

WHITING PETROLEUM CORP

Form 424B3

June 09, 2004

**Table of Contents**

**Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-113717**

**Merger Proposed Your Vote is Very Important**

To the Shareholders of Equity Oil Company:

I am writing to you today about our proposed merger with Whiting Petroleum Corporation. The boards of directors of both Equity Oil Company and Whiting have unanimously approved the agreement and plan of merger pursuant to which Whiting will acquire Equity. In order to complete the merger, the holders of at least two-thirds of the outstanding shares of Equity common stock must approve and adopt the merger agreement and the merger. We are excited by the opportunities we envision for the combined company. Whiting is a holding company for Whiting Oil and Gas Corporation, which engages in oil and natural gas acquisition, exploitation and exploration activities primarily in the Gulf Coast/Permian Basin, Rocky Mountains, Michigan and Mid-Continent regions of the United States.

Your board of directors has determined that the terms of the merger agreement and the merger are advisable, fair to and in the best interests of Equity and its shareholders and unanimously recommends that you vote to approve and adopt the merger agreement and the merger. In connection with the merger, two members of the board of directors (myself and Mr. John W. Straker, Jr.), in our individual capacities as Equity shareholders, have agreed with Whiting to vote our Equity shares representing approximately 16.5% of the shares entitled to vote at the special meeting in favor of the merger and have given Whiting an option to acquire our shares under certain circumstances.

Pursuant to the merger agreement, a subsidiary of Whiting will merge with and into Equity and Equity will become a wholly-owned subsidiary of Whiting. As a result of the merger, you will be entitled to receive 0.185 shares of Whiting common stock for each of your shares of Equity common stock owned just before the merger. Whiting common stock is listed on the New York Stock Exchange under the symbol WLL.

You generally will not recognize gain or loss for federal income tax purposes on your receipt of Whiting common stock in the merger. However, Whiting will pay cash instead of issuing fractional shares of common stock in the merger and you generally will recognize gain or loss on any cash you receive instead of a fractional share.

You will be asked to vote on the merger agreement and the merger at a special meeting of Equity shareholders to be held on July 20, 2004, at 10:00 a.m. Mountain Time, at our executive offices at 10 West 300 South, Suite 806 in Salt Lake City, Utah, 84101. Only shareholders who hold shares of Equity common stock at the close of business on May 28, 2004 will be entitled to vote at the special meeting.

Petrie Parkman & Co., Inc., an investment banking firm engaged by Equity in connection with the merger, has rendered an opinion, dated February 1, 2004, to the board of directors of Equity that, as of such date and based upon and subject to the matters set forth in the opinion, the exchange ratio contained in the merger agreement is fair, from a financial point of view, to holders of Equity common stock.

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You should know that Equity s officers and directors will receive benefits from the merger that are in addition to those received by other Equity shareholders. These benefits are described in greater detail in the

**Table of Contents**

section of this proxy statement/prospectus titled "The Merger - Interests of Equity Directors and Officers in the Merger." These benefits include the vesting on an accelerated basis of our options, the cashing out of such options on the merger closing date and the receipt of payments by certain Equity officers upon the termination of their employment pursuant to change of control agreements that were put in place between Equity and such officers between 1997 and 2001.

Your vote is very important. Regardless of the number of shares you own, your board of directors hopes that you will attend the special shareholders' meeting in person. Whether or not you plan to attend, please take the time to vote by completing the enclosed proxy card and promptly mailing it to Equity as requested to ensure that your shares are represented at the meeting. Please do not send any Equity stock certificates at this time. Shareholders who execute proxies retain the right to revoke them at any time prior to the voting of those proxies. To approve and adopt the merger agreement and the merger, you must vote FOR the proposal by following the instructions stated on the enclosed proxy card. If you sign and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the approval and adoption of the merger agreement and the merger. If you do not vote at all, it will, in effect, count as a vote against the approval and adoption of the merger agreement and the merger. Your board of directors urges you to vote FOR this proposal.

This document is a prospectus of Whiting relating to the issuance of shares of Whiting's common stock to be issued in connection with the merger and a proxy statement for Equity to use in soliciting proxies for its meeting. It contains answers to frequently asked questions beginning on page 1 and a summary description of the merger beginning on page 4, followed by a more detailed discussion of the merger and related matters. **You should also consider the matters discussed under Risk Factors beginning on page 19 of this proxy statement/prospectus.** We urge you to review the entire document carefully.

If you have any questions about the merger or need assistance voting your shares, please call D. F. King & Co., Inc., who is assisting us, toll-free at 1-800-848-3416.

Paul M. Dougan  
President and Chief Executive Officer  
Equity Oil Company

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of Whiting common stock to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This proxy statement/prospectus is dated June 3, 2004 and was first mailed to Equity shareholders on or about June 9, 2004.

**Table of Contents**

10 West 300 South, Suite 806

Salt Lake City, Utah, 84101

**Notice Of Special Meeting of  
Equity Oil Company Shareholders  
To be Held on July 20, 2004**

To the shareholders of

Equity Oil Company:

Notice is hereby given that a special meeting of shareholders of Equity Oil Company will be held on July 20, 2004, at 10:00 a.m. Mountain Time, at Equity's executive offices at 10 West 300 South, Suite 806 in Salt Lake City, Utah, 84101, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated February 1, 2004, as amended, by and among Whiting Petroleum Corporation, WPC Equity Acquisition Corp., which is a newly formed, wholly-owned subsidiary of Whiting, and Equity Oil Company, pursuant to which WPC Equity Acquisition Corp. will be merged with and into Equity and Equity will become a wholly-owned subsidiary of Whiting, on the terms and conditions set forth in the merger agreement, and to approve and adopt the merger; and
2. To transact such other business as may properly be brought before the special meeting and any adjournment or postponement of the special meeting.

Your board of directors has determined that the merger is advisable, fair to and in the best interests of Equity and its shareholders and unanimously recommends that you vote to approve and adopt the merger agreement and the merger. The terms of the proposed merger with Whiting and the related merger agreement are more fully described in the proxy statement/ prospectus attached to this notice.

Only holders of record of Equity common stock at the close of business on May 28, 2004 are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

**Whether or not you expect to attend the special meeting in person, please mark, sign, date, and return the accompanying proxy in the return envelope provided. No postage is necessary if mailed in the United States. Any person giving a proxy has the power to revoke it at any time, and shareholders who are present at the special meeting may withdraw their proxies and vote in person.**

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By Order of the Board of Directors,

Russell V. Florence

Corporate Secretary

Salt Lake City, Utah

June 9, 2004

**Table of Contents**

**REFERENCE TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Equity Oil Company from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents related to Equity that are incorporated by reference in this proxy statement/prospectus, without charge, by requesting them in writing or by telephone from Corporate Secretary, Equity Oil Company, 10 West 300 South, Suite 806, Salt Lake City, Utah 84101, (801) 521-3515 or from Investor Relations, Whiting Petroleum Corporation, 1700 Broadway, Suite 2300, Denver, Colorado 80290-2300, (303) 837-1661.

**If you would like to request documents, please do so by July 13, 2004 to receive them before the special meeting.**

See [Where You Can Find More Information](#).

**Table of Contents****Table of Contents**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	4
<u>The Companies</u>	4
<u>The Special Meeting</u>	5
<u>Merger Consideration</u>	5
<u>Recommendation of Equity's Board of Directors</u>	5
<u>Opinion of Equity's Financial Advisor</u>	6
<u>Interests of Directors and Officers in the Merger that Differ from Your Interests</u>	6
<u>No Dissenters' Rights</u>	7
<u>Conditions to the Merger</u>	7
<u>Termination of the Merger Agreement</u>	9
<u>Non-Solicitation</u>	10
<u>Accounting Treatment</u>	10
<u>Market Price Information</u>	10
<u>Regulatory Matters</u>	10
<u>Material United States Federal Income Tax Consequences of the Merger</u>	11
<u>Comparison of Rights of Equity Shareholders and Whiting Stockholders</u>	11
<u>Risk Factors</u>	11
<u>SELECTED WHITING HISTORICAL FINANCIAL INFORMATION</u>	12
<u>SELECTED EQUITY HISTORICAL FINANCIAL INFORMATION</u>	13
<u>UNAUDITED COMPARATIVE PER SHARE DATA</u>	15
<u>MARKET PRICE INFORMATION</u>	16
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	18
<u>RISK FACTORS</u>	19
<u>INFORMATION REGARDING THE SPECIAL MEETING</u>	28
<u>Date, Time and Place</u>	28
<u>Purpose of the Special Meeting</u>	28
<u>Vote Required</u>	28
<u>Recommendation of Board of Directors</u>	28
<u>Record Date: Shares Entitled to Vote</u>	28
<u>Quorum: Abstentions and Broker Non-Votes</u>	29
<u>Agreements to Vote in Favor of the Merger Agreement and the Merger</u>	29
<u>Voting Procedures</u>	30
<u>Revoking Your Proxy</u>	30
<u>Solicitation of Proxies and Expenses</u>	30
<u>No Dissenters' Rights</u>	31
<u>Other Matters</u>	31
<u>THE MERGER</u>	32
<u>Background of the Merger</u>	32
<u>Equity's Reasons for the Merger</u>	41
<u>Recommendation of the Equity Board of Directors</u>	46
<u>Opinion of Equity's Financial Advisor</u>	46
<u>Whiting's Reasons for the Merger</u>	57
<u>Opinion of Whiting's Financial Advisor</u>	58





**Table of Contents**

<u>Interests of Equity Directors and Officers in the Merger</u>	65
<u>Restrictions on Sales of Whiting Stock</u>	67
<u>Accounting Treatment</u>	68
<u>Dissenters' Rights</u>	68
<u>Regulatory Treatment</u>	68
<u>Material United States Federal Income Tax Consequences</u>	68
<u>Delisting and Deregistration of Equity Common Stock</u>	73
<b><u>THE MERGER AGREEMENT</u></b>	74
<u>The Merger</u>	74
<u>Merger Consideration</u>	74
<u>Closing and Effective Time of the Merger</u>	74
<u>Equity Stock Options</u>	74
<u>Conditions to the Merger</u>	75
<u>Representations and Warranties of Whiting and Equity</u>	77
<u>Conduct of the Business of Equity Prior to the Merger</u>	78
<u>No Solicitation of Transactions</u>	79
<u>Conduct of the Business of the Combined Companies Following the Merger</u>	80
<u>Affiliate Agreements</u>	81
<u>Section 16 Matters</u>	81
<u>Termination</u>	81
<u>Termination Fee; Reimbursement of Certain Expenses</u>	83
<u>Indemnification and Insurance</u>	83
<b><u>INFORMATION REGARDING WHITING PETROLEUM CORPORATION</u></b>	84
<u>Business</u>	84
<u>Properties</u>	92
<u>Legal Proceedings</u>	96
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	96
<u>Quantitative and Qualitative Disclosure About Market Risk</u>	109
<u>Directors and Executive Officers</u>	111
<u>Principal Holders of Common Stock</u>	113
<u>Executive Compensation</u>	114
<u>Director Compensation</u>	114
<b><u>INFORMATION REGARDING EQUITY OIL COMPANY</u></b>	115
<u>Business</u>	115
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	119
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	128
<b><u>DESCRIPTION OF WHITING PETROLEUM CORPORATION COMMON STOCK</u></b>	129
<u>Common Stock</u>	129
<u>Preferred Stock</u>	129
<u>Delaware Anti-Takeover Law and Charter and By-law Provisions</u>	129
<u>Liability and Indemnification of Officers and Directors</u>	130
<u>Transfer Agent and Registrar</u>	130
<b><u>COMPARISON OF RIGHTS OF EQUITY SHAREHOLDERS AND WHITING STOCKHOLDERS</u></b>	131
<b><u>SHAREHOLDER PROPOSALS FOR 2004 ANNUAL MEETING</u></b>	139
<b><u>LEGAL MATTERS</u></b>	139
<b><u>EXPERTS</u></b>	139

**Table of Contents**

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	140
<u>GLOSSARY OF OIL AND NATURAL GAS TERMS</u>	141
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

Appendix A	Agreement and Plan of Merger dated as of February 1, 2004, as amended, by and among Equity, Whiting and WPC Equity Acquisition Corp.
Appendix B	Opinion of Petrie Parkman & Co., Inc.
Appendix C	Opinion of Merrill Lynch & Co.
Appendix D	Shareholder Agreement, dated as of February 1, 2004, by and among Whiting, WPC Equity Acquisition Corp. and Paul M. Dougan.
Appendix E	Shareholder Agreement, dated as of February 1, 2004, by and among Whiting, WPC Equity Acquisition Corp. and John W. Straker, Jr.

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q. What am I being asked to vote upon at the special meeting?**

- A. You are being asked to vote to adopt the merger agreement entered into among Whiting Petroleum Corporation, or Whiting, WPC Equity Acquisition Corp., or Merger Sub, and Equity Oil Company, or Equity, and to approve the merger contemplated by the merger agreement. In the merger, Merger Sub, a wholly-owned subsidiary of Whiting, will be merged with and into Equity. After the merger is completed, Equity will be the company surviving the merger and will become a wholly-owned subsidiary of Whiting.

**Q. What vote is required to complete the merger?**

- A. Adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of two-thirds of the shares of Equity common stock outstanding on the record date. Failures to vote, abstentions and broker non-votes will not be deemed to be cast either FOR or AGAINST the merger agreement and the merger. However, because adoption of the merger agreement and approval of the merger requires the affirmative vote of the holders of two-thirds of the outstanding shares of Equity common stock, failures to vote, abstentions and broker non-votes will have the same effect as a vote AGAINST the merger agreement and the merger. In connection with the merger agreement, two of Equity's directors, who collectively beneficially own approximately 16.5% of the outstanding shares of Equity common stock, entered into shareholder agreements with Whiting and Merger Sub, in their capacities as shareholders of Equity, pursuant to which they agreed to vote their shares of Equity common stock in favor of adoption of the merger agreement and approval of the merger. See The Merger Interests of Equity Directors and Officers in the Merger Shareholder Agreements.

**Q. What does Equity's Board of Directors recommend?**

- A. After careful consideration of numerous factors, including a fairness opinion from Petrie Parkman & Co., Inc., an investment banking firm, Equity's board of directors has unanimously approved the merger and the merger agreement. Equity's board recommends that the Equity shareholders vote FOR the proposal to approve the merger and the merger agreement.

**Q. What will I receive for my Equity common stock?**

- A. For each share of Equity common stock that you own, you will receive 0.185 shares of Whiting common stock. You will not receive any fractional shares of Whiting common stock. Instead, you will receive cash, without interest, for any fractional share of Whiting common stock you might otherwise have been entitled to receive based on the closing price of the Whiting common stock on the date on which the closing of the merger occurs.

**Q. Can the value of the transaction change between now and the time the merger is completed?**

- A. Yes. The merger consideration is composed of Whiting common stock, the market price of which will in all likelihood change. Therefore, the market value of the total transaction, and of the Whiting common stock you may receive in the merger, will increase or decrease as the trading price of Whiting common stock increases or decreases.

**Q. When will the merger be completed?**

- A. It is intended that the merger will be completed as soon as possible after Equity's shareholders approve the merger and the merger agreement and the other conditions to the closing have been satisfied.



**Table of Contents**

**Q. What should I do now?**

- A. Mail your signed proxy card in the enclosed return envelope as soon as possible so that your shares of Equity common stock may be represented at the special meeting. It is important that the proxy card be received as soon as possible and, in any event, before the special meeting.

**Q. Should I send in my stock certificates now?**

- A. No. After the merger is completed, Whiting will instruct Computershare Trust Company, Inc., as the exchange agent, to send you written instructions for exchanging your stock certificates. **Please do not send in your stock certificates with your proxy card.**

**Q. How will I receive my shares of Whiting common stock and cash?**

- A. After the merger is completed, you will receive a letter of transmittal, which you should fill out at that time and return with your Equity stock certificates in accordance with the instructions contained in the letter of transmittal.

**Q. What should I do if my shares of Equity common stock are held by my broker or otherwise in street name?**

- A. If you hold your shares of Equity common stock in street name (i.e., your bank or broker holds your shares for you), you should receive instructions regarding voting procedures directly from your bank or broker. If you have any questions regarding these procedures, you should contact your bank or broker directly, or you may contact Whiting or Equity at the addresses or telephone numbers listed on the next page.

**Q. Can I change my vote after I mail my proxy card?**

- A. Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways:

First, you can send a written notice to Equity's corporate secretary stating that you would like to revoke your proxy.

Second, you can complete and submit a new proxy card to Equity's corporate secretary.

Third, you can attend the special meeting and vote in person. Simply attending the special meeting, however, will not revoke your proxy.

If you choose either of the first or second methods, you must submit your notice of revocation or your new proxy card to Equity's corporate secretary prior to the special meeting. Your submission must be mailed to Equity's corporate secretary at the address listed below. See Information Regarding the Special Meeting Revoking Your Proxy.

**Q. Am I entitled to dissenters' rights?**

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A. No. Under Colorado law, you will not have dissenters' rights with respect to the merger.

**Q. Are there risks I should consider in deciding whether to vote for the approval and adoption of the merger agreement and the merger?**

A. Yes. You should consider carefully the matters discussed in the section entitled "Risk Factors."

**Table of Contents**

**Q. Will I be able to sell the Whiting common stock I receive in the merger?**

- A. Yes, in most cases. The shares of Whiting common stock to be issued in the merger will be registered under the Securities Act of 1933 and listed on the New York Stock Exchange. However, certain shareholders who are deemed to be affiliates of Equity under the Securities Act (generally, directors, executive officers and shareholders of Equity holding 10% or more of the outstanding shares of Equity common stock), must abide by certain transfer restrictions under the Securities Act. See The Merger Restrictions on Sales of Whiting Stock.

**Q. What are the tax consequences of the merger to me?**

- A. The exchange of your Equity shares for Whiting common stock in the merger has been structured to be tax-free to you for United States federal income tax purposes. However, you will have to pay taxes on cash received for fractional shares. Your tax basis in your total shares of Whiting common stock received and fractional shares deemed received in the merger will equal your tax basis in your Equity common stock. Tax matters are complicated, and the consequences of the merger to you will depend on your particular tax situation. You are encouraged to consult your own tax advisor to fully understand the tax consequences of the merger to you. For more detail, see The Merger Material United States Federal Income Tax Consequences.

**Q. Whom should I call with questions?**

- A. If you have more questions about the merger, you should contact:

Corporate Secretary

Equity Oil Company

10 West 300 South, Suite 806

Salt Lake City, Utah 84101

(801) 521-3515

or

Investor Relations

Whiting Petroleum Corporation

1700 Broadway, Suite 2300

Denver, Colorado 80290-2300

(303) 837-1661

**Table of Contents**

**SUMMARY**

The following summary does not contain a complete description of all material features of the merger agreement or the transactions contemplated thereby and is subject to and qualified in its entirety by reference to the more detailed information contained or incorporated by reference in this proxy statement/prospectus, including the Appendices hereto. Shareholders of Equity are urged to read carefully the entire proxy statement/prospectus, including the Appendices. Throughout this proxy statement/prospectus the term "you" is occasionally used. On these occasions, "you" refers to all Equity shareholders. You can find definitions for the oil and natural gas terms used in this proxy statement/prospectus in the "Glossary of Oil and Natural Gas Terms" included in this proxy statement/prospectus.

**The Companies**

Whiting Petroleum Corporation  
(Whiting)

1700 Broadway, Suite 2300

Denver, Colorado 80290

(303) 837-1661

Whiting Petroleum Corporation is a Delaware corporation and a holding company for Whiting Oil and Gas Corporation. Whiting Oil and Gas Corporation is engaged in oil and natural gas acquisition, exploitation and exploration activities primarily in the Gulf Coast/Permian Basin, Rocky Mountains, Michigan and Mid-Continent regions of the United States.

Equity Oil Company  
(Equity)

10 West 300 South, Suite 806

Salt Lake City, Utah 84101

(801) 521-3515

Equity Oil Company is a Colorado corporation and an independent energy company that explores, exploits and produces oil and natural gas in North America. Equity Oil Company's oil and gas exploration operations are focused in California, Colorado, North Dakota and Wyoming.

WPC Equity Acquisition Corp.  
(Merger Sub)

1700 Broadway, Suite 2300

Denver, Colorado 80290

(303) 837-1661

WPC Equity Acquisition Corp. is a Colorado corporation and a wholly owned direct subsidiary of Whiting and is referred to in this proxy statement/prospectus as Merger Sub. Merger Sub was formed exclusively for the merger. Merger Sub will merge with and into Equity, and Equity will be the surviving corporation.





**Table of Contents**

**The Special Meeting**

(see page 28)

Time, Date and Place	The special meeting will be held on July 20, 2004, at 10:00 a.m. Mountain Time, at Equity's executive offices at 10 West 300 South, Suite 806 in Salt Lake City, Utah, 84101.
Record Date and Shares Entitled to Vote	Shareholders of record as of the close of business on May 28, 2004 will be entitled to notice of and to vote at the special meeting and on any adjournments or postponements of the special meeting. On the record date, 12,099,961 shares of Equity common stock were outstanding and entitled to vote at the special meeting.
Purpose of the Meeting	The purpose of the special meeting is to consider and vote on the merger and the merger agreement, as amended, and any other business that properly arises.
Vote Required	The affirmative vote of the holders of two-thirds of the shares of Equity common stock outstanding on the record date is required to approve the merger and the merger agreement. As of the record date, there were 12,099,961 shares of Equity common stock outstanding, of which approximately 16.5% were beneficially owned by Paul M. Dougan, the President and Chief Executive Officer and a director of Equity and John W. Straker, Jr., a director of Equity. Mr. Dougan and Mr. Straker have agreed with Whiting to vote, or cause to be voted, all of their shares of Equity common stock in favor of the merger, subject to certain termination rights. See The Merger Interests of Equity Directors and Officers in the Merger Shareholder Agreements.

