HALCON RESOURCES CORP
Form DEF 14A
December 17, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Halcón Resources Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Halcón Resources Corporation

1000 Louisiana St., Suite 6700

Houston, Texas 77002

Telephone (832) 538-0300

Special Meeting of Stockholders

January 17, 2013

December 17, 2012

Dear Stockholder:

We cordially invite you to attend a special meeting of the stockholders of Halcón Resources Corporation to be held at its corporate headquarters located at 1000 Louisiana St., Suite 6700, Houston, Texas 77002, on January 17, 2013, at 10:00 a.m., Central Time.

On December 6, 2012, pursuant to a Reorganization and Interest Purchase Agreement among Halcón Energy Properties, Inc., a wholly-owned subsidiary of Halcón Resources Corporation (Halcón Properties), and Petro-Hunt, L.L.C. and Pillar Energy, LLC (collectively, the Petro-Hunt Parties) dated as of October 19, 2012 (the Purchase Agreement), we acquired a total of approximately 81,000 net acres prospective for the Bakken and Three Forks formations primarily located in Williams, Mountrail, McKenzie and Dunn Counties, North Dakota (the Williston Basin Assets), through our acquisition of all of the membership interests of each of Halcón Williston I, LLC and Halcón Williston II, LLC, two new entities formed by the divisional mergers of each of the Petro-Hunt Parties (the Acquisition). We paid approximately $756 million in cash and issued 10,880.0993 shares in the aggregate of our 8% automatically convertible preferred stock (the convertible preferred stock) to Petro-Hunt Holdings, LLC and Pillar Holdings, LLC (collectively, the Parent Parties) as consideration in the Acquisition. The convertible preferred stock will automatically convert into 108,800,993 shares of our common stock, subject to adjustment as discussed below, following stockholder approval of the proposals to be considered at the special meeting.

Our common stock is listed on, and we are subject to the rules of, the New York Stock Exchange. The New York Stock Exchange Listed Company Manual requires stockholder approval of the issuance to the Parent Parties of shares of our common stock upon conversion of the convertible preferred stock. At the special meeting, holders of shares of our common stock will be asked to consider and vote on a proposal to approve the proposed conversion of the convertible preferred stock. Additionally, we do not currently have sufficient shares of our common stock authorized to issue upon conversion of the convertible preferred stock issued to the Parent Parties or to reserve fully for the potential issuance of common stock upon the conversion of securities we currently have outstanding. To address this shortfall and to allow for additional authorized common stock to support our growth and provide adequate flexibility for future corporate needs, at the special meeting, holders of shares of our common stock will be asked to consider and vote on a proposal to amend our Amended and Restated Certificate of Incorporation to increase the number of shares of common stock we are authorized to issue by 333,333,334 shares, to an aggregate of 670,000,000 authorized shares of common stock. ***Our board of directors unanimously recommends that our stockholders vote FOR each of these proposals.***

These matters are described more fully in the accompanying proxy statement, which you are urged to read thoroughly. Whether or not you plan to attend the special meeting in person, it is important that your shares be represented and voted at the special meeting. You may transmit your vote via the internet or you may complete and return the enclosed proxy card in the enclosed postage paid envelope. Transmitting your vote via the internet

Table of Contents

or completing and returning the enclosed proxy card will not prevent you from attending the special meeting and voting in person, but will assure that your vote is counted if you are unable to attend the special meeting. We thank you for your continued support of Halcón Resources Corporation.

Sincerely,

FLOYD C. WILSON
Chairman of the Board and Chief Executive Officer

Table of Contents

Halcón Resources Corporation

1000 Louisiana St., Suite 6700

Houston, Texas 77002

Notice of Special Meeting of Stockholders

To be held on January 17, 2013

To the Stockholders of Halcón Resources Corporation:

NOTICE IS GIVEN that a special meeting of the stockholders of Halcón Resources Corporation (Halcón or the Company), a Delaware corporation, is scheduled to be held at its corporate headquarters, 1000 Louisiana St., Suite 6700, Houston, Texas 77002, on January 17, 2013, at 10:00 a.m., Central Time, to consider and vote upon the following matters described in this notice and the accompanying proxy statement (collectively, the Proposals):

1. a proposal to approve, as required by Section 312.03(c) and (d) of the New York Stock Exchange Listed Company Manual, the issuance of 108,800,993 shares of Halcón common stock to Petro-Hunt Holdings, LLC and Pillar Holdings, LLC, as may be adjusted, upon the conversion of 8% automatically convertible preferred stock issued on December 6, 2012, pursuant to a Reorganization and Interest Purchase Agreement dated as of October 19, 2012;

2. a proposal to amend Article Four of our Amended and Restated Certificate of Incorporation to increase our authorized common stock by 333,333,334 shares to an aggregate of 670,000,000 authorized shares of common stock; and

3. a proposal to approve an adjournment of the special meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of the above proposals.

These matters are described more fully in the accompanying proxy statement, which you are urged to read thoroughly. ***Our board of directors unanimously recommends that you vote FOR each of these Proposals.***

All Halcón stockholders are cordially invited to attend this special meeting, although only holders of record of our common stock at the close of business on December 10, 2012 are entitled to receive notice of, and to vote at, the special meeting or any adjournment thereof. A list of stockholders who are entitled to receive notice of, and to vote at, the special meeting will be available in our offices located at 1000 Louisiana St., Suite 6700, Houston, Texas 77002, during ordinary business hours for the ten-day period preceding the date of the special meeting. A stockholder list will also be available at the special meeting.

