

Extraction Oil and Gas Inc.
EIN 46-1473923
Attachment to Form 8937

The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any holder’s specific circumstances (including holders that may be subject to special tax rules or that held the relevant claims or equity interests as other than a capital asset). Holders of Claims against or Interests in Extraction Oil and Gas Inc. (“XOG”) are urged to consult their own tax advisors regarding U.S. tax consequences of the transaction described herein and the impact to tax basis resulting from the Restructuring Transactions. Capitalized terms not defined herein shall have the meanings set forth in the Joint Prepackaged Chapter 11 Plan of Reorganization of XOG and its Debtor Affiliates (as modified, amended, or supplemented, the “Plan”). This discussion assumes that a holder of Claims or Interests holds only Claims or Interests in a single Class, and any holder of Claims or Interests that holds Claims or Interests in more than one Class should consult its own tax advisors.

Form 8937, Lines 9–13

Classification and Description (Line 9)	CUSIP Number (Line 10)	Serial Number (Line 11)	Ticker Symbol (Line 12)	Account Number (Line 13)
<i>Original Securities</i>				
Common Shares	CUSIP: 30227M105 ISIP: US30227M1053		XOG	
Series A Convertible Preferred Stock	CUSIP: 30227M204 ISIP: US30227M2044			
7.375% Senior Unsecured Notes due May 15, 2024	CUSIP: 30227MAA3 ISIP: US30227MAA36			
5.625% Senior Unsecured Notes due February 1, 2026	CUSIP: 30227MAB1 ISIP: US30227MAB19			
<i>New Securities</i>				
New Tranche A Warrants	CUSIP: 30227M113 ISIP: US30227M1137			
New Tranche B Warrants	CUSIP: 30227M121 ISIP: US30227M1210			
New Common Shares	CUSIP: 30227M303 ISIP: US30227M3034		XOG	
Exit RBL Facility				
Exit Term Loans				

Form 8937, Line 14

On June 14, 2020, XOG and its subsidiaries (the “Debtors”) filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (“Bankruptcy Court”). On December 23, 2020, the Bankruptcy Court approved and confirmed the Plan. On January 20, 2021 (the “Effective Date”), the Plan became effective and the Debtors emerged from their Chapter 11 Cases.

On the Effective Date, holders of certain Claims against and Interests in XOG received consideration and other recoveries set forth in the Plan. In summary:

1. Each holder of an Allowed Revolving Credit Agreement Claim received, at the election of such holder, an interest in either the Exit RBL Facility or the Exit Term Loans.
2. Each holder of an Allowed Senior Notes Claim received New Common Shares and Subscription Rights.
3. Each holder of an Existing Preferred Interest received New Common Shares, Subscription Rights, Tranche A Warrants, and Tranche B Warrants (the Tranche A Warrants and Tranche B Warrants, together the “New Warrants”).
4. Each holder of an Existing Common Interest received New Common Shares, Subscription Rights, and New Warrants.

Form 8937, Line 15

XOG expects that the receipt of an interest in the Exit RBL Facility or Exit Term Loans in respect of Allowed Revolving Credit Agreement Claims will be treated as a taxable exchange under section 1001 of the Tax Code. Thus, a holder of an Allowed Revolving Credit Agreement Claim is expected to have an initial tax basis in its share of the Exit RBL Facility or Exit Term Loans that is generally equal to the fair market value of such share of the Exit RBL Facility or Exit Term Loans.

XOG expects that the receipt of New Common Shares and Subscription Rights in respect of an Allowed Senior Notes Claim will be treated as a “recapitalization” within the meaning of section 368(a)(1)(E) of the Tax Code. Thus, under section 354 and section 358 of the Tax Code, a holder of an Allowed Senior Notes Claim is expected to have an aggregate initial tax basis in the New Common Shares and the Subscription Rights received in respect of its Allowed Senior Notes Claim that is equal to the tax basis of the Senior Notes surrendered therefor and such aggregate basis will be allocated between the New Common Shares and Subscription Rights based on their respective fair market values.

XOG expects that the receipt of New Common Shares, Subscription Rights and New Warrants in respect of Allowed Existing Preferred Interests will be treated as a recapitalization under section 368(a)(1)(E) of the Tax Code. Thus, under section 354 and section 358 of the Tax Code a holder of an Allowed Existing Preferred Interest is expected to have an initial aggregate tax basis in the New Common Shares, Subscription Rights and New Warrants generally equal to the tax basis of the Existing Preferred Interests surrendered therefor and such aggregate basis will be allocated between the New

Extraction Oil and Gas Inc.
Attachment to Form 8937

Common Shares, Subscription Rights and New Warrants based on their respective fair market values.

XOG expects that the receipt of New Common Shares, Subscription Rights and New Warrants in respect of Allowed Existing Common Interests will be treated as a recapitalization under section 368(a)(1)(E) of the Tax Code. Thus, under section 354 and section 358 of the Tax Code a holder of an Allowed Existing Common Interest is expected to have an initial aggregate tax basis in the New Common Shares, Subscription Rights and New Warrants generally equal to the tax basis of the Existing Common Interests surrendered therefor and such aggregate basis will be allocated between the New Common Shares, Subscription Rights and New Warrants based on their respective fair market values.

Form 8937, Line 16

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. Holders of the Exit RBL Facility, Exit Term Loans, New Common Shares, Subscription Rights and New Warrants should consult their own tax advisors as to the proper calculation of fair market value for U.S. federal income tax purposes.

Form 8937, Line 17

Sections 1001 and 1012 (for holders of Allowed Revolving Credit Agreement Claims).

Sections 354(a), 358(a)-(b) and 368(a)(1)(E) (for holders of Allowed Senior Notes Claims, Allowed Existing Preferred Interests, and Allowed Existing Common Interests).

Form 8937, Line 18

Loss generally may be allowed to the extent that the holder's adjusted basis of an Allowed Revolving Credit Agreement exceeds the fair market value of the total consideration received for such Claim pursuant to the Plan. Assuming that the receipt of New Common Shares and Subscription Rights in respect of an Allowed Senior Notes Claim and the receipt of New Common Shares, Subscription Rights and New Warrants in respect of an Allowed Existing Preferred Interest or Allowed Existing Common Interest will each be treated as a "recapitalization" within the meaning of section 368(a)(1)(E) of the Tax Code, loss generally will not be allowed by holders of such Claims and Interests.

Form 8937, Line 19

The exchanges described in Line 14 occurred on the Effective Date. The reportable tax year is 2021 with respect to holders of Allowed Revolving Credit Agreement Claims, Allowed Senior Notes Claims, Allowed Existing Preferred Interests, and Allowed Existing Common Interests.