



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 8, 2013

Whiting Petroleum (WLL) Low McDep Ratio Shale Oil

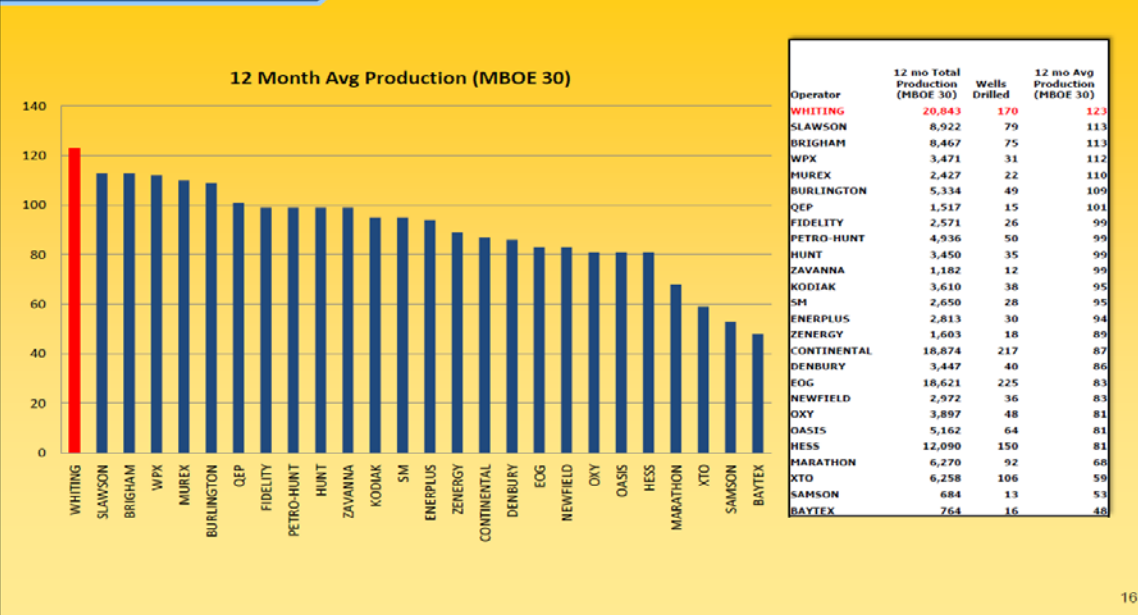
<i>Symbol</i>	WLL	<i>Ebitda Next Twelve Months ending 12/31/13 (US\$m)</i>	1,690
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	4
<i>Price (\$/sh)</i>	49.39	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	2/7/13	<i>Adjusted Reserves/Production NTM</i>	9.1
<i>Shares (mm)</i>	119	<i>EV/Ebitda</i>	4.7
<i>Market Capitalization (\$mm)</i>	5,880	<i>PV/Ebitda</i>	7.5
<i>Debt (\$mm)</i>	2,130	<i>Undeveloped Reserves (%)</i>	31
<i>Enterprise Value (EV) (\$mm)</i>	8,010	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	52.70
<i>Present Value (PV) (\$mm)</i>	12,600	<i>Present Value Proven Reserves(\$/boe)</i>	36.50
<i>Net Present Value (\$/share)</i>	88	<i>Oil and Gas Ebitda Margin (%)</i>	69
<i>Debt/Present Value</i>	0.17	<i>Earnings Next Twelve Months (US\$/sh)</i>	4.36
<i>McDep Ratio - EV/PV</i>	0.64	<i>Price/Earnings Next Twelve Months</i>	11
<i>Dividend Yield (%/year)</i>	0.0	<i>Indicated Annual Dividend (US\$/sh)</i>	0.00
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.			
For historical analysis of Whiting since 2009 see www.mcdep.com/4wll.htm			