TO ASSURE REPRESENTATION AT THE SPECIAL MEETING, WE URGE ALL STOCKHOLDERS TO RETURN A PROXY AS PROMPTLY AS POSSIBLE EITHER BY TRANSMITTING YOUR VOTE OVER THE INTERNET OR BY COMPLETING AND RETURNING A PROXY CARD IN ACCORDANCE WITH THE ENCLOSED INSTRUCTIONS. ANY STOCKHOLDER ATTENDING THE SPECIAL MEETING MAY REVOKE HIS OR HER PROXY AND VOTE IN PERSON EVEN IF HE OR SHE PREVIOUSLY RETURNED A PROXY.

By Order of the Board of Directors.

FLOYD C. WILSON
Chairman of the Board and Chief Executive Officer

December 17, 2012

Houston, Texas

Table of Contents

Information about Attending the Special Meeting

Only stockholders of record at the close of business on the record date of December 10, 2012 are entitled to notice of, and to attend and vote at, our special meeting. If you plan to attend the meeting in person, please bring the following:

1. Proper identification.

2. Acceptable Proof of Ownership if your shares are held in street name.

Street Name means your shares are held of record by brokers, banks or other institutions.

Acceptable Proof of Ownership is either (a) a letter from your broker confirming that you beneficially owned Halcón stock on the record date or (b) an account statement showing that you beneficially owned Halcón stock on the record date.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL STOCKHOLDER MEETING TO BE HELD ON JANUARY 17, 2013.

This proxy statement is available at

http://investors.halconresources.com/special-proxy.cfm

Table of Contents

TABLE OF CONTENTS

Table of Contents

Halcón Resources Corporation

1000 Louisiana St., Suite 6700

Houston, Texas 77002

Our board of directors is soliciting proxies for use at our special meeting of stockholders that is scheduled to be held at our corporate headquarters located at 1000 Louisiana St., Suite 6700, Houston, Texas 77002, on January 17, 2013, at 10:00 a.m., Central Time, or at any adjournment thereof, for the purposes set forth herein. Proxy materials are being mailed on or about December 17, 2012, to all stockholders entitled to vote at the special meeting, based on a December 10, 2012 record date.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS, SPECIAL MEETING AND VOTING

Why am I receiving these proxy materials?

Our board of directors is soliciting your proxy to vote at our special meeting of stockholders because you owned shares of our common stock at the close of business on December 10, 2012, the record date for the special meeting, and are therefore entitled to vote at the special meeting. We have made these materials available to you on the internet, and we have delivered printed proxy materials to you. This proxy statement summarizes the information that you need to know in order to cast your vote at the special meeting. You do not need to attend the special meeting in person to vote your shares.

When and where will the special meeting be held?

The special meeting will be held at 10:00 a.m., Central Time on January 17, 2013, at our corporate headquarters located at 1000 Louisiana St., Suite 6700, Houston, Texas 77002.

On what matters will I be voting? How does the board of directors recommend that I cast my vote?

At the special meeting, you will be asked to approve:

- the issuance to the Parent Parties of 108,800,993 shares of our common stock, as may be adjusted, upon the conversion of the convertible preferred stock issued to the Parent Parties on December 6, 2012 as partial consideration for our acquisition of all of the membership interests of each of Halcón Williston I, LLC and Halcón Williston II, LLC, the newly-formed entities owning the Williston Basin Assets, pursuant to the terms of the Purchase Agreement, as required by Section 312.03(c) and (d) of the NYSE Listed Company Manual (Proposal No. 1);

- an amendment to our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock by 333,333,334 shares to an aggregate of 670,000,000 authorized shares of common stock (Proposal No. 2); and

- any adjournment of the special meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of each of Proposal No. 1 and Proposal No. 2 (Proposal No. 3).

There will be no other matters presented for action at the special meeting other than the items described in this proxy statement.

Our board of directors unanimously recommends that you vote FOR each of these Proposals.

Who is entitled to vote?

Only holders of record of our common stock at the close of business on December 10, 2012, are entitled to notice of, and to vote at, the special meeting.

Table of Contents

Who is soliciting my proxy?

Our board of directors is soliciting your proxy to vote on all matters scheduled to come before the special meeting of stockholders, whether or not you attend in person. By completing and returning the proxy card or voting instruction card, or by casting your vote via the internet, you are authorizing the proxy holders to vote your shares at our special meeting as you have instructed.

Why is stockholder approval necessary for the issuance to the Parent Parties of shares of our common stock?

Our common stock is listed on the New York Stock Exchange (the NYSE) and we are subject to the NYSE rules and regulations. Section 312.03(c) of the NYSE Listed Company Manual requires stockholder approval prior to any issuance or sale of common stock, or of securities convertible into common stock, in any transaction or series of related transactions if (1) the common stock to be issued has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of the common stock or of securities convertible into common stock, or (2) if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into common stock. Section 312.03(d) of the NYSE Listed Company Manual also requires stockholder approval prior to the issuance of securities that will result in a change of control of the issuer.

