBOE/d for the six months ended June 30, 2013 attributable to the Postle field, which was sold on July 15, 2013.

(2) A reconciliation of discretionary cash flow to net cash provided by operating activities is included later in this news release.

(3) For the six months ended June 30, 2014, net income available to common shareholders included $44.7 million of pre-tax, non-cash derivative losses or $0.24 per basic share and $0.23 per diluted share after tax. For the six months ended June 30, 2013, net income available to common shareholders included $10.6 million of pre-tax, non-cash derivative gains or $0.06 per basic and diluted share after tax.

(4) A reconciliation of adjusted net income available to common shareholders to net income available to common shareholders is included later in this news release.

Capital Budget / Production Guidance

Due to better than expected well results and a higher level of non-operated drilling activity, we are raising our 2014 production guidance and capital budget. We are increasing our capital budget to $2.8 billion from $2.7 billion primarily to reflect the increase in non-operated drilling activity. We are also making a corresponding increase in our 2014 production guidance to a mid-point of 20% over 2013, up from a mid-point of 18% over 2013.

Operational Highlights

<u>Core Development Areas</u>

Williston Basin Development

We hold a total of 1,059,957 gross (674,162 net) acres in the Williston Basin in North Dakota and Montana. In the second quarter of 2014, production from the Bakken/Three Forks averaged a record 80,195 BOE/d, an increase of 33% over the 60,455 BOE/d in the second quarter of 2013. The Bakken/Three Forks represented 73% of Whiting s total second quarter production.

Cemented Liner Completions. Our cemented liner completion method has produced significant increases in well productivity. Based on our mid-year reserve estimates, we believe the EURs associated with our well completions that used cemented liners and plug-and-perf technology were approximately 23% higher than wells completed with uncemented liners and sliding sleeve completion technology.

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Recent results using cemented liner completions in our Hidden Bench field have been particularly strong. The 11 wells completed in the second quarter using cemented liners had an average IP rate of 2,872 BOE/d, a 50% increase over the average of our Hidden Bench wells completed with our prior sliding sleeve technology.

Three Forks Second Bench Exploratory Results. In our Tarpon field located in McKenzie County, North Dakota, we completed the Skaar Federal 41-3TFHU in the second bench of the Three Forks formation flowing 6,071 BOE/d on June 7, 2014. The well was completed in a total of 30 stages with a cemented liner and plug-and-perf technology. Whiting holds a 44.8% working interest in the new producer.

We also completed an offsetting well, the Skaar Federal 41-3TFH, in the Upper Three Forks formation flowing 6,634 BOE/d on June 7, 2014. Whiting holds an 82.4% working interest in this well. It appears that there is no communication between the two Skaar wells. Our drilling plans in 2014 focus on drilling spacing units (DSUs) with an average weighted working interest of 83%. Whiting has now recorded the highest initial production rate for both the Upper Three Forks and the second bench of the Three Forks, according to the North Dakota Industrial Commission.

Highlighting recent exploratory activity at our Sanish field was our completion of a well in the second bench of the Three Forks. The Bartleson 44-1-2TFH was tested on May 28, 2014 flowing 1,124 BOE/d. The well was fraced in 29 stages with a cemented liner and plug-and-perf technology. Whiting owns a 100% working interest in the Bartleson well, which was drilled on the west side of the Sanish field.

Slickwater Fracs. Our first slickwater frac job, the Sundheim 21-27-1H well at our Missouri Breaks field in McKenzie County, North Dakota, was completed on August 24, 2013 and had a first 120-day production rate of 374 BOE/d. This was 44% greater than the offsetting well, which was completed using an uncemented liner and sliding sleeve technology. We currently have 11 slickwater fracs either underway or planned for the third quarter of 2014 at the Missouri Breaks, Sanish, Hidden Bench and Pronghorn fields. We also have a slickwater frac planned for our Redtail Niobrara field in the third quarter of 2014. In development mode, we expect the cost of a slickwater frac job to be consistent with a plug-and-perf completion.

Coiled Tubing Fracs. Whiting is the operator of a well that set a record for most stages using a coiled tubing frac, according to NCS Energy Services. The Waldock Federal 14-4-3XH, located in the Sanish field in Mountrail County, North Dakota, was completed on June 26, 2014 in 93 stages and is currently being tested.