Summary and Recommendation

Buy-recommended **Whiting Petroleum (WLL)** offers shale oil upside in the Bakken, Permian and Mancos at a low McDep Ratio of 0.64. The stock of a conservative leader in an exciting business priced at \$49 a share would reach estimated Net Present Value (NPV) of \$88 a share at a McDep Ratio of 1.0. Whiting has the most productive wells and is a total volume leader in the elite company of **Continental Resources (CLR)** and **EOG Resources (EOG)** in North Dakota (see slide [Production by Operator](#) on page 2). In Whiting's largest field, Sanish, the company expects early results by the end of 2013 on increased well density and enhanced recovery to increase recoverable reserves beyond the current 5% of 5 billion barrels in place. Speaking to investors on February 6, WLL President James Brown also looks for more wells in 2013 on the Tarpon block where Whiting previously drilled a well that tested a record 7 thousand barrels equivalent daily (mboed) and another at 5 mboed, disclosed on February 5 (see slide [Lease Areas](#) on page 2). The company is also getting better results in the Permian Wolfcamp in Pecos County, Texas, where a revised fracking technique in the May well promises higher flow rates than achieved so far (see slide [Big Tex](#) on page 3). In the Colorado Niobrara (Mancos), the latest Wildhorse well test rate of 1.2 mboed adds justification for a potential six-rig drilling program on 78,000 net acres northeast of the Wattenberg field (see slide [Niobrara](#) on page 3). Meanwhile, fourth quarter 2012 results expected on February 28 are likely to show 20% volume growth over the fourth quarter 2011 (see table [Operating and Financial Estimates](#) on page 4). Finally, Whiting's McDep Ratio, debt and unlevered cash flow multiple (EV/Ebitda) is low among small cap independents and stock price has favorable momentum (see [Tables 1-4](#) on pages 5-8).

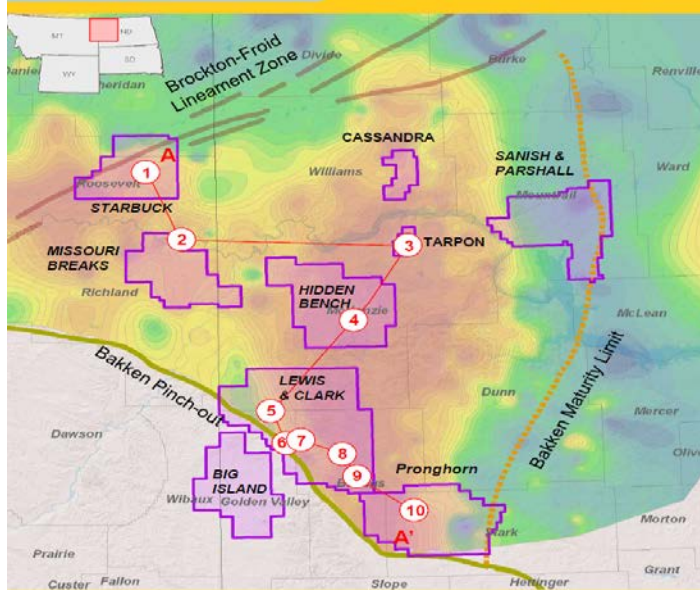
Kurt H. Wulff, CFA

Twelve Month Average Production by Operator
For Bakken and Three Forks wells drilled since January 2009
& operators with 10 wells or greater producing
Source: IHS Energy, Inc. & North Dakota Industrial Commission (As of September 2012)



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Whiting Lease Areas In Williston Basin Plays at September 30, 2012

