Emerald Oil Inc.

- Letter to Shareholders
- Notice of 2013 Annual Meeting and Proxy Statement
- Fiscal 2012 Annual Report
- Shareholder Information

EMERALD OIL, INC.
1600 Broadway, Suite 1360
Denver, Colorado 80202
Ph: (303) 323-0008

June 7, 2013

Dear Shareholder:

We are pleased to invite you to attend the 2013 Annual Meeting of Shareholders of Emerald Oil, Inc., to be held on July 10, 2013 at Emerald's offices located at 1600 Broadway, Suite 1360, Denver, Colorado 80202, commencing at 8 a.m., local time.

The formal notice of the Annual Meeting and proxy statement follows this letter. Enclosed with this proxy statement you will also find your proxy card, a return envelope and a copy of our Annual Report on Form 10-K, for the year ended December 31, 2012.

I hope to see you at the Annual Meeting.

Emerald Oil, Inc.

McAndrew Rudisill
Chief Executive Officer

EMERALD OIL, INC.
1600 Broadway, Suite 1360
Denver, Colorado 80202
Ph: (303) 323-0008

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON WEDNESDAY, JULY 10, 2013

To Our Shareholders:

The 2013 Annual Meeting of the Shareholders (the ''2013 Annual Meeting'') of Emerald Oil, Inc. will be held on July 10, 2013 at Emerald's offices located at 1600 Broadway, Suite 1360, Denver, Colorado 80202, commencing at 8 a.m., local time. The purposes of the 2013 Annual Meeting are to:

(1) Elect five (5) directors to our Board of Directors to serve until the next annual meeting of shareholders or until such time as their successors are elected and qualified;

(2) Consider and vote upon a proposal to allow us, at our option, to pay dividends prior to April 1, 2015 on our outstanding shares of Series A Perpetual Preferred Stock by the issuance of (i) additional shares of Series A Perpetual Preferred Stock valued at the same value as the initial per share purchase price of the Series A Perpetual Preferred Stock and (ii) an additional warrant to purchase additional shares of our common stock;

(3) Consider and vote upon a proposal to approve the Emerald Oil, Inc. Second Amended and Restated 2011 Equity Incentive Plan;

(4) Consider and vote upon a proposal to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the 2013 fiscal year; and

(5) To transact such other business as may properly come before the 2013 Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on June 10, 2013 are entitled to notice of the 2013 Annual Meeting and to vote at the meeting or any adjournment or postponement thereof.

Your vote is important. You are cordially invited to attend the meeting. Even if you do not plan to attend the 2013 Annual Meeting, we urge you to sign, date and return the proxy at once in the enclosed envelope, vote on the website or vote by telephone. The prompt return of proxies will save the Company the expense related to further requests for proxies.

By Order of the Board of Directors

Paul Wiesner
Secretary
Denver, Colorado
June 7, 2013

Important Notice Regarding the Availability of Proxy Materials for the 2013 Annual Meeting of Shareholders to be held on July 10, 2013: The proxy statement, form of proxy card and Annual Report on Form 10-K are available on the investor page of the Emerald Oil, Inc. website at *www.emeraldoil.com.*

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EMERALD OIL, INC.
1600 Broadway, Suite 1360
Denver, Colorado 80202

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 10, 2013

PROXY STATEMENT

INTRODUCTION

Your proxy is solicited by the Board of Directors (the ''Board'') of Emerald Oil, Inc., a Montana corporation, for the 2013 Annual Meeting of Shareholders to be held on July 10, 2013, at the location and for the purposes set forth in the Notice of Annual Meeting of Shareholders, and at any adjournment or postponement thereof. We expect that this proxy statement, the related proxy and Notice of Annual Meeting of Shareholders will first be mailed to shareholders on or about June 13, 2013.

The cost of soliciting proxies, including the preparation, assembly and mailing of the proxies and soliciting material, as well as the cost of forwarding such material to beneficial owners common stock, will be borne by us. Our directors, officers and regular employees may, without compensation other than their regular remuneration, solicit proxies personally or by telephone.

You may vote your shares by internet, by telephone or by mail by following the instructions on the enclosed proxy or you may vote your shares in person by attending the 2013 Annual Meeting. If your shares are held in ''street name,'' you must instruct the record holder of your shares in order to vote. Any shareholder giving a proxy may revoke it at any time prior to its use at the meeting by giving written notice of such revocation to the Secretary prior to the voting of such proxy, giving a duly executed proxy bearing a later date or by attending and voting at the meeting. Proxies not revoked will be voted in accordance with the choice specified by shareholders by means of the ballot provided on the proxy for that purpose. Proxies that are signed but lack any such specification will, subject to the following, be voted in favor of the proposals set forth in the Notice of Annual Meeting of Shareholders and in favor of the slate of directors proposed by the Board and listed herein.

You are entitled to one vote for each share of common stock and each share of Series B Voting Preferred Stock that you hold, except for the election of directors. If you vote for all nominees, one vote per share will be cast for each of the five nominees. You may withhold votes from any or all nominees. Except for the votes that shareholders of record withhold from any or all nominees, the persons named in the proxy card will vote such proxy ''FOR'' and, if necessary, will exercise their cumulative voting rights to elect the nominees as directors. If you wish to cumulate your votes in the election of directors, you are entitled to as many votes as equal the number of shares held by you at the close of business on June 10, 2013, the record date, multiplied by the number of directors to be elected. You may cast, under the cumulative voting option, all of your votes for a single nominee or apportion your votes among any two or more nominees. For example, a holder of 100 shares may cast 500 votes for a single nominee, apportion 100 votes for each of the five nominees or apportion 500 votes in any other manner by so noting in the space provided on the proxy card. The cumulative voting feature for the election of directors is also available by voting in person at the 2013 Annual Meeting; it is not available by telephone or on the internet. In the election of directors, the five director nominees who receive the highest number of votes will be elected as directors.

The Board has fixed June 10, 2013 as the record date for determining shareholders entitled to vote at the 2013 Annual Meeting. Persons who were not shareholders on such date will not be allowed to vote at the 2013 Annual Meeting. At the close of business on June 7, 2013, 42,485,258 shares of common stock and 5,114,633 shares of Series B Voting Preferred Stock were issued and outstanding. The holders of Series B Voting Preferred Stock are entitled to vote in the election of directors and on all other matters submitted to a vote of the holders of our common stock, with the holders of Series B Voting Preferred Stock and the holders of common stock voting together as a single class; provided, however, the holders of the Series B Voting Preferred Stock will not vote on Proposal 2 — Approval of the Payment of Dividends on Our Outstanding Shares of Series A Perpetual Preferred Stock with Additional Shares of Series A Perpetual Preferred Stock and a Warrant to Purchase Shares of Our Common Stock. Each share of Series B Voting Preferred Stock entitled to vote at the meeting shall not be considered in determining whether a quorum is present at the 2013 Annual

Meeting. Except for a shareholder's right to cumulate its votes as described above for the election of directors and for the holders of the Series B Voting Preferred Stock who will not vote on Proposal 2, each share of common stock and each share of Series B Voting Preferred Stock is entitled to one vote on each matter to be voted upon at the meeting.

If you are a beneficial owner and you do not provide voting instructions to your broker, bank or other holder of record holding shares for you, your shares will not be voted with respect to any proposal for which the holder of record does not have discretionary authority to vote. Rules of the NYSE MKT determine whether proposals presented at shareholder meetings are ''discretionary'' or ''non-discretionary.'' If a proposal is determined to be discretionary, your broker, bank or other holder of record is permitted under NYSE MKT rules to vote on the proposal without receiving voting instructions from you. If a proposal is determined to be non-discretionary, your broker, bank or other holder of record is not permitted under NYSE MKT rules to vote on the proposal without receiving voting instructions from you. A ''broker non-vote'' occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a non-discretionary proposal because the holder of record has not received voting instructions from the beneficial owner.

Under the rules of the NYSE MKT, the proposal relating to the ratification of our independent registered public accounting firm is a discretionary proposal and all other proposals included in this proxy statement are non-discretionary proposals. If you are a beneficial owner and you do not provide voting instructions to your bank, broker or other holder of record holding shares for you, your shares may be voted with respect to the ratification of our independent registered public accounting firm, but will not be voted with respect to the other matters to be considered at the 2013 Annual Meeting without those instructions. Without your voting instructions on these matters, a broker non-vote will occur with respect to your shares. Shares subject to broker non-votes will not be counted as votes for or against and will not be included in calculating the number of votes necessary for approval of such matters to be presented at the 2013 Annual Meeting; however, such shares will be considered present at the 2013 Annual Meeting for purposes of determining the existence of a quorum. Accordingly, it is important that beneficial owners instruct their brokers how they wish to vote their shares.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of June 7, 2013 certain information regarding beneficial ownership of our common stock by:

- each person known to us to beneficially own 5% or more of our common stock;
- each executive officer named in the Summary Compensation Table on page 26, who in this proxy statement are collectively referred to as the "named executive officers";
- each of our directors (including nominees); and
- all of our executive officers (as that term is defined under the rules and regulations of the Securities and Exchange Commission) and directors as a group.

We have determined beneficial ownership in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Beneficial ownership generally means having sole or shared voting or investment power with respect to securities. Unless otherwise indicated in the footnotes to the table, each shareholder named in the table has sole voting and dispositive power with respect to the shares of common stock set forth opposite the shareholder's name. We have based our calculation of the percentage of beneficial ownership on 42,485,258 shares of common stock and 5,114,633 shares of Series B Voting Preferred Stock outstanding on June 7, 2013, plus common stock deemed outstanding pursuant to Rule 13d-3(d)(1) under the Exchange Act. Each share of Series B Voting Preferred Stock is part of a unit consisting of one share of Series B Voting Preferred Stock and a warrant representing the right to purchase one share of common stock. Unless otherwise noted, the address of each beneficial owner listed on the table is c/o Emerald Oil, Inc., 1600 Broadway, Suite 1360, Denver, Colorado 80202.

Name and Address	Amount and Nature of Beneficial Ownership of Common Stock	Percent of Common Stock[1]	Amount and Nature of Beneficial Ownership of Series B Voting Preferred Stock	Percent of Series B Voting Preferred Stock[1]	Percent of Voting Securities Beneficially Owned
Certain Beneficial Owners:					
Edelman & Guill Energy L.P.[2]	7,900,233	16.6%	5,114,633	100%	16.6%
Executive Officers and Directors:					
James Russell (J.R.) Reger[3]	622,191	1.5%	—	—	1.3%
Michael Krzus[4][5]	1,768,124	4.2%	—	—	3.7%
McAndrew Rudisill[4][6]	1,768,124	4.2%	—	—	3.7%
Paul Wiesner[7]	70,817	*	—	—	*
Mitchell R. Thompson[8]	86,182	*	—	—	*
Lyle Berman[9][10]	349,638	*	—	—	*
Thomas J. Edelman[2]	7,900,233	16.6%	5,114,633	100%	16.6%
Duke R. Ligon[10]	16,545	*	—	—	*
Seth Setrakian[10]	16,545	*	—	—	*
Daniel L. Spears[10]	16,545	*	—	—	*
All current directors and executive officers as a group (11 persons)[11]	10,967,437	22.9%	—	—	22.9%

* Less than one percent.

(1) Unless otherwise indicated, each shareholder has sole voting and investment power with respect to all shares of common stock indicated as being beneficially owned by such shareholder. Shares of common stock that are not outstanding, but which a designated shareholder has the right to acquire within 60 days, are included in the number of shares beneficially owned by such shareholder and are deemed to be outstanding for purposes of determining the percentage of outstanding shares beneficially owned by such shareholder, but not for purposes of determining the percentage of outstanding shares beneficially owned by any other designated shareholder.

(2) Includes 4,943,729 units consisting of (i) a warrant to purchase 4,943,729 shares of common stock and (ii) 4,943,729 shares of Series B Voting Preferred Stock held by WDE Emerald Holdings LLC and 170,904 units consisting of (i) a warrant to purchase 170,904 shares of common stock and (ii) 170,904 shares of Series B Voting Preferred Stock held by White Deer Energy FI L.P., which are members of a ''group'' for purposes of Section 13(d) of the Exchange Act. Such group includes White Deer Energy L.P., White Deer Energy TE L.P., Edelman & Guill Energy L.P., Edelman & Guill Energy Ltd., Thomas J. Edelman and Ben A. Guill. White Deer Energy L.P. and White Deer Energy TE L.P. are the members of WDE Emerald Holdings LLC. By virtue of being members of WDE Emerald Holdings LLC, White Deer Energy L.P. and White Deer Energy TE L.P. may be deemed to possess voting and dispositive power with respect to 4,784,950 shares of common stock underlying the warrant and the 4,784,950 shares of Series B Voting Preferred Stock beneficially owned by WDE Emerald Holdings LLC. Edelman & Guill Energy L.P. is the general partner of White Deer Energy L.P., White Deer Energy TE L.P. and White Deer Energy FI L.P.; Edelman & Guill Energy Ltd. is the general partner of Edelman & Guill Energy L.P.; and Messrs. Edelman and Guill are the directors of Edelman & Guill Energy Ltd. Accordingly, each of Edelman & Guill Energy L.P., Edelman & Guill Energy Ltd., and Messrs. Edelman and Guill may be deemed to control the investment decisions of (i) White Deer Energy L.P. and White Deer Energy TE L.P. and, therefore, WDE Emerald Holdings LLC and (ii) White Deer Energy FI L.P. The members of the aforementioned ''group'' disclaim beneficial ownership of the shares of common stock underlying the warrants held by WDE Emerald Holdings LLC and White Deer Energy FI L.P. except to the extent of their respective pecuniary interests therein. The business address for each member of the aforementioned ''group'' is 700 Louisiana, Suite 4770, Houston, TX 77002.

(3) Includes 170,373 shares of common stock held by South Fork Exploration, LLC, of which Mr. Reger owns 100% the issued membership units, warrants to purchase 186,077 shares of common stock that have vested but have not been exercised, and options to acquire 22,321 shares of common stock. Does not include 316,728 unvested restricted stock units and unvested options to purchase 66,965 shares of common stock.

(4) Includes 1,662,174 shares held by Emerald Oil & Gas NL, which Messrs. Krzus and Rudisill comprise two of the five members of the board of directors of Emerald Oil & Gas NL. Messrs. Krzus and Rudisill disclaim beneficial ownership of the shares of common stock held by Emerald Oil & Gas NL, except to the extent of their respective pecuniary interests therein.

(5) Includes options to acquire 22,321 shares of common stock. Does not include 316,728 unvested restricted stock units and unvested options to purchase 66,965 shares of common stock.

(6) Includes options to acquire 22,321 shares of common stock. Does not include 316,728 unvested restricted stock units and unvested options to purchase 66,965 shares of common stock.

(7) Includes options to acquire 11,161 shares of common stock. Does not include 223,246 unvested restricted stock units and unvested options to purchase 11,161 shares of common stock.

(8) Includes warrants and options to acquire 55,073 shares of common stock. Does not include 123,220 unvested restricted stock units and unvested options to purchase 71,429 shares of common stock.

(9) Includes 266,342 shares held by the Lyle Berman Irrevocable Trust and 28,931 shares held by the Berman Consulting Corp.

(10) Does not include 60,164 unvested restricted stock units.

(11) Does not include 1,590,639 unvested restricted stock units or unvested options to purchase 287,949 shares of common stock.

PROPOSALS TO BE VOTED UPON

PROPOSAL 1

ELECTION OF DIRECTORS

Our Articles of Incorporation, as amended, specify that the number of directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of our Board. Our Board is currently composed of eight directors, and our Board has adopted a resolution to reduce the number of members of our Board to six directors to be effective upon the adjournment of the 2013 Annual Meeting. One of our current directors, Lyle Berman, has elected to retire from the Board following the adjournment of our 2013 Annual Meeting and another current director, Mike Krzus, who is also our President, is not standing for re-election to our Board.

On July 26, 2012, we acquired Emerald Oil North America, Inc. (formerly Emerald Oil, Inc.) for approximately 1.66 million shares of our common stock and made a strategic decision to add operating capabilities and focus on growing operating acreage in the Williston Basin in North Dakota and Montana. We refer to this acquisition as the ''Emerald Acquisition.'' In connection with the closing of the Emerald Acquisition, Joseph Lahti, Myrna McLeroy, Loren J. O'Toole, Josh Sherman and Mitchell Thompson resigned from our Board of Directors, and Mike Krzus, Duke R. Ligon, McAndrew Rudisill, Seth Setrakian and Daniel L. Spears were appointed as directors. Also in connection with the closing of the Emerald Acquisition, our Board appointed Mike Krzus as Chief Executive Officer, McAndrew Rudisill as President, Paul Wiesner as Chief Financial Officer, and Karl Osterbuhr as Vice President of Exploration and Business Development, and our Board appointed James Russell (J.R.) Reger, formerly our Chief Executive Officer, as Executive Chairman, and Mitchell Thompson, formerly our Chief Financial Officer, as Chief Accounting Officer. In May 2013, Mr. Rudisill was appointed as our Chief Executive Officer, and Mr. Krzus was appointed as our President.

On February 19, 2013, we completed a private offering with affiliates of White Deer Energy L.P. (''White Deer Energy''), pursuant to which, in exchange for a cash investment of $50 million, we issued 500,000 shares of Series A Perpetual Preferred Stock, $0.001 par value per share, 5,114,633 shares of Series B Voting Preferred Stock, $0.001 par value per share, and warrants to purchase an initial aggregate 5,114,633 shares of our common stock, at an initial exercise price of $5.77 per share. In connection with the White Deer Energy private offering and pursuant to the obligations under the related Securities Purchase Agreement and the Preferences, Limitations and Relative Rights of Series A Perpetual Preferred Stock set forth in our Articles of Incorporation, the holders of the Series A Perpetual Preferred Stock selected Thomas J. Edelman to serve on our Board as the director designee of the holders of the Series A Perpetual Preferred Stock.

Our Governance/Nominating Committee has nominated five of our current directors for re-election at the 2013 Annual Meeting to hold office until the 2014 Annual Meeting of Shareholders or until the successor of each shall be elected and qualified in accordance with our bylaws. The holders of our Series A Perpetual Preferred Stock have selected Thomas J. Edelman to serve as the Series A Perpetual Preferred Stock designee pursuant to their rights under our Articles of Incorporation. We have no reason to believe that any of the director nominees named below will be unable or unwilling to serve as director if elected. If for any reason any nominee withdraws or is unable to serve as a director (neither of which is expected at this time), the shares represented by all valid proxies will be voted for the election of a substitute nominee recommended by the Board or the Board may reduce the size of the Board.

The five nominees receiving the greatest number of affirmative votes cast will be elected as directors. Except as otherwise directed on the proxy cards, the proxies will vote all valid proxies for the five nominees identified below.

Nominees for Election as Directors at the 2013 Annual Meeting

The Board has recommended the following persons as nominees for election as directors at the 2013 Annual Meeting:

Nominee Name	Age (as of 2013 Annual Meeting)	Year First Became a Director
Duke R. Ligon	71	2012
James Russell (J.R.) Reger	38	2010
McAndrew Rudisill	34	2012
Seth Setrakian	41	2012
Daniel L. Spears	40	2012

Certain biographical information relating to each of the nominees for election to our Board is set forth below:

Duke R. Ligon has been a director since July 2012. Mr. Ligon has served as Chairman of PostRock Energy Corporation (NASDAQ: PSTR), an independent oil and natural gas company, since October 2010 and as Chairman and Director of one of PostRock's predecessor entities since 2006. Mr. Ligon has more than 40 years of legal expertise in corporate securities, litigation, governmental affairs and mergers and acquisitions. He is an attorney and served as senior vice president and general counsel of Devon Energy Corporation (NYSE: DVN), an independent natural gas and oil exploration and production company, from January 1997 until he retired in February 2007. From 2007 to 2010, Mr. Ligon served as a strategic legal advisor to Love's Travel Stops & Country Stores, Inc., a privately held chain of fuelling stations and attached convenience stores, and currently is the manager and owner of Mekusukey Oil Company, LLC, a privately held oil and natural gas company. Prior to joining Devon, Mr. Ligon practiced law for 12 years and last served as a partner at the law firm of Mayer Brown LLP in New York City. In addition, Mr. Ligon was Senior Vice President and Managing Director for Investment Banking at Bankers Trust Co., a privately held commercial bank, in New York City for 10 years. Mr. Ligon also serves as a member of the board of directors of Panhandle Oil and Gas, Inc. (NYSE: PHX), an oil and natural gas company, as a member of the board of directors of Vantage Drilling Company (AMX: VTG), an offshore drilling contractor, Chairman of the Board of Blueknight Energy Partners, LP (NASDAQ: BKEP), a midstream energy business, Chairman of the Board of SteelPath MLP Funds, a privately held mutual fund providing access to the Master Limited Partnership asset class, member of the board of directors of SteelPath Energy Infrastructure Investment Company, an MLP focused investment manager, Chairman of the Board of Security State Bank, member of the board of directors of Heritage Trust Company, member of the board of directors of Orion California LP, a privately held oil and natural gas company. He was formerly on the board of directors of SteelPath MLP Funds Trust, TransMontaigne Partners L.P. (NYSE: TLP), TEPPCO Partners, L.P. (NYSE: TPP), and member of the Advisory Committee of LegalShield, a privately held prepaid legal services company (formerly Pre-Paid Legal Services, Inc. where he was a board member and Chairman of the Special Committee that negotiated the recent sale to MidOcean Partners). Mr. Ligon received an undergraduate degree in chemistry from Westminster College and a law degree from the University of Texas School of Law. Mr. Ligon's qualifications to sit on the Board include his experience as senior vice president and general counsel of Devon Energy Corporation and his expertise in corporate securities, litigation, governmental affairs and mergers and acquisitions, as well as his service on a number of boards of directors of other publicly traded companies, primarily in the energy industry.

James Russell (J.R.) Reger has served as our Executive Chairman since July 2012, served on our Board since April 2010 and served as our Chief Executive Officer from April 2010 to July 2012. Mr. Reger was the Chief Executive Officer of Plains Energy Investments, Inc. from December 2009 to April 2010. Mr. Reger was born and raised in Billings, Montana and is the fourth generation in a family of oil and natural gas explorers and developers dating back more than 60 years. From May 2004 to July 2006, Mr. Reger developed Williston

Basin leaseholds as a Principal of Reger Oil, LLC based in Billings, Montana. From August 2006 to December 31, 2009, Mr. Reger was the President of South Fork Exploration, LLC, a lease acquisition and development company with assets in North Dakota, Montana and Wyoming. Mr. Reger holds a B.A. in Finance from Baylor University in Waco, Texas. Mr. Reger's qualifications to sit on the Board include his role as founder and executive officer of the Company since 2010, and his knowledge and understanding of the energy industry, especially in North Dakota and Montana.

McAndrew Rudisill has been a director since July 2012 and has served as our Chief Executive Officer since May 2013. Prior to his appointment as Chief Executive Officer, Mr. Rudisill served as our President from July 2012 to May 2013. Mr. Rudisill has 12 years of investment management and investment banking experience in the natural resources sector. Prior to joining us, Mr. Rudisill was Executive Chairman of Emerald Oil, Inc., which we acquired in July 2012, from 2011 to 2012. Mr. Rudisill was the Managing Partner and founder of Pelagic Capital Advisors LP from 2007 to 2011. Prior to forming Pelagic Capital Advisors LP, Mr. Rudisill was a co-founder and Managing Partner of BrightStream Asset Management which focused on investments in natural resources from 2005 to 2007. Before co-founding BrightStream, Mr. Rudisill was an Analyst and Managing Director at North Sound Capital from 2003 to 2005 where he was responsible for investments in global natural resources. Mr. Rudisill currently serves as a Non-Executive Director of Ochre Group Holdings Limited (ASX: OGH), an Australia based mineral resources exploration company, serves as a non-executive director of Emerald Oil & Gas NL (ASX: EMR), a petroleum exploration and production company based in Perth Australia, and serves as a trustee of the Tiger Foundation, which is a philanthropic organization focused on serving New York City. Mr. Rudisill's investment career began at JPMorgan, where he worked as an investment banker. Mr. Rudisill holds a B.A. cum laude with high honors in Economics from Middlebury College in Middlebury, Vermont. Mr. Rudisill's qualifications to sit on the Board include his role as our President and his public and private equity investment experience, investment banking experience and dealings with structuring numerous transactions in the energy industry.

Seth Setrakian has been a director since July 2012. Mr. Setrakian has 15 years of investment management experience. Mr. Setrakian currently is a Partner and Co-Head of Domestic Equities of First New York Securities, LLC, a privately held principal trading firm. Prior to First New York, Mr. Setrakian was a Partner of Helios Partners and Seneca Capital, both U.S.-based private investment firms. Mr. Setrakian's career began at Arthur Andersen, where he was an associate in the Corporate Finance group. Mr. Setrakian graduated summa cum laude, with a B.S. in Accounting, from Pennsylvania State University. Mr. Setrakian's qualifications to sit on the Board include his extensive capital markets expertise, his involvement with publicly traded energy companies and background in finance and strategic management.

Daniel L. Spears has been a director since July 2012. Mr. Spears has 16 years of investment management and investment banking experience in the natural resources sector. Mr. Spears is a partner and portfolio manager at Dallas, Texas based Swank Capital, LLC, an energy infrastructure investment management company, and its wholly owned investment manager, Cushing MLP Asset Management, LP. Mr. Spears was an investment banker in the Natural Resources Group at Bank of America Securities LLC for eight years. Mr. Spears also worked in the Global Energy and Power Investment Banking Group at Salomon Smith Barney. Mr. Spears serves on the board of directors of Lonestar Midstream, L.P., a private midstream master limited partnership, PostRock Energy Corporation (NASDAQ: PSTR), an independent oil and natural gas company, and Central Energy, LP, a private distribution-focused master limited partnership trading in the over-the-counter market. Mr. Spears received his B.S. in Economics from the Wharton School of the University of Pennsylvania. Mr. Spears' qualifications to sit on the Board include his investment banking and money management expertise and his expertise related to public and private companies in the energy industry, as well as his service on a number of boards of directors of other publicly traded companies, primarily in the energy industry.

Director Designee of the Series A Perpetual Preferred Stock

The holders of our Series A Perpetual Preferred Stock are entitled to elect an individual designated by the holders of a majority of the Series A Perpetual Preferred Stock to serve as a member of our Board of Directors. The director selected by the Series A Perpetual Preferred Stock may be removed at any time with our without cause only by the holders of a majority of the Series A Perpetual Preferred Stock. Any vacancy in the directorship of the Series A Perpetual Preferred Stock designee may be filled only by the holders of a

majority of the Series A Perpetual Preferred Stock. The holders of the Series A Perpetual Preferred Stock have selected Thomas J. Edelman to serve on our Board of Directors. The Governance/Nominating Committee reviewed the qualifications of Mr. Edelman and determined that he meets or exceeds the director qualifications standards adopted by the Governance/Nominating Committee, and in the Committee's opinion, will make valuable contributions to the Board and the governance of the Company. Mr. Edelman's biographical information is set forth below:

Thomas J. Edelman has been a director since February 2013. Mr. Edelman is currently Managing Partner of White Deer Energy L.P., an energy private equity fund. Mr. Edelman founded Patina Oil & Gas Corporation and served as its Chairman and Chief Executive Officer from its formation in 1996 through its merger with the Noble Energy, Inc. in 2005, when he joined its board of directors. Mr. Edelman co-founded Snyder Oil Corporation and was its President from 1981 through 1997. Mr. Edelman served as Chairman and Chief Executive Officer and later as Chairman of Range Resources Corporation (NYSE: RRC), an oil and natural gas company, from 1988 through 2003. From 1980 to 1981, he was with The First Boston Corporation and from 1975 through 1980 with Lehman Brothers Kuhn Loeb Incorporated. Mr. Edelman serves as a director of Noble Energy, Inc. (NYSE: NBL), an oil and natural gas company, PostRock Energy Corporation (NASDAQ: PSTR), an independent oil and natural gas company, President of Lenox Hill Neighborhood House, a Trustee and Chair of the Investment Committee of The Hotchkiss School and is a member of the board of directors of Georgetown University. Mr. Edelman brings a strong financial and executive management background to our Board. Mr. Edelman holds an M.B.A. in Finance from Harvard Business School and a B.A. in Political Economy from Princeton University. Mr. Edelman's qualifications to sit on the Board include his extensive experience with investment banking and private equity funds, as well as the financial aspects of our business through leadership of large independent oil and natural gas companies, serving as President and CEO of several independent oil and natural gas companies and his knowledge and expertise of the oil and natural gas industry.

CORPORATE GOVERNANCE

Independence

Our Board has determined that all of our non-employee director nominees, Duke R. Ligon, Seth Setrakian and Daniel L. Spears, are independent directors, as defined by the listing standards of the NYSE MKT stock exchange. Our Board has also determined that Thomas J. Edelman, the designee of the Series A Perpetual Preferred Stock, is an independent director, as defined by the listing standards of the NYSE MKT stock exchange. Our employee director nominees are McAndrew Rudisill (Chief Executive Officer) and J.R. Reger (Executive Chairman).

Board Leadership Structure

In determining the appropriate leadership of our Board of Directors, the Board considers many factors, including our specific business needs, fulfilling the duties of the Board and the best interests of our shareholders. In connection with the Emerald Acquisition in July 2012, Mr. Reger, our former Chief Executive Officer, was named as Executive Chairman, Mr. Krzus was appointed Chief Executive Officer and a member of the Board and Mr. Rudisill was appointed President and a member of the Board. Effective May 8, 2013, Mr. Rudisill became our Chief Executive Officer and Mr. Krzus became our President. The Board believes this leadership structure is best for the Company at the current time because it provides us with the continued service of Mr. Reger, who has significant expertise in the oil and natural gas industry and acquiring acreage in North Dakota and Montana, our core focus area. It also provides the Board with the services of Mr. Rudisill, who has significant management experience and expertise with respect to the oil and natural gas industry and the successful implementation of growth strategies, as well as oversight of management.

The Board also believes that the current leadership structure achieves independent oversight and management accountability through regular executive sessions of the non-management directors and through a Board composed of a majority of independent directors, and strong independent committee chairs. We do not have a designated lead independent director, instead we allow our independent directors as a group to choose who among them is best suited to serve as the chair of each executive session. The Board will, however, maintain its flexibility to modify this structure at any given point in time to provide appropriate leadership for us.

Board's Role in Risk Oversight

Our Board retains primary responsibility for risk oversight. To assist the Board in carrying out its oversight responsibilities, members of our senior management report to the Board and its committees on areas of risk, and our Board committees consider specific areas of risk inherent in their respective areas of oversight and report to the full Board regarding their activities. For example, our Audit Committee periodically discusses with management our major financial risk exposures and the steps management has taken to monitor and control such exposures. Our Compensation Committee considers employee-related risks as it evaluates the performance of our executive officers and determines our executive compensation. Our Governance/Nominating Committee focuses on issues relating to Board composition and corporate governance matters. In addition, to ensure that our Board has a broad view of our overall risk management process, the Board periodically reviews our long-term strategic plans and the principal issues and risks that we may face, as well as the processes through which we manage risk.

Code of Ethics and Business Conduct

The Board has adopted a Code of Ethics and Business Conduct that applies to all employees, consultants, directors and officers, including our principal executive officer, principal financial officer, and principal accounting officer. Our Code of Ethics and Business Conduct addresses such topics as protection and proper use of our assets, compliance with applicable laws and regulations, accuracy and preservation of records, accounting and financial reporting, company opportunities, gifts and political contributions, relationships with government officials, conflicts of interest and insider trading. Our Code of Ethics and Business Conduct is available on our website at www.emeraldoil.com. Emerald intends to include on its website any amendment to, or waiver from, a provision of the Code of Ethics and Business Conduct that applies to the principal executive officer, principal financial officer, principal accounting officer and controller that relates to any

element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K. A copy of our Code of Ethics and Business Conduct will be provided to any person, without charge, upon request to the Secretary at 1600 Broadway, Suite 1360, Denver, Colorado 80202.

Shareholder Communications with the Board of Directors

Shareholders may communicate directly with the Board. All communications should be directed to our Secretary at the address below and should prominently indicate on the outside of the envelope that it is intended for the Board or for non-management directors, and our Secretary will forward the communications to all specified directors. If no director is specified, the communication will be forwarded to the entire Board. Shareholder communications to the Board should be sent to:

Emerald Oil, Inc. Board of Directors
Attention: Secretary
1600 Broadway, Suite 1360
Denver, Colorado 80202

Director Attendance at Annual Meetings

Directors' attendance at annual meetings can provide shareholders with an opportunity to communicate with directors about issues affecting us. We do not have a policy regarding director attendance, but all directors are encouraged to attend the Annual Meeting of Shareholders. All of the current members of our Board who were members of our Board at the time of last year's annual meeting attended the annual meeting in person.

Board and Committee Meetings

During fiscal 2012, the Board held nine formal meetings. The directors often communicate informally to discuss the affairs of the Company and, when appropriate, take formal action by written consent of a majority of all directors, in accordance with our Articles of Incorporation and bylaws and Montana law. The directors also participate in quarterly financial update calls with management.

Our Board has three standing committees, the Audit Committee, the Compensation Committee and the Governance/Nominating Committee. Members of such committees met formally and informally from time to time throughout fiscal 2012 on committee matters, with the Audit Committee holding four formal meetings, the Compensation Committee holding two formal meetings and the Governance/Nominating Committee holding one formal meeting.

Each director, including the directors who resigned following the Emerald Acquisition, attended, in person or by telephone, 100% of the meetings of the Board and at least 75% of the meetings for any committee of which he was a member.

Current Committee Membership

The following table sets forth the membership of each of our committees.

Audit Committee	Governance/Nominating Committee	Compensation Committee
Lyle Berman[(1)]	Duke R. Ligon	Duke R. Ligon
Duke R. Ligon*	Seth Setrakian	Seth Setrakian*
Daniel L. Spears	Daniel L. Spears*	Daniel L. Spears

* Chairman of Committee

(1) Mr. Berman will retire upon the adjournment of the 2013 Annual Meeting, and Mr. Edelman will be appointed to serve on the Audit Committee.

Audit Committee

Among other matters, our Audit Committee:

- assists the Board in fulfilling its oversight responsibility to our shareholders and other constituents with respect to the integrity of financial statements;
- reviews our annual financial statements and any reports or other financial information or estimates submitted to any governmental body or the public, including any certification, report, opinion or review rendered by our independent auditors;
- appoints and has oversight over our independent auditors, determines the compensation of our independent auditors and reviews the independence and the experience and qualifications of our independent auditors' lead partner, and pre-approves the engagement of our independent auditors for audit and permitted non-audit services;
- meets with the independent auditors and reviews the scope and significant findings of audits and meets with management and internal financial personnel regarding these findings;
- reviews the performance of our independent auditors;
- periodically meets with key members of the internal audit consultants, without management or others present, to discuss the adequacy of the internal audit function and results of such internal audit reviews;
- discusses with management, internal audit consultants and our independent auditors the adequacy and sufficiency of our disclosure and internal control procedures as a complete system, as well as the discovery of any individually material gaps and/or failures in our disclosure and internal control procedures;
- meets periodically with those members of management responsible for our risk assessment and risk management to understand and evaluate our risk assessment and risk management effort;
- in consultation with the independent auditors and the internal audit consultants, reviews the integrity of our financial reporting processes, both internal and external;
- considers and approves, if appropriate, major changes to our auditing and accounting principles and practices as suggested by the independent auditors, management or the internal audit consultants;
- establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- develops and reviews our policies and procedures for the review, approval, or ratification of any related person transaction requiring disclosure under Item 404 of Regulation S-K as promulgated under the Exchange Act or approval under the applicable rules of the NYSE MKT;
- reviews, approves or ratifies all related party transactions that are to be disclosed under Item 404 of Regulation S-K or require approval pursuant to our policies and procedures;
- review periodically the Code of Ethics and Business Conduct and management's enforcement of the Code as it relates to our financial reporting process and internal control system; and
- prepares the audit committee report required by the rules of the SEC to be included in our annual proxy statement.

Our independent auditors and other key committee advisors have regular contact with our Audit Committee. Our Board has adopted a written charter describing the roles and responsibilities of the Audit Committee. The Audit Committee charter is available on the investor page of our website at *www.emeraldoil.com*.

Audit Committee Independence and Financial Expert

Our Board has determined that our Audit Committee is comprised entirely of independent directors, as defined by the listing standards of the NYSE MKT stock exchange and applicable SEC rules. In addition, our Board has determined that Mr. Spears is an ''audit committee financial expert,'' as defined under the applicable rules of the SEC. Each member of our Audit Committee possesses the financial qualifications required of Audit Committee members set forth in the rules and regulations of the NYSE MKT stock exchange and under the Exchange Act.

Audit Committee Report

Management is responsible for our system of internal controls and the overall financial reporting process. Our independent auditors are responsible for performing an independent audit of our consolidated financial statements and internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, and to issue reports thereon. The Audit Committee is responsible for overseeing management's conduct of the financial reporting process and systems of internal accounting and financial controls.

In accordance with its written charter adopted by the Board, the Audit Committee assists the Board with fulfilling its oversight responsibility regarding the quality and integrity of our accounting, auditing and financial reporting practices. In discharging its oversight responsibilities regarding the audit process, the Audit Committee:

(1) reviewed and discussed the audited financial statements with management and the independent auditors;

(2) discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

(3) received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the Securities and Exchange Commission.

April 19, 2013
Duke R. Ligon, Chair
Lyle Berman
Daniel L. Spears

Governance/Nominating Committee

Our Governance/Nominating Committee makes recommendations to our Board regarding candidates for directorships and the composition of our Board and its committees. In addition, our Nominating/Corporate Governance Committee oversees our codes of conduct and makes recommendations to our Board concerning governance matters.

The Governance/Nominating Committee will review any director nominees proposed by shareholders. Shareholders may recommend a nominee to be considered by the Governance/Nominating Committee by submitting a written notice to the Company in accordance with our bylaws within the timeframes set forth below in the section titled ''Shareholder Proposals.'' A consent signed by the proposed nominee agreeing to be considered as a director should accompany the written notice. The notice should include the name and address of the nominee, the qualifications and experience of said nominee and any other information required by our bylaws.

The Governance/Nominating Committee acts pursuant to a written charter and is responsible for tasks relating to the adoption of corporate governance policies and procedures, the nomination of directors, and the

oversight of the organization of Board committees. The Governance/Nominating Committee charter is available on the investor page of our website at *www.emeraldoil.com.*

When identifying and selecting candidates for recommendation to the Board, the Governance/Nominating Committee will consider the attributes of the candidates and the needs of the Board and will review all candidates in the same manner, regardless of the source of the recommendation. In evaluating director nominees, a candidate should have certain minimum qualifications, including being able to read and understand basic financial statements, being familiar with our business and industry, having high moral character and mature judgment, and being able to work collegially with others. In addition, factors such as the following are also considered when evaluating director nominees:

- appropriate size and diversity of the Board;
- needs of the Board with respect to particular talent and experience;
- knowledge, skills and experience of nominee;
- familiarity with domestic and international business affairs;
- legal and regulatory requirements;
- appreciation of the relationship of our business to the changing needs of society; and
- desire to balance the benefit of continuity with the periodic injection of the fresh perspective provided by a new member.

The Governance/Nominating Committee does not have a formal diversity policy at this time; however, as summarized above, the Governance/Nominating Committee seeks to nominate candidates with a diverse range of knowledge, experience, skills, expertise, and other qualities that will contribute to the overall effectiveness of the Board.

Governance/Nominating Committee Independence

Our Board has determined that our Governance/Nominating Committee is comprised entirely of independent directors, as defined by the listing standards of the NYSE MKT stock exchange.

Compensation Committee

Our Compensation Committee reviews and recommends policy relating to compensation and benefits of our officers, employees and directors with input from our management and outside compensation consultants, if any. Our Compensation Committee reviews and approves corporate goals and objectives relevant to compensation of our executive officers, evaluates the performance of these officers in light of those goals and objectives and sets the compensation of these officers based on such evaluations. Our Compensation Committee provides input on compensation for our other officers and employees, but compensation levels for such officers and employees and the corporate goals and objectives relating to compensation are set by our Chief Executive Officer, President and Executive Chairman, subject to the Compensation Committee's approval. Our Compensation Committee also administers the issuance of stock options, restricted stock awards, and other awards under our 2011 Equity Incentive Plan.

Compensation Committee Charter and Scope of Authority

Under the Compensation Committee's written charter, the primary duties and responsibilities of the Compensation Committee include the following:

- develop and periodically review with management our philosophy of compensation, taking into consideration enhancement of shareholder value and the fair and equitable compensation of all employees;
- determine the compensation for our executive officers and approve the compensation for all of our executive officers;
- determine and approve equity grants made pursuant to our 2011 Equity Incentive Plan and any other equity incentive plan;

- develop, recommend to the Board, review and administer executive officer compensation policy and plans, including incentive plans, benefits and perquisites;
- develop, recommend, review and administer compensation plans for non-employee members of the Board;
- annually consider the relationship between our strategic and operating plans and the various compensation plans for which the Committee is responsible;
- periodically review and approve employment agreements, severance agreements, change of control agreements and material amendments to the foregoing which are applicable to any executive officer; and
- review and discuss with management the Compensation Discussion and Analysis (''CD&A'') required by the SEC. Based on such review and discussion, the Committee determines whether to recommend to the full Board that the CD&A be included in the annual report or proxy statement.

The Compensation Committee charter may be amended by approval of the Board. The Compensation Committee charter is available on the investor page of our website at *www.emeraldoil.com.*

Delegation of Authority

The Compensation Committee has delegated certain authority to our Chief Executive Officer to make limited equity award grants under our 2011 Equity Incentive Plan to non-executive employees.

Role of Management and Compensation Consultants

In making its compensation decisions and recommendations, the Compensation Committee takes into account the recommendations of our Chief Executive Officer, President and Executive Chairman. Other than giving their recommendations, our Chief Executive Officer, President and Executive Chairman do not participate in the Compensation Committee's decisions regarding their own compensation. All of the Compensation Committee's actions, decisions and recommendations are reported to our Board. In addition, the Compensation Committee may engage an independent compensation consultant to review compensation trends and compensation levels of companies that we deem to be in our peer group. Subsequent to the Emerald Acquisition, the Compensation Committee did not engage an independent compensation consultant for 2012, and the Compensation Committee relied on its own review of compensation trends and compensation levels of other companies that the Compensation Committee deemed to be in our peer group.

Compensation Committee Independence

Our Board has determined that our Compensation Committee is comprised entirely of independent directors, as defined by the listing standards of the NYSE MKT stock exchange.

Required Vote and Recommendation

Under Montana law, the election of each nominee requires the affirmative vote by a plurality of the votes cast by the shares entitled to vote on the election of directors at the 2013 Annual Meeting at which a quorum is present. At our 2013 Annual Meeting, five directors will be up for election. Each shareholder has the right to cast five votes in the election of directors for each share of stock held on the record date. If you wish to exercise, by proxy, your right to cumulative voting in the election of directors, you must provide a proxy showing how your votes are to be distributed among one or more candidates. Unless contrary instructions are given by a shareholder who signs and returns a proxy, all votes for the election of directors represented by such proxy will be divided equally among the five nominees. If cumulative voting is invoked by any shareholder, the vote represented by the proxies delivered pursuant to this solicitation, which do not contain contrary instructions, may be cumulated at the discretion of our Board in order to elect to the Board the maximum number of nominees named in this proxy statement. Abstentions and broker non-votes will not be counted as having been voted on the proposal.

THE BOARD RECOMMENDS THAT YOU VOTE "FOR" EACH OF THE NOMINEES TO THE BOARD SET FORTH IN THIS PROPOSAL #1.

EXECUTIVE OFFICERS

The following provides information about our current executive officers. Information with respect to Messrs. Reger and Rudisill is set forth in "Election of Directors — Nominees for Election."

Name	Age	Positions
McAndrew Rudisill	34	Chief Executive Officer and Director
James Russell ("J.R.") Reger	38	Executive Chairman and Director
Mike Krzus	55	President and Director*
Paul Wiesner	48	Chief Financial Officer and Secretary
Mitchell R. Thompson	32	Chief Accounting Officer
David Veltri	55	Chief Operating Officer

* Mr. Krzus is not standing for re-election to our Board.

Mike Krzus has been a director since July 2012 and has served as our President since May 2013. Prior to his appointment as President, Mr. Krzus served as our Chief Executive Officer from July 2012 to May 2013. Mr. Krzus has over 30 years experience managing technical and business areas in upstream oil and natural gas, liquefied natural gas and geothermal. Prior to joining us, Mr. Krzus was the Chief Executive and Operating Officer of Emerald Oil & Gas NL, a petroleum exploration and production company based in Perth, Australia, since February 12, 2009 and was its Managing Director from August 13, 2009 before reverting to a non-executive director on being appointed our Chief Executive Officer in July 2012. Starting as a petroleum engineer with Home Oil in Calgary in 1983, Mr. Krzus then proceeded to Woodside Petroleum Ltd (Australia's largest operating oil company) in 1986 where he held various management and executive positions involving oil and natural gas field development (including a four-year secondment to Shell International SIPM where he led natural gas and oil field development teams in the Netherlands), exploration and production business development, company business planning and evaluations, joint venture management and technical capability management. Before leaving Woodside Petroleum Ltd in 2007, Mr. Krzus was responsible for its sub-surface technical oil and natural gas development capability and technology and its capital gating approval process. Prior to joining Emerald Oil & Gas NL, Mr. Krzus managed a geothermal exploration company that was a subsidiary of Eden Energy. Mr. Krzus is a member of the Society of Petroleum Engineers (SPE) and Graduate member of the Australian Institute of Company Directors (AICD). Mr. Krzus holds a Diploma in Oil and Gas Technology from the British Columbia Institute of Technology and a BSc in Petroleum Engineering from Tulsa University. Mr. Krzus' qualifications to sit on the Board include his role as our Chief Executive Officer, his experience in the energy industry, his petroleum engineering background and his years of experience in oil and natural gas development and production and technical and business management of upstream oil and natural gas companies.

Paul Wiesner has been our Chief Financial Officer since the closing of the Emerald Acquisition in July 2012. Mr. Wiesner has over 25 years of experience with public and private oil and natural gas companies in senior financial and accounting positions. Prior to joining us, Mr. Wiesner was the Chief Financial Officer of Tracker Resource Development II, LLC from 2008 to 2011 a private oil exploration company focused in the North Dakota Bakken which sold for $1.05B. From 2005 to 2008, Mr. Wiesner was Chief Financial Officer, Secretary and Treasurer for Storm Cat Energy Corporation a publically traded coalbed methane gas exploration company focused in the Powder River Basin of Wyoming. In November 2008, while Mr. Wiesner served as an executive officer, entities affiliated with Storm Cat Energy filed for protection under Chapter 11 of the Federal bankruptcy laws in the U.S. Bankruptcy Court for the District of Colorado. From 2002 to 2005, Mr. Wiesner served as Chief Financial Officer of NRT Colorado, Inc. d/b/a Coldwell Banker Residential Colorado a residential real estate company with 22 offices and 2000 agents. Prior to 2002, Mr. Wiesner held financial positions with various private companies focused on oil and natural gas exploration, mid-stream natural gas gathering, mining and high technology products. Mr. Wiesner graduated with a Bachelor of Arts degree from Claremont McKenna College and holds an MBA from the MIT Sloan School of Management.

Mitchell R. Thompson has been our Chief Accounting Officer since the closing of the Emerald Acquisition in July 2012. Prior to then, Mr. Thompson served as our Chief Financial Officer from April 2010 to July 2012 and as a director from January 2011 to July 2012. Mr. Thompson was Chief Financial Officer of

Plains Energy Investments, Inc. from December 1, 2009 until its merger with us in April 2010. From November 2008 to December 1, 2009, Mr. Thompson was with Anderson ZurMuehlen & Co., P.C. in Billings, Montana where he was an assurance manager. From September 2004 to November 2008, Mr. Thompson held various positions with Grant Thornton LLP in Minneapolis, where he last served as a senior associate. Mr. Thompson has been a licensed CPA since 2006 and holds a B.S. and Master's in Accounting from Montana State University.

David Veltri has been our Chief Operating Officer since November 30, 2012. Mr. Veltri has over 31 years of oil and natural gas industry experience with a major oil company and several independent oil companies, where he has managed and provided engineering for all phases of upstream and mid-stream oil and natural gas operations, covering North Dakota, Wyoming, the Rocky Mountains, the Southern U.S., Mid-Continent, Louisiana, Texas and various international locations. Most recently, Mr. Veltri served as an independent petroleum engineering consultant from October 2011 through November 2012. From August 2008 through September 2011, Mr. Veltri served as Vice President/General Manager of Baytex Energy USA Ltd., where he managed business unit operations, capital drilling programs, lease maintenance and producing properties in the Williston Basin in North Dakota. From September 2006 to July 2008, Mr. Veltri was Production Manager at El Paso Exploration and Production Company, where he managed producing oil and natural gas properties located in northern New Mexico. Mr. Veltri received a Bachelor of Science in Mining and Engineering from West Virginia University.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Our compensation programs are generally, designed, structured and administered under the oversight of our Compensation Committee and subject to the approval of our Board of Directors. On July 26, 2012, we completed the acquisition of Emerald Oil, Inc., pursuant to which we purchased all of the outstanding capital stock of Emerald Oil, Inc. for 1,662,174 shares of our common stock and retained certain liabilities of Emerald Oil, Inc. We refer to the acquisition of Emerald Oil, Inc. as the ''Emerald Acquisition''. In connection with the Emerald Acquisition, Joseph Lahti, Myrna McLeroy, Loren J. O'Toole II, Josh Sherman and Mitchell R. Thompson resigned as directors, and Duke R. Ligon, Seth Setrakian, Daniel L. Spears, Mike Krzus and McAndrew Rudisill, each of whom were previously employed by Emerald Oil, Inc. or previously served on the board of directors of Emerald Oil, Inc., were appointed to our Board of Directors. Following the Emerald Acquisition, our Compensation Committee consisted of Messrs. Setrakian (Chairman), Ligon and Spears.

Also in connection with the Emerald Acquisition, our Board of Directors appointed the Mike Krzus as Chief Executive Officer, McAndrew Rudisill as President, Paul Wiesner as Chief Financial Officer, and Karl Osterbuhr as Vice President of Exploration and Business Development, each of whom were former officers of Emerald Oil, Inc. In addition, our Board appointed J.R. Reger, our former Chief Executive Officer, and Mitchell R. Thompson, our former Chief Financial Officer, as our Executive Chairman and Chief Accounting Officer, respectively. Following the Emerald Acquisition, we changed our name from Voyager Oil & Gas, Inc. to Emerald Oil, Inc., and we shifted from our previous business model that focused on participating in non-operated wells developed by other operators to our current operated program over which we have control of the timing of well development and design of our wells. Going forward, we plan to participate in significantly fewer non-operated wells and grow reserves through our operated well development program.

As a result of the changes in the composition of our Board of Directors, Compensation Committee and senior management and our change in business model following the Emerald Acquisition, our compensation programs changed substantially, and the following discussion reflects those changes.

For the purposes of our discussion, our named executive officers for 2012 are as follows:

Name	Title
Mike Krzus	Chief Executive Officer (our principal executive officer)*
James Russell (J.R.) Reger	Executive Chairman
McAndrew Rudisill	President*
Paul Wiesner	Chief Financial Officer (our principal financial officer)
Mitchell R. Thompson	Chief Accounting Officer

* Effective May 8, 2013, Mr. Rudisill became our Chief Executive Officer and Mr. Krzus became our President.

Compensation Objectives and Philosophy

Our future success and the ability to create long-term value for our shareholders depends on our ability to attract, retain and motivate the most qualified individuals in the oil and natural gas industry. We design our compensation programs to reward performance and to attract, retain and motivate employees at all levels. Our goal is to establish pay levels for our named executive officers that are competitive with comparable positions in our industry and in the regions in which we operate, while maintaining an atmosphere of teamwork, recognizing overall business results and individual achievement, and attaining our strategic objectives by tying the interest of our executive officers and employees with our shareholders through the use of equity-based compensation.

