5/10/2011

Northern Oil and Gas, Inc. Announces 2011 First Quarter Results, Provides Operations Update and Announces Approval of Stock Repurchase Program

WAYZATA, Minn., May 10, 2011 /PRNewswire/ -- Northern Oil and Gas, Inc. (NYSE/AMEX: NOG) ("Northern Oil") today announced record first quarter oil and gas sales of approximately $27.0 million. Excluding the effect of unrealized, mark-to-market of oil hedges, Northern Oil had net income of $5.9 million, representing $0.09 per fully diluted share. Including the effect of unrealized mark-to-market of oil hedges, Northern Oil had a first quarter net loss of $7.1 million, representing a $0.11 loss per share.

2011 QUARTERLY RESULTS

Oil and gas sales for the first quarter of 2011 were $27.0 million compared to $8.4 million for the first quarter of 2010, representing a 223% increase. These results represent a 13% increase in oil and gas sales during the first quarter of 2011 compared to the fourth quarter of 2010.

Production volumes for the first quarter of 2011 were a quarterly record of 356,622 barrels of oil equivalent ("BOE"), representing a 185% increase compared to the first quarter of 2010 and a 5% increase compared to the fourth quarter of 2010. The first quarter production volumes represent Northern Oil's thirteenth consecutive quarterly increase in production.

First quarter 2011 production consisted of approximately 94% crude oil and 6% associated natural gas and other liquids. Northern Oil exited the first quarter of 2011 with production volumes of approximately 5,413 BOE per day ("BOEPD"). Northern Oil does not include flared and unsold gas volumes in its production figures. During the first quarter of 2011, Northern Oil spud approximately 9.8 net wells and added production from 55 gross (4.98 net) wells. Northern Oil has maintained a 100% drilling success rate in the Williston Basin Bakken and Three Forks trends since the company's inception.

Northern Oil's average realized crude oil sale price for first quarter 2011 was $74.10 per barrel, after taking into account a $9.73 per barrel loss due to the settlement of crude oil derivative contracts. This compares to an average $70.49 per barrel realized price in the fourth quarter of 2010, which took into account a $4.25 per barrel loss due to the settlement of crude oil derivative contracts.

Production expenses for first quarter 2011 were $5.24 per BOE on an accrued basis, compared to $3.15 per BOE on an accrued basis for the first quarter of 2010 and $3.69 per BOE on an accrued basis for the fourth quarter of 2010. The increase in production expense is primarily due to the continued addition of producing oil and gas properties, exposure to new operators and new development areas, an increase in working interests, mature wells utilizing artificial lift and the general aging of our production.

Depletion expense for first quarter 2011 was $6.9 million, or $19.25 per BOE. As such, Northern Oil's first quarter 2011 depletion expense was consistent with its peer group in the Bakken and Three Forks play.

General and Administrative (G&A) expense, net of share based compensation, for first quarter 2011 was $1.4 million, compared to $1.1 million in the fourth quarter of 2010. Share based compensation for the first quarter 2011 was $1.9 million, compared to $835,363 in the fourth quarter of 2010. The increase in share based compensation was primarily due to share issuances related to amended and restated employment agreements which included the extension of non-compete terms from one to three years along with various other modifications.

ADJUSTED EBITDA

Adjusted EBITDA for the first quarter 2011 was $18.6 million, or $0.29 per diluted share, which represents a 190% increase over Adjusted EBITDA of $6.4 million, or $0.14 per diluted share for the first quarter 2010 and a 2% increase compared to the fourth quarter of 2010.

Northern Oil defines Adjusted EBITDA as net income before (i) interest expense, (ii) income taxes, (iii) depreciation, depletion and amortization, (iv) accretion of abandonment liability, (v) pre-tax unrealized gain and losses on commodity risk and (vii) non-cash expenses relating to share-based payments recognized under Accounting Standards Codification (ASC) Topic 718. Net income excluding unrealized mark-to-market hedging gains or losses and Adjusted EBITDA are non-GAAP measures. A reconciliation of these measures to GAAP is included in our accompanying financial tables found later in this release. Northern Oil's management believes the use of non-GAAP financial measures provides useful information to investors to gain an overall understanding of current financial performance. Specifically, management believes the non-GAAP results included herein provide useful information to both management and investors by excluding certain expenses, unrealized commodity gains and losses, and a depletion adjustment that management believes are not indicative of Northern Oil's core operating results. In addition, these non-GAAP financial measures are used by Northern Oil's management for budgeting and forecasting as well as subsequently measuring Northern Oil's performance, and management believes that Northern Oil is providing investors with financial measures that most closely align to its internal measurement processes.

