



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

April 30, 2010

Whiting Petroleum Corporation Raise NPV to \$95 a Share on Onshore Oil Drilling

<i>Symbol</i>	WLL	<i>Ebitda Next Twelve Months ending 3/31/11 (US\$m)</i>	1,041
<i>Rating</i>		<i>North American Natural Gas/Ebitda (%)</i>	9
<i>Price (\$/sh)</i>	89.46	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	4/29/10	<i>Adjusted Reserves/Production NTM</i>	10.3
<i>Shares (mm)</i>	59	<i>EV/Ebitda</i>	6.2
<i>Market Capitalization (\$mm)</i>	5,280	<i>PV/Ebitda</i>	6.5
<i>Debt (\$mm)</i>	1,130	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (\$mm)</i>	6,410	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	47.70
<i>Present Value (PV) (\$mm)</i>	6,740	<i>Present Value Proven Reserves(\$/boe)</i>	24.50
<i>Net Present Value (\$/share)</i>	95	<i>Oil and Gas Ebitda Margin (%)</i>	69
<i>Debt/Present Value</i>	0.17	<i>Earnings Next Twelve Months (US\$/sh)</i>	5.88
<i>McDep Ratio - EV/PV</i>	0.95	<i>Price/Earnings Next Twelve Months</i>	15
<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\$75 a barrel and natural gas, \$8 a million btu.			

Summary and Recommendation

The shares of small cap independent oil producer **Whiting Petroleum (WLL)** appear to be an attractive participation in the latest rebirth of traditional oil areas of the U.S. Management appears capable and trustworthy, financial position is sound and the McDep Ratio is reasonable. Stock price reacted quickly to strong quarterly results released after the market close on April 28. The results justify an increase in estimated unlevered cash flow (Ebitda) (see table on page 2, Next Twelve Months Operating and Financial Estimates). The higher cash flow in turn supports higher Net Present Value (NPV) in our industry context (see table on page 3, Functional Cash Flow and Present Value). The company is concentrating its efforts in the Sanish and Lewis and Clark fields in North Dakota along with the North Ward Estes field in West Texas and the Postle field in Oklahoma (see slide on page 3 from latest earnings presentation). Uneconomic for new investment at oil prices of a year ago, the old oil areas are wonderfully profitable at current oil prices especially with new horizontal multistage fracturing technology. The unwelcome tragedy unfolding in deep water offshore may further strengthen the global oil price outlook and that for our small cap and income stocks (see Tables 1-3).