We are proposing to issue 108,800,993 shares of our common stock, as may be adjusted, to the Parent Parties upon conversion of the convertible preferred stock issued to the Parent Parties pursuant to the Purchase Agreement, which exceeds 20% of both the voting power and number of shares of our common stock outstanding before the issuance. Moreover, the NYSE rules do not define a change of control, so given the percentage of common stock to be held by the Parent Parties upon conversion of the automatically convertible preferred stock and the Parent Parties right to nominate a member to the board of directors of the Company, stockholder approval of the issuance of the convertible preferred stock will also constitute approval of a change of control, if and to the extent implicated under the NYSE rules. Accordingly, at the special meeting, holders of shares of our common stock will be asked to consider and vote on Proposal No. 1.

Why is our board of directors recommending approval of each of the Proposals?

In the Purchase Agreement for the Acquisition, which our board of directors approved, the Company agreed to seek stockholder approval of each of Proposals No. 1 and No. 2. Our board of directors believes that the conversion of the convertible preferred stock is in the best interests of our stockholders, as approval of Proposals No. 1 and No. 2 will relieve us of all obligations associated with the convertible preferred stock, including the obligation to accrue or pay dividends, which will amount to $64,804,482 per annum, and our obligation to redeem the convertible preferred stock if it remains outstanding at August 15, 2021. The conversion of the convertible preferred stock also eliminates the aggregate liquidation preference that the holders of the convertible preferred stock have over holders of our common stock.

Additionally, our board of directors recommends approval of the amendment to our Amended and Restated Certificate of Incorporation to increase our authorized shares of common stock by 333,333,334 shares to an aggregate of 670,000,000 authorized shares of common stock because as of the date of this proxy statement, we do not have sufficient shares of common stock to permit conversion of the convertible preferred stock or to fully reserve against the exercise or conversion of currently outstanding options, warrants and convertible notes. Additionally, our board of directors believes that it is very important for us to have available for issuance a number of authorized shares of common stock sufficient to provide adequate flexibility for future corporate needs. These additional shares will provide us with the flexibility to issue shares in the future in a timely manner and under circumstances we consider favorable without incurring the risk, delay and potential expense incident to obtaining stockholder approval for a particular issuance. The additional authorized shares would be available for issuance from time to time at the discretion of the board of directors without further stockholder action, except as

Table of Contents

may be required for a particular transaction by law, the rules of the NYSE or other agreements and restrictions, including restrictions pursuant to the terms of any preferred stock we might issue in the future. The shares would be issuable for any proper corporate purpose, including future acquisitions, capital raising transactions consisting of equity or convertible debt, stock splits or issuances under current and any future stock incentive plans approved by our stockholders, pursuant to which we may provide equity incentives to employees, officers and directors. If our stockholders fail to approve this proposal, it may limit our financial flexibility, our ability to attract and retain key personnel and our ability to prosecute our business and potentially create stockholder value.

For these reasons, our board of directors has unanimously recommended that our stockholders approve each of these Proposals.

What will be the consequences to the Company if stockholder approval of the Proposals is not obtained?

In the event Proposals No. 1 and No. 2 are not approved by our stockholders, we have agreed to re-submit such proposals to our stockholders at least annually until the later of approval of such proposals or December 31, 2020. Additionally, the convertible preferred stock will begin accruing dividends as described under *Why is our board of directors recommending approval of each of the Proposals?* above and we will be subject to the other obligations and limitations associated with the convertible preferred stock.

How many shares are eligible to be voted?

As of the close of business on the record date of December 10, 2012, we had 258,136,868 shares of common stock outstanding, each of which is entitled to one vote.

How many shares must be present to hold the special meeting?

Under the Delaware General Corporation Law (DGCL) and our bylaws, the presence of a majority of the outstanding shares of our common stock entitled to vote and present in person or by proxy is necessary to constitute a quorum at the special meeting. The inspector of election will determine whether a quorum is present. If you are a beneficial owner (as defined below) of shares of our common stock and you do not instruct your bank, broker, trustee or other nominee how to vote your shares on either of Proposals No. 1 or No. 2, your shares will not be counted as present at the special meeting for purposes of determining whether a quorum exists. Votes of stockholders of record who are present at the special meeting in person or by proxy will be counted as present at the special meeting for purposes of determining whether a quorum exists, whether or not such holder abstains from voting on either of Proposals No. 1 or No. 2.

How do I vote?

Stockholders of Record

If your shares are registered directly in your name with our transfer agent, you are the stockholder of record of those shares and these proxy materials have been mailed to you by us. You may vote your shares by internet or by mail as further described below. Your vote authorizes each of Floyd C. Wilson and Mark J. Mize, as your proxies, each with the power to appoint his substitute, to represent and vote your shares as you direct.

Vote by Internet *http://www.proxyvote.com*

Use the internet to transmit your voting instructions 24 hours a day, seven days a week until 11:59 p.m., Central Time on January 16, 2013.

Please have your proxy card available and follow the instructions to obtain your records and create an electronic ballot.

Vote by Mail

Complete, date and sign your proxy card and return it in the postage-paid envelope provided.

Table of Contents

Only the latest dated proxy received from you, whether by internet or mail, will be voted at the special meeting. If you vote by internet, please do not mail your proxy card. You may also vote in person at the special meeting.