2011 DRILLING AND PRODUCTION GUIDANCE

As of May 9, 2011, Northern Oil held working interests in a total of 395 gross (34.08 net) producing wells. As of May

9, 2011, Northern Oil was also participating in 138 gross (12.94 net) Bakken or Three Forks wells drilling, awaiting completion or completing, meaning Northern Oil has participated in a total of 533 gross wells since its inception.

Northern Oil affirms that it expects to spud approximately 40 net wells throughout 2011 and reaffirms its guidance to produce an average of 6,500 to 7,100 BOEPD in 2011.

Northern Oil continues to develop its core Bakken and Three Forks acreage position at an accelerating pace. According to the North Dakota Industrial Commission, 178 rigs are currently drilling in North Dakota. The significant rig increase in the play continues to accelerate the development of Northern Oil's core acreage position.

2011 CAPITAL EXPENDITURES

Northern Oil expects to drill approximately 40 net wells in 2011 with drilling capital expenditures approximating $252 million. Based on current, yet evolving, conditions in the field, Northern Oil expects to continue to deploy additional funds toward further strategic acreage acquisitions during 2011. Northern Oil currently expects to fund all 2011 drilling commitments using cash-on-hand, cash flow and its undrawn credit facility.

ACREAGE UPDATE

During first quarter 2011, Northern Oil acquired leasehold interests covering an aggregate of 11,514 net mineral acres for an average of $1,601 per net acre and an aggregate of $18.4 million. Of the acquired 11,514 net acres, 3,417 net acres were permitted, under the bit or began producing as of March 31, 2011.

As of March 31, 2011, Northern Oil had 37,226 net acres either held by production or under the bit, which represents approximately 25% of Northern Oil's total Bakken and Three Forks position. Northern Oil expects that approximately 50% of its current acreage will be held by production or under the bit by the end of 2011.

CONTINUING THREE FORKS DELINEATION

Northern Oil recently participated in the Water Moccasin #1-34H, a successful Three Forks test well operated by Slawson Exploration in the southern Mountrail County Windsor project area. Northern Oil controls a 44.14% working interest in the well, which had an initial production rate of 1,490 BOEPD. The well had an initial tubing pressure of 2,800 psi on a 12/64th choke.

On the same drilling pad as the Water Moccasin #1-34H, yet different spacing unit, Slawson Exploration recently completed the Vagabond #1-27H well. The well is a Bakken producer in which Northern Oil controls a 49.04% working interest. The well had an initial production rate of 1,229 BOEPD and an initial tubing pressure of 3,100 psi on an 11/64th choke.

Michael Reger, Chief Executive Officer, commented: "The Water Moccasin and Vagabond results confirm the expanding productivity of the Three Forks formation and the efficiencies gained from pad drilling. Slawson

Exploration has received approval from the North Dakota Industrial Commission to drill six wells per spacing unit in the Windsor project area."

STOCK REPURCHASE PROGRAM

Northern Oil also today announced that its board of directors approved a stock repurchase program to acquire up to $150 million of Northern Oil's outstanding common stock. The stock repurchase program will allow Northern Oil to repurchase its shares from time to time in the open market and in negotiated transactions.

MANAGEMENT COMMENT

Michael Reger, Chief Executive Officer, commented, "With over 25% of our Bakken and Three Forks position developed or under the bit, we believe we are moving ahead at an excellent pace. Importantly, we continue to acquire acreage at prices significantly below levels indicated in recent publicly-announced transactions conducted by other industry participants. We believe our expertise and specialty in non-operated interests continues to yield excellent results and look forward to continuing to add to our acreage inventory throughout 2011. With no debt, cash, receivables and short-term investments of approximately $150 million, we are well positioned to fund the development of our core acreage position in the Bakken and Three Forks play."

RECENT WELL COMPLETIONS

The following table illustrates certain producing wells in which Northern Oil has participated with a working interest ("WI") during 2011.

WELL NAME	OPERATOR	COUNTY/STATE	WI	IP/BOEPD
JEANIE 25-36 #2H	URSA	MCKENZIE, ND	54.58%	1,185
VAGABOND #1-27H	SLAWSON	MOUNTRAIL, ND	49.04%	1,229
HOVDEN FEDERAL #1-20H	SINCLAIR	DUNN, ND	45.72%	1,325
WATER MOCCASIN #1-34H	SLAWSON	MOUNTRAIL, ND	44.14%	1,490
BORSETH #15-22 1H	URSA	MCKENZIE, ND	39.55%	2,015
TVEIT 25-36 #1H	URSA	RICHLAND, MT	39.54%	735
NOVA #4-9-163-98H	SAMSON	DIVIDE, ND	37.50%	601
BANDIT #2-29H	SLAWSON	MOUNTRAIL, ND	26.25%	959
NIELSEN #1-12H	CONTINENTAL	DIVIDE, ND	24.25%	857