Our overall compensation philosophy is that rewards to executives should reflect and reinforce our company-wide focus on financial management and bottom-line performance. We believe this approach increases the likelihood that we will experience sustained profitability and generate greater shareholder value

over time. In 2012, we compensated our named executive officers primarily in the form of a base salary and the grant of equity awards in the form of both restricted stock awards and stock options, which we believed aligned the interests of our executive management with our shareholders as a whole.

We intend for the amount of compensation paid to each executive officer to reflect the officer's experience and individual performance, as well as our overall performance, all measured in the context of the oil and natural gas industry and locations in which we operate. Our objectives are to attract, retain and motivate executives of outstanding ability. In order to motivate each executive officer to achieve his potential, certain components of our total compensation package are dependent on corporate and individual performance and are therefore at risk. Generally, as an executive officer's responsibility and ability to impact our financial performance increases, the individual's performance-based compensation increases as a portion of his total compensation. Ultimately, executive officers with greater roles and responsibilities associated with achieving our performance targets should bear a greater proportion of the risk if those goals are not achieved and should receive a greater proportion of the reward if the goals are met or surpassed.

Our Board and the Compensation Committee is currently considering the compensation awarded to, earned by, or paid to its executive officers in the future. Specifically, it is considering the following:

- the objectives of our compensation programs;
- various elements that our compensation program is designed to reward;
- each element of compensation;
- the reasons each element is considered important;
- the methods for determining the amounts (and, where applicable, the formula) for each element to pay; and
- how each compensation element fit into our overall compensation objectives and affect decisions regarding other elements.

Compensation Committee

Our Compensation Committee oversees the design and administration of our executive compensation program according to the processes and procedures discussed in this proxy statement. To implement our compensation objectives and philosophy, our Board and Compensation Committee:

- consider individual performance, competence and leadership when setting base compensation, as well as Company-specific financial and business improvement goals to promote a cohesive, performance-focused culture among our executive team;
- compare our compensation programs with the executive compensation policies, practices and levels at comparable companies in our industry selected for comparison by our Compensation Committee, based upon size, complexity and growth profile; and
- structure compensation among the executive officers so that our named executive officers, with their greater responsibilities for achieving performance and strategic objectives, bear a greater proportion of the risk and rewards associated with achieving those goals.

Setting Executive Compensation

The Compensation Committee selects the elements of executive compensation and determines the level of each element, the mix among the elements and total compensation based upon the objectives and philosophies set forth above, and by considering a number of factors, including:

- each executive officer's position and the level of responsibility;
- the skills and experiences required by an executive officer's position;
- the executive officer's experience and qualifications;
- the competitive environment for comparable executive officer talent having similar experience, skills and responsibilities;

- our performance compared to specific objectives;
- individual performance measures;
- the executive officer's current and historical compensation levels;
- the executive officer's length of service;
- compensation equity and consistency across all executive positions; and
- the stock ownership of each executive officer.

As a means of assessing the competitive market for executive talent, we review competitive compensation data gathered in comparative third-party surveys that we believe to be relevant, considering our size and industry. For 2012, our Compensation Committee did not engage an independent compensation consultant, but may in the future.

Employment Agreements, Termination and Change of Control

As part of the Emerald Acquisition, we entered into employment agreements with our named executive officers, J.R. Reger (Executive Chairman), Mike Krzus (Chief Executive Officer), McAndrew Rudisill (President), Paul Wiesner (Chief Financial Officer) and Mitchell R. Thompson (Chief Accounting Officer). We also entered into an employment agreement with Karl Osterbuhr (Vice President of Exploration and Business Development). Each agreement terminates on December 31, 2014 with automatic annual extensions unless we or the officer elects not to extend the agreement by providing at least 60 days prior written notice to the other party that the term will not be extended.

Each agreement provided for a base salary, initial stock awards under the 2011 Plan consisting of options and restricted stock units, 25% of which vested upon execution of the employment agreements and 75% of which vests in equal annual increments over three years, and an annual short-term incentive award, which will range from up to 100% to 200% of the officer's base salary and the performance criteria as set by the Compensation Committee (the ''STI Award''). For 2012, Messrs. Reger, Krzus and Rudisill received a base salary of $290,000 per year, an initial equity award consisting of options to acquire 89,286 shares of common stock and 29,762 restricted stock units and an STI Award of up to 200% of base salary, entitlement to standing execution goals, and exposure to the Compensation Committee's annual discretionary bonus allocation; Mr. Wiesner received a base salary of $275,000 per year, an initial equity award consisting of options to acquire 44,643 shares of common stock and 14,881 restricted stock units, and an STI Award of up to 100% of base salary, entitlement to standing execution goals, and exposure to the Compensation Committee's annual discretionary bonus allocation; and Mr. Thompson received a base salary of $225,000 per year, an initial stock award consisting of options to acquire 71,429 shares of common stock and 23,810 restricted stock units and an STI Award of up to 125% of base salary, entitlement to standing execution goals, and exposure to the Compensation Committee's annual discretionary bonus allocation. In addition, Messrs. Krzus and Rudisill are entitled to reasonable relocation expenses, including a housing allowance of $7,500 per month through December 2014. The employment agreements limited equity-related grants made the officers for 12 months following the closing of the Emerald Acquisition to the initial equity awards, and our Board authorized an amendment to the employment agreements in October 2012 to remove this limitation, as the Board did not want to limit its flexibility to grant additional equity awards.

Each of these officer employment agreements provides for severance and change-in-control payments in the event we terminate an officer's employment ''without cause'' or if the officer terminates for ''good reason.'' A change of control is deemed to occur when individuals constituting the Board at the beginning of any two-year period cease to constitute a majority thereof, or if the voting securities outstanding immediately prior to a merger, consolidation or reorganization cease to represent at least 50% of the combined voting power of the outstanding securities immediately after such merger, consolidation or reorganization. If we terminate an officer without cause or the officer resigns for good reason, if the agreement is not extended at the end of each term without cause or for good reason, or if we terminate an officer without cause or the officer resigns for good reason within 12 months of a change of control, then that officer will receive all accrued but unpaid base salary, any unpaid STI Award in respect of any completed fiscal year ending prior to the date of such termination or resignation, a lump-sum cash payment equal to two times the target STI Award

for the fiscal year in which the termination or resignation occurs, a lump-sum payment equal to two years of the officer's base salary, partial payment of the officer's health coverage, if continued, and immediate vesting of all equity or equity-related awards previously awarded to the officer. Upon termination by us without cause or by an officer for good reason, the officer will receive all amounts payable on the 60th day following the date of the officer's termination of employment. If we terminate an officer for cause or if an officer resigns without good reason, the officer will only be entitled to obligations that have accrued under his employment agreement, and any unvested equity awards will be cancelled, and the officer will not have any further rights under the employment agreements, including any STI Award that has not been paid as of the date of termination.

Each agreement provides that in the event we terminate an officer's employment ''without cause,'' as a result or a change in control or as a result of non-extension by us, or if the officer terminates his employment for ''good reason'', the officer agrees that, for a period ending one year from the date of his termination of employment, the officer will not (i) engage in certain activities described in the employment agreements that are deemed competitive with our business in any county in the United States where we hold mineral lease interests, (ii) encourage any person to leave our employ, hire or engage as a consultant any person who is or was our employee or consultant until six months after such individual's employment or consulting relationship with us has been terminated, or (iii) encourage certain persons to cease doing business with us or interfere with certain of our business relationships.

The following table shows the potential payments to our named executive officers in the event of their termination of employment as of December 31, 2012 and using the closing price of our common stock on December 31, 2012 to value the early vesting of equity-related awards. The table below assumes that we have paid in full the named executive officer's base salary and STI Awards. Because the price of our common stock is subject to fluctuation, we cannot assure you that these scenarios would produce similar results as those disclosed if a termination occurs in the future.

Name	Severance Payments ($)	Early Vesting of Equity or Equity-related Awards ($)	Other[(1)]	Total ($)
Without Cause/For Good Reason/ Non-Extension/Change of Control				
Mike Krzus	1,740,000	1,659,655	—	3,399,655
Paul Wiesner	1,100,000	1,169,809	—	2,269,809
James Russell (J.R.) Reger	1,740,000	1,659,655	—	3,399,655
McAndrew Rudisill	1,740,000	1,659,655	—	3,399,655
Mitchell R. Thompson	1,012,500	645,673	—	1,658,173

(1) Upon termination, if the executive officer elects to continue to participate in any group medical, dental, vision and /or prescription drug plan benefits to which the executive officer and/or his eligible dependents would be entitled under Section 4980B of the Code (COBRA), we will pay the excess of (i) the COBRA cost of such coverage over (ii) the amount the executive officer would have had to pay for such coverage if the executive officer had remained employed with us during the period the executive officer is entitled to coverage under COBRA. As a result of the various considerations involved in calculating the excess amount, we are unable to provide an accurate estimate of such costs, but do not believe such costs would be material.

Executive Compensation Components for Fiscal Year 2012

The principal elements of our executive officer compensation program for fiscal year 2012 were:

- base salary;
- incentive awards paid with both restricted stock units and/or cash at the discretion of the Compensation Committee, based upon short-term incentive (''STI'') awards, standing execution achievement (''SEA'') awards, and discretionary awards; and

- limited perquisites and other benefits generally made available to our employees.

In allocating compensation across these elements, the Compensation Committee followed the general compensation objectives and philosophies outlined above to place a substantial percentage of an executive officer's compensation at risk, subject to achievement of specific performance objectives and long-term equity value creation. In addition, the Compensation Committee generally placed a greater proportion of total compensation at risk for our named executive officers, based on their greater responsibility for, and ability to influence, overall company performance.

Awards were allocated based upon both long- and short-term goals and with a preference for equity incentives when available under the 2011 Equity Incentive Plan. STI awards were based upon three to five corporate goals which the Compensation Committee believed would benefit our shareholders. STI awards are only available to those officer's with employment agreements that specifically call for STI awards. In 2012, the Compensation Committee determined that because of the growth trajectory of the company, STI awards would be based upon the achievement of semi-annual corporate goals in 2012 and through the first half of 2013. SEA goals are based upon defined quarterly achievement hurdles that provide a pool of compensation that management can allocate to incentivize all executives and employees to achieve specific quarterly operational and financial objectives. Discretionary awards may be granted at the discretion of the Compensation Committee with Board approval and are focused on the long-term alignment of executives with shareholders.

STI awards, standing execution goal awards and annual discretionary awards may be paid in restricted stock units or cash depending upon availability under the 2011 Equity Incentive Plan. In the event shares are not available for grant under the 2011 Equity Incentive Plan, cash will be used.

Base Salary

Base salary provides executives with a fixed, regular, non-contingent earnings stream. As a component of total compensation, our Compensation Committee has set base salaries at a level that it believes attract and retain an experienced management team in our market that would us to grow and create shareholder value, while making base salary a smaller component of overall compensation than is provided in the form of equity incentive awards.

In connection with the Emerald Acquisition, we entered into new employment agreements with each of our named executive officers. The employment agreements established initial base salaries of $290,000 for each of Messrs. Krzus, Reger and Rudisill, $275,000 for Mr. Wiesner and $225,000 for Mr. Thompson. We review base salaries for our executive officers annually to determine if a change is appropriate, considering various factors, including comparisons to base salaries paid for comparable roles by other companies in the oil and natural gas industry, individual contributions to the Company and base salaries paid within our Company. For 2013, we increased the base salaries of certain of the named executive officers based upon performance in 2012. Information regarding the increases in base salaries of the named executive officers is discussed below under "Compensation for 2013."

Incentive Awards

We believe that a high level of quality long term performance is achieved through an ownership culture that encourages performance by our executive officers through the use of stock and stock based awards. The 2011 Plan was established to provide our employees, including our named executive officers, with incentives to help align their interests with the interests of shareholders. We have historically elected to use stock options and restricted stock grants as the primary equity incentive vehicles. We believe stock options and restricted stock grants provide incentives for our named executive officers' performance because the value of the awards is tied directly to our stock price and provides retention incentives with delayed vesting.

In March 2012 under the terms of his employment agreement in effect prior to the Emerald Acquisition, Mr. Reger received 9,524 shares of common stock, 21,429 restricted stock units vesting monthly over a 12-month period and 26,190 restricted stock units vesting quarterly over a 36-month period, of which 11,904 restricted stock units vested prior to the Emerald Acquisition. Also in March 2012 under the terms of his prior employment agreement, Mr. Thompson received 4,761 shares of common stock, 10,716 restricted stock units vesting monthly over a 12-month period and 13,095 restricted stock units vesting quarterly over a 36-month

period, of which 5,953 restricted stock units vested prior to the Emerald Acquisition. Messrs. Reger and Thompson forfeited their remaining 35,715 and 17,858 unvested restricted stock units, respectively, upon completion of the Emerald Acquisition and entering into new employment agreements.

Following the Emerald Acquisition, our named executive officers were subject to the terms of their respective employment agreements, which provided for an initial equity grant to each of our named executive officers. Upon closing of the Emerald Acquisition, Messrs. Krzus, Reger and Rudisill each received 29,762 restricted stock units and options to purchase 89,286 shares of common stock, Mr. Wiesner received 14,881 restricted stock units and options to purchase 44,643 shares of common stock, and Mr. Thompson received 23,810 restricted stock units and options to purchase 71,429 shares of common stock, of which 25% vested upon grant and the remaining vest in equal installments over three years from the date of grant.

Each of the named executive officer's employment agreements also provide for STI awards ranging from 100% to 200% of base salary, entitlement to SEA awards based on defined quarterly achievement hurdles, and exposure to the Compensation Committee's discretionary bonus allocation.

For 2012, the Compensation Committee set forth the following STI goals:

- aggressively expanding our core operated Williston Basin acreage position;
- transitioning to an operated business model while maintaining a balanced non-operated acreage portfolio;
- rapidly developing undrilled leasehold acreage to generate reserves, production and cash flow; and
- maintaining a strong liquidity position and conservative balance sheet.

Our Compensation Committee established SEA goals to be divided among all executive and employee team members at the discretion of our executive officers who manage their respective team members. For 2012, the Compensation Committee established the following SEA goals:

- $75,000 for each successfully drilled well that is operated by us and generates similar or superior well results to surrounding wells, based upon 30-day initial production rates;
- $90,000 for converting non-operated acreage into 1280-acre drilling spacing units in which we are designated as the operator and have at least a 35% working interest;
- 1.5% of the total transaction value for the completion of acquisitions of acreage and production in the Williston Basin upon demonstrating to the Compensation Committee that the transaction is value accretive;
- 0.75% of the gross amount of completed equity raises upon demonstrating to the Compensation Committee the value added as a result of the equity raise; and
- 0.25% of the gross amount of debt refinancings or the issuance of debt securities upon demonstrating to the Compensation Committee the requirement of the debt refinance or debt issuance and the competitiveness of the debt transaction in relation to our size and the capital market conditions.

Based upon the achievement of the parameters established by the Compensation Committee for making STI awards, standing SEA awards, and discretionary awards, our named executive officers received the following equity awards in November 2012: each of Messrs. Krzus, Reger and Rudisill — 441,661 restricted stock units and $103,019 in cash; Mr. Wiesner — 318,127 restricted stock units and $74,213 in cash; and Mr. Thompson — 158,045 restricted stock units and $36,869 in cash. One-third of the restricted stock unit grants vested upon grant and the remaining two-thirds of the restricted stock unit grants vest in equal annual installments over two on the anniversary date of the grants.

In the future, our Compensation Committee and Board may grant equity incentive awards on a semi-annual or annual basis and from time to time may make one-time grants to recognize promotion or consistent long-term contribution, or for specific incentive purposes. We may also make grants in connection

with the hiring of new executive officers and employees. The Compensation Committee will have the authority to administer any equity incentive plan under which we make equity or equity-based awards, including the 2011 Plan.

Although we do not have any stock retention or ownership guidelines, our Board and Compensation Committee intend to encourage our executives to continue to have a financial stake in the Company in order to align the interests of our shareholders and management. We will continue to evaluate whether to implement a stock ownership policy for our officers and directors.

Perquisites and Other Benefits

In addition to the compensation discussed above, our named executive officers are eligible for the same healthcare and other benefits that are available to all our employees generally. We offered limited perquisites to our named executive officers. We provided each of Messrs. Krzus, Reger, Rudisill and Thompson with an allowance for the use of an automobile. In addition, we provided for a housing allowance and moving expenses for Messrs. Krzus and Rudisill for relocating to Denver, Colorado from their respective areas of residence.

Equity Compensation Plan Information

The following table summarizes information regarding the number of shares of our common stock that are available for issuance under our existing equity compensation plan as of December 31, 2012. The table does not include the additional 6,300,000 shares of common stock issuable under the proposed amendment to our 2011 Plan, as described below under ''Proposal 3'', which is subject to shareholder approval at the 2013 Annual Meeting.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders[(1)]	735,705	$11.29	20,578
Equity Compensation Plans Not Approved by Security Holders[(2)]	323,290	$ 9.22	—
Total	1,058,995	$10.66	20,578

(1) Includes stock options to purchase 32,137 shares of common stock issued pursuant to equity plans of the pre-merger entity, ante4, Inc. prior to the merger date, April 16, 2010.

(2) On December 1, 2009, we issued our Chief Accounting Officer warrants to purchase a total of 37,216 shares of common stock exercisable at $6.86 per share pursuant to the terms of his employment agreement. On December 31, 2009, we issued our Executive Chairman warrants to purchase a total of 186,077 shares of common stock exercisable at $6.86 per share pursuant to the terms of his employment agreement. On April 21, 2010, we granted our non-employee directors stock options to purchase a total of 100,000 shares of common stock exercisable at $19.32 per share for serving as directors, 42,857 of which have been forfeited or have expired. On November 12, 2010, we granted a newly appointed non-employee director stock options to purchase a total of 21,425 shares of common stock exercisable at $25.90 per share for serving as a director. In May 2011, we granted stock options to two employees to purchase a total of 14,286 and 7,143 shares of common stock exercisable at $21.14 and $24.85 per share, respectively, pursuant to the terms of their employment agreements. None of the officers, directors or employees had exercised any of the warrants or options as of December 31, 2012.

Compensation for 2013

Subsequent to December 31, 2012, as part of the analysis of executive compensation that is undertaken annually by our Compensation Committee, we approved increases in the base salaries of our named executive officers. For 2013, the base salary of Messrs. Krzus, Reger and Rudisill was increased from $290,000 to

$350,000, the base salary of Mr. Wiesner was increased from $275,000 to $305,000, and the base salary of Mr. Thompson was increased from $225,000 to $235,000. These changes in base salary were made to move closer in line to peer comparable executive salaries and to reflect the better capitalization and cash flows of the Company.

Effective May 8, 2013, Mr. Rudisill became our Chief Executive Officer and Mr. Krzus became our President. On May 8, 2013, Emerald amended its employment agreements with each of Messrs. Krzus and Rudisill to reflect their new titles.

Compensation Committee Interlocks and Insider Participation

Following the Emerald Acquisition on July 26, 2012, the Compensation Committee consisted of Duke R. Ligon, Seth Setrakian and Daniel L. Spears. Prior to the Emerald Acquisition the Compensation Committee consisted of Joseph Lahti, Myrna McLeroy, Josh Sherman and Loren J. O'Toole II. None of our Compensation Committee members was ever an officer of the Company or had any related party transaction relationship with us of a type that is required to be disclosed under Item 404 of Regulation S-K. None of our executive officers has served as a member of the compensation or similar committee or board of directors of any entity that has one or more executive officers who served on our Compensation Committee during fiscal year 2012.

Our non-employee directors receive equity awards, which may be in the form of stock option grants, shares of restricted stock or restricted stock units, as compensation for their services as directors, as well as cash compensation for their services as directors. All of our directors are reimbursed for their reasonable expenses in attending Board and committee meetings.

Compensation Risk Assessment

The Compensation Committee conducted a risk assessment of our employee compensation programs, including our executive compensation programs, and concluded that our employee compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and do not incentivize executives or other employees to take unnecessary or excessive risks. As a result, we believe that risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on us. Despite this belief, our Compensation Committee has resolved to periodically review our compensation programs and make any necessary adjustments to the program and its incentives to account for changes in our risk profile.

Stock Ownership/Retention Guidelines and Other Policies

We do not have any stock ownership guidelines or a stock retention policy. We have adopted an Insider Trading Policy that applies to all of our officers and employees and all members of the Board. The Insider Trading Policy prohibits short sales of our common stock and the trading of our securities on a short-term basis, and requires that any of our common stock purchased in the open market be held for a minimum of six months. This policy also states that employees should not ''margin'' our common stock or enter into hedging transactions with respect to our common stock.

Consideration of 2011 Say-On-Pay Shareholder Vote

In 2011, we held our first shareholder advisory vote on the compensation paid to our named executive officers in 2010, which resulted in an excess of 95% of votes cast approving such compensation. As recommended by our Board, shareholders expressed their preference for a three year advisory vote on executive compensation, and we have implemented that recommendation. The next shareholder advisory vote on compensation paid to our named executive officers will be held at the 2014 Annual Meeting of Shareholders. The next shareholder advisory vote on the frequency of shareholder advisory votes on compensation will be held at the 2017 Annual Meeting of Shareholders. The Compensation Committee considered many factors in evaluating our executive compensation programs as discussed in this Compensation Discussion and Analysis, including the Compensation Committee's assessment of the interaction of our compensation programs with our corporate business objectives and review of data of certain companies the Compensation Committee deemed to be in our peer group, each of which is evaluated in the context of the Compensation Committee's duty to act as the directors determine to be in the best interests of

our shareholders. While each of these factors bore on the Compensation Committee's decisions regarding the named executive officer's compensation, the Compensation Committee did not make any material changes to our executive compensation program and policies as a result of the 2011 ''say on pay'' advisory vote. Following the Emerald Acquisition and the shift in our business plan from a non-operated program to transitioning to an operator, our compensation policies have changed, as the responsibilities of our officers and other personnel have significantly increased. We review our compensation programs and philosophy on an annual basis and will consider various factors in determining overall compensation, including the next shareholder advisory vote.

Conclusion

The Board concluded that the base salary and equity incentives for each of the named executive officers, as well as the total compensation received by those named executive officers, in fiscal year 2012 were reasonable and appropriate in light of our goals and competitive requirements. The amounts were in our best interests and our shareholders' best interest because they enabled us to attract, retain, motivate and fairly reward talent and furthered the philosophies of ensuring the accomplishment of our financial objectives and aligning the interests of management with those of long-term shareholders.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K promulgated under the Securities Exchange Act of 1934, as amended. Based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the proxy statement relating to the 2013 Annual Meeting of Shareholders.

April 19, 2013
Seth Setrakian, Chair
Duke R. Ligon
Daniel L. Spears

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides information regarding the compensation earned during the years ended December 31, 2012, 2011 and 2010 by our named executive officers.

	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Options Awards ($)[1]	All Other Compensation ($)[2]	Total ($)
Michael Krzus*	2012	120,833[3]	103,019	2,017,443[4]	456,740[5]	90,260	2,788,295
Chief Executive Officer	2011	—	—	—	—	—	—
	2010	—	—	—	—	—	—
Paul Wiesner	2012	114,583[6]	74,213	1,401,900[7]	228,370[8]	7,461	1,826,527
Chief Financial Officer	2011	—	—	—	—	—	—
	2010	—	—	—	—	—	—
James Russell (J.R.)	2012	120,833[3]	253,019[9]	2,467,431[10]	456,740[5]	16,405	3,314,428
Reger	2011	—	—	—	—	28,236	28,236
Executive Chairman[11]	2010	—	—	—	—	—	—
McAndrew Rudisill*	2012	120,833[3]	103,019	2,017,443[4]	456,740[5]	60,260	2,758,295
President	2011	—	—	—	—	—	—
	2010	—	—	—	—	—	—
Mitchell R. Thompson	2012	140,417[12]	186,869[9]	1,050,166[13]	365,391[14]	18,759	1,761,601
Chief Accounting	2011	70,000	—	—	—	23,642	93,642
Officer[11]	2010	70,000	5,833	—	—	—	75,833

* Effective May 8, 2013, Mr. Rudisill became our Chief Executive Officer and Mr. Krzus became our President.

(1) The grant date fair value of each of the restricted stock and restricted stock unit awards was based on the closing price of our common stock on the date of the grant. We used the Black-Scholes option valuation model to calculate the value of the stock options, based upon an exercise price equal to the closing price of our common stock on the date of grant, utilizing the provisions of FASB ASC Topic 718. See Note 6 to our financial statements for the fiscal year ended December 31, 2012 included in our Annual Report on Form 10-K for fiscal year 2012 for additional discussion of our valuation of stock options.

(2) The following items are reported in the ''All Other Compensation'' column for the year ended December 31, 2012:

Name	Insurance Benefits ($)	Automobile Allowance ($)	Moving Expenses ($)	Taxes Paid (share vesting gross-up) ($)	Total ($)
Mike Krzus	7,461	5,299	77,500	—	90,260
Paul Wiesner	7,461	—	—	—	7,461
J.R. Reger	2,412	4,485	—	9,508	16,405
McAndrew Rudisill	7,461	5,299	47,500	—	60,260
Mitchell R. Thompson	7,461	4,944	—	6,354	18,759

(3) Messrs. Krzus, Reger and Rudisill received an annual base salary of $290,000 beginning July 26, 2012 upon completion of the Emerald Acquisition. Mr. Reger did not receive salary compensation prior to July 26, 2012, and Messrs. Krzus and Rudisill were not employed by us prior to July 26, 2012.

(4) Upon completion of the Emerald Acquisition and in connection with entering into employment agreements, Messrs. Krzus and Rudisill each received 7,440 shares of common stock and 22,321 restricted stock units. The restricted stock units vest annually in equal increments over three years. In November 2012, Messrs. Krzus and Rudisill received 147,204 shares of common stock and 294,407 restricted stock units related to achievement of short-term incentives under their respective employment agreements. The restricted stock units vest annually in equal increments over two years.

(5) Upon completion of the Emerald Acquisition and in connection with entering into employment agreements, Messrs. Krzus, Reger and Rudisill each received stock options to purchase 89,286 shares of common stock, of which 22,321 stock options vested immediately, and the remaining 66,965 stock options vest equally on an annual basis over three years on the anniversary of the grant.

(6) Mr. Wiesner received an annual base salary of $275,000 beginning July 26, 2012 upon the completion of the Emerald Acquisition. Mr. Wiesner was not employed by us prior to July 26, 2012.

(7) Upon completion of the Emerald Acquisition and under the terms of his new employment agreement, Mr. Wiesner was granted 3,720 shares of common stock and 11,161 restricted stock units under the terms. The restricted stock units vest annually in equal increments over three years. In November 2012, Mr. Wiesner received 106,042 shares of common stock and 212,085 restricted stock units related to achievement of short-term incentives under his employment agreement. The restricted stock units vest annually in equal increments over two years.

(8) Upon completion of the Emerald Acquisition and in connection with entering into his employment agreement, Mr. Wiesner received stock options to purchase 44,643 shares of common stock under the terms of his new employment agreement, of which 11,161 stock options vested immediately upon grant and the remaining 33,482 stock options vest equally on an annual basis over three years on the anniversary of the grant.

(9) Messrs. Reger and Thompson received a mid-year bonus payment of $150,000 each prior to the Emerald Acquisition.

(10) In March 2012, Mr. Reger received 9,524 shares of common stock as compensation under his prior employment agreement. Mr. Reger also received 21,429 restricted stock units vesting monthly over a 12-month period and 26,190 restricted stock units vesting quarterly over a 36-month period, of which 11,904 restricted stock units vested prior to the Emerald Acquisition. Mr. Reger forfeited the remaining 35,715 unvested restricted stock units upon completion of the Emerald Acquisition and entering into a new employment agreement. Upon completion of the Emerald Acquisition, Mr. Reger received 7,440 shares of common stock and 22,321 restricted stock units under his new employment agreement. The restricted stock units vest annually in equal increments over three years. In November 2012, Mr. Reger was granted 147,204 shares of common stock and 294,407 restricted stock units related to achievement of short-term incentives under his employment agreement. The restricted stock units vest annually in equal increments over two years.

(11) Prior to the completion of the Emerald Acquisition, Mr. Reger served as our Chief Executive Officer and Mr. Thompson served as our Chief Financial Officer.

(12) Following the completion of the Emerald Acquisition, Mr. Thompson began receiving an annual base salary of $225,000 beginning July 26, 2012. Prior to July 26, 2012, Mr. Thompson's annual base salary was $80,000.

(13) In March 2012, Mr. Thompson received 4,761 shares of common stock as compensation under the terms of his prior employment agreement. Mr. Thompson also received 10,716 restricted stock units vesting monthly over a 12-month period and 13,095 restricted stock units vesting quarterly over a 36-month period, of which 5,953 restricted stock units vested prior to the Emerald Acquisition. Mr. Thompson forfeited the remaining 17,858 unvested restricted stock units in connection with the completion of the Emerald Acquisition and entering into a new employment agreement. Upon the completion of the Emerald Acquisition, Mr. Thompson received 5,952 shares of common stock and 17,857 restricted stock units under the terms of his new employment agreement. The restricted stock units vest annually in equal increments over three years. In November 2012, Mr. Thompson received 52,682 shares of common stock and 105,363 restricted stock units related to the achievement of short-term incentives under his employment agreement. The restricted stock units vest annually in equal increments over two years.

(14) In July 2012, Mr. Thompson received stock options to purchase 71,429 shares of common stock under his new employment agreement, of which 17,857 stock options vested immediately and the remaining 53,572 stock options vest annually in equal increments over three years.

Grants of Plan-Based Awards

The following table provides information regarding plan-based awards granted in the year ended December 31, 2012 to our named executive officers.

Name	Grant Date	All Other Stock Awards: Number of Restricted Shares/Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(1)
Mike Krzus	Jul 26	29,762			233,334
	Jul 26		89,286	7.84	456,740
	Nov 15	441,611			1,784,108
Paul Wiesner	Jul 26	14,881			116,667
	Jul 26		44,643	7.84	228,370
	Nov 15	318,127			1,285,233
James Russell (J.R.) Reger	Mar 15	21,428			449,988
	Jul 26	29,762			233,334
	Jul 26		89,286	7.84	456,740
	Nov 15	441,611			1,784,108
McAndrew Rudisill	Jul 26	29,762			233,334
	Jul 26		89,286	7.84	456,740
	Nov 15	441,611			1,784,108
Mitchell R. Thompson	Mar 15	10,714			224,994
	Jul 26	23,810			186,670
	Jul 26		71,429	7.84	365,391
	Nov 15	158,045			638,502

(1) The grant date fair value of each of the restricted stock and restricted stock unit awards was based on the closing price of our common stock on the date of the grant. We used the Black-Scholes option valuation model to calculate the value of the stock options, based upon an exercise price equal to the closing price of our common stock on the date of grant.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying outstanding plan awards for each named executive officer as of December 31, 2012.

	Option Awards				Share Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)
Mike Krzus	22,321	66,965	7.84	7/26/2022		
					22,321(3)	116,962
					294,407(4)	1,542,693
Paul Wiesner	11,161	33,482	7.84	7/26/2022		
					11,161(3)	58,484
					212,085(4)	1,111,325
James Russell (J.R.) Reger	186,077	—	6.86	12/1/2019		
	22,321	66,965	7.84	7/26/2022		
					22,321(3)	116,962
					294,407(4)	1,542,693
McAndrew Rudisill	22,321	66,965	7.84	7/26/2022		
					22,321(3)	116,962
					294,407(4)	1,542,693
Mitchell R. Thompson	37,216	—	6.86	12/1/2019		
	17,857	53,572	7.84	7/26/2022		
					17,857(3)	93,571
					105,363(4)	552,102

(1) Represents unvested stock options that vest in three equal installments on July 26, 2013, 2014 and 2015.

(2) Calculated based upon the closing market price of our common stock as of December 31, 2012, the last trading day of our 2012 fiscal year ($5.24) multiplied by the number of unvested awards at year end.

(3) Represents unvested restricted stock units that vest in three equal installments on July 26, 2013, 2014 and 2015.

(4) Represents unvested restricted stock units that vest in two equal installments on November 15, 2013 and 2014.

Option Exercises and Stock Vested

The following table summarizes option exercises and the vesting of restricted stock and restricted stock units for our named executive officers in 2012.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(1)
Mike Krzus	—	—	154,644	653,034
Paul Wiesner	—	—	109,762	457,574
James Russell (J.R.) Reger	—	—	176,072	1,005,362
McAndrew Rudisill	—	—	154,644	653,034
Mitchell R. Thompson	—	—	69,348	435,650

(1) The value realized equals the fair market value of our common stock on the date of vesting, multiplied by the number of shares vested.

DIRECTOR COMPENSATION

Non-Employee Director Compensation

In connection with the closing of the Emerald Acquisition on July 26, 2012, Joseph Lahti, Myrna McLeroy, Loren J. O'Toole, Josh Sherman and Mitchell Thompson resigned from our Board, and Mike Krzus, Duke R. Ligon, McAndrew Rudisill, Seth Setrakian and Daniel L. Spears were appointed as directors. Prior to the Emerald Acquisition, our directors did not receive fees or cash compensation for their services, but were entitled to reimbursement for their actual out-of-pocket expenses associated with attending meetings and carrying out their obligations as directors.

Following the completion of the Emerald Acquisition, our Governance/Nominating Committee determined that our non-employee directors would receive an $80,000 annual cash retainer, a $1,500 fee for each Board meeting attended in person, a $1,000 fee for each committee meeting attended in person, a $500 fee for attending a Board or committee meeting telephonically. In addition, our non-employee directors are reimbursed for their actual out-of-pocket expenses associated with attending meetings and carrying out their obligations as directors. During 2012, our non-employee directors received equity-based awards in the form of restricted stock units under our 2011 Plan, and we expect to make an annual equity award under our 2011 Plan to our non-employee directors in the form of 25,000 restricted stock units for 2013. Directors who are employees of our company receive no compensation for their services as director.

The following table discloses the cash, equity awards and any other compensation earned paid or awarded to each of our non-employee directors who served as a director during 2012.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Total ($)
Lyle Berman	$36,400	$364,594	$32,123	$433,117
Duke R. Ligon	$37,400	$364,594	—	$401,994
Seth Setrakian	$35,400	$364,594	—	$399,994
Daniel L. Spears	$37,400	$364,594	—	$401,994
Joseph Lahti(4)	—	—	$32,123	$ 32,123
Myrna McLeroy(4)	—	—	$32,123	$ 32,123
Loren J. O'Toole(4)	—	—	$32,123	$ 32,123
Josh Sherman(4)	—	—	$32,123	$ 32,123

(1) Includes portion of annual cash fee retainer for the period from the Emerald Acquisition to December 31, 2012 and Board and committee meeting fees for each non-employee director during fiscal 2012 as more fully explained above.

(2) Includes the grant date fair value of restricted stock units granted in 2012 in accordance with the Financials Accounting Standards Board Accounting Standards Codification Topic 718 for stock-based compensation. On November 15, 2012, each non-employee director received 90,246 restricted stock units, ⅓ of which vested on the grant date, ⅓ vest on the first anniversary of the grant date and the remaining ⅓ vest on the second anniversary of the grant date, and had a grant date fair value of $4.04 per share. These amounts do not necessarily correspond to the actual cash value that will be recognized by the directors. As of December 31, 2012, each of Messrs. Berman, Ligon, Setrakian and Spears held 60,164 unvested restricted stock units.

(3) On May 24, 2012, we granted each of our then-serving non-employee directors an option to purchase 3,571 shares of common stock at an exercise price of $13.30 per share, which represented the fair market value of our common stock on the date of grant. In connection with the closing of the Emerald Acquisition, we accelerated the vesting of all non-vested unexercised options held by our non-employee directors, which had an associated expense of $166,790 per director. We used the Black-Scholes option valuation model to calculate stock the value of the options at the date of grant and the value associated with accelerating the non-vested options as of the date of closing the Emerald Acquisition. As of December 31, 2012, Mr. Berman held vested, unexercised stock options to purchase 24,283 shares of common stock at exercise prices ranging from $13.30 to $33.96 per share; Messrs. Lahti, O'Toole and Ms. McLeroy held vested, unexercised stock options to purchase 21,427 shares of common stock at

exercise prices ranging from $13.30 to $21.00 per share; and Mr. Sherman held vested, unexercised stock options to purchase 28,570 shares of common stock at exercise prices ranging from $13.30 to $25.90 per share.

(4) On July 26, 2012 in connection with the closing of the Emerald Acquisition, Messrs. Lahti, O'Toole, Sherman and Ms. McLeroy resigned as members of the Board.

RELATED PARTY TRANSACTIONS

Review and Approval of Transactions

A majority of the disinterested members of the Audit Committee must approve any proposed transaction between us and any officer or director, nominee for director, any shareholder owning in excess of 5% of our common stock, immediate family member of an officer or director, or an entity that is substantially owned or controlled by one of these individuals. The only exceptions to this policy are for transactions that are available to all of our employees in general or involve less than $120,000. If the proposed transaction involves executive or director compensation, it must also be approved by the Compensation Committee. Similarly, in accordance with our Code of Ethics and Business Conduct, if a significant company opportunity is presented to any of our officers or directors, such officer or director must first present the opportunity to the Board for consideration. At each meeting of the Audit Committee, the Audit Committee meets with our management to discuss any proposed related party transactions. If a related party transaction is approved, management will update the Audit Committee with any material changes to the approved transaction at its regularly scheduled meetings.

White Deer Energy Investment

On May 13, 2013, we entered into a securities purchase agreement with WDE Emerald Holdings LLC and White Deer Energy FI L.P., affiliates of White Deer Energy (collectively, ''White Deer Energy''). The transactions contemplated by the purchase agreement were consummated on June 4, 2013. At the closing, we issued 2,785,600 shares of common stock to White Deer Energy for approximately $16.2 million after deducting placement agent fees.

In February 2013, we entered into a securities purchase agreement with White Deer Energy. The transactions contemplated by the purchase agreement were consummated on February 19, 2013. At the closing, in exchange for a cash investment of $50 million, we issued to White Deer Energy 500,000 shares of Series A Perpetual Preferred Stock, 5,114,633 shares of Series B Voting Preferred Stock and warrants to purchase an initial aggregate amount of 5,114,633 shares of our common stock at an initial exercise price of $5.77 per share. The Series A Perpetual Preferred Stock, the Series B Voting Preferred Stock and the warrants are referred to herein as the ''Securities.'' As of June 7, 2013, White Deer Energy has the right under the warrants to acquire, approximately 12.0% of our common stock.

Cumulative dividends on the Series A Perpetual Preferred Stock accrue at an annual rate of 10%. The dividends are payable quarterly in arrears, commencing on March 31, 2013. Prior to April 1, 2015, we have the option, upon obtaining shareholder approval, to pay dividends on the outstanding shares of Series A Perpetual Preferred Stock either (x) in cash or (y) by issuance of (A) additional shares of Series A Perpetual Preferred Stock equal to the accrued and unpaid dividends divided by $100.00, and (B) an additional warrant (a ''PIK Warrant'') to purchase shares of common stock equal to the accrued and unpaid dividend amount at an exercise price equal to such volume-weighted average price. However, we may not issue additional shares of Series A Perpetual Preferred Stock or PIK Warrants unless and until we obtain shareholder approval to issue the additional securities. See ''Proposal 2 — Approval of the Payment of Dividends on our Outstanding Shares of Series A Perpetual Preferred Stock with Additional Shares of Series A Perpetual Preferred Stock and a Warrant to Purchase Shares of our Common Stock.''

Pursuant to the purchase agreement, White Deer Energy obtained the right to designate one member of our Board. This right to designate a member of the Board will terminate if no shares of Series A Perpetual Preferred Stock remain outstanding. Upon closing, we increased the size of our Board to consist of eight directors, and Thomas J. Edelman was selected as the initial Series A Perpetual Preferred Stock director. Upon the occurrence of certain events of default under our credit agreement, White Deer Energy will be entitled to elect a number of additional directors that, together with the initial director to be designated by White Deer

Energy, would constitute the greatest number of members of our Board that does not exceed 25% of total number of members of our Board to serve as additional members of our Board. At closing, we also entered into an indemnification agreement with each member of our Board, including Mr. Edelman.

In connection with both closings, we granted White Deer Energy certain registration rights. The registration rights agreement requires us to file a resale registration statement to register the shares of our common stock and the shares of common stock issuable upon exercise of the warrants held by White Deer Energy if, at any time on or after 90 days from the closing, White Deer Energy makes a written request to us for registration of the securities. Under the registration rights agreement, we are required to use our commercially reasonable efforts to cause such resale registration statement to become effective within 120 days after its filing.

If we fail to file the registration statement when required or the registration statement does not become effective when required, we will be required to pay liquidated damages to White Deer Energy. The amount of liquidated damages will equal 0.25% of the product of the exercise price per share of the common stock underlying the warrants held by White Deer Energy times the number of shares of common stock, or common stock underlying the warrants, held by White Deer Energy per 30-day period for the first 60 days, increasing by an additional 0.25% of such product per 30-day period for each subsequent 60 days, up to a maximum of 1.0% of such product per 30-day period. We will be required to pay any liquidated damages in cash. If, however, the payment of cash will result in a breach of any of our credit facilities or other material indebtedness, then we can pay liquidated damages in additionally issued shares of our common stock.

If White Deer Energy elects to dispose of registrable securities under the resale registration statement in an underwritten offering and reasonably anticipates gross proceeds from such underwritten offering would be at least $20 million, we will be required to take all such reasonable actions as are requested by the managing underwriters to expedite and facilitate the registration and disposition of the securities in the offering. In addition, if we propose to register certain offerings of securities under the Securities Act of 1933, then White Deer Energy will have ‘‘piggy-back’’ rights, subject to quantity limitations determined by underwriters if the offering involves an underwriting, to request that we register their registrable securities.

We generally will bear the registration expenses incurred in connection with registrations. We have agreed to indemnify White Deer Energy against certain liabilities in connection with any registration effected under the registration rights agreement.

PROPOSAL 2

APPROVAL OF THE PAYMENT OF DIVIDENDS ON OUR OUTSTANDING SHARES OF SERIES A PERPETUAL PREFERRED STOCK WITH ADDITIONAL SHARES OF SERIES A PERPETUAL PREFERRED STOCK AND A WARRANT TO PURCHASE SHARES OF OUR COMMON STOCK

Background

On February 19, 2013, we issued an aggregate of 500,000 shares of a new Series A Perpetual Preferred Stock, $0.001 par value per share, 5,114,633 shares of Series B Voting Preferred Stock, $0.001 par value per share, and warrants to purchase 5,114,633 shares of common stock to affiliates of White Deer Energy for a cash purchase price of $50 million. Cumulative dividends on the Series A Perpetual Preferred Stock accrue at an annual rate of 10%. The dividends are payable quarterly in arrears, commencing on March 31, 2013. Prior to April 1, 2015, we have the option to pay dividends on the outstanding shares of Series A Perpetual Preferred Stock either (x) in cash or (y) by issuance of (A) additional shares of Series A Perpetual Preferred Stock equal to the accrued and unpaid dividends divided by $100.00, and (B) an additional warrant (a ''PIK Warrant'') to purchase shares of common stock equal to the accrued and unpaid dividend amount at an exercise price equal to such volume-weighted average price. However, we may not issue additional shares of Series A Perpetual Preferred Stock or PIK Warrants unless and until we obtain shareholder approval to issue the additional securities. We do not presently anticipate issuing additional shares of Series A Perpetual Preferred Stock and PIK Warrants in lieu of paying cash dividends. However, we believe having the option to pay the dividends prior to April 1, 2015 in the form of Series A Perpetual Preferred Stock and PIK Warrants will provide us with the flexibility to reexamine our capital structure in the future and to consider whether it would then be in the best interests of our common stockholders to make non-cash dividend payments on the Series A Perpetual Preferred Stock. If we do not obtain shareholder approval to issue additional shares of Series A Perpetual Preferred Stock and PIK Warrants, we will pay all accrued and unpaid dividends on the Series A Perpetual Preferred Stock in cash.

The Series A Perpetual Preferred Stock will not vote generally with our common stock, but will have specified approval rights with respect to, among other things, changes to our organizational documents that affect the Series A Perpetual Preferred Stock, payment of dividends on our common stock or other junior stock, redemptions or repurchases of our common stock or other capital stock and incurrence of certain indebtedness. In addition, upon the occurrence of certain events of default under our credit agreement, the holders of the Series A Perpetual Preferred Stock will have additional specified approval rights with respect to, among other things, the incurrence or guarantee by us of any indebtedness, any change in compensation or benefits of or employment or severance agreements with our officers and any agreement or arrangement pursuant to which we or any of our subsidiaries would pay or incur liability in excess of $1,000,000 over the term of such agreement or arrangement. The holders of Series A Perpetual Preferred Stock are also entitled to designate a member of our Board, so long as any shares of Series A Perpetual Preferred Stock are outstanding. The initial Series A Perpetual Preferred Stock director is Thomas J. Edelman.

From and after February 15, 2013, the Series A Perpetual Preferred Stock may be redeemed by us, at our option, in whole at any time or in part from time to time, at a premium to the issue price plus accrued and unpaid dividends, whether or not declared, to such date of redemption. The holders of the Series A Perpetual Preferred Stock have no right to exchange or convert such shares into any other securities of the Company.

Our Board has unanimously approved granting us the option to issue additional Series A Perpetual Preferred Stock and PIK Warrants for payment of the Series A Perpetual Preferred Stock dividends in lieu of cash dividends prior to April 1, 2015 and has determined that this proposal is advisable and in our best interests and our shareholders.

Reason for Request for Shareholder Approval

Because our common stock is listed on the NYSE MKT, we are subject to the NYSE MKT's rules and regulations. Section 713 of the NYSE MKT LLC Company Guide requires listed companies to obtain shareholder approval prior to the issuance of common stock, or securities convertible into or exercisable for common stock, in any transaction or series of transactions if the sale, issuance or potential issuance by the issuer of common stock (or securities convertible into common stock) is equal to 20% or more of the presently outstanding common stock for less than the greater of book or market value of the stock.

Affiliates of White Deer Energy presently own 2,785,600 shares of our common stock, representing 6.55% of our outstanding common stock. In conjunction with the issuance of the Series A Perpetual Preferred Stock, we also issued warrants to purchase an initial aggregate amount of 5,114,633 shares of our common stock to affiliates of White Deer Energy. White Deer Energy has the right under the warrants to acquire approximately 12.0% of our outstanding common stock as of June 7, 2013, or approximately 10.7% of our outstanding common stock on a diluted basis taking into account the exercise of the warrants. If we elect to issue additional shares of Series A Perpetual Preferred Stock and PIK Warrants as dividends on our Series A Perpetual Preferred Stock, based upon the 10% annual dividend rate of the Series A Perpetual Preferred Stock and assuming the 10-day volume weighted average closing price of our common stock was equal to $6.00 per share, we would issue White Deer Energy an additional 12,500 shares of Series A Preferred Stock and a PIK Warrant to purchase 208,333 common shares of our common stock upon exercise of the PIK Warrants for the quarter ending June 30, 2013. Assuming we paid in kind all dividends through March 31, 2015 and that the 10-day volume weighted average closing price of our common stock was $6.00 per share, we would issue approximately 109,000 additional shares of Series A Perpetual Preferred Stock and additional PIK Warrants to purchase approximately 1.8 million shares of our common stock, which represents approximately 4.2% of our currently outstanding common stock. The issuance of the warrants alone did not require the approval of our shareholders pursuant to the NYSE MKT Rule; however, based on the additional shares of common shares that may be issued upon the conversion of the PIK Warrants in the event we pay dividends in kind, we must obtain shareholders approval prior to the issuance of any additional shares of Series A Perpetual Preferred Stock and PIK Warrants to affiliates of White Deer Energy, the holders of our Series A Perpetual Preferred Stock.

In order to comply with the NYSE MKT rules and regulations, the Preferences, Limitations, and Relative Rights of the Series A Perpetual Preferred Stock set forth in our Articles of Incorporation provides that dividends on the Series A Perpetual Preferred Stock must be paid in cash unless and until our shareholders vote to approve the issuance of any additional shares of Series A Perpetual Preferred Stock and PIK Warrants. In connection with the issuance of the Series A Perpetual Preferred Stock, we agreed to include a proposal in this proxy statement to authorize the issuance of such securities in accordance with the requirements of Section 713 of the NYSE MKT LLC Company Guide, although we presently intend to pay all dividends on the Series A Perpetual Preferred Stock in cash.

In the event we issue any PIK Warrants, the issuance of common stock upon conversion of any PIK Warrants will have a dilutive effect on our earnings per share and on each shareholder's percentage voting power. While we do not presently anticipate issuing additional shares of Series A Perpetual Preferred Stock and PIK Warrants in lieu of paying cash dividends, we believe having the option to pay dividends on the Series A Perpetual Preferred Stock with additional shares of Series A Perpetual Preferred Stock and PIK Warrants provides us with the flexibility to reexamine our capital structure in the future and to consider whether it would then be in the best interests of our common stockholders to make non-cash dividend payments on the Series A Perpetual Preferred Stock.

Interest of Certain Persons in Matters to Be Acted Upon

As noted above, one of our directors, Thomas J. Edelman, has been selected as the designated director of the holders of the Series A Perpetual Preferred Stock and is a Managing Partner of White Deer Energy. White Deer Energy, through its affiliates, holds all 500,000 shares of Series A Perpetual Preferred Stock and all 5,114,633 shares of Series B Voting Preferred Stock. The holders of the Series B Voting Preferred Stock will not vote on this proposal.

Required Vote and Recommendation

Provided a quorum of at least a majority of the issued and outstanding shares of common stock is present (in person or by proxy), this proposal will be approved if the votes cast favoring the proposal exceeds the votes cast opposing the proposal. Abstentions and broker non-votes will not be counted as having been voted on the proposal and will not have an affect on the proposal.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE PAYMENT OF DIVIDENDS ON OUR OUTSTANDING SHARES OF SERIES A PERPETUAL PREFERRED STOCK WITH ADDITIONAL SHARES OF SERIES A PERPETUAL PREFERRED STOCK AND A WARRANT TO PURCHASE SHARES OF OUR COMMON STOCK.

PROPOSAL 3

APPROVAL OF THE EMERALD OIL, INC. SECOND AMENDED AND RESTATED 2011 EQUITY INCENTIVE PLAN

Background and Purpose

Our Board has unanimously adopted, and is submitting for shareholder approval, the amendment and restatement of the Emerald Oil, Inc. 2011 Equity Incentive Plan, which we refer to as the ''2011 Plan.'' The primary purpose of amending and restating the 2011 Plan is to increase the number of shares of common stock reserved for issuance under the 2011 Plan by 6,300,000 shares. The increase in this limit will allow us to continue to make future grants of equity incentive awards under the 2011 Plan to directors, officers, employees, consultants and other persons who provide services to us on a full-time basis. As described more fully below, we consider such future grants of equity incentive awards to be a key component of our compensation structure. The past grants received by our executive officers and directors under the 2011 Plan during fiscal year 2012 are set forth above in the sections titled ''Executive Compensation'' and ''Director Compensation,'' respectively.

Additionally, the 2011 Plan has been amended and restated to add provisions to the 2011 Plan intended to enable us to grant performance-based compensation awards that are exempt from the $1 million limit on tax-deductible compensation applicable to certain officers of public companies pursuant to Section 162(m) of the Internal Revenue Code (the ''Code'') as described more fully below. Such provisions regarding performance-based compensation must be approved by shareholders and approval of the 2011 Plan pursuant to this proposal will constitute approval of such provisions for purposes of Section 162(m) of the Code.

The 2011 Plan was originally adopted on May 27, 2011 and has been amended from time to time. When the 2011 Plan was originally adopted, we reserved 714,286 shares of common stock for issuance under the 2011 Plan. We reserved an additional 2,785,714 shares of common stock for issuance in connection with the 2011 Plan when it was last amended in 2012. Since the adoption of the 2011 Plan through December 31, 2012, we have granted, in the aggregate, (i) options to purchase 703,572 shares of our common stock, (ii) 910,292 shares of restricted stock and (iii) 1,919,131 restricted stock units. As a result of the grants of options, shares of restricted stock and stock-settled restricted stock units pursuant to the 2011 Plan, substantially all of the authorized and available shares have been issued or committed for issuance. As of December 31, 2012, 20,578 shares of our common stock remained available for issuance under the 2011 Plan. See Equity Compensation Plan Information set forth above in the section titled ''Executive Compensation'' for additional information regarding the number of shares of our common stock that are available for issuance under the 2011 Plan.

