

WHITING PETROLEUM CORP  
Form DEFA14A  
July 14, 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.

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- (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):
  
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- (2) Form, Schedule or Registration Statement No.:
  
- (3) Filing Party:
  
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On July 14, 2014, Whiting Petroleum Corporation made the following presentation available on its website.

This Highly Strategic Combination

Creates Largest Bakken / Three Forks Producer

Drives Higher Growth

Drives Better Metrics

July 2014

ENERGY + TECHNOLOGY = GROWTH

2

Forward-Looking Statements

This communication contains statements that Whiting Petroleum Corporation ( Whiting ) and Kodiak Oil & Gas Corp. ( Kodiak ) believe 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 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 transaction; the ability to complete the proposed transaction 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 and Kodiak assume no obligation, and disclaim any duty, to update the forward-looking statements in this communication.

Energy + Technology =  
Growth

Transaction overview

3

Consideration

Whiting Petroleum Corporation ( Whiting ) to acquire Kodiak Oil & Gas Corp.  
( Kodiak ) for 0.177x  
shares of Whiting per Kodiak share, implying \$13.90 per



Kodiak share based on Whiting's closing price as of July 11, 2014

Transaction value,  
enterprise value  
& key metrics

Transaction equity value of \$3.8bn, implying Equity Value / 2014E Cash Flow  
multiple of 4.8x

Transaction enterprise value of \$6.0bn, implying Enterprise Value / 2014E

EBITDAX

multiple

of

6.9x

and

Enterprise

Value

/

2014E

Production

multiple

of

~\$149,000

/

Boepd

1

Pro forma ownership

& corporate

governance

Whiting shareholders will own ~71% and Kodiak shareholders will own ~29% of  
the combined company

Whiting will add 2 Kodiak directors to its Board

Combined company will be led by current Whiting senior management team

Key conditions

& timing

Whiting shareholder approval and Kodiak securityholder approval

Customary regulatory approvals

Closing expected in Q4 2014

1

Based on mid-point of Kodiak public guidance

Energy + Technology =

Growth

Strategic rationale

4

Creates leading Williston  
Basin operator

Combined  
company

will  
become  
the  
#1  
Bakken/Three  
Forks  
producer:  
over  
107,000  
Boepd  
in  
Q1 14

Combined  
855k  
net  
acres,  
inventory  
of  
~3,460  
net  
future  
drilling  
locations,  
and  
370  
Mmboe  
of  
proved  
reserves in the Williston Basin  
Materially enhanced scale  
to support growth

Combined  
company  
expected  
to  
have  
an  
initial  
enterprise  
value  
of  
approximately  
\$17.8bn<sup>1</sup>  
and  
LQA  
EBITDAX of \$2.8bn

Combined proved reserves of 606 Mmboe, 3P reserves of 1,220 Mmboe as of 12/31/13 and Q1 14

production of 134 Mboepd (80% in Bakken/Three Forks)  
Stronger credit profile &  
financial flexibility

All-stock transaction structure is credit enhancing

Strong  
balance  
sheet,  
with  
combined  
company  
at  
1.6x  
debt  
/  
2014E  
EBITDAX

Combined company has a borrowing base of \$4.5bn with \$3.5bn of commitments  
Significant financial  
benefits to shareholders

All-stock transaction structure allows both Whiting and Kodiak shareholders to participate in  
substantial combined company upside

Transaction  
is  
expected  
to  
be  
accretive  
to  
Whiting  
discretionary  
cash  
flow  
per  
share,  
earnings  
per  
share and production per share  
Opportunity for  
meaningful production &  
operational synergies

Complementary acreage positions allows for more efficient operations

Application of Whiting technological expertise to Kodiak asset base expected to enhance recoveries  
and reduce costs

Maintains leading oil-weighted platform

Combined company will offer leading oil-driven growth profile (88% liquids/84% oil, 2014E production)

Continue to expect consistently strong EBITDAX margins from oil focus

1  
Combined Whiting & Kodiak enterprise values based on transaction value as of July 11, 2014  
Drives higher growth

Accelerated development of Kodiak resource base to drive production and cash flow growth

Expect to increase Kodiak's rig fleet from 7 to 12 operated rigs by Q4 '15  
Energy + Technology =  
Growth