SHELL #1-3-34H	HUNT OIL	MOUNTRAIL, ND	23.44%	511
VONA #1-13H	CONTINENTAL	DIVIDE, ND	20.31%	921
ERNEST SCHARCHENKO #34-33H	MARATHON	DUNN, ND	17.57%	400
BONANZA #1-21-16H	SLAWSON	MCKENZIE, ND	14.84%	1,549
MUSKRAT FEDERAL #1-28-33H	SLAWSON	MOUNTRAIL, ND	12.83%	1,453
ZI PAYETTE #10-15H	ZENERGY	MCKENZIE, ND	12.50%	1,323
HOLTE #1-32H	CONTINENTAL	WILLIAMS, ND	12.50%	933
GEORGE TANK #151-96-10C-3-3H	PETRO HUNT	MCKENZIE, ND	12.35%	902
ALMER 31X-6	XTO	WILLIAMS, ND	11.14%	388
BROWN 30-19 #1H	BRIGHAM	MOUNTRAIL, ND	9.25%	2,240
CROWFOOT #35-3031H	EOG	MOUNTRAIL, ND	8.38%	330
TATTU #19-1H	HESS	MCKENZIE, ND	8.21%	1,479
COWDEN #5404 13-35H	OASIS	WILLIAMS, ND	7.65%	1,594
EN-HEINLE #156-94-2536H-3	HESS	MOUNTRAIL, ND	7.29%	600
VIXEN FEDERAL #1-19-30H	SLAWSON	MOUNTRAIL, ND	6.70%	2,218
HELEN 11X-05	XTO	WILLIAMS, ND	6.64%	917
BENNY #1-13H	CONTINENTAL	RICHLAND, MT	6.25%	232
NORWAY #1-5H	CONTINENTAL	MCKENZIE, ND	5.14%	1,429

* The "IP BOEPD" means the initial production ("IP") rate expressed in barrels of oil equivalent per day. The IP rate is the 24-hour "Peak Production Rate." Peak Production Rates may be established following the initial day of production, depending on operator design or well flowback profiles. The IP rate may be estimated based on other third party estimates or limited data available at this time. The IP BOEPD may be computed using crude oil production only, without taking into consideration any associated natural gas production.

The following table illustrates all Bakken and Three Forks wells drilling, awaiting completion or completing in which Northern Oil is participating with a working interest as of May 9, 2011.

WELL NAME	OPERATOR	COUNTY/STATE	WI
BIGHORN #1-6H	SINCLAIR	DUNN, ND	48.79%
MUSTANG #1-22H	SLAWSON	MOUNTRAIL, ND	39.56%
GUNNISON #44-25H	PRIMA	BURKE, ND	39.35%
KANDIYOHI #1-19H	EOG	BURKE, ND	37.47%
STATE JAEGER 1-16-21H-142-94	OXY	DUNN, ND	34.38%
CHARLIE SORENSON 17-8 #1-H	BRIGHAM	MOUNTRAIL, ND	33.58%
OLSON RANCH #1-21-16H	G3 OPERATING	ROOSEVELT, MT	33.00%
YUKON #12-1-163-98H	SAMSON	DIVIDE, ND	32.81%
MOORE #5304 13-1H	OASIS	WILLIAMS, ND	32.70%
HOLLAND #9-19H	NORTH PLAINS	WILLIAMS, ND	32.68%
DENALI #13-24-163-98H	SAMSON	DIVIDE, ND	32.45%
AV-SCHWARTZ-163-93-1102H-1	HESS	BURKE, ND	30.61%
ALAMO #2-19-18H	SLAWSON	MOUNTRAIL, ND	29.98%
CROSBY CREEK #1-5H	SINCLAIR	DUNN, ND	29.63%
BLUE JAY #32-29-163-95H	SAMSON	DIVIDE, ND	29.13%
PORCUPINE #1-19H	SINCLAIR	DUNN, ND	29.02%
DIAMONDBACK #2-21H	SLAWSON	MOUNTRAIL, ND	25.23%
CYCLONE #1-21-16H	SLAWSON	MCKENZIE, ND	25.00%
FREDDY #1-8H	CONTINENTAL	DIVIDE, ND	24.97%
RASCAL #1-18H	SLAWSON	RICHLAND, MT	20.00%
PARADISE #5892 11-30H	OASIS	MOUNTRAIL, ND	18.78%
GOODSON #1-28H	CONTINENTAL	DIVIDE, ND	18.75%

