

NORTHERN OIL & GAS, INC.
Form DEF 14A
April 22, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement.
 Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
 Definitive Proxy Statement.
 Definitive Additional Materials.
 Soliciting Material Pursuant to Rule 14a-12.

NORTHERN OIL AND GAS, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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- 2)

Form, Schedule or Registration Statement

No.:

3) Filing Party:

4) Date Filed:

315 Manitoba Ave. Suite 200
Wayzata, Minnesota 55391

April 22, 2016

Dear Shareholder:

We are pleased to invite you to attend the 2016 Annual Meeting of Shareholders of Northern Oil and Gas, Inc., to be held at the Loews Minneapolis Hotel, 601 1st Avenue North, Minneapolis, Minnesota 55403, on May 26, 2016, commencing at 8:30 a.m. Central Time

The formal notice of the meeting and proxy statement follow this cover letter. Enclosed with this proxy statement are your proxy card, a return envelope and a copy of our Annual Report on Form 10-K, for the year ended December 31, 2015.

We hope you are able to attend the meeting.

Thank you.

Northern Oil and Gas, Inc.

Michael L. Reger

Chief Executive Officer

NORTHERN OIL AND GAS, INC.
315 Manitoba Ave. Suite 200
Wayzata, Minnesota 55391

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 26, 2016

To the Shareholders of Northern Oil and Gas, Inc.:

Notice is hereby given that the 2016 Annual Meeting of Shareholders of Northern Oil and Gas, Inc., a Minnesota corporation, will be held at the Loews Minneapolis Hotel, 601 1st Avenue North, Minneapolis, Minnesota 55403, on May 26, 2016, at 8:30 a.m. Central Time (the "Annual Meeting"). The Annual Meeting is being held for the following purposes:

1. To elect six directors to serve until the Annual Meeting of Shareholders in 2017;
2. To ratify the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To approve an amendment to our Articles of Incorporation to increase the number of authorized shares of common stock;
4. To approve an amendment to add shares to our 2013 Incentive Plan; and
5. To approve, by a non-binding advisory vote, the compensation paid to our named executive officers.

Only shareholders of record at the close of business on March 31, 2016, are entitled to notice of, and to vote at, the Annual Meeting, or any adjournment(s) or postponement(s) thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting. The following proxy materials and information are available for you to review online at www.northernoil.com/annual-meeting: (i) our notice of annual meeting and proxy statement (which includes directions on how to attend and vote your shares at the Annual Meeting); (ii) our Annual Report on Form 10-K for the year ended December 31, 2015; and (iii) our form of proxy card.

Your vote is important. You may vote your shares in person at the Annual Meeting, via the Internet, by telephone or by mail. Please refer to the section "Voting Instructions" for detailed voting instructions. If you choose to vote in person at the Annual Meeting, via the Internet or by telephone, you do not need to mail in a proxy card or other voting instructions. Whether or not you are able to attend the meeting in person, we urge you to vote your shares as promptly as possible.

Due to space limitations, attendance is limited to shareholders and one guest each. Admission to the Annual Meeting is on a first-come, first-served basis. A valid government-issued picture identification and proof of stock ownership as of the record date may be required in order to attend the meeting. If you hold Northern Oil and Gas, Inc. stock through a broker, bank, trust or other nominee, please bring a copy of a statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a shareholder, you must present a legal proxy. Cameras, recording devices and other electronic devices are not permitted.

We look forward to seeing you at the Annual Meeting.

On behalf of the Board of Directors
Michael L. Reger
Chief Executive Officer
Wayzata, Minnesota
April 22, 2016

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NORTHERN OIL AND GAS, INC.
315 Manitoba Ave. Suite 200
Wayzata, Minnesota 55391

PROXY STATEMENT
2016 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 26, 2016
THE ANNUAL MEETING

We are furnishing you this proxy statement in connection with the solicitation of proxies by our board of directors in connection with the Annual Meeting that will be held Thursday, May 26, 2016, at 8:30 a.m. Central Time, at the Loews Minneapolis Hotel, 601 1st Avenue North, Minneapolis, Minnesota 55403. No cameras or recording equipment will be permitted at the Annual Meeting.

Definitive copies of this proxy statement and related proxy card are first being sent on or about April 25, 2016 to all shareholders of record at the close of business on March 31, 2016 (the "record date"). On the record date, there were 63,732,441 shares of our common stock outstanding and entitled to vote at the Annual Meeting, which were held by approximately 269 holders of record.

Quorum; Abstentions; Broker Non-Votes

A quorum is necessary to hold a valid meeting. The attendance by proxy or in person of holders of one-half of the total voting power of the outstanding shares of our company's common stock entitled to vote at the Annual Meeting, represented in person or by proxy, is required to constitute a quorum to hold the Annual Meeting. Abstentions and broker non-votes are counted as present for establishing a quorum, but are not counted towards approval of the proposal to which such abstention or non-vote relates. A broker "non-vote" occurs when shares are held by a broker and (i) the broker does not have discretionary authority to vote on a particular matter and (ii) the broker has not received voting instructions from its customer.

If a valid proxy is provided and the shareholder has not indicated how the shares are to be voted at the Annual Meeting, the shares represented by such proxy will be considered present at the Annual Meeting for purposes of determining a quorum and will be voted in favor of each proposal presented at the Annual Meeting. If a valid proxy is provided and the shareholder has withheld authority to vote for one or more nominees, or voted against or abstained from voting on the ratification of our independent registered public accountant, the amendment to our articles of incorporation or the amendment to our incentive plan, the shares represented by such proxy will be considered present at the Annual Meeting for purposes of determining a quorum and for purposes of calculating the vote, but will not be considered to have been voted in favor of such matter.

VOTING INSTRUCTIONS

You are entitled to one vote for each share of common stock that you own as of the close of business on the record date. Please carefully read the instructions below on how to vote your shares. Because the instructions vary depending on how you hold your shares, it is important that you follow the instructions that apply to your particular situation.

If Your Shares are Held in Your Name

Stockholders of Record. If your shares are registered directly in your name with the company's transfer agent, you are considered the stockholder of record with respect to those shares, and your proxy materials, proxy card or other voting instructions is being sent directly to you by our agent. As a stockholder of record, you have the right to vote by proxy or to vote in person at the Annual Meeting.

Voting by Proxy. Even if you plan to attend the Annual Meeting, please vote as soon as possible by Internet, phone or mail in accordance with the instructions provided to you on your proxy card..

Voting in Person at the Annual Meeting. If you plan to attend the Annual Meeting, you can vote in person. In order to vote at the Annual Meeting, you will need to bring your share certificates or other evidence of your share ownership with you to the Annual Meeting.

Multiple proxy cards. If you receive more than one proxy card, it likely means that you have multiple accounts with the transfer agent. Please vote all of the shares.

Revoking your Proxy. As long as your shares are registered in your name, you may revoke your proxy at any time before it is exercised at the Annual Meeting. There are several ways you can do this:

- § by filing a written notice of revocation with our corporate secretary prior to commencement of the Annual Meeting;
- § by submitting another proper proxy with a more recent date than that of the proxy first given by signing, dating and returning a proxy card to our company by mail; or
- § by attending the Annual Meeting and voting in person.

If Your Shares are Held in "Street Name"

Beneficial Owners. If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in "street name," and our proxy materials will be forwarded to you by your broker or nominee. The broker or nominee is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker how to vote.

Voting by Proxy. If your shares are registered in the name of your broker or nominee, you will receive instructions from such broker or nominee that you must follow in order for your shares to be voted. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker or nominee does not have discretionary authority to vote.

