

**Bonanza Creek Energy, Inc.**  
**EIN: 61-1630631**  
**Attachment for Form 8937**  
**Report of Organization Action Affecting Basis of Securities**

**Form 8937, Line 10**

The CUSIP number for the Bonanza Creek Energy, Inc. (“Bonanza Creek”) stock that was cancelled on April 28, 2017 (“Old Bonanza Creek Stock”) was 097793103 and the CUSIP number for the common stock of Bonanza Creek subsequent to its emergence from bankruptcy (“Reorganized Bonanza Creek”) that was issued on April 28, 2017 (the “New Bonanza Creek Common Stock”) is 097793400. The CUSIP number for the Warrants issued in connection with the cancellation of the Old Bonanza Creek Common Stock is 097793111 and the CUSIP numbers for the Bonanza Creek debt obligations exchanged in the organizational action are as follows:

<b>CUSIP Number</b>	<b>Security Description</b>
097793AB	Senior Notes Due 2021
097793AC	Senior Notes Due 2023

**Form 8937, Line 14**

On January 4, 2017, the Company and certain of its subsidiaries (collectively with the Company, the “Debtors”) filed voluntary petitions (the “Bankruptcy Petitions,” and the cases commenced thereby, the “Chapter 11 Cases”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) to pursue the Debtors’ Joint Prepackaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as proposed, the “Plan”). The Debtors received bankruptcy court confirmation of their Plan on April 7, 2017, and emerged from bankruptcy on April 28, 2017. Unless otherwise described herein, capitalized terms are defined as used in the Bankruptcy Plan.

On April 28, 2017, the Plan Debtors received 9,471,835 shares of New Bonanza Creek Common Stock in exchange for the cancellation and forgiveness of notes (the “Allowed Note Claim”). Concurrently, all of the Old Bonanza Creek Common Stock was cancelled and extinguished and the holders of the Old Bonanza Creek Common Stock received 446,788 shares of New Bonanza Creek Common Stock. The events that occurred on April 28, 2017 pursuant to the Bankruptcy Plan are cumulatively referred to herein as the “Transaction”.

### **Treatment of Holders of Notes and Certain General Unsecured Claims**

On April 28, 2017, pursuant to the Bankruptcy Plan, the noteholders and certain General Unsecured Claimholders received in full and final satisfaction, settlement, release and discharge of, and in exchange for their claims, an aggregate of 9,471,835 shares of New Bonanza Creek Common Stock. It should be noted that actual trading value of New Bonanza Creek Common Stock distributed to the noteholders in the Transaction may differ from the value assigned to the stock pursuant to the Bankruptcy Plan. Holders of Allowed General Unsecured Claims that received New Bonanza Creek Common Stock in the Transaction should consult their tax advisors to determine the appropriate value of New Bonanza Creek Common Stock and the tax consequences of the receipt of such stock to the holder.

### **Holders of Old Bonanza Creek Common Stock**

On April 28, 2017, pursuant to the Bankruptcy Plan, all of the Old Bonanza Creek Common Stock was cancelled and extinguished. Holders of Old Bonanza Creek Common Stock received 446,788 shares of New Bonanza Creek Common Stock. Holders of Old Bonanza Creek Common Stock that received New Bonanza Creek Common Stock should consult their tax advisors to determine the appropriate value of New Bonanza Creek Common Stock and the tax consequences of the receipt of such stock to the holder.

### **Warrants and Rights Offering**

Pursuant to the Bankruptcy Plan, warrants were issued in connection with the cancellation of Old Bonanza Creek Common stock. These warrants are three (3) year warrants issued in accordance with the Plan and entitle their holders upon exercise thereof, on a pro rata basis, up to 7.5% of the total outstanding New Common Stock at a per share price of \$71.23 per warrant (based upon a total equity value of \$1,450,000,000 of Reorganized Bonanza Creek).

In addition, pursuant to the Plan, certain holders of General Unsecured Claims are entitled to receive Subscription Rights to acquire New Common Stock in accordance with the Rights Offering Procedures.

**Effect on Basis to Noteholders and Certain General Unsecured Claimholders**

As a result of the Transaction, each holder of a note or certain General Unsecured Claim exchanged its note or General Unsecured Claim for New Bonanza Creek Common Stock. The effect on each creditor will depend upon whether its claim is represented by a “security” for purposes of the reorganization provisions of the Tax Code. Creditors should consult their own tax advisors as to whether their claims are represented by securities.

If a U.S. holder’s Allowed Note Claim or Allowed General Unsecured Claim is not a security for U.S. federal income tax purposes, such U.S. holder will be treated as exchanging such Claim for New Common Stock, in a taxable exchange under section 1001 of the Tax Code. Accordingly, each U.S. holder of such Claim should recognize gain or loss equal to the difference between (1) the fair value market value of New Common Stock received in exchange for the Claim; and (2) such U.S. holder’s adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. holder, the nature of the Claim in such U.S. holder’s hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. holder previously has claimed a bad debt deduction with respect to its Claim. A U.S. holder’s tax basis in any New Common Stock received should equal the fair market value of such New Common Stock as of the date such New Common Stock is distributed to the holder. A U.S. holder’s holding period for the New Common Stock received should begin on the day following the Effective Date.