Accordingly, our Board has determined that there are not sufficient shares available for issuance under the 2011 Plan to make future equity grants, a key component of our compensation structure. We consider the 2011 Plan to be an essential element of total compensation of our executive officers and employees and believe the 2011 Plan promotes our interests and the interests of our shareholders by attracting and retaining the services of key employees, qualified directors and qualified consultants and other independent contractors and encouraging a sense of proprietorship in the Company and stimulating the active interest of those persons receiving awards under the 2011 Plan in our development and success. By increasing the number of shares of common stock available for issuance as awards under the 2011 Plan by 6,300,000 shares, or approximately 15% of our currently outstanding shares of common stock, we believe we will have the flexibility to use equity awards to continue to support our growth strategy and our ability to attract and retain talented executives and employees. Because the amount and timing of specific equity awards in the future is dependent on our employee headcount, management performance, competitive compensation practices and other factors, some of which are beyond our control, it is not possible to know when or if the currently proposed increase in the shares available under the 2011 Plan will be exhausted or the amount of subsequent dilution that may ultimately result from such awards.

In addition, our ability to obtain a federal income tax deduction for amounts paid under the 2011 Plan could be limited by Section 162(m) of the Code unless the 2011 Plan is approved by shareholders. Pursuant to Section 162(m) of the Code, the federal income tax deduction for the Company will generally be unavailable for annual compensation in excess of $1 million paid to any of our ''covered employees'' (within the meaning

of Section 162(m) of the Code), which generally include the chief executive officer and the three other most highly compensated officers other than the chief financial officer. However, amounts that constitute ''performance-based compensation'' are not counted toward the $1 million limit. It is expected that, generally, options and SARs granted under the 2011 Plan as amended and restated will satisfy the requirements for performance-based compensation as that term is used in Section 162(m) of the Internal Revenue Code. Additionally, the Committee may designate whether any other awards being granted to any Participant are intended to be performance-based compensation. Any such awards designated as intended to be performance-based compensation shall be conditioned on the achievement of one or more performance measures as described more fully below.

If Proposal 3 is not approved by shareholders, we will not have sufficient shares for future grants and all or a portion of our incentive awards granted to our covered employees under the 2011 Plan may not be deductible by us pursuant to Section 162(m) of the Code; meaning that we may be limited in our ability to grant awards that are both deductible and that satisfy our compensation objectives.

Description of the 2011 Plan

The principal provisions of the 2011 Plan, as amended and restated, are summarized below. This summary is not a complete description of all of the 2011 Plan's provisions and is qualified in its entirety by reference to the 2011 Plan, which, as amended and restated, is attached to this proxy statement as Annex A (the changes in the 2011 Plan as compared to the previous amendment and restatement of the 2011 Plan are underlined). Capitalized terms in this summary not defined in this proxy statement have the meanings set forth in the 2011 Plan.

Purpose and Eligible Participants

The purpose of the 2011 Plan is to promote the our success by facilitating the employment and retention of competent personnel and by furnishing equity and cash incentives to those employees (including officers), directors, and consultants upon whose efforts the success of the Company depends. As of the mailing date of this proxy statement, 21 employees, five directors, and no consultants are eligible to participate in the 2011 Plan.

Administration

The 2011 Plan will be administered by the Board; provided, however, that the Board may delegate some or all of the administration of the 2011 Plan to a committee or committees of non-employee directors. In accordance with the Exchange Guide, the Board has delegated to the Compensation Committee of the Board (the ''Committee'') the responsibility for approving, or recommending to the Board for approval, awards to our executive officers under the 2011 Plan. Any award that is intended to constitute performance-based compensation for purposes of Section 162(m) of the Code shall be granted by the Committee, which shall consist solely of two or more ''outside directors'' within the meaning of Section 162(m) of the Code. The Board and any committee appointed by the Board to administer the 2011 Plan are collectively referred to herein as the ''Administrator''.

Subject to the terms of the 2011 Plan, the Administrator will have the authority to (i) make awards and to determine to whom and when awards shall be granted, (ii) determine the terms and conditions of awards, including the number of shares subject to an award, vesting criteria, performance conditions and, for options and SARs, the manner of exercise, (iii) prescribe the form of agreements to evidence awards (which may vary from individual to individual), (iv) administer and interpret the 2011 Plan, including the authority to make and amend rules, regulations and guidelines for the administration of the 2011 Plan, and (v) make all other determinations necessary or advisable for the administration of the 2011 Plan or any agreement issued thereunder, to the extent permitted by law and the 2011 Plan. The Administrator's interpretation of the 2011 Plan, and all actions taken and determinations made by the Administrator shall be conclusive and binding on all parties.

Types of Awards

The 2011 Plan permits the grant of the following types of awards: options, restricted stock awards, restricted stock unit awards, performance awards and stock appreciation rights.

Options

Options may either be incentive stock options (''ISOs''), which are specifically designated as such for purposes of compliance with Section 422 of the Code, or non-qualified stock options (''NSOs''). Options vest as determined by the Administrator, subject to certain statutory limitations regarding maximum value of ISOs that may vest in one year. The exercise price of each share subject to an option will be equal to or greater than the fair market value of a share on the date of the grant of the option, except in the case of an ISO grant to a shareholder who owns more than 10% of our outstanding shares, in which case the exercise price will be equal to or greater than 110% of the fair market value of a share on the grant date. As required by the Code, the aggregate fair market value, determined at the time an ISO is granted, of our common stock with respect to which ISOs may be exercised by an option holder for the first time during any calendar year under all of our incentive stock option plans may not exceed $100,000. Recipients of options have no rights as a shareholder with respect to any shares covered by the award until the award is exercised and a stock certificate or book entry evidencing such shares is issued or made, respectively.

Upon exercise of an option granted under the 2011 Plan, and as permitted in the Administrator's discretion, the option holder may pay the exercise price in cash (or cash equivalent), by surrendering previously-acquired unencumbered shares of common stock, by withholding shares of common stock from the number of shares that would otherwise be issuable upon exercise of the option (*e.g.*, a net share settlement), through broker-assisted cashless exercise (if compliant with applicable securities laws and our insider trading policies), another form of payment authorized by the Administrator, or a combination of any of the foregoing. If the exercise price is paid, in whole or in part, with common stock, the then-current fair market value of the stock delivered or withheld will be used to calculate the number of shares of common stock required to be delivered or withheld.

Restricted Stock Awards

Restricted stock awards consist of shares granted to a participant that are subject to one or more risks of forfeiture. Restricted stock awards may be subject to risk of forfeiture based on continued employment with the Company or the satisfaction of other criteria, such as the achievement of performance objectives. Recipients of restricted stock awards are entitled to vote and receive dividends attributable to the shares underlying the award beginning on the grant date.

Restricted Stock Unit Awards

Restricted stock units consist of a right to receive shares (or cash, in the Administrator's discretion) on one or more vesting dates in the future. The vesting provisions may be based on continued employment with the Company or the satisfaction of other criteria, such as the achievement of performance criteria. Recipients of restricted stock units have no rights as a shareholder with respect to any shares covered by the award until the date a stock certificate or book entry evidencing such shares is issued or made, respectively.

Performance Awards

Performance awards, which may be denominated in cash or shares, are earned upon achievement of performance objectives during a performance period established by the Administrator. Recipients of performance awards have no rights as a shareholder with respect to any shares covered by the award until the date a stock certificate or book entry evidencing such shares is issued or made, respectively.

Stock Appreciation Rights

A stock appreciation right may be granted independent of or in tandem with a previously or contemporaneously granted stock option, as determined by the Administrator. Generally, upon exercise of a stock appreciation right, the recipient will receive cash, shares of common stock, or a combination of cash and common stock, with a value equal to the excess of: (i) the fair market value of a specified number of shares of common stock on the date of the exercise, over (ii) a specified exercise price. If a stock appreciation right is granted in tandem with a stock option, the exercise of the stock appreciation right will generally cancel a

corresponding portion of the option, and, conversely, the exercise of the stock option will cancel a corresponding portion of the stock appreciation right. Recipients of stock appreciation rights have no rights as a shareholder with respect to any shares covered by the award until the date a stock certificate or book entry evidencing such shares is issued or made, respectively.

Performance Criteria

The performance criteria to be used for purposes of awards under the 2011 Plan are set in the sole discretion of the Administrator. With respect to any award (other than options or stock appreciation rights) that is intended to constitute performance-based compensation (within the meaning of Section 162(m) of the Code), performance criteria may consist of one or more or any combination of the following criteria: net earnings; earnings per share; net sales growth; net income (before or after taxes); net operating profit; return measures (including, but not limited to, return on assets, capital, equity or sales); cash flow (including, but not limited to, operating cash flow and free cash flow); cash flow return on investments, which equals net cash flows divided by owner's equity; earnings before or after taxes, interest, depreciation and/or amortization; internal rate of return or increase in net present value; gross margins; gross margins minus expenses; operating margin; share price (including, but not limited to, growth measures and total stockholder return); expense targets; working capital targets relating to inventory and/or accounts receivable; planning accuracy (as measured by comparing planned results to actual results); comparisons to various stock market indices; comparisons to the performance of other companies; or any combination of the foregoing. Where applicable, the performance targets based on satisfaction of performance criteria may be expressed in terms of attaining a specified level of the particular measure or the attainment of a percentage increase or decrease in the particular measure, and may be applied to one or more of the Company, a subsidiary, or a division or strategic business unit of the Company or a subsidiary, or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee.

The 2011 Plan, as amended and restated, provides the Committee discretion to determine whether all or any portion of an award is intended to satisfy the requirements for ''performance-based compensation'' under Section 162(m) of the Code (the ''162(m) Requirements''); provided, however, that unless otherwise indicated by the Committee at the time of grant, all options and stock appreciation rights granted pursuant to the 2011 Plan shall be deemed to be intended to be performance-based compensation. The performance goals for any such award that is intended to satisfy the 162(m) Requirements (other than an option or stock appreciation right) shall be objective and established in writing by the Committee not later than 90 days after commencement of the performance period with respect to such award (but in no event after 25% of the performance period has elapsed), provided that the outcome of the performance in respect of the goals remains substantially uncertain as of such time. The performance goals established by the Committee may be with respect to corporate performance, operating group or sub-group performance, individual company performance, other group or individual performance, or division performance, and shall be based on one or more of the performance criteria listed above. At the time of the grant of an award and to the extent permitted under the 162(m) Requirements, the committee may provide for the manner in which the performance goals would be measured in light of specified corporate transaction, extraordinary events, accounting changes or other similar occurrences. All determinations made by the Committee as to the establishment or the achievement of performance goals, or the final settlement of an award intended to satisfy the 162(m) Requirements, shall be required to be made in writing. An award designated as performance-based compensation shall not vest prior the first anniversary of the applicable grant date (subject to acceleration of vesting, to the extent provided by the Committee, in the event of a participant's death, disability or a change in control). The Committee shall have discretion to reduce, but not to increase, the amount payable and/or the number of shares of our common stock to be granted, issued, retained or vested pursuant to any such award.

Although the 2011 Plan has been drafted to enable designated awards to satisfy the requirements for the performance-based compensation exception, the Committee considers many factors in determining which grants to make to participants in addition to the deductibility of the compensation and the Committee maintains the flexibility to grant awards or pay amounts that do not constitute performance-based compensation if they believe it is in the best interest of the Company or our shareholders. Nothing in the 2011 Plan shall preclude the Committee from granting awards that are not intended to be performance-based compensation under Section 162(m) of the Code.

Maximum Number of Shares and Grant Limitations

The stock to be awarded or optioned under this Plan shall consist of authorized but unissued or reacquired shares of common stock. The maximum aggregate number of shares of common stock reserved and available for awards under the 2011 Plan, as amended and restated, is 9,800,000 shares. The maximum aggregate number of shares of common stock that may be issued through ISOs shall also be 9,800,000 shares.

Shares subject to awards granted under the 2011 Plan that expire or are terminated or forfeited for any reason, or which are used to pay the exercise price or satisfy the tax withholding obligation applicable to an award, or which represent an award to the extent it is settled in cash, will remain in the pool of shares available for issuance under the 2011 Plan.

For options and stock appreciation rights that are intended to constitute performance-based compensation (within the meaning of Section 162(m) of the Code), no more than 500,000 shares of common stock may be subject to such awards granted to any one individual during any one calendar year.

For awards other than options, stock appreciation rights or performance cash units that are intended to be performance-based compensation (within the meaning of Section 162(m) of the Code), no more than 500,000 shares of common stock may be subject to such awards granted to any one individual during any one calendar year (regardless of whether settlement of the award is to occur prior to, at the time of or after the time of vesting). If the delivery of common stock is deferred until after the common stock has been earned, any adjustment in the amount delivered to reflect actual or deemed earnings or other investment experience during the deferral period shall be disregarded.

For performance cash units that are intended to be performance-based compensation (within the meaning of Section 162(m) of the Code), the maximum amount payable to any participant with respect to any twelve month performance period shall equal $2,500,000 (pro rated for performance periods that are greater or lesser than twelve months).

Amendments

The Board may from time to time, insofar as permitted by law, suspend or discontinue the 2011 Plan or revise or amend it in any respect; provided that no such suspension, termination, revision or amendment may impair the conditions of any award outstanding on the date of such change which would be a material detriment to the participant without the consent of such participant. Additionally, the Board may not, without shareholder approval, revise or amend the 2011 Plan (i) to materially increase the number of shares subject to the 2011 Plan, (ii) to change the designation of participants, including the class of employees, eligible to receive awards, (iii) to decrease the price at which options or stock appreciation rights may be granted, (iv) to cancel options or stock appreciation rights that have an exercise price in excess of the fair market value of the common stock, (v) to materially increase the benefits accruing to participants under the 2011 Plan or (vi) in any manner that will cause ISOs to fail to meet the requirements of Code Section 422.

Term

The Administrator may grant awards pursuant to the 2011 Plan until it is discontinued or terminated; provided, however, that ISOs may not be granted after June 2023.

Change of Control

Unless otherwise provided in the terms of an award, upon a Change of Control of the Company, as defined in the 2011 Plan, the Administrator shall have the option to provide for any of the following: (i) the acceleration of the exercisability, vesting, or lapse of the risks of forfeiture of any or all awards (or portions thereof), (ii) the complete termination of the 2011 Plan and the cancellation of any or all awards (or portions thereof) that have not been exercised, have not vested, or remain subject to risks of forfeiture, as applicable, in each case as of the effective date of the Change of Control, (iii) that the entity succeeding the Company by reason of such Change of Control, or the parent of such entity, shall assume or continue any or all awards (or portions thereof) outstanding immediately prior to the Change of Control or substitute for any or all such awards (or portions thereof) a substantially equivalent award with respect to the securities of such successor entity, as determined in accordance with applicable laws and regulations and (iv) that holders of outstanding awards shall become entitled to receive, with respect to each share of common stock subject to such award

(whether vested or unvested), as of the effective date of any such Change of Control, cash in an amount equal to (a) for participants holding options or stock appreciation rights, the excess of the fair market value of such common stock on the date immediately preceding the effective date of such Change of Control over the exercise price per share of options or stock appreciation rights or (b) for participants holding awards other than options or stock appreciation rights, the fair market value of such common stock on the date immediately preceding the effective date of such Change of Control.

Transfer Restrictions

Unless permitted by law and expressly permitted by the Administrator in an applicable grant agreement, no award made under the 2011 Plan shall be transferable, other than by will or by the laws of descent and distribution. The Administrator may permit a recipient of a NSO to transfer the award by gift to his or her ''immediate family'' or to certain trusts or partnerships whose beneficiaries or partners are members of his or her ''immediate family'' (as defined and permitted by applicable federal securities law).

New Plan Benefits

The amount of future awards will be determined by the Administrator. The 2011 Plan does not require awards in specific amounts or to specific recipients or provide formulae to determine the amount or recipient of awards. As a result, we cannot determine the awards that will be made under the 2011 Plan or that would have been made in the past if the 2011 Plan, as amended, had been in place. On June 6, 2013, the closing price of our common stock, the securities underlying the options, awards and rights, was $6.49.

Federal Income Tax Matters

The discussion which follows is a summary, based on current law, of some significant U.S. federal income tax considerations relating to awards under the 2011 Plan. The following is based on U.S. federal tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the federal income tax aspects of the 2011 Plan. The award recipient may also be subject to state and local taxes and employment taxes in connection with award granted under the 2011 Plan. The award recipient should consult with an individual tax advisor to determine the applicability of the tax aspects of participating in the 2011 Plan in the recipient's personal circumstances.

Options

Under present law, a recipient of an NSO will not recognize any taxable income at the time an NSO is granted pursuant to the 2011 Plan. Upon exercise of the NSO, however, the recipient generally must recognize ordinary income in an amount equal to the difference between the exercise price of such NSO and the fair market value (determined as of the date of exercise) of the common stock acquired by the recipient upon the exercise of such NSO. Upon the disposition of the shares acquired upon the exercise of such NSO, any resulting gain or loss will generally be treated as capital gain or loss, with the basis in such shares equal to the fair market value of the shares at the time of exercise. We will be entitled to a corresponding deduction at the time such NSO is exercised and must comply with applicable tax withholding requirements.

ISOs granted under the 2011 Plan are intended to qualify for favorable tax treatment under Section 422 of the Code. Under Section 422, a recipient of an ISO generally recognizes no taxable income when the ISO is granted. Further, the recipient generally will not recognize any taxable income when the ISO is exercised if he or she has been, without a break in service, an employee of the Company or an affiliate from the date that the ISO was granted until three months before the date of exercise (or, until one year prior to the date of exercise, if the optionee is disabled (as such term is defined in the Code)). We ordinarily are not entitled to any deduction upon the grant or exercise of an ISO. The excess of the fair market value of the shares at the time of the exercise of an ISO over the exercise price is an adjustment that is included in the calculation of the recipient's alternative minimum taxable income for the tax year in which the ISO is exercised. For purposes of determining the recipient's alternative minimum tax liability for the year of disposition of the shares acquired pursuant to the ISO exercise, the recipient will have a basis in those shares equal to the fair market value of the shares at the time of exercise.

If the recipient does not dispose of the shares acquired upon the exercise of an ISO for a period of two years from the date of grant of the ISO or one year from receiving the transfer of the shares, then, upon

disposition of such shares, any amount realized in excess of the exercise price will be taxed to the recipient as capital gain, and we will not be entitled to any deduction for federal income tax purposes. A capital loss will be recognized to the extent that the amount realized is less than the exercise price.

If the foregoing holding period requirements are not met, the recipient will generally realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess of the fair market value of the shares of common stock on the date of exercise over the exercise price, or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price. If the amount realized exceeds the value of the shares on the date of exercise, any additional amount will be capital gain. If the amount realized is less than the exercise price, the Participant will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized upon the disposition of the shares.

Restricted Stock Awards

Generally, no income is taxable to the recipient of a restricted stock award at the time that the award is granted, provided that the award is subject to a substantial risk of forfeiture (for U.S. income tax purposes) at the time of grant. Instead, the recipient will recognize ordinary income equal to the fair market value of the shares when the restrictions on the shares lapse (that is, when the shares are no longer subject to a substantial risk of forfeiture). We will be entitled to a corresponding deduction at such time. We must comply with applicable tax withholding requirements. The recipient's tax basis in any shares acquired pursuant to a restricted stock award is the amount recognized by him or her as income attributable to such shares. Upon a subsequent disposition of the shares, the recipient will generally realize a capital gain or loss, as applicable. Dividends paid to the recipient during the restriction period, if so provided, will also be compensation income to the recipient.

Restricted Stock Units

Generally, no income is taxable to the recipient of a restricted stock unit award at the time that the award is granted. A recipient of restricted stock units will generally recognize ordinary income in an amount equal to the fair market value of the shares (or the amount of cash) distributed to settle the restricted stock units on the delivery date(s) of the shares. We generally will receive a corresponding deduction at such time and must comply with applicable tax withholding requirements. The recipient's tax basis in any shares acquired pursuant to a restricted stock unit award is the amount recognized by him or her as income attributable to such shares. Upon a subsequent disposition of the shares, the recipient will generally realize a capital gain or loss, as applicable.

Performance Awards

Generally, no income is taxable to the recipient of a performance award at the time that the award is granted. A recipient of performance awards will recognize ordinary income equal to the value of the shares of common stock or the cash received, as the case may be, at the time that the award is settled. We generally will receive a corresponding deduction at such time and must comply with applicable tax withholding requirements. The recipient's tax basis in any shares acquired pursuant to a performance award is the amount recognized by him or her as income attributable to such shares. Upon a subsequent disposition of the shares, the recipient will generally realize a capital gain or loss, as applicable.

Stock Appreciation Rights

Generally, no income is taxable to the recipient of a stock appreciation right at the time that the award is granted. Generally, a recipient of a stock appreciation right will recognize ordinary income equal to the fair market value of the shares of common stock or the cash received at the time that the stock appreciation right is exercised. We generally will receive a corresponding deduction at such time and must comply with applicable tax withholding requirements. Gains or losses realized by the recipient upon disposition of any such shares will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

Other Tax Matters

Any acceleration of the vesting or payment of awards under the 2011 Plan in the event of a change in control in the Company may cause part or all of the consideration involved to be treated as an ''excess parachute payment'' under the Code, which may subject the participant to a 20 percent excise tax and preclude our deduction of such amounts.

As discussed previously, a U.S. federal income tax deduction will generally be unavailable for annual compensation in excess of $1 million paid to any of the most highly compensated officers of a public corporation (not more than five). However, amounts that constitute ''performance-based compensation'' are not counted toward the $1 million limit. To preserve our deduction for any compensation paid in excess of $1 million to our most highly compensated officers, the 2011 Plan, as amended and restated (subject to shareholder approval) has been designed to enable awards thereunder to constitute ''performance-based compensation'' and not be counted toward the $1 million limit.

Awards granted pursuant to the LTIP are generally not intended to constitute ''deferred compensation'' subject to Section 409A of the Code. If an award does constitute ''deferred compensation,'' it is intended to comply with Section 409A of the Code. A violation of Section 409A of the Code may subject a participant to immediate taxation of an award plus a 20 percent excise tax and interest.

Interest of Certain Persons in Matters to Be Acted Upon

Other than as a result of their right to participate in the 2011 Plan, no person who was a director or executive officer of us in the year ended December 31, 2012, or any associate of theirs, has any substantial interest in this proposal.

Required Vote and Recommendation

Provided a quorum of at least a majority of the issued and outstanding shares of common stock is present (in person or by proxy), this proposal will be approved if the votes cast favoring the proposal exceeds the votes cast opposing the proposal. Abstentions and broker non-votes will not be counted as having been voted on the proposal and will not have an affect on the proposal.

THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE EMERALD OIL, INC. SECOND AMENDED AND RESTATED 2011 EQUITY INCENTIVE PLAN.

PROPOSAL 4

RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANT FIRM

Our Audit Committee has engaged the firm of BDO USA, LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2013. BDO USA, LLP also served as our independent registered public accounting firm for the fiscal year ending December 31, 2012. A representative of BDO is expected to be present at the 2013 Annual Meeting of Shareholders. Such representative will have an opportunity to make a statement if he or she desires to do so, and will be available to respond to appropriate questions regarding the audit of our financial statements.

Audit Fees

The following table presents fees for professional services provided by BDO USA, LLP to us for the audit of our annual financial statements, the review of our interim financial statements, and other services for the fiscal years ended December 31, 2012 and December 31, 2011.

Category	Fiscal Year	Fees
Audit Fees[1]	2012	$323,320
	2011	$171,000
Audit-Related Fees[2]	2012	$ 15,610
	2011	$ —
Tax Fees[3]	2012	$ —
	2011	$ 2,000
All Other Fees[4]	2012	$ 1,510
	2011	$ 15,720

(1) Audit fees represent fees billed for professional services provided for the audit of our annual financial statements and review of our quarterly financial statements in connection with the filing of current and periodic reports.

(2) Audit-related fees represent fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements in connection with the filing of periodic reports. Audit-related fees are fees billed for assurance and related services in connection with the Emerald Acquisition and related regulatory filings.

(3) Tax fees represent fees billed for professional services for tax compliance, tax advice and tax planning which included preparation of tax returns.

(4) All other fees to BDO USA, LLP represent fees billed for compensation consulting services in connection with a study of compensation programs related to named executive officers and non-employee directors of a broad peer group of exploration and production companies.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee pre-approved the engagement of BDO as our principal independent registered public accounting firm to perform audit services for us. The Audit Committee pre-approves all auditing services and permitted non-audit services, including the fees and terms of those services, to be performed for us by the independent auditor prior to engagement. One hundred percent (100%) of the audit services, audit-related services, tax-related services and compensation consulting services referenced above were pre-approved by our Audit Committee.

Required Vote and Recommendation

If a quorum is present, the affirmative vote of the shareholders holding a majority of the shares of common stock represented at the 2013 Annual Meeting, whether in person or by proxy, and entitled to vote on the matter is required to ratify the selection of the independent public accountant. Abstentions and broker non-votes will not be counted as having been voted on the proposal and will not have an affect on the proposal. If our shareholders fail to ratify the appointment of BDO USA, LLP as our independent registered public accounting firm, it is not anticipated that BDO USA, LLP will be replaced in 2013. Such lack of approval will, however, be considered by the Audit Committee in selecting our independent registered public accounting firm for 2014.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTANT.

OTHER BUSINESS

Management knows of no other matters to be presented at the meeting. If any other matter properly comes before the meeting, the appointees named in the proxies will vote the proxies in accordance with their best judgment.

ADDITIONAL INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and certain beneficial owners of more than 10% of our common stock to file with the SEC reports of ownership (Form 3) and changes in ownership (Forms 4 and 5) of our common stock. The reporting persons are required to furnish us with copies of all reports filed pursuant to Section 16(a). Based solely upon review of these SEC reports and written representations to us from certain reporting persons, we believe that during fiscal year 2012, all applicable filing obligations under Section 16(a) have been met by all of the reporting persons, except McAndrew Rudisill and Paul Wiesner each did not timely file his Form 3 and two Forms 4, J.R. Reger and Mitch Thompson each did not timely file three Forms 4, Lyle Berman, and Mike Krzus each did not timely file two Forms 4, Duke Ligon, Seth Setrakian and Dan Spears each filed one late Form 4, Marty Beskow did not timely file his Form 3 and two Forms 4, Karl Osterbuhr and David Veltri did not timely file his Form 3 and one Form 4, and Joseph Lahti, Myrna McLeroy, Loren O'Toole and Josh Sherman (all former directors) each did not timely file one Form 4.

Shareholder Proposals for the 2014 Annual Meeting

Any appropriate proposal submitted by a shareholder of the Company and intended to be presented at the 2014 Annual Meeting must be received by us at our office in Denver, Colorado, addressed to our Secretary, no later than February 14, 2014 to be includable in our proxy statement and related proxy for the 2014 Annual Meeting. Additionally, pursuant to the advance notice provisions of our bylaws, as authorized by applicable state law, in order for shareholders to present nominations or other business at the 2014 Annual Meeting, a shareholder's notice of such nomination or other business must be received no earlier than March 15, 2014 and no later than April 14, 2014 and must be in a form that complies with the requirements set forth in our bylaws.

Shareholders Sharing the Same Last Name and Address

In accordance with notices that we send to certain shareholders, we are sending only one copy of our annual report and proxy statement to shareholders who share the same last name and address, unless they have notified us that they want to continue receiving multiple copies. This practice, known as ''householding,'' is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources.

If you received a householded mailing this year and you would like to have additional copies of the our annual report and/or proxy statement mailed to you, or you would like to opt out of this practice for future mailings, please submit your request to the Corporate Secretary by mail at 1600 Broadway, Suite 1360, Denver, Colorado 80202 or by telephone at (303) 323-0008. We will promptly send additional copies of the annual report and/or proxy statement upon receipt of such request. You may also contact us if you received multiple copies of the annual meeting materials and would prefer to receive a single copy in the future.

Annual Report on Form 10-K

A COPY OF THE COMPANY'S FORM 10-K ANNUAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012 (WITHOUT EXHIBITS), ACCOMPANIES THIS NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND PROXY STATEMENT. NO PART OF THE ANNUAL REPORT IS INCORPORATED HEREIN AND NO PART THEREOF IS TO BE CONSIDERED PROXY SOLICITING MATERIAL. THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH PERSON WHOSE PROXY IS BEING SOLICITED, UPON WRITTEN REQUEST OF ANY SUCH PERSON, ANY EXHIBIT DESCRIBED IN THE LIST ACCOMPANYING THE FORM 10-K, UPON THE PAYMENT, IN ADVANCE, OF REASONABLE FEES RELATED TO THE COMPANY'S FURNISHING SUCH EXHIBIT(S). REQUESTS FOR COPIES OF SUCH EXHIBIT(S) SHOULD BE DIRECTED TO MITCHELL THOMPSON, CHIEF ACCOUNTING OFFICER, AT THE COMPANY'S PRINCIPAL ADDRESS.

EMERALD OIL, INC.
SECOND AMENDED AND RESTATED 2011 EQUITY INCENTIVE PLAN

SECTION 1.
DEFINITIONS

As used herein, the following terms shall have the meanings indicated below:

(a) ''Administrator'' shall mean the Board of Directors of the Company, or one or more Committees appointed by the Board, as the case may be.

(b) ''Affiliate(s)'' shall mean a Parent or Subsidiary of the Company.

(c) ''Agreement'' shall mean the written agreement entered into by the Participant and the Company evidencing the grant of an Award. Each Agreement shall be in such form as may be approved from time to time by the Administrator and may vary from Participant to Participant.

(d) ''Award'' shall mean any grant pursuant to this Plan of an Incentive Stock Option, Nonqualified Stock Option, Restricted Stock Award, Restricted Stock Unit Award, Stock Appreciation Right, or Performance Award.

(e) ''Change of Control'' shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the events in subsections (i) through (iv) below. For purposes of this definition, a person, entity or group shall be deemed to ''Own,'' to have ''Owned,'' to be the ''Owner'' of, or to have acquired ''Ownership'' of securities if such person, entity or group directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(i) Any person, entity or group becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change of Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other person, entity or group from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (B) solely because the level of Ownership held by any person, entity or group (the ''Subject Person'') exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change of Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change of Control shall be deemed to occur;

(ii) There is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the total gross value of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the total

gross value of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition (for purposes of this Section 1(e)(iii), "gross value" means the value of the assets of the Company or the value of the assets being disposed of, as the case may be, determined without regard to any liabilities associated with such assets); or

(iv) Individuals who, at the beginning of any consecutive twelve-month period, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board at any time during that consecutive twelve-month period; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

For the avoidance of doubt, the term "Change of Control" shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. To the extent required, the determination of whether a Change of Control has occurred shall be made in accordance with Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder.

(f) "Close of Business" of a specified day shall mean 5:00 p.m., Mountain Time, without regard to whether such day is a Saturday, Sunday, bank holiday, or other day on which no business is conducted.

(g) "Committee" shall mean a Committee of two or more Directors who shall be appointed by and serve at the pleasure of the Board. To the extent necessary for compliance with Rule 16b-3, each of the members of the Committee shall be a "non-employee director." Solely for purposes of this Section 1(g), "non-employee director" shall have the same meaning as set forth in Rule 16b-3. Any Award granted under the Plan which is intended to constitute performance-based compensation (including Incentive Stock Options and Nonqualified Stock Options) within the meaning of Code Section 162(m) shall be granted by a Committee consisting solely of two or more "outside directors" within the meaning of Code Section 162(m).

(h) "Common Stock" shall mean the common stock of the Company (subject to adjustment as provided in Section 14 of this Plan).

(i) The "Company" shall mean Emerald Oil, Inc., a Montana corporation.

(j) "Consultant" shall mean any person, including an advisor, who is engaged by the Company or any Affiliate to render consulting or advisory services and is compensated for such services; provided, however, that no person shall be considered a Consultant for purposes of the Plan unless such Consultant is a natural person, renders bona fide services to the Company or any Affiliate, and such services are not in connection with the offer or sale of securities in a capital raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities. For purposes of this plan, "Consultant" shall also include a director of an Affiliate who is compensated for services as a director.

(k) "Director" shall mean a member of the Board of Directors of the Company.

(l) "Effective Date" shall mean the date the Board of Directors of the Company adopts the Plan.

(m) "Employee" shall mean a common-law employee of the Company or any Affiliate, including "officers" as defined by Section 16 of the Exchange Act; provided, however, that service solely as a Director or Consultant, regardless of whether a fee is paid for such service, shall not cause a person to be an Employee for purposes of the Plan.

(n) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(o) ‘‘Fair Market Value’’ of specified stock as of any date shall mean (i) if such stock is listed on the NYSE MKT stock exchange or an established stock exchange, the price of such stock at the close of the regular trading session of such market or exchange on such date, as reported by The Wall Street Journal or a comparable reporting service, or, if no sale of such stock shall have occurred on such date, on the next preceding date on which there was a sale of stock; (ii) if such stock is not so listed on the NYSE MKT stock exchange, or an established stock exchange, the average of the closing ‘‘bid’’ and ‘‘asked’’ prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted ‘‘bid’’ and ‘‘asked’’ prices on such date, on the next preceding date for which there are such quotes; or (iii) if such stock is not publicly traded as of such date, the per share value as determined by the Board or the Committee in its sole discretion by applying principles of valuation with respect to Common Stock. Notwithstanding the foregoing, the Board or the Committee may determine Fair Market Value in a manner other than as specified above provided that the method used to determine Fair Market Value reasonable and in good faith and, in the case of any Option or Stock Appreciation Right, shall be determined in accordance with Code Section 409A.

(p) ‘‘Incentive Stock Option’’ shall mean an option granted pursuant to Section 8 of this Plan that is intended to satisfy the provisions of Code Section 422, or any successor provision.

(q) The ‘‘Internal Revenue Code’’ or ‘‘Code’’ shall mean the Internal Revenue Code of 1986, as amended from time to time.

(r) ‘‘Option’’ shall mean an Incentive Stock Option or Nonqualified Stock Option granted pursuant to the Plan.

(s) ‘‘Nonqualified Stock Option’’ shall mean an option granted pursuant to Section 9 of this Plan or an option (or portion thereof) that does not qualify as an Incentive Stock Option.

(t) ‘‘Parent’’ shall mean any parent corporation of the Company within the meaning of Code Section 424(e), or any successor provision.

(u) ‘‘Participant’’ shall mean an Employee to whom an Incentive Stock Option has been granted or an Employee, a Director, or a Consultant to whom a Nonqualified Stock Option, Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Stock Appreciation Right has been granted.

(v) ‘‘Performance Award’’ shall mean any Performance Shares or Performance Cash Units granted pursuant to Section 12 of this Plan.

(w) ‘‘Performance Objective(s)’’ shall mean one or more performance objectives established by the Administrator, in its sole discretion, for Awards granted under this Plan. With respect to any Award (other than Options or Stock Appreciation Rights) that is intended to constitute performance-based compensation (within the meaning of Code Section 162(m)), ‘‘Performance Objectives’’ shall mean any of the following: (i) net earnings; (ii) earnings per share; (iii) net sales growth; (iv) net income (before or after taxes); (v) net operating profit; (vi) return measures (including, but not limited to, return on assets, capital, equity or sales); (vii) cash flow (including, but not limited to, operating cash flow and free cash flow); (viii) cash flow return on investments, which equals net cash flows divided by owner’s equity; (ix) earnings before or after taxes, interest, depreciation and/or amortization; (x) internal rate of return or increase in net present value; (xi) gross margins; (xii) gross margins minus expenses; (xiii) operating margin; (xiv) share price (including, but not limited to, growth measures and total stockholder return); (xv) expense targets; (xvi) working capital targets relating to inventory and/or accounts receivable; (xvii) planning accuracy (as measured by comparing planned results to actual results); (xviii) comparisons to various stock market indices; (xix) comparisons to the performance of other companies; or (xx) any combination of the foregoing. Where applicable, the performance targets based on satisfaction of Performance Objectives may be expressed in terms of attaining a specified level of the particular measure or the attainment of a percentage increase or decrease in the particular measure, and may be applied to one or more of the Company, a Subsidiary, or a division or strategic business unit of the Company or a Subsidiary, or may be applied to the performance of the Company relative to a market index, a group of other companies or a combination thereof, all as determined by the Committee. The targets based on the

foregoing Performance Objectives shall be determined in accordance with generally accepted accounting principles, if applicable, and shall be subject to certification by the Committee; provided that the Committee shall have the authority to include or exclude any of the following events that occurs during a performance period: (1) asset write-downs, (2) litigation or claim judgments or settlements, (3) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (4) accruals for reorganization and restructuring programs, (5) extraordinary nonrecurring items as described in SFAS No. 144 (or successor guidance) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (6) acquisitions or divestitures, and (7) foreign exchange gains and losses.

(x) ''Performance Period'' shall mean the period, established at the time any Performance Award is granted or at any time thereafter, during which any Performance Objectives specified by the Administrator with respect to such Performance Award are to be measured.

(y) ''Performance Share'' shall mean any grant of an Award pursuant to Section 12 of this Plan, the value of which, if any, shall be paid to a Participant by delivery of shares of Common Stock upon achievement of such Performance Objectives during the Performance Period as the Administrator shall establish at the time of such grant or thereafter.

(z) ''Performance Cash Unit'' shall mean any grant of an Award pursuant to Section 12 of this Plan, the value of which, if any, shall be paid to a Participant by delivery of cash upon achievement of such Performance Objectives during the Performance Period as the Administrator shall establish at the time of such grant or thereafter.

(aa) The ''Plan'' means the Emerald Oil, Inc. Second Amended and Restated 2011 Equity Incentive Plan, as amended hereafter from time to time, including the form of Agreements as they may be modified by the Administrator from time to time.

(bb) ''Restricted Stock Award'' shall mean any grant of restricted shares of Common Stock pursuant to Section 10 of this Plan.

(cc) ''Restricted Stock Unit Award'' shall mean any grant of any restricted stock units pursuant to Section 11 of this Plan.

(dd) ''Rule 16b-3'' shall mean Rule 16b-3, or any successor provision, as then in effect, of the General Rules and Regulations under the Exchange Act.

(ee) ''Stock Appreciation Right'' shall mean a grant pursuant to Section 13 of this Plan.

(ff) A ''Subsidiary'' shall mean any subsidiary corporation of the Company within the meaning of Code Section 424(f), or any successor provision.

SECTION 2.
PURPOSE

The purpose of the Plan is to promote the success of the Company and its Affiliates by facilitating the employment and retention of competent personnel and by furnishing incentives to those Employees, Directors and Consultants upon whose efforts the success of the Company and its Affiliates will depend to a large degree. It is the intention of the Company to carry out the Plan through the granting of Incentive Stock Options, Nonqualified Stock Options, Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards and Stock Appreciation Rights.

SECTION 3.
EFFECTIVE DATE AND DURATION OF PLAN

The Plan shall be effective on the Effective Date; provided, however, that adoption of this Plan shall be and is expressly subject to the condition of approval by the shareholders of the Company within twelve (12) months before or after the Effective Date. ~~Notwithstanding anything in this Plan to the contrary, until shareholder approval of the Plan is obtained in accordance with applicable stock exchange listing standards, no Awards other than Options may be granted and no Options may be made exercisable.~~

If shareholder approval is not obtained within the twelve (12) month period referenced in this Section 3, this Plan and all Awards granted after the Effective Date shall be null and void~~, except that the grant of an Option shall be deemed to be a grant of a Nonqualified Stock Option under the applicable Prior Plan (without regard to whether the grant was intended to be an Incentive Stock Option.)~~.

The Administrator may grant Awards pursuant to the Plan from time to time until the Administrator discontinues or terminates the Plan; provided, however, that in no event may Incentive Stock Options be granted pursuant to the Plan after the earlier of (i) the date the Administrator discontinues or terminates the Plan or (ii) the Close of Business on the day immediately preceding the tenth anniversary of the Effective Date.

SECTION 4.
ADMINISTRATION

The Plan shall be administered by the Board of Directors of the Company (hereinafter referred to as the ‘‘Board’’); provided, however, that the Board may delegate some or all of the administration of the Plan to a Committee or Committees. The Board and any Committee appointed by the Board to administer the Plan are collectively referred to in this Plan as the ‘‘Administrator.’’

Except as otherwise provided herein, the Administrator shall have all of the powers vested in it under the provisions of the Plan, including but not limited to exclusive authority to determine, in its sole discretion, whether an Award shall be granted; the individuals to whom, and the time or times at which, Awards shall be granted; the number of shares subject to each Award; the exercise price of Options granted hereunder; and the performance criteria, if any, and any other terms and conditions of each Award. The Administrator shall have full power and authority to administer and interpret the Plan; to make and amend rules, regulations and guidelines for administering the Plan; to prescribe the form and conditions of the respective Agreements evidencing each Award (which may vary from Participant to Participant); and to make all other determinations necessary or advisable for the administration of the Plan, including to correct any defect, omission or inconsistency in the Plan or any Agreement, to the extent permitted by law and this Plan. The Administrator’s interpretation of the Plan, and all actions taken and determinations made by the Administrator pursuant to the power vested in it hereunder, shall be conclusive and binding on all parties concerned.

No member of the Board or Committee shall be liable for any action taken or determination made in good faith in connection with the administration of the Plan. In the event the Board appoints a Committee as provided hereunder, any action of the Committee with respect to the administration of the Plan shall be taken pursuant to a majority vote of the Committee members or pursuant to the written resolution of all Committee members.

SECTION 5.
PARTICIPANTS

The Administrator may grant Awards under this Plan to any Employee, Director, or Consultant; provided, however, that only Employees are eligible to receive Incentive Stock Options. In designating Participants, the Administrator shall also determine the number of shares or cash units to be optioned or awarded to each such Participant and the performance criteria applicable to each Performance Award. The Administrator may from time to time designate individuals as being ineligible to participate in the Plan. The power of the Administrator under this Section 5 shall be exercised from time to time in the sole discretion of the Administrator and without approval by the shareholders.

SECTION 6.
STOCK AND LIMITATIONS

The stock to be awarded or optioned under this Plan shall consist of authorized but unissued or reacquired shares of Common Stock. Subject to Section 14 of this Plan, the maximum aggregate number of shares of Common Stock reserved and available for Awards under the Plan is ~~Three~~ <u>Nine</u> Million ~~Five~~ <u>Eight</u> Hundred Thousand ~~(3,500,000), which shall include (i) any shares of Common Stock that, as of the Effective Date, are authorized for issuance under the Prior Plans but have not been issued and are not subject to outstanding options, and (ii) any shares of Common Stock subject to any option (or portion thereof)~~

~~outstanding under the Prior Plans on the Effective Date which, for any reason, expires, is forfeited, or is terminated prior to exercise, or which is surrendered or withheld to satisfy the exercise price or any withholding obligations of such option~~ (9,800,000). The maximum aggregate number of shares of Common Stock that may be issued through Incentive Stock Options shall also be ~~Three~~ Nine Million ~~Five~~ Eight Hundred Thousand (~~3,500,000~~9,800,000).

The following shares of Common Stock shall continue to be reserved and available for Awards granted pursuant to the Plan: (i) any outstanding Award that expires or is forfeited for any reason, (ii) any portion of an outstanding Option or Stock Appreciation Right that is terminated prior to exercise, (iii) any portion of an Award that is terminated prior to the lapsing of the risks of forfeiture on such Award, (iv) shares of Common Stock used to pay the exercise price under any Award, (v) shares of Common Stock used to satisfy any tax withholding obligation attributable to any Award, whether such shares are withheld by the Company or tendered by the Participant, and (vi) shares of Common Stock covered by an Award to the extent the Award is settled in cash.

(a) For Options and Stock Appreciation Rights that are intended to constitute performance-based compensation (within the meaning of Code Section 162(m)), no more than 500,000 shares of Common Stock may be subject to such Awards granted to any one individual during any one calendar year.

(b) For Awards other than Options, Stock Appreciation Rights or Performance Cash Units that are intended to be performance-based compensation (within the meaning of Code Section 162(m)), no more than 500,000 shares of Common Stock may be subject to such Awards granted to any one individual during any one calendar year (regardless of whether settlement of the Award is to occur prior to, at the time of or after the time of vesting). If the delivery of Common Stock is deferred until after the Common Stock has been earned, any adjustment in the amount delivered to reflect actual or deemed earnings or other investment experience during the deferral period shall be disregarded.

(c) For Performance Cash Units that are intended to be performance-based compensation (within the meaning of Code Section 162(m)), the maximum amount payable to any Participant with respect to any twelve month performance period shall equal $2.5 million (pro rated for performance periods that are greater or lesser than twelve months).

SECTION 7.
PAYMENT OF OPTION EXERCISE PRICE

Upon exercise of an option, Participants may pay the exercise price of an Option (i) in cash, or with a personal check, certified check, or other cash equivalent, (ii) by the surrender by the Participant to the Company of previously acquired unencumbered shares of Common Stock (through physical delivery or attestation), (iii) through the withholding of shares of Common Stock from the number of shares otherwise issuable upon the exercise of the Option (*e.g.*, a net share settlement), (iv) through broker-assisted cashless exercise if such exercise complies with applicable securities laws and any insider trading policy of the Company, (v) such other form of payment as may be authorized by the Administrator, or (vi) by a combination thereof. In the event the Participant elects to pay the exercise price, in whole or in part, with previously acquired shares of Common Stock or through a net share settlement, the then-current Fair Market Value of the stock delivered or withheld shall equal the total exercise price for the shares being purchased in such manner.

The Administrator may, in its sole discretion, limit the forms of payment available to the Participant and may exercise such discretion any time prior to the termination of the Option granted to the Participant or upon any exercise of the Option by the Participant. "Previously acquired shares of Common Stock" means shares of Common Stock which the Participant owns on the date of exercise (or for such other period of time, if any, as may be required by generally accepted accounting principles or any successor principles applicable to the Company).

With respect to payment in the form of Common Stock, the Administrator may require advance approval or adopt such rules as it deems necessary to assure compliance with Rule 16b-3, if applicable.

SECTION 8.
TERMS AND CONDITIONS OF INCENTIVE STOCK OPTIONS

Each Incentive Stock Option shall be evidenced by an Incentive Stock Option Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Number of Shares and Exercise Price. The Incentive Stock Option Agreement shall state the total number of shares covered by the Incentive Stock Option. Except as permitted by Code Section 424(a), or any successor provision, the exercise price per share shall not be less than one hundred percent (100%) of the per share Fair Market Value of the Common Stock on the date the Administrator grants the Incentive Stock Option; provided, however, that if a Participant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Parent or any Subsidiary, the exercise price per share of an Incentive Stock Option granted to such Participant shall not be less than one hundred ten percent (110%) of the per share Fair Market Value of Common Stock on the date of the grant of the Incentive Stock Option. The Administrator shall have full authority and discretion in establishing the exercise price and shall be fully protected in so doing.

(b) Exercisability and Term of Incentive Stock Options. The Incentive Stock Option Agreement shall state when the Incentive Stock Option becomes exercisable (*i.e.*, ''vests''). The Participant may exercise the Incentive Stock Option, in full or in part, upon or after the vesting date of such Option (or portion thereof). Notwithstanding anything in this Plan or the Agreement to the contrary, the Participant may not exercise an Incentive Stock Option after the maximum term of such Option, as such term is specified in the Incentive Stock Option Agreement. Except as permitted by Code Section 424(a), in no event shall any Incentive Stock Option be exercisable during a term of more than ten (10) years after the date on which it is granted; provided, however, that if a Participant owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Parent or any Subsidiary, the Incentive Stock Option granted to such Participant shall be exercisable during a term of not more than five (5) years after the date on which it is granted.

The Administrator may accelerate the exercisability of any Incentive Stock Option granted hereunder which is not immediately exercisable as of the date of grant.

(c) No Rights as Shareholder. A Participant (or the Participant's successors) shall have no rights as a shareholder with respect to any shares covered by a Incentive Stock Option until the date of the issuance of the Common Stock subject to such Award upon exercise, as evidenced by a stock certificate or as reflected in the books and records of the Company or its designated agent (*i.e.*, a ''book entry''). Except as provided in Section 14 of the Plan, no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are actually issued (as evidenced in either certificated or book entry form).

(d) Withholding. The Company or its Affiliate shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's exercise of an Incentive Stock Option or a ''disqualifying disposition'' of shares acquired through the exercise of an Incentive Stock Option as defined in Code Section 421(b) or require the Participant to remit an amount sufficient to satisfy such withholding requirements, or any combination thereof. In the event the Participant is required under the Incentive Stock Option Agreement to pay the Company, or make arrangements satisfactory to the Company respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligation, in whole or in part, by delivering shares of Common Stock or by electing to have the Company withhold shares of Common Stock otherwise issuable to the Participant as a result of the exercise of the Incentive Stock Option. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income resulting from such exercise or disqualifying disposition. In no event may the Participant deliver shares, nor may the Company or any Affiliate withhold shares, having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's

delivery of shares or the withholding of shares for this purpose shall occur on or before the later of (i) the date the Incentive Stock Option is exercised or the date of the disqualifying disposition, as the case may be, or (ii) the date that the amount of tax to be withheld is determined under applicable tax law.

(e) Vesting Limitation. Notwithstanding any other provision of the Plan, the aggregate Fair Market Value (determined as of the date an Incentive Stock Option is granted) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under the Plan and any other ''incentive stock option'' plans of the Company or any Affiliate~~, including the Prior Plans,~~ shall not exceed $100,000 (or such other amount as may be prescribed by the Code from time to time); provided, however, that if the exercisability or vesting of an Incentive Stock Option is accelerated as permitted under the provisions of the Plan and such acceleration would result in a violation of the limit imposed by this Section 8(e), such acceleration shall be of full force and effect but the number of shares of Common Stock that exceed such limit shall be treated as having been granted pursuant to a Nonqualified Stock Option; and provided, further, that the limits imposed by this Section 8(e) shall be applied to all outstanding Incentive Stock Options under the Plan and any other ''incentive stock option'' plans of the Company or any Affiliate in chronological order according to the dates of grant.

(f) Other Provisions. The Incentive Stock Option Agreement authorized under this Section 8 shall contain such other provisions as the Administrator shall deem advisable. Any such Incentive Stock Option Agreement shall contain such limitations and restrictions upon the exercise of the Incentive Stock Option as shall be necessary to ensure that such Incentive Stock Option will be considered an ''incentive stock option'' as defined in Code Section 422 or to conform to any change therein.

SECTION 9.
TERMS AND CONDITIONS OF NONQUALIFIED STOCK OPTIONS

Each Nonqualified Stock Option shall be evidenced by a Nonqualified Stock Option Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Number of Shares and Exercise Price. The Nonqualified Stock Option Agreement shall state the total number of shares covered by the Nonqualified Stock Option. Unless otherwise determined by the Administrator, the exercise price per share shall be one hundred percent (100%) of the per share Fair Market Value of the Common Stock on the date the Administrator grants the Nonqualified Stock Option.

(b) Term and Exercisability of Nonqualified Stock Options. The Nonqualified Stock Option Agreement shall state when the Nonqualified Stock Option becomes exercisable (*i.e.*, ''vests''). The Participant may exercise the Nonqualified Stock Option, in full or in part, upon or after the vesting date of such Option (or portion thereof); provided, however, that the Participant may not exercise a Nonqualified Stock Option after the maximum term of such Option, as such term is specified in the Nonqualified Stock Option Agreement.

The Administrator may accelerate the exercisability of any Nonqualified Stock Option granted hereunder which is not immediately exercisable as of the date of grant.

(c) No Rights as Shareholder. A Participant (or the Participant's successors) shall have no rights as a shareholder with respect to any shares covered by a Nonqualified Stock Option until the date of the issuance of the Common Stock subject to such Award upon exercise, as evidenced by a stock certificate or as reflected in the books and records of the Company or its designated agent (*i.e.*, a ''book entry''). Except as provided in Section 14 of the Plan, no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such shares are actually issued (as evidenced in either certificated or book entry form).