Voting in Person at the Annual Meeting. If you plan to attend the Annual Meeting and vote in person, you should contact your broker or nominee to obtain a broker's proxy card and bring it and your account statement or other evidence of your share ownership with you to the Annual Meeting.

Multiple Proxy Cards. If you receive more than one broker proxy card or voting instruction card, it likely means that you have multiple accounts with one or more holders of record. Please vote all of the shares.

Revoking your Proxy. If your shares are held in street name, you must contact your holder of record to revoke your proxy.

Voting Rules

By granting us your proxy, you authorize the individuals named on the proxy card or other instructions to represent you and vote your shares in the manner you indicate at the Annual Meeting or at any adjournment or postponement thereof. Shares represented by a proxy properly submitted prior to the Annual Meeting will be voted at the Annual Meeting in the manner specified on such proxy. If you return a proxy card but do not specify how you want to vote your shares at the Annual Meeting, your shares will be voted in accordance with the recommendation of our board of directors on each proposal.

Voting List

Our bylaws require that we make available for inspection by any shareholder, at least ten days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, for a period of ten days prior to such meeting and during the whole time of the meeting.

Such list will be available for inspection during normal business hours by appropriate parties at our principal executive offices located at 315 Manitoba Ave., Suite 200, Wayzata, Minnesota 55391. If you would like to review such list, please contact Investor Relations in advance via telephone at (952) 476-9800 or by mail to Northern Oil and Gas, Inc., 315 Manitoba Ave., Suite 200, Wayzata, Minnesota 55391, Attention: Investor Relations.

Tabulating the Vote

Broadridge Financial Solutions will tabulate votes in preparation for the Annual Meeting and will provide a third-party representative to act as inspector of election at the Annual Meeting. All votes received prior to the meeting date, and all votes cast at the Annual Meeting, will be tabulated by Broadridge Financial Solutions, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Other Information

We will bear the cost of soliciting proxies. In addition to this notice by mail, we request and encourage brokers, custodians, nominees and others to supply proxy materials to shareholders and we will reimburse them for their expenses. Our officers and employees may, by letter, telephone, facsimile, electronic mail, or in person, make additional requests for the return of proxies, although we do not reimburse our own employees for soliciting proxies. We have engaged Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902, to assist us in the solicitation of proxies and provide related advice and informational support for a services fee and the reimbursement of customary disbursements that are not expected to exceed \$13,000 in the aggregate.

Shareholders are not entitled to any dissenter's or appraisal rights for any of the proposals set forth in this Proxy Statement.

CORPORATE GOVERNANCE

Our Board of Directors and Committees

Meetings and Attendance

During the 2015 fiscal year, our board of directors held eight meetings, our audit committee held five meetings, our compensation committee held six meetings and our nominating committee held one meeting. Each board member attended at least 75% of the aggregate of the board of directors meetings held in 2015 and the audit, compensation and nominating committee meetings held in 2015 for which he or she was a committee member.

Board Committees

The board of directors has standing audit, compensation and nominating committees. All three committees consist solely of independent directors. The table below shows the current membership of the committees and identifies our independent directors.

Name	Audit Committee	Compensation Committee	Nominating Committee	Independent Directors
Lisa Bromiley	*	*		
Robert Grabb				
Delos Cy Jamison				
Jack King			*	
Michael Reger				
Richard Weber				+

*Denotes committee chairperson.

+Mr. Weber has served as chairman of the board of directors since January 2016.

We have adopted written charters for each of our committees. Current copies of all committee charters appear on the corporate governance section of our website at www.northernoil.com and are available in print upon written request to Northern Oil and Gas, Inc., 315 Manitoba Ave., Suite 200, Wayzata, Minnesota 55391, Attention: Corporate Secretary.

Audit Committee and Financial Expert

The audit committee's primary function is to assist our board of directors in its general oversight of our company's corporate accounting, financial reporting, internal control and audit functions. The audit committee's main duties include recommending a firm of independent certified public accountants to audit the annual financial statements, reviewing the independent auditor's independence, the financial statements and their audit report and reviewing management's administration of the system of internal accounting controls. Ms. Bromiley is an "audit committee financial expert" as defined in the applicable Securities and Exchange Commission ("SEC") rules. Each of our current audit committee members and each member who served on the committee in 2015 is considered to be an "independent director" as defined in the NYSE MKT Company Guide.

To assist the audit committee in fulfilling its duties, our management provides the committee with information and reports as needed and requested. Our audit committee is also provided access to our general counsel and has the ability to retain outside legal counsel or other experts at its sole discretion if it deems such action to be necessary.

Compensation Committee

Our compensation committee charter authorizes our compensation committee to review and approve annual base salary and incentive compensation levels, employment agreements and benefits of the chief executive officer and other key executives, as well as equity-based compensation awarded to any employee. The compensation committee charter provides that the committee may retain consultants and advisors to advise the committee on compensation issues requiring outside expertise. The compensation committee may also consult with our audit committee and our independent auditors for the purpose of reviewing any calculations required under any company incentive compensation plans.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is a former or current officer or employee of our company or is an executive officer of another company where an executive officer of our company serves as a director.

Nominating Committee

Our nominating committee charter provides that persons nominated for election or appointment as directors shall be evaluated by the nominating committee in light of their education, reputation, experience, independence, leadership qualities, personal integrity and such other criteria as the nominating committee deems relevant. The nominating committee does not have a specific policy as to considering diversity in identifying nominees for director, however seeking to build a board with diversity of experience and skills is one of the other criteria that the nominating committee may deem relevant in its evaluation.

Our nominating committee has adopted specific qualifications that they believe are necessary and appropriate for membership on our board of directors. The nominating committee identifies and evaluates nominees through internal discussions with committee members, management and other board members. The nominating committee meets annually to review board qualifications, assess whether our existing board members meet those qualifications and discuss whether any additional individuals should be nominated to serve on our board of directors.

Pursuant to procedures adopted by our nominating committee, shareholders who wish to recommend individuals for consideration by our nominating committee to become nominees for election to our board of directors may do so by submitting a written recommendation to our nominating committee, c/o Corporate Secretary, 315 Manitoba Avenue, Suite 200, Wayzata, MN 55391. Submissions must include a written recommendation and the reason for the recommendation, biographical information concerning the recommended individual, including age, a description of the recommended individual's past five years of employment history and any past and current board memberships. The submission must be accompanied by a written consent of the individual to stand for election if nominated by our nominating committee and to serve if elected by our board of directors or our shareholders, as applicable. Alternatively, shareholders may directly nominate a person for election to our board of directors by complying with the procedures set forth in our bylaws, any applicable rules and regulations of the Securities and Exchange Commission and any applicable laws.

Our nominating committee charter provides that the nominating committee may retain consultants and advisors to assist it in the process of identifying and evaluating candidates. The nominating committee may also seek advice from our regular counsel or retain separate counsel to assist it in the execution of its responsibilities.

Director Independence

Our board has determined each of Lisa Bromiley, Robert Grabb, Delos Cy Jamison, Jack King, and Richard Weber to be an "independent director" as defined in the NYSE MKT Company Guide. In this regard, the board of directors has affirmatively determined that a majority of its members are independent directors. There are no familial relationships between any of our directors and executive officers.