Kurt H. Wulff, CFA



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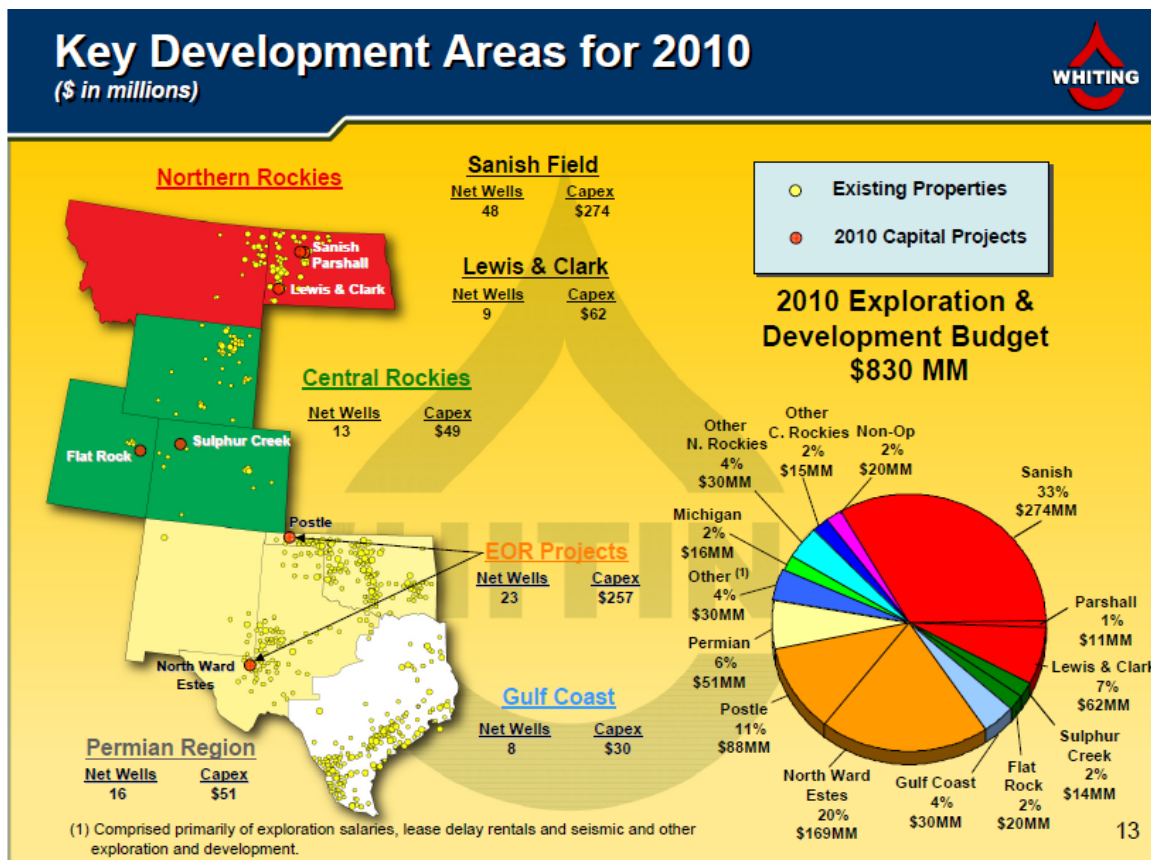
Whiting Petroleum Corporation										
Next Twelve Months Operating and Financial Estimates										
										<i>Next</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Year</i>	<i>Twelve</i>
	<i>3/31/09</i>	<i>12/31/09</i>	<i>2009</i>	<i>3/31/10</i>	<i>6/30/10</i>	<i>9/30/10</i>	<i>12/31/10</i>	<i>2010E</i>	<i>2010E</i>	<i>Months</i>
										<i>3/31/11</i>
Volume										
Natural Gas (bcf)	7.9	6.8	29	6.6	6.6	6.7	6.7	27		26.6
Natural Gas (mmcf)	88	73	80	73	73	73	73	73		73
Days	90	92	365	90	91	92	92	365		365
Oil (mmb)	3.6	4.1	15	4.3	4.3	4.4	4.4	17		17
Oil (mbd)	40	44	42	48	48	48	48	48		48
Total (mb)	4.9	5.2	20	5.4	5.4	5.5	5.5	22		22
Total (mbd)	54	57	0.1	60	60	60	60	0.1		0.1
Price										
Henry Hub (\$/mmbtu)	4.90	4.16	3.99	5.32	4.15	4.54	5.09	4.78		4.80
Differential (\$/mmbtu)	1.12	(0.72)	0.24	(0.31)	(0.24)	(0.26)	(0.30)	(0.28)		(0.20)
Company (\$/mcf)	3.78	4.88	3.75	5.63	4.39	4.81	5.38	5.05		5.00
WTI Cushing (\$/bbl)	42.96	76.09	61.70	78.67	84.20	87.73	89.91	85.13		88.05
Differential	10.41	10.57	9.18	7.95	8.51	8.87	9.09	8.57		8.90
Company (\$/bbl)	32.55	65.52	52.51	70.72	75.69	78.86	80.82	76.56		79.14
Total (\$/bbl)	29.89	57.69	45.27	63.22	65.67	68.71	70.97	67.16		69.17
Revenue (\$mm)										
Natural Gas	30	33	110	37	29	32	36	134		133
Oil	116	268	808	303	328	346	354	1,332		1,377
Other			-					-		-
Total	146	301	918	340	357	378	391	1,466		1,510
Expense										
Lease operating	61	59	237	61	71	72	72	275		284
Production taxes	10	21	65	25	28	30	31	114		119
General and administrative	9	12	42	14	16	17	17	63		65
Total	80	92	344	100	115	118	119	452		469
Ebitda										
Exploration	17	33	72	13	13	13	13	52		52
Deprec., Deplet., & Amort.	100	93	394	98	98	98	98	392		392
Other	(21)	7	(12)	9				9		-
Ebit	(30)	76	119	121	131	149	161	562		597
Interest	15	16	66	16	16	16	16	64		64
Ebt	(45)	60	54	105	115	133	145	498		533
Income Tax	(16)	21	19	37	40	47	51	174		187
Preferred Dividend		5	10							
Net Income (\$mm)										
Per Share (\$)	(0.61)	0.66	0.39	1.15	1.26	1.46	1.59	5.46		5.86
Shares (millions)										
Lease operating (\$/bbl)	12.49	11.31	11.69	11.33	13.00	13.00	13.00	12.59		13.00
Production taxes (%rev)	6.8	7.0	7.1	7.3	7.9	7.9	7.9	7.8		7.9
General and admin (\$/bbl)	1.84	2.30	2.07	2.60	3.00	3.00	3.00	2.90		3.00
Deprec., D,& A (\$/bbl)	20.47	17.83	19.44	18.20	18.00	17.81	17.81	17.95		17.95
Ebitda Margin	45%	69%	63%	71%	68%	69%	70%	69%		69%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%		35%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks
April 30, 2010