(d) Withholding. The Company or its Affiliate shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's exercise of a Nonqualified Stock Option, or require the Participant to remit an amount sufficient to satisfy such withholding

requirements. In the event the Participant is required under the Nonqualified Stock Option Agreement to pay the Company, or make arrangements satisfactory to the Company respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligation, in whole or in part, by delivering shares of Common Stock or by electing to have the Company withhold shares of Common Stock otherwise issuable to the Participant as a result of the exercise of the Nonqualified Stock Option. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income resulting from such exercise. In no event may the Participant deliver shares, nor may the Company or any Affiliate withhold shares, having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's delivery of shares or the withholding of shares for this purpose shall occur on or before the later of (i) the date the Nonqualified Stock Option is exercised, or (ii) the date that the amount of tax to be withheld is determined under applicable tax law.

(e) Other Provisions. The Nonqualified Stock Option Agreement authorized under this Section 9 shall contain such other provisions as the Administrator shall deem advisable.

SECTION 10. RESTRICTED STOCK AWARDS

Each Restricted Stock Award shall be evidenced by a Restricted Stock Award Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Number of Shares. The Restricted Stock Award Agreement shall state the total number of shares of Common Stock covered by the Restricted Stock Award.

(b) Risks of Forfeiture. The Restricted Stock Award Agreement shall set forth the risks of forfeiture, if any, including risks of forfeiture based on Performance Objectives, which shall apply to the shares of Common Stock covered by the Restricted Stock Award, and shall specify the manner in which such risks of forfeiture shall lapse. The Administrator may, in its sole discretion, modify the manner in which such risks of forfeiture shall lapse but only with respect to those shares of Common Stock which are restricted as of the effective date of the modification.

(c) Issuance of Shares; Rights as Shareholder. Except as provided below, the Company shall cause a stock certificate to be issued and shall deliver such certificate to the Participant or hold such certificate in a manner determined by the Administrator in its sole discretion; provided, however, that in lieu of a stock certificate, the Company may evidence the issuance of shares by a book entry in the records of the Company or its designated agent (if permitted by the Company's designated agent and applicable law, as determined by the Administrator in its sole discretion). The Company shall cause a legend or notation to be placed on such certificate or book entry describing the risks of forfeiture and other transfer restrictions set forth in the Participant's Restricted Stock Award Agreement and providing for the cancellation and, if applicable, return of such certificate or book entry if the shares of Common Stock subject to the Restricted Stock Award are forfeited.

Until the risks of forfeiture have lapsed or the shares subject to such Restricted Stock Award have been forfeited, the Participant shall be entitled to vote the shares of Common Stock represented by such stock certificates and shall receive all dividends attributable to such shares, but the Participant shall not have any other rights as a shareholder with respect to such shares.

(d) Withholding Taxes. The Company or its Affiliate shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's Restricted Stock Award, or require the Participant to remit an amount sufficient to satisfy such withholding requirements. In the event the Participant is required under the Restricted Stock Award Agreement to pay the Company, or make arrangements satisfactory to the Company respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligations, in whole or in part, by delivering shares of Common Stock, including shares of Common Stock received pursuant to the Restricted Stock Award on which the risks of forfeiture have

lapsed. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income resulting from the lapsing of the risks of forfeiture on such Restricted Stock Award. In no event may the Participant deliver shares having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's delivery of shares shall occur on or before the date that the amount of tax to be withheld is determined under applicable tax law.

(e) Other Provisions. The Restricted Stock Award Agreement authorized under this Section 10 shall contain such other provisions as the Administrator shall deem advisable.

SECTION 11.
RESTRICTED STOCK UNIT AWARDS

Each Restricted Stock Unit Award shall be evidenced by a Restricted Stock Unit Award Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Number of Shares. The Restricted Stock Unit Award Agreement shall state the total number of shares of Common Stock covered by the Restricted Stock Unit Award.

(b) Vesting. The Restricted Stock Unit Award Agreement shall set forth the period over which the Restricted Stock Unit Award may become vested and/or the conditions, including conditions based on Performance Objectives, to which such vesting is subject. The Administrator may, in its sole discretion, accelerate the vesting of any Restricted Stock Unit Award.

(c) Issuance of Shares; Rights as Shareholder. The Participant shall be entitled to payment of the Restricted Stock Unit Award as the units subject to such Award vest. The Administrator may, in its sole discretion, pay Restricted Stock Units in cash, shares of Common Stock or any combination thereof. If payment is made in shares of Common Stock, the Administrator shall cause to be issued one or more stock certificates in the Participant's name and shall deliver such certificates to the Participant in satisfaction of such units; provided, however, that in lieu of stock certificates, the Company may evidence such shares by a book entry in the records of the Company or its designated agent (if permitted by the Company's designated agent and applicable law, as determined by the Administrator in its sole discretion). Until the units subject to the Restricted Stock Unit Award have vested, the Participant shall not be entitled to vote any shares of stock which may be acquired through the Award, shall not receive any dividends attributable to such shares, and shall not have any other rights as a shareholder with respect to such shares.

(d) Withholding Taxes. The Company or its Affiliate shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's Restricted Stock Unit Award, or require the Participant to remit an amount sufficient to satisfy such withholding requirements. In the event the Participant is required under the Restricted Stock Unit Award Agreement to pay the Company, or make arrangements satisfactory to the Company respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligations, in whole or in part, by delivering shares of Common Stock, including shares of Common Stock received pursuant to the Restricted Stock Unit Award. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income resulting from the lapsing of the risks of forfeiture on such Restricted Stock Unit Award. In no event may the Participant deliver shares having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's delivery of shares for this purpose shall occur on or before the date that the amount of tax to be withheld is determined under applicable tax law.

(e) Other Provisions. The Restricted Stock Unit Award Agreement authorized under this Section 11 shall contain such other provisions as the Administrator shall deem advisable.

SECTION 12.
PERFORMANCE AWARDS

Each Performance Award shall be evidenced by a Performance Award Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Awards. Performance Awards may be in the form of Performance Cash Units or Performance Shares. Performance Cash Units shall consist of monetary awards which may be earned or become vested in whole or in part if the Company or the Participant achieves certain Performance Objectives established by the Administrator over a specified Performance Period. Performance Shares shall consist of shares of Common Stock or other Awards denominated in shares of Common Stock that may be earned or become vested in whole or in part if the Company or the Participant achieves certain Performance Objectives established by the Administrator over a specified Performance Period.

(b) Performance Objectives, Performance Period and Payment by the Company. The Performance Award Agreement shall set forth:

(i) the number of Performance Cash Units or Performance Shares subject to the Performance Award, and the dollar value of each Performance Cash Unit;

(ii) one or more Performance Objectives established by the Administrator and the method for measuring performance;

(iii) the Performance Period over which Performance Cash Units or Performance Shares may be earned or may become vested;

(iv) the extent to which partial achievement of the Performance Objectives may result in a payment or vesting of the Performance Award, as determined by the Administrator; and

(v) the date upon which payment of Performance Cash Units will be made or Performance Shares will be issued, as the case may be, and the extent to which such payment or the receipt of such Performance Shares may be deferred.

(c) Withholding Taxes. The Company or its Affiliates shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's Performance Award, or require the Participant to remit an amount sufficient to satisfy such withholding requirements. In the event the Participant is required under the Performance Award Agreement to pay the Company or its Affiliates, or make arrangements satisfactory to the Company or its Affiliates respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligations, in whole or in part, by delivering shares of Common Stock, including shares of Common Stock received pursuant to the Performance Award. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes. In no event may the Participant deliver shares having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's delivery of shares for this purpose shall occur on or before the date that the amount of tax to be withheld is determined under applicable tax law.

(d) No Rights as Shareholder. A Participant (or the Participant's successors) shall have no rights as a shareholder with respect to any shares covered by a Performance Shares Award until the date of the issuance of a stock certificate evidencing such shares (after such Award has vested); provided, however, that in lieu of a stock certificate, the Company may evidence such shares by a book entry in the records of the Company or its designated agent (if permitted by the Company's designated agent and applicable law, as determined by the Administrator in its sole discretion). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such stock certificate is actually issued or such book entry is made, except as otherwise provided in Section 14 of the Plan.

(e) Other Provisions. The Performance Award Agreement authorized under this Section 12 shall contain such other provisions as the Administrator shall deem advisable.

SECTION 12A.
CODE SECTION 162(m) PERFORMANCE-BASED COMPENSATION

The provisions of this Section 12A shall apply to any Award under the Plan that is intended to constitute performance-based compensation within the meaning of Code Section 162(m).

(a) Any Award under the Plan may be designated as performance-based compensation. To the extent required by Code Section 162(m), any Award (other than an Option or Stock Appreciation Right) so designated shall be conditioned on the achievement of one or more performance targets as determined by the Committee and the additional requirements set forth in this Section 12A shall apply.

(b) The performance targets established for the performance period established by the Committee shall be objective (as that term is described in regulations under Code Section 162(m)), and shall be established in writing by the Committee not later than 90 days after the beginning of the performance period (but in no event after 25% of the performance period has elapsed), and while the outcome as to the performance targets is substantially uncertain. The performance targets established by the Committee may be with respect to corporate performance, operating group or sub-group performance, individual company performance, other group or individual performance, or division performance, and shall be based on one or more of the Performance Objectives.

(c) A Participant otherwise entitled to receive an Award for any performance period shall not receive a settlement or payment of the Award until the Committee has determined that the applicable performance target(s) have been attained. To the extent that the Committee exercises discretion in making the determination required by this Section 12A(c), such exercise of discretion may not result in an increase in the amount of the payment.

(d) If a Participant's employment terminates because of death or disability, or if a change in control occurs prior to the Participant's termination of employment, the Award may, to the extent provided by the Committee, become vested without regard to whether the Award would be performance-based compensation.

(e) An Award designated as performance-based compensation shall not vest prior to the first anniversary of the date on which it is granted (subject to acceleration of vesting, to the extent provided by the Committee, in the event of the Participant's death, disability or change in control).

Nothing in this Section 12A shall preclude the Committee from granting Awards under the Plan or the Committee, the Company or any Subsidiary from granting any Awards outside of the Plan that are not intended to be performance-based compensation; provided, however, that, at the time of grant of the Award by the Committee, the Committee shall designate whether such Awards are intended to constitute performance-based compensation. To the extent that the provisions of this Section 12A reflect the requirements applicable to performance-based compensation, such provisions shall not apply to the portion of the Award, if any, that is not intended to constitute performance-based compensation. Unless otherwise indicated by the Committee at the time of grant, all Options and Stock Appreciation Rights granted pursuant to the Plan shall be deemed to be intended to be performance-based compensation for the purposes of Code Section 162(m).

SECTION 13.
STOCK APPRECIATION RIGHTS

Each Stock Appreciation Right shall be evidenced by a Stock Appreciation Right Agreement, which shall comply with and be subject to the following terms and conditions:

(a) Awards. A Stock Appreciation Right shall entitle the Participant to receive, upon exercise, cash, shares of Common Stock, or any combination thereof, having a value equal to the excess of (i) the Fair Market Value of a specified number of shares of Common Stock on the date of such exercise, over (ii) a specified exercise price. The number of shares and the exercise price of the Stock Appreciation Right shall be determined by the Administrator on the date of grant. Unless otherwise determined by the Administrator, the specified exercise price shall not be less than 100% of the Fair Market Value of such shares of Common Stock on the date of grant of the Stock Appreciation Right. A Stock Appreciation Right may be granted independent of or in tandem with a previously or contemporaneously granted Option.

(b) Term and Exercisability. The Stock Appreciation Right Agreement shall state when the Stock Appreciation Right becomes exercisable (*i.e.,* ''vests''). The Participant may exercise the Stock Appreciation Right, in full or in part, upon or after the vesting date of such Stock Appreciation Right (or portion thereof); provided, however, that the Participant may not exercise a Stock Appreciation Right after the maximum term of such Stock Appreciation Right, as such term is specified in the Stock Appreciation Right Agreement.

The Administrator may accelerate the exercisability of any Stock Appreciation Right granted hereunder which is not immediately exercisable as of the date of grant. If a Stock Appreciation Right is granted in tandem with an Option, the Stock Appreciation Right Agreement shall set forth the extent to which the exercise of all or a portion of the Stock Appreciation Right shall cancel a corresponding portion of the Option, and the extent to which the exercise of all or a portion of the Option shall cancel a corresponding portion of the Stock Appreciation Right.

(c) Withholding Taxes. The Company or its Affiliate shall be entitled to withhold and deduct from any future payments to the Participant all legally required amounts necessary to satisfy any and all withholding and employment-related taxes attributable to the Participant's Stock Appreciation Right, or require the Participant to remit an amount sufficient to satisfy such withholding requirements. In the event the Participant is required under the Stock Appreciation Right to pay the Company or its Affiliate, or make arrangements satisfactory to the Company or its Affiliate respecting payment of, such withholding and employment-related taxes, the Administrator may, in its sole discretion, require the Participant to satisfy such obligation, in whole or in part, by delivering shares of Common Stock or by electing to have the Company withhold shares of Common Stock otherwise issuable to the Participant as a result of the exercise of the Stock Appreciation Right. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income resulting from such exercise. In no event may the Participant deliver shares, nor may the Company or any Affiliate withhold shares, having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's delivery of shares or the withholding of shares for this purpose shall occur on or before the later of (i) the date the Stock Appreciation Right is exercised, or (ii) the date that the amount of tax to be withheld is determined under applicable tax law.

(d) No Rights as Shareholder. A Participant (or the Participant's successors) shall have no rights as a shareholder with respect to any shares covered by a Stock Appreciation Right until the date of the issuance of a stock certificate evidencing such shares; provided, however, that in lieu of stock certificates, the Company may evidence such shares by a book entry in the records of the Company or its designated agent (if permitted by the Company's designated agent and applicable law, as determined by the Administrator in its sole discretion). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property), distributions or other rights for which the record date is prior to the date such stock certificate is actually issued or such book entry is made (except as otherwise provided in Section 14 of the Plan).

(e) Other Provisions. The Stock Appreciation Right Agreement authorized under this Section 13 shall contain such other provisions as the Administrator shall deem advisable, including but not limited to any restrictions on the exercise of the Stock Appreciation Right which may be necessary to comply with Rule 16b-3.

SECTION 14.
RECAPITALIZATION, EXCHANGE, LIQUIDATION, OR CHANGE OF CONTROL

(a) In General. In the event of an increase or decrease in the number of shares of Common Stock resulting from a stock dividend, stock split, reverse split, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company, other than due to conversion of the convertible securities of the Company, the Administrator may, in its sole discretion, adjust the class and number of shares of stock reserved under Section 6 of this Plan, the class and number of shares of stock covered by

each outstanding Award, and, if and as applicable, the exercise price per share of each outstanding Award to reflect such change. Additional shares which may become covered by the Award pursuant to such adjustment shall be subject to the same restrictions as are applicable to the shares with respect to which the adjustment relates.

(b) Liquidation. Unless otherwise provided in the Agreement evidencing an Award, in the event of a dissolution or liquidation of the Company, the Administrator may provide for one or both of the following:

(i) the acceleration of the exercisability of any or all outstanding Options or Stock Appreciation Rights, the vesting and payment of any or all Performance Awards or Restricted Stock Unit Awards, or the lapsing of the risks of forfeiture on any or all Restricted Stock Awards; provided, however, that no such acceleration, vesting or payment shall occur if the acceleration, vesting or payment would violate the requirements of Code Section 409A; or

(ii) the complete termination of this Plan and the cancellation of any or all Awards (or portions thereof) which have not been exercised, have not vested, or remain subject to risks of forfeiture, as applicable, in each case immediately prior to the completion of such a dissolution or liquidation.

(c) Change of Control. Unless otherwise provided in the Agreement evidencing an Award, in the event of a Change of Control, the Administrator may provide for one or more of the following:

(i) the acceleration of the exercisability, vesting, or lapse of the risks of forfeiture of any or all Awards (or portions thereof);

(ii) the complete termination of this Plan and the cancellation of any or all Awards (or portions thereof) which have not been exercised, have not vested, or remain subject to risks of forfeiture, as applicable, in each case as of the effective date of the Change of Control;

(iii) that the entity succeeding the Company by reason of such Change of Control, or the parent of such entity, shall assume or continue any or all Awards (or portions thereof) outstanding immediately prior to the Change of Control or substitute for any or all such Awards (or portions thereof) a substantially equivalent award with respect to the securities of such successor entity, as determined in accordance with applicable laws and regulations;

(iv) that Participants holding outstanding Awards shall become entitled to receive, with respect to each share of Common Stock subject to such Award (whether vested or unvested, as determined by the Administrator pursuant to subsection (c)(i) hereof) as of the effective date of any such Change of Control, cash in an amount equal to (1) for Participants holding Options or Stock Appreciation Rights, the excess of the Fair Market Value of such Common Stock on the date immediately preceding the effective date of such Change of Control over the exercise price per share of Options or Stock Appreciation Rights; or (2) for Participants holding Awards other than Options or Stock Appreciation Rights, the Fair Market Value of such Common Stock on the date immediately preceding the effective date of such Change of Control.

The Administrator need not take the same action with respect to all Awards (or portions thereof) or with respect to all Participants. In addition, the Administrator may restrict the rights of or the applicability of this Section 14 to the extent necessary to comply with Section 16(b) of the Exchange Act, the Internal Revenue Code or any other applicable law or regulation. The grant of an Award pursuant to the Plan shall not limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, exchange or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 15.
NON-TRANSFERABILITY

Except as expressly provided in this Plan or an Agreement, no Award shall be transferable by the Participant, in whole or in part, other than by will or by the laws of descent and distribution. If the Participant shall attempt any transfer of any Award, such transfer shall be void and the Award shall terminate.

Notwithstanding anything in this Section 15 to the contrary, Non-Qualified Stock Options shall be transferable, in whole or in part, by the Participant by will or by the laws of descent and distribution. In addition, the Administrator may, in its sole discretion, permit the Participant to transfer any or all Nonqualified Stock Option to any member of the Participant's ''immediate family'' as such term is defined in Rule 16a-1(e) of the Exchange Act, or any successor provision, or to one or more trusts whose beneficiaries are members of such Participant's ''immediate family'' or partnerships in which such family members are the only partners; provided, however, that the Participant cannot receive any consideration for the transfer and such transferred Nonqualified Stock Option shall continue to be subject to the same terms and conditions as were applicable to such Nonqualified Stock Option immediately prior to its transfer.

SECTION 16.
INVESTMENT PURPOSE AND SECURITIES COMPLIANCE

No shares of Common Stock shall be issued pursuant to the Plan unless and until there has been compliance, in the opinion of Company's counsel, with all applicable legal requirements, including without limitation, those relating to securities laws and stock exchange listing requirements. As a condition to the issuance of Common Stock to Participant, the Administrator may require Participant to (a) represent that the shares of Common Stock are being acquired for investment and not resale and to make such other representations as the Administrator shall deem necessary or appropriate to qualify the issuance of the shares as exempt from the Securities Act of 1933 and any other applicable securities laws, and (b) represent that Participant shall not dispose of the shares of Common Stock in violation of the Securities Act of 1933 or any other applicable securities laws.

As a further condition to the grant of any Option or the issuance of Common Stock to a Participant, the Participant agrees to the following:

(a) In the event the Company advises the Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, the Participant will execute any lock-up agreement the Company and the underwriter(s) deem necessary or appropriate, in their sole discretion, in connection with such public offering.

(b) In the event the Company makes any public offering of its securities and determines in its sole discretion that it is necessary to reduce the number of outstanding Awards so as to comply with any state's securities or Blue Sky law limitations with respect thereto, the Board of Directors of the Company shall have the right (i) to accelerate the exercisability of any Award and the date on which such Award must be exercised or remove the risks of forfeiture to which the Award is subject, provided that the Company gives Participant prior written notice of such acceleration or removal, and (ii) to cancel any outstanding Awards (or portions thereof) which Participant does not exercise prior to or contemporaneously with such public offering.

(c) In the event of a Change of Control, Participant will comply with Rule 145 of the Securities Act of 1933 and any other restrictions imposed under other applicable legal or accounting principles if Participant is an ''affiliate'' (as defined in such applicable legal and accounting principles) at the time of the Change of Control, and Participant will execute any documents necessary to ensure compliance with such rules.

The Company reserves the right to place a legend on any stock certificate (or a notation on any book entry shares permitted by the Administrator) issued in connection with an Award pursuant to the Plan to assure compliance with this Section 16.

The Company shall not be required to register or maintain the registration of the Plan, any Award, or any Common Stock issued or issuable pursuant to the Plan under the Securities Act of 1933 or any other applicable securities laws. If the Company is unable to obtain the authority that the Company or its counsel

deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall not be liable for the failure to issue and sell Common Stock upon the exercise, vesting, or lapse of restrictions of forfeiture of an Award unless and until such authority is obtained. A Participant shall not be eligible for the grant of an Award or the issuance of Common Stock pursuant to an Award if such grant or issuance would violate any applicable securities law.

SECTION 17. AMENDMENT OF THE PLAN

The Board may from time to time, insofar as permitted by law, suspend or discontinue the Plan or revise or amend it in any respect; provided, however, that no such suspension, termination, revision, or amendment, except as is authorized in Section 14, shall impair the terms and conditions of any Award which is outstanding on the date of such suspension, termination, revision, or amendment to the material detriment of the Participant without the consent of the Participant. Notwithstanding the foregoing, except as provided in Section 14 of this Plan, to the extent required by applicable law or regulation, the Board may not, without shareholder approval, revise or amend the Plan (i) to materially increase the number of shares subject to the Plan, (ii) to change the designation of Participants, including the class of Employees, eligible to receive Awards, (iii) to decrease the price at which Options or Stock Appreciation Rights may be granted, (iv) to cancel Options or Stock Appreciation Rights that have an exercise price in excess of the Fair Market Value of the Common Stock, (v) to materially increase the benefits accruing to Participants under the Plan, or (vi) in any manner that will cause Incentive Stock Options to fail to meet the requirements of Code Section 422.

To the extent applicable, this Plan and all Agreements shall be interpreted in accordance with the requirements of Code Sections 409A and 422 and the regulations, notices, and other guidance of general applicability issued thereunder. Furthermore, notwithstanding anything in the Plan or any Agreement to the contrary, the Board may amend the Plan or Agreement to the extent necessary or desirable to comply with such requirements without the consent of the Participant.

SECTION 18. NO OBLIGATION TO EXERCISE OPTION; NO EMPLOYMENT OR OTHER SERVICE RIGHTS

The granting of an Option or Stock Appreciation Right shall impose no obligation upon the Participant to exercise such Option or Stock Appreciation Right. Further, the granting of an Award hereunder shall not impose upon the Company or any Affiliate any obligation to retain the Participant in its employ or service for any period.

SECTION 19. MISCELLANEOUS

(a) Issuance of Shares. The Company is not required to issue or remove restrictions on shares of Common Stock granted pursuant to the Plan until the Administrator determines that: (i) all conditions of the Award have been satisfied, (ii) all legal matters in connection with the issuance have been satisfied, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Administrator may consider appropriate, in its sole discretion, to satisfy the requirements of any applicable law or regulation.

(b) Choice of Law. The law of the state of Montana shall govern all questions concerning the construction, validity, and interpretation of this Plan, without regard to that state's conflict of laws rules.

(c) Severability. In the event that any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of this Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(d) No Duty to Notify. The Company shall have no duty or obligation to any Participant to advise such Participant as to the time and manner of exercising an Award or as to the pending termination or expiration of such Award. In addition, the Company has no duty or obligation to minimize the tax consequences of an Award to the Participant.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. — 001-35097

EMERALD OIL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Montana	**77-0639000**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1600 Broadway, Suite 1360 Denver, CO	**80202**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(303) 323-0008**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $0.001 par value	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of ''large accelerated filer,'' ''accelerated filer'' and ''smaller reporting company'' in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant on the last business day of the registrant's most recently completed second fiscal quarter (based on the closing sale price as reported by the NYSE MKT Equities) was approximately $83 million.

As of March 18, 2013, the registrant had 25,899,658 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement related to the registrant's 2013 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2012, are incorporated by reference into Part III of this report.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our company and to take advantage of the ''safe harbor'' protection for forward-looking statements that applicable federal securities law affords.

From time to time, our management or persons acting on our behalf may make forward-looking statements to inform existing and potential security holders about our company. All statements other than statements of historical facts included in this report regarding our financial position, business strategy, plans and objectives of management for future operations, industry conditions, and indebtedness covenant compliance are forward-looking statements. When used in this report, forward-looking statements are generally accompanied by terms or phrases such as ''estimate,'' ''project,'' ''predict,'' ''believe,'' ''expect,'' ''anticipate,'' ''target,'' ''plan,'' ''intend,'' ''seek,'' ''goal,'' ''will,'' ''should,'' ''may'' or other words and similar expressions that convey the uncertainty of future events or outcomes. Items contemplating or making assumptions about, actual or potential future sales, market size, collaborations, and trends or operating results also constitute such forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties, and important factors (many of which are beyond our company's control) that could cause actual results to differ materially from those set forth in the forward-looking statements, including the following: general economic or industry conditions, nationally and/or in the communities in which our company conducts business, changes in the interest rate environment, legislation or regulatory requirements, conditions of the securities markets, our ability to raise capital, changes in accounting principles, policies or guidelines, financial or political instability, acts of war or terrorism, other economic, competitive, governmental, regulatory and technical factors affecting our company's operations, products, services and prices.

We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, results actually achieved may differ materially from expected results in these statements. Forward-looking statements speak only as of the date they are made. You should consider carefully the statements in Item 1A. Risk Factors and other sections of this report, which describe factors that could cause our actual results to differ from those set forth in the forward-looking statements. We do not undertake, and specifically disclaim, any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the United States Securities and Exchange Commission (the ''SEC'') which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. If one or more of these risks or uncertainties materialize, or if the underlying assumptions prove incorrect, our actual results may vary materially from those expected or projected.

GLOSSARY OF OIL AND NATURAL GAS TERMS

The definitions set forth below apply to the indicated terms as used in this report. All volumes of natural gas referred to herein are stated at the legal pressure base of the state or area where the reserves exist and at 60 degrees Fahrenheit and in most instances are rounded to the nearest major multiple.

3-D seismic. The method by which a three dimensional image of the earth's subsurface is created through the interpretation of reflection seismic data collected over a surface grid. 3-D seismic surveys allow for a more detailed understanding of the subsurface than do conventional surveys and contribute significantly to field appraisal, exploitation and production.

Bbl. One stock tank barrel, or 42 U.S. gallons liquid volume, used herein in reference to oil or other liquid hydrocarbons.

Boe. Barrels of oil equivalent in which six Mcf of natural gas equals one Bbl of oil.

Boe/d. Boe per day.

BTU. British thermal unit, which is the heat required to raise the temperature of a one-pound mass of water from 58.5 to 59.5 degrees Fahrenheit.

Completion. The installation of permanent equipment for the production of oil or natural gas or, in the case of a dry hole, the reporting of abandonment to the appropriate agency.

Development well. A well drilled within the proved areas of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

Dry hole or well. A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

Exploratory well. A well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or natural gas in another reservoir.

Field. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition.

Gross acres or gross wells. The total acres or wells, as the case may be, in which a working interest is owned.

Held by production. A provision in an oil and gas lease that extends a company's right to operate a lease as long as the property produces a minimum quantity of oil and natural gas.

Mcf. One thousand cubic feet of natural gas.

Net acres or net wells. The sum of the fractional working interests owned in gross acres or gross wells, as the case may be.

NYMEX. The New York Mercantile Exchange, which is a designated contract market that facilitates and regulates the trading of oil and natural gas contracts subject to NYMEX rules and regulations.

Operator. The individual or company responsible for the exploration, exploitation and production of an oil or natural gas well or lease.

PV10%. The estimated future net revenue, discounted at a rate of 10% per annum, before income taxes and with no price or cost escalation or de-escalation in accordance with guidelines promulgated by the SEC.

Productive well. A well that is found to be capable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

Proved developed producing reserves (PDP). Proved developed reserves that are expected to be recovered from completion intervals currently open in existing wells and capable of production.

Proved developed non-producing reserves (PDNP). Proved oil and natural gas reserves that are developed behind pipe, shut-in or that can be recovered through improved recovery only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Shut-in reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not started producing, (2) wells that were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells that will require additional completion work or future recompletion prior to the start of production.

Proved developed reserves. Proved reserves that are expected to be recovered from existing wellbores, whether or not currently producing, without drilling additional wells. Production of such reserves may require a recompletion.

Proved reserves. Those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for estimation.

Proved undeveloped reserves (PUD). Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

Recompletion. The completion for production of an existing wellbore in another formation from that in which the well has been previously completed.

Reservoir. A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

Spud. Start (or restart) drilling a new well.

Standardized measure. The estimated future net revenue, discounted at a rate of 10% per annum, after income taxes and with no price or cost escalation, calculated in accordance with Accounting Standards Codification (''ASC'') 932, formerly Statement of Financial Accounting Standards No. 69 ''Disclosures About Oil and Gas Producing Activities.

Undeveloped acreage. Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas regardless of whether such acreage contains proved reserves.

Working interest. An interest in an oil and gas lease that gives the owner of the interest the right to drill for and produce oil and natural gas on the leased acreage and requires the owner to pay a share of the costs of drilling and production operations.

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EMERALD OIL, INC.

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EMERALD OIL, INC.

ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED DECEMBER 31, 2012

PART I

Item 1. *Business*

Overview

Emerald Oil, Inc., a Montana corporation (''Emerald,'' the ''Company,'' ''we,'' ''us,'' or ''our''), is a Denver-based independent exploration and production company focused on the development of operated wells in the Williston Basin in North Dakota and Montana.

On July 26, 2012, we completed the acquisition of Emerald Oil North America, Inc., formerly Emerald Oil, Inc., from Emerald Oil & Gas NL for approximately 1.66 million of our shares of common stock, which represented approximately 19.9% of our outstanding common stock as of the closing date. As part of the acquisition, we agreed to retain Emerald Oil North America's liabilities, including approximately $20.3 million in debt. Included in the acquisition were approximately 10,600 net acres located in Dunn County, North Dakota and approximately 45,000 net acres in the Sand Wash Basin Niobrara shale oil play in northwestern Colorado and southwestern Wyoming. In connection with the closing of the acquisition, five existing members of our board of directors resigned, and their vacancies were filled with directors selected by the remaining members of our board of directors. Also in connection with the closing of the acquisition, we entered into employment agreements with six officers, J.R. Reger (Executive Chairman — formerly our Chief Executive Officer), Mike Krzus (Chief Executive Officer), McAndrew Rudisill (President), Paul Wiesner (Chief Financial Officer), Karl Osterbuhr (Vice President of Exploration and Business Development) and Mitchell R. Thompson (Chief Accounting Officer — formerly our Chief Financial Officer).

Following the closing of the acquisition, we took the following actions:

- changed our name from Voyager Oil Gas, Inc. to Emerald Oil, Inc.;
- changed the ticker symbol for our common stock traded on the NYSE MKT from ''VOG'' to ''EOX'';
- amended our 2011 Equity Incentive Plan to increase the number of shares of our common stock authorized for issuance under the plan to 3.5 million shares;
- effected a 1-for-7 reverse stock split of our common stock (all amounts herein have been retroactively adjusted to take into account the effect of the reverse stock split); and
- increased the aggregate number of authorized shares of common stock available for issuance to 500,000,000 shares.

Since the acquisition of Emerald Oil North America, we began establishing an operated drilling program in McKenzie County, North Dakota. We believe the addition of operating capabilities provides increased control over the planning and designing of well development and increases our long-term growth prospects and attractiveness to partner with others. We monitor and plan to continue to monitor offset operator drilling activity in the Williston Basin, and as development activity increases and well designs improve to enhance production and well economics, we plan to replicate the well designs and drilling and completion techniques that we believe represent best practices in the area.

As of December 31, 2012, we had approximately 46,000 net acres in the Williston Basin. Pro forma for closed and pending acquisitions in 2013, we currently hold approximately 51,000 net acres. We have identified approximately 279 net potential drilling locations on this acreage prospective for oil in the Bakken and Three Forks formations. The majority of our capital expenditures in 2013 are expected to be directed toward drilling operated Bakken and Three Forks wells. We plan to leverage our management team's collective technical, land, financial, and industry operating experience to execute our operated well development program in the Williston Basin that we believe provides significant risk-adjusted returns on capital while enhancing the strategic value of our company.

In addition to our Williston Basin position, we hold positions in the following Rocky Mountain oil and natural gas plays. We have approximately 14,600 net acres in the Sand Wash Basin in northwest Colorado (pending an expected sale of 31,000 net acres in the Sand Wash Basin in southwest Wyoming) prospective for oil in the Niobrara formation. We have approximately 33,500 net acres in central Montana prospective for oil in the Heath formation. We have approximately 72,800 net acres in the Tiger Ridge Field located in Blaine, Hill, and Chouteau Counties, Montana, prospective for natural gas, and another approximate 1,700 net acres in the Denver-Julesburg (or DJ) Basin in Weld County, Colorado, prospective for oil in the Niobrara formation. As of December 31, 2012 our oil and natural gas production was derived from participation in wells as a non-operating partner, primarily on a heads-up, or pro rata, basis proportionate to our working interest, allowing us to participate with established operators.

We have been trading and expect to continue to trade or swap our non-operated acreage to increase our operated acreage and working interests in areas where we have existing acreage. Most trades are for comparable acreage and mutually beneficial for both us and the other party, as we consolidate and increase our working interests. We also intend to acquire more operated acreage through a variety of means, including cash purchases and the issuance of common stock as purchase price consideration.

Recent Developments

White Deer Energy Securities Purchase Agreement

On February 19, 2013, we completed a private offering with affiliates of White Deer Energy L.P. (''White Deer Energy''), pursuant to which, in exchange for a cash investment of $50 million, we issued the following to White Deer Energy:

- 500,000 shares of a new Series A Perpetual Preferred Stock, $0.001 par value per share (the ''Series A Preferred Stock'');
- 5,114,633 shares of a new Series B Voting Preferred Stock, $0.001 par value per share (the ''Series B Preferred Stock''); and
- warrants to purchase an initial aggregate 5,114,633 shares of our common stock, $0.001 par value per share, at an initial exercise price of $5.77 per share.

The Series A Preferred Stock has a cumulative dividend rate of 10% per annum, payable quarterly on each March 31, June 30, September 30 and December 31, commencing on March 31, 2013. If we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, the Series A Preferred Stock will be entitled to receive out of our available assets, after satisfaction of liabilities to creditors, if any, and before any distribution of assets is made on our common stock or any other shares of our junior stock, a liquidating distribution in the amount, with respect to each share of Series A Preferred Stock, equal to the sum of (a)(1) on or prior February 19, 2015, $112.50, (2) from February 20, 2015 through February 19, 2016, $110.00, (3) from February 20, 2016 through February 19, 2017, $105.00 and (4) thereafter, $100.00 and (b) the accrued and unpaid dividends thereon (the ''Liquidation Preference''). Prior to April 1, 2015, we may pay dividends on the Series A Preferred Stock either (x) in cash or (y) by issuance of (A) additional shares of Series A Preferred Stock valued at the same value as the initial per share purchase price of the Series A Preferred Stock and (B) an additional warrant to purchase shares of common stock; provided that such dividends must be paid in cash unless and until we obtain shareholder approval to authorize the issuance of any additional warrants and any shares of common stock issuable upon exercise of such additional warrants. We have the option to redeem shares of Series A Preferred Stock in whole or in part at any time at the aggregate Liquidation Preference, subject to a minimum redemption amount equal to the lesser of 50,000 shares or the number of shares then outstanding. Upon a change of control, the holders of the Series A Preferred Stock have the right to require us to purchase the Series A Preferred Stock at the Liquidation Preference. The Series A Preferred Stock does not vote generally with our common stock, but has specified approval rights with respect to, among other things, changes to our organizational documents that affect the Series A Preferred Stock, payment of dividends on our common stock or other junior stock, redemptions or repurchases of common stock or other capital stock and incurrence of certain indebtedness. Upon the occurrence of certain events of default under our credit facility with Wells Fargo Bank, N.A., the holders of the Series A Preferred Stock have additional specified approval rights with respect to, among other things, the incurrence or guarantee by us of any indebtedness, any change in compensation or benefits of or employment

or severance agreements with our officers and any agreement or arrangement pursuant to which we or our subsidiaries would pay or incur liability in excess of $1,000,000 over the term of such agreement or arrangement.

The Series B Preferred Stock is entitled to vote, until January 1, 2020, in the election of directors and on all other matters submitted to a vote of the holders of common stock as a single class. Each share of Series B Preferred Stock has one vote. The Series B Preferred Stock has no dividend rights and a liquidation preference of $0.001 per share. On and from time to time after January 1, 2020 we may redeem, in whole or in part, the then-outstanding shares of Series B Preferred Stock, at a redemption price per share equal to $0.001.

The warrants entitle the holders thereof to acquire a number of shares of common stock equal to approximately 19.75% of our shares of common stock outstanding as of February 19, 2013, or approximately 16.49% of our outstanding Common Stock on a diluted basis taking into account the exercise of the warrants.

Amendment to Our Credit Facility

In connection with the White Deer Energy investment, we amended our credit facility with Wells Fargo Bank, N.A. to allow for the payment of dividends on the preferred stock we issued to White Deer Energy and include additional definitions related to the issuance of the Series A and Series B Preferred Stock.

Acreage Acquisitions

On January 9, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. As consideration for the approximate $4.7 million purchase price of the acquired leases, we issued 851,315 shares of our common stock at a per share value of $5.50 per share, based on the five-day trading volume-weighted average price of our common stock prior to the closing of the acquisition.

On February 4, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $1.9 million purchase price of the acquired leases, we issued 313,700 shares of our common stock at a per share value of $6.058 per share, based on the five-day trading volume-weighted average price of our common stock prior to closing.

For both acquisitions, we issued the shares of common stock in reliance upon the exemption from the registration requirements under the Securities Act of 1933, as amended, provided by Section 4(2) thereof. Under the terms of each purchase and sale agreement, we granted registration rights to the seller.

Sand Wash Basin Sale

On January 7, 2013, we entered into a definitive agreement with East Management Services, LP (''East''), under which we have agreed to sell our undivided 45% working interest in and to certain oil and natural gas leaseholds in the Sand Wash Basin, comprising approximately 31,000 net acres of our 46,000 net acres located in Routt and Moffatt Counties, Colorado and Carbon County, Wyoming. The effective time for the transfer of the leases will be the date of closing, which is expected to occur during the first quarter of 2013, subject to the satisfaction of customary closing conditions and the condition that East and Entek GRB, LLC timely perform an agreement by which East will acquire Entek's interest in the same oil and natural gas leaseholds.

The aggregate sale price is approximately $10.0 million, subject to adjustment for certain title defects and title benefits and for leases with a primary term expiring on or before June 30, 2013 that cannot be renewed or extended. The agreement may be terminated (i) by mutual agreement of the parties; (ii) by East if certain representations made by us regarding overriding royalty interests or working interests are not true; (iii) by East if during the 45-day period following execution of the agreement, title defects exceed 5% of the net acres of the certain oil and natural gas leaseholds; (iv) by East if there are any environmental claims that might result in a material adverse effect on the oil and natural gas leaseholds, or (v) by either party if East is unable to acquire Entek's interest in the oil and natural gas leaseholds.

Production Methods

We began our operated drilling program in McKenzie County, North Dakota in November 2012. We have successfully drilled three operated wells and are in the process of drilling our fourth operated well with our continuous one-rig drilling program. The first three operated wells are scheduled to begin fracture stimulation by the end of first quarter of 2013. Going forward, we expect that revenue from oil and natural gas produced from our operated leasehold positions will increase as a percentage of our overall revenue.

Currently, all of our oil and natural gas production comes from production in which we participate on a heads-up basis alongside third-party interests in wells drilled and completed in spacing units that include our acreage. We typically depend on our drilling partners to propose, permit and initiate the drilling of wells. Prior to commencing drilling, our partners are required to provide all owners of oil, natural gas and mineral interests within the designated spacing unit the opportunity to participate in the drilling costs and revenues of the well to the extent of their pro-rata share of such interest within the spacing unit. In 2011, we participated in the drilling of all proposed wells that included any of our acreage. Beginning in 2012 and on a going forward basis, we assess each drilling opportunity on a case-by-case basis and participate in wells that we expect to meet our return thresholds based upon our estimates of ultimate recoverable oil and natural gas, expertise of the operator and completed well cost from each project, as well as other factors.

We manage our operated commodities marketing and hedging activities internally. We expect to coordinate the transportation of our oil production from our operated wells to the appropriate off-take facilities by means of truck transport at the well head, rail car transport and pipeline off-take. For our non-operated properties, our operating partners generally market and sell the oil and natural gas produced from wells in which we have an interest. Our operating partners coordinate the transportation of our oil production to the appropriate pipelines pursuant to arrangements that such partners negotiate and maintain with various parties purchasing the production. We understand that our partners generally sell our production to a variety of purchasers at prevailing market prices under separately negotiated short-term contracts. The price at which production is sold generally is tied to the spot market for oil. Williston Basin Light Sweet Crude from the Bakken and Three Forks source rock is generally 41 – 42 degrees API oil and is readily accepted into the pipeline infrastructure. Our average differential during 2012 was approximately $8.42 per Bbl below New York Mercantile Exchange (''NYMEX'') pricing. This differential represents the imbedded transportation costs in moving oil from the wellhead to the refinery.

2013 Capital Budget

For the 12-month period ending December 31, 2013, we plan to spend approximately $86 million on well development in the Williston Basin. Specifically, we plan to spend approximately $78.5 million ($82.5 million less $4.0 million spent during the three months ended December 31, 2012) to drill 7.5 net operated wells at an average estimated cost of $11.0 million per well and approximately $7.4 million to participate in 0.8 net non-operated wells at an average estimated cost of $9.2 million per well. In addition, we plan to spend approximately $10 million on acquiring operating acreage in the core of the Williston Basin. We expect to fund our current 2013 capital expenditure budget using cash-on-hand, cash flow from operations, proceeds from our preferred equity transaction, proceeds from assets sales, and borrowings under our revolving credit facility.

Competition

The oil and natural gas industry is intensely competitive, particularly with respect to the acquisition of prospective oil and natural gas properties and oil and natural gas reserves. Our ability to effectively compete is dependent on our geological, geophysical and engineering expertise, and our financial resources. We compete against a substantial number of major and independent oil and natural gas companies that have larger technical staffs and greater financial and operational resources than we do. Many of these companies not only engage in the acquisition, exploration, development and production of oil and natural gas reserves, but also have refining operations, market refined products and generate electricity. We also compete with other oil and natural gas companies to secure drilling rigs and other equipment necessary for drilling and completion of wells. Generally, as oil and natural gas prices decline, access to additional drilling equipment and completion services becomes more available. Conversely, as commodity prices increase, drilling equipment, may be in

short supply from time to time. See Item 1A. Risk Factors — *Competition in obtaining rights to explore and develop oil and natural gas reserves and to market our production may impair our business*.

Marketing and Customers

The market for oil and natural gas we produce depends on factors beyond our control, including the extent of domestic production and imports of oil and natural gas, the proximity and capacity of natural gas pipelines and other transportation facilities, demand for oil and natural gas, the marketing of competitive fuels and the effects of state and federal regulation. The oil and natural gas industry also competes with other industries in supplying the energy and fuel requirements of industrial, commercial and individual consumers.

Our oil production will generally be sold at prices tied to spot oil markets. Our natural gas production is expected to be sold under long-term contracts and priced based on a set differential to daily spot market prices. We rely on our internal marketing group to sell all of our operated production and we rely on our working interest partners to sell all of our non-operated production. Our non-operated working interest partners include a variety of exploration and production companies, from large publicly traded companies to small, privately owned companies. See Item 1A. Risk Factors — *We own a significant amount of operated and non-operated acreage. Our development of successful operations on our operated acreage depends on the technical expertise of our team and is inherently affected by the geology of each prospect. Our non-operated acreage relies extensively on third-parties who, if not successful, could have a material adverse effect on our results of operation.*

Principal Agreements Affecting Our Ordinary Business

We do not own any physical real estate, but, instead, our acreage is comprised of leasehold interests subject to the terms and provisions of lease agreements that provide us the right to drill and maintain wells in specific geographic areas. All lease arrangements that comprise our acreage positions are established using standard terms used in the oil and natural gas industry for many years.

In general, our lease agreements stipulate three- to five-year primary terms. Bonuses and royalty rates are negotiated on a case-by-case basis consistent with industry standard pricing. Once a well is drilled and production established, the unit is considered held by production, meaning the lease continues as long as hydrocarbons are being produced. Other locations within the drilling unit created for a well may also be drilled at any time as long as the lease is held by production. Given our plans to develop our operated acreage and the current pace of drilling in the Williston Basin, we do not believe lease expirations will materially affect our acreage positions.

Governmental Regulation and Environmental Matters

Our operations are subject to various rules, regulations and limitations impacting the oil and natural gas exploration and production industry as a whole.

Regulation of Oil and Natural Gas Production

Our oil and natural gas exploration, production and related operations, when developed, are subject to extensive rules and regulations promulgated by federal, state, tribal and local authorities and agencies. For example, North Dakota, Montana and Colorado require permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and natural gas. Such states may also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum rates of production from wells, and the regulation of spacing, plugging and abandonment of such wells. Failure to comply with any such rules and regulations can result in substantial penalties. The regulatory burden on the oil and natural gas industry will most likely increase our cost of doing business and may affect our profitability. Although we believe we are currently in substantial compliance with all applicable laws and regulations, because such rules and regulations are frequently amended or reinterpreted, we are unable to predict the future cost or impact of complying with such laws. Significant expenditures may be required to comply with governmental laws and regulations and may have a material adverse effect on our financial condition and results of operations.

Environmental Matters

Our operations and properties are subject to extensive and changing federal, state and local laws and regulations relating to environmental protection, including the generation, storage, handling, emission, transportation and discharge of materials into the environment, and relating to safety and health. The recent trend in environmental legislation and regulation generally is toward stricter standards, and this trend will likely continue. These laws and regulations may:

- require the acquisition of a permit or other authorization before construction or drilling commences and for certain other activities;
- limit or prohibit construction, drilling and other activities on certain lands lying within wilderness and other protected areas; and
- impose substantial liabilities for pollution resulting from our operations.

The permits required for our operations may be subject to revocation, modification and renewal by issuing authorities. Governmental authorities have the power to enforce their regulations, and violations are subject to fines, injunctions, or both. In management's opinion, we are in substantial compliance with current applicable environmental laws and regulations, and have no material commitments for capital expenditures to comply with existing environmental requirements. Nevertheless, changes in existing environmental laws and regulations or in interpretations thereof could have a significant impact on us, as well as the oil and natural gas industry in general.

The following is a summary of some of the existing laws, rules and regulations to which our operations are subject.

The Comprehensive Environmental, Response, Compensation, and Liability Act (CERCLA) and comparable state statutes impose strict, joint and several liability on owners and operators of sites and on persons who disposed of or arranged for the disposal of ''hazardous substances'' found at such sites. It is not uncommon for the neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. The Federal Resource Conservation and Recovery Act (RCRA) and comparable state statutes govern the disposal of ''solid waste'' and ''hazardous waste'' and authorize the imposition of substantial fines and penalties for noncompliance. Although CERCLA currently excludes petroleum from its definition of ''hazardous substance,'' state laws affecting our operations may impose clean-up liability relating to petroleum and petroleum related products. In addition, although RCRA classifies certain oil field wastes as ''non-hazardous,'' such exploration and production wastes could be reclassified as hazardous wastes thereby making such wastes subject to more stringent handling and disposal requirements.

The federal Safe Drinking Water Act (SDWA) and the Underground Injection Control (UIC) program promulgated under the SDWA and state programs regulate the drilling and operation of salt water disposal wells. The Environmental Protection Agency (EPA) directly administers the UIC program in some states and in others it is delegated to the state for administering. Permits must be obtained before drilling salt water disposal wells, and casing integrity monitoring must be conducted periodically to ensure the casing is not leaking salt water to groundwater. Contamination of groundwater by oil and natural gas drilling, production, and related operations may result in fines, penalties, and remediation costs, among other sanctions and liabilities under the SDWA and state laws. In addition, third party claims may be filed by landowners and other parties claiming damages for alternative water supplies, property damages, and bodily injury.

Our operations are also subject to the federal Clean Water Act and analogous state laws. The Clean Water Act and similar state acts regulate other discharges of wastewater, oil, and other pollutants to surface water bodies, such as lakes, rivers, wetlands, and streams. Failure to obtain permits for such discharges could result in civil and criminal penalties, orders to cease such discharges, and costs to remediate and pay natural resources damages. Under the Clean Water Act, the EPA has adopted regulations concerning discharges of storm water runoff. This program requires covered facilities to obtain individual permits, or seek coverage under a general permit. Some of our properties may require permits for discharges of storm water runoff and, as part of our overall evaluation of our current operations, we will apply for storm water discharge permit coverage and updating storm water discharge management practices at some of our facilities. We believe that

we will be able to obtain, or be included under, these permits, where necessary, and make minor modifications to existing facilities and operations that would not have a material effect on us. These laws also require the preparation and implementation of Spill Prevention, Control, and Countermeasure Plans in connection with on-site storage of significant quantities of oil.

The federal Clean Air Act and comparable state laws regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed and continues to develop stringent regulations governing emissions of toxic air pollutants at specified sources. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the federal Clean Air Act and associated state laws and regulations. Our operations, or the operations of service companies engaged by us, may be, in certain circumstances and locations, subject to permits and restrictions under these statutes for emissions of air pollutants.

The Endangered Species Act (ESA) seeks to ensure that activities do not jeopardize endangered or threatened animal, fish and plant species, nor destroy or modify the critical habitat of such species. Under ESA, exploration and production operations, as well as actions by federal agencies, may not significantly impair or jeopardize the species or its habitat. ESA provides for criminal penalties for willful violations of ESA. Other statutes that provide protection to animal and plant species and that may apply to our operations include, but are not necessarily limited to, the Fish and Wildlife Coordination Act, the Fishery Conservation and Management Act, the Migratory Bird Treaty Act and the National Historic Preservation Act. Although we believe that our operations are in substantial compliance with such statutes, any change in these statutes or any reclassification of a species as endangered could subject us to significant expenses to modify our operations or could force us to discontinue certain operations altogether.

Hydraulic Fracturing Concerns

The practice of hydraulic fracturing has recently become the subject of significant focus among some environmentalists, regulators and the general public. Concerns over potential hazards associated with the use of hydraulic fracturing and its impact on the environment have been raised at all levels, including federal, state and local. There have been reports associating hydraulic fracturing with groundwater contamination, improper waste disposal, poor air quality and earthquakes. Hydraulic fracturing requires the use and disposal of significant quantities of water, and public concern has been growing over its possible effects on drinking water supplies, as well as the adequacy of supply. Hydraulic fracturing techniques have been used by the industry for many years, and, currently, more than 90% of all oil and natural gas wells drilled in the U.S. employ hydraulic fracturing. We and our operating partners strive to adopt best practices and industry standards and comply with all regulatory requirements regarding well construction and operation. We have, and believe our operating partners have, established processes to help ensure that hydraulic fracturing does not pose a meaningful risk to water supplies.

Potential Rulemaking

Although hydraulic fracturing is regulated primarily at the state level, governments and agencies at all levels from federal to municipal are conducting studies and considering regulations. For example, in 2011, the U.S. Secretary of Energy formed the Shale Gas Production Subcommittee, a subcommittee of the Secretary of Energy Advisory Board. The Subcommittee was charged with making recommendations to improve the safety and environmental performance of hydraulic fracturing. On August 18, 2011, the Subcommittee issued its Ninety Day Report (the ''Report''), which focused exclusively on the production of natural gas (and some liquid hydrocarbons) from shale formations with hydraulic fracturing stimulation in either vertical or horizontal wells. The Subcommittee identified four primary areas of concern including possible water pollution, air pollution, disruption of the community during production, and potential for adverse impact on communities and ecosystems. The Subcommittee also set forth a list of recommendations addressing, among other areas, communications, air quality, protection of water supply and quality, disclosure of fracturing fluid composition, reduction of diesel fuel use, continuous development of best practices, and federal sponsorship of research and development with respect to unconventional gas. The Subcommittee issued its Final Report in November 2011, which recommended implementation of the Subcommittee's recommendations by federal and

state agencies. We will continue to monitor the impact the Subcommittee's recommendations, and any resulting rule-making activities evolving at federal and state levels, could have on our exploration and development activities.

