Northern Oil & Gas, Inc. [NOG] – Energy – MC: $2.41B

Information as of October 01, 2025 except when noted otherwise

Company Profile

Overview: Northern Oil & Gas, Inc. (the "Company") engages in the acquisition, exploration, development, and production of crude oil and natural gas properties as the largest publicly traded non-operated upstream energy investment platform in the United States. The Company was founded by Michael Lewis Reger in 2006 and is headquartered in Minnetonka, MN. Its business model emphasizes scale, diversification across basins, and disciplined capital allocation to generate strong returns for shareholders. NOG's portfolio spans approximately 300,000 net acres, primarily in four key U.S. basins: the Williston Basin (North Dakota and Montana, 45% of production), Permian Basin (Texas and New Mexico, 31% of production), Uinta Basin (Utah, 9% of production), and Appalachian Basin (Ohio and Pennsylvania, 15% of production). As of mid-2025, the Company reports average daily production of around 134,000 barrels of oil equivalent (BOE) per day, with roughly 57-58% consisting of oil. For the trailing twelve months (TTM) ending June 30, 2025, NOG generated approximately $2.22 billion in revenue, primarily from oil (70-80%) and natural gas (20-30%) sales, reflecting a year-over-year growth of about 15.5% from $1.93 billion. The Company's growth strategy centers on accretive acquisitions, organic development through partnerships with top-tier operators, and returning capital to shareholders via dividends and share repurchases. In 2025, NOG has continued to expand through targeted smaller deals, such as a joint venture in the Midland Basin, while maintaining a focus on debt reduction and free cash flow generation.

Investment Thesis: Northern Oil & Gas offers a unique opportunity in the energy sector for income-oriented clients seeking defensible and high dividend yields at an attractive valuation. Since Q1 2022, NOG has restructured, reinvented, and diversified itself as an established investment platform for non-operated minority working and mineral interests in oil and natural gas properties. Despite its novel market position, the Company's stock price has been dragged down alongside several other midcap upstream operators (compared below) which have experienced pessimistic investor sentiment due to low and volatile oil prices, elevated operating costs, supply chain pressures, and reduced growth activities. This dynamic has resulted in the Company trading at a forward P/E of 5.5x – below the industry average of 7.95x – while maintaining a forward dividend yield of 7.26%, in range of the week following President Trump's Liberation Day.

The Company's fundamentals differentiate it from its upstream operator peers. Its business model minimizes operational risks and CAPEX intensity thereby allowing it to focus on growing to a national scale with commodity and geographic diversification. This is demonstrated by its industry leading margin profile and return on equity as well as its ability to consistently grow free cash flow over time and through commodity price cycles. Recently, the Company has prudently began to slow its operational tempo due to a decline in third-party operator activity and industry-wide macro uncertainty. This emphasizes Northern Oil & Gas' superior capital allocation flexibility which keeps costs limited to drilling, completion, and acreage and enables it to "cherry-pick" from over 100 third-party operators across 4 basins.

However, risk remains heightened in NOG's current operating environment. The prices of oil and natural gas have been in a gradual downtrend since July 2022 and could remain suppressed in large part due to the Trump administration's economic and geopolitical policies. The Company will need to remain keenly focused on its operational efficiencies and hedging activities to maintain its uptrend in annual free cash flow and commitment to a growing dividend and shareholder returns. NOG's business model comes with the inherent risk of it being highly dependent on the success of third-party operators. Therefore, it is incumbent upon management to preserve the selection quality and, when possible, increase the diversification of them.

Key Personnel: Director/CEO: Nicholas O'Grady, President: Adam Dirlam, CFO: Chad Allen, CTO: James Evans

Notable Insider Transactions:
03/07/2025: Purchase of 1,000 common stock at $27.48 per share by Nicholas O'Grady (2nd ever, 0.3% of NW)
03/03/2025: Purchase of 1,500 common stock at $28.59 per share by Nicholas O'Grady (1st ever, 0.4% of NW)
*No other aforementioned key personnel made purchases of common stock, likely due to frequent stock awards.
**Nicholas O'Grady's net worth is estimated to be $10M.

Recent Events:
09/29/2025: Tender offer for the 8.125% Senior Notes due 2028 results in 97% or $684.9M tendered from holders
08/25/2025: Recognized in Newsweek's America's Greatest Companies 2025 List
07/31/2025: 2Q25 earnings call, double beat but reduced operator activity led to lowered 2025 guidance