Whiting Petroleum Corporation					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	92	9.2	9.8	900	13%
Oil	950	10.6	6.2	5,850	87%
	1,041	10.3	6.5	6,750	100%
Debt (US\$mm)					1,130
Net Present Value (US\$mm)					5,620
Shares (mm)					59
Net Present Value - Standard Estimate (US\$/sh)					95
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					104





Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

April 30, 2010

Table 1										
McDep Income and Small Cap Energy Portfolio										
Debt, Business Segments and Income Yield										
						Present Value by Segment (%)				
	Symbol/Rating	Price (US\$/sh)	EV/ Market	Enterprise Value (\$mm)	N.Amer. Natural Gas	Oil Prod'n	Dist. NTM (\$/un)	Dist. Yield (%)	McDep Ratio	
	B = Buy CB (see below)	29-Apr 2010	Cap							
Canadian Income Trusts (US\$)										
Pengrowth Energy Trust	PGH	11.75	1.43	4,900	37	63	0.84	7.1	1.05	
Penn West Energy Trust	PWE	20.14	1.49	12,600	22	78	1.80	8.9	1.04	
Peyto Energy Trust	PEYUF	13.21	1.21	1,930	79	21	1.44	10.9	0.90	
Enerplus Resources Fund	ERF	24.36	1.22	5,200	42	58	2.16	8.9	0.84	
Canadian Oil Sands Trust	COSWF B	31.12	1.09	16,500		100	1.99	6.4	0.83	
<i>Total or Median</i>				41,100					0.90	
Small Cap Independent Producers										
Range Resources	RRC	46.64	1.23	9,960	71	29	0.12	0.2	1.34	
Petro-Hawk	HK	21.58	1.38	9,660	96	4	-	-	1.29	
Cimarex Energy Company	XEC B	67.13	1.13	6,240	62	38	0.32	0.5	1.03	
Ultra Petroleum	UPL	46.75	1.14	8,280	94	6	-	-	0.97	
Whiting Petroleum Corporation	WLL	89.46	1.21	6,410	13	87	-	-	0.95	
Berry Petroleum Company	BRY	30.97	1.68	2,650	30	70	0.30	1.0	0.93	
Birchcliff Energy Ltd. (US\$)	BIREF	9.03	1.20	1,450	77	23	-	-	0.85	
<i>Total or Median</i>				43,200					1.00	
Top Line Cash Payers										
Sabine Royalty Trust	SBR	52.80	1.00	770	39	61	3.65	6.9	1.17	
Cross Timbers Royalty Trust	CRT	38.02	1.00	230	78	22	2.79	7.3	1.12	
Permian Basin RT	PBT	19.60	1.00	910	27	73	1.35	6.9	1.09	
Freehold Royalty Trust (US\$)	FRHLF	17.75	1.11	1,130	29	71	1.68	9.5	1.04	
Dorchester Minerals, L.P.	DMLP B	27.27	1.02	830	67	33	1.95	7.2	1.01	
<i>Total or Median</i>				3,900					1.09	
Bottom Line Cash Payers										
Linn Energy, LLC	LINE	26.93	1.44	5,590	45	55	2.52	9.4	1.18	
Encore Energy Partners, L.P. (52%)	ENP	20.90	1.28	630	23	77	2.15	10.3	1.17	
Legacy Reserves L.P.	LGCY	23.61	1.37	1,270	16	84	2.08	8.8	1.13	
San Juan Basin Royalty Trust	SJT B	24.40	1.00	1,140	100	-	1.53	6.3	1.06	
Mesa RoyaltyTrust	MTR	47.50	1.00	89	75	25	3.72	7.8	0.99	
Hugoton RoyaltyTrust	HGT B	18.88	1.00	760	90	10	1.63	8.6	0.90	
<i>Total or Median</i>				9,500					1.09	
Composite (excl COSWF)										
<i>Enterprise Value Weighting</i>				82,600	55	45			1.06	
<i>Equal Weighting</i>					55	45			1.05	
<i>Equal Weighted Buys</i>					63	37			1.02	