OBENOUR #150-99-21-16-1H NEWFIELD MCKENZIE, ND 18.75%

HARLAN REBSOM #1-2-11H-143-95 OXY DUNN, ND 17.81%

CRUISER #2-16-9H SLAWSON MOUNTRAIL, ND 16.44%

LYNN #5502 11-10H OASIS WILLIAMS, ND 15.68%

CLEO 31X-5 XTO WILLIAMS, ND 14.33%

SHORT PRAIRIE #7-1201H EOG WILLIAMS, ND 13.26%

LOSTWOOD #1-1201H EOG MOUNTRAIL, ND 12.52%

LOSTWOOD #18-1224H EOG MOUNTRAIL, ND 12.52%

LOSTWOOD #19-1324H EOG MOUNTRAIL, ND 12.52%

MATTER STATE #3-17H CORNERSTONE BURKE, ND 12.50%

ALLEN 21X-17 XTO WILLIAMS, ND 11.90%

FERTILE #28-26H EOG MOUNTRAIL, ND 11.88%

HUNTER #1-8-17 SLAWSON MOUNTRAIL, ND 11.74%

HUNTER #2-8-17H SLAWSON MOUNTRAIL, ND 11.74%

MUSTANG #7-6-163-98H SAMSON DIVIDE, ND 11.72%

ALBERTINE 21X-2 XTO WILLIAMS, ND 11.52%

LOSTWOOD #20-1123H EOG MOUNTRAIL, ND 11.51%

LOSTWOOD #21-1402H EOG MOUNTRAIL, ND 11.51%

LOSTWOOD #22-1423H EOG MOUNTRAIL, ND 11.51%

LOSTWOOD #6-1102H EOG MOUNTRAIL, ND 11.51%

SUBMARINER FEDERAL #1-23-24H SLAWSON MOUNTRAIL, ND 10.89%

BATTALION #1-3H SLAWSON ROOSEVELT, MT 10.15%

KOSTELNAK #28-1H HESS DUNN, ND 10.00%

HOLM #9-4 1-H BRIGHAM MOUNTRAIL, ND 9.75%

EN-WEFALD 156-94-1324H-2 HESS MOUNTRAIL, ND 9.38%

EN-WEFALD 156-94-1324H-3 HESS MOUNTRAIL, ND 9.38%

FRANCHUK 44-20SWH	ENCORE	DUNN, ND	9.38%	
UXBRIDGE #2-9H	CONTINENTAL	DIVIDE, ND	9.04%	
ORCA FEDERAL #1-23-26H	SLAWSON	MOUNTRAIL, ND	8.44%	
FORT BERHOLD 152-94-14C-11-1H	PETRO HUNT	MCKENZIE, ND	8.10%	
HARDSCRABBLE #13-3526H	EOG	WILLIAMS, ND	7.81%	
RELLA #18-19H	ZENERGY	WILLIAMS, ND	7.26%	
ROSENVOLD #1-30H	CONTINENTAL	DIVIDE, ND	6.44%	
VARDON #1-14H	CONTINENTAL	MCKENZIE, ND	6.37%	
KANDIYOHI #5-3031H	EOG	BURKE, ND	6.36%	
BUCKLEY #1-9H	CONTINENTAL	RICHLAND, MT	6.25%	
JACOBSON #8-33H	CORNERSTONE	BURKE, ND	5.86%	
JACOB MADISON #11-27H	MARATHON	MOUNTRAIL, ND	5.78%	
KOESER 41-15 SWH	ENCORE	MCKENZIE, ND	5.59%	
ELK USA #11-17H	MARATHON	MOUNTRAIL, ND	5.57%	
DAGGER #1-10H	SLAWSON	DUNN, ND	5.30%	
RUTLEDGE #1-32H	CONTINENTAL	DUNN, ND	4.97%	
LAMEY #1-30-31H-143-96	OXY	DUNN, ND	4.95%	
BUFFALO #34-12H	MARATHON	DUNN, ND	4.91%	
SCHA 33-34 #1-H	BRIGHAM	MOUNTRAIL, ND	4.88%	
STENEHJEM 27-34 #1H	ABRAXAS	WILLIAMS, ND	4.87%	
BRUCE 5-8 #1H	ZAVANNA	WILLIAMS, ND	4.69%	
SHELL #1-35-26H	HUNT OIL	MOUNTRAIL, ND	4.66%	
EN-CHARLES WOOD 157-94-1720H-1	HESS	MOUNTRAIL, ND	4.61%	
POMERAL STATE #7-36H	CORNERSTONE	BURKE, ND	4.50%	
WIZARD #2-35H	SLAWSON	MOUNTRAIL, ND	4.50%	
FIELD TRUST 7-6 #1-H	BRIGHAM	WILLIAMS, ND	4.28%	