**Merger Consideration**

(see page 74)

The merger agreement provides that each share of Equity common stock issued and outstanding immediately prior to the effective time of the merger (other than those owned by Equity or Whiting) will be converted at the effective time into the right to receive 0.185 of a share of Whiting common stock.

**Recommendation of Equity's Board of Directors**

(see page 46)

After careful consideration of numerous factors, including a fairness opinion from Petrie Parkman & Co., Inc., referred to in this proxy statement/prospectus as Petrie Parkman, the Equity board of directors believes that the merger is advisable, fair to, and in the best interests of Equity and its shareholders. Equity's board unanimously recommends that Equity shareholders vote FOR the proposal to approve the merger and the merger agreement.

**Table of Contents**

**Opinion of Equity's Financial Advisor**

(see page 46)

In connection with the merger, the Equity board of directors received a written opinion from Petrie Parkman, dated February 1, 2004, that as of such date and based upon and subject to the matters set forth in its opinion, the exchange ratio contained in the merger agreement is fair, from a financial point of view, to the holders of Equity common stock. The full text of Petrie Parkman's written opinion dated February 1, 2004 is attached to this proxy statement/prospectus as Appendix B. You are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. Petrie Parkman's opinion was provided to the Equity board in connection with its evaluation of the exchange ratio. Petrie Parkman's opinion does not address any other aspect of the merger or any related transaction. Petrie Parkman's opinion does not constitute a recommendation to any holder of Equity common stock as to how such shareholder should vote on the merger.

**Interests of Directors and Officers in the Merger that Differ from Your Interests**

(see page 65)

The directors and executive officers of Equity, together with their affiliates, beneficially own approximately 19.5% of the Equity common stock entitled to vote at the special meeting. The directors and executive officers of Whiting, together with their affiliates, do not beneficially own any shares of the Equity common stock entitled to vote at the special meeting. Some of the directors and officers of Equity have interests in the merger that may differ from, or may be in addition to, the interests of other shareholders of Equity. These interests include, among other things:

Shareholder agreements that Paul M. Dougan and John W. Straker, Jr. have entered into with Whiting and Merger Sub in their capacities as Equity shareholders, pursuant to which they have agreed to vote their Equity shares in favor of the merger.

Change of control agreements that were put in place between 1997 and 2001 with certain officers of Equity provide these officers with various severance benefits if their employment is terminated or materially altered following the merger.

All options to purchase common stock of Equity outstanding under Equity's existing stock option plans will be cashed out or assumed by Whiting, each option that is unvested at the effective time of the merger will become vested and exercisable at the effective time of the merger, and all options not cashed out prior to the merger will become exercisable for shares of Whiting common stock rather than shares of Equity common stock, in a number and at an exercise price adjusted to reflect the exchange ratio in the merger.

**Table of Contents**

Whiting agreed in the merger agreement to indemnify and provide liability insurance for Equity's officers and directors.

The directors of Equity and Whiting knew about these additional interests and considered them when they approved the merger and merger agreement.

**No Dissenters' Rights**

(see page 68)

Under Colorado law, Equity shareholders will not have dissenters' rights in connection with the merger. See *The Merger Dissenters' Rights*.

**Conditions to the Merger**

(see page 75)

*Conditions to Each Party's Obligations to Consummate the Merger.* The respective obligations of Equity and Whiting to effect the merger are subject to fulfillment, at or prior to the effective time, of the following conditions:

The merger agreement and the merger must be approved by the holders of at least two-thirds of the outstanding shares of Equity common stock.

There may be no order, law, injunction or other legal restraint or prohibition enjoining, restraining or preventing the consummation of the merger.

The registration statement on Form S-4 filed by Whiting must be effective, and no stop order suspending such effectiveness may have been issued and no proceeding for that purpose may have been instituted or threatened in writing by the Securities and Exchange Commission and not concluded or withdrawn.

The shares of Whiting common stock issuable in the merger and those to be reserved for issuance upon exercise of stock options will have been authorized for listing on the New York Stock Exchange.

*Additional Conditions to the Obligations of Whiting and Merger Sub.* The obligation of Whiting and Merger Sub to effect the merger is further subject to fulfillment of the following additional conditions:

The representations and warranties of Equity must be true and correct in all material respects as of the date of the merger agreement and as of the closing date as if made on the closing date, except to the extent such representations and warranties expressly relate to an earlier date.

Equity will have performed and complied in all material respects with all agreements and covenants required to be performed by it under the merger agreement at or prior to closing.

**Table of Contents**

Any material third party or governmental consents or approvals required to consummate the transactions contemplated by the merger agreement must have been obtained and must be in full force and effect.

Equity must have delivered to Whiting and Merger Sub an officer's certificate stating that the conditions to Whiting's and Merger Sub's obligations to effect the merger have been duly satisfied.

No proceeding challenging or relating to the merger or Whiting's ownership of Equity following the merger, which, in each instance, if adversely determined, would have a material adverse effect on the long term business, condition, assets or financial performance of Equity.

*Additional Conditions to the Obligations of Equity.* The obligation of Equity to effect the merger is further subject to fulfillment of the following additional conditions:

The representations and warranties of Whiting and Merger Sub must be true and correct in all material respects as of the date of the merger agreement and as of the closing date as if made on the closing date, except to the extent such representations and warranties expressly relate to an earlier date.

Whiting and Merger Sub will have performed and complied in all material respects with all agreements and covenants required to be performed by them under the merger agreement at or prior to closing.

Any material third party or governmental consents or approvals required to consummate the transactions contemplated by the merger agreement must have been obtained and must be in full force and effect.

Whiting must have delivered to Equity an officer's certificate stating that the conditions to Equity's obligations to effect the merger have been duly satisfied.

All reasonable fees and expenses of the special committee of Equity's board of directors, if any, must have been paid in full by the closing.

No proceeding challenging or relating to the merger, seeking damages from Equity or which would materially and adversely affect the surviving corporation may be pending.

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Equity must have received a written opinion of its tax counsel to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and such opinion must not have been withdrawn.

**Table of Contents**

**Termination of the Merger Agreement**

(see page 81)

Whiting and Equity can agree to terminate the merger agreement without completing the merger, and either company can terminate the merger agreement if any of the following occurs:

the merger is not completed by July 31, 2004, other than as a result of the failure by the party proposing to terminate the merger agreement to perform its obligations;

a court or other governmental body permanently prohibits the merger;

the Equity shareholders fail to approve the merger and the merger agreement at the special meeting, other than as a result of the failure by the party proposing to terminate the merger agreement to perform its obligations; or

a party has breached any of its covenants under the merger agreement, or a party's representations and warranties in the merger agreement have been or become inaccurate, if the other party has not materially breached its obligations under the merger agreement.

Whiting may also terminate the merger agreement if:

the Equity board of directors has recommended to the shareholders of Equity or entered into an agreement regarding an alternative transaction; or

the Equity board of directors has withdrawn or modified in a manner adverse to Whiting its recommendation of the merger.

Equity may also terminate the merger agreement under certain circumstances if the Equity board of directors determines in good faith after considering the written advice of its outside legal counsel that an alternative transaction is more favorable to Equity shareholders than the merger and that failing to terminate the merger agreement and approve the alternative transaction would constitute a breach of its fiduciary duties.

If the merger agreement is terminated under certain circumstances, including the board of directors of Equity authorizing Equity to execute a binding written agreement with respect to an alternative acquisition proposal, Equity will be required to pay Whiting a termination fee equal to \$2.5 million. See *The Merger Agreement Termination Fee; Reimbursement of Certain Expenses* for a discussion of the circumstances in which Equity would be required to pay the termination fee.

## **Table of Contents**

### **Non-Solicitation**

(see page 79)

Equity has agreed not to initiate or engage in discussions with any other party about a business combination with the other person or provide any nonpublic information to any other party prior to the termination of the merger agreement. However, subject to the terms of the merger agreement, Equity may respond to unsolicited acquisition proposals if required to satisfy the fiduciary duties of Equity's board of directors. Equity must promptly notify Whiting if it receives a proposal for any alternative acquisition transaction.

### **Accounting Treatment**

(see page 68)

The merger will be accounted for under the purchase method of accounting.

### **Market Price Information**

(see page 16)

On January 30, 2004, the last trading day immediately preceding the public announcement of the proposed merger, and on June 2, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the closing sale prices of Whiting common stock as reported on the NYSE Composite Transactions Tape were \$19.24 and \$24.15, respectively. You are urged to obtain a current market quotation for shares of Whiting common stock before deciding whether to vote to approve the merger and the merger agreement.

On January 30, 2004, the last trading day immediately preceding the public announcement of the proposed merger, and on June 2, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the closing sale prices of Equity common stock as reported on the Nasdaq National Market were \$4.50 and \$4.40, respectively. You are urged to obtain a current market quotation for shares of Equity common stock before deciding whether to vote to approve the merger and the merger agreement.

### **Regulatory Matters**

(see page 68)

There are no significant federal or state regulatory requirements with which the parties must comply and no significant federal or state regulatory approvals that the parties must obtain in connection with the merger.



**Table of Contents**

**Material United States Federal Income Tax  
Consequences of the Merger**

(see page 68)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, so that you will recognize neither gain nor loss for United States federal income tax purposes as a result of the merger except to the extent you receive cash in lieu of fractional shares of Whiting common stock in the merger. The merger is conditioned on the receipt by Equity of a legal opinion that the merger will qualify as a reorganization for United States federal income tax purposes.

You should read *The Merger Material United States Federal Income Tax Consequences* for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular situation. You are encouraged to consult your tax advisor to fully understand the tax consequences of the merger to you.

**Comparison of Rights of Equity Shareholders and  
Whiting Stockholders**

(see page 131)

The rights of Equity shareholders are governed by Colorado law and Equity's restated articles of incorporation and its amended by-laws. The rights of Whiting stockholders are governed by Delaware law and Whiting's amended and restated certificate of incorporation and its by-laws. For a summary of material differences between the rights of Equity shareholders and Whiting stockholders, see *Comparison of Rights of Equity Shareholders and Whiting Stockholders*.

**Risk Factors**

(see page 19)

In considering whether to approve and adopt the merger and merger agreement, you should consider risks related to the merger and other risks related to Whiting, Equity and the combined companies following the merger. See *Risk Factors* for a more detailed discussion of these risks.

**Table of Contents****SELECTED WHITING HISTORICAL FINANCIAL INFORMATION**

The following selected historical financial information for each of the four years ended December 31, 2003 has been derived from Whiting's audited consolidated financial statements and related notes. The following selected historical financial information for the three months ended March 31, 2004 and 2003 and the year ended December 31, 1999 has been derived from Whiting's unaudited consolidated financial statements. In the opinion of Whiting's management, the unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the selected historical consolidated financial data. This information is only a summary and you should read it in conjunction with material contained in the section entitled "Information Regarding Whiting Petroleum Corporation Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes a discussion of factors materially affecting the comparability of the information presented, and in conjunction with Whiting's financial statements included elsewhere in this proxy statement/prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(dollars in millions except per share data)							
<b>Consolidated Income Statement Information:</b>							
Revenues:							
Oil and gas sales	\$ 47.6	\$ 49.5	\$ 175.7	\$ 122.7	\$ 125.2	\$ 107.0	\$ 60.9
Gain (loss) on oil and gas hedging activities	(1.0)	(6.7)	(8.7)	(3.2)	2.3	(3.8)	
Gain on sale of oil and gas properties				1.0	11.7	7.7	10.1
Interest income and other	0.1		0.3		0.2	0.1	0.1
<b>Total revenues</b>	<b>\$ 46.7</b>	<b>\$ 42.8</b>	<b>\$ 167.3</b>	<b>\$ 120.5</b>	<b>\$ 139.4</b>	<b>\$ 111.0</b>	<b>\$ 71.1</b>
Costs and expenses:							
Lease operating	\$ 10.5	\$ 10.7	\$ 43.2	\$ 32.9	\$ 29.8	\$ 23.8	\$ 20.7
Production taxes	3.0	3.0	10.7	7.4	6.5	5.4	3.0
Depreciation, depletion and amortization	10.7	10.6	41.2	43.6	26.9	21.5	19.8
Impairment of proven oil and gas properties							3.3
Exploration	0.4	0.2	3.2	1.8	0.8	1.1	1.9
Phantom equity plan			10.9				
General and administrative	4.0	3.2	12.8	12.0	10.9	6.3	4.3
Interest expense	2.3	3.2	9.2	10.9	10.2	7.5	5.4
<b>Total costs and expenses</b>	<b>\$ 31.0</b>	<b>\$ 30.9</b>	<b>\$ 131.2</b>	<b>\$ 108.6</b>	<b>\$ 85.1</b>	<b>\$ 65.6</b>	<b>\$ 58.4</b>
<b>Income before income taxes and cumulative change</b>	<b>\$ 15.7</b>	<b>\$ 11.9</b>	<b>\$ 36.1</b>	<b>\$ 11.9</b>	<b>\$ 54.3</b>	<b>\$ 45.4</b>	<b>\$ 12.7</b>
Income tax expense	6.1	4.5	13.9	4.2	13.1	11.7	1.8
<b>Income from continuing operations</b>	<b>9.6</b>	<b>7.5</b>	<b>22.2</b>	<b>7.7</b>	<b>41.2</b>	<b>33.7</b>	<b>10.9</b>
Cumulative change in accounting principle		(3.9)	(3.9)				
<b>Net income</b>	<b>\$ 9.6</b>	<b>\$ 3.6</b>	<b>\$ 18.3</b>	<b>\$ 7.7</b>	<b>\$ 41.2</b>	<b>\$ 33.7</b>	<b>\$ 10.9</b>
<b>Net income per common share from continuing operations, basic and diluted</b>	<b>\$ 0.51</b>	<b>\$ 0.40</b>	<b>\$ 1.18</b>	<b>\$ 0.41</b>	<b>\$ 2.20</b>	<b>\$ 1.80</b>	<b>\$ 0.58</b>

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Net income per common share, basic and diluted	\$ 0.51	\$ 0.19	\$ 0.98	\$ 0.41	\$ 2.20	\$ 1.80	\$ 0.58
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**Other Financial Information:**

Net cash provided by operating activities	\$ 14.3	\$ 15.6	\$ 96.4	\$ 62.6	\$ 62.3	\$ 42.3	\$ 38.7
Capital expenditures	\$ 11.5	\$ 5.2	\$ 52.0	\$ 165.4	\$ 99.6	\$ 139.1	\$ 34.9

**As of March 31,**

**As of December 31,**

**2004**      **2003**

**2003**      **2002**      **2001**      **2000**      **1999**

(dollars in millions)

**Balance Sheet Information:**

Total assets	\$ 498.6	\$ 467.6	\$ 536.3	\$ 448.5	\$ 319.8	\$ 256.4	\$ 148.5
Long-term debt	\$ 148.1	\$ 185.0	\$ 188.0	\$ 265.5	\$ 163.6	\$ 139.7	\$ 72.5
Stockholder's equity	\$ 271.3	\$ 208.3	\$ 259.6	\$ 122.8	\$ 111.5	\$ 70.0	\$ 36.2

**Table of Contents****SELECTED EQUITY HISTORICAL FINANCIAL INFORMATION**

The following table sets forth selected financial data for Equity as of the dates and for the periods indicated. The financial data for each of the five years ended December 31, 2003 is derived from financial statements which have been audited by PricewaterhouseCoopers LLP, Equity's independent registered public accounting firm. The financial data for the three months ended March 31, 2004 and 2003 has been derived from Equity's unaudited financial statements. The following data should be read in conjunction with material contained in the section entitled

Information Regarding Equity Oil Company Management's Discussion and Analysis of Financial Condition and Results of Operations, which includes a discussion of factors materially affecting the comparability of the information presented, and in conjunction with Equity's financial statements included elsewhere in this proxy statement/prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(dollars in millions except per share data)							
<b>Income Statement Information:</b>							
Revenues:							
Oil and gas sales	\$ 6.4	\$ 6.7	\$ 27.4	\$ 23.4	\$ 19.4	\$ 23.0	\$ 14.7
Interest income and other		0.1	0.4	0.3	0.3	1.1	0.3
<b>Total revenues</b>	<b>\$ 6.4</b>	<b>\$ 6.8</b>	<b>\$ 27.8</b>	<b>\$ 23.7</b>	<b>\$ 19.7</b>	<b>\$ 24.1</b>	<b>\$ 15.0</b>
Costs and expenses:							
Lease operating	\$ 2.2	\$ 2.0	\$ 8.6	\$ 8.3	\$ 6.4	\$ 6.4	\$ 5.8
Depreciation, depletion and amortization	\$ 1.8	\$ 1.9	\$ 8.1	\$ 7.7	\$ 4.2	\$ 3.6	\$ 3.8
Impairment of proven oil and gas properties				0.1	0.4	0.4	0.3
Exploration			0.6	1.3	1.5	2.3	0.8
General and administrative overhead	0.6	0.8	3.1	2.4	2.4	1.9	1.7
Merger related costs	0.6						
Exploration and production overhead	0.3	0.4	1.6	1.4	1.4	1.2	1.0
Asset retirement obligations accretion	0.1	0.1	0.2				
Interest expense	0.2	0.3	1.1	1.2	0.4	1.1	1.2
<b>Total costs and expenses</b>	<b>\$ 5.8</b>	<b>\$ 5.5</b>	<b>\$ 23.3</b>	<b>\$ 22.4</b>	<b>\$ 16.7</b>	<b>\$ 16.9</b>	<b>\$ 14.6</b>
Income from continuing operations before income taxes	\$ 0.6	\$ 1.3	\$ 4.5	\$ 1.3	\$ 3.0	\$ 7.2	\$ 0.4
Income tax expense	0.2	0.5	2.1	0.7	1.2	2.4	0.2
<b>Income from continuing operations</b>	<b>\$ 0.4</b>	<b>\$ 0.8</b>	<b>\$ 2.4</b>	<b>\$ 0.6</b>	<b>\$ 1.8</b>	<b>\$ 4.8</b>	<b>\$ 0.2</b>
Income from discontinued operations		0.8	0.8	0.4	0.5	0.4	0.2
<b>Income before cumulative effect of accounting change</b>	<b>\$ 0.4</b>	<b>\$ 1.6</b>	<b>\$ 3.2</b>	<b>\$ 1.0</b>	<b>\$ 2.3</b>	<b>\$ 5.2</b>	<b>\$ 0.4</b>
Cumulative effect of accounting change, net of taxes		(1.1)	(1.1)				
<b>Net income</b>	<b>\$ 0.4</b>	<b>\$ 0.5</b>	<b>\$ 2.1</b>	<b>\$ 1.0</b>	<b>\$ 2.3</b>	<b>\$ 5.2</b>	<b>\$ 0.4</b>
<b>Basic per common share information:</b>							
Income from continuing operations	\$ 0.03	\$ 0.07	\$ 0.21	\$ 0.05	\$ 0.14	\$ 0.37	\$ 0.02
Income from discontinued operations		0.06	0.06	0.03	0.04	0.04	0.01
Cumulative effect of accounting change		(0.09)	(0.09)				

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Basic net income per common share	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.18</u>	<u>\$ 0.08</u>	<u>\$ 0.18</u>	<u>\$ 0.41</u>	<u>\$ 0.03</u>
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**Table of Contents**

	Three Months Ended March 31,		Years Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(dollars in millions except per share data)							
<b>Diluted per common share information:</b>							
Income from continuing operations	\$ 0.03	\$ 0.07	\$ 0.20	\$ 0.05	\$ 0.14	\$ 0.36	\$ 0.02
Income from discontinued operations		0.06	0.06	0.03	0.04	0.04	0.01
Cumulative effect of accounting change		(0.09)	(0.09)				
Diluted net income per common share	\$ 0.03	\$ 0.04	\$ 0.17	\$ 0.08	\$ 0.18	\$ 0.40	\$ 0.03
<b>Other Financial Information:</b>							
Net cash provided by operating activities	\$ 1.9	\$ 1.6	\$ 11.5	\$ 9.6	\$ 7.6	\$ 10.3	\$ 4.4
Capital expenditures	\$ 0.7	\$ 1.2	\$ 4.7	\$ 35.9	\$ 5.9	\$ 3.1	\$ 2.4

	As of March 31,		As of December 31,				
	2004	2003	2003	2002	2001	2000	1999
(dollars in millions)							
<b>Balance Sheet Information:</b>							
Total assets	\$ 76.7	\$ 76.7	\$ 76.7	\$ 76.8	\$ 48.3	\$ 47.8	\$ 46.1
Long-term debt	\$ 29.0	\$ 29.0	\$ 29.0	\$ 34.5	\$ 5.5	\$ 8.5	\$ 15.0
Stockholders' equity	\$ 36.9	\$ 36.0	\$ 36.0	\$ 33.2	\$ 34.9	\$ 32.6	\$ 27.4

Table of Contents

## UNAUDITED COMPARATIVE PER SHARE DATA

The following comparative per share information is provided to aid you in your analysis of the financial aspects of the merger. You should read this information in conjunction with the historical consolidated financial statements of Whiting and Equity contained in this proxy statement/prospectus.

Dividend information is not presented below because neither Whiting nor Equity has declared or paid cash dividends on its common stock at any time during the past five years.