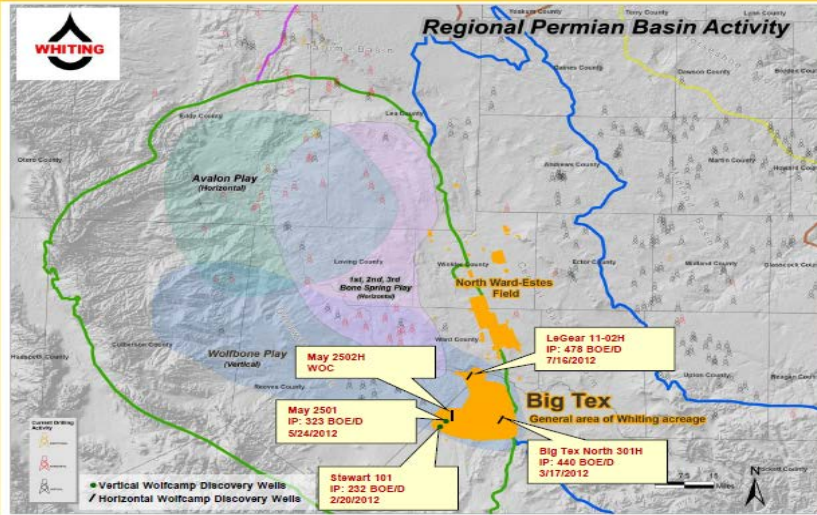


	Gross Acres	Net Acres
Sanish / Parshall	177,339	83,118
-Middle Bakken / Three Forks Objectives		
Pronghorn	206,385	130,269
-Pronghorn Sand Objective		
Lewis & Clark	203,319	137,808
-Three Forks Objective		
Hidden Bench	49,108	29,484
-Middle Bakken / Three Forks Objectives		
Tarpon	8,187	6,328
-Middle Bakken / Three Forks Objectives		
Starbuck	106,028	92,227
-Middle Bakken / Three Forks Objectives		
Missouri Breaks	92,214	65,544
-Middle Bakken / Three Forks Objectives		
Cassandra	30,347	13,970
-Middle Bakken / Three Forks Objectives		
Big Island	171,825	121,982
-Multiple Objectives		
Other ND & Montana	76,587	33,839
	1,121,319	714,567

(1) As of 09/30/2012, Whiting's total acreage cost in 714,567 net acres is approximately \$361 million, or \$505 per net acre.

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Big Tex Prospect Pecos, Reeves and Ward Counties, Texas



OBJECTIVE

Vertical Wolfbone
Hz. Wolfcamp & Hz. Bone Spring

ACREAGE

Whiting has assembled 121,461 gross (91,258 net) acres in our Big Tex prospect in the Delaware Basin:

- Average WI of 76%
- Average NRI of 57%
- Well by well WI and NRI will vary based on ownership in each spacing unit

COMPLETED WELL COST

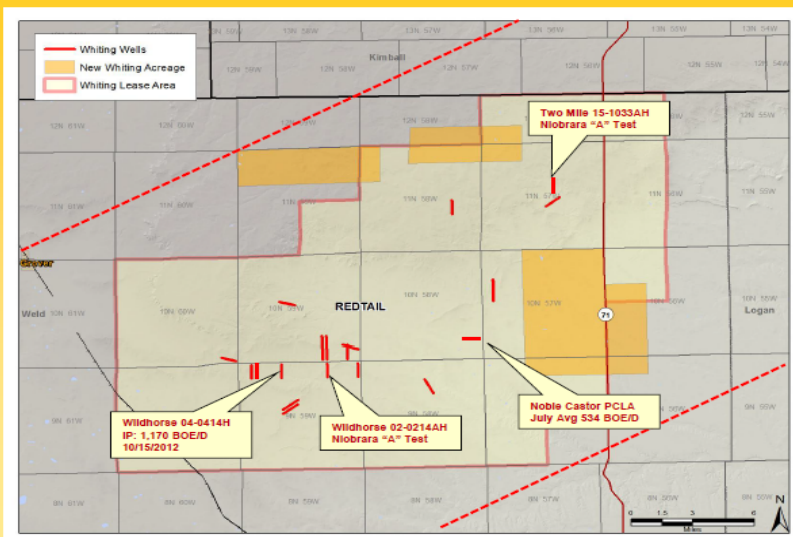
Vertical: \$3 MM - \$4.5 MM
Horizontal: \$5 MM - \$7 MM

DRILLING PROGRAM

Two horizontal Wolfcamp wells are waiting on completion. One of these wells is the May 2502H well that offsets the May 2501H.

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Redtail Niobrara Prospect Weld County, Colorado



OBJECTIVE

Niobrara Shale

ACREAGE

Whiting has assembled 105,569 gross (77,608 net) acres in our Redtail prospect in the northeastern portion of the DJ Basin. Subsequent to the third quarter we added 12,615 gross (10,830 net) acres

- Average WI of 70%
- Average NRI of 57%
- Well by well WI and NRI will vary based on ownership in each spacing unit

COMPLETED WELL COST

Horizontal: \$4 MM to \$5.5 MM

DRILLING PROGRAM

Recently completed the Wildhorse 04-0414H in the Niobrara "B" zone flowing 1,170 BOEPD.