Beneficial Owners

If your shares are held in a stock brokerage account, by a bank, broker, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your bank, broker, trustee or nominee that is considered the shareowner of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee or nominee on how to vote your shares via the internet or by telephone if the bank, broker, trustee or nominee offers these options or by signing and returning a proxy card. Your bank, broker, trustee or nominee will send you instructions for voting your shares. For a discussion of the rules regarding the voting of shares held by beneficial owners, please see the question below entitled *What happens if I don t vote for a Proposal? What is discretionary voting? What is a broker non-vote?*

What happens if I don t vote for a Proposal? What is discretionary voting? What is a broker non-vote?

If you properly execute and return a proxy or voting instruction card, your shares will be voted as you specify. If you are a stockholder of record and you make no specifications on your proxy card, your shares will be voted in accordance with the recommendations of our board of directors, as provided above.

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 your broker does not have discretionary authority to vote. Rules of the NYSE determine whether proposals presented at stockholder 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 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 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, each of the Proposals is a *non-discretionary* proposal. Accordingly, 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 of the Proposals. 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 the Proposals and will not be included in calculating the number of votes necessary for approval of such matters to be presented at the special meeting. In addition, such shares will not be considered present at the special meeting for purposes of determining the existence of a quorum.

What are the voting requirements to approve each of the Proposals discussed in this proxy statement?

Pursuant to Section 312.07 of the NYSE Listed Company Manual, approval of Proposal No. 1 requires the affirmative vote of the holders of our common stock representing a majority of the votes cast at the special meeting, provided that the total votes cast on the Proposal represent over 50% of all outstanding securities entitled to vote to approve each of the Proposals.

Abstentions will be treated as votes cast for purposes of determining whether the total votes cast on Proposal No. 1 represents over 50% in interest of all securities entitled to vote on each Proposal as required by Section 312.07 of the NYSE Listed Company Manual. Accordingly, an abstention will have the same effect as a vote Against Proposal No. 1 for purposes of determining whether Proposal No. 1 has been approved by a majority of votes cast on such Proposal. A broker non-vote will not count as a vote cast for purposes of

Table of Contents

determining whether Proposal No. 1 has been approved by a majority of votes cast on such Proposal and, assuming that the total votes cast on Proposal No. 1 represents over 50% in interest of all securities entitled to vote, broker non-votes will have no effect on the outcome of the vote on Proposal No. 1.

Pursuant to Section 242 of the DGCL, approval of Proposal No. 2 requires the affirmative vote of holders of a majority of all our outstanding common stock entitled to vote. Abstentions and broker non-votes will have the same effect as a vote Against Proposal No. 2.

Approval of Proposal No. 3 requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock, present in person or represented by proxy and entitled to vote at the special meeting. Your failure to vote on this Proposal, other than by abstention, will have the effect of reducing the aggregate number of shares voting with respect to the Proposal, and as a result, the number of affirmative votes required to approve the Proposal. However, abstentions will have the same effect as a vote Against Proposal No. 3.

Can I revoke or change my vote after I deliver my proxy?

Yes. Your proxy can be revoked or changed at any time before it is voted if you provide notice in writing to our corporate secretary before the special meeting, timely provide to us another proxy with a later date, vote in person at the special meeting or notify the corporate secretary in writing at the special meeting of your wish to revoke your proxy.

Who pays for soliciting proxies?

We pay all expenses incurred in connection with the solicitation of proxies for the special meeting. We have retained Georgeson Inc., 199 Water Street, 26th Floor, New York, New York, for an estimated fee of $10,000, plus reimbursement of certain reasonable expenses, to assist in the solicitation of proxies and otherwise in connection with the special meeting. We and our proxy solicitor will also request banks, brokers, and other intermediaries holding shares of our common stock beneficially owned by others to send this document to, and obtain proxies from, the beneficial owners and will reimburse holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by our directors, officers and employees. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

Can any other business be conducted at the special meeting?

No. Under our bylaws and the DGCL, the business to be conducted at the special meeting will be limited to the purposes stated in the notice to stockholders provided with this proxy statement.

What happens if the special meeting is adjourned?

The special meeting may be adjourned for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time with the approval of the affirmative vote of the holders of a majority of the outstanding shares of our common stock, present in person or represented by proxy and entitled to vote at the special meeting. Under the DGCL, we are not required to notify stockholders of any adjournments of less than 30 days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. Unless a new record date is fixed, your proxy will still be valid and may be voted at the adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

Who should I call if I have questions or need assistance voting my shares?

If you have any questions or need assistance in voting your shares, please call our proxy solicitor, Georgeson Inc., toll-free at 1-866-695-6078.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement and the documents incorporated by reference include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements, other than statements of historical facts, included in or incorporated by reference into this prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements may be, but are not always, identified by their use of terms and phrases such as may, expect, estimate, project, plan, believe, intend, achievable, antici continue, potential, should, could and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, among others:

volatility in commodity prices for oil and natural gas;

our ability to successfully identify and acquire oil and natural gas properties, prospects and leaseholds, including undeveloped acreage in new and emerging resource plays;

our ability to successfully integrate acquired oil and natural gas businesses and operations;

our ability to profitably deploy our capital;

management s ability to execute our plans to meet our goals;

exploration and development risks;

our ability to attract and retain key members of senior management and key technical employees;

competition, including competition for acreage in resource play areas;