Board Leadership Structure and Role in Risk Oversight

In January 2016, our board separated the positions of chief executive officer and board chair and appointed Mr. Weber to serve as non-executive chairman of the board. Mr. Reger, who preceded Mr. Weber as chairman, has continued to serve as our chief executive officer and as a director. Our chief executive officer and chairman have a strong relationship that permits our chief executive officer to freely manage our company with appropriate guidance from the remainder the board. The non-executive chairman is responsible for, among other things, developing the agenda and procedures for the board's work, presiding over meetings of the full board and executive sessions of the independent directors, acting as a liaison between the non-management directors and management, coordinating the director recruitment process, leading succession planning efforts and facilitating communications with investors. Mr. Weber also chairs our board's executive committee, which holds frequent meetings with management to review our financial position and results of operations and oversees the maintenance of our corporate strategy.

Our management is responsible for defining the various risks we face, formulating risk management policies and procedures and managing our risk exposure. The board's responsibility is to monitor our risk management processes by informing itself concerning our material risks and evaluating whether management has reasonable controls in place to address the material risks. The audit committee of the board is primarily responsible for monitoring management's responsibility in the area of risk oversight, and the non-executive chairman also plays a key role in this regard given his regular communications with management. Management regularly reports to our audit committee on risk management, which in turn reports on the matters discussed at the committee level to the full board. The audit committee and the full board focus on the material risks our company faces to assess whether management has reasonable controls in place to address these risks. The board believes this division of responsibilities provides an effective and efficient approach for addressing risk management.

Communications with Board Members

The board of directors has provided the following process for shareholders or other interested parties to send communications to the board, any committee of the board, or our non-management directors as a group, by writing to them c/o Corporate Secretary, Northern Oil and Gas, Inc., 315 Manitoba Ave., Suite 200 in Wayzata, Minnesota 55391. Communications to individual directors, including the Chairman of the Board, may also be made to such director at our address. All communications sent to the chair of the audit committee or to any individual director will be received directly by such individuals and will not be screened or reviewed by any company personnel. Any communications sent to the board of directors, or the non-management directors as a group, in the care of the Corporate Secretary will be reviewed by the Corporate Secretary to ensure that such communications relate to the business of our company before being reviewed by the board or the non-management directors, as applicable.

Code of Business Conduct and Ethics

The board of directors has adopted the Northern Oil and Gas, Inc. Code of Business Conduct and Ethics that applies to our directors and employees. A current copy of our Code of Business Conduct and Ethics can be found on the corporate governance section of our website at www.northernoil.com and is available in print upon written request to Northern Oil and Gas, Inc., 315 Manitoba Ave., Suite 200, Wayzata, Minnesota 55391, Attention: Corporate Secretary.

Board Member Attendance at Annual Meetings

We encourage all of our directors to attend the annual meeting of shareholders. We generally hold a board meeting coincident with the annual shareholders' meeting to minimize director travel obligations and facilitate their attendance at the annual shareholders' meeting. All of our directors attended our 2015 annual meeting of shareholders. We anticipate that all of our directors will attend the Annual Meeting.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents information, to the best of our knowledge, about the beneficial ownership of our common stock on March 31, 2016, held by those persons known to beneficially own more than 5% of our capital stock, by our directors and director nominees, by our named executive officers (as defined under "Executive Compensation" below) and by our directors and executive officers as a group. The percentage of beneficial ownership for the following table is based on 63,732,441 shares of common stock outstanding as of March 31, 2016.

Beneficial ownership is determined in accordance with the rules of the SEC and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the shareholder has sole or shared voting or investment power. It also includes (unless footnoted) shares of common stock that the shareholder has a right to acquire within 60 days after March 31, 2016 through the exercise of any option or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the SEC, that only the person or entity whose ownership is being reported has converted options into shares of our common stock.

Name ⁽¹⁾	Number of Shares	Percent of Common Stock
Certain Beneficial Owners:		
BlackRock, Inc. 55 East 52 nd Street, New York, NY 10055	5,498,238 ⁽²⁾	8.6 %
Fine Capital Partners, L.P. 590 Madison Avenue, 27 th Floor, New York, NY 10022	6,228,555 ⁽³⁾	9.8 %
FMR LLC 245 Summer Street, Boston, MA 02210	6,074,233 ⁽⁴⁾	9.5 %
TRT Holdings, Inc. 4001 Maple Ave., Suite 600, Dallas, TX 75219	12,461,885 ⁽⁵⁾	19.6 %
The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	4,332,562 ⁽⁶⁾	6.8 %
Directors and Executive Officers:		
Michael Reger	4,484,882 ⁽⁷⁾	7.0 %
Lisa Bromiley	105,972 ⁽⁸⁾	*
Robert Grabb	138,675	*
Delos Cy Jamison	38,937	*
Jack King	134,486 ⁽⁹⁾	*
Richard Weber	312,715 ⁽¹⁰⁾	*
Thomas Stoelk	481,662	*
Brandon Elliott	186,948	*
Erik Romslo	219,931	*
Darrell Finneman (former Executive Officer)	51,610	*
Directors and Current Executive Officers as a Group (9 persons)	6,104,208 ⁽¹¹⁾	9.5 %

*Denotes less than 1% ownership.

As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). The address of each member of management and each director is care of our company.

The number of shares indicated is based on information reported to the SEC in an amended Schedule 13G filed by (2) BlackRock, Inc. on January 27, 2016, and reflects beneficial ownership as of December 31, 2015. BlackRock, Inc. has sole voting power with respect to 5,348,217 shares and sole dispositive power with respect to 5,498,238 shares.

The number of shares indicated is based on information reported to the SEC in a Schedule 13G filed by Fine (3) Capital Partners, L.P. on February 16, 2015, and reflects beneficial ownership as of December 31, 2015. Fine Capital Partners, L.P., Fine Capital Advisors, LLC and Debra Fine have shared voting power with respect to 6,228,555 shares and shared dispositive power with respect to 6,228,555 shares.

The number of shares indicated is based on information reported to the SEC in an amended Schedule 13G filed by (4) FMR LLC on March 10, 2016, and reflects beneficial ownership as of February 29, 2016. FMR LLC has no sole voting power and has sole dispositive power with respect to 6,074,233 shares. Members of the Johnson family, including Abigail P. Johnson, Director, Vice Chairman, CEO and President of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a (4) shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by various investment companies (the "Fidelity Funds") advised by Fidelity Management & Research Company ("FMR Co"), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.

The information is based on information reported to the SEC in an Amended Schedule 13D filed by TRT Holdings, Inc., Cresta Investments, LLC, Cresta Greenwood, LLC and Robert B. Rowling (the "Reporting Persons") on (5) November 28, 2014, as amended on February 24, 2016, as well as additional information reported to the SEC on a Form 4 filed on behalf of Robert B. Rowling on February 26, 2016. The Reporting Persons beneficially own, in the aggregate, 12,461,885 common shares. TRT Holdings, Inc. has sole voting power and sole dispositive power with respect to 7,169,741 shares. Cresta Investments, LLC has sole voting power and sole dispositive power with (5) respect to 3,947,921 shares. Cresta Greenwood, LLC has sole voting power and sole dispositive power with respect to 1,344,223 shares. Mr. Rowling beneficially owns all 12,461,885 common shares held directly by TRT Holdings, Inc., Cresta Investments, LLC and Cresta Greenwood, LLC. Mr. Rowling beneficially owns the common shares held directly by TRT Holdings, Inc. due to his ownership of all of the shares of Class B Common Stock of TRT Holdings, Inc. Mr. Rowling beneficially owns the common shares held directly by Cresta Investments, LLC and Cresta Greenwood, LLC due to his direct and indirect ownership of 100% of the ownership interests in such entities.