During 2012, the Bureau of Land Management (BLM) proposed regulations governing hydraulic fracturing on federal lands. The regulations would require: (1) public disclosure of chemicals used in hydraulic fracturing operations; (2) assurances on well-bore integrity to verify that fluids used in wells during fracturing operations are not escaping; and (3) confirmation of a water management plan in place for handling fracturing fluids that flow back to the surface. On January 21, 2013, the BLM announced that it was withdrawing its proposed regulations and would reissue a new set of proposed regulations regarding hydraulic fracturing later in 2013.

During 2012, the EPA proposed new guidelines under the Safe Drinking Water Act regarding the issuance of permits for the use of diesel fuel as a component in hydraulic fracturing activities. The draft guidance outlines for EPA permit writers, where the EPA is the permitting authority, requirements for diesel fuels used for hydraulic fracturing wells, technical recommendations for permitting those wells, and a description of diesel fuels for EPA underground injection control permitting.

The EPA is currently studying the potential impacts of hydraulic fracturing on drinking water resources. Results are expected to be released in a draft for public and peer review in 2014. In addition, the EPA's recently-issued proposed rules subjecting oil and natural gas operations to regulation under the New Source Performance Standards will be applicable to newly drilled and fractured wells as well as existing wells that are refractured.

We continue to monitor new and proposed legislation and regulations to assess the potential impact on our business. Any additional federal, state or local restrictions on hydraulic fracturing that may be imposed in areas in which we conduct business could result in substantial incremental operating, capital and compliance costs as well as delay our ability to develop oil and natural gas reserves. For additional discussion, see Item 1A. Risk Factors — *Federal or state hydraulic fracturing legislation could increase our costs or restrict our access to oil and natural gas reserves.*

Climate Change

Significant studies and research have been devoted to climate change and global warming, and climate change has developed into a major political issue in the United States and globally. Certain research suggests that greenhouse gas emissions contribute to climate change and pose a threat to the environment. Recent scientific research and political debate has focused in part on carbon dioxide and methane incidental to oil and natural gas exploration and production. Many states and the federal government have enacted legislation directed at controlling greenhouse gas emissions, and future legislation and regulation could impose additional restrictions or requirements in connection with our drilling and production activities and favor use of alternative energy sources, which could increase operating costs and demand for oil products. As such, our business could be materially adversely affected by domestic and international legislation targeted at controlling climate change.

Employees

We currently have 15 full time employees. Our Chief Executive Officer, Michael Krzus, and our Chief Financial Officer, Paul Wiesner, are responsible for all material employee related policy-making decisions. None of our employees are subject to a collective bargaining agreement. If drilling and production activities continue to increase, we may hire additional technical or administrative personnel as appropriate. We are using and will continue to use the services of independent consultants and contractors to perform various professional services, particularly in the area of reservoir engineering, well drilling and well completion operations.

Office Locations

Our executive offices are located at 1600 Broadway Avenue, Suite 1360, Denver, Colorado 80202. Our land operations office is located at 2718 Montana Avenue, Suite 220, Billings, Montana 59101. We believe our current office spaces will be sufficient to meet our needs for the foreseeable future.

Financial Information about Segments and Geographic Areas

Our leaseholds consist of four separate and distinct natural resource plays in the Rocky Mountain Region of the United States. We have segregated each area for the developed and undeveloped acreage and productive and exploratory wells below in Item 2. Properties. All of our oil and natural gas properties and related operations are located onshore in the United States, and management has determined that we have one reportable segment.

Available Information — Reports to Security Holders

Our website address is *www.emeraldoil.com*. Available on this website under ''Investor Relations,'' free of charge, are our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports for officers and directors, and amendments to those reports as soon as reasonably practicable after we electronically file those materials with, or furnish those materials to, the SEC. These filings are also available to the public at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Electronic filings with the SEC are also available on the SEC website at *www.sec.gov*.

We have also posted to our website our Audit Committee Charter, Compensation Committee Charter, Governance/Nominating Committee Charter and our Code of Business Conduct and Ethics, in addition to all pertinent contact information.

Item 1A. *Risk Factors*

Described below are certain risks that we believe are applicable to our business and the oil and gas industry in which we operate. You should carefully consider the risks, uncertainties and other factors described below and all other information set forth in this Annual Report on Form 10-K. Any of the factors could materially and adversely affect our business, financial condition, operating results and prospects and could negatively impact the market price of our common stock. Also, you should be aware that the risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties, of which we are not yet aware, or that we currently consider to be immaterial may also impair our business operations.

We have a limited operating history, and may not be successful in sustaining profitable business operations.

We have a limited operating history. The business of acquiring, exploring for, developing and producing hydrocarbon reserves is inherently risky. We have a limited operating history for you to consider in evaluating our business and prospects. Our operations are therefore subject to all of the risks inherent in acquiring, exploring for, developing and producing hydrocarbon reserves, particularly in light of our limited experience in undertaking such activities. We may never overcome these obstacles.

Our business is speculative and dependent upon the implementation of our business plan and our ability to enter into agreements with third parties for the rights to exploit potential oil and natural gas reserves on terms that will be commercially viable for us.

Our lack of diversification will increase the risk of an investment in us and our financial condition and results of operations may deteriorate if we fail to diversify.

Our business is focused primarily on a limited number of properties in North Dakota and Montana. We may choose to limit our focus to a single geographic area such as the Williston Basin, which could limit our flexibility. We previously committed to joint ventures with third parties to acquire and develop acreage; we may continue to participate in joint ventures in the future, although we intend to focus on operating our own properties. Our required capital commitments may grow if the opportunity presents itself and depend upon the results of initial testing and development activities. Larger companies have the ability to manage their risk by diversification. However, we lack diversification in terms of both the nature and geographic scope of our business. As a result, we will likely be impacted more acutely by factors affecting our industry or the regions in which we operate than if our business were more diversified enhancing our risk profile. If we cannot diversify our operations, our financial condition and results of operations could deteriorate.

We have a history of losses which may continue and negatively impact our ability to achieve our business objectives.

We incurred net losses of $62,296,099, $1,345,054 and $4,268,569 for the fiscal years ended December 31, 2012, 2011 and 2010, respectively. We cannot assure you that we can achieve or sustain profitability on a quarterly or annual basis in the future. Our operations are subject to the risks and competition inherent in the oil and natural gas industry. We cannot assure you that future operations will be profitable. Revenues and profits, if any, will depend upon various factors, including whether we will be able to increase our revenues. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on our business, financial condition and result of operations.

Strategic relationships upon which we may rely are subject to change, which may diminish our ability to conduct our operations.

Our ability to successfully acquire additional properties, to discover reserves, to participate in exploration opportunities and to identify and enter into commercial arrangements with customers depend on developing and maintaining close working relationships with industry participants, our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. These realities are subject to change and may impair our ability to grow.

To further develop our business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with other private parties and contractual arrangements with other oil and natural gas companies, including those that supply equipment and

other resources that we will use in our business. Our ability to successfully operate joint ventures depends on a variety of factors, many of which will be entirely outside our control. We may not be able to establish strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to undertake in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

We own a significant amount of operated and non-operated acreage. Our development of successful operations on our operated acreage depends on the technical expertise of our team and is inherently affected by the geology of each prospect. Our non-operated acreage relies extensively on third-parties who, if not successful, could have a material adverse effect on our results of operation.

To date, we have only produced oil and natural gas from wells operated by third parties. As a result, we do not control the timing or success of the development, exploitation, production and exploration activities relating to our non-operated leasehold interests. If our consultants and drilling partners are not successful in such activities relating to our leasehold interests or are unable or unwilling to perform, our financial condition and results of operation could be materially adversely affected.

Competition in obtaining rights to explore and develop oil and natural gas reserves and to market our production may impair our business.

The oil and natural gas industry is highly competitive. Other oil and natural gas companies may seek to acquire oil and natural gas leases and other properties and services we intend to target with our investments. This competition is increasingly intense as prices of oil and natural gas on the commodities markets rise. Additionally, other companies engaged in our line of business may compete with us from time to time in obtaining capital from investors or in funding joint ventures with our prospective partners. Competitors include a variety of potential investors and larger companies, which, in particular, may have access to greater resources, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. If we are unable to compete effectively or adequately respond to competitive pressures, this inability may materially adversely affect our results of operation and financial condition.

We may not be able to effectively manage our growth, which may harm our profitability.

Our strategy envisions expanding our business. If we fail to effectively manage our growth, our financial results could be adversely affected. Growth may place a strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must continue to hire, train, supervise and manage new employees. We may not be able to:

- meet our capital needs;
- expand our systems effectively or efficiently or in a timely manner;
- allocate our human resources optimally;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business that we may acquire in our effort to achieve growth.

If we are unable to manage our growth, our operations and our financial results could be adversely affected by inefficiency, which could diminish our profitability.

Our business may suffer if we do not attract and retain talented personnel.

Our success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of our management and other personnel in conducting our business. We have a small management team, and the loss of key individuals or the inability to attract suitably qualified staff could materially adversely impact our business.

Our success depends on the ability of our management, employees and exploration partners to interpret market and geological data correctly and to interpret and respond to economic market and other conditions in order to locate and adopt appropriate investment opportunities, monitor such investments, and ultimately, if required, to successfully divest such investments.

Lower oil and natural gas prices, decreases in value of undeveloped acreage, lease expirations and material changes to our plans of development may cause us to record ceiling test write-downs.

We use the full cost method of accounting to account for our oil and natural gas operations. Accordingly, we capitalize the cost to acquire, explore for and develop oil and natural gas properties. Under full cost accounting rules, the net capitalized costs of oil and natural gas properties may not exceed a ''full cost ceiling'' which is based upon the present value of estimated future net cash flows from proved reserves, including the effect of hedges in place, discounted at 10%, plus the lower of cost or fair market value of unproved properties. If at the end of any fiscal period we determine that the net capitalized costs of oil and natural gas properties exceed the full cost ceiling, we must charge the amount of the excess to earnings in the period then ended. This is called a ''ceiling test write-down.'' This charge does not impact cash flow from operating activities, but does reduce our net income and stockholders' equity. We recognized a ceiling test write-down for the year ended December 31, 2012 of approximately $61.9 million and we may recognize write-downs in the future if commodity prices decline or if we experience substantial downward adjustments to our estimated proved reserves.

Our hedging activities could result in financial losses or could reduce our net income or increase our net loss, which may adversely affect our business.

In order to manage our exposure to price risks in the marketing of our oil and natural gas production, we may enter into oil and natural gas price hedging arrangements with respect to a portion of expected production that we fund. Such transactions may limit our potential gains and increase our potential losses if oil and natural gas prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose us to the risk of loss in certain circumstances, including instances in which:

- production is less than expected;
- there is a widening of price differentials between delivery points for our production and the delivery point assumed in the hedge arrangement; or
- the counterparties to our hedging agreements fail to perform under the contracts.

Exploration for oil and natural gas is risky and may not be commercially successful, and the advanced technologies we and our operating partners use cannot eliminate exploration risk, which could impair our ability to generate revenues from our operations.

Our future success will depend on the success of our exploration, development and production program. Oil and natural gas exploration involves a high degree of risk. These risks are more acute in the early stages of exploration. Our ability to generate a return on our investments, revenues and our resulting financial performance are significantly affected by the prices we receive for oil and natural gas produced from wells on our acreage. Especially in recent years, the prices at which oil and natural gas trade in the open market have experienced significant volatility, and will likely continue to fluctuate in the foreseeable future due to a variety of influences including, but not limited to, the following:

- domestic and foreign demand for oil and natural gas by both refineries and end users;
- the introduction of alternative forms of fuel to replace or compete with oil and natural gas;
- domestic and foreign reserves and supply of oil and natural gas;

- competitive measures implemented by our competitors and domestic and foreign governmental bodies;
- weather conditions; and
- domestic and foreign economic volatility and stability.

A significant decrease in oil and natural gas prices could also adversely impact our ability to raise additional capital to pursue future drilling activities.

Our expenditures on exploration may not result in new discoveries of oil or natural gas in commercially viable quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions, such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Even when used and properly interpreted, three-dimensional (3-D) seismic data and visualization techniques only assist geoscientists in identifying subsurface structures and hydrocarbon indicators. They do not allow the interpreter to know conclusively if hydrocarbons are present or economically producible. In addition, the use of 3-D seismic data becomes less reliable when used at increasing depths. We could incur losses as a result of expenditures on unsuccessful wells. If exploration costs exceed estimates, or if exploration efforts do not produce results which meet expectations, the exploration efforts may not be commercially successful, which could adversely impact our ability to generate revenues from our operations.

We may not be able to develop oil and natural gas reserves on an economically viable basis, and our reserves and production may decline as a result.

If we succeed in discovering oil and/or natural gas reserves, these reserves may not be capable of the production levels we project or in sufficient quantities to be commercially viable. On a long-term basis, our viability depends on our ability to find or acquire, develop and commercially produce additional oil and natural gas reserves. Without the addition of reserves through acquisition, exploration or development activities, our reserves and production will decline over time as reserves are produced. Our future reserves will depend not only on our ability to develop then-existing properties, but also on our operating partners' ability to identify and acquire additional suitable producing properties or prospects, to find markets for the oil and natural gas we may develop and to effectively distribute our production.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-downs of connected wells resulting from extreme weather conditions, problems in storage and distribution and adverse geological and mechanical conditions. We will not be able to eliminate these conditions completely in any case. Therefore, these conditions could diminish our revenue and cash flow levels and result in the impairment of our oil and natural gas interests.

We may not be able to drill wells on a substantial portion of our acreage.

We may not be able to drill on a substantial portion of our acreage for various reasons. We may not generate or be able to raise sufficient capital to do so. Future deterioration in commodities pricing may also make drilling some acreage uneconomic. Our actual drilling activities and future drilling budget will depend on drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, lease expirations, gathering system and pipeline transportation constraints, regulatory approvals and other factors. In addition, any drilling activities we are able to conduct may not be successful or add additional proved reserves to our overall proved reserves, which could have a material adverse effect on our future business, financial condition and results of operations.

Certain of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage.

A large portion of our acreage is not currently held by production. Unless production in paying quantities is established on units containing these leases during their terms, these leases will expire. If our leases expire, we will lose our right to develop the related properties. Our drilling plans for these areas are subject to change based upon various factors, many of which are beyond our control, including drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals. Further, some of our acreage is located in sections where we do not hold the majority of the acreage and therefore it is likely that we will not be named operator of these sections. On our acreage that we do not operate, we have less control over the timing of drilling and there is therefore additional risk of expirations occurring in those sections.

Prices and markets for oil and natural gas are unpredictable and tend to fluctuate significantly, which could reduce profitability, growth and the value of our business.

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years, and we expect that prices will fluctuate in the future. Price fluctuations will have a significant impact upon our revenue, the return from our reserves and on our financial condition generally. Price fluctuations for oil and natural gas commodities may also impact the investment market for companies engaged in the oil and natural gas industry. Prices may not remain at current levels. Decreases in the prices of oil and natural gas may have a material adverse effect on our financial condition, the future results of our operations and quantities of reserves recoverable on an economic basis.

Penalties we may incur could impair our business.

Failure to comply with government regulations could subject us to civil and criminal penalties, could require us to forfeit property rights, and may affect the value of our assets. We may also be required to take corrective actions, such as installing additional equipment or taking other actions, each of which could require us to make substantial capital expenditures. We could also be required to indemnify our employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result, our future business prospects could deteriorate due to regulatory constraints, and our profitability could be impaired by our obligation to provide such indemnification to our employees.

We and our operating partners may have difficulty distributing our production, which could harm our financial condition.

In order to sell the oil and natural gas that we are able to produce, we and the operators of our non-operated wells may have to make arrangements for storage and distribution to the market. We will rely on local infrastructure and the availability of transportation for storage and shipment of our products, but infrastructure development and storage and transportation facilities may be insufficient for our needs at commercially acceptable terms in the localities in which we operate. This situation could be particularly problematic to the extent that our operations are conducted in remote areas that are difficult to access, such as areas that are distant from shipping and/or pipeline facilities. These factors may affect our ability to explore and develop properties and to store and transport our oil and natural gas production and may increase our expenses.

Furthermore, weather conditions or natural disasters, actions by companies doing business in one or more of the areas in which we will operate, or labor disputes may impair the distribution of oil and/or natural gas and in turn diminish our financial condition or ability to maintain our operations.

We may be unable to obtain additional capital that we will require to implement our business plan, which could restrict our ability to grow.

We expect that our cash position, revenues from oil and natural gas sales, proceeds from our recent preferred stock offering, and availability on our credit facility will be sufficient to fund our 2013 drilling program.

Our credit facility limits our borrowings to the lesser of the borrowing base and the total commitments. Our borrowing base was $27.5 million as of December 31, 2012. Our borrowing base is determined semi-annually, and may also be redetermined at the election of us or the banks between the scheduled redeterminations. Lower oil and natural gas prices may result in a reduction in our borrowing base at the next redetermination. A reduction in our borrowing base could require us to repay any indebtedness in excess of the borrowing base. Additionally, our credit facility contains covenants limiting our ability to incur additional indebtedness and requiring us to maintain certain financial ratios.

Future acquisitions and future exploration, development, production and marketing activities, as well as our administrative requirements (such as salaries, insurance expenses and general overhead expenses, as well as legal compliance costs and accounting expenses) will require a substantial amount of capital and cash flow.

We may pursue sources of additional capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. We may not be successful in identifying suitable financing transactions in the time period required or at all, and we may not obtain the capital we require by other means. If we do not succeed in raising additional capital, our resources may not be sufficient to fund our planned expansion of operations in the future.

Any additional capital raised through the sale of equity will dilute the ownership percentage of our shareholders. Raising any such capital could also result in a decrease in the fair market value of our equity securities because our assets would be owned by a larger pool of outstanding equity. The terms of securities we issue in future capital transactions may be more favorable to our new investors, and may include preferences, superior voting rights and the issuance of other derivative securities. In addition, we have granted and will continue to grant equity incentive awards under our equity incentive plans, which may have a further dilutive effect.

Our ability to obtain financing, if and when necessary, may be impaired by such factors as the capital markets (both generally and in the oil and natural gas industry in particular), our limited operating history, the location of our oil and natural gas properties and prices of oil and natural gas on the commodities markets (which will impact the amount of asset-based financing available to us) and the departure of key employees. Further, if oil or natural gas prices on the commodities markets decline, our revenues will likely decrease and such decreased revenues may increase our requirements for capital. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our operations), we may be required to cease our operations, divest our assets at unattractive prices or obtain financing on unattractive terms.

We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, which may adversely impact our financial condition.

Estimates of proved oil and natural gas reserves are uncertain and any material inaccuracies in these reserve estimates will materially affect the quantities and the value of our reserves.

This Annual Report on Form 10-K contains estimates of our proved oil and natural gas reserves. These estimates are based upon various assumptions, including assumptions required by the SEC relating to oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The process of estimating oil and natural gas reserves is complex. This process requires significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. Therefore, these estimates are inherently imprecise. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from those estimated. Any significant variance could materially affect the estimated quantities and the value of our reserves. Our properties may also be susceptible to hydrocarbon drainage from production by other operators on adjacent properties. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control.

At December 31, 2012, approximately 63% of our estimated reserves were classified as proved undeveloped. Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. The reserve data assumes that we will make significant capital expenditures to develop our reserves. Although we have prepared estimates of these oil and natural gas reserves and the costs associated with development of these reserves in accordance with SEC regulations, actual capital expenditures will likely vary from estimated capital expenditures, development may not occur as scheduled and actual results may not be as estimated.

Our ability to sell our production and/or receive market prices for our production may be adversely affected by transportation capacity constraints and interruptions.

If the amount of oil or natural gas being produced by us and others exceeds the capacity of the various transportation pipelines and gathering systems currently available in our operating areas, it will be necessary for new transportation pipelines and gathering systems to be built. Or, in the case of oil and condensate, it will be necessary for us to rely more heavily on trucks to transport our production, which is more expensive and less efficient than transportation via pipeline. Currently, we anticipate that additional pipeline capacity will be required in the Bakken and Three Forks formations to transport oil and condensate production, which increased substantially during 2012 and is expected to continue to increase. The construction of new pipelines and gathering systems is capital intensive and construction may be postponed, interrupted or cancelled in response to changing economic conditions and the availability and cost of capital. In addition, capital constraints could limit our ability to build gathering systems to transport our production to transportation pipelines. In such event, costs to transport our production may increase materially or we might have to shut in our wells awaiting a pipeline connection or capacity and/or sell our production at much lower prices than market or than we currently project, which would adversely affect our results of operations. A portion of our production may also be interrupted, or shut in, from time to time for numerous other reasons, including as a result of weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, or we might voluntarily curtail production in response to market conditions.

Environmental risks may adversely affect our business.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner in which we expect may result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. The application of environmental laws to our business may cause us to curtail our production or increase the costs of our production, development or exploration activities.

Federal or state hydraulic fracturing legislation could increase our costs or restrict our access to oil and natural gas reserves.

Hydraulic fracturing using fluids other than diesel is currently exempt from regulation under the federal Safe Drinking Water Act, but opponents of hydraulic fracturing have called for further study of the technique's environmental effects and, in some cases, a moratorium on the use of the technique. Several proposals have been submitted to Congress that, if implemented, would subject all hydraulic fracturing to regulation under the Safe Drinking Water Act. Further, the EPA's Office of Research and Development (ORD) is conducting a scientific study to investigate the possible relationships between hydraulic fracturing and drinking water. The results of that study could advance the development of additional regulations. Apart from federal regulatory initiatives, states have been considering or implementing new requirements for hydraulic fracturing, including restricting its use in environmentally sensitive areas. Similarly, some localities have significantly limited or prohibited drilling activities, or are considering doing so.

Although it is not possible at this time to predict the final outcome of the ORD's study or the requirements of any additional federal or state legislation or regulation regarding hydraulic fracturing, any new federal, state, or local restrictions on hydraulic fracturing that may be imposed in areas where we conduct business, such as the Bakken and Three Forks areas, could significantly increase our operating, capital and compliance costs as well as delay or halt our ability to develop oil and natural gas reserves. See Item 1. Business — Governmental Regulation and Environmental Matters — *Hydraulic Fracturing*.

Possible regulation related to global warming and climate change could have an adverse effect on our operations and demand for oil and natural gas.

Significant studies and research have been devoted to climate change and global warming, and climate change has developed into a major political issue in the United States and globally. Certain research suggests that greenhouse gas emissions contribute to climate change and pose a threat to the environment. Recent scientific research and political debate has focused in part on carbon dioxide and methane incidental to oil and natural gas exploration and production. Many states and the federal government have imposed requirements directed at controlling greenhouse gas emissions, and future legislation and regulation could impose additional restrictions or obligations in connection with our drilling and production activities and favor use of alternative energy sources, which could increase our operating costs or reduce the demand for petroleum products. As such, our business could be materially adversely affected by domestic and international legislation targeted at controlling climate change.

Title to the properties in which we have an interest may be impaired by title defects.

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. Title defects may exist in many of our oil and natural gas interests. In addition, we may be unable to obtain adequate insurance for title defects on a commercially reasonable basis or at all. If title defects do exist, it is possible that we may lose all or a portion of our right, title and interests in and to the properties to which the title defects relate. If our property rights are reduced, our ability to conduct our exploration, development and production activities may be impaired.

Federal legislation could have an adverse impact on our ability to use derivative instruments to reduce the effects of commodity prices, interest rates and other risks associated with our business.

Historically, we have entered into a number of commodity derivative contracts in order to hedge a portion of our oil and natural gas production and, periodically, interest expense. The Dodd-Frank Act, which was passed by Congress and signed into law in July 2010, provides for statutory and regulatory requirements for certain derivative transactions, which are broadly referred to as "swaps" and which include oil and gas hedging transactions and interest rate swaps. Swaps designated by the Commodities Futures Trading Commission (CFTC) and swaps within certain classes of swaps designated by the CFTC will be required to be submitted for clearing on a derivative clearing organization and, if accepted for clearing, cleared on the derivative clearing organization. Transactions in swaps accepted for clearing must be executed on a board of trade designated as a contract market or a swap execution facility if such swaps are made available for trading on such a board of trade or swap execution facility. The Dodd-Frank Act provides an exception from application of the Act's clearing requirement that commercial end-users may elect for swaps they use to hedge or mitigate commercial risks. Although we believe we will be able to elect such exception with respect to most, if not all, of our swaps, if we cannot do so with respect to many of the swaps we enter into, our ability to execute our hedging program efficiently will be adversely affected. In addition, any of our existing swaps, as well as swaps that we enter before such swaps become subject to the clearing requirement, that fall within a class of swaps becoming subject to the clearing requirement will have to be submitted for clearing unless we meet certain reporting requirements.

We anticipate that, under regulations adopted under the Dodd-Frank Act and relevant derivative clearing organization and other rules, if we do not qualify as a commercial end-user we will be required to post cash collateral for those of our derivative transactions constituting swaps (including our interest rate swaps and commodities-related swaps) that we need to clear on a derivative clearing organization. Moreover, the CFTC and the federal regulators of banks and other financial institutions have proposed regulations imposing margin requirements for non-cleared swaps that, if adopted, could require us to post cash or other types of collateral

for our non-cleared swaps, if any, from time to time in certain circumstances. Posting cash collateral or margin with respect to our swaps could cause liquidity issues for us by reducing our ability to use our cash for capital expenditures or other partnership purposes. A requirement to post cash collateral or margin could therefore reduce our ability to execute strategic hedges to reduce commodity price uncertainty and, thus, to protect cash flows. In addition, even if we are not required to post cash collateral or margin for our swaps, the banks and other derivatives dealers who are the contractual counterparties to our swaps will be required to comply with the Dodd-Frank Act's requirements, and the costs of their compliance will likely be passed on to customers, including us, thus increasing our costs of engaging in hedging transactions, decreasing the benefits of those transactions to us and reducing our cash flows. If we reduce our use of derivatives as a result of the new legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Increased volatility may make us less attractive to certain types of investors. Finally, the Dodd-Frank Act was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. If the legislation and regulations result in lower commodity prices, our revenues could be adversely affected. Any of these consequences could adversely affect our business, financial condition and results of operations.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be harmed. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to continue to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet certain reporting obligations.

We will rely on technology to conduct our business and our technology could become ineffective or obsolete.

We rely on technology, including geographic and seismic analysis techniques and economic models, to develop our reserve estimates and to guide our exploration, development and production activities. We will be required to continually enhance and update our technology to maintain our efficacy and to avoid obsolescence. The costs of doing so may be substantial, and may be higher than the costs that we anticipated for technology maintenance and development. If we are unable to maintain the efficacy of our technology, our ability to manage our business and to compete may be impaired. Further, even if we are able to maintain technical effectiveness, our technology may not be the most efficient means of reaching our objectives, in which case we may incur higher operating costs than we would were our technology more efficient.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Leasehold Properties

As of December 31, 2012, we controlled approximately 200,000 net acres in the following five primary prospect areas:

- 46,000 net acres (approximately 51,000 net acres pro forma for acquisitions closed and pending in 2013) in the Williston Basin targeting the Bakken and Three Forks shale oil formations in North Dakota and Montana;
- 45,000 net acres in the Sand Wash Basin targeting the Niobrara shale oil formations in northwest Colorado (prior to the pending sale of 31,000 net acres in southwest Wyoming, which is expected to close in the first quarter of 2013);
- 33,500 net acres in a joint venture targeting the Heath shale oil formation in Musselshell, Petroleum, Garfield and Fergus Counties of Montana;
- 1,700 net acres in the Denver-Julesburg Basin targeting the Niobrara shale oil formation in Colorado and Wyoming; and
- 72,800 net acres in a joint venture in and around the Tiger Ridge natural gas field in Blaine, Hill and Chouteau Counties of Montana.

Williston Basin — Bakken and Three Forks

The Williston Basin is one of the largest oil resource plays in North America and has been the focus of extensive industry activity over the last several years. As of December 31, 2012 there were approximately 200 rigs drilling in the Williston Basin in North Dakota and Montana. Since the application of modern horizontal drilling and completion techniques began in 2007, thousands of Bakken and Three Forks wells have been drilled throughout the basin. We believe that this industry activity, including drilling activity in close proximity to our leasehold, has substantially mitigated the geologic risks of our anticipated drilling locations. The Williston Basin is geologically and aerially well-defined, and almost all of our net acres are positioned within McKenzie, Dunn, Williams and Mountrail Counties, North Dakota, and Richland County, Montana, which are all generally recognized as being prospective for both the Bakken and Three Forks formations.

On a pro forma basis for closed and pending acquisitions in 2013, our Williston Basin acreage position consists of approximately 19,500 net operated acres in McKenzie, Dunn, and Williams Counties, North Dakota and Richland County, Montana where we have either secured operatorship through approved drilling permits or we believe we have sufficient working interests to claim operatorship in individual drilling spacing units pending approval of drilling permit applications. Our remaining acreage position on a pro forma basis consists of approximately 31,500 net acres in Williams, McKenzie, Dunn and Mountrail Counties in North Dakota, and Richland County, Montana, where we hold relatively low working interests. We expect to continue to maintain our non-operated working interests in leaseholds that contain producing wells in which we are a participant. In non-operated leaseholds that are not yet producing, we intend to utilize such leasehold to consolidate our operated working interests in current or future selected core focus areas, sell our interests to help fund our operated program, or maintain our interests to participate in future well development.

We are currently in the process of optimizing our participation in our non-operated acreage. While we cannot control the timing of capital expenditures for our non-operated properties, we may choose to selectively participate in proposed wells, based on our internal capital return criteria and our internal geologic knowledge. We consider the experience gained from our non-operated interests to be valuable due to the high quality of the operators. These interests have allowed and we expect that they will continue to allow us to leverage valuable technical data across the basin in order to participate in what we believe to be the most economic wells. The amount of detailed, well-specific data we have acquired as a result of our participation in approximately 200 gross non-operated wells to date, together with publicly available information, has allowed us to compile a valuable database of well information that we use to select our operated development areas and formulate optimal well designs.

Using industry-accepted well down-spacing assumptions, we believe there could be approximately 279 net potential drilling locations on our acreage prospective for oil in the Bakken and Three Forks formations. Consistent with such assumptions, we believe that each 1,280-acre unit can support approximately four Bakken and three Three Forks well locations. We plan to embark on an aggressive drilling program to convert our substantial undeveloped operated leasehold position to production, cash flow and reserves. For the 12-month period ending December 31, 2013, we plan to spend approximately $86 million on well development in the Williston Basin. Specifically, we plan to spend approximately $78.5 million ($82.5 million less $4.0 million spent during the three months ended December 31, 2012) to drill 7.5 net operated wells at an average estimated cost of $11.0 million per well and approximately $7.4 million to participate in 0.8 net non-operated wells at an average estimated cost of $9.2 million per well. We expect to fund our current 2013 capital expenditure budget using cash-on-hand, cash flow from operations, proceeds from our preferred equity transaction, proceeds from assets sales, and borrowings under our revolving credit facility.

The following table presents summary data for our Williston Basin project area and capital expenditure budget for the year ending December 31, 2013:

			Planned Capital Expenditures	
	Net Acres	Net Identified Drilling Locations	Net Wells	Drilling Capex (in millions)
Operated	19,500	107	7.5	$78.5
Non-Operated	31,500	172	0.8	$ 7.4
Total Williston Basin	51,000	279	8.3	$85.9

Sand Wash Basin — Niobrara

As of December 31, 2012, we owned an interest in approximately 45,000 net acres in the Sand Wash Basin prospective for oil in the Niobrara formation in northwestern Colorado and southern Wyoming, of which we are in the process of selling 31,000 net acres in the Sand Wash Basin in southwest Wyoming, which we expect to close in March 2013. Following the completion of the pending sale, we will hold approximately 14,000 net acres in the Focus Ranch Federal Unit. In addition to this acreage, we hold a 45% interest in the Slater Dome Gas Gathering pipeline, which extends 18.5 miles from the edge of the Focus Ranch Federal Unit to a gas sales point in Baggs, Wyoming. We intend to focus our appraisal activities in 2013 on the Focus Ranch Federal Unit area, which has historically demonstrated significant oil and natural gas flows from well tests and commercial oil production.

Big Snowy Joint Venture — Heath Shale Oil

As of December 31, 2012, we owned an interest in approximately 33,500 net acres located in central Montana as part of a joint venture targeting the Heath shale oil. During 2012, the number of drilling permits issued and amount of drilling in the area have increased compared with 2011. We believe the Heath shale has similar characteristics to the Bakken and Three Forks formations. Our five-year primary term leases have three-year extension options that will allow us to hold our leases with minimal incremental capital into 2017.

DJ Basin — Niobrara

As of December 31, 2012, we owned an interest in approximately 1,700 net acres in Weld County, Colorado and Laramie County, Wyoming, prospective for the Niobrara formation with 1,400 net acres currently held by production as we continue to monitor the performance and characteristics of the producing wells. We currently have no plans for drilling any additional development wells in the DJ Basin.

Major Joint Venture — Tiger Ridge Natural Gas

As of December 31, 2012, we owned an interest in approximately 72,800 net acres in and around the Tiger Ridge natural gas field in Montana. We participated in drilling two wells with Devon Energy Corporation, both of which were shut-in in 2010. We conducted a 3-D seismic program during 2010 and drilled and completed six exploratory wells in the fourth quarter of 2011 with our joint venture partners, Hancock Enterprises and MCR, LLC, as operators. We have an average working interest of 70% in these initial wells. We and our joint venture partners are assessing whether further development is economic at current natural gas prices.

Developed and Undeveloped Acreage

As of December 31, 2012, our principal assets included approximately 200,000 net acres located in the northern Rocky Mountain region of the United States. Net acreage represents our percentage ownership of gross acreage. The following table summarizes our estimated gross and net developed and undeveloped acreage by resource play at December 31, 2012.

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
Bakken and Three Forks[1]	53,227	11,208	125,512	34,486	178,739	45,694
Red River	—	—	800	800	800	800
Heath JV	—	—	85,811	33,562	85,811	33,562
Tiger Ridge JV	—	—	90,295	72,798	90,295	72,798
Sand Wash Basin[2]	—	—	88,398	45,545	88,398	45,545
DJ Niobrara	2,240	1,120	2,638	574	4,878	1,694
Total:	55,467	12,328	393,454	187,765	448,921	200,093

(1) The table includes approximately 5,840 gross (1,935 net) undeveloped acres in North Dakota and Montana targeting the Bakken and Three Forks formations currently in the process of being drilled or and completed as of December 31, 2012.

(2) The table includes approximately 69,000 gross (31,000 net) acres in the Sand Wash Basin in southwest Wyoming and northern Colorado that we expect to sell in March 2013. The remaining acreage consists of approximately 37,000 gross (14,000 net) total undeveloped acres located in the Focus Ranch Federal Unit.

The following table summarizes our estimated gross and net developed and undeveloped acreage by state at December 31, 2012.

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
North Dakota[1]	46,967	8,468	71,785	19,729	118,752	28,197
Montana[2]	6,260	2,740	230,633	121,917	236,893	124,657
Colorado[3]	2,240	1,120	44,006	18,090	46,246	19,210
Wyoming[3]	—	—	47,030	28,029	47,030	28,029
Total:	55,467	12,328	393,454	187,765	448,921	200,093

(1) Includes approximately 5,100 gross (1,815 net) undeveloped acres targeting the Bakken and Three Forks formations that are currently in the process of being drilled or and completed as of December 31, 2012.

(2) Includes approximately 740 gross (120 net) undeveloped acres targeting the Bakken and Three Forks formations that are currently in the process of being drilled or and completed as of December 31, 2012.

(3) The table includes approximately 69,000 gross (31,000 net) acres in the Sand Wash Basin in southwest Wyoming and northern Colorado that we expect to sell in March 2013. The remaining acreage consists of approximately 37,000 gross (14,000 net) total undeveloped acres located in the Focus Ranch Federal Unit.

The following table summarizes our estimated gross and net developed and undeveloped acreage by county across the Bakken and Three Forks prospect at December 31, 2012.

	Developed Acreage		Undeveloped Acreage		Total Acreage	
	Gross	Net	Gross	Net	Gross	Net
Burke County, ND	400	185	600	21	1,000	206
Divide County, ND	1,200	330	—	—	1,200	330
Dunn County, ND[1]	2,175	293	16,543	7,520	18,718	7,813
McKenzie County, ND[2]	12,606	2,321	30,567	7,271	43,173	9,592
McLean County, ND	840	140	24	24	864	164
Mountrail County, ND	6,137	739	4,668	427	10,805	1,166
Stark County, ND	960	135	—	—	960	135
Williams County, ND	22,650	4,325	19,380	4,466	42,030	8,791
Richland County, MT	4,483	1,896	52,730	14,032	57,213	15,928
Roosevelt County, MT	1,480	548	640	365	2,120	913
Sheridan County, MT	296	296	360	360	656	656
Total:	53,227	11,208	125,512	34,486	178,739	45,694

(1) During 2012, leases expired in Dunn County, North Dakota covering approximately 12,817 gross (3,150 net) acres. The cost associated with the abandoned acreage totaling approximately $3.5 million is included in the full cost pool and subject to the depletion base.

(2) During 2012, leases expired in McKenzie County, North Dakota covering approximately 75 net acres. The cost associated with the abandoned acreage totaling $52,927 is included in the full cost pool and subject to the depletion base.

(3) The table includes approximately 5,840 gross (1,935 net)undeveloped acres in North Dakota and Montana targeting the Bakken and Three Forks formations currently in the process of being drilled or and completed as of December 31, 2012.

Undeveloped Acreage

The following table sets forth the number of gross and net undeveloped acres as of December 31, 2012 that will expire over the next three years and thereafter by project area unless production is established within the spacing units covering the acreage prior to the expiration dates:

	Expiring 2013		Expiring 2014		Expiring 2015		Expiring 2016 and thereafter	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
North Dakota Bakken and Three Forks[1]	22,416	5,736	30,781	10,875	4,256	1,752	4,689	1,366
Montana Bakken and Three Forks[1]	17,600	2,677	36,580	8,131	5,507	2,974	3,684	975
Montana Red River	—	—	640	640	160	160	—	—
Montana Heath JV[2]	34,260	17,203	51,551	16,359	—	—	—	—
Montana Tiger Ridge JV[3]	11,653	4,741	37,345	28,165	15,000	13,864	26,296	26,028
DJ – Niobrara	876	263	1,602	288	160	23	—	—
Sand Wash Basin	9,912	5,107	5,291	2,726	7,740	3,988	65,455	33,724
Total	96,717	35,727	163,790	67,184	32,823	22,761	100,124	62,093

(1) The table includes approximately 5,840 gross (1,935 net) acres in North Dakota and Montana targeting the Bakken and Three Forks formations that are currently in the process of being drilled or and completed as of December 31, 2012. We anticipate these wells will be sufficiently productive to allow us to hold such acres by production. Additionally, many of our leases include options to extend the lease from one to five additional years beyond the initial lease term. Of the 125,512 gross (34,486 net) undeveloped acres in North Dakota and Montana targeting the Bakken and Three Forks formations, approximately 18,435 gross (4,396 net) acres carry an option to extend the lease.

(2) The expiration table does not reflect the three-year optional extensions included on all of our acreage in the Montana Heath Joint Venture.

(3) During 2012, leases expired in Fergus and Choteau Counties, Montana, covering approximately 4,325 gross (1,908 net) acres. The $52,699 cost associated with the abandoned acreage is included in the full cost pool and subject to the depletion base.

(4) The table includes approximately 69,000 gross (31,000 net) acres in the Sand Wash Basin in southwest Wyoming that we expect to sell in March 2013. The remaining acreage consists of approximately 37,000 gross (14,000 net) total undeveloped acres located in the Focus Ranch Federal Unit.

Unproved Properties

We historically have acquired our properties by purchasing individual or small groups of leases directly from mineral owners or from landmen or lease brokers, which leases historically have not been subject to specified drilling projects, and by purchasing lease packages in identified project areas controlled by specific operators. We generally participate in drilling activities on a heads-up, or pro rata, basis based on our ownership percentage by electing whether to participate in each well on a well-by-well basis at the time wells are proposed for drilling.

We believe that the majority of our unproved properties will become subject to depletion within the next five years by proving up reserves relating to its acreage through exploration and development activities, by impairing the acreage that will expire before we can explore or develop it further, or by determining that further exploration and development activity will not occur. The timing by which all other properties will become subject to depletion will depend upon the timing of future drilling activities and delineation of our reserves.

Production History

The following table presents information about our produced oil and natural gas volumes for the years ended December 31, 2012, 2011 and 2010. As of December 31, 2012, we sold oil and natural gas from a total of 209 gross wells, 205 of which are located within the Williston Basin and four are located with the DJ Basin. Approximately 99%, 94% and 88% of net production volumes of Boe were produced from properties located in the Williston Basin (North Dakota and Montana) for the years ended December 31, 2012, 2011 and 2010, respectively. All data presented below is derived from accrued revenue and production volumes for the relevant period indicated.

	Year Ended December 31,		
	2012	2011	2010
Net Production:			
Oil (Bbl)	320,147	95,517	13,198
Natural Gas (Mcf)	129,648	14,962	3,489
Barrel of Oil Equivalent (Boe)	341,755	98,011	13,780
Average Sales Prices:			
Oil (per Bbl)	$ 85.16	$ 86.86	$ 70.26
Natural Gas (per Mcf)	$ 6.68	$ 8.66	$ 4.44
Average Production Costs:			
Oil (per Bbl)	$ 8.26	$ 7.51	$ 2.05
Natural Gas (per Mcf)	$ 0.65	$ 0.65	$ 0.04
Barrel of Oil Equivalent (Boe)	$ 7.98	$ 7.42	$ 1.94

Productive Wells

The following table summarizes gross and net productive oil wells by state at December 31, 2012, 2011 and 2010. A net well represents our fractional working ownership interest of a gross well. The following table does not include wells that were in the process of being drilled, awaiting completion, in the process of completion or awaiting flow back subsequent to fracture stimulation.

	December 31,					
	2012		2011		2010	
	Gross	Net	Gross	Net	Gross	Net
North Dakota Bakken and Three Forks – non-operated	178	7.12	75	2.32	6	0.24
Montana Bakken and Three Forks – non-operated	27	2.55	7	0.67	—	—
Colorado Niobrara – non-operated	4	2.0	5	2.50	1	0.50
Total:	209	11.67	87	5.49	7	0.74

Wells Being Drilled or Awaiting Completion

The following table summarizes wells that were in the process of being drilled, awaiting completion, in the process of completion or awaiting flow back subsequent to fracture stimulation by state at December 31, 2012, 2011 and 2010. A net well represents our fractional working ownership interest of a gross well.

	December 31,					
	2012		2011		2010	
	Gross	Net	Gross	Net	Gross	Net
North Dakota Bakken and Three Forks – operated	2	1.02	—	—	—	—
North Dakota Bakken and Three Forks – non-operated	25	0.86	58	2.77	12	0.70
Montana Bakken and Three Forks – non-operated	1	0.09	5	0.19	3	0.09
Montana Tiger Ridge Gas – non-operated	4	2.80	6	4.20	—	—
Colorado Niobrara – non-operated	—	—	—	—	2	1.00
Total:	32	4.77	69	7.16	17	1.79

Operated Wells

We began our operated drilling program in McKenzie County, North Dakota in November 2012. We have successfully drilled three operated wells and are in the process of drilling our fourth operated well with our continuous one-rig drilling program. The first three operated wells are scheduled to begin fracture stimulation by the end of first quarter of 2013.

Exploratory Wells

As of December 31, 2012, we were participating in 32 gross (4.77 net) wells in the process of being drilled or completed. Of these wells, seven gross (0.19 net) wells are classified as PDNP properties. The wells in process that are not classified as PDNP properties are deemed exploratory wells and included in the table below.

	December 31,					
	2012		2011		2010	
	Gross	Net	Gross	Net	Gross	Net
North Dakota Bakken and Three Forks – operated	2	1.02	—	—	—	—
North Dakota Bakken and Three Forks – non-operated	19	0.76	30	1.78	—	—
Montana Tiger Ridge – natural gas – non-operated	4	2.80	6	4.20	—	—
Colorado Niobrara – non-operated	—	—	—	—	2	1.00
Total:	25	4.58	36	5.98	2	1.00

Of the 209 gross (11.67 net) productive wells that we have participated in as a non-operator, we have only participated in 2 gross (0.53 net) dry holes, which were located in Weld County, Colorado and Mountrail County, North Dakota.

Research and Development

We do not anticipate performing any significant product research and development under our current plan of operations.

Reserves

We recently completed our most current reservoir engineering calculations as of December 31, 2012. As of December 31, 2012, we had total proved reserves of approximately 5.35 million Boe, all of which were located in the Williston Basin. Based on the results of our December 31, 2012 reserve analysis, our proved reserves increased approximately 52% during 2012 primarily as a result of increased drilling activity involving our acreage and our acquisition of acreage subject to specific drilling projects or included in permitted or drilling spacing units. We incurred approximately $73 million of capital expenditures for drilling activities and $17 million for acreage acquisitions during the year ended December 31, 2012, which directly contributed to the increase in our proved developed reserves. No other expenditures materially contributed to the development of proved developed reserves in 2012. Our proved undeveloped reserves increased by approximately 43% during 2012 primarily as a result of drilling activity and our acquisitions of acreage. Based on our independent reservoir engineering firm's calculations of proved undeveloped reserves as of December 31, 2011, approximately 345,000 Boe, or 14.5%, of proved undeveloped reserves were converted to proved developed reserves during 2012. The capital costs to develop these reserves were approximately $6.9 million. Also during 2012, we drilled wells at 86 locations that did not include proved reserves as of December 31, 2011. During 2012, we added 65 new proved undeveloped locations, which resulted in the addition of approximately 1.0 million Boe of proved undeveloped reserves. We expect that our proved undeveloped reserves will continue to be converted to proved developed producing reserves as additional wells are drilled. At December 31, 2012, our projected costs to develop our remaining proved undeveloped reserves were $49.1 million in 2013 and $44.19 million in 2014. We do not have any material amounts of proved undeveloped reserves that have remained undeveloped for five years or more from the time such reserves were initially categorized as proved undevloped. All locations comprising our remaining proved undeveloped reserves are forecast to be drilled within five years from initially being recorded in accordance with our adopted development plan.

SEC Pricing Proved Reserves[1]

	Gross Wells	Net Wells	Oil (Bbl)	Natural Gas (cubic feet)	Total (Boe)[2]	Pretax PV10% Value[3]
PDP Properties	202	9.84	1,755,358	1,007,264	1,923,236	$62,549,717
PDNP Properties	6	0.10	32,872	6,894	34,021	650,003
Total Proved Developed Properties	208	9.94	1,788,230	1,014,158	1,957,257	63,199,720
PUD Properties	139	9.52	3,081,116	1,894,335	3,396,838	24,619,642
Total Proved Properties:	347	19.46	4,869,346	2,908,493	5,354,095	$87,819,362

(1) The SEC Pricing Proved Reserves table above values oil and natural gas reserve quantities and related discounted future net cash flows as of December 31, 2012 assuming average constant realized prices of $85.75 per Bbl of oil and $5.13 per Mcf of natural gas. The average natural gas price reflects the value of processed natural gas sales and natural gas liquids. Under SEC guidelines, these prices represent the average prices per Bbl of oil and per Mcf of natural gas at the beginning of each month in the 12-month period prior to the end of the reporting period, which averages are then adjusted to reflect applicable transportation and quality differentials. The values presented in the table above were calculated by Pressler Petroleum Consultants, Inc. and audited by Netherland, Sewell & Associates, Inc.

(2) Barrels of oil equivalent (Boe) are computed based on a conversion ratio of one Boe for each barrel of oil and one Boe for every 6,000 cubic feet (i.e., 6 Mcf) of natural gas.

(3) Pre-tax PV10% may be considered a non-GAAP financial measure as defined by the SEC and is derived from the standardized measure of discounted future net cash flows, which is the most directly comparable GAAP measure. Pre-tax PV10% is computed on the same basis as the standardized measure of discounted future net cash flows but without deducting future income taxes. We believe Pre-tax PV10% is a useful measure for investors for evaluating the relative monetary significance of our oil and natural gas properties. We further believe investors may utilize our Pre-tax PV10% as a basis for comparison of the relative size and value of our reserves to other companies because many factors that are unique to each individual company impact the amount of future income taxes to be paid. Our management uses this measure when assessing the potential return on investment related to our oil and natural gas properties and acquisitions. However, Pre-tax PV10% is not a substitute for the standardized measure of discounted future net cash flows. Our Pre-tax PV10% and the standardized measure of discounted future net cash flows do not purport to present the fair value of our oil and natural gas reserves.

The table above assumes prices and costs discounted using an annual discount rate of 10% without future escalation, without giving effect to non-property related expenses such as general and administrative expenses, debt service and depreciation, depletion and amortization, or federal income taxes.

The "Pre-tax PV10%" values of our proved reserves presented in the foregoing table may be considered a non-GAAP financial measure as defined by the SEC. The following table reconciles the pre-tax PV10% value of our SEC Pricing Proved Reserves to the standardized measure of discounted future net cash flows.

SEC Pricing Proved Reserves

Standardized Measure Reconciliation	
Pre-tax Present Value of estimated future net revenues (Pre-tax PV10%)	$87,819,362
Future income taxes, discounted at 10%	2,534,578
Standardized measure of discounted future net cash flows	$85,284,784

Uncertainties are inherent in estimating quantities of proved reserves, including many risk factors beyond our control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and natural gas that cannot be measured in an exact manner. As a result, estimates of proved reserves may vary depending upon the engineer valuing the reserves. Further, our actual realized price for our oil and natural gas is not likely to average the pricing parameters used to calculate our proved reserves. As such, the oil and natural gas quantities and the value of those commodities ultimately recovered from our properties will vary from reserve estimates.

Controls Over Reserve Report Preparation, Technical Qualifications and Technologies Used

Preparation of our reserve report is outlined in our Sarbanes-Oxley Act Section 404 internal control procedures. Our procedures require that our reserve report be prepared by an independent reservoir engineering firm and then audited by a third-party registered independent engineering firm at the end of every year. The preparation and audit of our reservoir engineering report is based on information we provide to such engineer. We accumulate historical production data for our wells, calculate historical lease operating expenses and differentials, update working interests and net revenue interests, obtain updated authorizations for expenditure ("AFEs") from our operations department and obtain geological and geophysical information from operators. This data is forwarded to our third-party engineering firm for review and calculation. Our Chief Executive Officer and Vice President of Exploration and Business Development provide a final review of our reserve report and the assumptions relied upon in such report. Our Chief Executive Officer has over 30 years experience managing technical and business areas in upstream oil and natural gas, liquefied natural gas and geothermal. He is a member of the Society of Petroleum Engineers (SPE) and holds a degree in Oil and Gas Technology from the British Columbia Institute of Technology and a BSc in Petroleum Engineering from Tulsa University.

We have utilized Pressler Petroleum Consultants, Inc. ("Pressler"), an independent reservoir engineering firm, for the preparation of our December 31, 2012 reserve report. Pressler is a professional reservoir-evaluation consulting firm and has substantial experience calculating the reserves of various other companies with operations targeting the Bakken and Three Forks formations and several other resource plays of the Northern Rockies. As such, we believe Pressler has sufficient experience to appropriately determine our reserves. Pressler utilizes proprietary technology, systems and data to calculate our reserves commensurate with this experience.

The reserves estimates shown herein have been independently audited by Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-002699. The lead technical person at NSAI primarily responsible for overseeing the audit of our reserves has 32 years of industry experience, and has been practicing consulting petroleum engineering at NSAI since 1989. He is a Registered Professional Engineer in the State of Texas, and has in excess of 20 years of practical experience in petroleum engineering studies and evaluation of reserves. NSAI meets or exceeds the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and

Gas Reserves Information promulgated by the Society of Petroleum Engineers. NSAI is proficient in applying industry standard practices to engineering and geosciences evaluations as well as applying SEC and other industry reserves definitions and guidelines.