	Three Months Ended March 31, 2004	Year Ended December 31, 2003
<b>Basic Earnings Per Common Share:</b>		
Whiting historical	\$ 0.51	\$ 0.98
Equity historical	\$ 0.03	\$ 0.18
Whiting pro forma	\$ 0.51	\$ 1.09
Equity pro forma equivalent (1)	\$ 0.09	\$ 0.20
<b>Diluted Earnings Per Common Share:</b>		
Whiting historical	\$ 0.51	\$ 0.98
Equity historical	\$ 0.03	\$ 0.17
Whiting pro forma	\$ 0.51	\$ 1.09
Equity pro forma equivalent (1)	\$ 0.09	\$ 0.20
	As of	As of
	March 31, 2004	December 31, 2003
<b>Book Value Per Common Share:</b>		
Whiting historical	\$ 14.40	\$ 13.84
Equity historical	\$ 3.07	\$ 2.99
Whiting pro forma	\$ 14.86	\$ 14.60
Equity pro forma equivalent (1)	\$ 2.75	\$ 2.70

- (1) The pro forma equivalent figures for Equity were calculated by multiplying the pro forma figures presented for Whiting by the exchange ratio of 0.185.

**Table of Contents****MARKET PRICE INFORMATION**

*Whiting.* Whiting common stock has been traded on the New York Stock Exchange under the symbol WLL since Whiting's initial public offering on November 20, 2003. The shares of Whiting common stock to be issued or reserved for issuance in the merger will be listed on the New York Stock Exchange. The following table shows the high and low sale prices for Whiting common stock for the periods presented.

	<u>High</u>	<u>Low</u>
<b>Fiscal Year Ended December 31, 2003</b>		
Fourth Quarter (from November 20, 2003 through December 31, 2003)	\$ 18.54	\$ 16.15
<b>Fiscal Year Ended December 31, 2004</b>		
First Quarter (Ended March 31, 2004)	\$ 23.94	\$ 18.45
Second Quarter (Through June 2, 2004)	\$ 27.59	\$ 21.50

On January 30, 2004, the last trading day immediately preceding the public announcement of the proposed merger, and on June 2, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the closing sale prices of Whiting common stock as reported on the NYSE Composite Transactions Tape were \$19.24 and \$24.15, respectively. You are urged to obtain a current market quotation for shares of Whiting common stock.

On February 15, 2004, there were nine stockholders of record and approximately 6,500 beneficial owners of Whiting common stock.

Whiting does not anticipate paying any cash dividends on its common stock in the foreseeable future. Whiting currently intends to retain future earnings, if any, to finance the expansion of its business. Whiting's future dividend policy is within the discretion of its board of directors and will depend upon various factors, including its results of operations, financial condition, capital requirements and investment opportunities. In addition, Whiting's credit facility prohibits it from paying dividends.

*Equity.* Equity common stock is traded on the Nasdaq National Market under the symbol EQTY. The following table shows the high and low sale prices for Equity common stock for the periods presented. Equity has not paid any cash dividends with respect to its common stock since 1993 and does not anticipate paying any cash dividends in the foreseeable future.

	<u>High</u>	<u>Low</u>
<b>Fiscal Year Ended December 31, 2002</b>		
First Quarter (Ended March 31, 2002)	\$ 2.14	\$ 1.52
Second Quarter (Ended June 30, 2002)	2.50	1.89
Third Quarter (Ended September 30, 2002)	2.60	1.51
Fourth Quarter (Ended December 31, 2002)	2.34	1.72
<b>Fiscal Year Ended December 31, 2003</b>		
First Quarter (Ended March 31, 2003)	\$ 2.51	\$ 1.95
Second Quarter (Ended June 30, 2003)	3.00	2.08
Third Quarter (Ended September 30, 2003)	4.15	2.07
Fourth Quarter (Ended December 31, 2003)	4.19	3.11



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### **Fiscal Year Ended December 31, 2004**

First Quarter (Ended March 31, 2004)	\$ 5.03	\$ 3.44
Second Quarter (Through June 2, 2004)	\$ 5.00	\$ 3.93

On January 30, 2004, the last trading day immediately preceding the public announcement of the proposed merger, and on June 2, 2004, the most recent practicable date prior to the mailing of this proxy statement/prospectus, the closing sale prices of Equity common stock on the Nasdaq National Market were \$4.50 and \$4.40, respectively. You are urged to obtain a current market quotation for shares of Equity common stock.

**Table of Contents**

The following table sets forth the closing prices per share of Whiting common stock on the New York Stock Exchange and Equity common stock on the Nasdaq National Market on January 30, 2004, the last full trading day prior to the announcement of the merger agreement, and June 2, 2004, the latest practicable full trading day prior to the date of this proxy statement/prospectus. The following table also sets forth the equivalent per share price of Equity common stock, which was determined by multiplying the applicable price of Whiting common stock by 0.185, the fraction of a share of Whiting common stock that would be issuable in the merger for each share of Equity common stock under the merger agreement.

<u>Date</u>	<u>Whiting Common Stock</u>	<u>Equity Common Stock</u>	<u>Estimated Equivalent Equity Per Share Price</u>
January 30, 2004	\$ 19.24	\$ 4.50	\$ 3.56
June 2, 2004	\$ 24.15	\$ 4.40	\$ 4.47

The actual equivalent per share price of Equity common stock that holders of Equity common stock will receive if the merger is completed may increase or decrease from that noted in the table above.

**Table of Contents**

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Certain matters discussed in this proxy statement/prospectus contain statements that we believe are forward looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include the information concerning possible or assumed future results of operations of Whiting and Equity set forth under Summary, The Merger Background of the Merger, The Merger Equity's Reasons for the Merger, The Merger Whiting's Reasons for the Merger, The Merger Opinion of Equity's Financial Advisor and statements preceded by, followed by or that include the words believes, intends, plans, estimates, anticipates or expects, or words of similar import. Such forward looking statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include, among others:

the ability of Whiting and Equity to consummate the merger in a timely manner or at all;

failure of Equity shareholders to approve the merger;

Equity's business may not be integrated successfully into Whiting to realize anticipated synergies and cost savings;

the ability of Whiting and Equity to successfully manage relationships with customers during the pendency of and following the transaction;

adverse changes in the securities markets; and

other factors discussed below under Risk Factors and in the filings of Whiting and Equity with the Securities and Exchange Commission.

Investors should consider these factors carefully in evaluating the forward looking statements and are cautioned not to place undue reliance on such forward looking statements.

**Table of Contents**

**RISK FACTORS**

*In addition to the other information included or incorporated by reference in this proxy statement/prospectus, you should carefully consider the matters described below in evaluating an investment in the Whiting common stock offered by this proxy statement/prospectus.*

**Risks Relating to the Merger**

**Whiting and Equity may encounter difficulties in integrating operations.**

If Whiting and Equity cannot integrate their businesses successfully, then Whiting may fail to realize the financial and operational benefits expected from the merger. Whiting and Equity could encounter difficulties in the integration process. Integration will require substantial management attention and could divert attention away from the day-to-day business of Whiting.

**The combined company may not realize the accretion to various financial measurements that Whiting expects to result from the merger.**

The merger may not be accretive to Whiting's earnings, cash flows and reserves for any future periods. It is possible that the merger may, in fact, prove to be dilutive to Whiting's actual results in the future and it is possible that Whiting's acquisition of Equity will prove to be dilutive to Whiting's earnings, cash flows and reserves beyond the near term. Future events and conditions which could reduce or eliminate such accretion or cause such dilution include, among other things, adverse changes in:

commodity prices for oil and natural gas;

maintenance and growth of production levels;

anticipated reserve levels;

future operating results;

competitive conditions;

the availability of capital resources;

laws and regulations affecting the energy business;

capital expenditure obligations; and

general economic conditions.

**Termination fees may discourage other companies from trying to combine with Equity.**

The merger agreement provides for termination fees that could discourage other companies from trying or proposing to combine with Equity before Whiting and Equity complete the merger. An alternative transaction involving Equity may be more advantageous to its shareholders than the merger. This provision may discourage other companies from trying to or proposing to combine with Equity.

**The trading price of Whiting common stock may be affected by factors different from those affecting the price of Equity common stock.**

Upon completion of the merger, holders of Equity common stock will become holders of Whiting common stock. Whiting's business, while similar in nature, differs from that of Equity. Accordingly, Whiting's results of operations, as well as the trading price of shares of Whiting common stock, may be affected by factors different from those affecting Equity's results of operations and the price of Equity's common stock.

## **Table of Contents**

### **The merger exchange ratio is fixed and the price of Whiting common stock could decline prior to or following the merger.**

The market values of Whiting common stock and Equity common stock have varied since Whiting and Equity entered into the merger agreement and will in all likelihood continue to vary in the future due to changes in the business, operations or prospects of Whiting and Equity, market assessments of the merger, market and economic considerations and other factors. Upon completion of the merger, each share of Equity common stock will be converted into the right to receive 0.185 shares of Whiting common stock plus cash in lieu of fractional shares. The dollar value of the Whiting common stock that holders of Equity common stock will receive upon completion of the merger will depend on the market value of Whiting common stock at the time of completion of the merger, which may be lower than the closing price of Whiting common stock on the last full trading day preceding public announcement that Whiting and Equity entered into the merger agreement, the last full trading day prior to the date of this proxy statement/prospectus or date of the special meeting. There will be no adjustment to the exchange ratio, and the parties do not have a right to terminate the merger agreement based solely upon changes in the market price of either Whiting common stock or Equity common stock.

### **Equity officers and directors have interests other than as Equity shareholders that may influence them to support the merger.**

When considering the recommendations of the board of directors of Equity regarding the merger, you should be aware of the interests that the officers and directors of Equity have in the merger that are different from, or in addition to, interests of shareholders generally. These interests include, among others:

the acceleration of the exercisability and vesting of all outstanding options held by directors, officers and other employees of Equity;

in consideration of canceling their Equity stock options, each option holder will have the right to receive a cash payment equal to the difference between the exercise price of such person's options and the closing price of Equity common stock on the business day prior to the closing date of the merger; and

the receipt of payments by certain Equity officers in the aggregate amount of approximately \$1,672,188 (plus accrued but unused vacation days and continuation of insurance and other benefits) if their employment is terminated or materially altered following the merger.

As a result, these directors and officers may be more likely to vote to approve and adopt the merger agreement and the merger than if they did not have these other interests. In connection with the merger, two members of Equity's board of directors, Paul M. Dougan and John W. Straker, Jr., in their individual capacities as Equity shareholders, have entered into written shareholder agreements with Whiting to vote their Equity shares in favor of the merger and have given Whiting an option to acquire their shares under certain circumstances. Mr. Dougan and Mr. Straker collectively beneficially own approximately 16.5% of Equity's outstanding common stock. See "The Merger" Interests of Equity Directors and Officers in the Merger.

### **Whiting's acquisition activities may not be successful.**

As part of its growth strategy, Whiting may make additional acquisitions of businesses and properties. However, suitable acquisition candidates may not be available on terms and conditions Whiting finds acceptable, and acquisitions pose substantial risks to Whiting's business, financial condition and results of operations. In pursuing acquisitions, Whiting competes with other companies, many of which have greater financial and

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other resources to acquire attractive companies and properties. Even if future acquisitions are completed, the following are some of the risks associated with acquisitions, including the proposed acquisition of Equity:

some of the acquired businesses or properties may not produce revenues, reserves, earnings or cash flow at anticipated levels;

## **Table of Contents**

Whiting may assume liabilities that were not disclosed or that exceed Whiting's estimates;

Whiting may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;

acquisitions could disrupt Whiting's ongoing business, distract management, divert resources and make it difficult to maintain Whiting's current business standards, controls and procedures;

Whiting may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of Whiting's stockholders; and

Whiting may incur additional debt related to future acquisitions.

## **Risks Relating to the Business of Whiting, Equity and the Combined Companies**

The following are risks that currently affect the business, financial condition or results of operations of Whiting and Equity individually, and will affect the combined companies following the completion of the merger.

### **A substantial or extended decline in oil and natural gas prices may adversely affect Whiting's and Equity's business, financial condition or results of operation and their ability to meet their capital expenditure obligations and financial commitments.**

The price Whiting and Equity receive for their oil and natural gas production heavily influences their revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. The prices Whiting and Equity receive for their production, and the levels of Whiting's and Equity's production, depend on numerous factors beyond their control. These factors include the following:

changes in global supply and demand for oil and natural gas;

the actions of the Organization of Petroleum Exporting Countries, or OPEC;

the price and quantity of imports of foreign oil and natural gas;

political conditions, including embargoes, in or affecting other oil-producing activity;

the level of global oil and natural gas exploration and production activity;

the level of global oil and natural gas inventories;



weather conditions;

technological advances affecting energy consumption; and

the price and availability of alternative fuels.

Lower oil and natural gas prices may not only decrease Whiting's and Equity's revenues on a per unit basis but also may reduce the amount of oil and natural gas that Whiting and Equity can produce economically. A substantial or extended decline in oil or natural gas prices may materially and adversely affect Whiting's and Equity's future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

**Table of Contents**

**Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect Whiting's and Equity's business, financial condition or results of operations.**

Whiting's and Equity's future success will depend on the success of their exploitation, exploration, development and production activities. Whiting's and Equity's oil and natural gas exploration and production activities are subject to numerous risks beyond their control, including the risk that drilling will not result in commercially viable oil or natural gas production. Whiting's and Equity's decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. Please read

Reserve estimates depend on many assumptions that may turn out to be inaccurate for a discussion of the uncertainty involved in these processes. Whiting's and Equity's cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel drilling, including the following:

delays imposed by or resulting from compliance with regulatory requirements;

pressure or irregularities in geological formations;

shortages of or delays in obtaining equipment and qualified personnel;

equipment failures or accidents;

adverse weather conditions, such as hurricanes and tropical storms;

reductions in oil and natural gas prices;

title problems; and

limitations in the market for oil and natural gas.

**Substantial acquisitions or other transactions could require significant external capital and could change Whiting's and Equity's risk and property profile.**

In order to finance acquisitions of additional producing properties, Whiting and Equity may need to alter or increase their capitalization substantially through the issuance of debt or equity securities, the sale of production payments or other means. These changes in capitalization may significantly affect Whiting's and Equity's risk profile. Additionally, significant acquisitions or other transactions can change the character of Whiting's and Equity's operations and business. The character of the new properties may be substantially different in operating or geological characteristics or geographic location than Whiting's and Equity's existing properties. Furthermore, Whiting and Equity may not be able to obtain external funding for any such acquisitions or other transactions or to obtain external funding on terms acceptable to Whiting and Equity.

**Properties that Whiting or Equity buys may not produce as projected, and Whiting and Equity may be unable to identify liabilities associated with the properties or obtain protection from sellers against them.**

Whiting's and Equity's business strategy includes a continuing acquisition program. The successful acquisition of producing properties requires assessments of many factors, which are inherently inexact and may be inaccurate, including the following:

the amount of recoverable reserves;

future oil and natural gas prices;

estimates of operating costs;

estimates of future development costs;

## **Table of Contents**

estimates of the costs and timing of plugging and abandonment; and

potential environmental and other liabilities.

Whiting's and Equity's assessment will not reveal all existing or potential problems, nor will it permit Whiting and Equity to become familiar enough with the properties to assess fully their capabilities and deficiencies. In the course of their due diligence, Whiting and Equity may not inspect every well, platform or pipeline. Inspections may not reveal structural and environmental problems, such as pipeline corrosion or groundwater contamination, when they are made. Whiting and Equity may not be able to obtain contractual indemnities from the seller for liabilities that it created. Whiting and Equity may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with their expectations.

### **If oil and natural gas prices decrease, Whiting and Equity may be required to take write-downs of the carrying values of their oil and natural gas properties.**

Accounting rules require that Whiting and Equity review periodically the carrying value of their oil and natural gas properties for possible impairment. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, Whiting and Equity may be required to write down the carrying value of their oil and natural gas properties. A write-down constitutes a non-cash charge to earnings and, once incurred, is not reversible at a later date. Whiting and Equity may incur impairment charges in the future, which could have a material adverse effect on their results of operations in the period taken.

### **Reserve estimates depend on many assumptions that may turn out to be inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of Whiting's and Equity's reserves.**

The process of estimating oil and natural gas reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown or incorporated by reference in this proxy statement/prospectus.

In order to prepare their estimates, Whiting and Equity must project production rates and timing of development expenditures. Whiting and Equity must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Therefore, estimates of oil and natural gas reserves are inherently imprecise.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary from Whiting's and Equity's estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown or incorporated by reference in this proxy statement/prospectus. In addition, Whiting and Equity may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond their control.

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You should not assume that the present values of future net revenues from Whiting's and Equity's proved reserves referred to or incorporated by reference in this proxy statement/prospectus are the current market values of Whiting's and Equity's estimated oil and natural gas reserves. In accordance with SEC requirements, Whiting and Equity base the estimated discounted future net cash flows from their proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in the present value estimate.

## **Table of Contents**

### **Prospects that Whiting or Equity decide to drill may not yield oil or natural gas in commercially viable quantities.**

Whiting describes some of its current prospects and its plans to explore those prospects in this proxy statement/prospectus, and descriptions of Equity's prospects and plans are incorporated by reference into this proxy statement/prospectus. A prospect is a property on which Whiting or Equity has identified what Whiting's or Equity's geoscientists believe, based on available seismic and geological information, to be indications of oil or natural gas. Whiting's and Equity's prospects are in various stages of evaluation, ranging from a prospect which is ready to drill to a prospect that will require substantial additional seismic data processing and interpretation. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable Whiting or Equity to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. Whiting and Equity cannot assure you that the analogies they draw from available data from other wells, more fully explored prospects or producing fields will be applicable to their drilling prospects.

### **Whiting and Equity may incur substantial losses and be subject to substantial liability claims as a result of their oil and natural gas operations.**

Whiting and Equity are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect their business, financial condition or results of operations. Whiting's and Equity's oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of:

environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination;

abnormally pressured formations;

mechanical difficulties, such as stuck oil field drilling and service tools and casing collapse;

fires and explosions;

personal injuries and death; and

natural disasters.

Any of these risks could adversely affect Whiting's and Equity's ability to conduct operations or result in substantial losses. Whiting and Equity may elect not to obtain insurance if they believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and is not fully covered by insurance, then it could adversely affect Whiting or Equity.

### **Market conditions or operational impediments may hinder Whiting's and Equity's access to oil and natural gas markets or delay their production.**

Market conditions or the unavailability of satisfactory oil and natural gas transportation arrangements may hinder Whiting's and Equity's access to oil and natural gas markets or delay their production. The availability of a ready market for Whiting's and Equity's oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines and terminal facilities. Whiting's and Equity's ability to market their production depends in substantial part on the availability and capacity of gathering systems, pipelines and processing facilities owned and operated by third parties. Failure to obtain such services on acceptable terms could materially harm Whiting's and Equity's business. Whiting or Equity may be required to shut in wells for a lack of a market or because of inadequacy or

## **Table of Contents**

unavailability of natural gas pipeline or gathering system capacity. If that were to occur, then Whiting or Equity would be unable to realize revenue from those wells until production arrangements were made to deliver to market.

### **Whiting and Equity are subject to complex laws that can affect the cost, manner or feasibility of doing business.**

Exploration, development, production and sale of oil and natural gas are subject to extensive federal, state, local and international regulation. Whiting and Equity may be required to make large expenditures to comply with governmental regulations. Matters subject to regulation include:

discharge permits for drilling operations;

drilling bonds;

reports concerning operations;

the spacing of wells;

unitization and pooling of properties; and

taxation.

Under these laws, Whiting and Equity could be liable for personal injuries, property damage and other damages. Failure to comply with these laws also may result in the suspension or termination of Whiting's or Equity's operations and subject them to administrative, civil and criminal penalties. Moreover, these laws could change in ways that substantially increase Whiting's and Equity's costs. Any such liabilities, penalties, suspensions, terminations or regulatory changes could materially adversely affect Whiting's and Equity's financial condition and results of operations.

### **Whiting's and Equity's operations may incur substantial liabilities to comply with environmental laws and regulations.**

Whiting's and Equity's oil and natural gas operations are subject to stringent federal, state and local laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities, and concentration of substances that can be released into the environment in connection with drilling and production activities, limit or prohibit drilling activities on certain lands lying within wilderness, wetlands, and other protected areas, and impose substantial liabilities for pollution resulting from Whiting's and Equity's operations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, incurrence of investigatory or remedial obligations, or the imposition of injunctive relief. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require Whiting and Equity to make significant expenditures to maintain compliance, and may otherwise have a material adverse effect on Whiting's and Equity's results of operations, competitive position, or financial condition as well as the industry in general. Under these environmental laws and regulations, Whiting and Equity could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether they were responsible for the release or if their operations were standard in the industry at the time they were performed.



**Whiting's and Equity's level of indebtedness reduces their financial flexibility, and their level of indebtedness may increase.**

Whiting and Equity would have had long-term indebtedness of \$177 million on a pro forma basis as if the merger had been completed as of March 31, 2004.

## Table of Contents

Whiting's and Equity's level of indebtedness affects their operations in several ways, including the following:

a higher level of debt would increase Whiting's and Equity's vulnerability to general adverse economic and industry conditions;

the covenants contained in the agreements governing Whiting's and Equity's outstanding indebtedness limit their ability to borrow additional funds, dispose of assets, pay dividends and make certain investments;

Whiting's and Equity's debt covenants may also affect their flexibility in planning for, and reacting to, changes in the economy and in the oil and natural gas industry; and

a higher level of debt may impair Whiting's and Equity's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes.

Whiting and Equity may incur additional debt, including significant secured indebtedness, in order to make future acquisitions or to develop their properties. A higher level of indebtedness increases the risk that Whiting or Equity may default on their debt obligations. Whiting's and Equity's ability to meet their debt obligations and to reduce their level of indebtedness depends on their future performance. General economic conditions, oil and natural gas prices and financial, business and other factors affect Whiting's and Equity's operations and their future performance. Many of these factors are beyond Whiting's and Equity's control. Whiting and Equity may not be able to generate sufficient cash flow to pay the interest on their debt and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect Whiting's and Equity's ability to raise cash through an offering of capital stock or a refinancing of debt include financial market conditions, the value of Whiting's and Equity's assets and performance at the time capital is needed.