The number of shares indicated is based on information reported to the SEC in an amended Schedule 13G filed by (6) The Vanguard Group on February 11, 2016, and reflects beneficial ownership as of December 31, 2015. The Vanguard Group has sole voting power with respect to 74,199 shares, sole dispositive power with respect to 4,332,562 shares and shared dispositive power with respect to 69,499 shares. Vanguard Fiduciary Trust Company ("VFTC"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 69,499 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd. ("VIA"), a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 4,700 shares as a result of its serving as investment manager of Australian investment offerings.

(7) Includes 1,000 shares held by Mr. Reger's spouse.

(8) Includes 55,872 shares subject to options held by Ms. Bromiley.

(9) Includes 86,000 shares subject to options held by Mr. King.

(10) Includes 250,000 shares subject to options held by Mr. Weber.

(11) Consists of all shares held by directors and current executive officers at March 31, 2016. Includes 1,000 shares held by Mr. Reger's spouse, and an aggregate of 391,872 shares covered by options held by our directors.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC. Such officers, directors and shareholders are required by the SEC to furnish us with copies of all such reports. To our knowledge, based solely on a review of copies of reports filed with the SEC during the last fiscal year, all applicable Section 16(a) filing requirements were timely filed and met.

PROPOSAL 1

ELECTION OF DIRECTORS

Our board of directors represents the interests of our shareholders as a whole and is responsible for directing the management of the business and affairs of our company as provided by Minnesota law. Directors are elected each year at the annual meeting by our shareholders. We do not have a classified board of directors. Six directors will be elected at this year's meeting. Each director's term will last until the 2017 Annual Meeting of Shareholders and until he or she is succeeded by another qualified director who has been elected. All the nominees are currently directors of our company. There are no familial relationships between any of our directors and executive officers.

Directors and Director Nominees

If a nominee is unavailable for election, the proxy holders may vote for another nominee proposed by the board of directors or the board may reduce the number of directors to be elected at the meeting. Set forth below is information furnished with respect to each nominee for election as a director.

Name	Age	Position(s)
Michael Reger	40	Director and Chief Executive Officer
Lisa Bromiley	43	Director
Robert Grabb	64	Director
Delos Cy Jamison	66	Director
Jack King	63	Director
Richard Weber	52	Director and Chairman of the Board

Mr. Reger is a founder of our predecessor, Northern Oil and Gas, Inc., and has served as chief executive officer and a director of our company since March 2007. Mr. Reger has been involved in the acquisition of oil and gas mineral rights for his entire career. Mr. Reger began working the oil and gas leasing business for his family's company, Reger Oil, in 1992 and worked as an oil and gas landman for Reger Oil from 1992 until co-founding Northern in 2006. Mr. Reger holds a B.A. in Finance and an M.B.A. in finance/management from the University of St. Thomas in St. Paul, Minnesota. The Reger family has a history of acreage acquisition in the Williston Basin dating to 1952.

Ms. Bromiley has served as a director since September 2007. Ms. Bromiley has served as the Chief Financial Officer of P3 Petroleum, LLC, an independent oil and gas exploration and production company focused in Texas, Louisiana and Mississippi, since August 2014. From 2010 to July 2014, Ms. Bromiley provided executive financial and accounting consulting services for mergers, acquisitions, bankruptcy reorganizations and raising capital with SolomonEdwardsGroup, LLC, a national CFO services firm, except from April 2012 to September 2013, when she served as Vice President of Business Development for Epsilon Energy Ltd., a public independent oil and gas exploration company focused on the Marcellus Shale in Pennsylvania and Bakken Shale of Saskatchewan. Ms. Bromiley served as Chief Financial Officer and Treasurer of Platinum Energy Resources, Inc., a public independent oil and gas exploration and production company, from August 2008 to June 2009. She served as Chief Financial Officer of Flotek Industries, Inc., a public oilfield service company, from April 2004 to August 2008. Prior to joining Flotek, Ms. Bromiley worked in the energy audit practice of PricewaterhouseCoopers, LLP and worked for two

Fortune 500 companies. Ms. Bromiley served in various accounting, finance, SEC reporting and risk management positions. Ms. Bromiley is a Certified Public Accountant. Ms. Bromiley is a member of the American Institute of Certified Public Accountants, KPMG Audit Committee Institute, Financial Executives International and National Association of Corporate Directors. Ms. Bromiley holds B.B.A. and Masters of Accountancy degrees from the University of Texas.

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Mr. Grabb has served as a director since May 2007 and is a Registered Petroleum Geologist with over 30 years of experience in the oil and gas industry. Mr. Grabb provides both geological and industry expertise as it relates to our exploration prospects and drilling programs. Mr. Grabb was the Senior Geological Advisor for Samson Energy, a large privately held exploration and production company headquartered in Tulsa, Oklahoma, from March 2014 to March 2016. He previously worked as the Exploration Manager for Samson Resources Company, from March 2007 to March 2014. Prior to that, Mr. Grabb served as a geologist for Newfield Exploration from April 2003 to March 2007. Mr. Grabb holds B.S. and M.S. Degrees in geology from Montana State University. Mr. Grabb is also a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers.

Mr. Jamison has served as a director since August 2011 and has served as the Chairman and Chief Executive Officer of the Jamison Group LLC, which advises private landowners regarding large land exchanges with the U.S. Federal Government, since 2009. Prior to founding the Jamison Group in 2009, Mr. Jamison served from 1994 to 2009 as a Partner in the firm of Jamison and Sullivan, Inc., a diversified consulting firm that specialized in advising start-up companies regarding business development matters, lobbying on behalf of local governments and educational institutions, and assisting companies with development of business opportunities in foreign countries. Mr. Jamison was appointed by President George H. W. Bush, and served from 1989 to 1993 as the National Director of the Bureau of Land Management, Department of the Interior. Mr. Jamison also served from 1981 to 1993 as the Legislative Advisor of the Interior and Insular Affairs Committee (renamed the Natural Resources Committee), U.S. House of Representatives. Mr. Jamison holds a B.S. degree from Montana State University.

Mr. King has served as a director since May 2007 and has worked in various management positions, including land management, with Hancock Enterprises, a privately held independent oil and gas exploration and production company based in Billings, Montana, since 1983. Mr. King has been actively working in the Williston Basin and the Northern Rockies for over 30 years. Throughout his career Mr. King has been very involved in regional industry and local civic affairs, including his sixteen years of service on the Montana Board of Oil and Gas Conservation Commission as a Commissioner (Gubernatorial appointment), Board of the Montana Petroleum Association, Western Montana BLM Advisory Council, U of MT President's Advisory Council, and the Finance Committee for the Montana Community Foundation. Mr. King was a founding member of the Board of Directors for Crown Butte Resources, Ltd., and served from 1987 to 1996. Mr. King holds a degree in Economics from the University of Montana.

Mr. Weber has served as a director since August 2011 and as Chairman of the Board since January 2016. He also serves as Chairman and Chief Executive Officer of PennEnergy Resources, LLC, a private equity-backed independent oil and gas operator focused on the Marcellus Shale and Utica Shale in Pennsylvania. Prior to co-founding PennEnergy in June 2011, he was President of Atlas Energy, Inc. from September 2009 to February 2011, President and Chief Operating Officer of Atlas Energy Resources, LLC from April 2006 to February 2011, and a director of Atlas Energy Resources, LLC from December 2006 to September 2009. Atlas, which was sold to Chevron Corporation in 2011, operated more than 10,000 oil and gas wells in four different basins, and was a pioneer in the development of the Marcellus Shale in the Appalachian Basin. In addition, Atlas owned and controlled the general partner of Atlas Pipeline Partners, L.P., a mid-stream MLP having pipeline and natural gas processing assets in the Appalachian Basin and Mid-Continent region. Prior to joining Atlas, Mr. Weber spent 14 years at McDonald & Company Securities, Inc., subsequently acquired by KeyBanc Capital Markets, where he founded that firm's Energy Group. Mr. Weber holds a B.S. in Finance from Miami University (Ohio) and an M.B.A. from Tulane University.