--- General trend of Colorado Mineral Belt

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Whiting Petroleum Corporation									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/11	9/30/12	12/31/12	2012E	3/31/13	6/30/13	9/30/13	12/31/13	12/31/13
Volume									
Natural Gas (mmcf)	69	69	69	70	69	69	69	69	69
Days	92	92	92	366	90	91	92	92	365
Oil (mmb)	5.5	6.6	6.7	26	6.7	6.9	7.1	7.2	28
Oil (mbd)	59	71	73	70	74	76	77	79	76
Total (mb)	6.5	7.6	7.7	30.0	7.7	7.9	8.1	8.3	32
Total (mbd)	71	83	84	82	86	87	89	90	88
Price									
Henry Hub (\$/mmbtu)	3.55	2.80	3.40	2.79	3.30	3.43	3.58	3.77	3.52
Differential (\$/mmbtu)	(1.17)	(0.59)	(0.71)	(0.76)	(0.69)	(0.72)	(0.75)	(0.79)	(0.74)
Company (\$/mcf)	4.72	3.39	4.12	3.54	3.99	4.15	4.33	4.56	4.26
WTI Cushing (\$/bbl)	94.06	92.22	88.18	94.16	95.79	97.13	97.82	97.22	96.99
Differential	9.20	15.92	15.22	16.70	16.53	12.00	12.09	12.01	13.09
Company (\$/bbl)	84.86	76.30	72.96	77.46	79.26	85.13	85.73	85.21	83.90
Total (\$/bbl)	75.67	68.55	66.38	69.47	71.85	77.20	78.00	77.85	76.29
Revenue (\$mm)									
Natural Gas	30	21	26	91	25	26	27	29	107
Oil	462	500	487	1,995	528	585	608	616	2,338
Total	492	521	513	2,086	553	611	635	645	2,444
Expense									
Lease operating	83	94							
Production taxes	39	44							
General and administrative	23	25							
Total	145	163	159	652	171	189	196	199	755
Ebitda	347	358	355	1,435	382	422	439	446	1,690
Exploration	23	24	24	104	24	24	24	24	96
Deprec., Deplet., & Amort.	127	180	180	677	180	180	180	180	720
Other	(12)	2		(8)					-
Ebit	209	153	151	662	178	218	235	242	874
Interest	17	19	19	74	19	19	19	19	76
Ebt	192	134	132	588	159	199	216	223	798
Income Tax	67	47	46	206	56	70	76	78	279
Net Income (\$mm)	125	87	86	382	104	130	140	145	518
Per Share (\$)	1.05	0.73	0.72	3.21	0.87	1.09	1.18	1.22	4.36
Shares (millions)	119	119	119	119	119	119	119	119	119
Lease operating (\$/bbl)	12.75	12.36							
Production taxes (%rev)	7.9	8.4							
General and admin (\$/bbl)	3.53	3.29							
Deprec., D. & A (\$/bbl)	19.51	23.67	23.27	22.55	23.39	22.74	22.10	21.73	22.47
Ebitda Margin	71%	69%	69%	69%	69%	69%	69%	69%	69%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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Table ISC-1											
McDep Income and Small Cap Energy Portfolio											
Debt, Segments, Cash Flow, Income and McDep Ratio											
			Price		Enterprise	PV(%)		EV/	Dist.	Dist.	
Symbol/Rating		(US\$/sh)	EV/	Market	Value	Nat	Oil	Ebitda	NTM	Yield	
B = Buy		7-Feb	Market	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	
CB (see below)		2013	Cap							McDep	
										Ratio	
Small Cap Independent Producers											
PDC Energy	PDCE		43.50	1.60	2,100	44	56	12.5	-	-	1.05
Range Resources	RRC	B	71.00	1.30	14,790	72	28	17.8	0.16	0.2	1.01
Peyto Exploration and Development	PEYUF		23.72	1.21	4,150	76	24	10.7	0.72	3.0	0.90
Continental Resources (32%)	CLR	B	84.67	1.19	5,920	24	76	7.7	-	-	0.87
Halcón Resources	HK		7.90	1.55	4,150	15	85	5.9	-	-	0.85
Denbury Resources Inc.	DNR		18.78	1.44	10,560	4	96	6.9	-	-	0.75
Birchcliff Energy Ltd.	BIREF	B	7.30	1.47	1,610	63	37	9.2	-	-	0.70
Berry Petroleum Company	BRY		38.89	1.82	3,910	12	88	5.7	-	-	0.69
Cimarex Energy Company	XEC	B	65.96	1.24	7,120	41	59	5.4	0.48	0.7	0.65
Whiting Petroleum Corporation	WLL	B	49.39	1.36	8,010	9	91	4.7	-	-	0.64
<i>Total or Median</i>				<i>1.40</i>	<i>62,300</i>	<i>33</i>	<i>67</i>	<i>7.3</i>			<i>0.80</i>
Leveraged Cash Payers											
Linn Energy, LLC	LINE		37.17	1.67	14,450	43	57	12.2	2.90	7.8	1.13
Vanguard Natural Resources, LLC	VNR		27.66	1.62	2,380	33	67	11.3	2.40	8.7	1.06
Legacy Reserves L.P.	LGCY		24.87	1.49	1,760	25	75	8.7	2.26	9.1	0.88
Enerplus Corporation	ERF	CB	13.51	1.67	4,400	31	69	6.0	1.08	8.0	0.75
<i>Total or Median</i>				<i>1.65</i>	<i>23,000</i>	<i>32</i>	<i>68</i>	<i>10.0</i>		<i>8.3</i>	<i>0.97</i>
RTF Cash Payers											
Freehold Royalties Ltd.	FRHLF		22.93	TL	1,570	16	84	10.8	1.69	7.3	1.09
Dorchester Minerals, L.P.	DMLP	B	23.16	TL	710	61	39	12.4	1.82	7.8	0.86
Enduro Royalty Trust (40%)	NDRO		17.18	BL	230	48	52	8.1	1.87	10.9	0.82
San Juan Basin Royalty Trust	SJT	B	16.14	BL	750	100	-	11.3	0.99	6.2	0.77
Sabine Royalty Trust	SBR		47.71	TL	700	51	49	12.1	3.94	8.3	0.73
Permian Basin RT	PBT		13.93	TL	650	33	67	8.9	0.86	6.2	0.70
Cross Timbers Royalty Trust	CRT		30.35	TL	180	70	30	9.5	3.09	10.2	0.69
Hugoton Royalty Trust	HGT		8.38	BL	340	88	13	7.2	0.56	6.7	0.60
Mesa Royalty Trust	MTR		22.55	BL	42	75	25	8.8	2.05	9.1	0.56
<i>Total or Median</i>					<i>5,200</i>	<i>61</i>	<i>39</i>	<i>9.5</i>		<i>7.8</i>	<i>0.73</i>
CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.											
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses											
Present Value (PV) presumes long-term prices of \$100 a barrel for oil and \$6 a million btu for natural gas.											
Dist. = Income distribution. NTM = Next Twelve Months Ended December 31, 2013. Enterprise Value = Market Cap and Debt.											
TL = Top Line income sources, BL = Bottom Line income sources											