In addition, Whiting's bank borrowing base is subject to periodic redeterminations. Whiting could be forced to repay a portion of its bank borrowings due to redeterminations of its borrowing base. If Whiting is forced to do so, it may not have sufficient funds to make such repayments. If Whiting does not have sufficient funds and is otherwise unable to negotiate renewals of its borrowings or arrange new financing, it may have to sell significant assets. Any such sale could have a material adverse effect on Whiting's business and financial results.

**Unless Whiting and Equity replace their oil and natural gas reserves, their reserves and production will decline, which would adversely affect their cash flows and income.**

Unless Whiting and Equity conduct successful development, exploitation and exploration activities or acquire properties containing proved reserves, their proved reserves will decline as those reserves are produced. Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Whiting's and Equity's future oil and natural gas reserves and production, and, therefore their cash flow and income, are highly dependent on their success in efficiently developing and exploiting their current reserves and economically finding or acquiring additional recoverable reserves. Whiting and Equity may not be able to develop, exploit, find or acquire additional reserves to replace their current and future production.

**The unavailability or high cost of additional drilling rigs, equipment, supplies, personnel and oil field services could adversely affect Whiting's and Equity's ability to execute on a timely basis their exploration and development plans within budget.**

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Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect Whiting's and Equity's development and exploration operations, which could have a material adverse effect on their business, financial condition or results of operations.

**Table of Contents**

**Competition in the oil and natural gas industry is intense, which may adversely affect Whiting's and Equity's ability to compete.**

Whiting and Equity operate in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing trained personnel. Many of Whiting's and Equity's competitors possess and employ financial, technical and personnel resources substantially greater than theirs, which can be particularly important in the areas in which they operate. Those companies may be able to pay more for productive oil and natural gas properties and exploratory prospects and to evaluate, bid for and purchase a greater number of properties and prospects than Whiting's and Equity's financial or personnel resources permit. Whiting's and Equity's ability to acquire additional prospects and to find and develop reserves in the future will depend on their ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Whiting and Equity may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital.

**Whiting's and Equity's use of oil and natural gas price hedging contracts involves credit risk and may limit future revenues from price increases and result in significant fluctuations in net income.**

Whiting and Equity enter into hedging transactions for their oil and natural gas production to reduce exposure to fluctuations in the price of oil and natural gas. Whiting's and Equity's hedging transactions have to date consisted of financially settled crude oil and natural gas forward sales contracts with major financial institutions. Whiting and Equity may in the future enter into these and other types of hedging arrangements to reduce exposure to fluctuations in the market prices of oil and natural gas. Hedging transactions expose Whiting and Equity to risk of financial loss in some circumstances, including if production is less than expected, the other party to the contract defaults on its obligations or there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received. Hedging transactions may limit the benefit Whiting or Equity would have otherwise received from increases in the price for oil and natural gas. Furthermore, if Whiting or Equity does not engage in hedging transactions, then it may be more adversely affected by declines in oil and natural gas prices than its competitors who engage in hedging transactions. Additionally, hedging transactions may expose Whiting and Equity to cash margin requirements.

**Table of Contents**

**INFORMATION REGARDING THE SPECIAL MEETING**

Equity is furnishing this proxy statement/ prospectus to its shareholders in connection with the solicitation of proxies by the Equity board of directors for use at the special meeting of shareholders, including any adjournment or postponement of the special meeting.

**Date, Time and Place**

The special meeting will be held on July 20, 2004, at 10:00 a.m. Mountain Time, at Equity's executive offices at 10 West 300 South, Suite 806 in Salt Lake City, Utah, 84101.

**Purpose of the Special Meeting**

The purpose of the special meeting is to consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated February 1, 2004, as amended, by and among Whiting, Merger Sub and Equity, pursuant to which Merger Sub will be merged with and into Equity and Equity will become a wholly-owned subsidiary of Whiting.

A copy of the merger agreement, as amended, is attached to this proxy statement/ prospectus as Appendix A. Equity shareholders are encouraged to read the merger agreement and this proxy statement/prospectus in their entirety.

**The matters to be considered at the special meeting are of great importance to Equity shareholders. Accordingly, you are urged to read and carefully consider the information presented in this proxy statement/ prospectus, and to complete, date, sign and promptly return the enclosed proxy card in the enclosed pre-addressed postage-paid envelope.**

**Vote Required**

In order for the merger to become effective, the holders of at least two-thirds (66 2/3%) of the shares of Equity common stock outstanding as of the record date must vote to approve and adopt the merger agreement and the merger. As discussed below, abstentions and broker non-votes will each have the same effect as a vote against the proposal.

**Recommendation of Board of Directors**

**After careful consideration, the Equity board of directors has unanimously determined it is advisable, fair to and in the best interests of Equity and its shareholders that Equity proceed with the merger and unanimously recommends that you vote FOR the proposal to**

**approve and adopt the merger agreement and the merger.**

In considering such recommendation, Equity shareholders should be aware that some directors and officers have interests in the merger that are different from, or in addition to, those of Equity shareholders. See The Merger Interests of Equity Directors and Officers in the Merger.

**Record Date; Shares Entitled to Vote**

Only holders of Equity common stock at the close of business on May 28, 2004, the record date for the special meeting, are entitled to notice of and to vote at the special meeting. On the record date, 12,099,961 shares of Equity common stock were issued and outstanding. As of May 28, 2004, as shown on the most recent proxy certified listing from our transfer agent, the number of record holders of Equity's common stock was 1,043. Equity believes, after inquiry, that the number of beneficial owners of its common stock is likely in excess of

## **Table of Contents**

4,700. Equity shareholders on the record date are each entitled to one vote per share of Equity common stock on the proposal to approve and adopt the merger agreement and the merger.

### **Quorum; Abstentions and Broker Non-Votes**

A quorum must be present in order to hold a valid meeting of Equity's shareholders. A majority of the shares of Equity common stock issued and outstanding and entitled to vote on the record date must be present in person or by proxy at the Equity special meeting in order for a quorum to be present. Inspectors of election will be appointed by Equity's board of directors for the special meeting and will ascertain whether a quorum is present, tabulate the votes and determine the voting results on all matters presented to the Equity shareholders at the special meeting. If a quorum is not present, it is expected that the special meeting will be adjourned to allow additional time to obtain additional proxies or votes. At any reconvening of the special meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the reconvening of the special meeting.

Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, the beneficial owners of the shares, brokers have discretion to vote these shares on routine matters but not on non-routine matters. The approval and adoption of the merger agreement and the merger at the special meeting are not considered routine matters. Accordingly, brokers will not have discretionary voting authority to vote your shares at the special meeting. A broker non-vote occurs when brokers do not have discretionary voting authority and have not received instructions from the beneficial owners of the shares. Abstentions and broker non-votes will be counted as present for purposes of establishing a quorum as described above, but will not be counted as voting either for or against the proposal to approve and adopt the merger agreement and the merger. Consequently, any abstentions or broker non-votes will have the same effect as votes against the proposal. Equity shareholders are urged to return the enclosed proxy card marked to indicate their vote or to instruct their broker to vote shares held in street name.

### **Agreements to Vote in Favor of the Merger Agreement and the Merger**

In connection with the merger, two members of Equity's board of directors, Paul M. Dougan and John W. Straker, Jr., in their individual capacities as Equity shareholders, have entered into written shareholder agreements with Whiting to vote their Equity shares representing approximately 16.5% of Equity's outstanding common stock in favor of the merger and have given Whiting an option to acquire their shares under certain circumstances.

Such shareholder agreements also provide that Mr. Dougan and Mr. Straker will vote, in their capacities as shareholders, against any action or agreement that would impede, frustrate, prevent or nullify the merger agreement or result in a material breach of any covenant, representation or warranty or any other obligation or agreement of Equity under the merger agreement. In connection with and in support of the shareholder agreements, these persons have granted an irrevocable proxy to Whiting to vote the shares in accordance with the terms of the shareholder agreements. These persons have also agreed that they will not, in their capacities as shareholders of Equity, engage in any discussions or negotiations regarding any alternative acquisition transaction with third parties. The shareholder agreements acknowledge that Mr. Dougan and Mr. Straker are also directors of Equity and do not restrict them from carrying out their fiduciary duties as board members or restrict them from voting in favor of a superior proposal in their capacities as directors of Equity in accordance with the terms of the merger agreement. See *The Merger Interests of Equity Directors and Officers in the Merger Shareholder Agreements*.

## **Table of Contents**

### **Voting Procedures**

You may vote in person at the special meeting or by proxy. Equity's board of directors recommends that you vote by proxy even if you plan to attend the special meeting. You can change your vote at the special meeting at any time before the voting has been completed.

Equity shareholders of record may submit proxies by completing, signing and dating the enclosed proxy card for the special meeting and mailing it in the enclosed pre-addressed postage-paid envelopes. All Equity shares represented by properly executed proxies received in time for the special meeting and not revoked will be voted at the special meeting, and at any adjournment or postponement of the meeting, in accordance with the instructions contained in the proxies. Properly executed proxies that do not contain voting instructions will be voted FOR the approval and adoption of the merger agreement and the merger.

If your broker holds your shares of Equity common stock for you in street name, you should instruct your broker to vote your shares, following the directions your broker provides to you. Most brokers have procedures for telephone or internet voting. Check the material your broker sends you or call your account representative for more information. In the event you do not instruct your broker how to vote any shares held for you in street name, your shares will not be voted for the approval and adoption of the merger agreement and the merger and will, in effect, count as a vote against the approval and adoption of the merger agreement and the merger.

Equity shareholders of record may also vote in person at the special meeting by submitting their proxy cards or by filling out a ballot at the special meeting.

**Equity shareholders should not send in any stock certificates with their proxy cards. A letter of transmittal with instructions for surrender of certificates representing shares of Equity common stock will be mailed to shareholders as soon as practicable after completion of the merger.**

### **Revoking Your Proxy**

You may revoke your proxy at any time before the proxy is voted at the special meeting by:

submitting a written notice of revocation, bearing a later date than the proxy, to the corporate secretary of Equity at 10 West 300 South, Suite 806 in Salt Lake City, Utah, 84101;

granting a duly executed proxy relating to the same shares and bearing a later date (which automatically revokes the earlier proxy) and delivering it to Equity's corporate secretary; or

by attending the special meeting and voting in person.



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Simply attending the special meeting will not revoke a proxy. If you do not hold your shares of Equity common stock in your own name, you may revoke a previously granted proxy by following the revocation instructions provided by the bank, broker or other party that is the record owner of the shares.

### **Solicitation of Proxies and Expenses**

Equity is soliciting proxies for the special meeting from its shareholders. Whiting will pay all fees and expenses, other than Equity's accountants and attorneys' fees, incurred in relation to the filing and printing of this proxy statement/ prospectus and the registration statement on Form S-4 of which it forms a part. Whiting has paid the SEC registration fee with respect to this proxy statement/ prospectus, and Equity will bear the expenses of mailing this proxy statement/ prospectus to its shareholders. Additionally, the merger agreement provides that under certain circumstances, one party may be required to pay the expenses of the other party in connection with the merger. See The Merger Agreement Termination Fee; Reimbursement of Certain Expenses.

## **Table of Contents**

Other than the costs shared with Whiting or required to be paid by Whiting under the circumstances described in the merger agreement, Equity will bear the cost of soliciting proxies from its shareholders. Equity has retained D. F. King & Co., Inc. to assist in the solicitation of proxies for which it will pay D. F. King a fee of \$8,500 and will reimburse D. F. King for reasonable out-of-pocket expenses. In addition to solicitation by mail, the directors, officers and employees of Equity and employees of D. F. King may solicit proxies from Equity shareholders by telephone, the internet, facsimile or in person. Equity has agreed to indemnify D. F. King against various liabilities and expenses, including various liabilities and expenses under the federal securities laws. Following the original mailing of the proxies and other soliciting materials, Equity and D. F. King will request brokers, custodians, nominees and other record holders to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of Equity common stock and to request authority for the exercise of proxies. In such cases, Equity, upon the request of the record holders, will reimburse those holders for their reasonable expenses. If you have any questions about the merger or need assistance voting your shares, please call D. F. King toll-free at 1-800-848-3416.

## **No Dissenters' Rights**

Under Colorado law, holders of Equity common stock will not have dissenters' rights in connection with the merger. See "The Merger - Dissenters' Rights."

## **Other Matters**

The Equity board of directors is not aware of any other business to be brought before the special meeting or any adjournment or postponement of the meeting. If, however, other matters are properly brought before the special meeting or an adjournment or postponement thereof, the persons appointed as proxies will have discretionary authority to vote the Equity shares represented by duly executed proxies in accordance with their discretion and judgment.

**Table of Contents**

**THE MERGER**

This section, together with the following section entitled "The Merger Agreement," describes the material aspects of the proposed merger, including the merger agreement. These discussions are qualified in their entirety by reference to the merger agreement, as amended, which is attached as Appendix A to this proxy statement/ prospectus, and to the other agreements and documents that are discussed in this proxy statement/ prospectus and that are filed as exhibits to the registration statement of which this proxy statement/ prospectus forms a part. You should read the merger agreement in its entirety as it is the legal document that governs the merger.

**Background of the Merger**

From time to time over the last several years, Equity's board of directors considered and discussed at length various strategic alternatives, including possible merger and sale transactions. These discussions were prompted in part by the difficulties Equity faced as a small independent public oil and gas company competing in a highly competitive environment. The discussions included confidential discussions with three other companies in 1998, 1999 and 2000. The parties were not able to reach agreement on terms and, as a result, no written offers resulted from any of these discussions. In each case, Equity's board determined that it would not then be in the best interests of Equity or its shareholders to pursue the applicable transactions for the following reasons:

One of the discussions related to a possible merger with another public company in which the other public company was valuing Equity's reserves below a range deemed acceptable by Equity's board compared to Equity's valuation of its reserves.

One of the discussions related to a possible merger with a private company in which the private company desired control over Equity after the possible merger. Equity's board did not believe such control was appropriate given Equity's board and management's view of the relative valuations of the two companies.

One of the discussions related to the acquisition by Equity of the oil and gas assets of a large company in exchange for Equity stock that would have resulted in that company becoming a controlling shareholder in Equity. Equity's board believed the other party was valuing Equity's reserves below a range deemed acceptable by Equity's board compared to Equity's valuation of its reserves when determining the number of shares of Equity stock that would be issued in such a proposed acquisition.

On March 4 and 5, 2003, Equity's board met in New York City to discuss Equity's business prospects and outlook. At the meeting, the board instructed Paul M. Dougan, Equity's President and Chief Executive Officer, to obtain confidential analyses from several investment banks regarding Equity's strategic alternatives and recommendations from those banks as to which of those alternatives would maximize shareholder value.

In April 2003, Equity received recommendations from three investment banks: McDonald Investments, Baxter Bold & Co. and First Albany Corporation. Each of the banks concluded that it would be difficult for Equity to continue as a small public independent oil and gas company, and recommended that it merge with, or sell its assets to, a larger company in the industry. Each of the banks concluded that a merger or sale transaction would be the most appropriate strategy for maximizing Equity's shareholder value.

In June 2003, Equity entered into a limited engagement letter with First Albany Corporation. The engagement letter covered only a single transaction with one potential named merger candidate. In June 2003, Equity's legal counsel prepared and delivered to Equity a memorandum

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addressing the board's fiduciary duties to Equity and its shareholders in the context of merger and sale transactions. In early July 2003, Equity and the potential merger candidate entered into a confidentiality agreement that permitted the candidate to review certain of Equity's confidential business information. Following a limited review of Equity, such candidate determined that it did not wish to pursue a potential transaction with Equity and terminated its discussions in mid-July 2003 without making an offer.

**Table of Contents**

On July 22, 2003, in furtherance of the March 2003 instructions from Equity's board, Equity's management met in Salt Lake City, Utah with representatives of Petrie Parkman & Co., Inc. At the meeting, the parties discussed Petrie Parkman's potential engagement as Equity's financial advisor to explore a number of strategic alternatives, including a merger, sale, joint venture or other arrangement. Petrie Parkman was not one of the three investment banks Equity consulted in early 2003, but Equity's management believed Petrie Parkman's experience, reputation and contacts within the oil and gas industry would enhance Equity's ability to obtain transaction offers from more and better qualified candidates.

On July 29, 2003, the executive committee of Equity's board of directors (comprised of Mr. Dougan, Philip J. Jack Bernhisel, Douglas W. Brandrup and W. Durand Eppler) and John W. Straker, Jr. (another member of Equity's board) met with Petrie Parkman's representatives and, separately, with representatives of one other investment bank in Denver, Colorado. The Equity representatives discussed a number of strategic alternatives with the two investment banks at those meetings. They also discussed the services each bank could provide to Equity as its financial advisor, each bank's contacts within the oil and gas industry and each bank's transaction experience.

On July 31, 2003, Equity's board of directors held a telephonic board meeting to discuss the July 29 meetings with the investment banks. The executive committee unanimously recommended that Equity retain Petrie Parkman as Equity's financial advisor to explore strategic alternatives, including a merger or sale, and the board unanimously approved that recommendation.

On August 11, 2003, Equity retained Petrie Parkman as its exclusive financial advisor to render financial advisory and investment banking services to Equity in connection with a possible sale, merger or other strategic transaction.

On August 11, 2003, representatives of Petrie Parkman met with representatives of Equity, including Mr. Dougan, David P. Donegan (Vice President of Corporate Development) James B. Larson (Vice President of Operations), Russell V. Florence (Secretary and Treasurer) and Equity's legal counsel in Salt Lake City, Utah to assess Equity's strategic objectives. The parties also discussed, at length, the structure of the process Equity would use in the event that the board elected to explore a potential merger or sale transaction, as well as the confidential nature of the actions Equity was considering, and the board's fiduciary duties to Equity and to its shareholders under the circumstances.

On August 13, 2003, Mr. Larson, Mr. Dougan and representatives of Petrie Parkman met with Ryder Scott Company, LP in Denver, Colorado to discuss Ryder Scott's preparation of an oil and gas reserve report covering Equity's properties. On August 15, 2003, Equity engaged Ryder Scott to prepare the reserve report, which was to have an effective date of October 1, 2003.

During the week of August 18 through August 22, 2003, Petrie Parkman began its due diligence review of Equity with Equity's management and technical staff in Denver, Colorado.

On September 8, 2003, Messrs. Dougan, Donegan and Florence met with representatives of Petrie Parkman and Equity's legal counsel in Salt Lake City, Utah to begin to assemble a list of potential companies to contact as possible sale or merger candidates in the event that the board elected to explore a potential merger or sale transaction. The list of potential candidates included over 70 parties, including Whiting.

On September 12, 2003, Equity issued a press release and filed a Current Report on Form 8-K with the SEC announcing that it had retained Petrie Parkman as its advisor in evaluating strategic alternatives, including a potential merger or sale.

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Between September 15, 2003 and October 15, 2003, Petrie Parkman and Equity prepared and assembled materials for a data room in Denver, Colorado, containing both public and confidential, nonpublic information about Equity, its business and future prospects.

**Table of Contents**

On September 26, 2003, Equity's board of directors met in Denver, Colorado. At that meeting, Petrie Parkman presented a status report on the data room preparation process and an update on the market environment. Representatives of Petrie Parkman also discussed the results of Petrie Parkman's preliminary reference value analysis of Equity consisting of an analysis of discounted cash flows, comparable transactions, capital market comparisons, and a going concern analysis, the results of which are summarized as follows (see Opinion of Equity's Financial Advisor for further discussion of Petrie Parkman's reference value analysis methodologies):

<u>Methodology</u>	<u>Preliminary Equity Reference Value Range \$/Share</u>
Discounted Cash Flow Analysis	\$1.97 - \$4.33
Comparable Transaction Analysis	\$3.02 - \$4.30
Capital Market Comparison	\$3.51 - \$3.91
Going Concern Analysis	\$3.75 - \$5.00

Following the presentation, the board authorized Petrie Parkman to further explore a possible merger, sale transaction or other strategic alternatives. For ease of reference, the activities, contacts, considerations, results and steps taken to effect a possible merger, sale transaction or other strategic alternative as described below are referred to under this caption as the process.

At the same meeting on September 26, 2003, the board also appointed a special committee of independent board members to oversee the process and to review and negotiate the material terms of any proposed offers received from potential purchasers or merger partners. The members of the special committee were Messrs. Bernhisel, Brandrup and Eppler. The special committee then requested that Mr. Dougan, in his capacity as Equity's President and Chief Executive Officer, assist the special committee in performing its duties.

On October 1, 2003, Petrie Parkman began contacting third parties regarding a potential transaction with Equity. Petrie Parkman contacted a total of 73 parties. Between October 3, 2003 and October 14, 2003, Petrie Parkman and Equity gave executive presentations to 21 of those parties in Houston, Texas, Salt Lake City, Utah and Denver, Colorado. On October 8, Petrie Parkman and Equity gave such an executive presentation to Whiting, and Petrie Parkman discussed with representatives of Equity the fact that Petrie Parkman had been asked to act as a co-manager in Whiting's planned initial public offering. Equity and Petrie Parkman also delivered an additional 37 executive presentations to potential transaction candidates via mail or electronic mail. Equity subsequently entered into confidentiality agreements with 17 of the contacted parties, who were invited to review the materials Equity and Petrie Parkman had assembled in the data room.

On October 2, 2003, Ryder Scott issued its final oil and gas reserve report to Equity with an effective date of October 1, 2003.