JAGUAR #2-32H	SLAWSON	MOUNTRAIL, ND	4.22%
NIGHTCRAWLER #2-17H	SLAWSON	MOUNTRAIL, ND	4.20%
OXY OLSON #160-90-10-P-1H	OXY	BURKE, ND	4.17%
AMBUSH #1-31-30H	SLAWSON	WILLIAMS, ND	3.96%
MONTAGUE #5501 13-3H	OASIS	WILLIAMS, ND	3.95%
JOHNSON #44-32H	MARATHON	MOUNTRAIL, ND	3.87%
ROSS #27-2728H	EOG	MOUNTRAIL, ND	3.75%
SOVIG #150-100-22C-15-1H	PETRO HUNT	MCKENZIE, ND	3.59%
GENESIS #2-13H	SLAWSON	MOUNTRAIL, ND	3.44%
FERTILE #19-29H	EOG	MOUNTRAIL, ND	3.38%
WALLACE #7-1H	HESS	DUNN, ND	3.27%
L. TUFTO 7-6#1-H	BRIGHAM	WILLIAMS, ND	3.24%
BAGLEY #4-30H	SM ENERGY	DIVIDE, ND	3.20%
MEIERS #5692 11-19H	OASIS	MOUNTRAIL, ND	3.17%
LEE #34-31 NWH	DENBURY	MCKENZIE, ND	3.16%
GO-ALASKON-156-97-3427H-1	HESS	WILLIAMS, ND	3.13%
GO-SOINE A-156-97-3229H-1	HESS	WILLIAMS, ND	3.13%
KOUFAX #3-10 1H	ZAVANNA	MCKENZIE, ND	3.13%
WANNEMACHER 1-4-9H-142-95	OXY	DUNN, ND	3.13%
WOODROW 24X-32	XTO	WILLIAMS, ND	3.12%
NELSON #2-26H	SINCLAIR	MOUNTRAIL, ND	3.11%
WARDNER #24-35H	MARATHON	DUNN, ND	3.09%
GLENDON #1-17H	CONTINENTAL	WILLIAMS, ND	3.05%
JUGHEAD FEDERAL #2-26H	SLAWSON	MOUNTRAIL, ND	2.81%
VERLYN STROMMEN #34-8H	MARATHON	DUNN, ND	2.50%
STORVIK 7-6 #1H	URSA	RICHLAND, MT	2.35%