The proved reserves tables above summarize our estimated proved reserves as of December 31, 2012, based upon reports prepared by Pressler and audited by NSAI. Our audit procedures require NSAI to prepare their own estimates of proved reserves for fields comprising at least 80% of the aggregate net present value of our year-end proved reserves, discounted at 10% per annum.

In accordance with applicable requirements of the SEC, estimates of our net proved reserves and future net revenues are made using average prices at the beginning of each month in the 12-month period prior to the date of such reserve estimates and are held constant throughout the life of the properties (except to the extent a contract specifically provides for escalation).

The reserves set forth in the NSAI audit letter for the properties are estimated by performance methods or analogy. In general, reserves attributable to producing wells and/or reservoirs are estimated by performance methods such as decline curve analysis which utilizes extrapolations of historical production data. Reserves attributable to non-producing and undeveloped reserves included in our report are estimated by analogy.

To estimate economically recoverable oil and natural gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future of production rates. Under Rules 210.4-10(a)(22)(v) and (26) of Regulation S-X, proved reserves must be demonstrated to be economically producible based on existing economic conditions including the prices and costs at which those reserves can be economically produced from a reservoir, determined as of the effective date of the report. With respect to the property interests we own, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and/or processing fees, production taxes, recompletion and development costs and product prices are based on the SEC regulations, geological maps, well logs, core analyses, and pressure measurements.

The reserve data set forth in the NSAI audit letter represent only estimates, and should not be construed as being exact quantities. The estimates of reserves may or may not be actually recovered, and if recovered, the actual revenues and costs could be more or less than the estimated amounts. Moreover, estimates of reserves may increase or decrease as a result of future operations. Reservoir engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. There are numerous uncertainties inherent in estimating oil and natural gas reserves and their estimated values, including many factors beyond our control. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geologic interpretation and judgment. As a result, estimates of different engineers, including those used by us, may vary. In addition, estimates of reserves are subject to revision based upon actual production, results of future development and exploration activities, prevailing oil and natural gas prices, operating costs and other factors. The revisions may be material. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered and are highly dependent upon the accuracy of the assumptions upon which they are based. Our estimated net proved reserves, included in our SEC filings, have not been filed with or included in reports to any other federal agency. See Item 1A. Risk Factors — *Estimates of proved oil and natural gas reserves are uncertain and any material inaccuracies in these reserve estimates will materially affect the quantities and the value of our reserves.*

Additional discussion of our proved reserves is set forth under the heading Supplemental Oil and Gas Reserve Information (Unaudited) following our audited financial statements for the years ended December 31, 2012, 2011 and 2010.

Delivery Commitments

We currently have oil delivery agreements in place through April 2013 for delivery of all oil produced from our operated wells. We have an off-take agreement through January 2016 and monthly thereafter with ONEOK, Inc. for delivery of all of our operated natural gas produced in our area of operation in McKenzie County, North Dakota.

Item 3. *Legal Proceedings*

We are subject to litigation claims and governmental and regulatory proceedings arising in the ordinary course of business. We believe that all such litigation matters are not likely to have a material adverse effect on the Company's financial position, cash flows or results of operations.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market For Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities*

Market Information

Emerald's common stock is currently listed for trading on the NYSE MKT under the symbol ''EOX.'' From March 2, 2011 until September 4, 2012, Emerald's common stock was listed for trading on the NYSE MKT under the symbol ''VOG.'' From December 29, 2009 until March 1, 2011, Voyager's common stock was listed for trading on the over-the-counter bulletin board under the symbol ''VYOG.OB.''

The high and low sales prices per share of Emerald's common stock for each quarterly period within the three most recent fiscal years are indicated below, as reported on the NYSE MKT and over-the-counter bulletin board, as appropriate, and have been adjusted to reflect our 1-for-7 reverse stock split effected on October 23, 2012:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year Ended December 31, 2012				
High	$25.20	$18.34	$13.86	$ 5.95
Low	$17.01	$11.20	$ 5.46	$ 3.90
Year Ended December 31, 2011				
High	$52.78	$32.55	$27.65	$21.21
Low	$27.23	$15.89	$14.14	$10.99
Year Ended December 31, 2010				
High	$ 8.54	$29.96	$30.80	$37.80
Low	$ 6.30	$ 8.12	$23.45	$21.49

Holders

As of March 18, 2013, we had 25,899,658 shares of our common stock outstanding, held by approximately 7,900 shareholders of record. The number of record holders does not necessarily bear any relationship to the number of beneficial owners of our common stock.

Emerald Dividend Policy

We have never paid a cash dividend on our common stock, and the current policy of our board of directors is to retain any earnings to provide for our growth. The payment of cash dividends on our common stock in the future, if any, will be at the discretion of our board of directors and will depend on such factors as earnings levels, capital requirements, our overall financial condition and any other factors deemed relevant by our board of directors.

Equity Compensation Plan Information

The following table summarizes information regarding the number of shares of our common stock that are available for issuance under our existing equity compensation plan as of December 31, 2012.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Security Holders[1]	735,705	$11.29	20,578
Equity Compensation Plans Not Approved by Security Holders[2]	323,290	$ 9.22	—
Total	1,058,995	$10.66	20,578

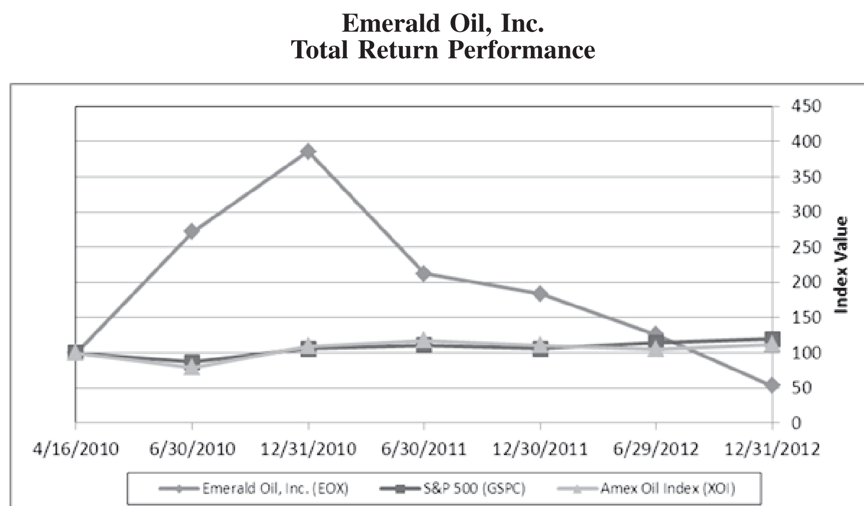
(1) Includes stock options to purchase 32,137 shares of common stock issued pursuant to equity plans of the pre-merger entity, ante4, Inc. prior to the merger date, April 16, 2010.

(2) On December 1, 2009, we issued our Chief Accounting Officer warrants to purchase a total of 37,216 shares of common stock exercisable at $6.86 per share pursuant to the terms of his employment agreement. On December 31, 2009, we issued our Executive Chairman warrants to purchase a total of 186,077 shares of common stock exercisable at $6.86 per share pursuant to the terms of his employment agreement. On April 21, 2010, we granted our outside directors stock options to purchase a total of 100,000 shares of common stock exercisable at $19.32 per share for serving as outside directors, 42,857 of which have been forfeited or have expired. On November 12, 2010, we granted a newly appointed outside director stock options to purchase a total of 21,425 shares of common stock exercisable at $25.90 per share for serving as an outside director. In May 2011, we granted stock options to two employees to purchase a total of 14,286 and 7,143 shares of common stock exercisable at $21.14 and $24.85 per share, respectively, pursuant to the terms of their employment agreements. None of the officers, directors or employees had exercised any of the warrants or options as of December 31, 2012.

Stock Performance Graph

This graph shows our cumulative total shareholder return over the period from April 16, 2010, the date of our merger with ante4, Inc., to December 31, 2012, relative to the cumulative total returns of the Amex Index and the Standard & Poor's Composite 500 Index. The comparison assumes an investment of $100 (with reinvestment of all dividends) was made in our common stock on April 16, 2010, and in each of the indexes and its relative performance is tracked semi-annually through December 31, 2012.

Emerald Oil, Inc.
Total Return Performance



The following table sets forth the total returns utilized to generate the foregoing graph.

	4/16/2010	6/30/2010	12/31/2010	6/30/2011	12/31/2011	6/30/2012	12/31/2012
Emerald Oil, Inc.	$100.00	$271.43	$385.71	$212.14	$183.57	$125.71	$ 53.47
Standard & Poor's Composite 500 Index	$100.00	$ 86.46	$105.50	$110.78	$105.49	$114.26	$119.63
Amex Oil Index	$100.00	$ 79.48	$109.11	$117.31	$110.55	$104.83	$111.69

Recent Sales of Unregistered Securities

On February 19, 2013, we completed a private offering with affiliates of White Deer Energy, pursuant to which, in exchange for a cash investment of $50 million, we issued 500,000 shares of Series A Preferred Stock, 5,114,633 shares of Series B Preferred Stock and warrants to purchase an initial aggregate amount of 5,114,633 shares of our common stock.

On February 4, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $1.9 million purchase price of the acquired leases, we issued 313,700 shares of our common stock at a per share value of $6.058 per share, based on the five-day trading volume-weighted average price of our common stock prior to closing.

On January 9, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $4.7 million purchase price of the acquired leases, we issued 851,315 shares of our common stock at a per share value of $5.50 per share, based on the five-day trading volume-weighted average price of our common stock prior to the closing of the acquisition.

On July 26, 2012, we completed the acquisition of Emerald Oil North America, Inc., formerly Emerald Oil, Inc., from Emerald Oil & Gas NL for approximately 1.66 million shares of our common stock.

On February 4, 2011, we sold 1.8 million units at a price of $28.00 per unit, with each unit consisting of one share of our common stock and one-half of a warrant to purchase one additional share of our common stock. Net proceeds to us from the sale of the units, after deducting selling commissions and offering

expenses, were approximately $46.5 million. The warrants, which represent the right to acquire up to an aggregate of 0.9 million shares of our common stock, are exercisable within the five-year anniversary of the closing date of the offering at an exercise price of $49.70 per share.

On April 16, 2010, our predecessor company, ante4, Inc. acquired Plains Energy Investments, Inc., in exchange for approximately 3.2 million shares of our common stock and 669,879 warrants to purchase one share of our common stock.

On March 10, 2010, ante4, Inc. purchased leasehold interests from South Fork Exploration, LLC for $1.4 million and 0.3 million shares of restricted common stock with a fair value of approximately $2.4 million.

In January 2010, ante4, Inc. completed a private placement offering of 0.1 million shares of common stock to accredited investors at a subscription price of $7.42 per share for total gross proceeds of $0.8 million. As part of this private placement, we entered into an introduction letter agreement with Great North Capital Consultants, Inc. (''Great North''). As compensation for the work performed, Great North received 25,217 shares of restricted common stock and $67,760 in cash. The fair value of the restricted stock was $0.2 million or $7.42 per share, based upon the market value of one share of common stock on the date the transaction closed.

The foregoing securities were issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended, provided by Section 4(2) thereof.

Item 6. *Selected Financial Data*

The financial statement information set forth below is derived from our balance sheets as of December 31, 2012, 2011 and 2010, and the related statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2012, 2011, and 2010 beginning on page F-1 of this report. See ''Item 1 Business — Overview.'' On April 16, 2010, our predecessor company, ante4, Inc. acquired Plains Energy Investments, Inc., at which time we began our present business operations.

	Year Ended December 31,		
	2012[1]	2011	2010[2]
Statements of Income Information:			
Revenues			
Oil and Natural Gas Sales	$ 28,129,985	$ 8,426,129	$ 942,840
Loss on Commodity Derivatives	(215,439)	—	—
Total Revenues	27,914,546	8,426,129	942,840
Operating Expenses			
Production Expenses	2,727,133	726,946	26,686
Production Taxes	2,955,015	717,440	102,743
General and Administrative Expenses	12,903,845	2,686,176	1,778,161
Depletion of Oil and Natural Gas Properties	12,770,718	3,546,466	547,844
Impairment of Oil and Natural Gas Properties	61,900,692	—	1,377,188
Depreciation and Amortization	53,818	30,831	2,929
Accretion of Discount on Asset Retirement Obligations	14,988	4,882	358
Gain on Acquisition of Business, Net	(5,758,048)	—	—
Total Expenses	87,568,161	7,712,741	3,835,909
Income (Loss) from Operations	(59,653,615)	713,388	(2,893,069)
Other Income (Expense), Net	(2,642,484)	(2,058,442)	(1,310,260)
Loss Before Income Taxes	(62,296,099)	(1,345,054)	(4,203,329)
Income Tax Provision	—	—	65,240
Net Loss	$(62,296,099)	$(1,345,054)	$(4,268,569)
Net Loss Per Common Share – Basic and Diluted	$ (4.91)	$ (0.17)	$ (0.79)
Weighted Average Shares Outstanding – Basic and Diluted	12,699,544	8,012,158	5,434,084

	Year Ended December 31,		
	2012[1]	2011	2010[2]
Balance Sheet Information:			
Total Assets	$173,886,362	$104,839,421	$48,495,426
Long-term Liabilities	$ 23,796,074	$ 15,116,119	$ 10,522
Total Liabilities	$ 63,592,277	$ 25,697,480	$15,774,602
Stockholders' Equity	$110,294,085	$ 79,141,941	$32,720,824
Statement of Cash Flow Information:			
Net cash provided by (used for) operating activities	$ 4,289,767	$ (153,156)	$ (1,165,634)
Net cash used for investing activities	$ (66,452,633)	$ (43,508,278)	$ (3,745,202)
Net cash provided by financing activities	$ 58,427,978	$ 46,230,181	$15,578,094

(1) We acquired Emerald Oil North America, Inc. from Emerald Oil & Gas NL on July 26, 2012. Our consolidated financial and operating results reflect the operations of the acquisition from the closing date (July 26, 2012) through December 31, 2012. See ''Item 1 Business — Overview.''

(2) We did not have oil and natural gas operations prior to April 16, 2010.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This Item 7 contains ''forward-looking'' statements. See ''Cautionary Statement Concerning Forward-Looking Statements'' at the beginning of this report. The following discussion should be read in conjunction with Item 6. Selected Financial Data and Item 8. Financial Statements and Supplementary Data appearing elsewhere in this report. On July 26, 2012, we completed the acquisition of Emerald Oil North America, Inc., formerly Emerald Oil, Inc. (''Emerald Oil North America''), from Emerald Oil & Gas NL. Accordingly, this document includes Emerald Oil North America, its consolidated subsidiaries and the operations of the combined businesses from the closing date (July 26, 2012) through December 31, 2012. On April 16, 2010, our predecessor company, ante4, Inc. acquired Plains Energy Investments, Inc., at which time we began our present business operations. A discussion of our financial results before April 16, 2010 is not pertinent to our business plan on a going forward basis, due to the change in our business which occurred upon consummation of the merger on April 16, 2010.

Overview and Outlook

We are an oil and natural gas exploration and production company. Our properties are located in North Dakota, Montana, Colorado and Wyoming. Our corporate strategy is to build shareholder value through the development and acquisition of oil and natural gas assets that exhibit economically producible hydrocarbons.

As of December 31, 2012, we controlled the rights to mineral leases covering approximately 200,000 net acres. Our business currently focuses on the development of our properties in North Dakota and Montana. Our goals are to continue to explore for and develop hydrocarbons within the mineral leases we control as well as continue to expand our acreage position should opportunities present themselves. In order to accomplish our objectives we will need to achieve the following:

- continue to develop our substantial inventory of high quality core Bakken and Three Forks acreage with results consistent with or superior to the results we have achieved to date;
- retain and attract talented personnel;
- continue to be a low-cost producer of hydrocarbons; and
- continue to manage our financial obligations to access the appropriate capital needed to develop our position of primarily undrilled acreage.

The following table sets forth selected operating data for the periods indicated. Production volumes and average sales prices are derived from accrued accounting data for the relevant period indicated.

Results of Operations for the periods ended December 31, 2012, 2011 and 2010

Revenues

Revenues from sales of oil and natural gas were $28.1 million in 2012 compared to $8.4 million and $0.9 million in 2011 and 2010, respectively. For 2012, our total production volumes on a Boe basis increased 249% as compared to 2011. For 2011, our total production volumes on a Boe basis increased 611% as compared to 2010. Production primarily increased due to the addition of 6.68 and 2.75 net productive wells in the Williston Basin in 2012 and 2011, respectively. During 2012, we realized an $85.05 average price per barrel of oil (including realized derivatives) compared to an $86.86 and $70.26 average price per barrel of oil during 2011 and 2010, respectively.

All data presented below is derived from accrued revenue and production volumes for the relevant period indicated.

	Year Ended December 31,		
	2012	2011	2010
Net Oil and Natural Gas Revenues:			
Oil	$27,264,526	$8,296,607	$927,339
Natural Gas and Other Liquids	865,459	129,522	15,501
Total Oil and Natural Gas Sales Before Derivatives	28,129,985	8,426,129	942,840
Realized Loss on Commodity Derivatives	(34,191)	—	—
Unrealized Loss on Commodity Derivatives	(181,248)	—	—
Total Oil and Natural Gas Sales Net of Derivatives	$27,914,546	$8,426,129	$942,840
Net Production:			
Oil (Bbl)	320,147	95,517	13,198
Natural Gas and Other Liquids (Mcf)	129,648	14,962	3,489
Barrel of Oil Equivalent (Boe)	341,755	98,011	13,780
Average Sales Prices:			
Oil (per Bbl)	$ 85.16	$ 86.86	$ 70.26
Effect of Settled Oil Derivatives on Average Price (per Bbl)	(0.11)	$ —	—
Oil Net of Settled Derivatives (per Bbl)	$ 85.05	$ 86.86	$ 70.26
Natural Gas and Other Liquids (per Mcf)	$ 6.68	$ 8.66	$ 4.44
Barrel of Oil Equivalent with Realized Derivatives (per Boe)	$ 82.21	$ 85.97	$ 68.42

Loss on Commodity Derivatives

Realized commodity derivative loss was $34,191 for the year ended December 31, 2012. Unrealized commodity derivative loss was $181,248 for the year ended December 31, 2012. We did not have any commodity derivative contracts prior to January 1, 2012. Our derivatives are not designated for hedge accounting and are accounted for using the mark-to-market accounting method whereby gains and losses from changes in the fair value of derivative instruments are recognized immediately into earnings. Mark-to-market accounting treatment creates volatility in our revenues as unrealized gains and losses from derivatives are included in total revenues and are not included in accumulated other comprehensive income in the accompanying balance sheets. As commodity prices increase or decrease, such changes will have an opposite effect on the mark-to-market value of our derivatives. Future derivatives gains will be offset by lower future wellhead revenues. Conversely, future derivatives losses will be offset by higher future wellhead revenues based on the value at the settlement date. At December 31, 2012, all of our derivative contracts are recorded at their fair value, which was a net liability of $181,248.

Expenses

All data presented below is derived from costs and production volumes for the relevant period indicated.

	Year Ended December 31,		
	2012	2011	2010
Costs and Expenses Per Boe of Production:			
Production Expenses	$ 7.98	$ 7.42	$ 1.94
Production Taxes	8.65	7.32	7.46
G&A Expenses (Excluding Share-Based Compensation)	16.34	19.97	64.98
Shared-Based Compensation	21.42	7.43	64.06
Depletion of Oil and Natural Gas Properties	37.37	36.18	39.76
Impairment of Oil and Natural Gas Properties	181.13	—	99.94
Depreciation and Amortization	0.16	0.31	0.21
Accretion of Discount on Asset Retirement Obligation	0.04	0.05	0.03

Production Expenses

Production expenses were $2,727,133 in 2012 compared to $726,946 in 2011 and $26,686 in 2010. We experience increases in operating expenses as we add new wells and maintain production from existing properties. On a per unit basis, production expenses per Boe increased from $1.94 per barrel sold in 2010 to $7.42 in 2011 and $7.98 in 2012. These increases are related to higher operating costs primarily in our Williston Basin wells. The largest cost driver in our Williston Basin wells is the disposal of water.

Production Taxes

Production taxes were $2,955,015 in 2012 compared to $717,440 in 2011 and $102,743 in 2010. We pay production taxes based on realized oil and natural gas sales. Our production taxes were 10.5% in 2012 compared to 8.5% in 2011 and 10.9% in 2010. Certain portions of our production occurs in North Dakota and Montana jurisdictions that have lower initial tax rates for an established period of time or until an established threshold of production is exceeded, after which the tax rates are increased to the standard tax rate of 11.5%. The 2012 average production tax rate was higher than 2011 due to expirations of production tax holidays during the year. The 2011 average production tax rate was lower than the 2010 average due to well additions that qualified for reduced rates/or tax exemptions during 2011.

General and Administrative Expense

General and administrative expenses were $12,903,845 in 2012 compared to $2,686,176 in 2011and $1,778,161 in 2010. The 2012 increase of $10,217,669 when compared to 2011 is due to our change in corporate strategy to add operating capabilities to develop its own operated wells in the Williston Basin. This strategic change allows us the opportunity to significantly grow production by using industry best practices and to control well design and capital expenditures to maximize our return on capital. Specifically, 2012 expense increased on a year-over-year basis compared to 2011 due to an increase of $8,812,951 related to increase in employee compensation and related expense and an increase of $993,925 related to professional and legal expense. Share-based compensation expenses are included in the employee compensation and related expenses, totaling $7,318,690 in 2012 compared to $728,546 in 2011 and $882,804 in 2010. All increases relate to our strategic change to add operating capabilities and increases in personnel and infrastructure.

General and administrative expenses during 2011 increased on a year-over-year basis compared to 2010 due to increased professional and legal expenses ($480,254), the addition of employees and related employment expenses ($225,890), as well as exchange listing expenses ($110,366). Increases in professional, legal, employment-related and exchange listing expenses in 2011 compared to 2010 were the result of growth in infrastructure.

Depletion Expense

Our depletion expense is driven by many factors, including certain exploration costs involved in the development of producing reserves, production levels and estimates of proved reserve quantities and future developmental costs. Depletion expense was $12,770,718 compared to $3,546,466 in 2011 and $547,844 in

2010. On a per-unit basis, depletion expense was $37.37 per Boe in 2012 compared to $36.18 per Boe in 2011 and $39.76 per Boe in 2010. Our depletion expense is based on the capitalized costs related to properties having proved reserves, plus the estimated future development costs and asset retirement costs which are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves determined by independent petroleum engineers. This increase in depletion expense in 2012 and 2011 was due primarily to the addition of 6.68 and 2.75 net productive wells in the Williston Basin in 2012 and 2011, respectively.

Impairment of Oil and Natural Gas Properties

We follow the full cost method of accounting for oil and natural gas operations whereby all costs related to the exploration and development of oil and natural gas properties are initially capitalized into a single cost center (''full cost pool''). Capitalized costs (net of related deferred income taxes) are limited to a ceiling based on the present value of future net revenues using the 12-month unweighted average of first-day-of-the-month price (the ''12-month average price''), discounted at 10%, plus the lower of cost or fair market value of unproved properties. If the ceiling is not greater than or equal to the total capitalized costs, then we are required to write down capitalized costs to the ceiling. We perform this ceiling test calculation each quarter. Any required write downs are included in the consolidated statements of operations as an impairment charge.

We recognized an impairment expense at June 30, 2012 of $10,191,234 and at December 31, 2012 of $51,709,458 for a year ended December 31, 2012 total of $61,900,692. Included in the full cost pool at December 31, 2012 are $23.8 million of costs related to our Niobrara development program in the DJ Basin of Colorado which we have deemed uneconomic, $11.5 million of costs associated with the write-down of the Sand Wash Basin to fair market value reflective of the pending sale (see *Item 1. Business — Recent Events*) and $3.6 million of expiring leases in North Dakota we have deemed uneconomic to pursue. Combined, these items have added $38.9 million of costs to the full cost pool without contributing reserves and discounted future net revenues to increase the ceiling. The remaining $23.0 million impairment charge is a result of reclassifying proven undeveloped reserves into probable reserves to better reflect our current development program. We have moved away from our previous business model that focused on participating in non-operated wells developed by others to our current operated program over which we have control of the timing of well development and design of our wells. Going forward, we plan to participate in significantly fewer non-operated wells and grow reserves through our operated well development program.

Gain on Acquisition of Business, net

The gain on the acquisition of business, net recognized during the year ended December 31, 2012 is a result of a $7,213,835 gain recognized, offset by $1,455,787 of acquisition costs incurred in the acquisition of Emerald Oil North America on July 26, 2012 in accordance with GAAP. The gain is a result of the decrease in share price between the announcement date and closing date of the acquisition. We did not acquire any business during the years ended December 31, 2011 and 2010.

Other Income (Expense), Net

Other income (expense), net was $(2,642,484) in 2012 compared to $(2,058,442) in 2011 and $(1,310,260) in 2010. Interest expense, the largest component of other income (expense) was $(2,614,240) in 2012 compared to $(2,036,032) in 2011 and $(629,026) in 2010. We capitalized $362,688 of interest costs during the year ended December 31, 2012. No interest was capitalized during the years ended December 31, 2011 and 2010. The increase in interest expense in 2011 compared to 2010 resulted from the outstanding senior secured notes incurring interest for the full year of 2011, while the notes were outstanding for four months of 2010.

Net Loss

We had net loss of $62,296,099 in 2012 compared to $1,345,054 in 2011 and $4,268,569 in 2010 (representing $4.91, $0.17 and $0.79 per share, respectively). The increase in net loss in our period-over-period results was driven by the $61,900,692 impairment of oil and natural gas properties in 2012 and increased expenses related to our strategic change and increase in infrastructure, offset by increased revenue and production from oil and natural gas properties.

Non-GAAP Financial Measures

Adjusted EBITDA

In addition to reporting net income (loss) as defined under GAAP, we also present net earnings before interest, income taxes, depletion, depreciation, and amortization, accretion of discount on asset retirement obligations, impairment of oil and natural gas properties, net gain on acquisition of business, unrealized gain (loss) from mark-to-market on commodity derivatives and non-cash expenses relating to share based payments recognized under ASC Topic 718 (''Adjusted EBITDA''), which is a non-GAAP performance measure. Adjusted EBITDA consists of net earnings after adjustment for those items described in the table below. Adjusted EBITDA does not represent, and should not be considered an alternative to GAAP measurements, such as net income (loss) (its most directly comparable GAAP measure), and our calculations thereof may not be comparable to similarly titled measures reported by other companies. By eliminating the items described below, we believe the measure is useful in evaluating its fundamental core operating performance. We also believe that Adjusted EBITDA is useful to investors because similar measures are frequently used by securities analysts, investors, and other interested parties in their evaluation of companies in similar industries. Our management uses Adjusted EBITDA to manage our business, including in preparing our annual operating budget and financial projections. Our management does not view Adjusted EBITDA in isolation and also uses other measurements, such as net income (loss) and revenues to measure operating performance. The following table provides a reconciliation of net loss to Adjusted EBITDA for the periods presented:

	Year Ended December 31,		
	2012	2011	2010
Net loss	$(62,296,099)	$(1,345,054)	$(4,268,569)
Add: Interest expense	2,614,240	2,036,032	629,026
Accretion of asset retirement obligations	14,988	4,882	358
Depletion, depreciation and amortization	12,824,536	3,577,297	550,773
Impairment of oil and natural gas properties	61,900,692	—	1,377,188
Share-based compensation	7,318,690	728,546	882,804
Unrealized loss on commodity derivatives	181,248	—	—
Less: Gain on acquisition of business, net	(5,758,048)		
Adjusted EBITDA	$ 16,800,247	$ 5,001,703	$ (828,420)

Adjusted Income (Loss)

In addition to reporting net income (loss) as defined under GAAP, we also present net earnings before the impairment of oil and natural gas properties, net gain on acquisition of business, non-recurring portion of share based compensation and the effect of unrealized gain (loss) from mark-to-market on commodity derivatives (''adjusted income (loss)''), which is a non-GAAP performance measure. Adjusted income (loss) consists of net earnings after adjustment for those items described in the table below. Adjusted income (loss) does not represent, and should not be considered an alternative to GAAP measurements, such as net income (loss), and our calculations thereof may not be comparable to similarly titled measures reported by other companies. By eliminating the items described below, we believe the measure is useful in evaluating our fundamental core operating performance. We also believe that adjusted income (loss) is useful to investors because similar measures are frequently used by securities analysts, investors, and other interested parties in their evaluation of companies in similar industries. Our management uses adjusted income to manage our business, including in preparing our annual operating budget and financial projections. Our management does not view adjusted income (loss) in isolation and also uses other measurements, such as net income (loss) and revenues to measure operating performance. The following table provides a reconciliation of net income (loss), to adjusted income (loss) for the periods presented:

	Year Ended December 31,		
	2012	2011	2010
Net loss	$(62,296,099)	$(1,345,054)	$(4,268,569)
Add: Impairment of oil and natural gas properties	61,900,692	—	1,377,188
Unrealized loss on commodity derivatives	181,248	—	—
Non-recurring portion of share based compensation[(1)]	3,504,125		
Less: Gain on acquisition of business, net	(5,758,048)	—	—
Adjusted loss	$ (2,468,082)	$(1,345,054)	$(2,891,381)
Adjusted loss per share – basic and diluted	$ (0.19)	$ (0.17)	$ (0.53)
Weighted average shares outstanding – basic and diluted	12,699,544	8,012,158	5,434,084

(1) Non-recurring portion of share based compensation relates to non-cash costs of share grants that immediately vested on the grant date. There are no further costs to amortize on these grants.

Operation Plan

On July 26, 2012, we acquired Emerald Oil North America, Inc. and made a strategic decision to add operating capabilities and focus on growing operating acreage in the Williston Basin. The operated drilling program creates higher rate of return opportunities to drill and produce our own wells. We expect to encounter situations in which we will exchange portions of our non-operated acreage for operated acreage and forgo the opportunity to participate in non-operated wells developed on the acreage. Additionally, we may decide to sell a portion of our interests in non-operated leaseholds to help fund our operating development program. As we evaluate the potential return on capital of wells developed by other operators, we may decide to not participate in the development of the first well developed on that particular non-operated acreage, and go non-consent, but will retain the opportunity to participate in future well development on future in-fill wells in the leased area that are held by production with an existing producing well. We believe adding operating capabilities will provide us more control over our capital budget and ultimately will result in a higher return on capital. We expect to fund our current 2013 capital expenditure budget using cash-on-hand, cash flow from operations, proceeds from our preferred equity transaction, proceeds from assets sales, and borrowings under our revolving credit facility. We may consider funding growth opportunities beyond our current 2013 capital expenditure budget with future equity if we believe it would be accretive to shareholders and/or debt financings.

Our future financial results will depend primarily on: (i) the ability to continue to source and evaluate potential projects; (ii) the ability to discover commercial quantities of oil and natural gas; (iii) the market price for oil and natural gas; and (iv) the ability to fully implement our exploration and development program, which is dependent on the availability of capital resources. There can be no assurance that we will be successful in any of these respects, that the prices of oil and natural gas prevailing at the time of production will be at a level allowing for profitable production, or that we will be able to obtain additional funding, if necessary.

Liquidity and Capital Resources

Liquidity is a measure of a company's ability to meet potential cash requirements. We have historically met our capital requirements through cash on hand, cash from operations, proceeds from asset sales, the issuance of common stock and by long-term and short-term borrowings. We anticipate we will be able to provide the necessary liquidity for 2013 from the revenues generated from the sales of our oil and natural gas reserves in our existing properties, availability under our credit facility and the recently completed private offering with affiliates of White Deer Energy, pursuant to which we issued 500,000 shares of Series A Preferred Stock, 5,114,633 shares of Series B Preferred Stock and warrants to purchase an initial aggregate amount of 5,114,633 shares of our common stock in exchange for a cash investment of $50 million (see Item 1. Business — Recent Developments). We are in the process of selling certain assets that are outside of the

Williston Basin. We plan to deploy proceeds from these assets sales into our operating program in the Williston Basin. We are also in the process of selling non-operated acreage that has authorization for expenditures (AFEs) attached that allow the leaseholds to participate as a non-operator in the well development and production from the wells. The proceeds received from the sale of the acreage and attached AFEs will be applied to our operating program in the Williston Basin and will reduce our payables for the cost to participate in the development of the related non-operated wells. If we do not generate sufficient cash flow from operations, proceeds from asset sales or do not have availability under our credit facility, we may attempt to continue to finance our operations through equity and/or debt financings.

Our primary use of capital has been for the acquisition, development and exploration of oil and natural gas properties. We continually monitor potential capital sources, including equity and debt financings, in order to meet our planned capital expenditures and liquidity requirements. Our future success in growing provide reserves and production will be highly dependent on our ability to access outside sources of capital.

The following table summarizes total current assets, total current liabilities and working capital at December 31, 2012.

Current Assets	$ 24,002,557
Current Liabilities	39,796,203
Working Capital Shortfall	$(15,793,646)

Equity Offerings

On February 19, 2013, we completed a private offering with affiliates of White Deer Energy L.P. (''White Deer Energy''), pursuant to which, in exchange for a cash investment of $50 million, we issued the following to White Deer Energy:

- 500,000 shares of a new Series A Perpetual Preferred Stock, $0.001 par value per share (the ''Series A Preferred Stock'');
- 5,114,633 shares of a new Series B Voting Preferred Stock, $0.001 par value per share (the ''Series B Preferred Stock''); and
- warrants to purchase an initial aggregate amount of 5,114,633 shares of our common stock, $0.001 par value per share, at an initial exercise price of $5.77 per share.

The Series A Preferred Stock has a cumulative dividend rate of 10% per annum, payable quarterly on each March 31, June 30, September 30 and December 31, commencing on March 31, 2013. If we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, the Series A Preferred Stock will be entitled to receive out of our available assets, after satisfaction of liabilities to creditors, if any, and before any distribution of assets is made on our common stock or any other shares of our junior stock, a liquidating distribution in the amount, with respect to each share of Series A Preferred Stock, equal to the sum of (a)(1) on or prior February 19, 2015, $112.50, (2) from February 20, 2015 through February 19, 2016, $110.00, (3) from February 20, 2016 through February 19, 2017, $105.00 and (4) thereafter, $100.00 and (b) the accrued and unpaid dividends thereon (the ''Liquidation Preference''). Prior to April 1, 2015, we may pay dividends on the Series A Preferred Stock either (x) in cash or (y) by issuance of (A) additional shares of Series A Preferred Stock valued at the same value as the initial per share purchase price of the Series A Preferred Stock and (B) an additional warrant to purchase shares of common stock; provided that such dividends must be paid in cash unless and until we obtain shareholder approval to authorize the issuance of any additional warrants and any shares of common stock issuable upon exercise of such additional warrants. We have the option to redeem shares of Series A Preferred Stock in whole or in part at any time at the aggregate Liquidation Preference, subject to a minimum redemption amount equal to the lesser of 50,000 shares or the number of shares then outstanding. Upon a change of control, the holders of the Series A Preferred Stock have the right to require us to purchase the Series A Preferred Stock at the Liquidation Preference. The Series A Preferred Stock does not vote generally with our common stock, but has specified approval rights with respect to, among other things, changes to our organizational documents that affect the Series A Preferred Stock, payment of dividends on our common stock or other junior stock, redemptions or repurchases of common stock or other capital stock and incurrence of certain indebtedness. Upon the

occurrence of certain events of default under our credit facility with Wells Fargo Bank, N.A., the holders of the Series A Preferred Stock have additional specified approval rights with respect to, among other things, the incurrence or guarantee by us of any indebtedness, any change in compensation or benefits of or employment or severance agreements with our officers and any agreement or arrangement pursuant to which we or our subsidiaries would pay or incur liability in excess of $1,000,000 over the term of such agreement or arrangement.

The Series B Preferred Stock is entitled to vote, until January 1, 2020, in the election of directors and on all other matters submitted to a vote of the holders of common stock as a single class. Each share of Series B Preferred Stock has one vote. The Series B Preferred Stock has no dividend rights and a liquidation preference of $0.001 per share. On and from time to time after January 1, 2020 we may redeem, in whole or in part, the then-outstanding shares of Series B Preferred Stock, at a redemption price per share equal to $0.001.

The warrants entitle the holders thereof to acquire a number of shares of common stock equal to approximately 19.75% of our shares of common stock outstanding as of February 19, 2013, or approximately 16.49% of our outstanding Common Stock on a diluted basis taking into account the exercise of the warrants.

We intend to use the proceeds from this private offering to purchase additional working interests in operated drilling spacing units in McKenzie County, North Dakota and to increase our capital expenditure budget to drill additional operated wells in the Williston Basin.

On February 4, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $1.9 million purchase price of the acquired leases, we issued 313,700 shares of our common stock at a per share value of $6.058 per share, based on the five-day trading volume-weighted average price of our common stock prior to closing.

On January 9, 2013, we entered into a purchase and sale agreement with a third party pursuant to which we acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $4.7 million purchase price of the acquired leases, we issued 851,315 shares of our common stock at a per share value of $5.50 per share, based on the five-day trading volume-weighted average price of our common stock prior to the closing of the acquisition.

On September 28, 2012, we completed a public offering of 13,392,857 shares of common stock at $5.60 per share. The gross proceeds from the offering were $75 million, and the net proceeds were approximately $69.7 million, after deducting underwriting discounts and commissions and other offering expenses. The sale of the shares of common stock closed on September 25, 2012. The underwriters elected to exercise the over-allotment option to sell an additional 484,698 shares of common stock at $5.60 per share. The gross proceeds from the over-allotment exercise were $2.7 million, and the net proceeds are approximately $2.5 million after deducting underwriting discounts and commissions. The over-allotment exercise closed on October 26, 2012. We used a portion of the net proceeds from this offering, along with cash on hand, to repay a portion of outstanding indebtedness and for additional operable leasehold acquisitions. We intend to use the remaining proceeds to fund drilling and development expenditures in the Williston Basin and for general corporate purposes, including working capital.

On July 26, 2012, we completed the acquisition of Emerald Oil North America, Inc., formerly Emerald Oil, Inc., from Emerald Oil & Gas NL for approximately 1.66 million shares of our common stock.

Credit Facility

On November 20, 2012, we entered into a credit facility with Wells Fargo Bank, N.A. (''Wells Fargo''), as administrative agent, and the lenders party thereto. Our credit facility is a senior secured reserve-based revolving credit facility with a maximum commitment of $400 million and an initial borrowing base of $27.5 million. We used the proceeds from our credit facility to repay our previous credit facility with Macquarie Bank Limited in full.

Amounts borrowed under our credit facility will mature on November 20, 2017, and upon such date, any amounts outstanding under our credit facility are due and payable. Redeterminations of the borrowing base will be on a semi-annual basis, with an option to elect an additional redetermination every six months between the semi-annual redeterminations.

The annual interest cost, which is dependent upon the percentage of the borrowing base utilized, is, at our option, based on either the Alternate Base Rate (as defined in our credit facility) plus 0.75% to 1.75% or the London Interbank Offer Rate (LIBOR) plus 1.75% to 2.75%; provided, in no event may the interest exceed the maximum interest rate allowed by any current or future law. As of December 31, 2012, the annual interest rate on our credit facility was 2.81%, which is based on LIBOR plus 2.25%. Interest on ABR Loans is due and payable on a quarterly basis, and interest on Eurodollar Loans is due and payable, at our option, at one-, two-, three-, six- (or in some cases nine- or twelve-) month intervals. We will also pay a commitment fee ranging from 0.375% to 0.5%, depending on the percentage of the borrowing base utilized.

A portion of our credit facility not in excess of $5 million will be available for the issuance of letters of credit by Wells Fargo. We will pay a rate per annum ranging from 1.75% to 2.75% on the face amount of each letter of credit issued and will pay a fronting fee equal to the greater of $500 and 0.125% of the face amount of each letter of credit issued. We did not obtain any letters of credit under our credit facility in 2012.

Each of our subsidiaries is a guarantor under our credit facility. Our credit facility is secured by first priority, perfected liens and security interests on substantially all of our assets and of the guarantors, including a pledge of their ownership in their respective subsidiaries.

Our credit facility contains customary covenants that include among other things, limitations on our ability to incur or guarantee additional indebtedness; create liens; pay dividends on or repurchase stock; make certain types of investments; enter into transactions with affiliates; and sell assets or merge with other companies. Our credit facility also requires compliance with certain financial covenants, including, (a) a ratio of current assets to current liabilities of at least 1.00 to 1.00, (b) a maximum ratio of debt to EBITDA for the preceding four fiscal quarters of no more than 3.50 to 1.00, and (c) a fixed charge coverage ratio for any four fiscal quarters of at least 3.00 to 1.00. We were not in compliance with the current ratio covenant as of December 31, 2012, and a waiver was obtained from Wells Fargo.

On February 18, 2013, our credit facility was amended to allow us to issue shares of our preferred stock and warrants to White Deer Energy. The amendment allows for the payment of dividends on the preferred stock and incorporates similar language with respects to change of control provisions.

On November 20, 2012, we drew approximately $15.2 million on our credit facility to pay in full the approximate $15.0 million outstanding balance on the Macquarie Facility and fees and expenses associated with our credit facility. On December 26, 2012, approximately $8.3 million was drawn for working capital purposes. During 2013, we intend to utilize the remaining availability of approximate $4.0 million under our credit facility for our ongoing business operations, including the development and acquisition of properties and financing working capital requirements. As of December 31, 2012, the principal balance amount on our credit facility was $23.5 million.

We entered into the Macquarie Facility on February 10, 2012. The Macquarie Facility provided up to a maximum of $150 million in principal amount of borrowings to be used as working capital for exploration and production operations. Initially, $15 million of financing was available under the Macquarie Facility based on reserves (Tranche A), with an additional $50 million available under a development tranche (Tranche B). On July 26, 2012, we entered into an amended and restated credit agreement with Macquarie Bank Limited to expand the existing availability and outstanding balance under the Macquarie Bank Facility. We obtained additional availability from the Macquarie Facility and drew $15 million of additional debt on a new third tranche at an initial rate of 9% above LIBOR and had the potential to draw a maximum of $20 million. The $15 million drawn was used for existing development activities and was paid in full with proceeds from the equity offering completed on September 28, 2012. The Macquarie Facility was paid in full on November 20, 2012. The remaining unamortized debt issuance costs of $389,333 were written off to interest expense in the year ended December 31, 2012.

Satisfaction of Our Cash Obligations for the Next Twelve Months

We project we will have sufficient capital to accomplish our development plan and forecasted general and administrative expenses for the next twelve months. Our projections are based on cash on hand, increasing cash flow from operations, proceeds from the recent issuance of preferred stock to White Deer Energy, and increased borrowing capacity based on reserve growth. However, we may scale back our development plan should our projections of cash flow and borrowing capacity fall short of expectations or commodity prices fall substantially. We may also choose to access the equity capital markets to fund acreage acquisitions and/or accelerated drilling at the discretion of management, depending on prevailing market conditions. We will evaluate any potential opportunities for acquisitions as they arise. Given our asset base and anticipated increasing cash flows, we believe we are in a position to take advantage of any appropriately priced acquisition opportunities that may arise. However, there can be no assurance that any additional capital will be available to us on favorable terms or at all.

Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of operations, particularly companies in the oil and natural gas exploration industry. Such risks include, but are not limited to, an evolving and unpredictable business model and the management of growth. To address these risks we must, among other things, implement and successfully execute our business and marketing strategy, respond to competitive developments, and attract, retain and motivate qualified personnel. There can be no assurance that we will be successful in addressing such risks, and the failure to do so can have a material adverse effect on our business prospects, financial condition and results of operations.

Effects of Inflation and Pricing

The oil and natural gas industry is cyclical and the demand for goods and services of oil field companies, suppliers and others associated with the industry put extreme pressure on the economic stability and pricing structure within the industry. Typically, as prices for oil and natural gas increase, so do all associated costs. Conversely, in a period of declining prices, associated cost declines are likely to lag and may not adjust downward in proportion. Material changes in prices also impact our current revenue stream, estimates of future reserves, borrowing base calculations of bank loans, impairment assessments of oil and natural gas properties, and values of properties in purchase and sale transactions. Material changes in prices can impact the value of oil and natural gas companies and their ability to raise capital, borrow money and retain personnel. While we do not currently expect business costs to materially increase, higher prices for oil and natural gas could result in increases in the costs of materials, services and personnel.

Cash and Cash Equivalents

Our total cash resources as of December 31, 2012 were $10,192,379, compared to $13,927,267 as of December 31, 2011. The decrease in our cash balance was primarily attributable to the development of oil and natural gas properties and repayment of debt, offset by proceeds from the equity offering on September 28, 2012 and borrowings under our credit facility.

Net Cash Provided By (Used For) Operating Activities

Net cash provided by (used for) operating activities was $4,289,767 for the year ended December 31, 2012 compared to $(153,156) for the year ended December 31, 2011 and $(1,165,634) for the year ended December 31, 2010. The change in the net cash provided by operating activities is primarily attributable to higher production revenue in 2012 compared to 2011 and 2010, offset by a higher net loss.

Net Cash Used In Investment Activities

Net cash used in investment activities was $66,452,633 for the year ended December 31, 2012 compared to $43,508,278 for the year ended December 31, 2011 and $3,745,203 for the year ended December 31, 2010. The cash used in investment activities is primarily attributable to the purchase and development of oil and natural gas properties in the Williston Basin during these periods.

Net Cash Provided By Financing Activities

Net cash provided by financing activities was $58,427,978 for the year ended December 31, 2012 compared to $46,230,181 for the year ended December 31, 2011 and $15,578,094 for the year ended December 31, 2010. The net cash provided by financing activities for the year ended December 31, 2012 is primarily attributable to proceeds from the equity offering completed on September 28, 2012 and our credit facility amended in July 2012 and November 2012, offset by repayment of borrowings under the amended credit facility, the assumption of liabilities resulting from the acquisition of Emerald Oil North America, Inc., and the repayment of the senior secured promissory notes. The change in net cash provided by financing activities for the year ended December 31, 2011 compared to December 31, 2010 is primarily attributable to proceeds from a private placement of common stock and warrants in February 2011.

Contractual Obligations and Commitments

As of December 31, 2012, our $23.5 million credit facility was our only material debt obligation. See — Liquidity and Capital Resources — *Credit Facility*. We have no other material capital lease obligations, operating lease obligations or purchase obligations requiring future payments other than our Denver, Colorado and Billings, Montana office leases that expire on February 15, 2014 and April 1, 2014, respectively. The following table illustrates our contractual obligations as of December 31, 2012.

	Payment due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**2 – 3 years**	**4 – 5 years**	**More than 5 years**
Credit Facility[1]	$23,500,000	$ —	$ —	$23,500,000	$—
Interest on Credit Facility[2]	3,227,575	660,350	1,320,700	1,246,525	—
Office Leases[3]	322,667	169,532	153,135	—	—
Automobile Leases[4]	16,728	16,728	—	—	—
Office Equipment[5]	34,380	8,496	16,992	8,892	—
	$27,101,350	$855,106	$1,490,827	$24,755,417	$—

(1) On November 20, 2012, we entered into our credit facility with Wells Fargo Bank, N.A., as administrative agent, and the lenders party thereto. Our credit facility is a senior secured reserve-based revolving credit facility with a maximum commitment of $400 million and an initial borrowing base of $27.5 million. Amounts borrowed under our credit facility will mature on November 20, 2017, and upon such date, any amounts outstanding under our credit facility are due and payable. Redeterminations of the borrowing base will be made on a semi-annual basis, with an option to elect additional redeterminations every six months, which allows for redeterminations as frequent as every quarter.

(2) Based upon our interest rate of 2.81% under our credit facility as of December 31, 2012.

(3) Our Denver, Colorado office lease commenced on December 15, 2012 and has a term of 26 months. Our Billings, Montana office commenced on April 1, 2011 and has a term of 36 months.

(4) In November 2010, we entered into automobile leases for vehicles utilized by two of our employees, which expire in November 2013.

(5) In December 2012 and January 2013, we entered into various leases for office equipment utilized by the Denver, Colorado and Billings, Montana offices, which expire in December 2015 and January 2016, respectively.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

2013 Drilling Projects

For the 12-month period ending December 31, 2013, we plan to spend approximately $86 million on well development in the Williston Basin. Specifically, we plan to spend approximately $78.5 million ($82.5 million less $4.0 million spent during the three months ended December 31, 2012) to drill 7.5 net operated wells at an average estimated cost of $11.0 million per gross well and approximately $7.4 million to participate in 0.8 net

non-operated wells at an average estimated cost of $9.2 million per well. We expect to fund our current 2013 capital expenditure budget using cash-on-hand, cash flow from operations, proceeds from issuance of preferred stock to White Deer Energy, proceeds from assets sales, and borrowings under our revolving credit facility.

Our future financial results will depend primarily on: (i) the ability to continue to source and evaluate potential projects; (ii) the ability to discover commercial quantities of oil and natural gas; (iii) the market price for oil and natural gas; and (iv) the ability to fully implement our exploration and development program, which is dependent on the availability of capital resources. There can be no assurance that we will be successful in any of these respects, that the prices of oil and natural gas prevailing at the time of production will be at a level allowing for profitable production, or that we will be able to obtain additional funding, if necessary.

Product Research and Development

We do not anticipate performing any significant product research and development given our current plan of operation.

Expected Purchase or Sale of Any Significant Equipment

We do not anticipate the purchase or sale of any plant or significant equipment as such items are not required by us at this time or anticipated to be needed in the next twelve months.

Critical Accounting Policies

Revenue Recognition and Natural Gas Balancing

We recognize oil and natural gas revenues from our interests in producing wells when production is delivered and title has transferred to the purchaser, to the extent the selling price is reasonably determinable. We use the sales method of accounting for balancing of natural gas production and would recognize a liability if the existing proven reserves were not adequate to cover the current imbalance situation. As of December 31, 2012 and 2011, our natural gas production was in balance, i.e., its cumulative portion of natural gas production taken and sold from wells in which we have an interest equaled to our entitled interest in natural gas production from those wells.

Full Cost Method

We follow the full cost method of accounting for oil and natural gas operations whereby all costs related to the exploration and development of oil and natural gas properties are initially capitalized into a single cost center (''full cost pool''). Such costs include land acquisition costs, a portion of employee salaries related to property development, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling directly related to acquisition, and exploration activities. For the years ended December 31, 2012, 2011 and 2010, we capitalized $842,418, $526,630 and $0, respectively, of internal salaries, which included $582,040, $418,414 and $0, respectively, of stock-based compensation. Internal salaries are capitalized based on employee time allocated to the acquisition of leaseholds and development of oil and natural gas properties. We capitalized interest of $362,688 for the year ended December 31, 2012. We did not capitalize interest for the years ended December 31, 2011 and 2010.

Proceeds from property sales will generally be credited to the full cost pool, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves attributable to these costs. As of December 31, 2012, we have had no property sales since inception, but have a sale pending in the Sand Wash Basin (see *Item 1. Business — Recent Developments*) and engage in acreage trades in the Williston Basin.

We assess all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The assessment includes consideration of the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of proved reserves, and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization. For the years ended December 31, 2012 and 2011, we included $ 3,625,209 and $6,983,125, respectively, related to expiring leases within costs subject to the depletion calculation.

Capitalized costs associated with impaired properties and properties having proved reserves, estimated future development costs, and asset retirement costs under ASC 410-20-25 are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves. The costs of unproved properties are withheld from the depletion base until such time as they are either developed, impaired, or abandoned.