A key benefit of coiled tubing fracs are cycle-time efficiencies in high well density areas. Without the need to drill out the plugs, we have been able to accelerate production by five to seven days per pad where we have tested it in the Williston Basin. We have additional coiled tubing fracs planned for the east side of Sanish field as well as the Tarpon, Pronghorn and Redtail Niobrara fields in the third quarter of 2014.

Denver Julesberg Basin Development

Redtail Niobrara Field. We hold a total of 180,115 gross (128,721 net) acres in our Redtail Niobrara field, located in the Denver Julesberg Basin in Weld County, Colorado. Net production from our Redtail Niobrara field averaged 7,235 BOE/d in the second quarter of 2014, representing a sequential increase of 59% over the 4,550 BOE/d average in the first quarter of 2014.

Our first eight-well pad, the Razor 27I, came on stream on April 15, 2014. The pad drilled four wells to the Niobrara B zone and four wells to the Niobrara A zone. The production profile for both zones is similar. The pad is currently producing 4,699 BOE/d. On average, the 90-day rate for the Niobrara A zone wells was 553 BOE/d, and the 90-day rate for the Niobrara B zone wells was 498 BOE/d. We completed all eight wells with cemented liners using plug-and-perf technology. Each well was fracture stimulated in 40 stages with average sand volumes of 6.5 million pounds of sand.

We spud our 30F super pad located in the Horsetail township in early June 2014. This high density pilot will test a 32-well per DSU 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.

A fourth rig recently arrived at Redtail. This rig will drill approximately six delineation wells on the northern and eastern portions of Redtail. We now have a 3-D seismic survey on this northern acreage that enables us to stay in the targeted A and B zones. We plan to add a fifth rig in late August 2014 which will be pad capable.

Operated Drilling Rig Count

As of July 15, 2014, 18 operated drilling rigs were active on our properties. The breakdown of our operated rigs was as follows:

Region	
Northern Rockies	13
Central Rockies	3
Permian Basin	1
North Ward Estes	1
Total	18

Other Financial and Operating Results

The following table summarizes the Company s net production and commodity price realizations for the quarters ended June 30, 2014 and 2013:

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Change
Production			
Oil (MMBbl)	8.01	6.70	20%
NGLs (MMBbl)	0.79	0.69	13%
Natural gas (Bcf)	7.15	6.62	8%
Total equivalent (MMBOE)	9.99	8.50	18%
Average sales price			
Oil (per Bbl):			
Price received	$ 93.03	$ 89.15	4%
Effect of crude oil hedging	(0.64)[1]	(1.05)[1]	
Realized price	$ 92.39	$ 88.10	5%
NYMEX	$ 102.98	$ 94.23	9%
NGLs (per Bbl):			
Realized price	$ 39.30	$ 37.80	4%
Natural gas (per Mcf):			
Realized price	$ 6.95	$ 4.27	63%
NYMEX	$ 4.68	$ 4.10	14%

(1) Whiting paid $5.1 million and $7.0 million in pre-tax cash settlements on its crude oil hedges during the second quarter of 2014 and 2013, respectively. A summary of Whiting s outstanding hedges is included later in this news release.

Second Quarter and First Half 2014 Costs and Margins

A summary of production, cash revenues and cash costs on a per BOE basis is as follows:

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
	(Per BOE, Except Production)			
Production (MMBOE)	9.99	8.50	18.99	16.52
Sales price, net of hedging	$ 82.16	$ 75.88	$ 81.14	$ 75.34
Lease operating expense	11.85	12.37	12.27	12.41
Production tax	6.89	6.33	6.79	6.36
General & administrative	3.56	3.44	3.57	3.52
Exploration	1.35	2.86	1.98	2.62
Cash interest expense	3.71	2.42	3.89	2.40
Cash income tax expense (benefit)	0.74	(0.30)	0.44	(0.13)
	$ 54.06	$ 48.76	$ 52.20	$ 48.16

Second Quarter and First Half 2014 Drilling and Expenditures Summary

The table below summarizes Whiting s operated and non-operated drilling activity and capital expenditures for the three and six months ended June 30, 2014:

	Gross/Net Wells Completed: Producing	Gross/Net Wells Completed: Non-Producing	Gross/Net Wells Completed: Total New Drilling	% Success Rate	CAPEX (in MM)
Q2 14	142 / 73.6	0 / 0	142 / 73.6	100% / 100%	$ 768.5(1)
6M 14	285 / 126.5	2 / 1.2	287 / 127.7	99% / 99%	$ 1,451.9(2)

(1) Includes $9.8 million for land and $44.1 million for facilities.