Each nominee brings a unique set of skills to our board of directors. The board of directors believes the nominees as a group have the experience and skills in areas such as the oil and gas industry, finance, risk management, marketing and corporate governance that are necessary to effectively oversee our company. Set forth below are the conclusions reached by our board of directors as to why each nominee is qualified for service as a director of our company.

Mr. Reger has been a director and our chief executive officer since our inception and has worked in the oil and gas industry for more than 20 years. Mr. Reger provides unique industry knowledge related to acquiring mineral leases and brings a deep relationship base with various oil and gas companies in the Williston Basin.

Ms. Bromiley has extensive experience as a chief financial officer and leader within various companies across the oil and gas industry. Ms. Bromiley provides expertise in the areas of financial reporting, accounting, capital markets, internal controls and corporate governance.

Mr. Grabb is a registered petroleum geologist with over 30 years of experience in the oil and gas industry. Mr. Grabb provides both geological and industry expertise as it relates to our exploration prospects and drilling programs.

Mr. Jamison has extensive business and governmental experience in the areas of land management and mineral rights that brings a unique perspective to our board of directors.

Mr. King has over 30 years of experience in the oil and gas industry. Mr. King provides expertise in the areas of evaluating, acquiring and managing oil and gas interests, as well as our exploration prospects.

Mr. Weber has extensive experience in the oil and gas industry, and provides us with expertise in financial structuring, capital markets and risk management.

Required Vote

Election to our board of directors of each of the nominees named above requires the affirmative vote of a plurality of the voting power of the outstanding shares of our common stock present and entitled to vote on the election of directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU
VOTE "FOR" THE ELECTION OF ALL OF THE NOMINEES.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

On March 23, 2016, the audit committee of our board of directors appointed Grant Thornton LLP ("Grant Thornton") as our independent registered public accounting firm for the fiscal year ending December 31, 2016. A proposal to ratify that appointment will be presented to shareholders at the meeting. If shareholders do not ratify such appointment, the committee will consider selection of another independent registered public accounting firm. Even if the appointment is ratified, the committee may, in its sole discretion, direct the appointment of a different independent auditor at any time during the year if it determines that such change would be in our best interests. Representatives of Grant Thornton are expected to be present at the meeting and they will have the opportunity to make a statement and be available to respond to appropriate questions.

Change in Accountants During 2015

Deloitte & Touche LLP ("Deloitte") served as our independent registered public accountant firm for our fiscal years 2011 through 2014. On April 7, 2015, the audit committee of our board of directors dismissed Deloitte as our independent registered public accounting firm. On the same date, the audit committee appointed Grant Thornton as our independent registered public accounting firm for the fiscal year ended December 31, 2015 (subject to completion of their client acceptance procedures, which were completed on April 10, 2015).

Deloitte's report on the financial statements of our company for the fiscal year ended December 31, 2014 did not contain an adverse opinion or disclaimer of opinion, or was qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal year ended December 31, 2014 and through our dismissal of Deloitte on April 7, 2015, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Deloitte's satisfaction, would have caused Deloitte to make reference to the subject matter thereof in connection with its reports on our financial statements for such periods. During the same periods, there was no reportable event of the type set forth in Item 304(a)(1)(v) of Regulation S-K.

Prior to their appointment, we did not consult with Grant Thornton with respect to any of the matters or reportable events set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K.

In connection with preparation of our proxy statement for our 2015 annual meeting of shareholders, we provided Deloitte with a copy of the foregoing disclosure and requested that it furnish us with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements. A copy of the letter from Deloitte was filed with the Commission as an exhibit to our Current Report on Form 8-K on April 13, 2015.

Registered Public Accountant Fees

Grant Thornton served as our independent registered public accounting firm for the year ended December 31, 2015, and Deloitte served as our independent registered public accounting firm for the year ended December 31, 2014. Aggregate fees for professional services rendered by such firms for 2015 and 2014 were as follows:

	Fiscal Year Ended	
	December 31, 2015	December 31, 2014
Audit Fees	\$475,600	\$478,154
Audit-Related Fees	-	-
Tax Fees	3,190 ⁽¹⁾	59,500 ⁽¹⁾
All Other Fees	-	-
Total	\$478,790	\$537,654

(1) Tax related fees in 2015 and 2014 consisted of fees related to analyzing potential net operating loss carryforward utilization limits.

Audit fees were for professional services rendered for the audits of the financial statements, review of interim financial statements, reviews of income tax provisions, audits of statutory financial statements, comfort letters in connection with offerings, consents and the review of documents we filed with the SEC. The percentage of hours spent by each of Grant Thornton and Deloitte on these services that were attributable to work performed by persons not employed by Grant Thornton and Deloitte, as applicable on a full-time permanent basis did not exceed 50%.

The audit committee of the board of directors has determined that the provision of services covered by the foregoing fees is compatible with maintaining the principal accountant's independence.

Pre-Approval Policies and Procedures of Audit Committee

Our audit committee has adopted pre-approval policies and procedures to ensure the continued independence of our auditor. As a general rule, we will only engage our auditors for non-audit-related work if those services enhance and support the attest function of the audit or are an extension to the audit or audit-related services.

Our audit committee annually evaluates our auditors' independence, professional capability and fees based on a variety of factors. The committee annually obtains from the auditor a formal written statement delineating all relationships between the auditor and our company, consistent with Independence Standards Board Standard 1 and engages in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor.

The audit committee takes appropriate action to oversee the independence of the auditor, which includes review and approval of the auditors' annual audit plan and audit scope including a description of key functions and/or locations to be audited, a general description of each of the non-audit services provided or to be provided and an estimate of audit and non-audit fees and costs for the year and actual versus estimated for the preceding year. The committee ascertains whether resources are reasonably allocated as to risk and exposure and makes any recommendations that might be required to more appropriately allocate the auditors' efforts.

The audit committee appraises the efficiency and effectiveness of the audit efforts and of financial accounting and reporting systems through scheduled meetings with the auditors and ensures that management places no restrictions on the scope of audits or examinations. The lead audit partner will review with the committee the services the auditor expects to provide and the related fees, as appropriate. In addition, management will provide the committee with periodic updates of any non-audit services that the auditor has been asked to provide or may be asked to provide in the future.

The committee pre-approved all of the services we received from Grant Thornton and Deloitte during 2015.

Required Vote

The affirmative vote of the holders of the greater of (1) a majority of the shares of common stock present in person or by proxy at the meeting and entitled to vote or (2) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the meeting is required for approval of this Proposal 2.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU
VOTE "FOR" THIS PROPOSAL 2.

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AUDIT COMMITTEE REPORT

The audit committee of the board is composed of three non-employee directors who meet NYSE MKT independence requirements. Information as to these persons, as well as their duties, is provided under the caption "Our Board of Directors and Committees." The committee met five times during 2015 and reviewed a wide range of issues, including the objectivity of the financial reporting process and the adequacy of internal controls. In addition, the committee received reports and reviewed matters regarding ethical considerations and business conduct and monitored compliance with laws and regulations. Prior to filing our annual report on Form 10-K, the committee also met with our management and internal auditors and reviewed the current audit activities, plans and results of selected internal audits. The committee also met privately with the internal auditors and with representatives of our independent registered public accounting firm to encourage confidential discussions as to any accounting or auditing matters.