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

5

Energy + Technology =

Growth

Expected benefits to Kodiak

Kodiak shareholders will retain upside to Bakken/TFS development through ~29% ownership of the combined company

Kodiak shareholders will own shares in a significantly larger company with a more



diverse set of reserves and production, with complementary assets

Exposure to leading positions in two of the fastest-growing oil-rich plays in the US:  
the Bakken and the Niobrara

Significantly increases size and scale with greater access to capital for accelerated  
development

Kodiak shareholders will participate in the benefit of operational and cost  
improvements provided by the combined asset base and operations

Transaction expected to be tax-free to Kodiak's US shareholders

6

Energy + Technology =  
Growth

Leading Williston Basin operator

7

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

Acreage Overview (855,000 net acres)

Rigs drilling in the Williston Basin

(as of 7/13/14)

2,3

Q1'14 Bakken / Three Forks Net Production

(Mboepd)

Energy + Technology =

Growth

Larger location inventory with significant opportunity  
to accelerate Williston Basin drilling program

8

Pro Forma Williston Basin Drilling Locations (Net)

3,460

Potential Williston Basin

net drilling locations

increase by 158%

1,339

1

Includes 2,639 Whiting and Kodiak locations at 12/31/2013, plus an additional 821 combined Whiting and Kodiak identified locations

Energy + Technology =

Growth

Continued production and reserve growth with oil-driven focus and strong margins

9

Reserves (Mmboe)

Production (Mboepd)

YE 2013

88% liquids / 80% oil

64

88

119

152

2014E

88% liquids / 84% oil

385

474

606

Energy + Technology =

Growth

Driving value from complementary acreage positions  
Central and Eastern Williston Basin  
10

Combined 855,000 net  
acres in the core of  
Williston Basin



Footprint in the sweet-spot  
of the Central and Eastern  
Williston Basin is  
strategically positioned to  
accelerate development of  
the combined acreage  
position

Ability to drive production,  
reserve growth and  
operational efficiency  
across the position  
Energy + Technology =  
Growth

Value creation via application of Whiting expertise  
and financial strength

11

Reduction in Kodiak's completed well costs

~ \$700,000 per well

Present value acceleration

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

By Q4 '15, combined 26 operated rigs, largest fleet in the Basin

Completion efficiency

New technologies and improved techniques

Operational efficiency

Economies of scale to drive reduced LOE

Infrastructure

Marketing scale

Midstream expertise

Energy + Technology =

Growth

Accelerated development plan to drive net asset  
value accretion

12

Kodiak Standalone

Kodiak Pro Forma

Expect to increase Kodiak operated rig fleet from 7 to 12 rigs by Q4 15 driving  
substantial present value benefit

Energy + Technology =  
Growth

Enhances size and scale relative to oil-weighted peers

13

Enterprise

Value

(\$bn)

LQA

EBITDAX

(\$bn)

Reserves

(Mmboe)

Source: Company filings, equity research, Bloomberg, FactSet as of July 11, 2014

1

Combined Whiting & Kodiak enterprise values based on transaction value as of July 11, 2014

2

Please see appendix for reconciliation of non-GAAP financial measures

3

Based on mid-point of Whiting and Kodiak public guidance, and Bloomberg Consensus estimates for peers 2014E

Production

(Mboepd)

Energy + Technology =

Growth

% liquids

% liquids

3

2

Substantial production and reserves, with  
increased Bakken/TFS weighting

14

Production (as of 3/31/14)

439 Mmboe

89% liquids

606 Mmboe



88% liquids

Whiting

Pro forma

167 Mmboe

83% liquids

Kodiak

Proved Reserves (as of 12/31/13)

1

Northern Rockies production for Whiting includes 2.4 Mboepd of production outside of the Bakken/Three Forks

1

100 Mboepd

88% liquids

134 Mboepd

88% liquids

34 Mboepd

87% liquids

Energy + Technology =

Growth

Northern Rockies

Central Rockies

North Ward Estes

Permian

Mid-Con / Gulf Coast

Northern Rockies

Central Rockies

North Ward Estes

Permian

Mid-Con / Gulf Coast

Strong combined balance sheet

15

Pro Forma Capitalization at 3/31/14 (\$mm)

1

Assumes cash on balance sheet as of 3/31/2014

2

Reflects \$700mm of revolver drawings at Kodiak as of 3/31/2014 and \$58mm of anticipated transaction expenses