DORIS 21X-5 XTO WILLIAMS, ND 2.28%

EN-TRINITY 154-93-2833H-2 HESS MOUNTRAIL, ND 2.28%

EN-TRINITY 154-93-2833H-3 HESS MOUNTRAIL, ND 2.28%

BARMAN #15-7H HESS WILLIAMS, ND 2.25%

DAKOTA-3 ELK #16-21H ZENERGY MOUNTRAIL, ND 2.15%

CLEAR WATER #1-24-25H HUNT MOUNTRAIL, ND 2.08%

HOVDE 33-4 #1H BRIGHAM MCKENZIE, ND 2.08%

SIDONIA #44-2821H EOG MOUNTRAIL, ND 1.79%

CHARLOTTE #1-22H CONTINENTAL MCKENZIE, ND 1.68%

MONT #3-3403H EOG WILLIAMS, ND 1.67%

JOHNSRUD #1-1H SM ENERGY MCKENZIE, ND 1.67%

DRONE #1-34-27H SLAWSON DUNN, ND 1.59%

LIBERTY LR #17-11H EOG MOUNTRAIL, ND 1.59%

HARTMAN #14-32H MARATHON DUNN, ND 1.57%

TILTON #34-7H CONOCO DUNN, ND 1.53%

JORGENSON #158-94-11D-2-1H PETRO HUNT MOUNTRAIL, ND 1.49%

THIEL 2 11X-12 XTO RICHLAND, MT 1.47%

EN-CVANCARA A-155-93-3231H-1 HESS MOUNTRAIL, ND 1.39%

KLOSE #24-1H HESS MCKENZIE, ND 1.35%

FERTILE #45-29H EOG MOUNTRAIL, ND 1.25%

HELLAND #15-19H AMERICAN WILLIAMS, ND 1.25%

JAMES HILL #9-0112H EOG MOUNTRAIL, ND 1.25%

EN-CHAMLEY 156-93-0508H-1 HESS MOUNTRAIL, ND 1.23%

RANSOM #44-31H CONOCO MCKENZIE, ND 1.19%

AMY ELIZABETH #11-2H ARSENAL MOUNTRAIL, ND 1.13%

HAGEN #23-13H TRUE OIL MCKENZIE, ND 1.11%

CLEARWATER #24-3025H	EOG	MOUNTRAIL, ND	1.02%
DEBBIE BAKLENKO USA #12-26H	MARATHON	MCKENZIE, ND	1.00%
HAUSTVEIT 42X-10	XTO	WILLIAMS, ND	0.94%
RMJK #31-26H	MARATHON	MOUNTRAIL, ND	0.94%
LUCY FLECKENSTEIN #34-20H	MARATHON	DUNN, ND	0.78%
SOLBERG #15-8H	HESS	WILLIAMS, ND	0.78%
KALIL FARM 14-23 #1H	BRIGHAM	WILLIAMS, ND	0.68%
EN-FRANDSON 154-93-2116H-2	HESS	MOUNTRAIL, ND	0.61%
EN-FRANDSON 154-93-2116H-3	HESS	MOUNTRAIL, ND	0.61%
DEVON #5601 12-17H	OASIS	WILLIAMS, ND	0.56%
MARTENS #2-5H	SINCLAIR	MOUNTRAIL, ND	0.56%
CANNONBALL FEDERAL #2-27-34H	SLAWSON	MOUNTRAIL, ND	0.55%

FIRST QUARTER EARNINGS RELEASE TELECONFERENCE CALL

In conjunction with Northern Oil's release of its financial and operating results, investors, analysts and other interested parties are invited to listen to a conference call with management on Tuesday, May 10, 2011 at 10:00 a.m. Central Daylight Time. Details for the conference call are as follows:

Dial-In Number: (866) 847-7864 (US/Canada) and (703) 639-1430 (International)

Conference ID: 1528973 - Northern Oil and Gas First Quarter Earnings Release

Replay Dial-In Number: (866) 837-8032 (US/Canada)

Replay Access Code: 1528973 - Replay will be available through May 24th, 2011

ABOUT NORTHERN OIL AND GAS

Northern Oil and Gas, Inc. is an exploration and production company based in Wayzata, Minnesota. Northern Oil's core area of focus is the Williston Basin Bakken and Three Forks play in North Dakota and Montana.

More information about Northern Oil and Gas, Inc. can be found at **www.NorthernOil.com**.

SAFE HARBOR

This press release contains forward-looking statements regarding future events and our 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 report regarding our financial position, business strategy, plans and objectives of management for future operations, industry conditions, and indebtedness covenant compliance are forward-looking statements. When used in this report, forward-looking statements are generally accompanied by terms or phrases such as "estimate," "project," "predict," "believe," "expect," "anticipate," "target," "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, 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 our Company's control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following, general economic or industry conditions, nationally and/or in the communities in which our Company conducts business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting our Company's operations, products, services and prices.

We have based these forward-looking statements on our current expectations and assumptions about future events. While our 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 our control.

CONTACT:

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CONDENSED BALANCE SHEETS

MARCH 31, 2011 AND DECEMBER 31, 2010

ASSETS

	March 31, 2011 (UNAUDITED)	December 31, 2010
CURRENT ASSETS		
Cash and Cash Equivalents	$ 99,705,160	$ 152,110,701
Trade Receivables	27,027,334	22,033,647
Prepaid Drilling Costs	15,350,719	13,225,650
Prepaid Expenses	396,474	345,695
Other Current Assets	753,661	475,967
Short - Term Investments	24,866,660	39,726,700
Deferred Tax Asset	11,884,000	5,100,000
Total Current Assets	179,984,008	233,018,360
PROPERTY AND EQUIPMENT		
Oil and Natural Gas Properties, Full Cost Method of Accounting		
Proved	202,071,631	158,846,475
Unproved	157,678,911	136,135,163
Other Property and Equipment	2,499,699	2,479,199
Total Property and Equipment	362,250,241	297,460,837
Less - Accumulated Depreciation and Depletion	29,084,148	22,152,356

Total Property and Equipment, Net	333,166,093	275,308,481
DEBT ISSUANCE COSTS	1,277,732	1,367,124
Total Assets	$ 514,427,833	$ 509,693,965
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 28,531,576	$ 48,500,204
Accrued Expenses	439,790	2,829
Derivative Liability	27,954,596	11,145,319
Other Liabilities	18,574	18,574
Total Current Liabilities	56,944,536	59,666,926
LONG-TERM LIABILITIES		
Revolving Line of Credit	-	-
Derivative Liability	9,221,859	5,022,657
Other Noncurrent Liabilities	563,127	477,900
Total Long-Term Liabilities	9,784,986	5,500,557
DEFERRED TAX LIABILITY	11,247,000	9,167,000
Total Liabilities	77,976,522	74,334,483
STOCKHOLDERS' EQUITY		
Preferred Stock, Par Value $.001; 5,000,000 Authorized, No Shares Outstanding	-	-