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Table ISC-2							
McDep Income and Small Cap Energy Portfolio							
Net Present Value and McDep Ratio							
		<i>Price</i>		<i>Market</i>	<i>Net</i>	<i>Debt/</i>	
	<i>Symbol/</i>	<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
	<i>Rating</i>	<i>7-Feb</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$/un)</i>	<i>Value</i>	<i>Ratio</i>
		<i>2013</i>					
Small Cap Independent Producers							
PDC Energy	PDCE	43.50	30.2	1,310	40.00	0.39	1.05
Range Resources	RRC	B	71.00	160.0	11,360	70.00	1.01
Peyto Exploration and Development Cor	PEYUF		23.72	144.0	3,420	27.00	0.90
Continental Resources (32%)	CLR	B	84.67	58.6	4,960	100.00	0.87
Halcón Resources	HK		7.90	339.0	2,680	10.00	0.85
Denbury Resources Inc.	DNR		18.78	391.0	7,340	28.00	0.75
Birchcliff Energy Ltd.	BIREF	B	7.30	149.0	1,090	12.00	0.70
Berry Petroleum Company	BRY		38.89	55.3	2,150	70.00	0.69
Cimarex Energy Company	XEC	B	65.96	86.9	5,730	110.00	0.65
Whiting Petroleum Corporation	WLL	B	49.39	119.0	5,880	88.00	0.64
<i>Total or Median</i>					45,920	0.23	0.80
Leveraged Cash Payers							
Linn Energy, LLC	LINE		37.17	233.0	8,660	30.00	1.13
Vanguard Natural Resources, LLC	VNR		27.66	53.1	1,470	25.00	1.06
Legacy Reserves L.P.	LGCY		24.87	47.5	1,180	30.00	0.88
Enerplus Corporation	ERF	CB	13.51	196.0	2,650	21.00	0.75
<i>Total or Median</i>					13,960	0.36	0.97
RTF Cash Payers							
Freehold Royalties Ltd.	FRHLF		22.93	65.7	1,510	21.00	1.09
Dorchester Minerals, L.P.	DMLP	B	23.16	30.7	710	27.00	0.86
Enduro Royalty Trust (40%)	NDRO		17.18	13.2	230	21.00	0.82
San Juan Basin Royalty Trust	SJT	B	16.14	46.6	750	21.00	0.77
Sabine Royalty Trust	SBR		47.71	14.6	700	65.00	0.73
Permian Basin RT	PBT		13.93	46.6	650	20.00	0.70
Cross Timbers Royalty Trust	CRT		30.35	6.0	180	44.00	0.69
Hugoton RoyaltyTrust	HGT		8.38	40.0	340	14.00	0.60
Mesa RoyaltyTrust	MTR		22.55	1.9	42	40.00	0.56
<i>Total or Median</i>					5,110	-	0.73
B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.							
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses							
Present Value presumes long-term prices of \$100 a barrel for oil and \$6 a million btu for natural gas.							



