

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attached.](#)

Multiple horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ [See attached.](#)

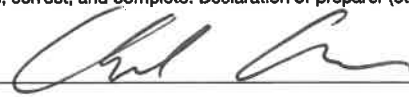
Multiple horizontal lines for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attached.](#)

Multiple horizontal lines for providing details for question 19.


Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 1/27/20

Print your name ▶ Chad Allen Title ▶ Chief Accounting Officer

Paid Preparer Use Only

| | | | | |
|--|---|------------|---|-----------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| Thomas Allen |  | 01/08/2020 | | P01265333 |
| Firm's name ▶ RSM US LLP | Firm's EIN ▶ 42-0714325 | | Phone no. 713.625.3500 | |
| Firm's address ▶ 1330 Post Oak BLVD, Suite 2400, Houston, TX 77056 | | | | |

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 transactions described herein. In addition, this information does not address tax consequences that may vary depending on the particular circumstances of holders of our stock that participated in an exchange transaction, or any non-income tax or any foreign, state or local tax consequences of an exchange transaction. Accordingly, holders of our stock or notes that participated in a transaction described herein 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 to them of the transaction.

Part I

Lines 9 and 10. The requested information is as follows:

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

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 October 21, 2019, Northern Oil and Gas, Inc. announced the commencement of an exchange offer ("Exchange Offer") to eligible holders of Notes ("Note Holders") to exchange up to \$70,754,716 in aggregate principal amount of Notes for shares of the Company's newly issued 6.50% Series A Perpetual Cumulative Convertible Preferred Stock (the "Preferred Stock"). The Exchange Offer was backstopped by certain Note Holders under a Backstop Agreement dated October 21, 2019. On November 22, 2019, in connection with the Exchange Offer and the Backstop Agreement, the Company accepted \$70,757,973 in aggregate principal amount of Notes tendered in exchange for an aggregate 750,000 shares of the Company's Preferred Stock (the "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 the Notes as "securities" for U.S. federal income tax purposes. Assuming that the Notes are "securities" for U.S. federal income tax purposes, the Exchange Transaction would be treated as a recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the "Code"). The term "security" is not defined in the Code or the Treasury regulations and has not been clearly defined by judicial decisions. Whether a debt instrument constitutes a security is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that a debt instrument is not a security, whereas a term of ten years or more is evidence that a debt instrument is a security. The

notes have a term to maturity of five years, and each exchanging Note Holder should consult its tax advisor as to whether the Notes would be treated as securities for these purposes.

Assuming that the Transaction constituted a recapitalization, for a former Note Holder that participated in the Transaction, such Note Holder's initial basis in the Preferred Stock received in the Transaction generally should be equal to such Note Holder's adjusted basis in the Notes immediately prior to the Transaction. Such adjusted basis should be allocated to the Preferred Stock received in the Transaction, and this adjusted basis amount is then divided by the number of shares of Preferred Stock received in the Transaction to determine the per-share basis in that Preferred Stock. The tax basis generally would be required to be calculated separately for each block of the Notes exchanged.

Treatment of the Transaction as a recapitalization, however, would not affect the Note Holder's accounting for interest income; each Note Holder should account for its interest income (including any accrued interest receivable satisfied via payment of Preferred Stock) based on its tax accounting method applicable to interest.

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 Line 15, a Note Holder's initial basis in the stock received in the Transaction should be equal to such Note Holder's adjusted basis in the Notes immediately prior to the Transaction.

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 an exchange transaction constitutes a recapitalization under Section 368(a)(1)(E) of the Code, Note Holders that participated in an Exchange Transaction cannot recognize loss realized (if any) 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 Notes for stock pursuant to the Exchange Transaction should be reported by a Note Holders in its tax year that includes the date of November 22, 2019.

The holding period for the stock received in the Transaction generally would include the holding period for the Notes held prior to the Transaction.

Note Holders should consult their tax advisors to determine the tax consequences of the Transaction to them.