NOG Announces Joint Acquisition with SM Energy; Entering the Uinta Basin with the Largest Transaction in Company History; Highly Accretive to Key Financial Metrics

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HIGHLIGHTS

- SM Energy Company ("SM"), with NOG as its non-operated partner, purchasing the Uinta Basin assets (the "XCL Assets") of XCL Resources, LLC, an EnCap Portfolio Company, for a combined unadjusted purchase price of $2.55 billion in cash
- NOG to acquire a 20% undivided stake in the XCL Assets (the "Acquired Assets") for $510.0 million in cash (all data below is net to NOG)
- Current production of >10,500 Boe per day (2-stream, excluding NGLs, >85% oil)
- ~9,300 net acres, located primarily in Duchesne and Uintah Counties, Utah
- Over a decade of Tier 1 drilling with 97.6 net underwritten undeveloped locations, with significant future upside from additional zones and infill development
- Next twelve months unhedged cash flow from operations, post-closing (assuming 10/1/24 start date) expected to be >$170 million, based on recent strip prices, representing a transaction multiple of <3.0x
- Strong free cash flow profile with >$85 million expected over the next twelve months (assuming 10/1/24 start date)
- NOG to fund transaction with cash flow from operations, cash on hand and borrowings under NOG's Senior Secured Revolving Credit Facility

Northern Oil and Gas Inc. (NYSE: NOG) (the "Company" or "NOG") today announced that it has entered into a definitive agreement to acquire a 20% undivided stake in the XCL Assets in partnership with SM Energy Company for a purchase price, net to NOG, of $510.0 million in cash, subject to customary closing adjustments.

The Acquired Assets are located primarily in Uintah and Duchesne Counties, Utah and include approximately 9,300 net acres and 97.6 underwritten net undeveloped locations, normalized for 10,000 foot laterals. Significant additional upside locations remain in the Deep and Upper Cube. The prospective development plan is based on conservative and widened spacing from the current operator. The Company sees substantial return upside from increased lateral lengths (extending to 3-miles) and cost savings from an integrated co-owned sand mine facility scheduled to come online within twelve months.

Upon closing and transition of services, the operator of substantially all of the assets will be SM, with NOG participating in development pursuant to cooperation and joint development agreements entered into in connection with the acquisition.

Recent production on the Acquired Assets was >10,500 Boe per day (2-stream, >85% oil). Post-closing in 2024, NOG expects average production of >10,000 Boe per day (2-stream, >85% oil) and approximately $45 million of capital expenditures. Long term, NOG expects SM to turn in line an average of approximately 7 - 9 wells annually net to NOG, which is expected to sustain production at >10,000 Boe per day (2-stream, >85% oil).

The effective date for the transaction is May 1, 2024, and SM and NOG expect to close the transaction in late Q3 or early Q4 2024. As part of the transaction, NOG has placed a $25.5 million deposit in escrow prior to closing. The obligations of the parties to complete the acquisition are subject to the satisfaction or waiver of customary closing conditions.

MANAGEMENT COMMENTS

"NOG continues to further define itself as the preeminent national, non-operated franchise, with low leverage, growing cash returns, diversified by both region and commodity mix. The XCL acquisition is consistent with our strategy of investing in the highest quality assets, with significant upside and long-dated inventory, developed and run by leading operators," commented Nick O'Grady, NOG's Chief Executive Officer. "The Uinta Basin has emerged as one of the best and fastest growing oil resources in the United States, and SM has a track record as one of our best and most responsible operators. We look forward to working with them for many years to come. We believe this transaction will be the most accretive in our history, benefiting per share net profit and free cash flow both immediately and over time."

"With XCL, we are acquiring a multi-stacked pay acreage position with significant long-term upside," commented Adam Dirlam, NOG's President. "These assets are exemplary of our returns-focused strategy: delivering immediately while offering significant exploration potential further enhancing NOG's optionality. Much like our prior joint development transactions, we have devised an aligned, conservative development and governance plan with a proven E&P company. We continue to be the partner of choice for our operators as the largest, best capitalized and most reliable working interest owner in the United States."

ADVISORS

RBC Capital Markets is serving as financial advisor to NOG for the acquisition. Jefferies LLC is serving as sole financial advisor to XCL.

Kirkland & Ellis LLP is serving as legal counsel to NOG. Vinson & Elkins LLP is serving as legal counsel to XCL.

PRE-RECORDED DISCUSSION

NOG has posted a pre-recorded discussion and investor presentation regarding this announcement on its website. You can access the pre-recorded discussion here: XCL Joint Acquisition.

ABOUT NOG

NOG is a real asset company with a primary strategy of acquiring and investing in non-operated minority working and mineral interests in the premier hydrocarbon producing basins within the contiguous United States. More information about NOG can be found at www.noginc.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, operating and financial performance, business strategy, dividend plans and practices, 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 NOG's 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, potential or pending acquisition transactions (including the transactions described herein), the projected capital efficiency savings and other operating efficiencies and synergies resulting from NOG's acquisition transactions, integration and benefits of property acquisitions, or the effects of such acquisitions on NOG's cash position and levels of indebtedness; changes in NOG's reserves estimates or the value thereof; disruption to NOG's business due to acquisitions and other significant transactions; 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 NOG's 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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