

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

18 Can any resulting loss be recognized? ▶ See Attached

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached

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 ▶

9-5-2017

Print your name ▶ **Mark J. Mize**

Title ▶ **EVP and CFO**

Paid Preparer Use Only

Print/Type preparer's name Robert B. Gabriel	Preparer's signature 	Date 9-5-17	Check <input type="checkbox"/> if self-employed	PTIN P00649131
Firm's name ▶ Deloitte Tax LLP	Firm's address ▶ 1111 Bagby St., Suite 4500, Houston, TX 77002		Firm's EIN ▶ 86-1065772	Phone no. (713) 982-2000

Part II Organizational Action

14. Halcon Resources Corporation (“the Company”) had outstanding \$850 million of 6.75% senior notes due 2025 (the “Notes”), which were issued on February 16, 2017, at par. On July 12, 2017, the Company launched a consent solicitation to amend the indenture among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee (the “Trustee”), governing the Notes. The Company agreed to make a cash payment of \$20.00 per \$1,000 principal amount of Notes (such payments, collectively, the “Consent Fee”) to each holder of record who validly delivered and did not revoke a consent to the Proposed Amendments under the terms of the solicitation, subject to certain conditions. On July 24, 2017, the Company executed the supplemental indenture implementing the modifications. The modifications require that upon the completion of the Williston sale (as defined in the amendments to the Indenture) the Company make an offer to purchase notes equal to 50% of the outstanding principal amount plus an additional principal amount equal to 50% of any sale proceeds exceeding \$1.4 billion. This purchase will occur at a price of 103% of par.

15. The Company is treating the amendments to the Indenture as a significant modification of the Notes. All holders, regardless of consent, will be deemed to exchange the Notes for New Notes plus the Consent Fee. The Notes are publicly traded as defined in Treasury Regulation 1.1273-2, and the Company has determined the issue price of the New Notes to be 103.25% of par. The Company is treating the exchange of the Notes for the New Notes as a recapitalization transaction that is assumed to qualify as a tax-free reorganization pursuant to IRC Sec. 368(a)(1)(E) with gain being recognized to the extent of any boot received. For this purpose the Company is treating the Consent Fee as boot. Under IRC Sec. 358(a), a holder’s aggregate adjusted tax basis in the New Notes is equal to such holder’s aggregate adjusted basis in the Notes, increased by the gain recognized in the exchange (if any), and decreased by any cash received (i.e., boot). Holders should consult with a tax advisor regarding the tax basis of the New Notes received in the exchange.

16. See Line 15 above, the holder’s aggregate tax basis in the New Note received is expected to equal the aggregate tax basis of the Notes surrendered, increased by the gain recognized (if any), and decreased by any cash received.

17. Sections 354, 368(a)(1)(E), 356, 358.

18. No loss can be recognized in conjunction with this organizational action that is a recapitalization.

19. Holders should consult with a tax advisor regarding the particular tax consequences of the exchange to the holder. The information contained in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of avoiding penalties under the Internal Revenue Code.