If a U.S. holder’s Allowed Note Claim or Allowed General Unsecured Claim is treated as a security for U.S. federal income tax purposes, the exchange of such Claim for New Common Stock would be treated as an exchange of securities pursuant to a tax-free reorganization to which Reorganized Bonanza Creek is a party under the reorganization provisions of the Tax Code (a “Reorganization”) and a U.S. holder should not recognize loss with respect to the exchange and should not recognize gain (subject to “Allocation of Payment between Principal and Interest,” as discussed below and in in Article X Section C. of the Disclosure Statement). Such U.S. holder’s total combined tax basis in its New Common Stock received should equal the U.S. holder’s tax basis in the Allowed Note Claim or Allowed General Unsecured Claim surrendered therefor increased by gain or other income, if any, recognized by such U.S. holder in the transaction (subject to Article X Section C of the Disclosure Statement). A U.S. holder’s holding period for its interest in the New Common Stock should include the holding period for the Allowed Note Claim or Allowed General Unsecured Claim surrendered therefor.

To the extent any portion of a U.S. Holder’s recovery is allocable to interest on the note or General Unsecured Claim that has not previously been reported as income by the holder, such

portion would be treated as interest income to such U.S. Holder. The tax basis of any New Bonanza Creek Common Stock received under the Bankruptcy Plan by a U.S. Holder in exchange for interest would equal the fair market value of the New Bonanza Creek Common Stock received by the U.S. Holder. The holding period for any such Bonanza Creek Common Stock received under the Bankruptcy Plan by such a U.S. holder generally would begin on the day following the day of receipt.

#### **Allocation of Payment Between Principal and Interest.**

Although no assurance can be given that the IRS will accept, or that a court will uphold the position, to the extent that any Claim is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and has any accrued but unpaid interest thereon, it is intended that any distribution received by the Holder of such Claim will be allocated first to the principal amount of the Claim (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest (including any accrued original issue discount). Any such amount attributable to accrued but unpaid interest will be taxable to the Holder as interest income if such amount has not been previously included in the Holder's gross income for U.S. federal income tax purposes, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. Conversely, a Holder may be able to recognize a deductible loss to the extent that any accrued interest (including any original issue discount) was previously included in the Holder's gross income but was not paid in full by the Debtors.

Holders of notes or certain General Unsecured Claims should consult their tax advisors to determine the tax consequences of the Transaction to them. Holders of General Unsecured Claims against Debtors other than Bonanza Creek Operating are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting U.S. federal income tax consequences to them.

#### **Effect on Basis to Holders of Old Bonanza Creek Common Stock**

U.S. Holders of Old Bonanza Creek Common Stock as of April 28, 2017 received 446,788 shares of New Bonanza Creek Common Stock and Warrants in respect to their Old Bonanza Creek Common Stock. The receipt of New Bonanza Creek Common Stock and Warrants in exchange for Old Bonanza Creek Common Stock is expected to qualify for reorganization exchange treatment for U.S. federal income tax purposes. Under this treatment, a Holder of such shares who realizes gains or loss will not be able to recognize any such gain or loss. Such Holder's tax basis in its Old Bonanza Creek Common Stock will be allocated to the New Bonanza Creek Common Stock and Warrants received based on their relative fair market value on the Effective Date. Such Holder will have a holding period in the New Bonanza Creek Common Stock and

Warrants received that includes the holding period for the Old Bonanza Creek Common Stock exchanged.

### **RBL Credit Facility secured Claims**

Each Holder of an Allowed RBL Credit Facility Secured Claim will be entitled to receive, at the election of the Debtors (A) payment in full in cash of such Claim, (B) such Holder's ratable share of participation in the Exit RBL Facility or (C) a debt instrument pursuant to section 1129(b)(2)(A) of the Bankruptcy Code ("Takeback Notes").

- (1) Holders of the allowed RBL Credit Facility Secured Claims that receive their ratable share of participation in the exit RBL Facility or Takeback Notes (collectively, the "New Debt Instruments")

Consummation of the Plan may result in a "significant modification" of the obligations under the RBL Credit Facilities as of the Effective Date for U.S. federal income tax purposes. Generally, a modification of a debt instrument will be treated as resulting in a "deemed exchange" for U.S. federal income tax purposes of an old debt instrument for a new debt instrument if the modification is "significant."