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Table ISC-3								
McDep Income and Small Cap Energy Portfolio								
Value Multiples - Rank by EV/Ebitda								
			Price (\$/sh)	Revenue	Dist/ Equity	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda
	Symbol/ Rating		7-Feb 2013	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
	RRC	B	71.00		-	15.0	17.6	17.8
	PDCE		43.50		-	15.0	11.9	12.5
	PEYUF		23.72		0.32	9.2	12.0	10.7
	BIREF	B	7.30		-	19.4	13.2	9.2
	CLR	B	84.67		-	11.8	8.9	7.7
	DNR		18.78		-	14.2	9.3	6.9
	HK		7.90		-	5.5	6.9	5.9
	BRY		38.89		-	12.1	8.2	5.7
	XEC	B	65.96		-	7.4	8.3	5.4
	WLL	B	49.39		-	9.1	7.5	4.7
	<i>Median</i>					12.0	9.1	7.3
Leveraged Cash Payers								
	LINE		37.17		1.04	14.0	10.8	12.2
	VNR		27.66		1.02	13.2	10.7	11.3
	LGCY		24.87		0.75	11.0	9.9	8.7
	ERF	CB	13.51		0.41	6.3	8.0	6.0
	<i>Median</i>					12.1	10.3	10.0
RTF Cash Payers								
	DMLP	B	23.16	77	0.97	6.7	14.4	12.4
	SBR		47.71	100	1.00	8.1	16.5	12.1
	SJT	B	16.14		0.69	9.1	14.7	11.3
	FRHLF		22.93	80	0.80	5.1	9.9	10.8
	CRT		30.35	78	0.97	14.2	13.8	9.5
	PBT		13.93	52	0.55	9.9	12.7	8.9
	MTR		22.55		0.80	7.7	15.6	8.8
	NDRO		17.18		0.89	6.4	9.9	8.1
	HGT		8.38		0.49	12.9	12.1	7.2
	<i>Median</i>					8.1	13.8	9.5
B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2013; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								
Top Line Cash Payers defined as those having Revenue Royalty (see fifth column from right).								