Common Stock, Par Value $.001; 95,000,000 Authorized, 63,135,424 Outstanding (12/31/2010 – 62,129,424 Shares Outstanding)	63,135	62,129
Additional Paid-In Capital	436,920,522	428,484,092
Retained Earnings	701,350	7,759,192
Accumulated Other Comprehensive Income (Loss)	(1,233,696)	(945,931)
Total Stockholders' Equity	436,451,311	435,359,482
Total Liabilities and Stockholders' Equity	$ 514,427,833	$ 509,693,965

NORTHERN OIL AND GAS, INC.

CONDENSED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED)

	Three Months Ended March 31,	
	2011	2010
REVENUES		
Oil and Gas Sales	$ 27,041,621	$ 8,368,847

Loss on Settled Derivatives	(3,262,056)	(176,983)
Mark-to-Market of Derivative Instruments	(21,278,629)	(990,816)
Other Revenue	25,813	20,466
	2,526,749	7,221,514
OPERATING EXPENSES		
Production Expenses	2,016,356	332,330
Production Taxes	2,615,864	645,866
General and Administrative Expense	3,290,589	1,706,968
Depletion of Oil and Gas Properties	6,863,479	1,883,605
Depreciation and Amortization	68,313	24,630
Accretion of Discount on Asset Retirement Obligations	4,730	3,537
Total Expenses	14,859,331	4,596,936
(LOSS) INCOME FROM OPERATIONS	(12,332,582)	2,624,578
OTHER INCOME (EXPENSE)	767,040	(87,948)
(LOSS) INCOME BEFORE INCOME TAXES	(11,565,542)	2,536,630
INCOME TAX (BENEFIT) PROVISION	(4,507,700)	977,000
NET (LOSS) INCOME	$ (7,057,842)	$ 1,559,630

Net (Loss) Income Per Common Share - Basic	$ (0.11)	$ 0.04
Net (Loss) Income Per Common Share - Diluted	$ (0.11)	$ 0.04
Weighted Average Shares Outstanding – Basic	63,000,113	44,098,553
Weighted Average Shares Outstanding - Diluted	63,000,113	44,544,469

NORTHERN OIL AND GAS, INC.

CONDENSED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(UNAUDITED)

	Three Months Ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income	$ (7,057,842)	$ 1,559,630
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by		
(Used for) Operating Activities:		
Depletion of Oil and Gas Properties	6,863,479	1,883,605

Depreciation and Amortization	68,313	24,630
Amortization of Debt Issuance Costs	89,392	150,398
Accretion of Discount on Asset Retirement Obligations	4,730	3,537
Income Tax (Benefit) Provision	(4,510,000)	977,000
Net (Gain) Loss on Sale of Available for Sale Securities	(459,998)	104,217
Net Unrealized Loss on Derivative Instruments	21,278,629	990,816
Amortization of Deferred Rent	(4,644)	(4,643)
Share - Based Compensation Expense	1,858,171	813,297
Changes in Working Capital and Other Items:		
Increase in Trade Receivables	(4,993,687)	(968,924)
Increase in Other Receivables	-	(237,877)
Increase in Prepaid Expenses	(50,779)	(65,741)
Increase in Other Current Assets	(277,694)	(111,971)
(Decrease) Increase in Accounts Payable	(19,968,628)	7,076,193
Decrease in Accrued Expenses	(263)	(45,601)
Net Cash (Used For) Provided By Operating Activities	(7,160,821)	12,148,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Other Equipment and Furniture	(20,500)	(30,360)
Increase in Prepaid Drilling Costs	(2,125,069)	(4,495,200)
Proceeds from Sale of Oil and Gas Properties	-	237,877
Purchase of Available for Sale Securities	(18,381,690)	-
Proceeds from Sale of Available for Sale Securities	32,949,813	7,639,783
Purchase of Oil and Gas Properties	(59,167,274)	(22,077,340)