The audit committee has (a) reviewed and discussed with management and our independent registered public accounting firm our audited financial statements for the year ended December 31, 2015, management's assessment of the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm's evaluation of our internal control over financial reporting; (b) discussed with our independent registered public accounting firm the matters required to be discussed by applicable standards of the Public Company Accounting Oversight Board (the "PCAOB"); and (c) received the written disclosures and the letter from our independent registered public accounting firm as required by applicable requirements of the PCAOB regarding the independent accountant's communications with the audit committee concerning independence and discussed with representatives of our independent registered public accounting firm its independence.

Based on the review and discussions referred to above, the audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2015, including all amendments, for filing with the SEC.

The name of each person who serves as a member of our audit committee is set forth below.

Lisa Bromiley (Chairperson) Robert Grabb Cy Jamison

PROPOSAL 3

APPROVE AN AMENDMENT TO OUR ARTICLES OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

We are asking our shareholders to approve an amendment to our articles of incorporation to increase our number of authorized shares of common stock by 50%, from 95,000,000 to 142,500,000. Our board of directors has unanimously approved the proposed amendment, and recommends that our shareholders approve the proposed amendment. The proposed amendment will not increase our number of authorized shares of preferred stock. The foregoing description of the proposed amendment is a summary and is subject to the full text of the proposed amendment, which is attached to this proxy statement as [Appendix A](#).

Our board of directors believes that the proposed increase in the number of authorized shares of common stock is desirable to enhance our flexibility in taking possible future actions, such as raising additional equity capital, exchanging equity for debt or other transactions that have similar effect, stock-based acquisitions, entering into strategic relationships, stock splits and dividends, equity compensation awards or other corporate purposes. The proposed amendment will allow us to accomplish these objectives. We do not have any current plans for use of the additional common stock proposed to be authorized. However, by approving this increase now, in advance of any specific need, we believe we will be able to act in a timely manner when such a need arises or the board of directors believes that it is in the best interests of our company and our shareholders to take action, without the delay and expense that would be required at that time in obtaining shareholder approval of such an increase at a special meeting of shareholders.

We have historically issued common stock for the following purposes:

- To finance the acquisition and development of oil and natural gas properties; and
- To compensate, attract and retain our employees and directors, and other eligible parties, through participation in our equity compensation plans.

The number of shares of common stock we have outstanding has not significantly changed in the last five years, with moderate changes due primarily to share issuances and forfeitures under our equity compensation plans, as well as company share repurchases during 2013 and 2014.

We currently have 95,000,000 shares of authorized common stock. As of the March 31, 2016 record date, we had 63,732,441 shares of common stock issued and outstanding. As of the same date, we also had 733,400 shares of common stock reserved for issuance under outstanding options and other awards under our shareholder-approved equity compensation plans, and 1,006,011 shares of common stock reserved for issuance in connection with future awards available for grant under our shareholder-approved 2013 Incentive Plan. As a result, as of the March 31, 2016 record date, we had only approximately 29,528,148 authorized shares of common stock that were not reserved and that we may issue for any future business purposes. In addition, if Proposal 4 is approved by our shareholders at the Annual Meeting, an additional 1,600,000 shares of common stock would be reserved for future issuance under our 2013 Incentive Plan.

The additional common stock proposed to be authorized will have rights identical to, and have the same rights and privileges as, our currently authorized and outstanding common stock. Under our articles of incorporation, shareholders do not have preemptive rights to subscribe to additional shares of common stock that we may issue. This means that current shareholders do not have a prior right to purchase any new issue of our capital stock in order to maintain their proportionate ownership of common stock. Use of the additional shares proposed to be authorized will not require shareholder approval unless required under Minnesota corporate law or by the rules of any national securities exchange on which our common stock is then listed.

Our board of directors does not intend to issue any shares of common stock except for purposes and on terms that the board believes to be in the best interests of our shareholders and our company. However, depending on the purpose and terms of issuance at the time, if we issue additional shares of common stock or other securities convertible into common stock in the future, it could dilute the voting rights of existing shareholders and could also dilute earnings per share and book value per share of existing shareholders. The increase in authorized common stock could also make more difficult or discourage attempts to obtain control of our company, thereby having an anti-takeover effect. However, the board of directors does not intend or view the proposed increase in authorized shares of common stock as an anti-takeover measure, and the increase is not being proposed in response to any known threat to acquire control of our company.

If the amendment to the articles of incorporation is approved by our shareholders, it will become effective upon filing of articles of amendment to our articles of incorporation with the Secretary of State of the State of Minnesota, which filing we expect to make soon after the Annual Meeting.

Required Vote

The affirmative vote of the holders of the greater of (1) a majority of the shares of common stock present in person or by proxy at the meeting and entitled to vote or (2) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the meeting is required for approval of this Proposal 3.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU
VOTE "FOR" THIS PROPOSAL 3.**

PROPOSAL 4

APPROVE AN AMENDMENT TO ADD SHARES TO THE 2013 INCENTIVE PLAN

Introduction

We are asking our shareholders to approve an amendment to our 2013 Incentive Plan (the "2013 Plan") that will increase the share reserve under the Plan by 1,600,000 shares, from 4,000,000 shares to 5,600,000 shares. No other changes are proposed for the 2013 Plan.

The 2013 Plan was originally approved by our shareholders on May 23, 2013 as a replacement for our then existing Amended and Restated 2009 Equity Incentive Plan, as amended (the "2009 Plan"), under which no further awards were then permitted and its remaining available shares were rolled forward into the 2013 Plan. On May 28, 2015, our shareholders approved an amendment to the 2013 Plan to add 2,500,000 shares to its share reserve, increasing it to its current 4,000,000 share level. Since it became effective, the 2013 Plan has been the only active plan under which equity awards may be made to our employees and non-employee directors.

As of December 31, 2015, there were 1,868,068 shares of our common stock remaining available for future grants under the 2013 Plan. Since that date, we have granted awards under the 2013 Plan that have utilized all of the remaining share availability under the 2013 Plan. In addition to annual equity awards to our executives and directors that are customarily made early in each year, these 2016 awards included awards made in connection with our entry into new employment agreements with two of our named executive officers, as discussed on page 34 of this proxy statement, and in connection with the initial appointment of our non-executive chairman of the board, as discussed on page 52 of this proxy statement.

Due to the decline in our stock price related to the worldwide decline in oil and gas prices and challenging industry conditions, maintaining the desired grant date fair value of our equity awards during 2015 and 2016 has necessitated the use of a greater number of shares than had been previously anticipated. Because the ability to continue to provide levels of equity-based compensation to our employees that are suitably competitive and retentive in the current industry environment is of utmost importance, our board of directors has approved and is recommending that our shareholders approve the proposed amendment to the 2013 Plan to add 1,600,000 shares to the 2013 Plan's share reserve.

Shareholder Approval and Board of Directors Recommendation

Shareholder approval of the proposed amendment to the 2013 Plan is being sought in order to (i) satisfy the shareholder approval requirements of the NYSE MKT exchange, (ii) obtain shareholder re-approval of the material terms of awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code ("Code"), including the business criteria on which performance goals are based and the maximum awards that may be made to any individual, and (iii) obtain shareholder approval of the increased number of shares that may be subject to incentive stock options under Code Section 422.