Under the full cost method of accounting, capitalized oil and gas property costs less accumulated depletion, net of deferred income taxes, may not exceed a ceiling amount equal to the present value, discounted at 10%, of estimated future net revenues from proved oil and natural gas reserves plus the cost of unproved properties not subject to amortization (without regard to estimates of fair value), or estimated fair value, if lower, of unproved properties that are subject to amortization. Should capitalized costs exceed this ceiling, which is tested on a quarterly basis, an impairment is recognized. The present value of estimated future net revenues was computed by applying prices based on a 12-month arithmetic average of the oil and natural gas prices in effect on the first day of each month, less estimated future expenditures to be incurred in developing and producing the proved reserves (assuming the continuation of existing economic conditions), less any applicable future taxes. Based on calculated reserves at December 31, 2012, 2011 and 2010, the unamortized costs of our oil and natural gas properties exceeded the ceiling test limit by $51,709,458, $0 and $1,377,188, respectively. The unamortized costs of our oil and natural gas properties exceeded the ceiling test limit as of June 30, 2012 by $10,191,234. As a result, we are required to record impairment of the net capitalized costs of our oil and natural gas properties in the amount of $61,900,692, $0 and $1,377,188, for the years ended December 31, 2012, 2011 and 2010 respectively.

Joint Ventures

The consolidated financial statements as of December 31, 2012, 2011 and 2010 include the accounts of our proportionate share of the assets, liabilities, and results of operations of the joint ventures we are involved in.

Stock-Based Compensation

We have accounted for stock-based compensation under the provisions of ASC 718-10-55. We recognize stock-based compensation expense in the financial statements over the vesting period of equity-classified employee stock-based compensation awards based on the grant date fair value of the awards, net of estimated forfeitures. For options and warrants we use the Black-Scholes option valuation model to calculate the fair value of stock-based compensation awards at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. For the stock options and warrants granted we have used a variety of comparable and peer companies to determine the expected volatility input based on the expected term of the options. We believe the use of peer company data fairly represents the expected volatility we would experience if we were in the oil and natural gas industry over the expected term of the options. We used the simplified method to determine the expected term of the options due to the lack of historical data. Changes in these assumptions can materially affect the fair value estimate.

On May 27, 2011, our shareholders approved the 2011 Equity Incentive Plan (the ''2011 Plan''), under which 714,286 shares of common stock were reserved. On October 22, 2012, our shareholders approved an amendment to the 2011 Plan to increase the number of shares available for issuance under the 2011 Plan to 3,500,000 shares. The purpose of the 2011 Plan is to promote our success and our affiliates by facilitating the employment and retention of competent personnel and by furnishing incentives to those officers, directors and employees upon whose efforts our success will depend to a large degree. It is our intention to carry out the 2011 Plan through the granting of incentive stock options, nonqualified stock options, restricted stock awards, restricted stock unit awards, performance awards and stock appreciation rights. As of December 31, 2012, 735,705 stock options and 2,743,717 shares of common stock and restricted stock units had been issued to officers, directors and employees under the 2011 Plan, including 1,847,701 unvested restricted stock units. As of December 31, 2012, there were 20,578 shares available for issuance under the 2011 Plan.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

Commodity Price Risk

The price we receive for our oil and natural gas production heavily influences our revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile, and these markets will likely continue to be volatile in the future. The prices we receive for our production depend on numerous factors beyond our control. Our revenues during the years ended December 31, 2012, 2011 and 2010 generally have increased or decreased along with any increases or decreases in oil or natural gas prices, but the exact impact on our income is indeterminable given the variety of expenses associated with producing and selling oil and natural gas that also increase and decrease along with oil and natural gas prices. If oil prices decline by $1.00 per Bbl, then the standardized measure of our proved reserves as of December 31, 2012 would decline from $87.8 million to $85.7 million, or 2.4%. If natural gas prices decline by $0.10 per Mcf, then the standardized measure of our proved reserves as of December 31, 2012 would decline from $87.8 million to $87.6 million, or 0.2%. However, larger decreases in oil and natural gas prices may have a proportionately greater impact on our standardized measure.

We entered into our credit facility on November 20, 2012, which allows us to enter into commodity derivative instruments, the notional volumes for which when aggregated with other commodity swap agreements and additional fixed-price physical off-take contracts then in effect, as of the date such instrument is executed, is not greater than 80% of the reasonably anticipated projected production from our proved developed producing reserves. We intend to use of these commodity derivative instruments as a means of managing our exposure to price changes in the future. For additional discussion, see Item 2. Management's Discuss and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — *Credit Facility* above.

Interest Rate Risk

As of December 31, 2012, we had borrowed $23.5 million under our credit facility. Our credit facility with Wells Fargo subjects us to interest rate risk on borrowings. The credit facility allows us to fix the interest rate of borrowings under it for all or a portion of the principal balance for a period up to six months. To the extent the interest rate is fixed, interest rate changes affect the instrument's fair market value but do not impact results of operations or cash flows. Conversely, for the portion of our borrowings that has a floating interest rate, interest rate changes will not affect the fair market value but will impact future results of operations and cash flows. The average annual interest rate incurred under our credit facilities for the year ended December 31, 2012 was 4.9%. A 1% increase in LIBOR on our outstanding debt as of December 31, 2012 would result in an estimated $235,000 increase in annual interest.

Item 8. *Financial Statements and Supplementary Data*

Our Financial Statements required by this item are included on the pages immediately following the Index to Financial Statements beginning on page F-1.

Item 9. *Changes In and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures that is designed to ensure that information required to be disclosed by us in the reports we file or furnish to the SEC under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

As of December 31, 2012, our management, consisting of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) pursuant to Rule 13a-15(b) under the Exchange Act. Based upon and as of the date of the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed and effective to ensure that information required to be disclosed is recorded, processed, summarized and reported within the specified periods and is accumulated and communicated to management, consisting of our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure of material information required to be included in our periodic SEC reports. Based on the foregoing, our management determined that our disclosure controls and procedures were effective as of December 31, 2012.

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events and the application of judgment in evaluating the cost benefit relationship of possible controls and procedures. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their goals under all potential future conditions.

There were no changes in internal control over financial reporting during the fourth quarter of 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. All internal control systems, no matter how well designed, have inherent limitations. Our internal control over financial reporting consists of the following policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our internal controls over financial reporting as of December 31, 2012. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control — Integrated Framework." Based on this assessment, management believes that, as of December 31, 2012, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2012 has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in their report which is included in this annual report on Form 10-K.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Emerald Oil, Inc.
Denver, Colorado

We have audited Emerald Oil, Inc.'s, formerly Voyager Oil & Gas, Inc., internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control* — Integrated *Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Emerald Oil, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Annual Report on Internal Control Over Financial Reporting." Our responsibility is to express an opinion on Emerald Oil, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Emerald Oil, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the balance sheet of Emerald Oil, Inc. as of December 31, 2012 and 2011, and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2012 and our report dated March 18, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Houston, Texas
March 18, 2013

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2012.

Item 11. ***Executive Compensation***

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2012.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters***

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2012.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2012.

Item 14. ***Principal Accountant Fees and Services***

The information required by this item is incorporated herein by reference to the 2013 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2012.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Documents filed as Part of this Report:

1. Financial Statements

See Index to Financial Statements on page F-1.

2. Financial Statement Schedules

All schedules are omitted because they are either not applicable or required information is shown in the financial statements or notes thereto.

3. Exhibits

The exhibits set forth in the accompanying Exhibit Index are filed or incorporated by reference as part of this Form 10-K.

Exhibit Index

Exhibit No.	Description	Reference
2.1	Securities Purchase Agreement dated July 9, 2012, among Voyager Oil & Gas, Inc., Emerald Oil & Gas NL and Emerald Oil, Inc.	Exhibit 2.1 to the current report on Form 8-K of the registrant filed on July 10, 2012.
2.1	Purchase and Sale Agreement, dated as of September 6, 2012, by and between Emerald WB LLC and Slawson Exploration Company, Inc.	Exhibit 2.1 to the current report on Form 8-K of the registrant filed on September 10, 2012.
2.3	Letter Agreement dated as of January 7, 2013, by and between Emerald Oil, Inc. and East Management Services, LP.	Exhibit 2.1 to the current report on Form 8-K of the registrant filed on January 8, 2013.
3.1	Articles of Incorporation of Voyager Oil & Gas, Inc.	Exhibit 3.1 to our current report on Form 8-K filed on June 2, 2011.
3.2	Articles of Merger, dated as of May 31, 2011, by and between Voyager Oil & Gas, Inc., a Delaware corporation, and Voyager Oil & Gas 1, Inc., a Montana corporation.	Exhibit 2.1 to the current report on Form 8-K of the registrant filed on June 2, 2011.
3.3	Articles of Amendment to the Articles of Incorporation.	Exhibit 3.1 to the current report on Form 8-K of the registrant filed on October 24, 2012.
3.4	Articles of Amendment to the Articles of Incorporation.	Exhibit 3.1 to the current report on Form 8-K of the registrant filed on February 19, 2013.
3.5	Amended Bylaws of Emerald Oil, Inc.	Exhibit 3.2 to the quarterly report on Form 10-Q of the registrant filed on November 8, 2012.
4.1	Specimen Certificate of Common Stock, par value $0.001 per share of Emerald Oil, Inc.	Exhibit 4.1 to our current report on Form 8-K filed on October 24, 2012.
4.2	Form of Vesting Warrant.	Exhibit 4.2 to the Form S-3 registration statement of the registrant filed on April 30, 2010 (File No. 333-166402).
4.3	Form of Warrant.	Exhibit 4.3 to the Form S-3 registration statement of the registrant filed on April 30, 2010 (File No. 333-166402).
4.4	Form of Restricted Stock Award Agreement.	Exhibit 4.4 to the Form S-3 registration statement of the registrant filed on April 30, 2010 (File No. 333-166402).
4.5	Form of Lock-Up Agreement.	Exhibit 4.5 to the Form S-3 registration statement of the registrant filed on April 30, 2010 (File No. 333-166402).
4.7	Form of Warrant issued to investors in the February 2011 private placement.	Exhibit 5.1 to the Form S-3 registration statement of the registrant filed on February 11, 2011 (File No. 333-172210).

Exhibit No.	Description	Reference
4.8	Form of Warrant issued to investors in the February 2013 private placement.	Exhibit 4.1 to the current report on Form 8-K of the registrant filed on February 19, 2013.
10.1	Securities Purchase Agreement dated February 1, 2011.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on February 7, 2011.
10.2	Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.1 to the quarterly report on Form 10-Q of the registrant filed on August 9, 2011.
10.3	Form of Incentive Stock Option Agreement under the Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.1 to the quarterly report on Form 10-Q of the registrant filed on November 8, 2011.
10.4	Form of Nonqualified Stock Option Agreement under the Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.2 to the quarterly report on Form 10-Q of the registrant filed on November 8, 2011.
10.5	Form of Restricted Stock Agreement under the Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.3 to the quarterly report on Form 10-Q of the registrant filed on November 8, 2011.
10.6	Form of Restricted Stock Unit Agreement under the Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.4 to the quarterly report on Form 10-Q of the registrant filed on November 8, 2011.
10.7	Amendment to Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 4.1 to the current report on Form 8-K of the registrant filed on February 22, 2012.
10.8	Employment Agreement with James Russell Reger dated July 26, 2012.	Exhibit 10.2 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.9	Employment Agreement with McAndrew Rudisill dated July 26, 2012.	Exhibit 10.3 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.10	Employment Agreement with Mike Krzus dated July 26, 2012	Exhibit 10.4 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.11	Employment Agreement with Mitchell R. Thompson dated July 26, 2012	Exhibit 10.5 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.12	Employment Agreement with Paul Wiesner dated July 26, 2012.	Exhibit 10.6 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.13	Employment Agreement with Karl Osterbuhr dated July 26, 2012.	Exhibit 10.7 to the current report on Form 8-K of the registrant filed on July 31, 2012.
10.14	Employment Agreement with Martin J. Beskow dated March 30, 2012.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on April 5, 2012.
10.15	Amendment to 2011 Voyager Oil & Gas, Inc. 2011 Equity Incentive Plan.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on October 24, 2012.

Exhibit No.	Description	Reference
10.16	Amendment No. 1 to Employment Agreement with James Russell Reger dated November 15, 2012.	Exhibit 10.2 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.17	Amendment No. 1 to Employment Agreement with McAndrew Rudisill dated November 15, 2012.	Exhibit 10.3 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.18	Amendment No. 1 to Employment Agreement with Mike Krzus dated November 15, 2012.	Exhibit 10.4 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.19	Amendment No. 1 to Employment Agreement with Mitchell R. Thompson dated November 15, 2012.	Exhibit 10.5 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.20	Amendment No. 1 to Employment Agreement with Paul Wiesner dated November 15, 2012.	Exhibit 10.6 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.21	Amendment No. 1 to Employment Agreement with Karl Osterbuhr dated November 15, 2012.	Exhibit 10.7 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.22	Second Amendment to Employment Agreement with Mike Krzus effective as of March 16, 2013.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on March 14, 2013.
10.23	Second Amendment to Employment Agreement with McAndrew Rudisill effective as of March 16, 2013.	Exhibit 10.2 to the current report on Form 8-K of the registrant filed on March 14, 2013.
10.24	Second Amendment to Employment Agreement with J.R. Reger effective as of March 16, 2013.	Exhibit 10.3 to the current report on Form 8-K of the registrant filed on March 14, 2013.
10.25	Second Amendment to Employment Agreement with Paul Wiesner effective as of March 16, 2013.	Exhibit 10.4 to the current report on Form 8-K of the registrant filed on March 14, 2013.
10.26	Second Amendment to Employment Agreement with Karl Osterbuhr effective as of March 16, 2013.	Exhibit 10.5 to the current report on Form 8-K of the registrant filed on March 14, 2013.
10.27	Credit Agreement dated November 20, 2012, among Emerald Oil, Inc., as Borrower, Wells Fargo Bank, N.A., as Administrative Agent, and the Lenders party thereto.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on November 21, 2012.
10.28	First Amendment to Credit Agreement dated as of February 18, 2013, among Emerald Oil, Inc., the Guarantors, the Lenders and Wells Fargo Bank, N.A., as administrative agent for the Lenders.	Exhibit 10.3 to the current report on Form 8-K of the registrant filed on February 19, 2013.
10.29	Securities Purchase Agreement dated February 1, 2013, among Emerald Oil, Inc., WDE Emerald Holdings LLC and White Deer Energy FI L.P.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on February 6, 2013.
10.30	Registration Rights Agreement dated February 19, 2013, among Emerald Oil, Inc., WDE Emerald Holdings LLC and White Deer Energy FI L.P.	Exhibit 10.1 to the current report on Form 8-K of the registrant filed on February 19, 2013.

Exhibit No.	Description	Reference
10.31	Form of Indemnification Agreement.	Exhibit 10.2 to the current report on Form 8-K of the registrant filed on February 19, 2013.
14.1	Code of Ethics.	Filed herewith.
16.1	Letter from Mantyla McReyonlds, LLC dated October 6, 2011.	Exhibit 16.1 to the current report on Form 8-K of the registrant filed on October 7, 2011.
21.1	List of Subsidiaries.	Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm BDO USA, LLP.	Filed herewith.
23.2	Consent of Independent Registered Public Accounting Firm Mantyla McReyonlds LLC.	Filed herewith.
23.3	Consent of Netherland, Sewell & Associates, Inc.	Filed herewith.
24.1	Power of Attorney (included on signature page).	Filed herewith.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
99.1	Report of Netherland, Sewell & Associates, Inc.	Filed herewith.
101.INS	XBRL Instance Document.	Filed herewith.
101.SCH	XBRL Schema Document.	Filed herewith.
101.CAL	XBRL Calculation Linkbase Document.	Filed herewith.
101.DEF	XBRL Definition Linkbase Document.	Filed herewith.
101.LAB	XBRL Label Linkbase Document.	Filed herewith.
101.PRE	XBRL Presentation Linkbase Document.	Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMERALD OIL, INC.

Date: March 18, 2013

By: /s/ MICHAEL KRZUS
Michael Krzus
Chief Executive Officer (principal executive officer)

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints, Michael Krzus and Paul Wiesner, or either of them, his true and lawful attorney-in-fact and agent, acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection wherewith, with the Commission, granting unto said attorney-in-fact and agent, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all said attorney-in-fact and agent, acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity and on the dates indicated:

Signature	Title	Date
/s/ MICHAEL KRZUS Michael Krzus	Director; Chief Executive Officer	March 18, 2013
/s/ PAUL WIESNER Paul Wiesner	Chief Financial Officer	March 18, 2013
/s/ JAMES RUSSELL (J.R.) REGER James Russell (J.R.) Reger	Director; Executive Chairman	March 18, 2013
/s/ MCANDREW RUDISILL McAndrew Rudisill	Director; President	March 18, 2013
/s/ LYLE BERMAN Lyle Berman	Director	March 18, 2013
/s/ THOMAS J. EDELMAN Thomas J. Edelman	Director	March 18, 2013
/s/ DUKE R. LIGON Duke R. Ligon	Director	March 18, 2013
/s/ DANIEL L. SPEARS Daniel L. Spears	Director	March 18, 2013
/s/ SETH SETRAKIAN Seth Setrakian	Director	March 18, 2013

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Emerald Oil, Inc.
Denver, Colorado

We have audited the accompanying consolidated balance sheets of Emerald Oil, Inc., formerly Voyager Oil & Gas, Inc., as of December 31, 2012 and 2011 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerald Oil, Inc. at December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Emerald Oil, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria) and our report dated March 18, 2013 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Houston, Texas
March 18, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Emerald Oil, Inc.
Denver, CO

We have audited the accompanying Emerald Oil, Inc. formerly Voyager Oil & Gas, Inc. (the Company) statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Mantyla McReynolds LLC
Mantyla McReynolds LLC
Salt Lake City, Utah
March 14, 2011

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31,

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 10,192,379	$ 13,927,267
Trade Receivables	12,573,156	3,247,412
Other Receivables	1,133,849	—
Prepaid Expenses and Other Current Assets	103,173	48,330
Total Current Assets	24,002,557	17,223,009
PROPERTY AND EQUIPMENT		
Oil and Natural Gas Properties, Full Cost Method		
Proved Oil and Natural Gas Properties	167,618,422	60,425,243
Unproved Oil and Natural Gas Properties	61,454,831	32,180,217
Other Property and Equipment	385,023	176,238
Total Property and Equipment	229,458,276	92,781,698
Less – Accumulated Depreciation, Depletion and Amortization	(80,230,517)	(5,505,288)
Total Property and Equipment, Net	149,227,759	87,276,410
Prepaid Drilling Costs	100,193	33,163
Fair Value of Commodity Derivatives	25,397	—
Debt Issuance Costs, Net of Amortization	269,681	306,839
Other Non-Current Assets	260,775	—
Total Assets	$173,886,362	$104,839,421
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 39,169,037	$ 10,375,239
Fair Value of Commodity Derivatives	206,645	—
Accrued Expenses	420,521	206,122
Total Current Liabilities	39,796,203	10,581,361
LONG-TERM LIABILITIES		
Revolving Credit Facility	23,500,000	—
Senior Secured Promissory Notes	—	15,000,000
Asset Retirement Obligations	296,074	116,119
Total Liabilities	63,592,277	25,697,480
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred Stock – Par Value $.001; 20,000,000 Shares Authorized; None Issued or Outstanding	—	—
Common Stock, Par Value $.001; 500,000,000 Shares Authorized, 24,734,643 and 8,264,062 Shares Issued and Outstanding, respectively	24,735	8,264
Additional Paid-In Capital	180,439,530	87,007,758
Accumulated Deficit	(70,170,180)	(7,874,081)
Total Stockholders' Equity	110,294,085	79,141,941
Total Liabilities and Stockholders' Equity	$173,886,362	$104,839,421

The accompanying notes are an integral part of these financial statements.

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2012	2011	2010
REVENUES			
Oil and Natural Gas Sales	$ 28,129,985	$ 8,426,129	$ 942,840
Loss on Commodity Derivatives	(215,439)	—	—
Total Revenues	27,914,546	8,426,129	942,840
OPERATING EXPENSES			
Production Expenses	2,727,133	726,946	26,686
Production Taxes	2,955,015	717,440	102,743
General and Administrative Expenses	12,903,845	2,686,176	1,778,161
Depletion of Oil and Natural Gas Properties	12,770,718	3,546,466	547,844
Impairment of Oil and Natural Gas Properties	61,900,692	—	1,377,188
Depreciation and Amortization	53,818	30,831	2,929
Accretion of Discount on Asset Retirement Obligations	14,988	4,882	358
Gain on Acquisition of Business, Net	(5,758,048)	—	—
Total Expenses	87,568,161	7,712,741	3,835,909
INCOME (LOSS) FROM OPERATIONS	(59,653,615)	713,388	(2,893,069)
OTHER INCOME (EXPENSE)			
Merger Costs	—	—	(735,942)
Interest Expense	(2,614,240)	(2,036,032)	(629,026)
Other Income (Expense)	(28,244)	(22,410)	54,708
Total Other Income (Expense), Net	(2,642,484)	(2,058,442)	(1,310,260)
LOSS BEFORE INCOME TAXES	(62,296,099)	(1,345,054)	(4,203,329)
INCOME TAX PROVISION	—	—	65,240
NET LOSS	$(62,296,099)	$(1,345,054)	$(4,268,569)
Net Loss Per Common Share – Basic and Diluted	$ (4.91)	$ (0.17)	$ (0.79)
Weighted Average Shares Outstanding – Basic and Diluted	12,699,544	8,012,158	5,434,084

The accompanying notes are an integral part of these financial statements.

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	$(62,296,099)	$ (1,345,054)	$ (4,268,569)
Adjustments to Reconcile Net Loss to Net Cash Provided By (Used For) Operating Activities:			
Depletion of Oil and Natural Gas Properties	12,770,718	3,546,466	547,844
Impairment of Oil and Natural Gas Properties	61,900,692	—	1,377,188
Depreciation and Amortization	53,818	30,831	2,929
Amortization of Premium on Bonds	—	—	46,448
Amortization of Debt Discount	—	163,356	61,664
Amortization of Debt Issuance Costs	1,929,561	82,191	—
Loss on Disposal of Property and Equipment	—	—	34,305
Accretion of Discount on Asset Retirement Obligations	14,988	4,882	358
Gain on Sale of Available for Sale Securities	—	—	(1,520)
Unrealized Loss on Derivative Instruments	181,248	—	—
Gain on Acquisition of Business	(7,213,835)	—	—
Share-Based Compensation Expense	7,318,690	728,546	882,804
Changes in Assets and Liabilities:			
Increase in Trade Receivables	(9,325,744)	(2,951,591)	(295,821)
Increase in Other Receivables	(1,133,849)	—	—
(Increase) Decrease in Prepaid Expenses and Other Current Assets	(54,843)	90,123	198,350
Increase in Other Non-Current Assets	(100,100)	—	—
Increase (Decrease) in Accounts Payable	30,123	(319,349)	411,469
Increase (Decrease) in Accrued Expenses	214,399	(183,557)	(163,083)
Net Cash Provided By (Used For) Operating Activities	4,289,767	(153,156)	(1,165,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Received from Merger Agreement	—	—	17,413,845
Cash Received on Note Receivable	—	—	500,000
Purchases of Other Property and Equipment	(172,785)	(157,892)	(598)
Prepaid Drilling Costs	(67,030)	460,497	(493,660)
Proceeds from Sales of Available for Sale Securities	—	242,070	9,769,881
Investment in Oil and Natural Gas Properties	(66,212,818)	(44,052,953)	(30,934,671)
Net Cash Used For Investing Activities	(66,452,633)	(43,508,278)	(3,745,203)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issuance of Common Stock – Net of Issuance Costs	72,167,012	46,602,251	779,240
Proceeds from Issuance of Senior Secured Promissory Notes	—	—	14,775,000
Advances on Revolving Credit Facility and Term Loan	56,530,730	—	—
Payments on Revolving Credit Facility and Term Loan	(33,030,730)	—	—
Payments of Senior Secured Promissory Notes	(15,000,000)	—	—
Payment of Assumed Liabilities	(20,303,903)	—	—
Cash Paid for Debt Issuance Costs	(1,935,131)	(389,030)	—
Proceeds from Exercise of Stock Options and Warrants	—	16,960	23,854
Net Cash Provided by Financing Activities	58,427,978	46,230,181	15,578,094
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,734,888)	2,568,747	(10,667,257)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	13,927,267	11,358,520	691,263
CASH AND CASH EQUIVALENTS – END OF PERIOD	$ 10,192,379	$ 13,927,267	$ 11,358,520
Supplemental Disclosure of Cash Flow Information			
Cash Paid During the Period for Interest	$ 1,154,943	$ 1,800,000	$ 380,933
Cash Paid During the Period for Income Taxes	$ —	$ —	$ 65,240
Non-Cash Financing and Investing Activities:			
Oil and Natural Gas Properties Included in Account Payable	$ 38,973,137	$ 10,252,407	$ 95,576
Stock-Based Compensation Capitalized to Oil and Natural Gas Properties	$ 582,040	$ 418,414	$ —
Capitalized Asset Retirement Obligations	$ 164,967	$ 100,715	$ 10,164
Purchases through Issuance of Common Stock or Assumption of Liabilities:			
Oil and Natural Gas Properties	$ 40,787,238	$ —	$ 2,358,900
Other Property and Equipment	$ 36,000	$ —	$ —
Other Non-Current Assets	$ 75,000	$ —	$ —
Non-Cash Acquisition of Business Amounts:			
Fair Market of Common Stock Issued	$ 13,380,501	$ —	$ —
Debt Assumed	$ 20,303,903	$ —	$ —

The accompanying notes are an integral part of these financial statements.

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance – December 31, 2009	2,619,915	$ 2,620	$ 7,683,956	$ 6,486	$ (2,260,458)	$ 5,432,604
Sale of 114,624 Common Shares at $7.42 Per Share	114,624	115	846,885	—	—	847,000
Issued 25,217 Common Shares related to Capital Raise	25,217	25	(25)	—	—	—
Private Placement Cost Net of Common Shares Issued	—	—	(67,760)	—	—	(67,760)
Issued Pursuant to Exercise of Warrants	29,772	30	770	—	—	800
Restricted Stock Grant Compensation	—	—	57,376	—	—	57,376
Compensation Related to Stock Warrant Grants	—	—	120,770	—	—	120,770
Issued 319,229 Common Shares for Leaseholds Interests	319,229	319	2,358,581	—	—	2,358,900
Balance Immediately Before Reverse Acquisition with Ante4, Inc.	3,108,757	3,109	11,000,553	6,486	(2,260,458)	8,749,690
Acquisition of Ante4, Inc.	3,041,762	3,041	27,515,436	—	—	27,518,477
Balance Immediately After Reverse Acquisition with Ante4, Inc.	6,150,519	6,150	38,515,989	6,486	(2,260,458)	36,268,167
Issuance Pursuant to Exercise of Options	5,715	6	23,048	—	—	23,054
Issued Pursuant to Exercise of Warrants	321,542	321	(321)			—
Restricted Stock Grant Compensation	—	—	172,128	—	—	172,128
Compensation Related to Stock Warrant Grants	—	—	362,311	—	—	362,311
Director Fees Related to Stock Option Grants	—	—	170,219	—	—	170,219
Net Change in Unrealized Gains on Available for Sale Investments	—	—	—	(6,486)	—	(6,486)
Net Loss	—	—	—	—	(4,268,569)	(4,268,569)
Balance – December 31, 2010	6,477,776	6,477	39,243,374	—	(6,529,027)	32,720,824
Issuance Pursuant to Exercise of Options	572	1	16,959	—	—	16,960
Net Proceeds from Equity Offering	1,785,714	1,786	46,600,465	—	—	46,602,251
Restricted Stock Grant Compensation	—	—	226,318	—	—	226,318
Compensation Related to Stock Warrant and Option Grants	—	—	649,694	—	—	649,694
Director Fees Related to Stock Option Grants	—	—	270,948	—	—	270,948
Net Loss	—	—	—	—	(1,345,054)	(1,345,054)
Balance – December 31, 2011	8,264,062	8,264	87,007,758	—	(7,874,081)	79,141,941
Common Shares Issued as Compensation	910,296	910	3,837,212	—	—	3,838,122
Restricted Stock Grants	74,285	74	(74)	—	—	—
Restricted Stock Forfeited	(53,572)	(53)	53	—	—	—
Restricted Stock Grant Compensation	—	—	1,178,559	—	—	1,178,559
Compensation Related to Stock Option Grants	—	—	1,779,901	—	—	1,779,901
Director Fees Related to Stock Option Grants	—	—	1,104,147	—	—	1,104,147
Issuance of Common Shares for the Acquisition of Emerald Oil North America, Inc.	1,662,174	1,662	13,378,839	—	—	13,380,501
Net Proceeds from Equity Offering	13,877,555	13,878	72,153,134	—	—	72,167,012
Reverse Split Reconciliation Due to Fractional Shares	(157)	—	—	—	—	—
Net Loss	—	—	—	—	(62,296,099)	(62,296,099)
Balance – December 31, 2012	24,734,643	$24,735	$180,439,530	$ —	$(70,170,180)	$110,294,085

The accompanying notes are an integral part of these financial statements.

EMERALD OIL, INC.
(FORMERLY VOYAGER OIL & GAS, INC.)

Notes to Consolidated Financial Statements

NOTE 1 ORGANIZATION AND NATURE OF BUSINESS

Description of Operations — Emerald Oil, Inc. (formerly Voyager Oil & Gas, Inc.), a Montana corporation (the ''Company''), is an independent oil and natural gas exploration and production company engaged in the business of acquiring acreage in prospective natural resource plays within the continental United States (''U.S.''), primarily focused on the Williston Basin located in North Dakota and Montana. The Company also holds acreage in other emerging oil plays in Colorado, Wyoming and Montana. The Company seeks to accumulate acreage that builds net asset value by growing reserves and converting undeveloped assets into producing wells in repeatable and scalable shale oil plays.

The Company has historically participated in well development as a non-operator and is in the process of building operations to plan and design well development as an operator on acreage where a controlling interest is held. The Company had 14 employees as of December 31, 2012 and retains independent contractors to assist in operating and managing its prospects as well as to carry out the principal and necessary functions incidental to the oil and natural gas business. With the acquisition of Emerald Oil North America, Inc., formerly known as Emerald Oil, Inc. (''Emerald Oil North America'') on July 26, 2012 (see Note 3 — Acquisition of Business), the Company has added executive management that is experienced in well development and intends to build on these capabilities internally and through partnering with others to leverage best practices. Production from oil wells has increased significantly, and the Company intends to add to this production by operating its own wells, while continuing to participate as a non-operator in wells managed by other operators.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Reverse Stock Split

The Company's board of directors approved a 1-for-7 reverse stock split pursuant to which all shareholders of record received one share of common stock for each seven shares of common stock owned (subject to minor adjustments as a result of fractional shares). On October 22, 2012, a majority of the Company's shareholders approved the reverse stock split. This reverse stock split decreased the issued and outstanding shares by approximately 140,339,000, the outstanding warrants by approximately 6,700,000 and the outstanding stock options by approximately 4,100,000. GAAP requires that the reverse stock split be applied retrospectively to all periods presented. As a result, all stock, warrant and option transactions described herein have been adjusted to reflect the 1-for-7 reverse stock split.

Cash and Cash Equivalents

The Company considers highly liquid investments with insignificant interest rate risk and original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of interest-bearing bank accounts and money market funds. The Company's cash positions represent assets held in checking and money market accounts. These assets are generally available to the Company on a daily or weekly basis and are highly liquid in nature. All of the Company's non-interest bearing cash accounts were fully insured at December 31, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts. Beginning 2013, insurance coverage will revert to $250,000 per depositor at each financial institution, and the Company's non-interest bearing cash balances may then exceed federally insured limits. In addition, the Company is subject to Security Investor Protection Corporation protection on a vast majority of its financial assets in the event one of the brokerage firms that the Company utilizes for its investments fails.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Full Cost Method

The Company follows the full cost method of accounting for oil and natural gas operations whereby all costs related to the exploration and development of oil and natural gas properties are initially capitalized into a single cost center (''full cost pool''). Such costs include land acquisition costs, a portion of employee salaries related to property development, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling directly related to acquisition, and exploration activities. For the years ended December 31, 2012, 2011 and 2010, the Company capitalized $842,418, $526,630 and $0, respectively, of internal salaries, which included $582,040, $418,414 and $0, respectively, of stock-based compensation. Internal salaries are capitalized based on employee time allocated to the acquisition of leaseholds and development of oil and natural gas properties. The Company capitalized interest of $362,688 for the year ended December 31, 2012. The Company did not capitalize interest for the years ended December 31, 2011 and 2010.

Proceeds from property sales will generally be credited to the full cost pool, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves attributable to these costs. The Company has had no property sales since inception, but has a sale pending in the Sand Wash Basin (see Note 16 — Subsequent Events) and engages in acreage trades in the Williston Basin.

The Company assesses all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The assessment includes consideration of the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of proved reserves, and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to depletion and amortization. For the years ended December 31, 2012 and 2011, the Company included $3,625,209 and $6,983,125, respectively, related to expiring leases within costs subject to the depletion calculation.

Capitalized costs associated with impaired properties and properties having proved reserves, estimated future development costs, and asset retirement costs under Financial Accounting Standards Board (''FASB'') Accounting Standards Codification (''ASC'') 410-20-25 are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves. The costs of unproved properties are withheld from the depletion base until such time as they are either developed, impaired, or abandoned.

Under the full cost method of accounting, capitalized oil and natural gas property costs less accumulated depletion, net of deferred income taxes, may not exceed a ceiling amount equal to the present value, discounted at 10%, of estimated future net revenues from proved oil and gas reserves plus the cost of unproved properties not subject to amortization (without regard to estimates of fair value), or estimated fair value, if lower, of unproved properties that are subject to amortization. Should capitalized costs exceed this ceiling, which is tested on a quarterly basis, an impairment is recognized. The present value of estimated future net revenues was computed by applying prices based on a 12-month arithmetic average of the oil and natural gas prices in effect on the first day of each month, less estimated future expenditures to be incurred in developing and producing the proved reserves (assuming the continuation of existing economic conditions), less any applicable future taxes. Based on calculated reserves at December 31, 2012, 2011 and 2010, the unamortized costs of the Company's oil and natural gas properties exceeded the ceiling test limit by $51,709,458, $0 and $1,377,188, respectively. The Company also recognized that oil and natural gas properties exceeded the ceiling test limit as of June 30, 2012 by $10,191,234. As a result, the Company was required to record impairment of the net capitalized costs of its oil and natural gas properties in the amount of $61,900,692, $0 and $1,377,188, for the years ended December 31, 2012, 2011 and 2010 respectively.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Oil and Natural Gas Reserve Quantities

Emerald's estimate of proved reserves is based on the quantities of oil and natural gas that engineering and geological analyses demonstrate, with reasonable certainty, to be recoverable from established reservoirs in the future under current operating and economic parameters. Pressler Petroleum Consultants, Inc. prepares a reserve and economic evaluation of all Emerald's properties on a case-by-case basis utilizing information provided to it by Emerald and information available from state agencies that collect information reported to it by the operators of Emerald's properties. The reserve estimates are then independently audited by Netherland, Sewell & Associates, Inc. The estimate of Emerald's proved reserves as of December 31, 2012, 2011 and 2010 have been prepared and presented in accordance with SEC rules and accounting standards.

Reserves and their relation to estimated future net cash flows impact Emerald's depletion and impairment calculations. As a result, adjustments to depletion and impairment are made concurrently with changes to reserve estimates. Emerald prepares its reserve estimates, and the projected cash flows derived from these reserve estimates, in accordance with SEC guidelines. The independent engineering firms described above adhere to the same guidelines when preparing and auditing the reserve report, respectively. The accuracy of Emerald's reserve estimates is a function of many factors including the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions, and the judgments of the individuals preparing the estimates.

Emerald's proved reserve estimates are a function of many assumptions, all of which could deviate significantly from actual results. As such, reserve estimates may materially vary from the ultimate quantities of oil and natural gas eventually recovered.

Other Property and Equipment

Property and equipment that are not oil and natural gas properties are recorded at cost and depreciated using the straight-line method over their estimated useful lives of three to seven years. Expenditures for replacements, renewals, and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation expense was $53,818, $30,831 and $2,929 for the years ended December 31, 2012, 2011 and 2010, respectively.

ASC 360-10-35-21 requires that long-lived assets, other than oil and natural gas properties, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The determination of impairment is based upon expectations of undiscounted future cash flows, before interest, of the related asset. If the carrying value of the asset exceeds the undiscounted future cash flows, the impairment would be computed as the difference between the carrying value of the asset and the fair value. The Company has not recognized any impairment losses on non-oil and natural gas long lived assets.

Asset Retirement Obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which the well is spud or the asset is acquired and a corresponding increase in the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost is depleted using the units of production method. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized.

Revenue Recognition and Natural Gas Balancing

The Company recognizes oil and natural gas revenues from its interests in producing wells when production is delivered and title has transferred to the purchaser, to the extent the selling price is reasonably determinable. The Company uses the sales method of accounting for balancing of natural gas production and would recognize a liability if the existing proven reserves were not adequate to cover the current imbalance

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES – (continued)

situation. As of December 31, 2012 and 2011, the Company's natural gas production was in balance, i.e., its cumulative portion of natural gas production taken and sold from wells in which it has an interest equaled the Company's entitled interest in natural gas production from those wells.

Stock-Based Compensation

The Company has accounted for stock-based compensation under the provisions of ASC 718-10-55. The Company recognizes stock-based compensation expense in the financial statements over the vesting period of equity-classified employee stock-based compensation awards based on the grant date fair value of the awards, net of estimated forfeitures. For options and warrants the Company uses the Black-Scholes option valuation model to calculate the fair value of stock based compensation awards at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. For the stock options and warrants granted the Company has used a variety of comparable and peer companies to determine the expected volatility input based on the expected term of the options. The Company believes the use or peer company data fairly represents the expected volatility it would experience if it were in the oil and natural gas industry over the expected term of the options. The Company used the simplified method to determine the expected term of the options due to the lack of historical data. Changes in these assumptions can materially affect the fair value estimate.

On May 27, 2011, the shareholders of the Company approved the 2011 Equity Incentive Plan (the ''2011 Plan''), under which 714,286 shares of common stock were reserved. On October 22, 2012, the shareholders of the Company approved an amendment to the 2011 Plan to increase the number of shares available for issuance under the 2011 Plan to 3,500,000 shares. The purpose of the 2011 Plan is to promote the success of the Company and its affiliates by facilitating the employment and retention of competent personnel and by furnishing incentives to those officers, directors and employees upon whose efforts the success of the Company and its affiliates will depend to a large degree. It is the intention of the Company to carry out the 2011 Plan through the granting of incentive stock options, nonqualified stock options, restricted stock awards, restricted stock unit awards, performance awards and stock appreciation rights. As of December 31, 2012, 735,705 stock options and 2,743,717 shares of common stock and restricted stock units had been issued to officers, directors and employees under the 2011 Plan, including 1,847,701 unvested restricted stock units. As of December 31, 2012, there are 20,578 shares available for issuance under the 2011 Plan.

Income Taxes

The Company accounts for income taxes under ASC 740-10-30. Deferred income tax assets and liabilities are determined based upon differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Accounting standards require the consideration of a valuation allowance for deferred tax assets if it is ''more likely than not'' that some component or all of the benefits of deferred tax assets will not be realized.

The tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not of being sustained if the position were to be challenged by a taxing authority. The Company has examined the tax positions taken in its tax returns and determined that there are no uncertain tax positions. As a result, the Company has recorded no uncertain tax liabilities in its consolidated balance sheet.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is based on the net income (loss) divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common shares plus dilutive common share equivalents outstanding

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES – (continued)

during the period using the treasury stock method. In the computation of diluted earnings per share, excess tax benefits that would be created upon the assumed vesting of unvested restricted shares or the assumed exercise of stock options (i.e., hypothetical excess tax benefits) are included in the assumed proceeds component of the treasury stock method to the extent that such excess tax benefits are more likely than not to be realized. When a loss from continuing operations exists, all potentially dilutive securities are anti-dilutive and are therefore excluded from the computation of diluted earnings per share. As the Company had losses for the years ended December 31, 2012, 2011 and 2010, the potentially dilutive shares were anti-dilutive and were thus not included in the net loss per share calculation.

As of December 31, 2012, (i) 1,847,701 unvested restricted stock units were issued and outstanding and represent potentially dilutive shares; (ii) 424,986 stock options that were issued and presently exercisable and represent potentially dilutive shares; (iii) 410,716 stock options that were granted but are not presently exercisable and represent potentially dilutive shares; (iv) 223,293 warrants that were issued and presently exercisable, which have an exercise price of $6.86; and (v) 892,858 warrants that were issued and presently exercisable, which have an exercise price of $49.70.

Commodity Derivative Instruments

The Company has entered into commodity derivative instruments utilizing ‘‘no premium’’ collars and price swaps to reduce the effect of price changes on a portion of future oil production. The Company's commodity derivative instruments are measured at fair value and are included in the consolidated balance sheet as derivative assets and liabilities. Unrealized gains and losses are recorded based on the changes in the fair values of the derivative instruments. Both the unrealized and realized gains and losses resulting from the contract settlement of derivatives are recorded in the loss on commodity derivatives line on the consolidated statements of operations.

The Company's valuation estimate takes into consideration the counterparties' credit worthiness, the Company's credit worthiness, and the time value of money. The consideration of the factors results in an estimated exit price for each derivative asset or liability under a market place participant's view. Management believes that this approach provides a reasonable, non-biased, verifiable, and consistent methodology for valuing commodity derivative instruments (see Note 14 — Derivative Instruments and Price Risk Management).

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

Joint Ventures

The consolidated financial statements as of December 31, 2012, 2011 and 2010 include the accounts of the Company and its proportionate share of the assets, liabilities, and results of operations of the joint ventures it is involved in.

Use of Estimates

The preparation of consolidated financial statements under GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to proved oil and natural gas reserve volumes, future development costs, estimates relating to certain oil and natural gas revenues and expenses, fair value of derivative instruments, valuation of share-based compensation and the valuation of deferred income taxes. Actual results may differ from those estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES – (continued)

Industry Segment and Geographic Information

The Company operates in one industry segment, which is the exploration, development and production of oil and natural gas with all of the Company's operational activities having been conducted in the U.S. The Company's current operational activities and the Company's consolidated revenues are generated from markets exclusively in the U.S., and the Company has no long lived assets located outside the U.S.

Reclassifications

Certain reclassifications have been made to prior periods' reported amounts in order to conform with the current period presentation. These reclassifications did not impact the Company's net loss, stockholders' equity or cash flows.

Change in Reporting Period End

On July 29, 2010, the Company's Board of Directors approved a change in the Company's fiscal year end to a traditional calendar year from that of a last Sunday of quarter end period. The change in reporting period has been reflected in this Annual Report on Form 10-K. The Company's fiscal year end is December 31, and the quarters end on March 31, June 30 and September 30.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Emerald Oil, Inc. and its direct and indirect wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

NOTE 3 ACQUISITION OF BUSINESS

On July 9, 2012, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Emerald Oil & Gas NL (the "Parent") and Emerald Oil North America, Inc. ("Emerald Oil North America"), a wholly owned subsidiary of the Parent pursuant to which the Company purchased all of the outstanding capital stock of Emerald Oil North America for approximately 19.9% of the total shares of the Company's common stock outstanding as of the closing date. The Company completed the acquisition of Emerald Oil North America on July 26, 2012 and issued approximately 1.66 million shares to the Parent. The Company assumed Emerald Oil North America's liabilities, including approximately $20.3 million in debt owed by Emerald Oil North America. The acquisition included approximately 10,600 net acres located in Dunn County, North Dakota and approximately 45,000 net acres in the Sandwash Basin Niobrara shale oil play in northwestern Colorado and southwestern Wyoming.

In connection with the closing of the Emerald Oil North America acquisition, five existing members of the Company's board of directors resigned, and their vacancies were filled with directors selected by the remaining members of the Company's board of directors. Also in connection with the closing of the Emerald acquisition, the Company entered into employment agreements with six officers, J.R. Reger (Executive Chairman — formerly Chief Executive Officer), Mike Krzus (Chief Executive Officer), McAndrew Rudisill (President), Paul Wiesner (Chief Financial Officer), Karl Osterbuhr (Vice President of Exploration and Business Development) and Mitchell R. Thompson (Chief Accounting Officer — formerly Chief Financial Officer).

Emerald Oil North America's $20.3 million in debt obligations assumed by the Company was comprised of $17.7 million to Hartz Energy Capital, LLC ("Hartz") and $2.5 million plus accrued interest to Parent. Both were paid in full on September 28, 2012.

Interest on the Hartz credit agreement was in the form of an overriding royalty interest in and to all of the oil, gas and other liquid hydrocarbons produced and saved from certain of the Company's oil and natural gas properties, free of any and all expenses of development, production, transportation, marketing and any

NOTE 3 ACQUISITION OF BUSINESS – (continued)

other related or similar expenses. The initial credit agreement included a 2.15% overriding royalty interest on Emerald Oil North America's properties in the Williston Basin of North Dakota. In accordance with the amended credit agreement, interest on the credit agreement was expanded to include a 0.9% overriding royalty interest in and to all of the oil, gas and other liquid hydrocarbons produced and saved from the Company's properties in the Green River Basin of Colorado and Wyoming.

The acquisition has been accounted for using the acquisition method. Assets acquired and liabilities assumed were recorded at their estimated fair values as of the acquisition date. The allocation of the purchase price is based upon a valuation of certain assets acquired and liabilities assumed. The Company recorded a gain on the bargain purchase of Emerald Oil North America as a result of the decrease in the Company's share price between the announcement date (July 10, 2012) and closing date (July 26, 2012) of the acquisition in accordance with GAAP. A summary of the acquisition is below:

	(in thousands)
Proved Oil and Natural Gas Properties	$ 6,839
Unproved Oil and Natural Gas Properties	33,948
Other Assets	111
Debt Assumed	(20,303)
Net Assets Acquired	20,595
Equity Issued to Emerald Oil NL	(13,381)
Gain on Acquisition	7,214
Less: Acquisition Costs	(1,456)
Gain on Acquisition, net	$ 5,758

Pro Forma Operating Results

From July 26, 2012 to December 31, 2012, the Company recognized $194,417 in revenues and $136,196 of expenses relating to Emerald Oil North America, resulting in net income during the year ended December 31, 2012 of $58,221.

The following table reflects the unaudited pro forma results of operations as though the acquisition had occurred on January 1, 2011. The pro forma amounts are not necessarily indicative of the results that may be reported in the future:

	Year Ended December 31,	
	2012	2011
Revenues	$ 27,968,701	$ 8,569,107
Net loss	$(64,707,199)	$(1,977,350)
Net loss per share – basic and diluted	$ (4.74)	$ (0.20)
Weighted Average Shares Outstanding – Basic and Diluted	13,639,626	9,674,332

NOTE 4 OIL AND NATURAL GAS PROPERTIES

The value of the Company's oil and natural gas properties consists of all acreage acquisition costs (including cash expenditures and the value of stock consideration), drilling costs and other associated capitalized costs. Acquisitions are accounted for as purchases and, accordingly, the results of operations are included in the accompanying consolidated statements of operations from the closing date of the acquisition. Purchase prices are allocated to acquired assets based on their estimated fair value at the time of the acquisition. In the past, acquisitions have been funded with internal cash flow and the issuance of equity securities.

NOTE 4 OIL AND NATURAL GAS PROPERTIES – (continued)

Acquisitions

For the year ended December 31, 2012, the Company acquired approximately 12,416 net mineral acres in the Williston Basin targeting the Bakken and Three Forks formations for an average cost of approximately $1,340 per net acre including the acreage acquired as a result of the acquisition of Emerald Oil North America.

The Company also acquired approximately 45,000 net mineral acres in the Sandwash Basin of northwestern Colorado and southwestern Wyoming targeting the Niobrara as a result of the acquisition of Emerald Oil North America (See Note 3 — Acquisition of Business).

On October 5, 2012 the Company acquired 4,453 net acres in McKenzie County, North Dakota for $3,200 per acre from Slawson, under which the Company agreed to acquire certain oil and natural gas leaseholds, and various other related rights, interests, equipment and other assets. The effective time for the transfer of the leases was September 1, 2012. The purchase included operating permits for additional wells and a recently constructed well pad and tank battery at an additional cost of $1.18 million, for a total cash purchase price of $15.4 million.

Sandwash Basin — Niobrara

The Company owns approximately 45,000 net mineral acres in the Sand Wash Basin of the Greater Green River Basin prospective for the Niobrara oil shale and other secondary target formations known to contain oil and natural gas. The assets include certain existing oil and gas wells and a 6-inch diameter natural gas gathering pipeline extending approximately 18.5 miles in length from the Company's natural gas production facilities located in Moffat County, Colorado, to a Questar pipeline connection located near the town of Baggs in Carbon County, Wyoming. These assets were acquired in conjunction with the acquisition of Emerald Oil North America on July 26, 2012 (see Note 3 — Acquisition of Business).

The assets are governed by a participation agreement (the ''Participation Agreement'') with Entek GRB LLC, a subsidiary of Entek Energy Ltd, a publicly traded Australian exploration and production company. Under the Participation Agreement, the Company and Entek have agreed to jointly develop each party's respective leasehold interests within a designated area of mutual interest, referred to as the Green River Basin AMI. The collective leasehold position consists of 45,000 gross acres in Routt County, Colorado and 67,000 gross acres in Moffat County, Colorado and Carbon County, Wyoming. The collective leasehold interest of the Company and Entek in the Green River Basin AMI is owned 45% by the Company and 55% by Entek, and Entek is the operator of the properties.

On January 7, 2013, the Company entered into a definitive agreement with East Management Services, LP, under which the Company has agreed to sell its undivided 45% working interest in its leasehold position in Moffat County, Colorado and Carbon County, Wyoming (see Note 16 — Subsequent Events).

Big Snowy Joint Venture

In October 2008, the Company entered into the Big Snowy Joint Venture Agreement with an administrator third-party to acquire certain oil and natural gas leases in the Heath shale oil play in Musselshell, Petroleum, Garfield, Rosebud and Fergus Counties in Montana, and another third party to perform as the operator. Under the terms of the agreement, the Company is responsible for 72.5% of lease acquisition costs, and the other parties are individually responsible for 2.5% and 25% of the lease acquisition costs. Each party controls the same respective working interest on all future production and reserves. The administrator third-party joint venture partner is responsible for coordinating the geology, acquiring the leases in its name, preparing and disseminating assignments, accounting for the project costs and administration of the well operator. The joint venture had accumulated oil and natural gas leases totaling 33,562 net mineral acres as of December 31, 2012. The Company is committed to a minimum of $1,000,000 and a maximum of $1,993,750 toward this joint venture, with all partners, including the Company, committing a minimum of

NOTE 4 OIL AND NATURAL GAS PROPERTIES – (continued)

$2,750,000. The administrator third-party joint venture partner issues cash calls during the year to replenish the joint venture cash account. The Company's contributions to the joint venture totaled $724,744 as of December 31, 2012. The unutilized cash balance was $11,790 as of December 31, 2012.

Niobrara Development with Slawson Exploration Company, Inc.

As of December 31, 2012, the Company held approximately 1,700 net acres in Weld County, Colorado and Laramie County, Wyoming, with 1,440 net acres currently held by production with Slawson Exploration Company, Inc. (''Slawson''). The Company currently has no plans for drilling any additional development wells under this development program during 2012.

Major Joint Venture

In May 2008, the Company entered into the Major Joint Venture Agreement with a third-party partner to acquire certain oil and natural gas leases in the Tiger Ridge Gas Field in Blaine, Hill, and Choteau Counties of Montana. Under the terms of the joint venture agreement, the Company is responsible for all lease acquisition costs. The third-party joint venture partner is responsible for coordinating the geology, acquiring the leases in its name, preparing and disseminating assignments, accounting for the project costs and administration of the well operator.

Tiger Ridge Joint Venture

In November 2009, the Company entered into the Tiger Ridge Joint Venture Agreement with a third-party, Hancock Enterprises, and a well operator, MCR, LLC, to develop and exploit a drilling program in two certain blocks of acreage in the Major Joint Venture, which is an area of mutual interest. The Company controls a 70% working interest, while a third-party investor and the well operator control a 10% working interest and 20% working interest, respectively. The joint venture agreement requires that all parties contribute in cash their proportional share to cover all costs incurred in developing these blocks of acreage for drilling. The Company participated in the drilling of two wells with Devon Energy Corporation, both of which were drilled and shut-in in 2010. The Company conducted 3-D seismic testing throughout 2010 and drilled and completed six exploratory wells in the fourth quarter of 2011 with our joint venture partners. These wells are currently under evaluation for economical production at current natural gas prices.