the possibility that our industry may be subject to future regulatory or legislative actions (including any additional taxes and changes in environmental regulation);

the presence or recoverability of estimated oil and natural gas reserves and the actual future production rates and associated costs;

our ability to replace oil and natural gas reserves;

environmental risks;

drilling and operating risks;

the cost and availability of goods and services, such as drilling rigs, fracture stimulation services and tubulars;

general economic conditions, whether internationally, nationally or in the regional and local market areas in which we do business, may be less favorable than expected, including the possibility that economic conditions in the United States will worsen and that capital markets are disrupted, which could adversely affect demand for oil and natural gas and make it difficult to access financial markets;

social unrest, political instability, armed conflict, or acts of terrorism or sabotage in oil and natural gas producing regions, such as the Middle East or our markets; and

other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our business, operations or pricing.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in the section entitled Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Reports on Form 10-Q for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012. All forward-looking statements are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this document. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Table of Contents

THE ACQUISITION, THE CONVERTIBLE PREFERRED STOCK AND RELATED TRANSACTIONS

While we believe that the summary below of the terms of the convertible preferred stock and the agreements entered into in connection with the acquisition of the Williston Basin Assets describes the material terms of the convertible preferred stock and such agreements, it may not contain all of the information that is important to you, and is qualified in its entirety by the relevant instruments and agreements themselves, which were included as exhibits to our periodic reports on Forms 8-K filed with the U.S. Securities Exchange Commission, or SEC, on October 22, 2012 and December 11, 2012, and are incorporated herein by reference. We encourage you to read the relevant instruments and agreements themselves in their entirety. For more information about accessing this and other information that we file with the SEC, please see the section titled Where You Can Find More Information below.

On December 6, 2012, pursuant to a Reorganization and Interest Purchase Agreement among Halcón Properties and the Petro-Hunt Parties dated as of October 19, 2012, we acquired all of the membership interests of each of Halcón Williston I, LLC and Halcón Williston II, LLC, two new entities formed by the divisional mergers of each of the Petro-Hunt Parties and wholly owned subsidiaries of the Parent Parties (the Acquisition), which subsidiaries own a total of approximately 81,000 net acres prospective for the Bakken and Three Forks formations primarily located in Williams, Mountrail, McKenzie and Dunn Counties, North Dakota (the Williston Basin Assets). The Williston Basin Assets were acquired for $756 million in cash and 10,880.0993 newly issued shares of our 8% automatically convertible preferred stock, issued to the Parent Parties, that will automatically convert into 108,800,993 shares of our common stock (i.e., 10,000 shares of common stock for each full share of convertible preferred stock) upon stockholder approval of Proposals No. 1 and 2 and NYSE approval for the listing of the shares of common stock issued upon conversion of the convertible preferred stock. The actual number of shares of our common stock to be issued upon conversion of the convertible preferred stock will increase if any dividends have accrued on the convertible preferred stock at the time of the conversion and the convertible preferred stock is also subject to anti-dilution adjustments. No dividends will accrue on the convertible preferred stock if it is converted into common stock on or prior to April 6, 2013. We will not receive any cash proceeds from the issuance of common stock on conversion of the convertible preferred stock.

Terms of the Convertible Preferred Stock

Our Amended and Restated Certificate of Incorporation authorizes us to issue 1,000,000 shares of preferred stock. On December 6, 2012, we issued 10,880.0993 shares of a new series of 8% automatically convertible preferred stock to the Parent Parties as partial consideration in the Acquisition. The summary of the provisions of the certificate of designation governing the convertible preferred stock is qualified in its entirety by reference to a copy of the certificate of designation governing the convertible preferred stock, a copy of which is attached as Annex A to this proxy statement.

Ranking; Dividends and Distributions. The convertible preferred stock ranks senior to our common stock with respect to payment of dividends and upon liquidation, dissolution or winding up of the Company. If the convertible preferred stock is not converted into shares of our common stock by April 6, 2013 (121 days after the date the convertible preferred stock was issued), the holders of the convertible preferred stock will be entitled to receive quarterly dividends, when, as and if declared by our board of directors, at the rate of 8% per annum on the aggregate liquidation preference per share from the original issue date, or $64,804,482 per annum. No dividends shall be payable or accrue on the convertible preferred stock if it converts into common stock before such date. To the extent any accrued dividends are not declared and paid in full in cash when due, the liquidation preference of each share of convertible preferred stock outstanding will be automatically increased by an amount equal to the unpaid amount of the dividend, and the number of shares of common stock issuable upon conversion of the convertible preferred stock will also increase proportionately as a result of such accrued dividends. So long as any shares of convertible preferred stock are outstanding, no dividend or other distribution, whether in liquidation or otherwise, may be declared or paid in respect of any shares of our common stock, nor may any common stock be redeemed, purchased or otherwise acquired by the Company for any consideration.