Our board of directors recommends that our shareholders vote for the amendment to the 2013 Plan because it believes that increasing the 2013 Plan's share reserve is critical to providing the additional shares and the types and sizes of awards that will be critical in enabling us to continue to provide a competitive mix of compensation to our directors and key employees.

Unless a contrary choice is specified, proxies solicited by the board of directors will be voted for approval of the amendment to the 2013 Plan. If the amendment to the 2013 Plan is not approved by the shareholders, the 2013 Plan will remain in effect, and we will remain subject to its existing share reserve.

Factors Considered in Setting the Size of the Requested Share Reserve Increase

In determining the amount by which the share reserve for the 2013 Plan should be increased, we considered a number of factors, including the following:

Importance of long-term equity incentives. Long-term equity incentives play a critical role in our executive compensation program, motivating executives to make decisions that focus on long-term shareholder value creation, aligning executives' interests with the interests of shareholders and serving as an effective retention device. Our ability to continue to provide a competitive level of long-term equity incentives is considered to be of utmost importance to our success.

Our three-year equity award burn rate. Our three-year average annual equity grant rate, or "burn rate," for the 2013-2015 period was 2.55%, calculated on the basis utilized by the Proxy Advisory Services division of Institutional Shareholder Services, Inc. ("ISS"). This compares to ISS's benchmark guidance of 3.12% for our industry classification among Russell 3000 companies.

Current and projected dilution. As of December 31, 2015, the 4,375,336 shares of our common stock subject to unvested and unexercised awards under the 2013 and 2009 Plans and available for future awards under the 2013 Plan represented approximately 6.7% of the fully-diluted number of our common shares outstanding. The 1,600,000 shares proposed to be added to the 2013 Plan's share reserve would increase the dilution percentage to approximately 9.0%.

Expectations regarding future share usage under the 2013 Plan are naturally based on a number of assumptions regarding various factors, the most significant of which is our future stock price performance, and which also include future changes in the population of eligible participants, future changes to compensation amounts, the rate at which shares are returned to the 2013 Plan reserve through forfeitures, cancellations and the like, and the level at which performance-based awards pay out. Future share usage estimates can vary significantly based on changes in assumptions, and actual results will differ from current expectations to the extent that actual events differ from the assumptions utilized.

Key Compensation Practices

The 2013 Plan includes a number of provisions that we believe promote and reflect compensation practices that closely align our equity compensation arrangements with the interests of our shareholders, including the following key features:

No repricing of underwater options or stock appreciation rights without shareholder approval. The 2013 Plan prohibits, without shareholder approval, actions to reprice, replace or repurchase options or stock appreciation rights ("SARs") when the exercise price per share of an option or SAR exceeds the fair market value of the underlying shares.

No discounted option or SAR grants. The 2013 Plan requires that the exercise price of options or SARs be at least equal to the fair market value of our common stock on the date of grant (except in the limited case of "substitute awards" as described below).

Minimum vesting period for full value awards. For equity awards other than options and SARs (referred to as "full value awards"), a minimum vesting period of three years is prescribed for awards subject only to service-based vesting conditions and one year for awards subject to performance-based vesting conditions, subject only to limited exceptions.

Double trigger accelerated vesting following a change in control. The 2013 Plan provides that if outstanding awards are continued, assumed or replaced in connection with a change in control, accelerated vesting of an award will occur if employment is terminated involuntarily (other than for "cause") within 24 months of the change in control.

Conservative share recycling provisions. We may not add back to the 2013 Plan's share reserve shares that are delivered or withheld to pay the exercise price of an option award or to satisfy a tax withholding obligation in connection with an option or SAR award, shares that we repurchase using option exercise proceeds and shares subject to a SAR award that are not issued in connection with the stock settlement of that award upon its exercise.

No liberal definition of "change in control." No change in control would be triggered by stockholder approval of a business combination transaction, the announcement or commencement of a tender offer or any board assessment that a change in control is imminent.

Dividends and dividend equivalents subject to performance conditions. Dividends and dividend equivalents payable with respect to the unvested portion of full value awards whose vesting is subject to the satisfaction of performance conditions will be subject to the same restrictions as the underlying shares or units.

Description of the 2013 Incentive Plan

The major features of the 2013 Plan as proposed to be amended are summarized below. The summary is qualified in its entirety by reference to the full text of the 2013 Plan, which has been filed as Appendix B to the definitive proxy statement for our 2016 Annual Meeting that we have filed with the Securities and Exchange Commission ("SEC") and is available at the SEC's website, www.sec.gov.

Purpose of the 2013 Plan. The 2013 Plan is intended to advance the interests of our company and its shareholders by enabling us to attract and retain the best available personnel for positions of responsibility, and to provide them with incentive awards intended to align their interests with those of our shareholders and thereby promote our long-term business success.

Eligible Participants. All employees, consultants, advisors and independent contractors of the company or any subsidiary, as well as all non-employee directors of the company, are eligible to receive awards under the 2013 Plan. As of March 31, 2016, there were approximately 25 employees or non-employee directors of the company, and an indeterminate number of consultants and advisors, who would be eligible to receive awards under the 2013 Plan. Although not necessarily indicative of future grants under the 2013 Plan, as of the same date, all of our full-time employees and non-employee directors have been granted awards under the 2013 Plan.

Administration. The 2013 Plan will be administered by the compensation committee. To the extent consistent with applicable law, the compensation committee may delegate its duties, power and authority under the 2013 Plan to any of its members, to our executive officers or non-employee directors with respect to awards to participants who are not themselves our directors or executive officers or, in connection with non-discretionary administrative duties, to one or more agents or advisors.

The compensation committee has the authority to determine the persons to whom awards will be granted, the timing, type and number of shares covered by each award, and the terms and conditions of the awards. The compensation committee may also establish and modify rules to administer the 2013 Plan, interpret the 2013 Plan and any related award agreement, cancel or suspend an award or the exercisability of an award, modify the terms of outstanding awards to the extent permitted under the 2013 Plan, and require or permit the deferral of the settlement of an award. Unless an amendment to the terms of an award is necessary to comply with applicable laws or stock exchange rules, a participant who would be adversely affected by such an amendment must consent to it.

Except in connection with equity restructurings and other situations in which share adjustments are specifically authorized, the 2013 Plan prohibits the compensation committee from repricing any outstanding "underwater" option or SAR awards without the prior approval of our shareholders. For these purposes, a "repricing" includes amending the terms of an option or SAR award to lower the exercise price, canceling an option or SAR award and granting in exchange replacement options or SARs having a lower exercise price or canceling an underwater option or SAR award in exchange for cash, other property, a full value award or a cash incentive award.

Subject to certain limits in the 2013 Plan, the compensation committee may also establish subplans or modify the terms of awards under the 2013 Plan with respect to participants who reside outside of the United States or are employed by a non-U.S. subsidiary in order to comply with local legal requirements.

Available Shares and Limitations on Awards. A maximum of 5,600,000 shares of our common stock are available for issuance under the 2013 Plan, plus the number of shares that remained available for future grants under the 2009 Plan on the date our shareholders originally approved the 2013 Plan. Under the terms of the 2013 Plan, the number of shares of common stock subject to options or SARs that may be granted to any one participant during a calendar year may not exceed 500,000. No more than 5,600,000 shares may be issued pursuant to the exercise of incentive stock options. Certain additional limitations on individual awards intended to qualify as performance-based compensation under Code Section 162(m) are discussed below. All of these share limitations are subject to adjustment for changes in our corporate structure or shares, as described below. The shares of common stock covered by the 2013 Plan are authorized but unissued shares.

