



# CEOCFO

## Interviews & News!

ceocfointerviews.com – All rights reserved. – Issue: September 14, 2007

### Northern Oil & Gas Tests Model of Aggressive Acreage Acquisition, Farm-out Partnerships and Low Overhead



Energy  
Oil & Gas Exploration  
(OTCBB: NOGS)

Northern Oil and Gas, Inc.

130 Lake Street West  
Wayzata, MN 55391  
Phone: 952-476-9800 Phone  
Fax: 952-476-9801

Michael Reger  
Chairman and CEO

#### BIO:

Mr. Reger has been in the oil & gas business his entire life. Mr. Reger's family history in oil & gas dates back to 1952, when his grandfather co-founded Nor-sworthy & Reger Oil Company. Mr. Reger has been primarily involved in the acquisition of land and oil & gas leases his entire professional life. Mr. Reger is a director of his father's company, Reger Oil, LLC, based in Billings, Montana. Mr. Reger holds a BA in Finance and an MBA in Finance/Management from the University of St. Thomas in St. Paul, Minnesota.

#### Company Profile:

Northern Oil and Gas, Inc. ("Northern Oil") is a Nevada corporation focused on drilling exploratory and developmental wells primarily in the Rocky Mountain regions of the United States.

The primary focus of Northern Oil is the Middle Bakken formation in the Williston Basin. Northern Oil's secondary target is conventional, 3D driven, oil and gas exploration and development throughout the Rocky Mountain region.

Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com

**CEOCFO:** Mr. Reger, will you give us a little background on the company?

**Mr. Reger:** "Northern Oil is headquartered in Wayzata, Minnesota. The focus of our operations is currently in the Williston Basin of Montana and North Dakota. We control 25,000 gross acres and 22,000 net acres in Sheridan County, Montana. The target there is conventional, 3-D driven, oil and gas exploration and development. Primary targets are the Mission Canyon and the Red River. Our leasehold in Mountrail County, North Dakota consists of approximately 12,000 gross acres and 4,000 net acres. This acreage is within two miles of EOG resources' recent high-producing Bakken wells. Those wells are producing anywhere from one thousand to two thousand barrels per day with IPs rumored to be above 5,000 barrels per day.

We have signed three partnership agreements on our Sheridan County acreage. We signed one initially with Kodiak Oil and Gas (Amex: KOG). They are drilling an offset well to their discovery in Section 13, T34/R56. Northern Oil's acreage is encompassed in their spacing unit and we have agreed to participate. We are very excited about that opportunity because our acreage was directly adjacent to the initial discovery. The well they are drill-

ing now is in the same section where Northern Oil owns acreage. The second agreement we signed was with Rincon Exploration. Rincon contacted us to drill a well on acreage that is owned by Northern Oil in Section 1, T34/R57. This well will be commenced this summer. Rincon will pay all the costs of drilling the well and Northern Oil will back-in at casing point for 12.5% working interest.

We announced this morning a deal we have been working on for several months that we closed on Friday; a joint venture with Brigham Exploration Company. (NASDAQ: BEXP). We have signed a master farm-out agreement with Brigham Exploration on both of our Williston Basin acreage blocks. Brigham will be drilling two wells on our Sheridan County, Montana acreage in 2007; and two wells on our Mountrail County, North Dakota acreage in 2007. In 2008, they will commence a continuous drilling program whereby they have committed to drill a new well in each block of acreage every 120 days.

The reason Northern Oil and Gas is such a compelling buy is because Northern Oil has no debt and we have ample capital to meet our 2007-drilling budget. We currently have six drilling commitments for wells that will be drilled by the end of the year. Northern Oil will participate in a small percentage of the wells and will back-in for a significant working interest. For example, Northern Oil would pay for 10% of the cost of the wells and would back in for roughly 37% of the production revenue. Because the wells will be drilled on Northern Oil's acreage, we are able to amplify our percentage of the production revenue with minimal cost.

The officers of the company do not draw salaries. Our objective is to generate significant production revenue through our current drilling partnerships on our extensive leaseholds and limit our capital expenditure to drilling and acreage acquisition.”

**CEOCFO:** Why are these good areas?

**Mr. Reger:** “The Williston Basin has been a very prolific oil producer. The Bakken play in the Williston Basin is a horizontal drilling play that is arguably the most exciting on-shore oil play in the US right now. You are looking at wells that are anywhere from five hundred to five thousand barrels per day. Our acreage in North Dakota is directly adjacent to EOG’s (NYSE: EOG) Parshall Field, North Dakota’s highest producing Bakken wells.

**CEOCFO:** Are there any challenges to getting there?

**Mr. Reger:** “We are confident that oil prices are going to be bullish; we are bullish on oil going forward both from a global-macroeconomic standpoint and a geopolitical standpoint. Both of these issues are likely to keep oil prices strong.

Northern Oil has minimized risk by farming-in in the best possible operating partners and leveraging our acreage position

into significant working interest in the wells. We are a nimble oil company. Our niche is that we are able to acquire acreage cheaper and faster than our competitors. I have been acquiring oil gas minerals and leaseholds my entire professional life. My family history in the oil business dates back to 1952. We know the Basin as well or better than anybody.”

**CEOCFO:** What is it that you look for over the scientific aspects to decide which property to pick up?

**“The officers of the company do not draw salaries. Our objective is to generate significant production revenue through our current drilling partnerships on our extensive leaseholds and limit our capital expenditure to drilling and acreage acquisition.” - Michael Reger**

**Mr. Reger:** “Currently, Northern Oil is focused on the Middle Bakken resource play in the Williston Basin. We have identified potential high-producing areas in the Williston by analyzing old well logs from wells that were drilled through the Bakken formation.

The Bakken is a structure that was never produced effectively until horizontal drilling technologies made this possible. The Bakken play in Montana alone has dou-

bled the State’s oil production in the past five years. The North Dakota Geologic Survey claims the Bakken may hold as much as 500 billion barrels of oil, half of which may be economically recoverable.”

**CEOCFO:** How do you attract investors?

**Mr. Reger:** Northern Oil will be presenting at IPAA’s Oil & Gas Investment Symposium in New York on April 25<sup>th</sup>. This will be the first of many presentations to analysts and investors. Our story is resonating within the industry and we hope it resonates on Wall Street as well.

“It is important to note that the officers of Northern Oil do not draw salaries. Officers and directors control nearly half of the company’s stock; therefore, we are in it for the long haul and our investors are cognizant of that.”

**CEOCFO:** In closing, what should people remember most about Northern Oil?

**Mr. Reger:** “Northern Oil is an aggressive, nimble oil company. We are able to acquire the most attractive leaseholds, faster and cheaper than our competitors. Our model is to acquire the best acreage, bring in the best partners, and limit SG&A.”

**Northern Oil and Gas, Inc.**

**130 Lake Street West**

**Wayzata, MN 55391**

**Phone: 952-476-9800**

**Fax: 952-476-9801**