Between October 16, 2003 and November 10, 2003, Petrie Parkman and Equity gave 16 data room presentations in Equity's Denver, Colorado office to the 17 different companies that had executed the confidentiality agreements.

On October 31, 2003, Petrie Parkman mailed bid procedure letters and information packages to each of the data room participants, containing instructions on how to make an offer for Equity. The requested deadline for submitting offers was November 21, 2003.

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On November 20, 2003, in anticipation of receiving bids, the special committee held a telephonic meeting to discuss the status of the process. Also present on the telephone call were Messrs. Dougan, Donegan and Florence, representatives from Petrie Parkman and Equity's legal counsel. As part of its review of the status of the process, Petrie Parkman noted to the special committee that Whiting's initial public offering, in which Petrie Parkman had



## Table of Contents

acted as a co-manager, was priced on November 19, 2003. The special committee directed Petrie Parkman to continue to explore the process with interested companies and to prepare a report outlining other potential strategic alternatives for the board's consideration.

On November 24, 2003, the special committee, officers of Equity and legal counsel to Equity met with representatives of Petrie Parkman in Salt Lake City, Utah to discuss the offers and indications of interest Equity had received. Petrie Parkman also discussed two additional companies that had expressed an interest in Equity but that had not yet submitted proposals, one of whom was Whiting. In the discussion, Petrie Parkman again noted to the Equity board that Petrie Parkman had acted as a co-manager for the Whiting initial public offering, which was priced on November 19, 2003. In addition, Petrie Parkman discussed with the special committee other potential strategic alternatives for Equity, including (1) Equity's sale of only portions of its assets, (2) raising additional capital in public or private debt or equity markets to provide resources to grow and expand Equity's operations, (3) the establishment of a share repurchase program, (4) a dividend program in which cash flow from operations would be distributed to Equity shareholders as generated rather than reinvested into Equity's business, (5) a liquidation of Equity through the sale of the company's assets and a subsequent liquidating dividend to shareholders, (6) a potential merger with a private company seeking to go public to increase the size and scope of Equity's operations, (7) Equity's continuation of its established business plan, and (8) a going private transaction.

Later that day on November 24, 2003, James J. Volker, the President and Chief Executive Officer of Whiting, together with other representatives of Whiting, called Equity and discussed with Mr. Donegan a proposal to acquire the company. Mr. Volker orally outlined a potential proposal to acquire Equity for \$35 million in cash, plus the assumption of Equity's debt (approximately \$29 million), with an additional contingent payment to Equity shareholders of up to \$10 million based upon the achievement of certain future performance targets.

On November 25, 2003, representatives of Petrie Parkman contacted Whiting to discuss and clarify the terms of Whiting's proposal.

On November 26, 2003, the Equity board held a telephonic meeting to discuss the status of the process. Mr. Eppler reported for the special committee that, of the companies that participated in the data room presentations, two companies had made written proposals, three companies had indicated that they were still working on proposals and certain other companies had expressed an interest in acquiring only certain assets of Equity, two of which had made oral indications of interest for selected assets. The highest written proposal had an estimated value of \$2.66 per share and the initial oral indications of interest ranged from estimated values of \$2.00 per share to \$3.15 per share (which was given by Whiting and one other party). Mr. Eppler also reported that, due to the unsatisfactory price ranges of the initial proposals and indications of interest, the special committee could not then recommend any of such initial proposals or indications of interest. The board requested that Petrie Parkman and Equity's management be prepared to discuss further possible strategic alternatives at the December 10, 2003 meeting of the board.

Also on November 26, 2003, at the direction of Equity's board, representatives of Petrie Parkman met with Whiting to further discuss Whiting's proposal and to request that Whiting submit its firm and best offer for Equity. Petrie Parkman also met with an additional merger candidate that day to solicit that party's firm and best offer for Equity.

In late November and early December 2003, Petrie Parkman also contacted the other participants that had made a proposal or expressed an interest in doing so to confirm whether or not such parties could improve their respective proposals.

In early December 2003, the board asked Petrie Parkman for its assistance in determining whether or not it would be in the best interests of Equity's shareholders to sell certain assets to interested parties and then merge the remaining company with a potential buyer. Representatives of Petrie Parkman contacted two companies that



## Table of Contents

expressed interest in certain assets of Equity to determine their interest in the particular assets and to solicit their firm and best offers for those assets. Prior to the December 8, 2003 meeting of the Equity special committee, Equity received written proposals from each of such parties to acquire selected Equity assets in which the companies were interested.

On December 5, 2003, Whiting submitted a written proposal in the form of a letter of intent to acquire all of Equity's stock. Whiting's revised proposal was for \$45 million in cash, plus the assumption of approximately \$29 million in debt. Whiting had revised its oral proposal of November 26, 2003 to include the \$10 million contingent payment as part of the fixed purchase price. Whiting's revised proposal included a working capital adjustment and an agreement to pay certain transaction expenses. Equity believed this proposal represented consideration of approximately \$3.63 per share. The proposal also contemplated that the transaction be structured as a tender offer that included, among other terms, a condition that Whiting receive a minimum tender of two-thirds of the outstanding Equity common stock. The revised proposal was also conditioned on the satisfactory results of Whiting's additional due diligence review of Equity and its oil and gas properties.

On December 8, 2003, the special committee, Mr. Dougan and other Equity representatives, Petrie Parkman and Equity's legal counsel held a telephonic meeting to discuss Whiting's proposal. Petrie Parkman discussed the Whiting tender offer proposal in the context of the results of the process that had been conducted. The special committee considered the outstanding proposals and indications of interest for both Equity and selected company assets, and determined that the Whiting proposal represented the highest value offered. In that regard, the special committee noted that the proposals for specific company assets did not provide, in the aggregate, for the acquisition of all of the assets of Equity, and that based on the values in the proposals received, the after-tax proceeds available to Equity from sales of its assets would likely be substantially less than the Whiting proposal. After discussing the revised Whiting proposal in additional detail, the special committee unanimously decided to further pursue a potential transaction with Whiting. The special committee instructed Petrie Parkman to discuss with Whiting its bid and to clarify its proposal on a per share basis.

On December 10, 2003, the special committee met at Equity's offices in Salt Lake City, Utah with representatives from Petrie Parkman, Equity's legal counsel, Mr. Dougan and other officers of Equity. Petrie Parkman reported to the special committee that it had received a written proposal to acquire Equity from a party that had previously indicated an interest in Equity. The same party had given an initial oral indication of interest estimated to be valued at \$3.15 per share. The party proposed a stock-for-stock merger in which Equity shareholders would receive such party's common stock at a fixed value of \$2.95 per share, with the exact share exchange ratio to be set based on the future average trading price of Equity's and the other party's stock for a specified period. The special committee also discussed the relative strengths, risks and weaknesses of the proposing company. The special committee, after careful consideration of the implied value of and conditions to the proposal, and a review of the proposing entity, determined that this proposal was inferior to the revised Whiting proposal. The special committee then reviewed several strategic alternatives, including a recapitalization of Equity, certain financing alternatives and the divestiture of certain oil and gas properties. The special committee also authorized Petrie Parkman to continue to explore the possibilities of a transaction with Whiting. Subject to board approval, the special committee additionally directed the officers of Equity and Equity's legal counsel to begin to negotiate the terms of a merger agreement for the potential transaction with Whiting and its legal counsel.

Immediately after the meeting of the special committee on December 10, 2003, Equity's full board held a meeting at its offices in Salt Lake City. All of the members of the board were present, together with representatives of Petrie Parkman and Equity's legal counsel. After considering other general issues pertaining to Equity, the board discussed results to date of the process, which included:

73 parties being contacted on behalf of Equity;

37 executive overviews being delivered to interested bidders by mail or e-mail;

**Table of Contents**

21 executive presentations being made by Petrie Parkman and Equity's management to potential purchasers;

16 visits being made to Equity's data room by 17 different companies; and

eight offers being made to purchase Equity or certain of its assets (four for Equity and four for certain of its assets).

Petrie Parkman reported on each of the proposals Equity had received in the process, including the four proposals for the entire company and the four proposals for certain of its assets, and then described other options and strategic alternatives potentially available to Equity. Petrie Parkman specifically discussed the revised proposal made by Whiting and reported that Whiting calculated the value of its proposal at \$3.58 per share. The board noted that the Whiting proposal offered the highest value per share of Equity common stock of the four company acquisition proposals received. In addition, the board noted that the proposals for specific company assets did not provide, in the aggregate, for the acquisition of all of the assets of Equity, and that based on the values in the proposals received, the after-tax proceeds available to Equity from sales of its assets would likely be substantially less than the Whiting proposal. After further consideration of the various proposals received, including the levels of consideration offered and the conditions of such proposals, the board determined that the special committee and Petrie Parkman should continue to pursue a possible transaction with Whiting.

On December 11, 2003, Petrie Parkman met with Whiting to discuss the possibility of a merger, focusing on the merger agreement, due diligence and the per share consideration.

On December 12, 2003, Whiting's legal counsel delivered to Equity's legal counsel a mark-up of the proposed merger agreement that Equity's counsel had delivered to Whiting's counsel. The mark-up prepared by Whiting's counsel included, among other things, certain deal protection mechanisms, including a proposed \$3 million termination fee and a shareholder agreement providing that Mr. Dougan would tender his shares of Equity common stock in the proposed tender offer.

On December 15, 2003, Mr. Dougan, Equity's legal counsel and Petrie Parkman met with Mr. Volker, certain other officers of Whiting and Whiting's legal counsel, to begin negotiation of a definitive merger agreement for the proposed transaction. During these discussions, Whiting stated that, in addition to requiring Mr. Dougan to execute a shareholder agreement, Whiting would require Mr. Straker to sign a substantially identical shareholder agreement as a condition to Whiting's entering into a merger agreement for the proposed transaction with Equity.

On December 16, 2003, Mr. Dougan met with Mr. Volker to discuss various aspects of the merger agreement, the shareholder agreements and other issues. Whiting also initiated financial, title and environmental due diligence at Equity's offices in Salt Lake City, Utah, Denver, Colorado and Cody, Wyoming. Whiting's due diligence ultimately included site visits to approximately 190 of Equity's approximately 220 properties, and an examination of updated well production data.

Between December 16, 2003 and December 24, 2003, Equity, Equity's legal counsel, Petrie Parkman and Whiting and its legal counsel continued to negotiate and exchange drafts of the tender offer merger agreement and form of shareholder agreement. The drafts were also reviewed and commented on by officers of Equity and Whiting and remained subject to the final review and approval by the special committee and each company's board of directors.

On December 23, 2003, at the request of Whiting, Equity provided Whiting with an updated presentation on its operations.

On December 24, 2003, Equity's special committee held a telephonic meeting to discuss the current status of the negotiations with Whiting. Equity's legal counsel was also present and reported on the progress of the

**Table of Contents**

merger agreement for the proposed transaction and obtained the special committee's advice and input on the merger documents.

On December 31, 2003, at Whiting's request, Equity conducted a telephone conference with Whiting to discuss a production update for the fourth quarter of 2003, focusing primarily on negative production variances for Equity's California gas properties compared to fourth quarter forecasts contained in the Ryder Scott oil and gas reserve report. The negative production variance that occurred in the fourth quarter of 2003 was the result of gas production from 20 wells in Equity's California gas properties in December 2003 at a rate that was 2.0 MMcfd net to Equity lower than the rate forecast in the October 1, 2003 Ryder Scott reserve report. The reasons for the variance were principally reservoir related and associated with water encroachment or loss of formation integrity due to sand production. Whiting informed Equity that it needed to revise its analysis of Equity and that Whiting would submit a revised proposal to Equity on January 5, 2004 that would reflect Whiting's view of operating updates, both positive and negative, which had an impact on its valuation of Equity.

On January 5, 2004, Whiting made an oral offer to acquire all outstanding shares of Equity for \$3.35 per share in cash pursuant to a transaction structured as a tender offer. Whiting stated that it had lowered its per share price in part due to the negative production variances it had noted in certain of Equity's California properties.

On January 6, 2004, the special committee held a telephonic meeting to discuss the latest offer from Whiting. Members of the special committee, Mr. Dougan and legal counsel to Equity participated. The special committee concluded that Whiting's \$3.35 per share revised offer was inadequate and that Equity should make efforts to negotiate a higher price in order to proceed with the proposed transaction. In addition, the special committee requested that legal counsel to Equity consider the benefits and detriments to Equity and its shareholders of a stock-for-stock merger, as opposed to a cash tender offer.

On January 6 and 7, 2004, representatives of Petrie Parkman contacted Whiting to discuss Equity's position on the revised offer, to inform Whiting that the revised offer was unacceptable and to explore Whiting's willingness to consider a stock-for-stock merger. Whiting indicated in response that it was willing to explore either a cash tender offer or a stock-for-stock merger.

On January 13, 2004, the special committee met with Equity's legal counsel and representatives of Petrie Parkman. The representatives of Petrie Parkman discussed the status of the negotiations with Whiting and the current energy market environment (i.e., the financial markets generally, the trading range of Equity's common stock compared to other oil and gas companies and commodity price trends). The special committee noted that while comparative stock prices for other energy companies had risen by 29% over the previous five month period, Equity's stock price had risen approximately 61%. The special committee was concerned that Equity's share price may have been experiencing a combined energy market premium and a speculative transaction premium that could not be sustained.

Representatives of Petrie Parkman also reviewed an updated preliminary reference value analysis of Equity, reflective of changes in Equity's reserves and production and the overall energy industry environment, the results of which are summarized as follows (see Opinion of Equity's Financial Advisor for further discussion of Petrie Parkman's reference value analysis methodologies):

<u>Methodology</u>	<u>Preliminary Equity Reference Value Range \$/Share</u>
Discounted Cash Flow Analysis	\$1.75 - \$3.94
Comparable Transaction Analysis	\$2.47 - \$4.11

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Capital Market Comparison	\$3.21 - \$4.00
Going Concern Analysis	\$3.50 - \$4.50

## Table of Contents

After discussion, the special committee directed representatives of Petrie Parkman to inform Whiting that the special committee could recommend, subject to, among other things, satisfactory completion of further due diligence and the negotiation of an acceptable merger agreement, and Equity's board would then consider, a \$3.50 per share cash transaction or a \$3.75 implied consideration per share stock-for-stock transaction, which price ranges were within the range of the preliminary reference value analysis of Equity prepared by Petrie Parkman. Although Equity's shares were then trading above these values, the special committee was concerned that, based on Equity's historical trading prices, daily trading volume and relatively small market capitalization, as well as the reference value analysis of Petrie Parkman, such prices were not sustainable in the long run and that a \$3.50 per share cash transaction or a \$3.75 implied consideration per share in a stock-for-stock transaction presented a value to Equity's shareholders that should be pursued further.

On January 13, 2004, Equity's full board of directors held a meeting in Salt Lake City, Utah. Representatives from Petrie Parkman recapped the results of the process and the developments in the process since the board's previous meeting on December 10, 2003, and also reviewed the current energy market environment and a preliminary reference value analysis of Equity. Mr. Larson informed the board that certain Equity owned and operated wells in the Sacramento Basin had lost proved developed reserves from premature water encroachment or sand production since the October 1, 2003 Ryder Scott reserve report. In addition, certain other wells were under producing based on estimates in the same Ryder Scott reserve report. Mr. Larson estimated that the net effect of these events was necessary downward revision of PDP reserves by 1.5 Bcf. Mr. Larson stated, however, that because of recent additions to Equity's proved reserves, the year end reserve analysis was not expected to be materially affected with regards to proven reserve estimates. The board also discussed certain issues relating to Equity's stock price and trading activity, the fact that Equity's stock had reached a high of \$4.29 per share on January 9, 2004, and the relative merits of using a stock-for-stock merger as opposed to a cash merger in connection with the transaction. The board then requested that the special committee pursue a possible stock-for-stock merger with Whiting as an alternative to a cash transaction.

On January 14, 2004, as directed by the special committee, representatives of Petrie Parkman contacted Whiting to inform them of the \$3.50 cash or \$3.75 stock-for-stock transaction alternatives. Later that day, various representatives of Equity and Whiting held a conference call to discuss the structure of the potential merger. After this phone call, representatives of Whiting telephoned Petrie Parkman and proposed a stock-for-stock merger based on an implied value of \$3.40 per share, or an exchange ratio of 0.171 Whiting shares for each Equity share based on the closing price on that day.

On January 15, 2004, Equity's board of directors held a meeting by telephone to discuss the results of the discussions with Whiting on the previous day. Petrie Parkman and Equity's legal counsel also participated in the call. After discussing the calls of January 14, 2004, the special committee unanimously recommended that Petrie Parkman propose to Whiting an exchange ratio of 0.188 Whiting shares for each share of Equity, and the board unanimously adopted that recommendation. Following the board meeting, Petrie Parkman conveyed this offer to Whiting.

On January 16, 2004, Whiting made a counteroffer at 0.185 shares of Whiting for each share of Equity. Mr. Dougan contacted each member of the special committee and the board and received positive indications of interest from each such member to proceed at that exchange ratio, subject to, among other things, a satisfactory due diligence review of Whiting's operations, the negotiation of an acceptable merger agreement, the receipt of a favorable fairness opinion from Petrie Parkman and further review of the proposed transaction.

Between January 19, 2004 and January 29, 2004, Equity's legal counsel, Petrie Parkman and Whiting's legal counsel continued to negotiate and exchange drafts of the stock-for-stock merger agreement and form of shareholder agreement for the proposed transaction. The officers of Equity and Whiting reviewed and commented on those drafts, but they remained subject to the final review and approval by the special committee and each company's board of directors.



## **Table of Contents**

On January 20, 2004, Equity's officers and management, together with Equity's legal counsel and Petrie Parkman, met with Whiting at its offices in Denver, Colorado, where they were provided certain confidential information on Whiting pursuant to the terms of a confidentiality agreement.

On January 23, 2004, the special committee met in Denver, Colorado to review materials that Petrie Parkman had prepared for it regarding the proposed transaction. The special committee also discussed due diligence reports on Whiting that had been prepared by Equity's legal counsel, Petrie Parkman and members of Equity's management team. The special committee also reviewed the draft merger agreement and shareholder agreements and discussed other possible strategic alternatives. After that review, the special committee unanimously agreed to recommend the proposed transaction with Whiting to Equity's full board of directors at a meeting to be held on January 29, 2004, subject to Equity's receipt of a favorable fairness opinion from Petrie Parkman and to any market, due diligence review or additional developments in the process that might occur prior to that meeting. The special committee instructed Equity's management to distribute the Petrie Parkman report, the draft merger agreement, draft shareholder agreements and due diligence report materials to all members of the board for their consideration at the meeting.

On January 27, 2004, the Whiting board met in Denver, Colorado to review and discuss the proposed transaction. Whiting's management presented the board with a detailed analysis of the proposed transaction, the merger agreement and the shareholder agreements. Representatives of Merrill Lynch & Co., financial advisor to Whiting, presented their financial analysis of the transaction to the board and discussed the opinion that Merrill Lynch would deliver to the effect that the proposed exchange ratio was fair to Whiting from a financial point of view. Whiting's legal counsel also participated in the meeting. After discussion, the board authorized Whiting's management to continue its negotiations with Equity.

On January 29, 2004, the special committee, Equity's legal counsel and Petrie Parkman met prior to the meeting of the full Equity board to review and discuss all of the proposals and indications of interest that Equity had received in the process, Equity's other potential strategic alternatives, the latest offer from Whiting, and any developments in Equity's due diligence review and the process. The special committee then unanimously voted to recommend to the board that it accept the Whiting offer, subject to Equity's receipt of a favorable fairness opinion from Petrie Parkman at the board meeting.

On January 29, 2004, the Equity board held a meeting at which it received the report and recommendation of the special committee, and reports from Petrie Parkman, certain officers of Equity and its legal counsel regarding Whiting and the proposed transaction. The board additionally discussed, among other matters, the terms and conditions of the proposed merger agreement, the current and historical trading prices of Equity's common stock, the shareholder agreements, any potential conflicts of interest (including Petrie Parkman's role as a co-manager in Whiting's recent initial public offering), and the lack of superior alternatives. The board then adjourned the meeting until January 31, 2004 in order to give the board members additional time to review the materials and consider the presentations.

On January 29, 2004, Mr. Straker indicated that he wanted his form of shareholder agreement to be revised so that any gain Whiting realized in the exercise of its option to acquire Mr. Straker's shares would be split 50/50 with Mr. Straker. Whiting agreed to such change and revised Mr. Straker's shareholder agreement to provide for such a provision.

At the reconvened meeting on the evening of January 31, 2004, the Equity board further discussed the transaction materials and the presentations it had heard on January 29 and reviewed the changes to Equity's and Whiting's respective stock prices since such date. Among other matters, the board discussed the proposed fixed exchange ratio of 0.185 shares of Whiting for each share of Equity, which had an implied value of \$3.56 per Equity share based on the closing price of Whiting common stock on January 30, 2004. The board, however, believed the fixed exchange ratio provided opportunity for increased value to Equity's shareholders over a cash offer, and that the implied value on a given date should not be determinative. In addition, the board reviewed a



## **Table of Contents**

draft press release discussing the proposed transaction with Whiting and a draft form of Petrie Parkman's fairness opinion. In order to review Petrie Parkman's draft fairness opinion more thoroughly and to permit certain board members who had not previously received a copy a chance to review it, the board adjourned the meeting until the following day, February 1, 2004.

On January 31, 2004, a telephonic meeting of the Whiting board was held to consider approval of the merger with Equity. Mr. Volker reported to the board that Whiting had received a written opinion from Merrill Lynch to the effect that the exchange ratio was fair to Whiting from a financial point of view. After a lengthy discussion in which Whiting's legal counsel participated, the board voted unanimously to approve the merger and the merger agreement.