It is uncertain whether the RBL Credit Facility or the New Debt Instruments constitute securities for U.S. federal income tax purposes. If the RBL Credit Facility and the applicable New Debt Instrument constitute securities, a Holder's receipt of such New Debt Instrument in exchange for its RBL Credit Facility Secured Claim pursuant to the Plan will qualify for reorganization exchange treatment. Under this treatment, a Holder of such Claim who realizes gain or loss will not be permitted to recognize such gain or loss, except, as described above in "Allocation of Payment between Principal and Interest." To the extent any portion of such Holder's recovery would be allocable to interest, such portion would be treated as interest income to the U.S. Holder if such amount has not been previously included in the Holder's gross income for U.S. federal income tax purposes, and conversely such Holder may be permitted to recognize a loss to the extent it had taken accrued interest into income but receives no payment. The Holder's aggregate adjusted tax basis in such New Debt Instrument will be equal to the adjusted tax basis of the Claim exchanged therefor, except that such Holder's basis in any New Debt Instrument attributable to accrued interest, if any shall be equal to the fair market value of such New Debt Instrument. The Holder will have a holding period for such New Debt Instrument received that includes the holding period for the Claim exchanged therefor, except that the holding period for any New Debt Instrument attributable to accrued interest, if any, shall begin on the day after the date received.

If either of the RBL Credit Facility or the applicable New Debt Instrument does not constitute a security, the receipt of the applicable New Debt Instrument in exchange for such Holder's Claim

in the RBL Credit Facility will be treated as a taxable exchange for U.S. federal income tax purposes. The Holder will generally recognize capital gain or loss on the exchange equal to the difference between (x) the fair market value of such New Debt Instrument received (excluding any portion attributable to accrued but unpaid interest) and (y) the Holder's adjusted basis in the Claim, except that any gain recognized with respect to the Claim that is attributable to market discount generally will be treated as ordinary income. To the extent that the Holder's share of such New Debt Instrument received is treated as attributable to accrued but unpaid interest on the RBL Credit Facility Secured Claim, the Holder will be required to include such amount as ordinary income if such amount has not been previously included in the Holder's gross income for U.S. federal income tax purposes. The Holder's tax basis in such New Debt Instrument received in exchange for its Claim will equal the fair market value of the New Debt Instrument. The Holder's holding period in such New Debt Instrument will commence on the day after the date received.

Holders of RBL Credit Facility Secured Claims are urged to consult their tax advisors regarding the proper characterization of the exchange and the resulting U.S. federal income tax consequences to them.

### **Warrants**

A Holder that exercises its Warrant to acquire shares of New Common Stock generally will not be required to recognize income, gain or loss upon exercise of such right. Such Holder's tax basis in shares of New Common Stock received upon the exercise of such Warrant will be equal to the Holder's tax basis in such Warrant plus the exercise price paid by the Holder. Generally, a Holder's holding period in the shares of New Common Stock will commence on the day after the date received. Holders of Bonanza Creek shares should consult their tax advisor regarding the possibility that the holding period of the Bonanza Creek shares exchanged will be tacked onto the holding period of a portion of their New Common Stock.

If a Holder allows its Warrant to expire unexercised, such Holder will recognize capital loss equal to its basis in the Warrant.

### **Form 8937, Line 16**

#### **Holders of Notes and Certain General Unsecured Claims**

Based on the Plan Distributable Value of \$699.5 million as set forth in the Bankruptcy Plan, the expected value of New Bonanza Creek Common Stock on April 28, 2017 was \$34.36 per share = \$699.5 million / 20,356,295 shares. It should be noted that the actual trading value of New Bonanza Creek Common Stock distributed to holders of Allowed General Unsecured Claim and noteholders in the Transaction may differ from the value assigned to the stock pursuant to the

Bankruptcy Plan. Holders of Allowed General Unsecured Claims and noteholders that received New Bonanza Creek Common Stock in the Transaction should consult their tax advisors to determine the tax consequences of the receipt of such stock to the holder.

#### **Old Bonanza Creek Equity Holders**

U.S. Holders of Old Bonanza Creek Common Stock as of April 28, 2017 were issued 446,788 shares of New Bonanza Creek Common Stock in respect to their Old Bonanza Creek Common Stock. Such Holder's tax basis in its Old Bonanza Creek Common Stock will be allocated to the New Bonanza Creek Common Stock received. Such Holder will have a holding period in the New Bonanza Creek Common Stock received that includes the holding period for the Old Bonanza Creek Common Stock exchanged.

#### **Form 8937, Line 18**

#### **Holders of Notes and Certain General Unsecured Claims**

As described above, the Transaction may have resulted in a recognizable loss to some U.S. Holders of notes or certain General Unsecured Claims to the extent the tax basis in their notes or General Unsecured Claims exceeded the fair market value of the New Bonanza Creek Common Stock received in exchange therefore. Holders of notes or certain General Unsecured Claims should consult their tax advisors to determine the tax consequences of the Transaction to them.

#### **Old Bonanza Creek Equity Holders**

A U.S. Holder of Old Bonanza Creek Stock may be eligible for a worthless securities deduction pursuant to Section 165 of the Tax Code. The rules governing the character, timing, and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the U.S. Holder, the obligor, and the instrument with respect to which a deduction is claimed. U.S. Holders of Old Bonanza Creek Stock, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.