(2) Includes $40.1 million for land and $84.6 million for facilities.

Outlook for Third Quarter and Full-Year 2014

The following table provides guidance for the third quarter and full-year 2014 based on current forecasts, including Whiting s full-year 2014 capital budget of $2.8 billion.

	Guidance: Third Quarter 2014	Guidance: Full-Year 2014
Production (MMBOE)	10.50 - 10.90	40.70 - 41.30
Lease operating expense per BOE	$11.25 - $12.00	$11.60 - $11.90

General and admin. expense per BOE	\$3.30 - \$3.70	\$3.40 - \$3.60
Interest expense per BOE	\$3.50 - \$3.80	\$3.80 - \$4.00
Depr., depletion and amort. per BOE	\$26.50 - \$27.25	\$26.20 - \$27.00
Prod. taxes (% of sales revenue)	8.25% - 8.45%	8.25% - 8.45%
Oil price differentials to NYMEX per Bbl(1)	(\$9.00) - (\$11.00)	(\$8.50) - (\$10.50)
Gas price premium to NYMEX per Mcf(2)	\$1.00 - \$ 2.00	\$1.00 - \$ 2.00

(1) Does not include the effect of NGLs.

(2) Includes the effect of Whiting s fixed-price gas contracts. Please refer to fixed-price gas contracts later in this news release.

Commodity Derivative Contracts

The following summarizes Whiting s crude oil hedges as of July 1, 2014:

Derivative Instrument	Hedge Period	Contracted Volume (Bbls per Month)	Weighted Average NYMEX Price (per Bbl)	As a Percentage of June 2014 Oil Production
Three-way collars[1]	**2014**			
	Q3	1,480,000	$71.82 - $85.68 - $103.85	53.5%
	Q4	1,480,000	$71.82 - $85.68 - $103.85	53.5%
	2015			
	Q1	100,000	$70.00 - $85.00 - $107.90	3.6%
	Q2	100,000	$70.00 - $85.00 - $107.90	3.6%
	Q3	100,000	$70.00 - $85.00 - $107.90	3.6%
	Q4	100,000	$70.00 - $85.00 - $107.90	3.6%
Collars	**2014**			
	Q3	4,060	$80.00 - $122.50	<1%
	Q4	3,970	$80.00 - $122.50	<1%

(1) A three-way collar is a combination of options: a sold call, a purchased put and a sold put. The sold call establishes a maximum price (ceiling) we will receive for the volumes under contract. The purchased put establishes a minimum price (floor), unless the market price falls below the sold put (sub-floor), at which point the minimum price would be NYMEX plus the difference between the purchased put and the sold put strike price.

The following summarizes Whiting s fixed-price natural gas contracts as of July 1, 2014:

Hedge Period	Contracted Volume (MMBtu per Day)	Weighted Average Contracted Price (per MMBtu)	As a Percentage of June 2014 Gas Production
2014			
Q3	11,000	$ 5.49	13.4%
Q4	11,000	$ 5.49	13.4%

Whiting also has the following fixed-differential crude oil sales contracts in place as of July 1, 2014:

Period	**Gross Contracted Volume (Bbls per Day)**	**Differential from NYMEX (per Bbl)**
2015	25,000	$ 4.75
2016	30,000	$ 4.75
2017	35,000	$ 4.75
2018	40,000	$ 4.75
2019	45,000	$ 4.75

Period	**Gross Contracted Volume (Bbls per Day)**	**Differential from NYMEX (per Bbl)[(1)]**
07/2015 to 12/2015	20,000	$5.00 - $6.00
01/2016 to 12/2016	20,000	$5.00 - $6.00
01/2017 to 12/2017	20,000	$5.00 - $6.00
01/2018 to 12/2018	20,000	$5.00 - $6.00
01/2019 to 12/2019	20,000	$5.00 - $6.00