Financial Performance

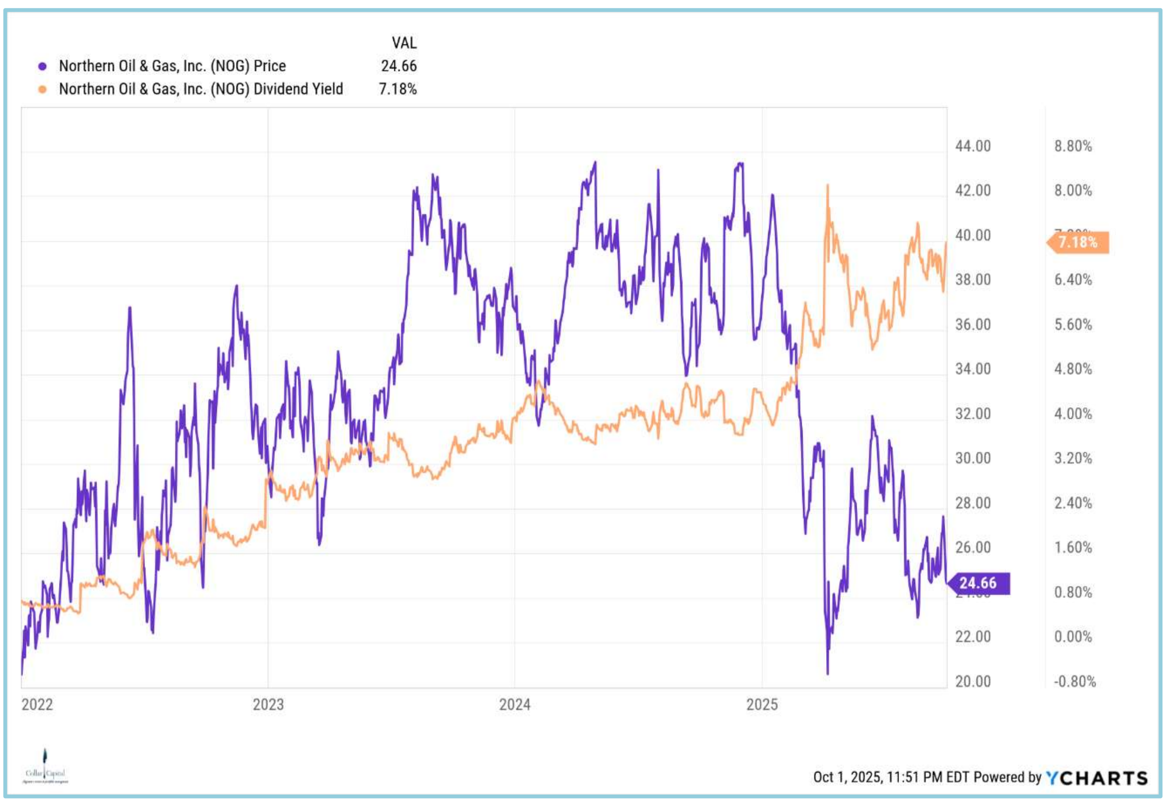
Annualized Performance Metrics: 1Y: -25.71%, 3Y: 1.46%, 5Y: 38.68%

Key Financials (TTM): Rev.: $2.22B (15.5% YoY), Net Inc.: $608.71M (-27.3% YoY), EPS: $6.07 (-27.2% YoY)

Valuation: P/E Ratio (Fwd): 5.5x vs. Industry Avg: 7.95x, P/B Ratio: 1.0x, P/S Ratio: 1.1x

Companies	NOG	Chord Energy	Civitas Resources	SM Energy
P/E Ratio (1yr)	5.5x	11.1x	6.4x	4.5x
P/E Ratio (2yr)	7.9x	11.9x	6.5x	5.7x
PEG Ratio (5yr)	0.56x	N/A	0.23x	0.16x
Dividend Yield (Fwd)	7.26%	5.23%	6.15%	3.20%

Dividends: Forward Yield: 7.26%, Payout Ratio (TTM): 28.69%



Price Chart (Since 01/2022 Daily; D-SMA 50, D-SMA 200, W-SMA 200, 90D correlation w/ Crude Oil):

Investment Outlook

Key Growth Drivers:

Prudent & Data Driven Capital Allocation

Nick and Adam have professionally grown with NOG over the last 7 and 16 years, respectively. They were instrumental in its restructuring efforts from 2018 – 2022 and gained invaluable industry and dealmaking knowledge in the process. The management team's experience and wisdom continue to be demonstrated in their decisions on capital allocation and shareholder returns. Recently, the Company has been guiding towards a Net Debt to LTM Adj. EBITDA ratio of 1.00x and has maintained that ratio at 1.39x for the previous two quarters. Last quarter it closed on $31.1M (22 deals) of highly accretive Ground Game across all basins, yet the Company continues to maintain a record backlog of M&A opportunities, up 40% QoQ, along with $1.1B of available liquidity, a material increase from the prior quarter. In support of preserving informed and objective decision-making, the Company maintains an internal and proprietary data science system called Drakkar which was developed in partnership with Palantir (unofficially announced) and other tech industry leaders.

