

May 15, 2023



# NOG Announces Joint Acquisition of Forge Energy Assets in the Permian Basin

**Transaction Accretive to Key Financial Metrics, Adds Over 10,000 Net Acres to Delaware Basin Portfolio**

## HIGHLIGHTS

- Joint acquisition with Vital Energy, Inc. (“Vital”) of certain assets (the “Forge Assets”) of Forge Energy II Delaware, LLC, an EnCap portfolio company (“Forge”)
- NOG purchasing a 30% undivided stake in the Forge Assets (the “Acquired Assets”) for \$162 million in cash
- The Acquired Assets include ~3,400 Boe per day (excluding NGLs, 79% oil) of recent production and ~10,200 net acres, located primarily in Ward and Reeves Counties, TX
- Cash flow from operations on the Acquired Assets expected to be >\$65 million in the next twelve months (starting 7/1/2023), based on recent strip prices, representing a transaction multiple of < 2.5x
- Strong free cash flow profile with ~\$38 million expected capital spend in the next twelve months
- Executed hedges for a significant portion of the production associated with the transaction through 2026

MINNEAPOLIS--(BUSINESS WIRE)--

Northern Oil and Gas, Inc. (NYSE: NOG) (the “Company” or “NOG”) today announced that it has entered into a definitive agreement to acquire a 30% undivided stake in the Forge Assets in the Delaware Basin, in partnership with Vital Energy, Inc., for a purchase price net to NOG of \$162.0 million in cash, subject to typical closing adjustments.

The Acquired Assets are primarily located in Ward and Reeves Counties, Texas and include approximately 10,200 net acres, 30.5 net producing wells, 2.3 net wells-in-process and ~20 low-breakeven net undeveloped locations. Upon closing, the operator of the assets will be Vital, with NOG participating in development pursuant to cooperation and joint operating agreements entered into with Vital in connection with the acquisition.

Recent production on the Acquired Assets was approximately 3,400 Boe per day (2-stream, 79% oil). For the second half of 2023, NOG expects average production of >3,750 Boe per day (2-stream, 79% oil) and approximately \$17 million of capital expenditures.

The effective date for the transaction is March 1, 2023, and NOG expects to close the transaction at the end of June 2023. The obligations of the parties to complete the transactions contemplated by the purchase agreement are subject to the satisfaction or waiver of customary closing conditions.

## **MANAGEMENT COMMENTS**

“This transaction crystallizes NOG’s position as a reliable and consistent partner for the purchase and development of high-quality properties,” commented Nick O’Grady, NOG’s Chief Executive Officer. “We are excited to work alongside our partners at Vital to develop the Forge Assets with strong alignment and cooperation.”

“As we enter into this joint acquisition, we are taking NOG’s capabilities and opportunity set to the next level, adding yet another arrow to our M&A quiver,” commented Adam Dirlam, NOG’s President. “The Forge Assets are high-quality with the opportunity for clear and concise development to deliver the consistent performance our investors have come to expect.”

## **ADVISORS**

Houlihan Lokey served as financial advisor to Vital and NOG for the Forge Assets acquisition.

Kirkland & Ellis LLP is serving as NOG’s legal advisor.

RBC Richardson Barr is serving as financial advisor to Forge and O’Melveny & Myers is serving as legal counsel to Forge.

## **ABOUT NOG**

NOG is a company with a primary strategy of investing in non-operated minority working and mineral interests in oil & gas properties, with focus on the premier hydrocarbon producing basins within the contiguous United States. More information about NOG can be found at [www.northernoil.com](http://www.northernoil.com).

## **SAFE HARBOR**

This press release contains forward-looking statements regarding future events and future results that are subject to the safe harbors created under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). All statements other than statements of historical facts included in this release regarding NOG’s financial position, common stock dividends, business strategy, plans and objectives of management for future operations, industry conditions, capital expenditures, production, cash flow, hedging and other matters are forward-looking statements. When used in this release, forward-looking statements are generally accompanied by terms or phrases such as “estimate,” “guidance,” “project,” “predict,” “believe,” “expect,” “continue,” “anticipate,” “target,” “could,” “plan,” “intend,” “seek,” “goal,” “will,” “should,” “may” or other words and similar expressions that convey the uncertainty of future events or outcomes. Items contemplating or making assumptions about actual or potential future sales, production, drilling locations, capital expenditures, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond NOG’s control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following: changes in crude oil and natural gas prices, the pace of drilling and completions activity on NOG’s

properties and properties pending acquisition, infrastructure constraints and related factors affecting our properties, cost inflation or supply chain disruptions, ongoing legal disputes over and potential shutdown of the Dakota Access Pipeline, NOG's ability to acquire additional development opportunities, integration and benefits of property acquisitions, or the effects of such acquisitions on NOG's cash position and levels of indebtedness, the projected capital efficiency savings and other operating efficiencies and synergies resulting from NOG's acquisition transactions, changes in NOG's reserves estimates or the value thereof, general economic or industry conditions, nationally and/or in the communities in which NOG conducts business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, increasing attention to environmental, social and governance matters, NOG's ability to consummate any pending acquisition transactions (including the transactions described herein), other risks and uncertainties related to the closing of pending acquisition transactions (including the transactions described herein), NOG's ability to raise or access capital, cyber incidents, changes in accounting principles, policies or guidelines, events beyond our control, including a global or domestic health crisis, acts of terrorism, political or economic instability or armed conflict in oil and gas producing regions or elsewhere, and other economic, competitive, governmental, regulatory and technical factors affecting NOG's operations, products and prices.

NOG has based these forward-looking statements on its current expectations and assumptions about future events. While management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond NOG's control. Accordingly, results actually achieved may differ materially from expected results described in these statements. Forward-looking statements speak only as of the date they are made. NOG does not undertake, and specifically disclaims, any duty to update or revise any forward-looking statements to reflect events or circumstances after the date of such statements, except as may be required by applicable law or regulation.

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Source: Northern Oil and Gas, Inc.