



FEATURED OPTIONS RADAR REPORT



Put Seller Confident in Value in Williston Basin Producer

Ticker/Price: WLL (\$46.90)

Analysis:

Whiting Petroleum (WLL) with unusual action on 7/30 as 2000 November \$45 puts were sold to open for \$4.60 to \$4.40, near its current price of \$46.80. WLL also has 6000 November \$35 short puts in open interest from activity in April & May. WLL was a name that in May 2019 screened as an optimal M&A target after a slew of deals in the Oil & Gas space given its attractive FCF, margins, and valuation so it is worth taking a closer look. Back in November Simmon Energy speculated that **Continental (CLR)** and **Marathon (MRO)** may be potential acquirers in the Bakken with WLL a potential target. WLL will report results on 8-4. WLL is in a strong uptrend since emerging out of bankruptcy and recently tested and held the 21-week moving average and the 38.2% retracement of the 2021 range. WLL needs to get back above \$50 for upside momentum. WLL is an independent oil and gas company engaged in development, production and acquisition activities primarily in the Rocky Mountains region focused on developing its large resource play in the Williston Basin of North Dakota and Montana. WLL is under new leadership and is looking to take advantage of its leading acreage in the Williston Basin. WLL has a market cap of \$1.88B and trades 3.3X EBITDA with a leading 0.4X Debt to EBITDAX ratio to peers. WLL expects more than \$300M FCF in 2021 and has an oil-weighted commodity mix. On 7/21 it announced a \$271M deal for more Williston Basin assets while divesting the Denver-Julesburg Basin asset. Analysts have an average target of \$61 and short interest is low at 4.4% of the float. Truist raised its target to \$86 from \$55 on 7/1 with a more bullish forecast on oil prices. RBC with an interesting note on 5/27 on WLL's cheap valuation to peers a result of investor concerns with the limited inventory depth and expects management to address this concern by looking for consolidation.

Hawk Vision:



Hawk's Perspective: WLL is a put sale play, so no guarantee in upside, but value seen at this level, a potential event-driven consolidation move may be coming.

Confidence Ranking: \$\$