Deregulation & Permitting Acceleration

The second Trump administration has implemented a series of executive orders and policies aimed at prioritizing fossil fuel production, including oil and natural gas, which directly align with Northern Oil & Gas' upstream exposure in key U.S. basins. Core initiatives include Executive Order on "Unleashing American Energy" (January 20, 2025), which directs federal agencies to review and rescind regulations burdening domestic energy development, with a focus on oil, natural gas, and expedited permitting under the National Environmental Policy Act (NEPA). Additional actions, such as EO 14261 (April 8, 2025) promoting coal and nuclear alongside oil/gas, and efforts to remove state-level impediments to energy projects, emphasize deregulation and increased drilling on federal lands. These policies are particularly relevant to NOG's portfolio: the Williston, Uinta, and Permian Basins (oil-heavy) stand to gain from faster federal permitting and deregulation on public lands, while the Appalachian Basin (gas-focused) may benefit from streamlined pipeline approvals. Policies expediting NEPA reviews and federal leasing could increase well completions in NOG's core basins, boosting production volumes by 5-10% if third-party operating partners capitalize on eased restrictions.

Hedging & Cost Efficiencies

Given Nick's investment banking and hedge fund experience, both with oil and gas industry coverage, he has led the creation and execution of the Company's hedging strategies. The Company utilizes various commodity price derivative instruments to (i) reduce the effects of volatility in price changes on the crude oil and natural gas commodities it produces and sells, (ii) reduce commodity price risk, and (iii) provide a base level of cash flow to assure it can execute at least a portion of its capital spending. In addition, from time to time the Company utilizes interest rate swaps to mitigate exposure to changes in interest rates on the Company's variable-rate indebtedness. NOG continues to execute a strategy built around the safeguard of returns during a commodity down-cycle, while retaining flexibility to capture the opportunistic upside. In addition to its hedging strategies, NOG has consistently delivered higher volumes while maintaining efficient G&A expense. NOG's G&A per BOE is among the lowest of its E&P peers; even after nearly doubling its headcount over the last 24 months to ~60 employees. This can be partially credited to Adam's battle-tested experience with the Company and engineering expertise of CTO James Evans.

Key Risks:

Concentrated Third-Party Operators

As a non-operator, 100% of NOG's wells are operated by third-party operating partners. As a result, the Company is highly dependent on the success of these third-party operators. If they are not successful in the exploration, development and production activities relating to the Company's leasehold interests, or are unable or unwilling to perform, the Company's financial condition and results of operations could be adversely affected. These risks are heightened in a low commodity price environment, which may present significant challenges to these third-party operators. The Company's third-party operators will make decisions in connection with their operations that may not be in the Company's best interests, and the Company may have little or no ability to exercise influence over the operational decisions of its third-party operators. For the three months ended June 30, 2025, the Company's top four operators (Permian Resources, EQT, SM Energy, Mewbourne Oil) made up 41% of total oil and natural gas sales, with two operators comprising more than 10% but less than 15%. For the three months ended June 30, 2024, the Company's top four operators made up 39% of total oil and natural gas sales, with one operator comprising more than 10% but less than 15%. The Company faces concentration risk because substantially all its oil and natural gas revenue is sourced from a limited number of geographic areas of operations. As a result, the Company is disproportionately exposed to risks that affect one or more of those areas in the Williston Basin, Permian Basin, Appalachian Basin, and Uinta Basin.

Suppressed Commodity Prices

The future results of the Company's crude oil and natural gas operations will be affected by the market prices of crude oil and natural gas. The availability of a ready market for crude oil and natural gas products in the future will depend on numerous factors beyond the control of the Company, including weather, imports, marketing of competitive fuels, proximity and capacity of crude oil and natural gas pipelines and other transportation facilities, any oversupply or undersupply of crude oil, natural gas and liquid products, the regulatory environment, the economic environment, and other regional and political events, none of which can be predicted with certainty. Of note, operating cash flows are more sensitive to fluctuations in oil prices than they are to fluctuations in natural gas and NGL prices. Unfortunately, average commodity prices have declined in recent months, partially due to the Trump administration's economic and geopolitical policies. If this downward trend continues, and/or if NOG's proved reserves decrease significantly in future months, the present value of the Company's future net revenues could decline significantly, which could trigger the need for the Company to record an additional non-cash ceiling test impairment of its oil and natural gas property costs in future periods.

Tariff / Trade Policy

Tariffs on steel and imports could raise infrastructure costs by 5-10% for NOG's partners, indirectly squeezing margins. Policy volatility has already deterred shale investments, potentially slowing NOG's organic growth. On the 2Q25 earnings call, the Company cited a decline in third-party operator activity as partial rationale for revising 2025 guidance downward and deferring growth CAPEX. Notably, during the Q&A session of the 1Q25 earnings call management explained that third-party operator infrastructure costs would likely remain stable due to a six to twelve month lead on COGS-related expenses.

Analyst Consensus (as of 10/01/25): Price Target: $33.15 (34.4% upside), Ratings: 5 Buy, 4 Hold, 1 Sell

Collar Capital Valuation:

Valuation Summary For Northern Oil & Gas, Inc.

Ticker	NOG
Date	10/1/2025
Current Price	$24.67
Target Price	**$82.60**
Implied Return	**234.88%**
Target Price Range	**$74.34 - $90.86**
Implied Return Range	**201% - 268%**
Probability Score	**67%**

Trend Charts:

<u>NOG's 2025 YTD ROI v. NOG's average YTD ROI during the first Trump administration</u>

<u>NOG's stock price since 01/2018 v. crude oil's 25D SMA price</u>