Table of Contents

In the event of any liquidation, dissolution or winding up of the Company, the holders of the convertible preferred stock will be entitled to receive (before any distribution on our common stock) an amount per share equal to the liquidation preference per share of convertible preferred stock, which is initially $74,453, and will be increased by the amount of any accrued and unpaid dividends on the convertible preferred stock. A Change of Control of the Company is deemed to be a liquidation, dissolution or winding-up of the Company. For these purposes, a Change of Control means the acquisition by a person or group of more than 50% of the combined voting power in the election of directors of the Company; or approval by the Company or its subsidiaries of any sale or disposition of substantially all of the assets of the Company and its subsidiaries, taken as a whole; or approval by the stockholders of the Company of any merger, consolidation or statutory share exchange as a result of which the persons who were stockholders of the Company immediately prior to the effective date of the merger, consolidation or share exchange have beneficial ownership of less than 50% of the combined voting power in the election of directors of the surviving corporation; provided, however, that payments on account of such Change of Control may not be made unless such payment complies with the restricted payment limitations set forth in the indentures governing the Company s senior notes.

Anti-Dilution Adjustments. The convertible preferred stock has anti-dilution adjustments for certain changes in our capital stock, including: (i) the payment of a dividend or other distribution payable in shares of our common stock, (ii) a subdivision of outstanding shares of our common stock into a greater number of shares; (iii) a combination of the outstanding shares of our common stock into a smaller number of shares; (iv) the distribution to all, or substantially all, holders of shares of our common stock of any rights, warrants or options entitling them to subscribe for or to purchase shares of our common stock at an exercise price per share less than the average of the closing prices of our common stock for the 10-consecutive trading day period ending on the trading day immediately preceding the time of announcement of such issuance (other than any rights, warrants or options that by their terms will also be issued to holders upon conversion of their convertible preferred stock into common stock); (v) a distribution to all, or substantially all, holders of our common stock of shares of capital stock, evidences of indebtedness or other assets or property; and (vi) a repurchase of all or a portion of the shares of our common stock pursuant to a tender offer or exchange offer or any other offer available to substantially all holders of our common stock to the extent that the cash and value of any other consideration included in the payment exceeds the closing price of a share of our common stock on the trading day following the effective date of such repurchase.

Consent Rights. We are not permitted to undertake the following actions without the approval by the vote or written consent of the holders of at least 66 2/3% of the shares of convertible preferred stock then outstanding: (i) amend, alter, waive, repeal or modify any provision of our Amended and Restated Certificate of Incorporation or our bylaws so as to adversely affect or otherwise impair any of the rights applicable to the convertible preferred stock; (ii) authorize, issue or increase the authorized amount of any class of securities senior to or in parity with the convertible preferred stock; (iii) increase or decrease (other than by redemption or conversion) the authorized number of shares of convertible preferred stock; (iv) liquidate, dissolve or wind up; or (v) enter into any agreement regarding, or any transaction or series of transactions resulting in, a Change of Control unless provision is made in the agreement effecting such transaction for the redemption of the convertible preferred stock.

Voting Rights. Holders of the convertible preferred stock are entitled to vote on all matters submitted to a vote of the holders of our common stock, including with respect to the election of directors; provided, they are not entitled to vote on Proposal No. 1 or Proposal No. 2, or any similar proposals to increase the authorized shares of our common stock in order to permit the conversion of shares of convertible preferred stock into shares of common stock, or required under the rules of the NYSE to authorize the issuance of the shares of common stock to the convertible preferred stock holders upon the conversion of the convertible preferred stock. Further, until such time as stockholder approval of the conversion has been obtained, the aggregate number of votes entitled to be cast by the convertible preferred stock is not permitted to exceed 19.99% of the voting power of the common stock outstanding immediately prior to the issuance of the convertible preferred stock. These limitations have been imposed on the convertible preferred stock by the NYSE.

Table of Contents

Board Representation. If the convertible preferred stock does not convert within 121 days after issuance, and there is no director appointed by the Petro-Hunt Parties serving on our board of directors, pursuant to the terms of the Purchase Agreement, then the holders of the convertible preferred stock are entitled to elect one member of our board of directors, subject to such individual satisfying all legal and governance requirements mandated by the NYSE or applicable law regarding service as a director of the Company and to the reasonable approval of our board of directors or any committee established by the board of directors to address specified governance issues.

Mandatory Redemption. On August 15, 2021, if any shares of convertible preferred stock are then outstanding, we will be required to redeem the convertible preferred stock.

Automatic Conversion into Common Stock. The convertible preferred stock will automatically convert into our common stock on the day immediately following the last to occur of: (1) approval by the stockholders of the Company, and filing with the Secretary of State of the State of Delaware, of an amendment to our Amended and Restated Certificate of Incorporation increasing the number of shares of common stock that we are authorized to issue from 336,666,666 shares to an amount sufficient to permit conversion of the convertible preferred stock (Proposal No. 2); (2) approval by the stockholders of the Company of the issuance of the common stock to be issued upon conversion of the convertible preferred stock (Proposal No. 1); (3) approval of the NYSE of the listing of the common stock to be issued upon conversion of the convertible preferred stock; and (4) termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act). The listing of the common stock to be issued upon conversion of the convertible preferred stock has been approved by the NYSE, subject to stockholder approval of Proposal No. 1. Early termination of the waiting period under the HSR Act was granted by the U.S. Federal Trade Commission, effective November 9, 2012. Accordingly, stockholder approval of Proposal No. 1 and Proposal No. 2 represent the only significant remaining impediments to the issuance of the common stock upon conversion of the convertible preferred stock.