3

As of 3/31/2014

4

As of 12/31/2013

5

Based on transaction value as of July 11,2014

6

Please see appendix for reconciliation of non-GAAP financial measures

7

2014E EBITDAX based on Wall Street consensus estimates

Energy + Technology =

Growth

Cash<sup>1</sup>

\$422

RC Borrowings<sup>2</sup>

\$758

Whiting notes

6.500% sr nts due 2018

350

5.000% sr nts due 2019

1,100

5.750% sr nts due 2021

1,200

Unamortized premium on Whiting's 2021 notes

4

Kodiak notes

8.125% sr nts due 2019

800

Unamortized premium on Kodiak's 2019 notes

5

5.500% sr nts due 2021

350

5.500% sr nts due 2022

400

Total debt

\$4,966

Market

capitalization

5

\$13,262

Total capitalization

\$18,228

Net capitalization (excludes cash)

\$17,806

Q1 14

annualized

EBITDAX

3,6

\$2,802

Proved

reserves

(Mmboe)

4

606

Proved developed reserves (Mmboe)

4

330

Debt

/

Q1 14

annualized

EBITDAX

6

1.8x

Debt

/

2014E

EBITDAX

7

1.6x

Debt / Total capitalization

27%

Debt / Proved reserves (Mmboe)<sup>2</sup>

\$8.20

Debt / Proved developed reserves (Mmboe)<sup>2</sup>

\$15.07

Significant pro forma liquidity

16

Total Liquidity (\$mm)

\$3,164

\$1,606

1

Reflects \$3,500mm of commitments minus \$700mm of revolver drawings at Kodiak as of 3/31/2014 and \$58mm of anticipated

1  
Energy + Technology =  
Growth  
\$406  
\$422  
\$1,200  
\$2,742  
\$0  
\$500  
\$1,000  
\$1,500  
\$2,000  
\$2,500  
\$3,000  
\$3,500  
Whiting at 3/31/14  
Pro forma  
Revolver availability  
Cash

Strategic rationale

17

Creates leading Williston  
Basin operator

Combined company will become the #1 Bakken/Three Forks producer:  
over 107,000 Boepd in Q1 14

Combined  
855k  
net  
acres,  
inventory  
of  
~3,460  
net  
future  
drilling  
locations,  
and  
370  
Mmboe  
of  
proved  
reserves in the Williston Basin  
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to support growth

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Strong  
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and reduce costs  
Maintains leading oil-  
weighted platform

Combined  
company  
will  
offer  
leading  
oil-driven  
growth  
profile

(88%  
liquids/84%  
oil,  
2014E  
production)

Continue to expect consistently strong EBITDAX margins from oil focus

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Energy + Technology =  
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.

Energy + Technology =

Growth

Reconciliation of Net Income to EBITDAX

EBITDAX

(\$ in Thousands)

19

EBITDAX Reconciliation:

2011

2012

2013	
Q1 2014	
Net Income (Loss)	.
\$ 491,628	
\$ 414,099	
\$ 366,003	
\$ 109,051	
Amortization of Deferred Gain.	.
(13,937)	
(29,458)	
(31,737)	
(7,744)	
Gain on Sale of Properties.....	.
(16,313)	
(3,423)	
(128,648)	
(10,559)	
Interest Income	..
(208)	
(283)	
(1,134)	
(302)	
Depreciation, Depletion & Amortization	.
468,203	
684,724	
891,516	
235,265	
Exploration	.
45,861	
59,117	
94,755	
24,122	
Impairment	...
38,783	
107,855	
358,455	
17,985	
Stock Compensation	
13,509	
18,190	
22,436	
6,732	
Interest Expense.....	
62,516	
75,210	
112,936	
42,144	
Change in LT PPP.....	
(865)	
13,824	

(6,980)  
3,636  
Noncash (Gain) Loss on MTM Derivatives.....  
(63,093)  
(115,733)  
(20,830)  
23,793  
Income Taxes (Benefit).....  
288,691  
247,912  
205,868  
76,361  
EBITDAX Total.....  
\$ 1,314,775  
\$ 1,472,034  
\$ 1,862,640  
\$ 520,484  
Year Ended December 31,  
Energy + Technology =  
Growth