The 2013 Plan's available share reserve is decreased by one share for every share subject to an outstanding award. Where the number of shares subject to an award is variable on the grant date, such as in connection with a performance-based award, the 2013 Plan provides that the number of shares to be counted against the share reserve prior to the settlement of the award will be the maximum number of shares that could be received under that particular award.

Any shares of common stock subject to an award under the 2013 Plan, or to an award under the 2009 Plan that was outstanding on the date our shareholders originally approved the 2013 Plan, that expires, is forfeited or terminated, or is settled or paid in cash will, to the extent of such expiration, forfeiture, termination or settlement, automatically become available for future awards under the 2013 Plan. Similarly, any shares tendered or withheld to satisfy any tax withholding obligation in connection with a full value award will also become available for future awards under the 2013 Plan. However, any shares tendered or withheld to pay the exercise price or satisfy a tax withholding obligation in connection with an option or SAR award, any shares repurchased by us using option exercise proceeds and any shares subject to a SAR award that are not issued in connection with the stock settlement of the SAR award on its exercise may not be used again for future awards.

Awards granted or shares of our common stock issued under the 2013 Plan upon the assumption of, or in substitution or exchange for, outstanding equity awards previously granted by an entity acquired by us or any of our subsidiaries (referred to as "substitute awards") will not reduce the share reserve under the 2013 Plan. Additionally, if a company acquired by us or any of our subsidiaries has shares available under a pre-existing plan approved by its shareholders and not adopted in contemplation of such acquisition, the unused shares under that pre-existing plan may be used for awards under the 2013 Plan and will not reduce the share reserve under the 2013 Plan, but only if the awards are made to individuals who were not employed by or providing services to us or any of our subsidiaries immediately prior to such acquisition.

Types of Awards. The 2013 Plan permits us to grant stock option awards, SAR awards, restricted stock awards, stock unit awards, other stock-based awards and cash incentive awards to eligible recipients. These types of awards are described in more detail below.

Options. Employees of our company or any subsidiary may be awarded "incentive stock options" within the meaning of Code Section 422, and any eligible recipient may be awarded options to purchase common stock that do not qualify as incentive stock options, referred to as "nonqualified stock options." The exercise price to be paid by a participant at the time an option is exercised may not be less than 100% of the fair market value of one share of our common stock on the date of grant, unless the option is granted as a substitute award as described earlier. "Fair market value" under the 2013 Plan as of any date means the closing sale price of a share of our common stock on the NYSE MKT exchange on the immediately preceding trading day. As of April 20, 2016, the closing sale price of a share of our common stock on the NYSE MKT was \$5.25.

The total purchase price of the shares to be purchased upon exercise of an option will be paid by the participant in cash unless the compensation committee allows exercise payments to be made, in whole or in part, (i) by means of a broker-assisted sale and remittance program, (ii) by delivery to us (or attestation as to ownership) of shares of common stock already owned by the participant, or (iii) by a "net exercise" of the option in which a portion of the shares otherwise issuable upon exercise of the option are withheld by us. Any shares delivered or withheld in payment of an exercise price will be valued at their fair market value on the exercise date.

An option will vest and become exercisable at such time, in such installments and subject to such conditions as may be determined by the compensation committee, and no option may have a term greater than 10 years from its date of grant.

Stock Appreciation Rights. A SAR award provides the right to receive a payment from us equal to the difference between (i) the fair market value as of the date of exercise of the number of shares of our common stock as to which the SAR is being exercised, and (ii) the aggregate exercise price of that number of shares. The compensation committee determines whether payment will be made in shares of our common stock, cash or a combination of both. The exercise price per share of a SAR award will be determined by the compensation committee, but may not be less than 100% of the fair market value of one share of our common stock on the date of grant, unless the SAR is granted as a substitute award as described earlier. A SAR award may not have a term greater than 10 years from its date of grant, and will be subject to such other terms and conditions, consistent with the terms of the 2013 Plan, as may be determined by the compensation committee.

Restricted Stock Awards. A restricted stock award is an award of our common stock that vests at such times and in such installments as may be determined by the compensation committee. Until it vests, the shares subject to the award are subject to restrictions on transferability and the possibility of forfeiture. The compensation committee may impose such restrictions or conditions to the vesting of restricted stock awards as it deems appropriate, including that the participant remain continuously in our service for a certain period or that we, or any of our subsidiaries or business units, satisfy specified performance goals. Unless otherwise specified by the compensation committee, dividends and distributions paid on restricted shares will be subject to the same restrictions as the underlying shares, except for regular cash dividends on awards that are subject only to service-based vesting conditions. Participants are entitled to vote restricted shares prior to the time they vest.

Stock Unit Awards. A stock unit award is a right to receive the fair market value of a share of our common stock, payable in cash, shares, or a combination of both, that vests at such times and in such installments as may be determined by the compensation committee. Until it vests, a stock unit award is subject to restrictions on transferability and the possibility of forfeiture. Stock unit awards will be subject to such terms and conditions, consistent with the other provisions of the 2013 Plan, as may be determined by the compensation committee. The compensation committee may provide for the payment of dividend equivalents on stock unit awards and other stock-based awards, but any dividend equivalents paid on an unvested performance-based award of either type must be subject to the same restrictions as the underlying units or share equivalents.

Other Stock-Based Awards. The compensation committee may grant awards of common stock and other awards that are valued by reference to and/or payable in shares of our common stock under the 2013 Plan. The compensation committee has complete discretion in determining the terms and conditions of such awards.

Cash Incentive Awards. The compensation committee may grant performance-based awards that are settled in cash or other forms of awards under the 2013 Plan or a combination thereof. The compensation committee has complete discretion in determining the amount, terms and conditions of such awards.

Minimum Vesting Periods. For full value awards, a minimum vesting period of three years is prescribed for awards that are subject only to service-based vesting conditions, and an award subject to performance-based vesting conditions must have a performance period of at least one year. These required vesting periods will not apply: (i) to awards granted in payment of other earned compensation, (ii) upon a change in control, (iii) upon termination of service due to death or disability, (iv) to a substitute award that does not reduce the vesting period of the award being replaced, (v) to awards made to non-employee directors, or (vi) to awards involving an aggregate number of shares not in excess of 5% of the 2013 Plan's share reserve.

Transferability of Awards. In general, no right or interest in any award under the 2013 Plan may be assigned or transferred by a participant, except by will or the laws of descent and distribution. However, the compensation committee may provide that an award (other than an incentive stock option) may be transferable by gift to a participant's family member or pursuant to a qualified domestic relations order. Any permitted transferee of an award will remain subject to all the terms and conditions of the award applicable to the participant.

Effect of Termination of Service. If a participant's employment or other service relationship with us and our subsidiaries is terminated, the 2013 Plan provides that unvested portions of his or her outstanding awards will be forfeited and vested portions of outstanding option and SAR awards will continue to be exercisable for a period of either 90 days or one year after termination, depending on the reason for the termination, unless the termination is for cause. In that case, the vested but unexercised portions of option and SAR awards will also be terminated. The compensation committee may provide for different termination consequences in an individual award agreement.

Performance-Based Compensation Under Section 162(m). The compensation committee may grant full value awards and cash incentive awards under the 2013 Plan to employees who are or may be "covered employees," as defined in Code Section 162(m), that are intended to be "performance-based compensation" within the meaning of Section 162(m) in order to preserve the deductibility of those awards for federal income tax purposes. Under current IRS interpretations applicable to us, "covered employees" of a co