Other Matters Relating to the Acquisition

Governance Matters. Under the terms of the Purchase Agreement, at closing, the Petro-Hunt Parties had the right to nominate one individual to serve on our board of directors, which right continues for so long as the Petro-Hunt Parties beneficially own at least 5% of the issued and outstanding shares of our common stock (including common stock issuable upon conversion of the automatically convertible preferred stock), subject to satisfaction of all legal and governance requirements regarding service as a director of the Company and to the reasonable approval of the board of directors of the Company or any committee established by the board of directors to address specified governance issues.

Prior to closing the Acquisition, the Petro-Hunt Parties informed the Company that David S. Hunt would be their designee to serve as a director of the Company. The Nominating and Corporate Governance Committee of our board of directors considered Mr. Hunt s suitability to serve as a member of our board of directors, in accordance with the provisions of the Purchase Agreement, and recommended that our board of directors appoint Mr. Hunt to the board of directors, in accordance with the terms of the Purchase Agreement following closing of the Acquisition. Accordingly, effective December 6, 2012, the size of our board of directors was increased from 11 to 13 members, and Mr. Hunt was appointed to our board of directors as a Class B director, with a term expiring in 2015. Kevin E. Godwin, the designee of CPP Investment Board PMI-2, Inc., was also appointed to our board of directors effective December 6, 2012, as discussed below under *Financing Transactions Related to the Acquisition Common Stock Purchase by CPP Investment Board PMI-2, Inc.*

Mr. Hunt, 49, is the founder and Managing Partner of Genesis Acquisition Partners, L.P., an independent oil and gas acquisition, development and production company headquartered in Dallas, Texas. He has been an active investor in the oil and gas exploration, oil service and midstream sectors for more than 25 years. Mr. Hunt has made numerous equity and debt investments in companies ranging from private start-ups to later stage public companies across a number of different industries.

Table of Contents

Mr. Hunt was a director of Cornerstone Natural Gas, Inc. (AMEX: CGA) from November 1993, when the company emerged from bankruptcy reorganization, until June 1996 when Cornerstone was sold to El Paso Natural Gas Company. Mr. Hunt graduated from the University of Texas with a BA in Business in 1985.

Registration Rights Agreement. Upon the closing of the Acquisition, we and the Parent Parties entered into a Registration Rights Agreement pursuant to which we have agreed to, within 210 days after the closing, (1) prepare and file with the SEC a shelf registration statement with respect to the shares of common stock to be issued to the Parent Parties under the Purchase Agreement that would permit such common stock to be resold in registered transactions and (2) use our commercially reasonable efforts to maintain the effectiveness of the shelf registration statement until the later of five years and such time as the Parent Parties have sold all such shares of common stock or such shares are eligible for resale pursuant to Rule 144 promulgated pursuant to the Securities Act of 1933. In addition, under certain circumstances, the registration rights agreement permits the Parent Parties to participate in an underwritten public offering of common stock by us.

Lock Up Letter Agreement. At closing of the Acquisition, the Parent Parties executed a Lock Up Letter Agreement pursuant to which the Parent Parties have agreed to a 180 day lock-up period, ending June 4, 2013, during which time they will not offer for sale, sell, pledge or otherwise dispose of any shares of convertible preferred stock acquired in the Acquisition or any shares of our common stock they acquire upon conversion of the convertible preferred stock, subject to limited exceptions.

Section 203 of the General Corporation Law of the State of Delaware. The Purchase Agreement required that our board of directors adopt a resolution so that the restrictions contained in Section 203 of the DGCL applicable to a business combination (as defined in such Section 203) will not apply with respect to the transactions contemplated by the Purchase Agreement. Our board of directors approved the transactions contemplated by the Purchase Agreement for purposes of Section 203 at a meeting held on October 18, 2012, and thereby satisfied this requirement of the Purchase Agreement.

Financing Transactions Related to the Acquisition

Common Stock Purchase by CPP Investment Board PMI-2, Inc. On October 19, 2012, we entered into a Common Stock Purchase Agreement (the Stock Purchase Agreement) with CPP Investment Board PMI-2 Inc. (CPPIB), pursuant to which CPPIB agreed to purchase 41,899,441 newly issued shares of our common stock at $7.16 per share for a total purchase price of approximately $300.0 million. We closed the transaction contemplated in the Stock Purchase Agreement on December 6, 2012 immediately following the closing of the Acquisition. Net proceeds to us were approximately $294.0 million following the payment of an approximate $6.0 million capital commitment to CPPIB upon closing of the transaction.

As a result of this transaction, CPPIB holds approximately 16.2% of our outstanding common stock (11.6% on a fully diluted basis). In conjunction with the purchase of our common stock, CPPIB agreed to vote all of its shares of our common stock in favor of Proposal No. 1 and Proposal No. 2. CPPIB has also agreed to a one-year lock-up period, ending October 19, 2013, during which time it will not offer for sale, sell, pledge or otherwise dispose of the shares of our common stock it acquires pursuant to the Stock Purchase Agreement, subject to certain exceptions.

The stockholders agreement we entered into with CPPIB, pursuant to the terms of the Stock Purchase Agreement (the Stockholders Agreement), provides that, for as long as CPPIB beneficially owns at least 5% of the Company s common stock, it may designate one individual to serve on the Company s board of directors and, for as long as it owns 20% or more of the Company s common stock, it may designate two individuals to serve on the Company s board of directors, such individual(s) to be subject to the reasonable approval of the Nominating and Corporate Governance Committee of the board of directors of the Company. The Stockholders Agreement also provides CPPIB with certain pre-emptive rights to acquire additional securities of the Company, as well as shelf registration, demand underwriting and piggyback registration rights.