On the morning of February 1, 2004, the Equity board reconvened. At the meeting, Petrie Parkman discussed its draft fairness opinion previously distributed to the board and then orally rendered its opinion that, as of such date and based upon and subject to the matters set forth in the opinion, the exchange ratio of 0.185 shares of Whiting common stock for each share of Equity common stock was fair, from a financial point of view, to the holders of Equity common stock. Petrie Parkman confirmed its oral opinion in writing later that day. After additional discussion, the board then unanimously voted to approve the merger, declaring that the merger, the merger agreement and transactions contemplated thereby to be advisable, fair to and in the best interests of Equity and its shareholders. The board directed the officers of Equity to execute, deliver and perform the merger agreement and the transactions contemplated by it. Later that day, Whiting and Equity exchanged executed counterparts to the merger agreement, and Whiting and Messrs. Dougan and Straker exchanged executed counterparts of the shareholder agreements.

Following the approval of the merger by the entire Equity board, the members of the board that were not part of the special committee met separately. Those members determined that, due to the additional time and efforts expended by the special committee in connection with the process, each member of the special committee would be paid a one-time stipend of \$25,000.

On February 2, 2004, Whiting and Equity released a joint press release announcing the execution of the merger agreement providing for a fixed exchange ratio of 0.185 shares of Whiting common stock for each share of Equity common stock.

## **Equity's Reasons for the Merger**

Equity's board of directors believes that the merger is advisable, fair to and in the best interests of Equity and its shareholders. Accordingly, at the special meeting of Equity's board of directors held on January 29, 2004, January 31, 2004 and concluded on February 1, 2004, at which the merger was considered and voted upon, the board of directors unanimously approved the merger agreement and the merger. Equity's board of directors unanimously recommends that the holders of shares of Equity common stock vote FOR the approval and adoption of the merger agreement and the merger.

Equity's board of directors identified a number of benefits for Equity shareholders that could result from the merger. These potential benefits include:

*Larger, Better Capitalized Company.* Following the merger, the combined company is expected to have a market capitalization in excess of \$400 million based on recent trading prices for Whiting and Equity common stock. The principal benefit for Equity's shareholders of this larger market capitalization is the possibility that the combined entity's common stock will trade at higher multiples of traditional valuation measures than was the case with Equity as an independent public company. Whiting's greater

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financial and other resources may also allow Equity's properties to be developed and enhanced at a more rapid pace following the merger than Equity would likely be able to achieve as an independent public company.

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**Table of Contents**

*Liquidity of Stock.* The Whiting shares of common stock to be received by the Equity shareholders will be listed on the New York Stock Exchange and, based on historical trading information, are more widely traded than the shares of Equity's common stock. Equity's board believed that liquidity for holders of the combined company's common stock, relative to the liquidity available for holders of Equity's common stock, would be enhanced. Owning shares listed on the New York Stock Exchange will also expose Equity's shareholders to a larger investor population, since certain larger institutions limit their investments to companies listed on the New York Stock Exchange.

*Diversification of Assets and Company Synergies.* After the merger, Whiting will have a more favorably balanced portfolio than Equity on a stand alone basis. Currently, Equity's assets are approximately 67% oil reserves. Following the transaction, the assets of the combined company will consist of approximately 50% oil reserves and approximately 50% gas reserves, and the combined company will have more geographically diversified assets and interests, which the Equity board considered to be advantageous. Equity shareholders will also have an opportunity to share in the other synergies and potential savings that may be achieved by the two combined companies. While Whiting will acquire control over all of Equity's properties as a result of the merger, Whiting does not intend to employ Equity's executive officers and will be able to eliminate other redundant general and administrative expenses. Whiting anticipates that combining the complementary operations of the two companies will allow Whiting to take advantage of synergies and to realize significant cost savings. See Whiting's Reasons for the Merger.

*Additional Offers May be Entertained.* The merger agreement does not preclude the initiation of competing offers by other potential bidders on an unsolicited basis. If another party delivers an unsolicited proposal to Equity that is superior to the Whiting offer, the Equity board may in the exercise of its fiduciary duties consider and accept that offer in accordance with the terms of the merger agreement. In the event that Equity's board terminates the merger agreement in order to accept such an offer, Equity would then be required to pay a termination fee to Whiting in the amount of \$2.5 million plus expenses. See The Merger Agreement No Solicitation of Transactions and The Merger Agreement Termination Fee; Reimbursement of Certain Expenses. As of the date of this proxy statement/prospectus, Equity has not received any such competing offers.

*Tax Consequences.* The parties intend that the merger be a tax-free reorganization for federal income tax purposes, and the receipt of an opinion on this subject from Equity's tax counsel is a condition to closing the merger. Accordingly, the merger is not expected to be taxable either to Equity or its United States shareholders, except to the extent of any cash that is issued to Equity's shareholders for fractional shares.

*Future Growth Potential.* Receiving shares of Whiting common stock as consideration for the merger will allow Equity's shareholders to participate in Whiting's future growth without any additional investment.

In the course of its deliberations, the Equity board of directors considered a number of additional factors relevant to the merger, including:

**Petrie Parkman Fairness Opinion and Analysis**

the oral opinion of Petrie Parkman to the Equity board of directors on February 1, 2004 and subsequently confirmed in writing, that, as of such date and based upon and subject to the matters set forth in the opinion, the proposed exchange ratio of 0.185 Whiting shares per Equity share to be received as consideration by holders of the Equity common stock in the proposed merger was fair, from a financial point of view, to the holders of shares of Equity common stock;

the fact that Petrie Parkman would receive a fee for the preparation of its written opinion and an additional fee in the event the proposed merger is consummated;

## **Table of Contents**

the fact that Petrie Parkman acted as a co-manager in Whiting's recent initial public offering;

the financial analyses and other information presented by Petrie Parkman;

## **Historical and Recent Trading Activities**

the fact that the merger consideration, on the basis of a per share implied value of approximately \$3.56, based on trading prices at the close of trading on January 30, 2004 (the last trading day before the merger agreement was executed), would result in:

a discount of approximately 21% from the closing price of \$4.50 of Equity's common stock reported by The Nasdaq Stock Market for trading on January 30, 2004, the last full trading day before the merger agreement was executed;

a premium of approximately 38% to the closing price of \$2.58 of Equity's common stock traded on July 30, 2003, the date that is six months prior to the date of the last full trading day before the merger agreement was executed; and

a premium of approximately 59% to the closing price of \$2.24 of Equity's common stock traded on January 30, 2003, the date that is twelve months prior to the date of the last full trading day before the merger agreement was executed;

The board of directors considered these periods most relevant to demonstrate the recent performance of shares of Equity's common stock;

the relationship of the exchange ratio to the recent and historical trading prices of Whiting's and Equity's common stock;

the fact that the merger agreement does not contain any provisions that limit the effect of declines or increases in the market price of the common stock of Whiting or Equity prior to the completion of the merger;

the fact that, since the exchange ratio was fixed and since the merger agreement does not limit the effect of increases in the market price of Equity's common stock prior to the completion of the merger, the relative value of the merger consideration to Equity's shareholders would continue to fluctuate up or down as the price of Whiting's shares and Equity's shares continue to fluctuate, and that the board, based on a review of the market trading multiples for Whiting and a group of publicly traded independent exploration and production companies comparable to Whiting, noted that Whiting traded at a discount to its peers based on market multiples of cash flow and proved reserves and believed the price of Whiting's shares were more likely to increase in value over time relative to its peers;

## **Solicitation Process; Strategic Alternatives Considered**

the auction procedure undertaken by Equity and its financial advisors resulted in:

73 parties being contacted on behalf of Equity;

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37 executive overviews being delivered to interested bidders by mail or e-mail;

21 executive presentations being made by Petrie Parkman and Equity's management to potential purchasers;

16 visits being made to Equity's data room by 17 different companies; and

eight offers being made to purchase Equity or certain of its assets (four for Equity and four for certain of its assets);

the range of other opportunities and strategic alternatives that the board and Equity had explored and considered in comparison to the merger with Whiting, such as selling certain assets of Equity or raising additional capital in order to grow and expand its operations;

## **Table of Contents**

the absence of viable strategic alternatives and other business combinations and transactions that are superior to the terms of the merger with Whiting;

the recommendation of the special committee of the board of directors;

based on the solicitation process and the extended arms-length negotiations with Whiting, the board believed that the merger consideration represented the highest price that Whiting or any other contacted potential bidder would be willing to pay to acquire Equity;

## **Post Closing Market Check**

the fact that there would be a significant period of time between the public announcement of the merger and the closing of the merger, allowing interested third parties an opportunity to present superior proposals on an unsolicited basis in accordance with the terms of the merger agreement, and that through the date of this proxy statement/prospectus, no third parties have presented offers superior to the Whiting merger terms;

## **Terms and Conditions of Merger Agreement**

the amount and nature of the consideration to be received by Equity's shareholders;

the representations, warranties, covenants and conditions to the obligations of the parties under the merger agreement;

Equity's ability, under certain conditions, to provide information to, and negotiate with, a third party that has made an unsolicited acquisition proposal to acquire all of Equity's outstanding shares of common stock that the board of directors determines is superior to the merger;

Equity's ability to terminate the merger agreement if the Equity board of directors is presented with a superior proposal, upon the payment of a termination fee and the satisfaction of certain other conditions;

that the amount of, and circumstances giving rise to, the termination fee of \$2.5 million (plus expenses) under the merger agreement was acceptable in the judgment of the board of directors of Equity in light of the value of the merger consideration to Equity shareholders;

the board's view, having received advice from Equity's legal and financial advisors, that the termination fee was within the range of fees payable in comparable transactions and would not be expected to preclude an unsolicited acquisition proposal for Equity;

## **Whiting's Shares as Merger Consideration**

the possibility that the Whiting shares to be received as the merger consideration may have appreciation potential in the long term;



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the results of the due diligence analyses and review of Whiting's oil and gas reserves, operations and financial performance performed by Petrie Parkman and officers of Equity;

the results of the additional due diligence analyses and review of Whiting's legal liabilities and obligations performed by Equity's legal counsel in connection with the merger;

the Equity board's conclusion that, based upon a review of recent financial analyst reports, the Whiting merger terms offered the shareholders of Equity the potential to participate in a growing company;

### **Potential Conflicts of Interest**

the fact that Mr. Straker, a director of Equity, and Mr. Dougan, a director and the President and Chief Executive Officer of Equity, in their capacities as shareholders, entered into shareholder agreements obligating them to vote in favor of the merger and against any competing proposals and to give up all or portions of the economic upside inuring to them from a superior proposal, if any;

**Table of Contents**

the fact that the shares represented by the shareholder agreements entered into by Mr. Dougan and Mr. Straker cover only approximately 16.5% of Equity's outstanding common stock, requiring a substantial number of additional affirmative votes by Equity's unaffiliated shareholders in order to obtain the two-thirds (66 2/3%) required vote in favor of the merger;

the fact that Whiting was unwilling to sign the merger agreement without the commitment of Mr. Dougan and Mr. Straker to execute the shareholder agreements;

the fact that if, as Whiting expects, the employment of Mr. Dougan is terminated following the consummation of the merger, such termination would trigger Equity's obligation under a change of control agreement to pay Mr. Dougan approximately \$745,230 (plus additional amounts for accrued but unused vacation days and continuation of insurance and other benefits);

the details concerning Mr. Dougan's change in control agreement, the fact that such agreement had been in place since 1997 and the conditions upon which the payment obligation is triggered, including the expectation that such payment obligation would be triggered upon the consummation of the merger. See The Merger Interests of Equity's Directors and Officers in the Merger Change in Control Agreements ;

the fact that the consummation of the merger will trigger Equity's obligation under certain additional change of control agreements (put into place between 1997 and 2001) if certain of Equity's other officers' employment are terminated or materially altered following the merger as Whiting expects, the details concerning such change in control agreements and the conditions upon which the payment obligation are triggered, including the expectation that such payment obligations (in an aggregate amount of approximately \$926,958 plus additional amounts for accrued but unused vacation days and continuation of insurance and other benefits) would be triggered upon the consummation of the merger. See The Merger Interests of Equity's Directors and Officers in the Merger Change in Control Agreements ;

the fact that Petrie Parkman had acted as co-manager to Whiting in its recent initial public offering;

**Other**

current and projected industry conditions, and other information relating to Equity's prospects as an independent public entity to increase long-term shareholder value in excess of the value of the merger consideration; and

historical and prospective information concerning the respective businesses, financial performance and condition, operations, and competitive positions of Whiting and Equity, including public reports filed with the SEC concerning results of operations during the two most recent fiscal years for each company.

In the course of its deliberations, the Equity board of directors also considered a number of negative factors relevant to the merger, including:

the fact that, as described above, the implied value of the merger consideration represented a discount of approximately 21% from the \$4.50 closing price of Equity's common stock reported by The Nasdaq Stock Market on January 30, 2004, the last full trading day before the merger agreement was executed;

the factors described in Potential Conflicts of Interest above;

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the possibility that the merger might not be consummated and the effect of a public announcement of a termination of the merger on:

Equity's revenues, operating results and stock price;

the potential disruption of Equity's business that might result from employee and business relationship uncertainty and lack of focus following announcement of the merger;

## **Table of Contents**

the risk that Whiting might fail to meet projected growth rates and analysts' expectations and that Whiting's stock price might decline prior to or subsequent to the closing of the merger;

the risks associated with attempting to integrate Equity's operations with Whiting's operations, including the risk that the benefits and synergies sought to be achieved by the merger may not be achieved;

the risks associated with the non-solicitation provisions of the merger agreement and the possible effect they may have on third parties who might be interested in exploring alternative transactions;

the risks associated with agreeing to a termination fee of \$2.5 million, plus expenses, payable to Whiting under certain circumstances and the potential effect of the termination fee to discourage interested third parties from making competing offers to acquire Equity; and

other risks described under the caption "Risk Factors."

In reaching the conclusion that the merger and merger agreement are advisable, fair to and in the best interests of Equity and its shareholders, the board of directors of Equity consulted with management regarding the strategic and operational aspects of the merger and the results of the due diligence efforts undertaken by Equity. In addition, the board of directors of Equity also consulted with Petrie Parkman, financial advisor to Equity, regarding selected aspects of Whiting and potential strategic alternatives for Equity. The board of directors also consulted with representatives of Holme Roberts & Owen LLP, outside counsel to Equity for this transaction, regarding the duties of the members of the board of directors, legal due diligence matters and the terms of the merger agreement and related agreements.

In the view of the board of directors, the risks described above were not sufficient, either individually or in the aggregate, to outweigh the advantages of the proposed merger in the manner in which it was proposed, as described above. In addition, in the view of the board of directors, the inclusion of the non-solicitation provisions, the termination fee and the shareholder agreements, together with the limited circumstances under which Equity could consider and negotiate another acquisition proposal, was consistent with the exercise of its fiduciary obligations under applicable law. These provisions were a condition to Whiting's agreeing to enter into the proposed merger.

The foregoing discussion of the information and factors considered by Equity's board of directors is not intended to be exhaustive, but includes the material factors considered by the board. In view of the wide variety of factors considered in connection with their evaluation of the proposed merger, the board of directors did not find it practical to, and did not, quantify or otherwise assign relative weights to the specified factors considered in reaching its determinations. Individual directors may have given differing weights to different factors. In addition, the board of directors did not reach any specific conclusion with respect to each of the factors considered. Instead, the board of directors conducted an overall analysis of the factors described above and determined that the potential benefits outweighed the potential risks of the merger.

## **Recommendation of the Equity Board of Directors**

Equity's board of directors believes that the merger, the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of Equity and its shareholders and, based upon the factors described immediately above, among other considerations, recommends to Equity's shareholders that they vote FOR the approval and adoption of the merger agreement and the merger.

**Opinion of Equity's Financial Advisor**

Equity engaged Petrie Parkman & Co., Inc. as its financial advisor on August 11, 2003 in connection with an investigation of strategic options and alternatives for Equity, including the potential sale or merger of Equity. On February 1, 2004, Petrie Parkman delivered to the board of directors of Equity its oral opinion, subsequently

**Table of Contents**

confirmed in writing, that as of that date and based upon and subject to the matters set forth in the opinion, the proposed exchange ratio of 0.185 Whiting shares per Equity share to be received as consideration by holders of the Equity common stock in the proposed merger was fair, from a financial point of view, to the holders of shares of Equity common stock.

The full text of Petrie Parkman's opinion dated February 1, 2004, which contains a description of the assumptions made, procedures followed, matters considered and limits of the scope of review undertaken by Petrie Parkman in rendering its opinion, is attached as Appendix B to this proxy statement/prospectus. A summary of the Petrie Parkman opinion is set forth below. Holders of Equity common stock are encouraged to, and should, read the Petrie Parkman opinion carefully in its entirety.

Petrie Parkman's opinion was provided to the Equity board of directors for its use and benefit in connection with its consideration of the transaction contemplated by the merger agreement and relates solely to the fairness, from a financial point of view, of the exchange ratio to the holders of the Equity common stock. Petrie Parkman's opinion does not constitute a recommendation to any holder of Equity common stock as to how such shareholder should vote on the merger. Petrie Parkman's opinion and its presentation to the board of directors on January 29, 2004 were among many factors taken into consideration by the board of directors in making its determination to approve and recommend the merger.

In arriving at its opinion, Petrie Parkman, among other things:

reviewed certain publicly available business and financial information relating to Equity, including (1) its Annual Reports on Form 10-K and related audited financial statements for the fiscal years ended December 31, 2000, December 31, 2001 and December 31, 2002 and (2) its Quarterly Report on Form 10-Q and related unaudited financial statements for the fiscal quarter ended September 30, 2003;

reviewed certain information prepared and provided by Equity, including operating statements and unaudited financial statements for the year-to-date period ended December 31, 2003;

reviewed certain publicly available business and financial information relating to Whiting, including its prospectus dated November 19, 2003 and related audited financial statements for the fiscal years ended December 31, 2000, December 31, 2001 and December 31, 2002, and related unaudited financial statements for the fiscal quarter ended September 30, 2003;

reviewed certain information prepared and provided by Whiting, including operating statements and unaudited financial statements for the year-to-date period ended December 31, 2003;

reviewed certain estimates of Equity's oil and gas reserves, including (1) estimates of proved and non-proved reserves prepared by the independent engineering firm of Ryder Scott Company, L.P. as of October 1, 2003, (2) estimates of proved and non-proved reserves in the Sacramento and Williston Basins prepared by Ryder Scott as of December 31, 2003, and (3) estimates of certain proved reserve additions in the Bighorn Basin and Rangely Field prepared by Equity management as of December 31, 2003;

reviewed certain estimates of Whiting's oil and gas reserves, including (1) estimates of proved reserves prepared by the independent engineering firms of Cawley, Gillespie & Associates, Inc., R.A. Lenser & Associates, Inc., and Ryder Scott all as of December 31, 2003, and (2) estimates of proved and non-proved reserves prepared by Whiting management as of December 31, 2003;

analyzed certain historical and projected financial and operating data of Equity prepared by the management and staff of Equity;

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analyzed certain historical and projected financial and operating data of Whiting prepared by the management and staff of Whiting;

discussed the current operations and prospects of Equity and Whiting with the management and staff of Equity and Whiting, respectively;

**Table of Contents**

reviewed the trading history of Equity common stock and Whiting common stock;

compared recent stock market capitalization indicators for Equity and Whiting with recent stock market capitalization indicators for certain other publicly-traded independent energy companies;

compared the financial terms of the merger with the financial terms of other transactions that Petrie Parkman deemed to be relevant;

participated in certain discussions and negotiations among the representatives of Equity, Whiting and their respective legal advisors;

reviewed a draft dated January 30, 2004 of the merger agreement and drafts dated January 30, 2004 of the shareholder agreements among Whiting and the Equity shareholders listed therein; and

reviewed such other financial studies and analyses and performed such other investigations and took into account such other matters as Petrie Parkman deemed necessary or appropriate.

In connection with its opinion, Petrie Parkman assumed and relied upon, without assuming any responsibility for, or independently verifying, the accuracy and completeness of all information supplied or otherwise made available to it by Equity and Whiting. Petrie Parkman further relied upon the assurances of representatives of the management of Equity and Whiting that they were unaware of any facts that would make the information provided to it incomplete or misleading in any material respect.

With respect to projected financial and operating data, Petrie Parkman assumed that the data was reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Equity and Whiting relating to the future financial and operational performance of Equity and Whiting, respectively.

With respect to estimates of oil and gas reserves, Petrie Parkman assumed that the estimates were reasonably prepared on bases reflecting the best available estimates and judgments of the management and staff of Equity and Whiting (and their engineering consultants, as applicable) relating to the oil and gas properties of Equity and Whiting, respectively.

Petrie Parkman did not make an independent evaluation or appraisal of the assets or liabilities of Equity or Whiting, nor, except for the estimates of oil and gas reserves referred to above, was Petrie Parkman furnished with any such evaluations or appraisals. In addition, Petrie Parkman did not assume any obligation to conduct, nor did Petrie Parkman conduct, any physical inspection of the properties or facilities of Equity and Whiting. Petrie Parkman assumed, consistent with the merger agreement, that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, that the final forms of the merger agreement and shareholder agreements would be substantially similar to the last drafts reviewed by Petrie Parkman, and that the conditions precedent in the merger agreement are not waived. During the course of its engagement, Petrie Parkman was asked by the board of directors of Equity to solicit indications of interest from various third parties regarding a transaction with Equity, and Petrie Parkman considered the results of such solicitation in rendering its opinion.