Net Cash Used For Investing Activities	(46,744,720)	(18,725,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Line of Credit	-	(803,115)
Advances on Revolving Credit Facility	-	2,300,000
Proceeds from Exercise of Warrants	1,500,000	-
Net Cash Provided by Financing Activities	1,500,000	1,496,885
NET DECREASE IN CASH AND CASH EQUIVALENTS	(52,405,541)	(5,079,789)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	152,110,701	6,233,372
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 99,705,160	$ 1,153,583
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Period for Interest	$ -	$ 26,515
Cash Paid During the Period for Income Taxes	$ 2,300	$ -
Non-Cash Financing and Investing Activities:		
Purchase of Oil and Gas Properties through Issuance of Common Stock	$ -	$ 99,475
Payment of Compensation through Issuance of Common Stock	$ 7,374,660	$ 1,655,747
Capitalized Asset Retirement Obligations	$ 85,141	$ 16,158

USE OF NON GAAP FINANCIAL MEASURES

Northern Oil and Gas, Inc.

Reconciliation of Adjusted EBITDA

	Three Months Ended	
	March 31, 2011	March 31, 2010
Net Income (Loss)	$ (7,057,842)	$ 1,559,630
Add Back:		
Income Tax Provision (Benefit)	(4,507,700)	977,000
Depreciation, Depletion, Amortization, and Accretion	6,936,522	1,911,772
Share Based Compensation	1,858,171	813,297

Mark-to-Market Derivative Instruments	21,278,629	990,816
Interest Expense	120,642	165,193
Adjusted EBITDA	$ 18,628,422	$ 6,417,708
Adjusted EBITDA Per Common Share - Basic	$ 0.30	$ 0.15
Adjusted EBITDA Per Common Share - Diluted	$ 0.29	$ 0.14
Weighted Average Shares Outstanding – Basic	63,000,133	44,098,553
Weighted Average Shares Outstanding - Diluted	63,246,984	44,544,469

Northern Oil and Gas, Inc.

Reconciliation of Adjusted EBITDA Per Common Share – Basic

	Three Months Ended	
	March 31, 2011	March 31, 2010

Net (Loss) Income Per Common Share - Basic (As Reported)	$ (0.11)	$ 0.04
Add Back:		
Income Tax (Benefit)Provision	(0.07)	0.02
Depreciation, Depletion, Amortization, and Accretion	0.11	0.04
Share Based Compensation	0.03	0.02
Mark-to-Market Derivative Instruments	0.34	0.02
Interest Expense	0.00	0.01
Adjusted EBITDA Per Common Share - Basic (Adjusted for Non-GAAP Measurements)	$ 0.30	$ 0.15

Northern Oil and Gas, Inc.

Reconciliation of Adjusted EBITDA Per Common Share - Diluted

	Three Months Ended	
	March 31, 2011	March 31, 2010
Net (Loss) Income Per Common Share - Diluted (As Reported)	$ (0.11)	$ 0.04
Add Back:		
Income Tax (Benefit) Provision	(0.07)	0.02
Depreciation, Depletion, Amortization, and Accretion	0.11	0.04
Share Based Compensation	0.03	0.02
Mark-to-Market Derivative Instruments	0.33	0.02
Interest Expense	0.00	0.00
Adjusted EBITDA Per Common Share - Diluted (Adjusted for Non-GAAP Measurements)	$ 0.29	$ 0.14

Northern Oil and Gas, Inc.

Reconciliation of GAAP Net Income to Net Income Excluding

Unrealized Mark-to-Market Hedging Losses

	Three Months Ended	
	March 31, 2011	March 31, 2010
Net (Loss) Income	$ (7,057,842)	$ 1,559,630
Mark-to-Market of Derivative Instruments	21,278,629	990,816
Tax Impact	(8,299,000)	(378,000)
Net Income without Effect of Certain Items	$ 5,921,787	$ 2,172,446
Net Income Per Common Share - Basic	$ 0.09	$ 0.05
Net Income Per Common Share - Diluted	$ 0.09	$ 0.05
Weighted Average Shares Outstanding – Basic	63,000,113	44,098,553
Weighted Average Shares Outstanding - Diluted	63,246,984	44,544,469

Net (Loss) Income Per Common Share - Basic	$ (0.11)	$ 0.04
Change due to Mark-to-Market of Derivative Investments	0.34	0.02
Change due to Tax Impact	(0.14)	(0.01)
Net Income without Effect of Certain Items Per Common Share - Basic	$ 0.09	$ 0.05
Net Income Per Common Share - Diluted	$ (0.11)	$ 0.04

(As Reported)

Change due to Mark-to-Market of Derivative Investments	0.34	0.02
Change due to Tax Impact	(0.14)	(0.01)
Net Income without Effect of Certain Items Per Common Share - Diluted	$ 0.09	$ 0.05

SOURCE Northern Oil and Gas, Inc.

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