NOTE 5 RELATED PARTY TRANSACTIONS

On September 22, 2010, Steven Lipscomb and Michael Reger subscribed for $500,000 and $1,000,000 of senior secured promissory notes, respectively. The issuance of the senior secured promissory notes is described in Note 8 to the consolidated financial statements. Mr. Lipscomb is a former director of the Company. Mr. Reger is a brother of J.R. Reger, who is Executive Chairman of the Company and formerly the Chief Executive Officer. The Company's Audit Committee, which consisted solely of independent directors, reviewed and approved this transaction. The senior secured promissory notes were paid in full on February 10, 2012.

On November 2, 2011, the Company purchased certain leases consisting of approximately 256 net acres in Dunn County, North Dakota for a total purchase price of $768,000. The leases were purchased from Ante5, Inc. (''Seller''), a related party. The Seller and its assets were spun off from the Company and became a separate public reporting U.S. company on June 24, 2010. The Chairman of the Board of the Seller is Bradley Berman, who is the son of a director of the Company and also the beneficial owner of less than five percent of the Company's outstanding common stock as of December 31, 2012. The Company's Audit Committee reviewed and approved this transaction prior to its completion. In approving this transaction, the Audit Committee, which consisted solely of independent directors, took into account, among other factors, that due diligence performed by the Company evidenced that the leases were purchased by the Company at the Seller's original cost per acre and on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances.

NOTE 6 PREFERRED AND COMMON STOCK

The Company has authorized 20,000,000 shares of preferred stock. No shares of preferred stock were issued as of December 31, 2012 and 2011.

In January 2010, the Company completed a private placement offering of 114,624 shares of common stock to accredited investors at a subscription price of $7.42 per share for total gross proceeds of $847,000. As part of this private placement, the Company entered into an introduction letter agreement with Great North Capital Consultants, Inc. (''Great North''). As compensation for the work performed, Great North received 25,217 shares of restricted common stock of the Company and $67,760 in cash. The fair value of the restricted stock was $186,340 or $7.42 per share, based upon the market value of one share of common stock on the date the transaction closed. These costs were netted against the proceeds of the offering through additional paid-in capital.

On March 10, 2010, the Company purchased leasehold interests from South Fork Exploration, LLC (SFE) for $1,374,375 and 319,229 shares of restricted common stock with a fair value of $2,358,900. SFE's president was J.R. Reger, Executive Chairman of the Company.

On February 8, 2011, the Company completed a private placement of 1,785,714 units, which consisted of one share of common stock and a warrant to purchase one-half of a share of common stock, at a subscription price of $28.00 per unit for total gross proceeds of $50 million. The exercise price of the warrants is $49.70 per whole share of common stock for a period of five years from the date of closing. The total number of shares that are issuable upon exercise of warrants is 892,857. The Company incurred costs of $3,397,749 related to this transaction, which costs were netted against the proceeds of the transaction through additional paid-in capital.

On September 28, 2012, the Company completed a public offering of 13,392,857 shares of common stock at a price of $5.60 per share for total gross proceeds of $75 million. The Company incurred costs of approximately $5.3 million related to this transaction, which costs were netted against the proceeds of the transaction through additional paid-in capital. The underwriters elected to exercise the over-allotment option to sell an additional 484,698 shares of common stock at $5.60 per share. The gross proceeds from the over-allotment exercise were $2.7 million, and the net proceeds are approximately $2.5 million after deducting underwriting discounts and commissions. The over-allotment exercise closed on October 26, 2012.

Stock Awards and Stock Unit Awards

In March 2012, the Company issued an aggregate of 14,286 shares of common stock to executives of the Company as compensation for their services. The shares were fully vested on the date of the grant. The fair value of the stock issued was approximately $294,000 or $20.58 per share, the market value of a share of common stock on the date the stock was issued. The Company expensed $160,718 in share-based compensation related to these grants in the year ended December 31, 2012. The remainder of the fair value of these grants was capitalized into the full cost pool.

In March 2012, the Company issued an aggregate 85,714 shares of restricted common stock as compensation to its officers, of which 32,142 restricted shares had vested prior to the acquisition of Emerald Oil North America. The officers forfeited the remaining 53,572 shares of restricted common stock as part of the acquisition of Emerald Oil North America.

In May 2012, the Company issued 2,858 shares of restricted common stock as compensation to an employee, which shares vest equally over two years on May 11, 2013 and May 11, 2014. As of December 31, 2012, there was approximately $29,000 of unrecognized compensation expense related to unvested restricted stock. The Company will recognize compensation expense over the remaining vesting period of the restricted stock grant. The Company has assumed a 0% forfeiture rate for the restricted stock.

NOTE 6 PREFERRED AND COMMON STOCK – (continued)

In July 2012, the Company issued an aggregate of 35,714 shares of common stock to executives of the Company as compensation for their services. The shares were fully vested on the date of the grant. The fair value of the stock issued was approximately $280,000 or $7.84 per share, the market value of a share of common stock on the date the stock was issued. The Company expensed $265,767 in share-based compensation related to these grants in the year ended December 31, 2012. The remainder of the fair value of these grants was capitalized into the full cost pool.

In July 2012, the Company issued 107,142 restricted stock units as compensation to its officers and certain employees. Unvested restricted stock units vest 35,714 on each of July 26, 2013, 2014 and 2015. As of December 31, 2012, there was approximately $723,000 of unrecognized compensation expense related to unvested restricted stock units. The Company will recognize compensation expense over the remaining vesting period of the restricted stock units. The Company has assumed a 0% forfeiture rate for the restricted stock units.

In November 2012, the Company issued an aggregate of 860,295 shares of common stock to executives of the Company as compensation for their services. The shares were fully vested on the date of the grant. The fair value of the stock issued was approximately $3,504,125 or $4.07 per share, the market value of a share of common stock on the date the stock was issued. The Company expensed $3,504,125 in share-based compensation related to these grants in the year ended December 31, 2012.

In November 2012, the Company issued 1,720,585 restricted stock units as compensation to its officers, directors and certain employees. Unvested restricted stock units vest 860,292 in each November 2013 and 2014. As of December 31, 2012, there was approximately $6,570,215 of unrecognized compensation expense related to the unvested restricted stock units. The Company will recognize compensation expense over the remaining vesting period of the restricted stock units. The Company has assumed a 0% forfeiture rate for the restricted stock units.

On December 17, 2012, the Company issued 51,351 restricted stock units as compensation to an employee. Unvested restricted stock units vest 17,117 on each December 17, 2013, 2014 and 2015. The restricted stock units vesting on December 17, 2014 and 2015 are contingent on the shareholders of the Company approving an amendment to the 2011 Plan for additional shares to be reserved under the Plan. As of December 31, 2012, there was approximately $76,706 of unrecognized compensation expense related to the unvested restricted stock units. The Company will recognize compensation expense over the remaining vesting period of the restricted stock units. The Company has assumed a 0% forfeiture rate for the restricted stock units.

The Company has estimated that $1,196,577 in federal and state withholding taxes is due on restricted stock granted to officers which vested during 2012. Of this amount, the Company estimates that it will be responsible for $62,728, which has been included in general and administrative expenses for the year ended December 31, 2012 with the remaining amount of $1,133,849 recorded as a receivable from officers as of December 31, 2012. The Company's officers remitted payment on the receivable to the Company in February and March 2013.

The Company incurred compensation expense associated with restricted stock and restricted stock units granted of $4,684,009 and $126,962 for the years ended December 31, 2012 and 2011, respectively. There were 1,847,701 unvested restricted stock units and $7,398,893 associated remaining unrecognized compensation expense as of December 31, 2012 which is expected to be recognized over the weighted-average period of 1.4 years. The Company capitalized compensation expense associated with the restricted stock of $332,673 and $99,358 to oil and natural gas properties for the years ended December 31, 2012 and 2011, respectively.

NOTE 7 STOCK OPTIONS AND WARRANTS

Stock Options

The total fair value of all stock options granted during the years ended December 31, 2012, 2011 and 2010 were calculated using the Black-Scholes valuation model based on factors present at the time the options were granted.

On April 21, 2010, the Company granted its outside directors stock options to purchase a total of 100,000 shares of common stock exercisable at $19.32 per share. The Company had assumed a 10% forfeiture rate on these options. As of December 31, 2012, 35,714 of these options have been forfeited and 7,146 of these options expired. On July 26, 2012 upon closing the acquisition of Emerald Oil North America, the remaining 57,140 options granted to the former non-employee directors of the Company became fully vested. The vesting of these options is considered a modification under GAAP. The fair value of the options calculated on the modification date was less than the remaining unamortized expense to be reported on the options. The Company expensed the remaining grant date fair value in the year ended December 31, 2012.

On November 12, 2010, the Company granted an outside director stock options to purchase a total of 21,428 shares of common stock exercisable at $25.90 per share. The Company had assumed a 10% forfeiture rate on these options. On July 26, 2012 upon closing the acquisition of Emerald Oil North America, these options became fully vested. The vesting of these options is considered a modification under GAAP. The fair value of the options calculated on the modification date was less than the remaining unamortized expense to be reported on the options. The Company expensed the remaining grant date fair value in the year ended December 31, 2012.

In May 2011, the Company granted stock options to two employees to purchase a total of 14,286 and 7,143 shares of common stock exercisable at $21.14 and $24.85 per share, respectively. The Company has assumed a 10% forfeiture rate on these options. The options vested over one year with all of the options vesting on the anniversary date of the grant.

On May 27, 2011, the Company granted stock options to non-employee directors to purchase a total of 17,855 shares of common stock exercisable at $21.00 per share. The Company had assumed a 10% forfeiture rate on these options. On July 26, 2012 upon closing the acquisition of Emerald Oil North America, these options became fully vested. The vesting of these options is considered a modification under GAAP. The fair value of the options calculated on the modification date was less than the remaining unamortized expense to be reported on the options. The Company expensed the remaining grant date fair value in the year ended December 31, 2012.

On January 6, 2012, the Company granted stock options to an employee to purchase a total of 3,571 shares of common stock exercisable at $18.55 per share. The Company has assumed a 10% forfeiture rate on these options. The options vest on the one year anniversary date of the grant.

On March 30, 2012, the Company granted stock options to an employee to purchase a total of 50,000 shares of common stock exercisable at $17.01 per share. The Company has assumed a 10% forfeiture rate on these options. The options vest on the one year anniversary date of the grant.

On May 23, 2012, the Company granted stock options to an employee to purchase a total of 35,714 shares of common stock exercisable at $12.39 per share. The Company has assumed a 10% forfeiture rate on these options. The options vest over 30 months with 14,286 options vesting on May 23, 2013 and 2014 and 7,142 options vesting on November 23, 2014.

On May 24, 2012, the Company granted stock options to non-employee directors to purchase a total of 17,857 shares of common stock exercisable at $13.30 per share. The Company had assumed a 10% forfeiture rate on these options. On July 26, 2012 upon closing the acquisition of Emerald Oil North America, these options became fully vested. The vesting of these options is considered a modification under GAAP. The fair

NOTE 7 STOCK OPTIONS AND WARRANTS – (continued)

value of the options calculated on the modification date was less than the remaining unamortized expense to be reported on the options. The Company expensed the remaining grant date fair value in the year ended December 31, 2012.

On July 26, 2012, the Company granted stock options to officers and certain employees to purchase a total of 428,572 shares of common stock exercisable at $7.84 per share. The Company has assumed a forfeiture rate of 0% to 15% on these options. Twenty-five percent, or options to purchase 107,143 shares of common stock, vested immediately on the grant date, and the remaining options vest equally over 36 months with 107,143 options vesting on July 26, 2013 and 2014 and 2015.

On November 15, 2012 the Company granted stock options to certain employees to purchase a total of 150,000 shares of common stock exercisable at $4.43 per share. The options vested immediately on the grant date.

The impact on the Company's statement of operations of stock-based compensation expense related to options granted for the years ended December 31, 2012, 2011, and 2010 was $2,634,681, $334,520 and $170,219, respectively, net of $0 tax. The Company capitalized $249,367 and $109,688 in compensation to oil and natural gas properties related to outstanding options for the years ended December 31, 2012 and 2011, respectively. No compensation related to outstanding options for the year ended December 31, 2010 was capitalized.

A summary of options for the years ended December 31, 2012, 2011, and 2010 is as follows:

	Number of Options	Weighted Average Exercise Price	Remaining Contractual Term (in Years)	Intrinsic Value
Outstanding at January 1, 2010	—	$ —	—	$ —
Granted	121,428	20.51	—	—
Pre-Merger ante4, Inc. Options	38,429	17.50	—	—
Exercised	(5,714)	4.06	—	—
Forfeited	(14,286)	19.32	—	—
Outstanding at December 31, 2010	139,857	20.51	8.9	2,420,660
Granted	39,284	22.40	—	—
Exercised	(571)	29.68	—	—
Forfeited or Expired	(28,570)	19.32	—	—
Outstanding at December 31, 2011	150,000	20.44	7.2	—
Granted	685,713	8.11	—	—
Exercised	—	—	—	—
Forfeited or Expired	—	—	—	—
Outstanding at December 31, 2012	835,713	$10.43	7.7	$ —
Stock Options Exercisable at December 31, 2010	32,714	$20.02	7.0	$ 581,660
Stock Options Exercisable at December 31, 2011	51,786	$18.90	6.9	$ 302,750
Stock Options Exercisable at December 31, 2012	424,997	$11.39	5.9	$ 121,500

NOTE 7 STOCK OPTIONS AND WARRANTS – (continued)

For the year ended December 31, 2012, 2011 and 2010, other information pertaining to stock options was as follows:

	2012	2011	2010
Weighted-average per share grant-date fair value of stock options granted	$ 4.62	$ 14.35	$ 12.95
Total intrinsic value of options exercised	—	3,520	96,946
Total grant-date fair value of stock options vested during the year	2,159,307	349,875	—

A summary of the status of the Company's nonvested options as of December 31, 2012 and changes during the year then ended is as follows:

	Number of Options	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2011	98,214	$13.09
Granted	685,713	4.78
Vested	(373,211)	6.14
Forfeited	—	—
Nonvested at December 31, 2012	410,716	$ 5.87

The following assumptions were used for the Black-Scholes model to value the options granted during the years ended December 31, 2012, 2011 and 2010.

	2012	2011	2010
Risk free rates	0.17% to 1.20%	0.91% to 0.96%	1.35% to 2.52%
Dividend Yield	0%	0%	0%
Expected volatility	69.70% to 78.99%	85.90% to 86.17%	69.19% to 70.93%
Weighted average expected life	4 years	3 years	6 years

All stock options related to the pre-merger entity ante4, Inc. were expensed prior to the merger date, April 16, 2010. ante4, Inc. completed a spin-off of certain assets and liabilities to ante5, Inc. concurrently with the merger. As part of this spin-off, the holders of stock options for ante4, Inc. received an equal number of stock options in ante5, Inc. at an exercise price determined by methodology in accordance with the spin-off distribution agreement. As a result, the exercise prices of the stock options held in Emerald were adjusted to reflect the spin-off. The above table takes into consideration the changes in weighted average exercise price based on a modification as described in ASC 718-20-35-3. The total exercise price adjustment for the options outstanding at December 31, 2010 was $44,470 and the adjustment on shares exercised during 2010 was $1,464.

There was $1,385,207 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted as of December 31, 2012. At December 31, 2012, the remaining cost is expected to be recognized over a weighted-average period of 2.3 years. These estimates are subject to change based on a variety of future events which include, but are not limited to, changes in estimated forfeiture rates, cancellations and the issuance of new options.

NOTE 7 STOCK OPTIONS AND WARRANTS – (continued)

Warrants

The impact on the Company's statement of operations of stock-based compensation expense related to warrants granted for the years ended December 31, 2012, 2011, and 2010 was $0, $267,065 and $483,082, respectively, net of $0 tax. The Company capitalized $209,370 in compensation related to outstanding warrants to oil and natural gas properties for the year ended December 31, 2011.

A summary of warrants granted to employees, directors and consultants for the years ended December 31, 2012, 2011 and 2010 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Remaining Contractual Term (in Years)	Intrinsic Value
Outstanding at December 31, 2009	699,651	$6.58	9.7	$ 203,200
Granted	—	—	—	—
Exercised	476,358	6.44		
Outstanding at December 31, 2010	223,293	6.86	9.5	6,908,681
Granted	—	—	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2011	223,293	6.86	8.0	2,458,251
Granted	—	—	—	—
Exercised	—	—	—	—
Outstanding at December 31, 2012	223,293	$6.86	7.0	$ —

On February 8, 2011, in conjunction with the sale of 1,785,714 shares of common stock (see Note 6), the Company issued investors warrants to purchase a total of 892,858 shares of common stock exercisable at $49.70 per share.

For the years ended December 31, 2012, 2011 and 2010, other information pertaining to warrants was as follows:

	2012	2011	2010
Weighted-average grant-date fair value of warrants granted	$—	$ 2.02	$ —
Total intrinsic value of warrants exercised	$—	$ —	$8,096,977
Total grant-date fair value of warrants vested during the year	$—	$12,625,000	$ —

The following assumptions were used for the Black-Scholes model to value the warrants granted during the years ended December 31, 2012, 2011 and 2010.

	2012	2011	2010
Risk free rates	—	2.02	—
Dividend yield	—	0%	—
Expected volatility	—	75.52%	—
Weighted average expected life	—	5 years	—

NOTE 7 STOCK OPTIONS AND WARRANTS – (continued)

The table below reflects the status of warrants outstanding at December 31, 2012:

	Warrants	Exercise Price	Expiration Date
December 1, 2009	37,216	$ 6.86	December 1, 2019
December 31, 2009	186,077	$ 6.86	December 31, 2019
February 8, 2011	892,858	$49.70	February 8, 2016
	1,116,151		

NOTE 8 SENIOR SECURED PROMISSORY NOTES

In September 2010, the Company issued senior secured promissory notes in the principal amount of $15 million (the ''Notes'') in order to finance future drilling and development activities. Proceeds of the Notes were used primarily to fund developmental drilling on the Company's significant acreage positions targeting the Williston Basin — Bakken/Three Forks area and the Niobrara formation located in the DJ Basin through the joint venture with Slawson.

The Notes were paid in full on February 10, 2012 in conjunction with the Company entering into a credit facility (''the Macquarie Facility'') with Macquarie Bank Limited (''MBL'') (see Note 9 — Revolving Credit Facility). The remaining unamortized debt issuance costs of $217,809 were written off to interest expense in the year ended December 31, 2012.

NOTE 9 REVOLVING CREDIT FACILITY

On February 10, 2012, the Company entered into a credit facility (the ''Macquarie Facility'') with Macquarie Bank Limited (''MBL''). The Macquarie Facility provided up to a maximum of $150 million in principal amount of borrowings to be used as working capital for exploration and production operations. Initially, $15 million of financing was available under the Macquarie Facility based on reserves (Tranche A), with an additional $50 million available under a development tranche (Tranche B).

The borrowing base of funds that were available to the Company under Tranche A was re-determined semi-annually based upon the net present value, discounted at 10% per annum, of the future net revenues expected to accrue from the Company's interests in proved reserves estimated to be produced from its crude oil and natural gas properties. The Macquarie Facility had a termination date of February 10, 2015. Tranche B was uncommitted, however, MBL could, in its sole discretion and subject to an approved revised development plan and the satisfaction of certain conditions, commit additional funds under Tranche B. Outstanding borrowings, if any, under Tranche B were due in six equal monthly installments beginning on August 10, 2015.

The Company had the option to designate the reference rate of interest for each specific borrowing under the Macquarie Facility as amounts were advanced. Under Tranche A, borrowings that were designated to be based upon the London Interbank Offered Rate (''LIBOR'') would bear interest at a rate equal to LIBOR plus a spread ranging from 2.75% to 3.25%, depending on the percentage of borrowing base that was advanced. Any borrowings not designated LIBOR-based would bear interest at a rate equal to the current prime rate published by the Wall Street Journal plus a spread ranging from 1.75% to 2.25%, depending on the percentage of borrowing base that is currently advanced. The Company had the option to designate either pricing mechanism. The Company's interest rate on Tranche A was 3.482% when the Macquarie Facility was paid off. Tranche B borrowing would bear interest at a rate equal to LIBOR plus 7.5%. The Company's interest rate on Tranche B was 7.732% when the Macquarie Facility was paid off. Interest payments were due under the Facility in arrears; in the case of a LIBOR-based loan, on the last day of the specified interest period and in the case of all other loans on the last day of each March, June, September and December. All outstanding principal was due and payable upon termination of the Macquarie Facility.

NOTE 9 REVOLVING CREDIT FACILITY – (continued)

On July 26, 2012, the Company entered into an amended and restated credit agreement with MBL to expand the existing availability and outstanding balance under its existing Macquarie Facility and drew $15 million of additional debt on a new third tranche at an initial rate of 9% above the applicable LIBOR and had the potential to draw a maximum of $20 million. The $15 million drawn was used for existing development activities and was paid in full with proceeds from the equity offering completed on September 28, 2012.

Upon an event of default, the applicable interest rate under the Macquarie Facility would have increased, and the lenders could have accelerated payments under the Macquarie Facility or call all obligations due under certain circumstances. The Macquarie Facility referenced various events constituting a default, including, but not limited to, failure to pay interest on any loan under the Macquarie Facility, any material violation of any representation or warranty under the Macquarie Facility, failure to observe or perform certain covenants, conditions or agreements under the Macquarie Facility, a change in control of the Company, default under any other material indebtedness of the Company, bankruptcy and similar proceedings and failure to pay disbursements from lines of credit issued under the Macquarie Facility.

The Macquarie Facility required the Company to enter into hedging agreements with MBL for each month of the 36-month period following the date on which each such hedge agreement is executed, the notional volumes for which, when aggregated with other commodity derivative agreements and additional fixed-price physical off-take contracts then in effect are not less than 50%, nor greater than 90%, of the reasonably anticipated projected production from our proved developed producing reserves. The Facility also required the Company to maintain certain financial ratios, including current ratio (at least 1.00 to 1.00), debt coverage ratio (no more than 3.50 to 1.00), interest coverage ratio (at least 2.50 to 1.00) and a ceiling on general and administrative expenses (no more than $500,000 per fiscal quarter, excluding certain non-cash, audit and engineering-related expenses).

All of the Company's obligations under the Macquarie Facility and the derivative agreements with MBL were secured by a first priority security interest in any and all of the Company's assets.

On November 20, 2012, the Company entered into a credit agreement (the ''Credit Agreement'') with Wells Fargo Bank, N.A. (''Wells Fargo''), as administrative agent, and the lenders party thereto. The Credit Agreement is a senior secured reserve-based revolving credit facility with a maximum commitment of $400 million and an initial borrowing base of $27.5 million (the ''Wells Fargo Facility''). The Macquarie Facility was paid in full on November 20, 2012. The remaining unamortized debt issuance costs of $389,333 related to the Macquarie Facility were written off to interest expense in the year ended December 31, 2012.

Amounts borrowed under the Wells Fargo Facility will mature on November 20, 2017, and upon such date, any amounts outstanding under the Facility are due and payable. Redeterminations of the borrowing base will be on a semi-annual basis, with an option to elect an additional redetermination every six months between the semi-annual redeterminations.

The annual interest cost, which is dependent upon the percentage of the borrowing base utilized, is, at the Company's option, based on either the Alternate Base Rate (as defined in the Credit Agreement) plus 0.75% to 1.75% or the London Interbank Offer Rate (LIBOR) plus 1.75% to 2.75%; provided, in no event may the interest exceed the maximum interest rate allowed by any current or future law. As of December 31, 2012, the annual interest rate on the Wells Fargo Facility was 2.81%, which is based on LIBOR plus 2.25%. Interest on ABR Loans is due and payable on a quarterly basis, and interest on Eurodollar Loans is due and payable, at the Company's option, at one-, two-, three-, six- (or in some cases nine- or twelve-) month intervals. The Company will also pay a commitment fee ranging from 0.375% to 0.5%, depending on the percentage of the borrowing base utilized.

NOTE 9 REVOLVING CREDIT FACILITY – (continued)

A portion of the Wells Fargo Facility not in excess of $5 million will be available for the issuance of letters of credit by Wells Fargo. The Company will pay a rate per annum ranging from 1.75% to 2.75% on the face amount of each letter of credit issued and will pay a fronting fee equal to the greater of $500 and 0.125% of the face amount of each letter of credit issued. The Company did not obtain any letters of credit under the Wells Fargo Facility in 2012.

Each of the Company's subsidiaries is a guarantor under the Wells Fargo Facility. The Wells Fargo Facility is secured by first priority, perfected liens and security interests on substantially all assets of the Company and the guarantors, including a pledge of their ownership in their respective subsidiaries.

The Credit Agreement contains customary covenants that include among other things, limitations on the ability of the Company to incur or guarantee additional indebtedness; create liens; pay dividends on or repurchase stock; make certain types of investments; enter into transactions with affiliates; and sell assets or merge with other companies. The Credit Agreement also requires compliance with certain financial covenants, including, (a) a ratio of current assets to current liabilities of at least 1.00 to 1.00, (b) a maximum ratio of debt to EBITDA for the preceding four fiscal quarters of no more than 3.50 to 1.00, and (c) a fixed charge coverage ratio for any four fiscal quarters of at least 3.00 to 1.00. The Company was not in compliance with the current ratio covenant as of December 31, 2012, and a waiver was obtained from Wells Fargo.

The Company had $4.0 million available under the Wells Fargo Facility as of December 31, 2012. The principal balance amount on the Credit Agreement was $23.5 million at December 31, 2012.

NOTE 10 ASSET RETIREMENT OBLIGATION

The Company has asset retirement obligations associated with the future plugging and abandonment of its proved oil and natural gas properties and related facilities. Under the provisions of ASC 410-20-25, the fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred and a corresponding increase in the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost is depleted using the units of production method. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. The fair value of additions to the asset retirement obligations is estimated using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) plug and abandon costs per well based on existing regulatory requirements; (ii) remaining life per well; (iii) future inflation factors (2.5% for each of the years in the three-year period ended December 31, 2012); and (iv) a credit-adjusted risk-free interest rate (average of 7.0% for each of the years in the three-year period ended December 31, 2012). These inputs require significant judgments and estimates by the Company's management at the time of the valuation and are the most sensitive and subject to change. The Company has no assets that are legally restricted for purposes of settling asset retirement obligations.

The following table summarizes the Company's asset retirement obligation transactions recorded in accordance with the provisions of ASC 410-20-25 for the years ended December 31, 2012 and 2011:

	2012	2011
Beginning Asset Retirement Obligation	$116,119	$ 10,522
Liabilities Incurred or Acquired	164,967	100,715
Accretion of Discount on Asset Retirement Obligations	14,988	4,882
Ending Asset Retirement Obligation	$296,074	$116,119

NOTE 11 INCOME TAXES

The Company utilizes the asset and liability approach to measuring deferred tax assets and liabilities based on temporary differences existing at each balance sheet date using currently enacted tax rates in accordance with ASC 740-10-30. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The income tax expense (benefit) for the year ended December 31, 2012, 2011, and 2010 consists of the following:

	2012	2011	2010
Current Income Taxes	$—	$—	$65,240
Deferred Income Taxes			
Federal	—	—	—
State	—	—	—
Total Expense	$—	$—	$65,240

The following is a reconciliation of the reported amount of income tax expense (benefit) for the years ended December 31, 2012, 2011 and 2010 to the amount of income tax expenses that would result from applying the statutory rate to pretax income.

Reconciliation of reported amount of income tax expense:

	2012	2011	2010
Loss Before Taxes	$(62,296,099)	$(1,354,054)	$(4,203,329)
Federal Statutory Rate	35%	35%	34%
Benefit Computed at Federal Statutory Rates	(21,803,635)	(473,919)	(1,429,132)
State Benefit, Net of Federal Benefit	(1,969,364)	(68,416)	(157,760)
Effects of:			
Nondeductible expenses	10,941	—	—
Other	(119,872)	48,919	4,132
Nondeductible Merger Costs Paid	—	—	283,000
Merger with ante4, Inc.	—	—	(195,000)
Change in Valuation Allowance	23,881,930	493,416	1,560,000
Reported Provision	$ —	$ —	$ 65,240

NOTE 11 INCOME TAXES – (continued)

The components of the Company's deferred tax asset were as follows:

	Year Ended December 31,	
	2012	2011
Deferred Tax Assets		
Current:		
Share Based Compensation	$ 1,672,296	$ 455,000
Derivatives	78,027	—
Other	—	28,550
Current	1,750,323	483,550
Non-Current:		
Net Operating Loss Carryforwards (NOLs)	19,654,346	14,022,924
Equity Investments	116,488	—
Derivatives	(9,589)	—
Oil and Natural Gas Properties	6,522,543	(11,698,388)
Other	(9,491)	—
Non-Current	26,274,297	2,324,536
Total Deferred Tax Assets	28,024,620	2,808,086
Less: Valuation Allowance	(28,024,620)	(2,808,086)
Net Deferred Tax Asset	$ —	$ —

At December 31, 2012, the Company has U.S. Federal net operating loss (NOL) carryovers of $58,142,000, which expire at various dates from 2029 through 2032. In addition, the Company has state NOL carryovers of approximately $50,712,000. During 2012, the Company had a IRC Section 382 change of ownership which may restrict its ability to utilize its NOL carryovers. Valuation allowances of $28,025,000 and $2,808,000 have been established to offset the Company's net deferred tax assets as of December 31, 2012 and December 31, 2011, respectively, as the realization of these deferred tax assets is not more likely than not.

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. The Company has no liabilities for unrecognized tax benefits.

The Company's policy is to recognize potential interest and penalties accrued related to unrecognized tax benefits within income tax expenses. For the years ended December 31, 2012, 2011 and 2010, the Company did not recognize any interest or penalties in its statement of operations, nor did it have any interest or penalties accrued in its balance sheet at December 31, 2012 and 2011 relating to unrecognized benefits.

The tax years 2009 through 2012 remain open to examination for U.S. federal income tax purposes. The Company files tax returns with various state taxing authorities and these returns remain open to examination for the tax years 2008 through 2012.

NOTE 12 FAIR VALUE

ASC 820-10-55 defines fair value, establishes a framework for measuring fair value under GAAP and enhances disclosures about fair value measurements. Fair value is defined under ASC 820-10-55 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 — Unadjusted quoted prices in active markets that are accessible at measurement date for identical assets or liabilities.

Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and less observable from objective sources.

The following schedule summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated balance sheet as of December 31, 2012:

	Fair Value Measurements at December 31, 2012 Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Commodity Derivatives – Current Liability (oil swaps and collars)	$—	$(206,645)	$—
Commodity Derivatives – Long Term Asset (oil swaps and collars)	—	25,397	—
Total	$—	$(181,248)	$—

There were no financial instruments measured at fair value on a recurring basis as of December 31, 2011.

Level 2 assets consist of commodity derivative assets and liabilities (See Note 14 — Derivative Instruments and Price Risk Management). The fair value of the commodity derivative assets and liabilities are estimated by the Company by utilizing an option pricing model which takes into account notional quantities, market volatility, market prices, contract parameters and discount rates based on published LIBOR rates. The Company validates the data provided by third parties by understanding the pricing models used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those securities trade in active markets. Assumed credit risk adjustments, based on published credit ratings, public bond yield spreads and credit default swap spreads, are applied to the Company's commodity derivatives. Significant changes in the quoted forward prices for commodities and changes in market volatility generally leads to corresponding changes in the fair value measurement of our oil derivative contracts. The fair value of all derivative contracts is reflected on the consolidated balance sheet.

NOTE 13 FINANCIAL INSTRUMENTS

The Company's non-derivative financial instruments include cash and cash equivalents, accounts receivable, accounts payable and the revolving credit facility. The carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of their immediate or short-term maturities. The book value of the revolving credit facility approximates fair value because of its floating rate structure. The Company has classified the credit facility as a Level 2 item with the fair value hierarchy.

NOTE 14 DERIVATIVE INSTRUMENTS AND PRICE RISK MANAGEMENT

The Company utilizes commodity swap contracts and costless collars (purchased put options and written call options) to (i) reduce the effects of volatility in price changes on the oil commodities it produces and sells, (ii) reduce commodity price risk and (iii) provide a base level of cash flow in order to assure it can execute at least a portion of its capital spending.

All derivative positions are carried at their fair value on the consolidated balance sheet and are marked-to-market at the end of each period. Both the unrealized and realized gains and losses resulting from the contract settlement of derivatives are recorded in the loss on commodity derivatives line on the consolidated statement of operations.

The Company has a master netting agreement on each of the individual oil contracts and therefore the current asset and liability are netted on the consolidated balance sheet and the non-current asset and liability are netted on the consolidated balance sheet.

The Company realized a loss on settled derivatives of $34,191 and an unrealized loss on mark-to-market of derivatives instruments of $181,248 for the year ended December 31, 2012. The Company did not enter into derivative instruments prior to 2012.

The following table reflects open commodity swap contracts as of December 31, 2012, the associated volumes and the corresponding weighted average NYMEX reference price.

Settlement Period	Oil (Barrels)	Fixed Price	Weighted Avg NYMEX Reference Price
Oil Swaps			
January 1, 2013 – December 31, 2013	73,370	$88.00	$92.70
January 1, 2014 – December 31, 2014	48,742	$88.00	$92.70
January 1, 2015 – February 28, 2015	6,404	$88.00	$92.70
Total	128,516		

Costless collars are used to establish floor and ceiling prices on anticipated oil production. There were no premiums paid or received by the Company related to the costless collar agreements. The following table reflects open costless collar agreements as of December 31, 2012.

Term	Oil (Barrels)	Price	Basis
Costless Collars			
January 1, 2013 – December 31, 2013	73,389	$90.00 – $103.50	NYMEX
January 1, 2014 – December 31, 2014	54,525	$90.00 – $103.50	NYMEX
January 1, 2015 – February 28, 2015	7,472	$90.00 – $103.50	NYMEX
Total	135,386		

NOTE 14 DERIVATIVE INSTRUMENTS AND PRICE RISK MANAGEMENT – (continued)

At December 31, 2012, the Company had derivative financial instruments recorded on the consolidated balance sheet as set forth below:

Type of Contract	Balance Sheet Location	
Derivative Assets:		
Costless Collars	Non-current assets	630,441
Costless Collars	Non-current liabilities	(382,872)
Swap Contracts	Non-current liabilities	(222,172)
Total Derivative Assets		$ 25,397
Derivative Liabilities:		
Costless Collars	Current liabilities	$(194,810)
Costless Collars	Current assets	$ 365,679
Swap Contracts	Current liabilities	(377,514)
Total Derivative Liabilities		$(206,645)
Net Derivative Position		$(181,248)

The use of derivative transactions involves the risk that the counterparties will be unable to meet the financial terms of such transactions. The Company has netting arrangements with Wells Fargo Bank, N.A. that provide for offsetting payables against receivables from separate derivative instruments.

On January 4, 2013, the Company executed a NYMEX West Texas Intermediate oil derivative swap contract that unwound the swap and collar contracts and combined the swap and collar contracts into a single swap contract (see Note 16 — Subsequent Events).

NOTE 15 COMMITMENTS AND CONTINGENCIES

We are subject to litigation claims and governmental and regulatory proceedings arising in the ordinary course of business. We believe that all such litigation matters are not likely to have a material adverse effect on the Company's financial position, cash flows or results of operations.

NOTE 16 SUBSEQUENT EVENTS

Sand Wash Basin Sale

On January 7, 2013, the Company entered into a definitive agreement with East Management Services, LP (''East''), under which the Company has agreed to sell its undivided 45% working interest in and to certain oil and natural gas leaseholds in the Sand Wash Basin, comprising approximately 30,902 net acres of the Company's 45,800 net acres located in Routt and Moffatt Counties, Colorado and Carbon County, Wyoming. The effective time for the transfer of the leases will be the date of closing. The closing of the transaction is expected to occur during the first quarter of 2013, subject to the satisfaction of customary closing conditions and the condition that East and Entek GRB, LLC enter into and timely perform an agreement by which East acquires Entek's interest in the certain oil and gas leaseholds.

The aggregate estimated sales price is approximately $10.0 million, subject to adjustment for certain title defects and title benefits and for leases with a primary term expiring on or before June 30, 2013 that cannot be renewed or extended. The Company is currently determining the appropriate sales allocation for this transaction. The agreement may be terminated (i) by mutual agreement of the parties; (ii) by East if certain representations by the Company regarding overriding royalty interests or working interests are not true; (iii) by East if during the 45-day period following execution of the Agreement, title defects exceed 5% of the net acres of the certain oil and gas leaseholds; (iv) by East if there are any environmental claims against the Company that might result in a material adverse effect on the certain oil and natural gas leaseholds, or (v) by either party if East is unable to acquire Entek's interest in the certain oil and natural gas leaseholds.

NOTE 16 SUBSEQUENT EVENTS – (continued)

Acreage Acquisitions

On January 9, 2013, the Company entered into a purchase and sale agreement with a third party pursuant to which the Company acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $4.7 million purchase price of the acquired leases, the Company issued 851,315 shares of its common stock at a per share value of $5.50 per share, based on the five-day trading volume-weighted average price of the Company's common stock prior to closing. The Company issued the shares of common stock in reliance upon an exemption from the registration requirements under the Securities Act of 1933, as amended, provided by Section 4(2) thereof. The Company is currently determining the appropriate purchase price allocation for this transaction. Under the terms of each purchase and sale agreement, the Company agreed to register the shares issued to each respective seller for resale from time to time.

On February 4, 2013, the Company entered into a purchase and sale agreement with a third party pursuant to which the Company acquired leases of oil and natural gas properties in McKenzie County, North Dakota. Pursuant to the purchase and sale agreement and as consideration for the approximate $1.9 million purchase price of the acquired leases, the Company issued 313,700 shares of its common stock at a per share value of $6.058 per share, based on the five-day trading volume-weighted average price of the Company's common stock prior to closing. The Company issued the shares of common stock in reliance upon an exemption from the registration requirements under the Securities Act of 1933, as amended, provided by Section 4(2) thereof. The Company is currently determining the appropriate purchase price allocation for this transaction. Under the terms of each purchase and sale agreement, the Company agreed to register the shares issued to each respective seller for resale from time to time.

White Deer Energy Securities Purchase Agreement

On February 1, 2013, the Company entered into a securities purchase agreement with WDE Emerald Holdings LLC, a Delaware limited liability company, and White Deer Energy FI L.P., a Cayman Islands exempted limited partnership, pursuant to which, in exchange for a cash investment of $50 million, the Company issued to the Investors the following (collectively, the ''Investment''):

- 500,000 shares of a new Series A Perpetual Preferred Stock, $0.001 par value per share (the ''Series A Preferred Stock'');
- 5,114,633 shares of a new Series B Voting Preferred Stock, $0.001 par value per share (the ''Series B Preferred Stock''); and
- warrants to purchase an initial aggregate amount of 5,114,633 shares of the Company's common stock, $0.001 par value per share (the ''Common Stock''), at an initial exercise price of $5.77 per share.

The Series A Preferred Stock, the Series B Preferred Stock and the warrants are referred to herein as the ''Securities.'' The warrants will entitle the holders thereof to acquire a number of shares of Common Stock equal to approximately 19.75% of the shares of Common Stock outstanding as of February 19, 2013, or approximately 16.49% of the Company's outstanding Common Stock on a diluted basis taking into account the exercise of the warrants. The Company is currently evaluating the accounting for the issuance of the preferred stock and related warrants to determine whether equity and/or liability treatment is required.

Prior to April 1, 2015, the Company may pay dividends on the outstanding shares of Series A Preferred Stock either in cash or by issuance of additional shares of Series A Preferred Stock valued at the volume-weighted average trading price of the Common Stock for the ten consecutive trading days preceding the dividend payment date and an additional warrant to purchase shares of Common Stock at an exercise price equal to such volume-weighted average price; provided that such dividends must be paid in cash unless and until the Company's shareholders vote to approve the issuance of any warrants and any shares of Common Stock issuable upon exercise of such warrants.

NOTE 16 SUBSEQUENT EVENTS – (continued)

Derivative Instruments

On January 4, 2013, the Company executed the following NYMEX West Texas Intermediate oil derivative swap contract that unwound the swap and collar contracts disclosed in Note 14 — Derivative Instruments and Price Risk Management above and combined the swap and collar contracts into a single swap contract as indicated below:

Settlement Period	Oil (Barrels)	Fixed Price	Weighted Avg NYMEX Reference Price
Oil Swaps			
January 1, 2013 – December 31, 2013	146,759	$91.00	$93.12
January 1, 2014 – December 31, 2014	103,267	$91.00	$93.12
January 1, 2015 – February 28, 2015	13,876	$91.00	$93.12
Total	263,902		

NOTE 17 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

Quarterly data for the years ended December 31, 2012 and 2011 are as follows:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
2012				
Revenue	$4,185,898	$ 9,014,972	$ 5,476,134	$ 9,237,542
Expenses	3,926,478	15,806,435	2,065,334	65,769,914
Income (Loss) from Operations	259,420	(6,791,463)	3,410,800	(56,532,372)
Other Income (Expense), Net	(515,790)	(169,445)	(1,415,958)	(541,291)
Net Income (Loss)	$ (256,370)	$ (6,960,908)	$ 1,994,842	$(57,073,663)
Net Loss Per Common Share – Basic and diluted	$ (0.00)	$ (0.12)	$ 0.20	$ (2.36)

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
2011				
Revenue	$ 832,621	$1,666,535	$2,872,674	$3,054,299
Expenses	1,233,288	1,592,166	2,310,151	2,577,136
Income (Loss) from Operations	(400,667)	74,369	562,523	477,163
Other Income (Expense), Net	(489,107)	(539,426)	(506,649)	(523,260)
Net Income (Loss)	$ (889,774)	$ (465,057)	$ 55,874	$ (46,097)
Net Loss Per Common Share – Basic and diluted	$ (0.12)	$ (0.06)	$ 0.01	$ (0.01)

SUPPLEMENTAL OIL AND NATURAL GAS INFORMATION

(UNAUDITED)

Oil and Natural Gas Exploration and Production Activities

Oil and natural gas sales reflect the market prices of net production sold or transferred with appropriate adjustments for royalties, net profits interest, and other contractual provisions. Production expenses include lifting costs incurred to operate and maintain productive wells and related equipment including such costs as operating labor, repairs and maintenance, materials, supplies and fuel consumed. Production taxes include production and severance taxes. Depletion of oil and natural gas properties relates to capitalized costs incurred in acquisition, exploration, and development activities. Results of operations do not include interest expense and general corporate amounts. The results of operations for the Company's oil and natural gas production activities are provided in the Company's related statements of operations.

Costs Incurred and Capitalized Costs

The costs incurred in oil and natural gas acquisition, exploration and development activities follow:

	Year Ended December 31,		
	2012	2011	2010
Costs Incurred for the Year:			
Proved Property Acquisition	$ 7,799,945	$ —	$ —
Unproved Property Acquisition	54,917,350	18,351,743	22,886,390
Exploration Costs	1,939,440	251,566	1,358,867
Development	71,811,058	36,125,604	9,154,054
Total	$136,467,793	$54,728,913	$33,399,311

Excluded costs for unproved properties are accumulated by year. Costs are reflected in the full cost pool as the drilling costs are incurred or as costs are evaluated and deemed impaired. The Company anticipates these excluded costs will be included in the depletion computation over the next five years. The Company is unable to predict the future impact on depletion rates. The following is a summary of capitalized costs excluded from depletion at December 31, 2012 by year incurred.

	Year Ended December 31,				
	Total	2012	2011	2010	Prior Years
Property Acquisition	$55,127,107	$34,486,397	$ 9,712,705	$8,402,218	$2,525,787
Exploration	3,549,873	1,939,440	251,565	1,358,868	—
Drilling	2,777,851	1,973,696	642,225	161,930	—
Total	$61,454,831	$38,399,533	$10,606,495	$9,923,016	$2,525,787

Oil and Natural Gas Reserves and Related Financial Data

Information with respect to the Company's oil and natural gas producing activities is presented in the following tables. Reserve quantities, as well as certain information regarding future production and discounted cash flows, were determined by Pressler Petroleum Consultants, Inc. and audited by Netherland Sewell & Associates, Inc.

Oil and Natural Gas Reserve Data

The following tables present the Company's estimates of its proved oil and natural gas reserves. The Company emphasizes that reserves are approximations and are expected to change as additional information becomes available. Reservoir engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way, and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment.

	Natural Gas (MCF)	Oil (BLS)
Proved Developed and Undeveloped Reserves at December 31, 2009	—	—
Revisions of Previous Estimates	187,130	354,757
Production	(3,489)	(13,198)
Proved Developed and Undeveloped Reserves at December 31, 2010	183,641	341,559
Revisions of Previous Estimates	21,651	104,077
Extensions, Discoveries and Other Additions	1,548,713	2,876,902
Production	(14,962)	(95,517)
Proved Developed and Undeveloped Reserves at December 31, 2011	1,739,043	3,227,021
Revisions of Previous Estimates	(1,225,387)	(2,738,676)
Extensions, Discoveries and Other Additions	841,310	1,808,282
Acquisition of Reserves	1,680,618	2,892,866
Production	(127,091)	(320,147)
Proved Developed and Undeveloped Reserves at December 31, 2012	2,908,493	4,869,346
Proved Developed Reserves:		
Proved Developed Reserves at December 31, 2009	—	—
Proved Developed Reserves at December 31, 2010	35,573	94,783
Proved Developed Reserves at December 31, 2011	410,092	1,066,504
Proved Developed Reserves at December 31, 2012	1,014,158	1,788,230
Proved Undeveloped Reserves:		
Proved Undeveloped Reserves at December 31, 2009	—	—
Proved Undeveloped Reserves at December 31, 2010	148,067	246,776
Proved Undeveloped Reserves at December 31, 2011	1,328,953	2,160,518
Proved Undeveloped Reserves at December 31, 2012	1,894,335	3,081,116

Proved reserves are estimated quantities of oil and natural gas, which geological and engineering data indicate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are included for reserves for which there is a high degree of confidence in their recoverability and they are scheduled to be drilled within the next five years.

Standardized Measure of Discounted Future Net Cash Inflows and Changes Therein

The following table presents a standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves and the changes in standardized measure of discounted future net cash flows relating to proved oil and natural gas were prepared in accordance with the provisions of ASC 932-235-555. Future cash inflows were computed by applying average prices of oil and natural gas for the last 12 months as of December 31, 2012 to estimated future production. Future production and development costs were computed by estimating the expenditures to be incurred in developing and producing the proved oil and natural gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. Future income tax expenses were calculated by applying appropriate year-end tax rates to future pretax cash flows relating to proved oil and natural gas reserves, less the tax basis of properties involved and tax credits and loss carryforwards relating to oil and natural gas producing activities. Future net cash flows are discounted at the rate of 10% annually to derive the standardized measure of discounted future cash flows. Actual future cash inflows may vary considerably, and the standardized measure does not necessarily represent the fair value of the Company's oil and natural gas reserves.

	Year Ended December 31,		
	2012	2011	2010
Future Cash Inflows	$ 432,483,781	$297,627,312	$24,430,880
Future Production Costs	(135,774,945)	(78,513,840)	(6,183,310)
Future Development Costs	(93,833,711)	(65,608,984)	(8,643,951)
Future Income Taxes	(12,157,129)	—	—
Future Net Cash Inflows	190,717,996	153,504,488	9,603,619
10% Annual Discount for Estimated Timing of Cash Flows	(105,433,212)	(93,879,486)	(4,828,213)
Standardized Measure of Discounted Future Net Cash Flows	$ 85,284,784	$ 59,625,002	$ 4,775,406

The twelve month average prices for the year ended December 31, 2012 was adjusted to reflect applicable transportation and quality differentials on a well-by-well basis to arrive at realized sales prices used to estimate the Company's reserves. The prices for the Company's reserve estimates were as follows:

	Natural Gas MCF	Oil Bbl
December 31, 2012	$5.13	$85.75
December 31, 2011	$6.34	$88.81
December 31, 2010	$4.05	$69.35

Changes in the future net cash inflows discounted at 10% per annum follow:

	Year Ended December 31,		
	2012	2011	2010
Beginning of Period	$ 59,625,002	$ 4,775,406	$ —
Sales of Oil and Natural Gas Produced, Net of Production Costs	(22,447,837)	(6,981,743)	(813,411)
Extensions and Discoveries	38,895,353	45,912,799	5,588,817
Previously Estimated Development Cost Incurred During the Period	11,482,616	7,959,195	—
Net Change of Prices and Production Costs	(3,003,652)	6,349,467	—
Change in Future Development Costs	(13,726,678)	(197,986)	—
Revisions of Quantity and Timing Estimates	(30,431,352)	1,079,350	—
Accretion of Discount	5,962,520	477,541	—
Change in Income Taxes	(2,534,578)	—	—
Purchase of Reserves in Place	31,348,048	—	—
Changes in timing and other	10,115,342	250,973	—
	$ 85,284,784	$59,625,002	$4,775,406

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Emerald Oil, Inc.
Denver, Colorado

We hereby consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-184430, 333-172210 and 333-166402) and Form S-8 (Nos. 333-185224 and 333-179630) of Emerald Oil, Inc., formerly Voyager Oil & Gas, Inc., of our reports dated March 18, 2013, relating to the financial statements and the effectiveness of Emerald Oil, Inc.'s internal control over financial reporting which appear in this Form 10-K.

/s/ BDO USA, LLP
Houston, TX
March 18, 2013

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

MANTYLA MCREYNOLDS LLC
178 South Rio Grande Street, Suite 200
Salt Lake City, Utah 84101
Telephone: 801.269.1818
Facsimile: 801.266.3481

The Board of Directors
Emerald Oil, Inc.:

We hereby consent to the incorporation by reference in registration statements on Form S-3 (Nos. 333-184430, 333-172210 and 333-166402) and on Form S-8 of (Nos. 333-185224 and 333-179630) of Emerald Oil, Inc. (the ''Company'') our report dated March 14, 2011, with respect to the consolidated statements of operations, shareholders' equity, and cash flows for the year ended December 31, 2010, which report appears in this Form 10-K of the Company.

/s/ Mantyla McReynolds LLC
Salt Lake City, Utah
March 18, 2013

Exhibit 23.3

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the references to our firm, in the context in which they appear, and to the references to and the incorporation by reference of our audit letter dated March 12, 2013, included in the Annual Report on Form 10-K of Emerald Oil, Inc. for the fiscal year ended December 31, 2012, as well as in the notes to the financial statements included therein.

NETHERLAND, SEWELL & ASSOCIATES, INC.

/s/ C.H. (Scott) Rees III

By: C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

Dallas, Texas
March 12, 2013

EXHIBIT 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 7241)

I, Michael Krzus, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Emerald Oil, Inc., referred to as the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 18, 2013

/s/ MICHAEL KRZUS
Michael Krzus
Chief Executive Officer,
(principal executive officer)

EXHIBIT 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 7241)

I, Paul Wiesner, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Emerald Oil, Inc., referred to as the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 18, 2013

/s/ PAUL WIESNER
Paul Wiesner
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

I, Michael Krzus, Chief Executive Officer of Emerald Oil, Inc., referred to as the Company, hereby certify that, to the best of my knowledge, the annual report of the Company on Form 10-K for the year ended December 31, 2012, referred to as the report:

(a) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the report fairly presents, in all material respects, the financial condition of the Company at December 31, 2012, and the results of the Company's operations for the year ended December 31, 2012.

March 18, 2013

/s/ MICHAEL KRZUS

Michael Krzus
Chief Executive Officer
(principal executive officer)

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)

I, Paul Wiesner, Chief Financial Officer of Emerald Oil, Inc., referred to as the Company, hereby certify that, to the best of my knowledge, the annual report of the Company on Form 10-K for the year ended December 31, 2012, referred to as the report:

(a) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the report fairly presents, in all material respects, the financial condition of the Company at December 31, 2012, and the results of the Company's operations for the year ended December 31, 2012.

March 18, 2013

/s/ PAUL WIESNER

Paul Wiesner
Chief Financial Officer
(principal financial officer)

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