Petrie Parkman's opinion does not address the underlying business decision of Equity to engage in the merger. Petrie Parkman has not been asked to consider, and its opinion does not address, the tax consequences of the merger to any particular shareholder of Equity, or the prices at which the Equity common stock or the Whiting common stock will actually trade at any time, including following the announcement or consummation of the merger.



Petrie Parkman's opinion was rendered on the basis of conditions in the securities markets and the oil and gas markets as they exist and can be evaluated on the date thereof and the conditions and prospects, financial and otherwise, of Equity and Whiting as they have been represented to Petrie Parkman as of the date thereof or as they were reflected in the materials and discussions described above. It should be understood that subsequent developments may affect Petrie Parkman's opinion, and that Petrie Parkman does not have any obligation to update, revise, or reaffirm its opinion.

**Table of Contents**

The following is a summary of the financial analyses performed by Petrie Parkman and presented to the board of directors on January 29, 2004 in connection with the preparation of its opinion dated February 1, 2004. The following summary, however, does not purport to be a complete description of the financial analyses performed by Petrie Parkman. The order of analyses described does not represent relative importance or weight given to the analyses performed by Petrie Parkman.

This summary includes information presented in tabular format. In order to fully understand these financial analyses, the tables must be read together with the text accompanying each summary. The tables alone do not constitute a complete description of these financial analyses. Considering the data set forth in the tables without considering the full narrative description of these analyses, including the methodologies and assumptions underlying these analyses, could create a misleading or incomplete view of the financial analyses performed by Petrie Parkman.

*Summary of Analyses.* The following table summarizes the analyses performed by Petrie Parkman:

<b>Methodology</b>	<b>Equity</b>	<b>Whiting</b>	<b>Implied Exchange Ratio (EQTY/WLL)</b>	
	<b>Equity Reference Value Range</b>	<b>Equity Reference Value Range</b>		
	<b>(\$/Sh)</b>	<b>(\$/Sh)</b>		
<i>Discounted Cash Flow Analysis</i>				
Case I	\$1.70 - \$2.31	\$10.65 - \$12.56	0.159	0.184
Case II	\$2.31 - \$3.03	\$13.67 - \$16.34	0.169	0.185
Case III	\$2.94 - \$3.74	\$17.04 - \$20.13	0.172	0.186
Strip Pricing (Escalated)	\$3.34 - \$4.14	\$18.60 - \$21.55	0.180	0.192
Strip Pricing (Flat)	\$2.82 - \$3.44	\$16.80 - \$19.17	0.168	0.180
<i>Comparable Transaction Analysis</i>				
Property Transaction Analysis	\$2.67 - \$3.57	\$15.30 - \$18.44	0.174	0.193
Company Transaction Analysis	\$3.34 - \$4.12	\$18.79 - \$22.79	0.178	0.181
Capital Market Comparison	\$3.18 - \$4.34	\$18.79 - \$22.79	0.169	0.191
<i>Going Concern Analysis</i>				
Base Case	\$3.50 - \$4.00	\$18.75 - \$22.75	0.187	0.176
Upside Case	\$4.00 - \$4.50	\$23.00 - \$28.00	0.174	0.161

Petrie Parkman compared the implied exchange ratios for each methodology to the proposed exchange ratio of 0.185 shares of Whiting common stock for each share of Equity common stock as well the per share reference value ranges for each methodology to Whiting's closing price of \$20.02 per share on January 27, 2004 which implied a per share value of \$3.70 for each share of Equity common stock. In its discussions with the Equity board on February 1, 2004, Petrie Parkman described the changes in market prices that had occurred since January 27, 2004 and noted that such market changes did not impact the conclusions reached in Petrie Parkman's analysis.

**Table of Contents**

*Implied Premium Analysis.* Petrie Parkman calculated the premiums (discounts) implied by comparing the implied value of the Whiting offer of \$3.70 per share of Equity common stock (based on the closing price of Whiting's common stock as of January 27, 2004 and the proposed exchange ratio of 0.185 Whiting shares per Equity share) to historical trading prices of Equity common stock for specified periods between September 12, 2001 to September 12, 2003, the day of Equity's public announcement of its intent to explore strategic alternatives and January 27, 2004 the last trading day prior to finalization of Petrie Parkman's analysis for its January 29, 2004 presentation to the Equity board of directors, respectively, and calculated the results below. In the following table, Trading Day Equity Market Price represents the closing price of Equity common stock on the specific day referenced, while the Period Average Equity Market Price represents the average closing price of Equity common stock for the referenced period.

<b>Period</b>	<b>Trading Day Equity Market Price</b>	<b>Proposed Offer Premium (Discount)</b>	<b>Period Avg. Equity Market Price</b>	<b>Proposed Offer Premium (Discount)</b>
Implied Offer Price (January 27, 2004)	\$ 3.70		\$ 3.70	
Day Prior to January 27, 2004	\$ 5.00	(26%)	\$ 5.00	(26%)
30 Days Prior to January 27, 2004	\$ 3.85	(4%)	\$ 4.18	(12%)
60 Days Prior to January 27, 2004	\$ 3.48	6%	\$ 3.89	(5%)
1 Year Prior to January 27, 2004	\$ 2.25	64%	\$ 2.97	25%
2 Years Prior to January 27, 2004	\$ 1.87	98%	\$ 2.54	46%
Day Prior to September 12, 2003	\$ 3.00	23%	\$ 3.00	23%
30 Days Prior to September 12, 2003	\$ 2.65	40%	\$ 2.75	35%
60 Days Prior to September 12, 2003	\$ 2.75	35%	\$ 2.70	37%
1 Year Prior to September 12, 2003	\$ 2.17	71%	\$ 2.33	59%
2 Years Prior to September 12, 2003	\$ 2.45	51%	\$ 2.20	68%

*Discounted Cash Flow Analysis.* Petrie Parkman conducted a discounted cash flow analysis for the purpose of determining equity reference value ranges per share of Equity and Whiting common stock. Petrie Parkman calculated the net present value of estimates of future after-tax cash flows of Equity's and Whiting's respective oil and gas reserve assets based on the proved and non-proved reserve estimates for Equity and Whiting referred to above and utilizing information provided by Equity and Whiting for non-reserve assets.

Petrie Parkman evaluated five scenarios in which the principal variables were oil and gas prices. The five pricing scenarios Pricing Case I, Pricing Case II, Pricing Case III, Strip Pricing Case Escalated, and Strip Pricing Case Flat were based on benchmarks for spot sales of West Texas Intermediate crude oil and for spot sales of Henry Hub gas. Benchmark prices for Pricing Cases I, II and III were projected to be \$22.00, \$23.00 and \$24.00 per barrel of oil and \$3.50, \$4.00 and \$4.50 per million British thermal units for gas, respectively, and then were escalated annually starting in 2005 at the rate of 3%. The Strip Pricing Case Escalated and Strip Pricing Case Flat for the fiscal year ended 2004 reflected actual prices from January 1, 2004 through January 27, 2004 blended with the current strip prices through the end of the year. The Strip Pricing Case Escalated was escalated annually following the year 2008 for oil and gas at the rate of 3%. Petrie Parkman applied appropriate quality and transportation adjustments to these benchmarks.

**Table of Contents**

Applying various after-tax discount rates, ranging from 8.0% to 30.0% depending on reserve category, to the after-tax cash flows, assuming a carry-over of existing tax positions, adjusting for other assets and liabilities, long-term debt and net working capital for Equity and Whiting and, in the case of Whiting, its tax sharing payable and production participation plan liability, Petrie Parkman calculated equity reference value ranges for each pricing case, for both Equity and Whiting as shown in the tables below:

**Equity Reference**

<u>Value Ranges</u>	<u>Pricing Case I</u>	<u>Pricing Case II</u>	<u>Pricing Case III</u>	<u>Strip Pricing Case (Escalated)</u>	<u>Strip Pricing Case (Flat)</u>
Equity Reference Value Range per Common Share	\$ 1.70 - \$2.31	\$ 2.31 - \$3.03	\$ 2.94 - \$3.74	\$ 3.84 - \$4.14	\$ 2.82 - \$3.44

**Whiting Reference**

<u>Value Ranges</u>	<u>Pricing Case I</u>	<u>Pricing Case II</u>	<u>Pricing Case III</u>	<u>Strip Pricing Case (Escalated)</u>	<u>Strip Pricing Case (Flat)</u>
Equity Reference Value Range per Common Share	\$ 10.65 - \$12.56	\$ 13.67 - \$16.34	\$ 17.04 - \$20.13	\$ 18.60 - \$21.55	\$ 16.80 - \$19.17

These equity reference value ranges were then used to derive the implied exchange ratio ranges shown in the table below as compared to the proposed exchange ratio of 0.185:

	<u>Pricing Case I</u>	<u>Pricing Case II</u>	<u>Pricing Case III</u>	<u>Strip Pricing Case (Escalated)</u>	<u>Strip Pricing Case (Flat)</u>
Implied Exchange Ratio	0.159 0.184	0.169 0.185	0.172 0.186	0.180 0.192	0.168 0.180

*Property Transactions Analysis.* Petrie Parkman reviewed selected publicly available information for 57 oil and gas property transactions and proprietary information for one oil and gas property transaction announced between January 2000 and January 2004 in the Rocky Mountain and Canada regions and between January 1997 and January 2004 in California for Equity. Petrie Parkman also reviewed selected publicly available information for 82 oil and gas property transactions and proprietary information for two oil and gas property transactions announced between January 1999 and January 2004 in the Rocky Mountain, Gulf Coast, Permian, Michigan and Mid-Continent regions. Based on a review of the purchase price multiples of proved reserves for the acquired assets in each transaction, Petrie Parkman determined benchmark ranges of purchase prices to Equity's and Whiting's corresponding proved reserve figures in order to yield enterprise reference value ranges for Equity's and Whiting's proved reserves. The number of transactions per region and the maximum, mean, median and minimum implied multiples for these transactions are set forth in the following tables together with certain benchmark multiples chosen by Petrie Parkman based on a review of these implied multiples.

References to oil and gas equivalents are for purposes of comparing quantities of oil with quantities of gas or to express these different commodities in a common unit. The term "Mcf" means thousand cubic feet equivalent. The term "Bbl" means barrel. In calculating Mcf and Bbl equivalents, Petrie Parkman used a generally recognized standard in which one Bbl is equal to six Mcf.

In connection with its property transactions analysis for Equity, Petrie Parkman reviewed the following property transactions:

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	<u>Rockies</u>	<u>California</u>	<u>Canada</u>
Number of Transactions	35	6	17
Purchase Price of Reserves / Proved Reserves (\$/Boe)			
<i>Maximum</i>	\$ 12.53	\$ 7.25	\$ 11.59
<i>Mean</i>	\$ 5.25	\$ 4.53	\$ 6.63
<i>Median</i>	\$ 5.06	\$ 3.92	\$ 6.84
<i>Minimum</i>	\$ 1.79	\$ 3.17	\$ 4.10
Benchmark Multiples (\$/Boe)	\$ 4.25-\$4.75	\$ 4.50-\$6.50	\$ 4.00-\$5.25

**Table of Contents**

In connection with its property transactions analysis for Whiting, Petrie Parkman reviewed the following property transactions:

	<u>Rockies</u>	<u>Gulf Coast/ Permian</u>	<u>Michigan</u>	<u>Mid-Continent</u>
Number of Transactions	35	16	13	20
Purchase Price of Reserves / Proved Reserves (\$/Boe)				
<i>Maximum</i>	\$ 12.53	\$ 14.49	\$ 14.62	\$ 9.68
<i>Mean</i>	\$ 5.29	\$ 9.10	\$ 7.46	\$ 6.68
<i>Median</i>	\$ 5.07	\$ 5.11	\$ 4.74	\$ 6.51
<i>Minimum</i>	\$ 1.79	\$ 5.07	\$ 2.99	\$ 3.19
Benchmark Multiples (\$/Boe)	\$ 4.25-\$4.75	\$ 7.50-\$8.50	\$ 7.50-\$8.50	\$ 6.50-\$8.00

Petrie Parkman applied the benchmark multiples set forth above to Equity's and Whiting's proved reserve figures and, after adjusting for other assets and liabilities, determined enterprise reference value ranges for Equity and Whiting. Petrie Parkman adjusted the enterprise reference value ranges for long-term debt and net working capital for Equity and Whiting and, in the case of Whiting, its tax sharing payable and production participation liability, to calculate equity reference value ranges for each common share of Equity and Whiting of \$2.67 to \$3.57 per share of Equity and \$15.30 to \$18.44 per share of Whiting. These equity reference value ranges were then used to derive an implied exchange ratio range of 0.174 to 0.193 as compared to the proposed exchange ratio of 0.185.

*Company Transaction Analysis.* Petrie Parkman reviewed selected publicly available information on the following 17 company acquisition transactions and offers for control involving companies in the oil and gas exploration and production industry that were announced between January 2001 and November 2003:

<u>Acquirer or Bidder for Control</u>	<u>Target</u>	<u>Date of Announcement</u>
EXCO Resources, Inc.	North Coast Energy, Inc.	November 26, 2003
DGL Acquisition Corp.	United States Exploration, Inc.	September 22, 2003
Unit Corporation	PetroCorp Incorporated	July 1, 2003
Tom Brown, Inc.	Matador Petroleum Corporation	May 14, 2003
Plains Exploration & Production Company	3TEC Energy Corporation	February 3, 2003
Anadarko Petroleum Corporation	Howell Corporation	September 30, 2002
Provident Energy Trust	Meota Resources Corp	August 13, 2002
EXCO Management	EXCO Resources, Inc.	August 7, 2002
Newfield Exploration Company	EEX Corporation	May 29, 2002
Paramount Resources, Ltd.	Summit Resources Ltd.	May 12, 2002
Chesapeake Energy Corporation	Canaan Energy Corporation	March 11, 2002
Magnum Hunter Resources, Inc.	Prize Energy Corp.	December 18, 2001
Hunt Oil Company	Chieftain International, Inc.	June 19, 2001
Westport Resources Corporation	Belco Oil & Gas Corp.	June 9, 2001
Pure Resources, Inc.	Hallwood Energy Corporation	March 30, 2001
Bellwether Exploration Company	Bargo Energy Company	January 25, 2001
Ocean Energy, Inc.	Texoil, Inc.	January 18, 2001

Using publicly available information, Petrie Parkman calculated purchase price of equity multiples of latest twelve months, referred to in this summary as LTM, discretionary cash flow and current year's estimated discretionary cash flow and total investment, which Petrie Parkman defined for the purposes of this analysis as purchase price of equity plus net obligations assumed, multiples of LTM and current year's estimated earnings before interest, taxes, depreciation, depletion and amortization and exploration expense, referred to in this



**Table of Contents**

summary as EBITDX, for the target company in each transaction. In each case, estimated discretionary cash flow and EBITDX was based on First Call consensus projections and research analyst projections. Petrie Parkman also calculated multiples of the implied purchase price of reserves, which Petrie Parkman defined for the purposes of this analysis as total investment less undeveloped acreage value and other assets at book value, to proved reserves as of December 31, 2003 and the standardized measure of future net cash flows, referred to in this summary as SEC Value, as of December 31, 2002 and September 30, 2003 for Equity and Whiting, respectively.

The maximum, mean, median and minimum implied multiples in these transactions are set forth below. The table below also includes benchmark multiple ranges selected by Petrie Parkman based on a review of the implied multiples in the selected transactions.

	Implied Multiples in Selected Transactions				Equity Benchmark Range		Whiting Benchmark Range	
	Maximum	Mean	Median	Minimum				
Purchase Price / LTM Discretionary Cash Flow	11.7x	4.7x	4.8x	1.0x	4.0x	4.5x	4.5x	5.0x
Purchase Price / Current Year's Estimated Discretionary Cash Flow	7.9x	4.3x	3.7x	1.2x	3.5x	4.5x	4.0x	5.0x
Total Investment / LTM EBITDX	9.2x	6.1x	6.0x	3.5x	4.5x	5.5x	5.0x	6.0x
Total Investment / Current Year's Estimated EBITDX	12.5x	6.1x	5.7x	3.5x	4.0x	5.0x	4.5x	5.5x
Implied Purchase Price of Reserves / Proved Reserves (\$/Boe)	\$ 11.10	\$ 7.21	\$ 7.02	\$ 4.92	\$ 5.75	6.50	\$ 5.75	6.50
Implied Purchase Price of Reserves / SEC Value	2.4x	1.1x	1.0x	0.4x	0.7x	0.9x	1.0x	1.1x

Petrie Parkman applied the benchmark multiples to Equity and Whiting's December 31, 2003 LTM, and current year's estimated discretionary cash flow and EBITDX, proved reserves and SEC Value and adjusted for long-term debt and net working capital and, in the case of Whiting, its tax sharing payable and production participation liability, where appropriate, to determine enterprise reference value ranges for Equity and Whiting.

Petrie Parkman also performed a premium analysis for the same universe of company acquisition transactions and offers for control, which compared the offer price per target company share with the target company's share price measured one day, 30 days and 60 days prior to the public announcement of the initial offer. The maximum, mean, median and minimum premiums (which Petrie Parkman defined for the purposes of this analysis as excess of offer price over target company's stock price stated as a percentage above the target company's stock price), together with benchmark premium ranges selected by Petrie Parkman based on a review of the implied premiums for these periods, were as follows:

	Implied Premiums in Selected Transactions				Benchmark Ranges
	Maximum	Mean	Median	Minimum	
One Day Prior to Initial Offer	84.6%	17.8%	18.8%	(26.7%)	15% - 20%
30 Days Prior to Initial Offer	79.1%	24.0%	20.9%	(12.0%)	25% - 35%
60 Days Prior to Initial Offer	75.3%	21.8%	19.8%	(9.2%)	20% - 30%

Petrie Parkman applied the range of benchmark premiums to the corresponding stock prices of Equity for the periods of one day, 30 days and 60 days prior to September 12, 2003 and stock prices of Whiting for the periods of one day, 30 days and 60 days prior to January 27, 2004 and adjusted for long-term debt and net working capital and, in the case of Whiting, its tax sharing payable and production participation liability, to determine enterprise reference value ranges for Equity and Whiting.





**Table of Contents**

After selecting composite enterprise reference value ranges for Equity and Whiting and then adjusting for the long-term debt and net working capital of Equity and Whiting and, in the case of Whiting, its tax sharing payable and production participation plan liability, Petrie Parkman calculated equity reference value ranges for each common share of Equity and Whiting of \$3.34 to \$4.12 per share of Equity and \$18.79 to \$22.79 per share of Whiting. These equity reference value ranges were then used to derive an implied exchange ratio range of 0.178 to 0.181 as compared to the proposed exchange ratio of 0.185.

*Capital Market Comparison.* Using publicly available information, Petrie Parkman calculated market capitalization multiples of 2003 and 2004 estimated discretionary cash flow for nine publicly traded companies for Equity and seven publicly traded companies for Whiting. Petrie Parkman also calculated enterprise value multiples of LTM operating cash flow, 2003 and 2004 estimated EBITDX, proved reserves, and SEC Value for both companies. Equity's 2004 estimated discretionary cash flow and EBITDX was based on Equity estimates and discussions with management. Whiting's 2004 estimated discretionary cash flow and EBITDX was based on First Call consensus and research analyst projections. Petrie Parkman defined market value for purposes of this analysis as the market value of common equity as of January 23, 2004. Petrie Parkman obtained the enterprise value of each company by adding the sum of its long-term and short-term debt to the sum of the market value of its common equity, the market value of its preferred stock (or, if not publicly traded, liquidation or book value) and the book value of its minority interest in other companies and subtracting net working capital.

Petrie Parkman determined that the following companies were relevant to an evaluation of Equity based on Petrie Parkman's view of the comparability of the operating and financial characteristics of these companies to those of Equity:

Berry Petroleum Company	Parallel Petroleum Corporation
Denbury Resources, Inc.	Petroquest Energy, Inc.
Edge Petroleum Corporation	Plains Exploration and Production Company
Encore Acquisition Company	Wiser Oil Company
Goodrich Petroleum Corporation	

The maximum, mean, median and minimum multiples for the nine companies are set forth below. The table also includes benchmark multiple ranges selected by Petrie Parkman based on a review of the comparable company multiples.

<u>Measure</u>	<u>Comparable Company Multiples</u>				<u>Benchmark</u>	
	<u>Maximum</u>	<u>Mean</u>	<u>Median</u>	<u>Minimum</u>	<u>Ranges</u>	
Market Value / 2003 LTM Discretionary Cash Flow	8.6x	5.5x	5.0x	2.9x	3.5	4.5x
Market Value / 2004 Estimated Discretionary Cash Flow	9.0x	5.6x	4.7x	2.5x	3.5	4.5x
Enterprise Value / 2003 LTM Operating Cash Flow	7.7x	5.5x	5.7x	3.8x	3.5	4.5x
Enterprise Value / 2003 LTM EBITDX	7.7x	5.8x	5.4x	4.4x	4.5	5.0x
Enterprise Value / 2004 Estimated EBITDX	7.5x	5.4x	5.0x	4.0x	4.0	4.5x
Enterprise Value / Proved Reserves (\$/Boe)	\$ 15.69	\$ 9.64	\$ 8.59	\$ 4.76	\$ 5.00	7.50
Enterprise Value / SEC Value	1.6x	1.3x	1.2x	1.1x	1.0	1.1x

Petrie Parkman applied the benchmark multiples to Equity's December 31, 2003 LTM and current year's estimated discretionary cash flow, EBITDX and operating cash flow, proved reserves and SEC Value and adjusted for long-term debt and net working capital, where appropriate, to determine enterprise reference value ranges for Equity.



