

Northern Oil and Gas, Inc.
EIN: 95-3848122
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in Form 8937 and this attachment does not constitute tax advice and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the exchange transaction described herein. In addition, this information does not address tax consequences which may vary depending on the individual circumstances of holders of Second Lien Notes (as defined below) and our common stock that participated in the exchange transaction, or any non-income tax or any foreign, state or local tax consequences of the exchange transaction. Accordingly, holders of Second Lien Notes and our common stock that participated in the exchange transaction are strongly urged to consult with their own tax advisors to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the exchange transaction to them, including the impact on tax basis resulting therefrom.

Part I

Lines 9, 10, and 12. For each security involved in the organizational action, the requested information is as follows:

Northern Oil and Gas, Inc. 8.00% Senior Notes due 2020, CUSIP: 665531AB5 (the “Outstanding Notes”)

Northern Oil and Gas, Inc. 8.50% Senior Secured Second Lien Notes due 2023, CUSIP: 665531AE9 (the “Second Lien Notes”)

Northern Oil and Gas, Inc. common stock, Ticker symbol: NOG

Part II

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action:

On January 31, 2018, Northern Oil and Gas, Inc. entered into an exchange agreement with holders of \$496.683 million of its Outstanding Notes, pursuant to which such holders agreed to exchange all of their Outstanding Notes for, in the aggregate, 103,249,915 shares of the company’s common stock and \$344.279 million in aggregate principal amount of Second Lien Notes. The company also agreed to make a cash payment to exchanging holders equal to their accrued (but unpaid) interest from and including the most recent date on which interest was paid on the Outstanding Notes prior to the exchange transaction to but excluding the date of the completion of the exchange transaction. On May 15, 2018, pursuant to such exchange agreement, the company completed the exchange transaction.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The company intends to treat both the Outstanding Notes and the Second Lien Notes as “securities” for U.S. federal income tax purposes. Assuming that both the Outstanding Notes and the Second Lien Notes are “securities” for U.S. federal income tax purposes, the exchange of Outstanding Notes for Second Lien Notes and common stock would be treated as a recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the “Code”).

Assuming that the exchange transaction constituted a recapitalization, for a former holder of Outstanding Notes that participated in the exchange transaction, such holder’s initial basis in the Second Lien Notes and common stock received in the exchange transaction should be equal to such holder’s adjusted basis in the Outstanding Notes immediately prior to the exchange transaction. Such adjusted basis should be allocated between the Second Lien Notes and common stock in proportion to their fair market values on the completion date of the exchange transaction. The adjusted basis allocated to common stock is then divided by the number of shares received to determine the per-share basis in the common stock. The tax basis would generally be required to be calculated separately for each block of the Outstanding Notes exchanged.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

As described in Item 15, for a former holder of Outstanding Notes that participated in the exchange transaction, such holder’s initial basis in the Second Lien Notes and common stock received in the exchange transaction should be equal to such holder’s adjusted basis in the Outstanding Notes immediately prior to the exchange transaction. Section 358 of the Code and the Treasury regulations thereunder require the allocation of the adjusted basis to be done in proportion to the fair market values of the Second Lien Notes and common stock as of the completion date of the exchange transaction.

For common stock, U.S. federal income tax law does not specify how to determine the fair market value. We believe that one appropriate approach is to use the average of the high and low trading prices of our common stock on the relevant date as the fair market value. The average of the high and low prices of our common stock on May 15, 2018 was \$2.19 per share. However, holders are not bound to use this approach and may use another reasonable approach. Holders should consult their tax advisors to determine what measure of fair market value is appropriate for the common stock.

In the case of the Second Lien Notes, Northern Oil and Gas, Inc. has determined that the Second Lien Notes are traded on an established market within the meaning of Treasury Regulation section 1.1273-2(f). Accordingly, pursuant to Treasury Regulation section 1.1273-2(b)(1), the issue price of the Second Lien Notes is their fair market value determined as of their issue date. Further, Northern Oil and Gas, Inc. has determined that the issue price of the Second Lien Notes as determined based on their fair market value on May 15, 2018 is \$1020.00 per \$1000 principal amount of Second Lien Notes. This determination and statement of issue price is intended to meet the requirements of Treasury Regulation section 1.1273-2(f)(9).

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

354, 356, 358, 368(a)(1)(E), 1001

Line 18. Can any resulting loss be recognized?

Assuming the exchange transaction constitutes a recapitalization under Section 368(a)(1)(E) of the Code, holders of Outstanding Notes that participated in the exchange transaction cannot recognize loss realized in the exchange.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The tax consequences of the exchange of Outstanding Notes for Second Lien Notes and common stock pursuant to the exchange transaction should be reported by a holder in its tax year that includes the date of May 15, 2018.

The holding period for the Second Lien Notes and common stock received in the exchange transaction generally would include the holding period for the Outstanding Notes held prior to the exchange transaction.

Holders should consult their tax advisors to determine the tax consequences to them of the exchange of Outstanding Notes for Second Lien Notes and common stock pursuant to the exchange transaction.