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 \$75 a barrel for oil and \$8 a million btu for natural gas.

Dist. = Income distribution. NTM = Next Twelve Months Ended March 31, 2011. Enterprise Value = Market Cap and Debt.



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

April 30, 2010

Table 2

McDep Income and Small Cap Energy Portfolio Net Present Value and McDep Ratio

			<i>Price</i>			<i>Net</i>		
			<i>(\$/sh)</i>		<i>Market</i>	<i>Present</i>	<i>Debt/</i>	
	<i>Symbol/</i>		<i>29-Apr</i>	<i>Shares</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
	<i>Rating</i>		<i>2010</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>(\$/un)</i>	<i>Value</i>	<i>Ratio</i>
Canadian Income Trusts (US\$)								
Pengrowth Energy Trust	PGH		11.75	290.0	3,410	11.00	0.32	1.05
Penn West Energy Trust	PWE		20.14	420.7	8,470	19.00	0.34	1.04
Peyto Energy Trust	PEYUF		13.21	120.5	1,590	15.00	0.16	0.90
Enerplus Resources Fund	ERF		24.36	177.0	4,310	30.00	0.15	0.84
Canadian Oil Sands Trust	COSWF	B	31.12	484.0	15,060	38.00	0.07	0.83
<i>Total or Median</i>					<i>32,800</i>		<i>0.16</i>	<i>0.90</i>
Small Cap Independent Producers								
Range Resources	RRC		46.64	160.0	8,120	35.00	0.25	1.34
Petro-Hawk	HK		21.58	302.0	7,020	16.00	0.35	1.29
Cimarex Energy Company	XEC	B	67.13	82.6	5,540	65.00	0.12	1.03
Ultra Petroleum	UPL		46.75	151.0	7,280	50.00	0.12	0.97
Whiting Petroleum Corporation	WLL		89.46	59.0	5,280	95.00	0.17	0.95
Berry Petroleum Company	BRY		30.97	51.0	1,580	35.00	0.37	0.93
Birchcliff Energy Ltd. (US\$)	BIREF		9.03	134.0	1,210	11.00	0.14	0.85
<i>Total or Median</i>					<i>36,030</i>		<i>0.17</i>	<i>0.97</i>
Top Line Cash Payers								
Sabine Royalty Trust	SBR		52.80	14.6	770	45.00	-	1.17
Cross Timbers Royalty Trust	CRT		38.02	6.0	230	34.00	-	1.12
Permian Basin RT	PBT		19.60	46.6	910	18.00	-	1.09
Freehold Royalty Trust (US\$)	FRHLF		17.75	57.2	1,020	17.00	0.10	1.04
Dorchester Minerals, L.P.	DMLP	B	27.27	29.8	810	27.00	0.02	1.01
<i>Total or Median</i>					<i>3,740</i>			<i>1.09</i>
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		26.93	144.0	3,880	21.00	0.36	1.18
Encore Energy Partners, L.P. (52%)	ENP		20.90	23.4	490	17.00	0.26	1.17
Legacy Reserves L.P.	LGCY		23.61	39.0	920	20.00	0.31	1.13
San Juan Basin Royalty Trust	SJT	B	24.40	46.6	1,140	23.00	-	1.06
Mesa Royalty Trust	MTR		47.50	1.9	89	48.00	-	0.99
Hugoton Royalty Trust	HGT	B	18.88	40.0	760	21.00	-	0.90
<i>Total or Median</i>					<i>7,280</i>			<i>1.09</i>