**Table of Contents**

Petrie Parkman determined that the following companies were relevant to an evaluation of Whiting based upon Petrie Parkman's view of the comparability of the operating and financial characteristics of these companies to those of Whiting:

Cimarex Energy Company	Swift Energy Company
Encore Acquisition Company	Westport Resources Corporation
Magnum Hunter Resources, Inc.	Wiser Oil Company
St. Mary Land & Exploration Company	

The maximum, mean, median and minimum multiples for the seven companies are set forth below. The table also includes benchmark multiple ranges selected by Petrie Parkman based on a review of the comparable company multiples.

Measure	Comparable Company Multiples				Benchmark Ranges	
	Maximum	Mean	Median	Minimum		
Market Value / 2003 LTM Discretionary Cash Flow	6.1x	4.9x	5.0x	2.9x	4.5	5.0x
Market Value / 2004 Estimated Discretionary Cash Flow	7.2x	5.0x	5.6x	2.5x	4.0	4.5x
Enterprise Value / 2003 LTM Operating Cash Flow	6.5x	5.3x	5.7x	3.8x	5.0	5.5x
Enterprise Value / 2003 LTM EBITDX	6.8x	5.7x	5.7x	4.4x	5.0	5.5x
Enterprise Value / 2004 Estimated EBITDX	7.5x	5.8x	5.1x	4.3x	4.5	5.0x
Enterprise Value / Proved Reserves (\$/Boe)	\$ 16.04	\$ 10.37	\$ 9.10	\$ 7.12	\$7.00	9.00
Enterprise Value / SEC Value	2.0x	1.5x	1.6x	1.1x	1.1	1.5x

Petrie Parkman applied the benchmark multiples to Whiting's December 31, 2003 LTM and current year's estimated discretionary cash flow, EBITDX and operating cash flow, proved reserves and SEC Value and adjusted for long-term debt, tax sharing payable, production participation liability and net working capital, where appropriate, to determine enterprise reference value ranges for Whiting.

After selecting composite enterprise reference value ranges for Equity and Whiting and then adjusting for the long-term debt and net working capital of Equity and Whiting and, in the case of Whiting, its tax sharing payable and production participation liability, Petrie Parkman calculated equity reference value ranges for each common share of Equity and Whiting of \$3.18 to \$4.34 per share of Equity and \$18.79 to \$22.79 per share of Whiting. These equity reference value ranges were then used to derive an implied exchange ratio reference range of 0.169 to 0.191 as compared to the proposed exchange ratio of 0.185.

*Going Concern Analysis.* Petrie Parkman analyzed potential financial performance of Equity and Whiting, without giving effect to the proposed merger, for the five year period beginning on January 1, 2004 using Pricing Cases I, II, III and the Strip Pricing Escalated Case referred to in the subsection entitled "Discounted Cash Flow Analysis" above. Petrie Parkman prepared these projections using financial, operating and reserve projections prepared and/or provided by Equity's and Whiting's management and staff and certain assumptions based upon discussions with the managements of Equity and Whiting regarding Equity's and Whiting's potential future operating and financial performance, respectively.

For both Equity and Whiting, Petrie Parkman analyzed two cases of operating projections, a Base Case and an Upside Case, in which the principal variable was the finding and development cost related to reinvestment of excess cash flow into additional exploration opportunities. Petrie Parkman calculated a range of terminal equity values by applying different terminal multiples to projected 2008 discretionary cash flow and applied after-tax discount rates of 15.0% to 17.5% to the terminal equity values.



**Table of Contents**

From the equity reference values implied by this analysis, Petrie Parkman determined composite equity reference value ranges per common share of Equity and Whiting of \$3.50 to \$4.00 per share of Equity and \$18.75 to \$22.75 per share of Whiting for the Base Case and \$4.00 to \$4.50 per share of Equity and \$23.00 to \$28.00 per share of Whiting for the Upside Case. These equity reference value ranges were then used to derive implied exchange ratio reference ranges of 0.176 to 0.187 and 0.161 to 0.174 for the Base and Upside Cases, respectively, as compared to the proposed exchange ratio of 0.185.

*Contribution Analysis.* Petrie Parkman analyzed certain historical and projected operational and financial effects of the merger. Petrie Parkman calculated relative contributions to the combined company of reserves, production, 2003 actual and 2004 estimated EBITDX, 2003 actual and 2004 estimated discretionary cash flow, and 2003 and 2004 estimated net income by the shareholders of Equity and Whiting. Equity 2004 estimated discretionary cash flow, net income and EBITDX was based on Equity estimates and discussions with management. Whiting 2004 estimated EBITDX, discretionary cash flow and net income was based on First Call consensus and research analyst projections. Based on the proposed exchange ratio and common shares outstanding using the treasury stock method, Equity shareholders would own approximately 11.1% of the Whiting common shares that would be outstanding after the merger. The following table sets forth the contribution the Equity shareholders would be expected to make to the operational and financial results of the combined entity.

<u>Measure</u>	<u>Equity Contribution</u>
Current Proved Reserves	16.8%
2003 Production	15.1%
2003 EBITDX	11.6%
2004E EBITDX	12.0%
2003 Discretionary Cash Flow	11.7%
2004E Discretionary Cash Flow	12.4%
2003E Net Income	7.9%
2004E Net Income	10.4%

Petrie Parkman noted that the 11.1% ownership by Equity shareholders of the combined entity is within the range of contributions Equity would make to the combined entity.

*Pro Forma Analysis.* Petrie Parkman analyzed the pro forma financial effects of the proposed merger as of December 31, 2003 and for the fiscal years ended 2003 and 2004 using management, First Call and research analyst projections for Equity and Whiting. For purposes of its analysis, Petrie Parkman used the proposed exchange ratio and assumed transaction costs of \$5 million in 2003 and \$3 million of pre-tax synergies in 2003 and 2004. This analysis used balance sheets for Equity and Whiting as of December 31, 2003, and a Whiting stock price of \$20.02 as of January 27, 2004. This analysis indicated that the merger would be accretive to Whiting's 2003 and 2004 estimated earnings and discretionary cash flow. This analysis also indicated that the merger would result in an approximately equal debt to book capitalization and total market capitalization as compared to Whiting on a stand-alone basis.

The description set forth above constitutes a summary of the analyses employed and factors considered by Petrie Parkman in rendering its opinion to the Equity board of directors. Petrie Parkman believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all analyses and factors, could create an incomplete view of the process underlying its opinion. The preparation of a fairness opinion is a complex, analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description.

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In arriving at its opinion, Petrie Parkman did not attribute any particular weight to any analysis considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis. Any estimates

## **Table of Contents**

resulting from the analyses are not necessarily indicative of actual values, which may be significantly more or less favorable than as set forth in this document.

In addition, analyses based on forecasts of future results are not necessarily indicative of future results, which may be significantly more or less favorable than suggested by these analyses. Estimates of reference values of companies do not purport to be appraisals or necessarily reflect the prices at which companies may actually be sold. Because the estimates are inherently subject to uncertainty and are based upon numerous factors or events beyond the control of the parties and Petrie Parkman, Petrie Parkman cannot assure that the estimates will prove to be accurate.

No company used in the analyses of other publicly traded companies nor any transaction used in the property transaction analysis or the company transaction analysis is identical to Equity, Whiting or the proposed merger. Accordingly, these analyses must take into account differences in the financial and operating characteristics of the selected properties or companies and differences in the structure and timing of the selected transactions and other factors that would affect the public trading values and acquisition values of the properties or companies considered.

Petrie Parkman, as part of its investment banking business, is continually engaged in the evaluation of energy-related businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and evaluations for corporate and other purposes. The board of directors selected Petrie Parkman as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed merger.

Petrie Parkman is acting as financial advisor to Equity and will receive a fee from Equity for their services, a substantial portion of which is contingent upon the consummation of the merger. A portion of this fee was paid on delivery of Petrie Parkman's opinion. Petrie Parkman's aggregate fee is currently estimated to be approximately \$1.3 million. In addition, Equity has agreed to reimburse Petrie Parkman for its reasonable out-of-pocket expenses, including the fees and expenses of legal counsel, which are currently estimated to be approximately \$100,000. Equity has also agreed to indemnify Petrie Parkman for any liabilities arising out of its engagement, other than those which result primarily from the bad faith or gross negligence of Petrie Parkman. Petrie Parkman acted as co-manager on the initial public offering of Whiting common stock in November 2003 and received customary fees for such services, which totaled approximately \$1.25 million. Petrie Parkman also acted as a co-manager on Whiting's private placement of its 7 1/4% senior subordinated notes due 2012 that was completed on May 11, 2004. Furthermore, in the ordinary course of business, Petrie Parkman or its affiliates may trade in the debt or equity securities of Equity or Whiting for the accounts of their customers or for their own account and, accordingly, may at any time hold a long or short position in such securities.

## **Whiting's Reasons for the Merger**

Whiting's board of directors has unanimously approved the merger agreement and the transactions contemplated by it. In reaching its decision to approve the merger agreement, the Whiting board of directors consulted with Whiting's legal and financial advisors, as well as with Whiting's management. The Whiting board of directors considered the following material factors:

*Geographically Balanced Asset Base.* The fact that Equity's geographically balanced reserve base fits well into Whiting's geographically diverse holdings.



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*Complementary Fit within Core Areas.* Although California will be a new area of focus, the remainder of the Equity fields will complement Whiting's holdings, particularly its Rocky Mountain core area, which includes Colorado, Wyoming and the Williston Basin.

*Addition of Long-life, Stable Reserves.* With a reserve life index over 12, the long-life Equity reserves are predominately in mature and predictable fields.

## Table of Contents

*Expansion of Exploration and Exploitation Opportunities.* With over 75,000 net undeveloped acres and 375 square miles of 3-D seismic, the Equity properties will add to Whiting's inventory of exploration, development, and exploitation opportunities. Whiting expects its strong financial position to allow more rapid development of these opportunities than Equity's cashflow permitted.

*Creates Synergies and Cost Savings.* Whiting anticipates that combining the complementary operations of the two companies will allow Whiting to take advantage of synergies and to realize significant cost savings.

*Per Share Accretion.* Whiting anticipates that the merger will provide accretion, to varying degrees, in cash margin per share, earnings per share, reserves per share, and production per share on a pro forma basis.

The Whiting board of directors also considered the following material factors:

information concerning the financial condition, results of operations, prospects and businesses of Equity and Whiting, including the reserves of the companies, their production volumes, their cash flows from operations, the recent stock market performance of Equity common stock and Whiting common stock, and the ratio of Equity's common stock price to Whiting's common stock price over various periods;

the fact that the combined company would have a larger market capitalization and a more liquid trading market for its common stock;

presentations from, and discussions with, senior executives of Whiting, representatives of its outside legal counsel and representatives of Merrill Lynch & Co. regarding the business, financial and legal due diligence with respect to Equity and the terms and conditions of the merger agreement;

the analysis of Merrill Lynch & Co. and the Whiting board of directors' receipt of an opinion from Merrill Lynch & Co. dated January 30, 2004 that, as of such date and subject to the various considerations set forth therein, the exchange ratio was fair to Whiting from a financial point of view.

The merger also includes certain risks and disadvantages. The material potential risks and disadvantages to Whiting's stockholders identified by the Whiting board of directors and management in considering the merger include the following:

the time and resources required to complete the merger;

the difficulties inherent in combining and integrating the two companies and the potential distraction to management caused by a transaction of this magnitude; and

the risk that the benefits sought from the merger might not be fully achieved.

This discussion of the factors considered by the Whiting board of directors is not intended to be exhaustive. Because of the wide variety of factors considered in connection with its evaluation of the merger, the Whiting board of directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative significance to the specific factors considered in reaching its conclusions. In addition, individual directors may have given different significance to different factors.

**Opinion of Whiting's Financial Advisor**

Whiting retained Merrill Lynch & Co. to render an opinion to the Whiting board of directors as to the fairness, from a financial point of view, to Whiting of the exchange ratio in the merger. As is customary for opinions given to an acquiror in a merger, Merrill Lynch's opinion addressed the fairness of the exchange ratio, from a financial point of view, to Whiting rather than to the holders of Whiting common stock and does not address the merits of the underlying decision by Whiting to engage in the merger. Merrill Lynch was selected by the Whiting board of directors based on Merrill Lynch's qualifications, reputation and experience in the valuation

## Table of Contents

of businesses and securities in connection with mergers and acquisitions, in general, and oil and gas transactions in particular. Merrill Lynch presented its analysis to the Whiting board of directors and rendered in writing an opinion dated January 30, 2004 that, as of that date, the exchange ratio was fair, from a financial point of view, to Whiting. The amount of the exchange ratio was determined through arm's length negotiations between Whiting and Equity and not as a result of recommendations by Merrill Lynch.

**The full text of the Merrill Lynch fairness opinion, which sets forth the assumptions made, matters considered, and qualifications and limitations on the review undertaken by Merrill Lynch, is attached as Appendix C to this proxy statement/ prospectus and is incorporated in this document by reference.**

Merrill Lynch has consented to the use of Appendix C, containing the Merrill Lynch fairness opinion, in this proxy statement/ prospectus, and to the references to Merrill Lynch under the headings "The Merger" in this proxy statement/ prospectus. In giving its consent, Merrill Lynch does not admit and hereby disclaims that it comes within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

The preparation of a fairness opinion is a complex and analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, the opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Merrill Lynch did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Merrill Lynch believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering all of its analyses, would create an incomplete view of the process underlying the Merrill Lynch fairness opinion.

In performing its analyses, numerous assumptions were made with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Merrill Lynch, Whiting, or Equity. Any estimates contained in the analyses performed by Merrill Lynch are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by the analyses. Additionally, estimates of the value of businesses or capital securities do not purport to be appraisals or to reflect the prices at which the businesses or capital securities might actually be sold. Accordingly, the analyses and estimates are inherently subject to substantial uncertainty. In addition, the delivery of the Merrill Lynch fairness opinion was among several factors taken into consideration by Whiting's board of directors in making its determination to approve the merger agreement. Consequently, the Merrill Lynch analyses described below should not be viewed as determinative of the decision of Whiting's board of directors or Whiting's management with respect to the fairness of the merger consideration.

In arriving at its opinion, Merrill Lynch, among other things:

Reviewed certain publicly available business and financial information relating to Whiting and Equity that Merrill Lynch deemed to be relevant;

Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Whiting and Equity, as well as the amount and timing of the cost savings and related expenses expected to result from the Merger (the "Expected Synergies") furnished to Merrill Lynch by Whiting;

Reviewed the reserve reports and estimated hydrocarbon volumes for Whiting (a) prepared as of December 31, 2003 by Cawley, Gillespie & Associates, Inc., Independent Petroleum Engineers, (b) prepared as of December 31, 2003 by R.A. Lenser & Associates,

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Inc., Independent Petroleum Engineers, (c) prepared as of December 31, 2003 by the Ryder Scott Company, L.P., Independent Petroleum Engineers, and (d) prepared as of December 31, 2003 by Whiting's in-house petroleum engineers;

**Table of Contents**

Reviewed the reserve reports and estimated hydrocarbon volumes for Equity prepared as of December 31, 2003 by Ryder Scott Company, L.P., Independent Petroleum Engineers, as adjusted by Whiting's in-house petroleum engineers;

Conducted discussions with members of senior management and representatives of Whiting concerning the matters described in the first and second bullet points set forth above, as well as the respective businesses and prospects before and after giving effect to the merger and the Expected Synergies;

Reviewed the market prices and valuation multiples for Equity's common stock and Whiting's common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

Reviewed the results of operations of Whiting and Equity and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

Compared the proposed financial terms of the merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

Participated in certain discussions among representatives of Whiting and Equity and their financial and legal advisors;

Reviewed the potential pro forma impact of the merger to Whiting;

Reviewed a draft dated January 22, 2004 of the merger agreement;

Reviewed a draft dated January 20, 2004 of the shareholder agreement among Whiting, the Equity shareholders named therein; and

Reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including its assessment of general economic, market and monetary conditions.

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to Merrill Lynch, discussed with or reviewed by or for Merrill Lynch, or publicly available, and Merrill Lynch did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of Whiting or Equity and was not furnished with any such evaluation or appraisal. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of Whiting or Equity. With respect to the financial and production forecast information and the Expected Synergies furnished to or discussed with Merrill Lynch by Whiting or Equity, Merrill Lynch assumed that they were reasonably prepared and reflected the best currently available estimates and judgment of Whiting's or Equity's management as to the expected future financial and production performance of Whiting or Equity, as the case may be, and the Expected Synergies. Merrill Lynch also assumed that the final form of each of the merger agreement and the shareholder agreement would be substantially similar to the last draft reviewed by Merrill Lynch.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Merrill Lynch as of, the date of its opinion. Merrill Lynch assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the merger, no restrictions, including any divestiture requirements or amendments or modifications, would be imposed that would have a material adverse effect on the contemplated benefits of the merger. Whiting does not expect to obtain an updated fairness opinion from Merrill Lynch regarding the merger.

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The following is a brief summary of the material analyses performed by Merrill Lynch in connection with its preparation of the Merrill Lynch fairness opinion. Some of these summaries of financial analyses include information presented in tabular format. In order to understand fully the financial analyses used by Merrill

**Table of Contents**

Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methods and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Merrill Lynch.

*Financial and Production Forecasts*

Whiting provided Merrill Lynch with forecasts of hydrocarbon production from existing proved oil and gas reserves and related financial performance of both Equity and Whiting based on prevailing crude oil and natural gas price forecasts. The oil price forecast was based on the price per barrel (Bbl) for West Texas Intermediate crude and the natural gas price forecast was based on NYMEX (Henry Hub, Louisiana delivery) natural gas prices per million British Thermal Units (MMBTU). Natural gas pricing assumed a standard heating value of one MMBTU per 1,000 cubic feet (Mcf) of natural gas. Adjustments were made by Whiting to both the crude oil and natural gas price forecasts to reflect location and quality differentials. The following table lists the assumed unadjusted crude oil and natural gas prices:

Year	Oil	Gas
	(\$/Bbl)	(\$/MMBTU)
2004	\$ 31.81	\$ 5.45
2005	\$ 28.98	\$ 5.23
2006	\$ 27.83	\$ 4.91
2007	\$ 27.27	\$ 4.76
2008 & Beyond (Held Flat)	\$ 27.27	\$ 4.70

Whiting supplied reserve reports as of December 31, 2003 for both Equity and Whiting. Whiting's December 31, 2003 reserve report was prepared by Whiting petroleum engineers and audited by R.A. Lenser & Associates, Inc., Cawley, Gillespie & Associates, Inc. and Ryder Scott Company, L.P. and Equity's December 31, 2003 reserve report was prepared Equity, audited by Ryder Scott Company, L.P. and reviewed by Whiting petroleum engineers. Both Equity's and Whiting's December 31, 2003 reserve reports were prepared using the commodity market prices presented above and then-current operating costs, production and ad valorem taxes and future development costs. Operating expenses and capital expenditures necessary to lift and produce the proved reserves estimated in each of the reserve reports were based on current market conditions.

*Net Asset Value/Discounted Cash Flow Analysis*

Using a discounted cash flow analysis, Merrill Lynch calculated a range of implied per share equity values for Equity and Whiting based upon the present value of each company's after-tax estimated unlevered cash flows that could be expected to generate after January 1, 2004. These cash flows were based on Whiting management's financial and reserve forecasts, including hedged production, and undeveloped acreage reduced for total debt, net working capital and other liabilities. Merrill Lynch discounted these cash flows at rates ranging from 8% to 10% which resulted in an implied range of net asset value per share for Equity and Whiting of \$3.29 to \$3.77 and \$19.42 to \$21.43, respectively.



**Table of Contents**

The following table sets forth the results of the Net Asset Value/Discounted Cash Flow analysis:

(\$ in millions)	After-tax Unlevered Return			
	Equity		Whiting	
	10%	8%	10%	8%
Total Proved Reserves	\$ 60.9	\$ 67.1	\$ 487.2	\$ 525.3
Undeveloped Acreage	9.4	9.4	18.8	18.8
Total Asset Value	\$ 70.3	\$ 76.5	\$ 506.0	\$ 544.1
Less Mark-to-Market Hedge Value	\$ 0.4	\$ 0.4	\$ 3.9	\$ 4.3
Less Total Debt	29.0	29.0	188.0	188.0
Less Net Working Capital	1.3	1.3	54.2	54.2
Other Liabilities	0.0	0.0	4.4	4.4
Net Asset Value	\$ 42.2	\$ 48.4	\$ 363.9	\$ 401.6
Diluted Shares Outstanding (Treasury Method)	12.8	12.8	18.7	18.7
Net Asset Value per Share	\$ 3.29	\$ 3.77	\$ 19.42	\$ 21.43

Based upon the net asset value analysis performed by Merrill Lynch, a composite equity value range was determined for Equity and Whiting of \$42.2 million to \$48.4 million and \$363.9 million to \$401.6 million, respectively. Based on this analysis, Whiting's equity market value contribution was 88.4% to 90.7% or an implied exchange ratio of 0.154x to 0.194x. Merrill Lynch noted that the merger exchange ratio of 0.185x falls within this range.

*Contribution Analysis*

Using the financial and operational data described previously for both Equity and Whiting for the years ended December 31, 2003 (projected), Merrill Lynch compared the relative levels of cash flow from operations ( CFFO ) and earnings before interest, taxes, depreciation, amortization and exploration expense ( EBITDAX ) for each company during this period as well as the relative level of estimated proved reserves as of December 31, 2003 and estimated daily production levels for the year ending December 31, 2003.

Relative levels of equity capitalization, daily production, proved reserves, EBITDAX and CFFO were used to develop implied equity market value contributions after having been, when applicable, leverage adjusted for debt as of December 31, 2003. The results of these analyses are set forth below.

**Implied Equity  
Market Value  
Contribution**

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