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Table ISC-4									
McDep Income and Small Cap Energy Portfolio									
Total Return and Enterprise Value Momentum									
			Price (\$/sh)	Equity Total	Enterprise Value/				
	Symbol/		7-Feb	Return	52Wk	52Wk	50 Day	200 Day	McDep
	Rating	2013	YTD (%)	High	Low	Avg.	Avg.	Ratio	
Small Cap Independent Producers									
PDC Energy	PDCE		43.50	30	1.00	1.53	1.13	1.24	1.05
Denbury Resources Inc.	DNR		18.78	16	0.91	1.26	1.08	1.11	0.75
Continental Resources (32%)	CLR	B	84.67	15	0.89	1.31	1.08	1.11	0.87
Cimarex Energy Company	XEC	B	65.96	14	0.79	1.32	1.07	1.10	0.65
Peyto Exploration and Development C	PEYUF		23.72	2	0.91	1.47	1.01	1.08	0.90
Range Resources	RRC	B	71.00	13	0.97	1.24	1.06	1.07	1.01
Whiting Petroleum Corporation	WLL	B	49.39	14	0.82	1.26	1.07	1.07	0.64
Birchcliff Energy Ltd.	BIREF	B	7.30	(3)	0.62	1.28	0.98	1.04	0.70
Berry Petroleum Company	BRY		38.89	16	0.79	1.14	1.07	1.02	0.69
Halcón Resources	HK		7.90	13	0.69		1.06	1.00	0.85
	<i>Median</i>			14	0.86	1.28	1.07	1.08	0.80
Leveraged Cash Payers									
Vanguard Natural Resources, LLC	VNR		27.66	7	0.95	1.12	1.00	1.00	1.06
Linn Energy, LLC	LINE		37.17	8	0.92	1.05	0.99	0.98	1.13
Enduro Royalty Trust (40%)	NDRO		17.18	2	0.78	1.15	1.02	0.96	0.82
Legacy Reserves L.P.	LGCY		24.87	7	0.88	1.07	1.01	0.96	0.88
Enerplus Corporation	ERF	CB	13.51	6	0.67	1.11	1.02	0.96	0.75
	<i>Median</i>			7	0.88	1.11	1.01	0.96	0.88
RTF Cash Payers									
Freehold Royalties Ltd.	FRHLF		22.93	5	0.94	1.35	1.02	1.14	1.09
San Juan Basin Royalty Trust	SJT	B	16.14	20	0.79	1.34	1.14	1.10	0.77
Hugoton RoyaltyTrust	HGT		8.38	16	0.53	1.47	1.06	1.06	0.60
Dorchester Minerals, L.P.	DMLP	B	23.16	16	0.87	1.16	1.09	1.05	0.86
Sabine Royalty Trust	SBR		47.71	21	0.72	1.23	1.07	0.96	0.73
Cross Timbers Royalty Trust	CRT		30.35	13	0.62	1.29	1.08	0.92	0.69
Permian Basin RT	PBT		13.93	14	0.60	1.16	1.05	0.87	0.70
Mesa RoyaltyTrust	MTR		22.55	18	0.52	1.20	1.03	0.85	0.56
	<i>Median</i>			16	0.67	1.26	1.06	1.00	0.72

CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.

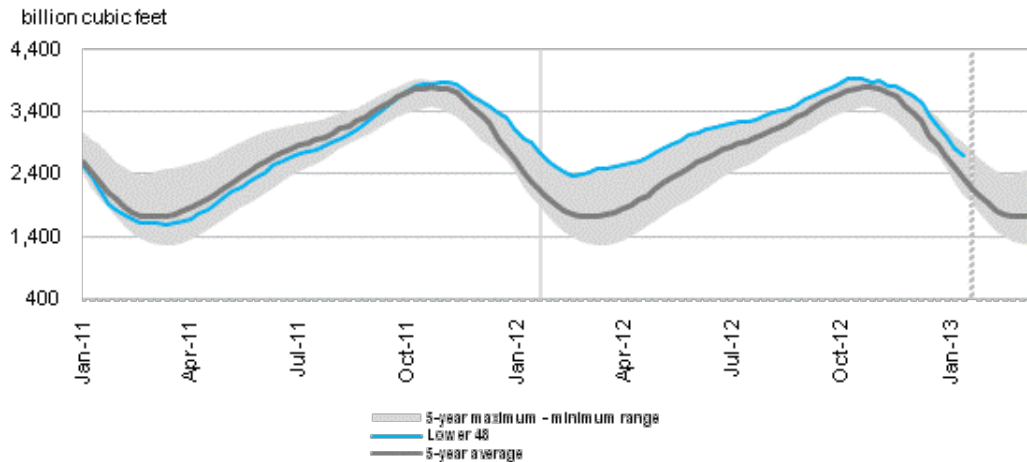


Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

February 8, 2013

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

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