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 \$75 a barrel for oil and \$8 a million btu for natural gas.



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April 30, 2010

			<i>Price</i> <i>(\$/sh)</i>	<i>Revenue</i>	<i>Dist/</i>	<i>Adjstd</i>		
	<i>Symbol/</i>		<i>29-Apr</i>	<i>Royalty</i>	<i>Equity</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>
	<i>Rating</i>		<i>2010</i>	<i>(%)</i>	<i>Ebitda</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>
						<i>NTM</i>	<i>NTM</i>	<i>NTM</i>
Canadian Income Trusts (US\$)								
Peyto Energy Trust	PEYUF		13.21		1.20	25.0	12.5	11.2
Canadian Oil Sands Trust	COSWF	B	31.12		0.56	31.4	10.7	8.9
Pengrowth Energy Trust	PGH		11.75		0.61	9.7	8.0	8.4
Penn West Energy Trust	PWE		20.14		0.73	9.9	7.8	8.1
Enerplus Resources Fund	ERF		24.36		0.60	9.7	8.3	7.0
	<i>Median</i>					9.9	8.3	8.4
Small Cap Independent Producers								
Range Resources	RRC		46.64		-	13.3	11.0	14.8
Birchcliff Energy Ltd. (US\$)	BIREF		9.03		-	12.0	15.5	13.1
Ultra Petroleum	UPL		46.75		-	14.7	12.8	12.4
Petro-Hawk	HK		21.58		-	7.8	9.4	12.1
Berry Petroleum Company	BRY		30.97		-	13.2	7.4	6.8
Whiting Petroleum Corporation	WLL		89.46		-	10.3	6.5	6.2
Cimarex Energy Company	XEC	B	67.13		-	7.0	5.7	5.9
	<i>Median</i>					12.0	9.4	12.1
Top Line Cash Payers								
Sabine Royalty Trust	SBR		52.80	100	1.00	9.4	12.3	14.5
Dorchester Minerals, L.P.	DMLP	B	27.27	64	0.97	7.9	13.4	13.5
Cross Timbers Royalty Trust	CRT		38.02	84	0.97	13.4	11.8	13.1
Permian Basin RT	PBT		19.60	32	0.90	13.1	12.1	13.1
Freehold Royalty Trust (US\$)	FRHLF		17.75	71	0.80	8.3	8.1	8.5
	<i>Median</i>					9.4	12.1	13.1
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		26.93		1.48	20.3	12.4	14.6
San Juan Basin Royalty Trust	SJT	B	24.40		0.80	14.0	12.1	12.8
Mesa RoyaltyTrust	MTR		47.50		0.91	8.5	11.7	11.7
Hugoton RoyaltyTrust	HGT	B	18.88		0.91	12.3	11.7	10.5
Encore Energy Partners, L.P.	ENP		20.90		1.04	12.6	8.2	9.6
Legacy Reserves L.P.	LGCY		23.61		0.80	12.0	7.7	8.6
	<i>Median</i>					12.4	11.7	11.1
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 March 31, 2011; 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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