Table of Contents

Prior to closing of the Stock Purchase Agreement, CPPIB informed the Company that Kevin E. Godwin would be its designee to serve as a director of the Company. The Nominating and Corporate Governance Committee of our board of directors considered Mr. Godwin s suitability to serve as a member of our board of directors, in accordance with the provisions of the Stock Purchase Agreement, and recommended that our board of directors appoint Mr. Godwin to the board of directors, in accordance with the terms of the Stock Purchase Agreement, following the closing of the transactions contemplated by the Stock Purchase Agreement. Accordingly, effective December 6, 2012, the size of our board of directors was increased from 11 to 13 members, as required under the Stock Purchase Agreement, and Mr. Godwin was appointed to our board of directors as a Class B director, with a term expiring in 2015.

Mr. Godwin, 45, has served as a Senior Portfolio Manager of CPPIB in its Relationship Investments group since 2008. From 2005 to 2008, Mr. Godwin served as a Principal of Birch Hill Equity Partners L.P. From 1995 to 2005, he worked at TD Securities then TD Capital Group Limited, ultimately serving as Vice President and Director. Mr. Godwin began his professional career in 1989 with ICI Explosives then Stuart Energy serving as a Project Engineer. Mr. Godwin is a graduate of Queen s University (Kingston, Ontario), having received a Bachelor s Degree in Applied Science (Mechanical Engineering) in 1989. He also received a Masters Degree in Business Administration in 1995 from the Richard Ivey School of Business, University of Western Ontario. In 2012, Mr. Godwin received the ICD.D designation from the Institute of Corporate Directors. Mr. Godwin has served on the board of directors of several private companies.

The Stock Purchase Agreement required that our board of directors adopt a resolution so that the restrictions contained in Section 203 of the DGCL applicable to a business combination (as defined in such Section 203) will not apply to CPPIB with respect to the transactions contemplated by the Stock Purchase Agreement or the Stockholders Agreement. Our board of directors approved the transactions contemplated by the Stock Purchase Agreement and the Stockholders Agreement for purposes of Section 203 at a meeting held on October 18, 2012, and thereby satisfied this requirement of the Stock Purchase Agreement.

Issuance of 8.875% Senior Notes. On November 6, 2012, we issued and sold to certain initial purchasers $750 million aggregate principal amount of our 8.875% senior notes due 2021 at a purchase price of 99.247% of the principal amount of the notes. The notes were issued pursuant to, and are governed by, an Indenture dated November 6, 2012 among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (the Trustee), which contains affirmative and negative covenants that, among other things, limit our ability, and that of our subsidiaries guaranteeing the notes, to incur indebtedness; pay dividends or make other distributions on stock; purchase or redeem stock or subordinated indebtedness; make investments; create liens; enter into transactions with affiliates; sell assets; refinance certain indebtedness; and merge with or into other companies or transfer substantially all of their assets. The Indenture also contains customary events of default. Upon the occurrence of certain events of default, the trustee or the holders of the notes may declare all outstanding notes to be due and payable immediately.

We will pay interest on the notes on May 15 and November 15 of each year, beginning on May 15, 2013. The notes will mature on May 15, 2021. The notes are guaranteed on a senior unsecured basis by all of our existing wholly-owned subsidiaries and by any of our future restricted subsidiaries that guarantee our indebtedness under our credit facility. The notes will be our general unsecured senior obligations and will rank equally in right of payment with our other unsecured senior indebtedness. The notes will be effectively subordinate to all of our secured debt to the extent of the assets securing such debt.

The net proceeds from the sale of the notes were approximately $725.6 million and were placed into escrow pursuant to an Escrow Agreement, dated November 6, 2012, among the Company, the Trustee and U.S. Bank National Association, as escrow and paying agent, and were released in connection with the closing of the Acquisition. We utilized the net proceeds from the sale of the notes to pay a portion of the cash consideration due to the Parent Parties in the Acquisition.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2012:

- on a historical basis;
- on a pro forma combined, as adjusted basis to give effect to the acquisition of the Williston Basin Assets, the issuance of 41.9 million common shares in a private placement to CPPIB, the issuance of the 8.875% notes and the application of the net proceeds therefrom, as though such transactions had occurred on such date; and
- on a pro forma combined, as adjusted basis to give effect to the conversion of the convertible preferred stock into common stock, as though such conversion had occurred on such date.

This table should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Statements and the other financial information included elsewhere in this proxy statement or incorporated herein by reference as well as the historical consolidated financial statements and related notes included elsewhere in this proxy statement or incorporated herein by reference.

	As of September 30, 2012		
	Halcón Historical	Halcón Pro Forma Combined, as Adjusted	Halcón Pro Forma Combined, as Adjusted for Conversion
		(In millions)	
Cash and cash equivalents (1)	$ 18.1	$ 277.9	$ 277.9
Long-term debt			
Revolving credit facility	185.0	185.0	185.0
8% senior unsecured convertible note due 2017 (2)	250.0	250.0	250.0
9.75% senior notes due 2020 (3)	740.0	740.0	740.0
8.875% senior notes due 2021 (4)		744.4	744.4