



**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.

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**18** Can any resulting loss be recognized? ▶ See attached.

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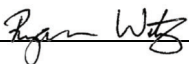
**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

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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 ▶ 10/28/20

Print your name ▶ TY HARRISON Title ▶ CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	RYAN WITZ		10/28/2020		P00477238
	Firm's name ▶ DELOITTE TAX LLP	Firm's EIN ▶ 86-1065772		Phone no. 713-982-2000	
	Firm's address ▶ 1111 BAGBY, STE 4500, HOUSTON, TX 77002				

**UP Energy, LLC**  
**EIN 80-0044296**  
**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 shareholder’s or note 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). Shareholders and note holders 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 transaction.

**Form 8937, Line 8**

**Emergence Transaction:** September 14, 2020.

**UP Energy Conversion:** September 15, 2020.

**Form 8937, Lines 9–13**

<b>Classification and Description (Line 9)</b>	<b>CUSIP Number (Line 10)</b>	<b>Serial Number (Line 11)</b>	<b>Ticker Symbol (Line 12)</b>	<b>Account Number (Line 13)</b>
Common Stock, no par value				
6.875% Senior Note due 2022	90400GAA9	U9037BAA8		
7.125% Senior Note due 2025	90400GAB7	U9037BAB6		
9.00% Cash / 2.00% PIK Senior Secured Second Lien Note due 2024	90400GAE1	US90400GAE17		

**Form 8937, Line 14**

**Emergence Transaction:**

On May 14, 2020, Ultra Petroleum Corp. (“Ultra Petroleum”) and its affiliates (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 Southern District of Texas, Houston Division (“Bankruptcy Court”). On August 22, 2020, the Bankruptcy Court approved and confirmed the Debtors’ Second Amended Joint Chapter 11 Plan, as amended and supplemented (the “Plan”). The Plan became effective on September 14, 2020 (the “Plan Effective Date”), and the Debtors emerged from their Chapter 11 cases.

On the Plan Effective Date, UP Energy Corporation (“UP Energy”), a wholly owned U.S. subsidiary of Ultra Petroleum, contributed (i) the Class A common stock of UP Energy (the “Class A Common Stock”) and subscription rights to

acquire the Class A Common Stock (the “Subscription Rights”) to its wholly owned domestic subsidiary, Ultra Resources Inc. (“Ultra Resources”). Ultra Resources distributed such Class A Common Stock and Subscription Rights to holders of certain claims against the Debtors (the “Holders of Claims”) in satisfaction of their claims as described in relevant part as follows<sup>1</sup>:

- Holders of First Lien RBL Claims that did not exercise the Exit RBL Lender Cash Election received their pro rata share of the Class A Common Stock in satisfaction of their claims.
- Holders of First Lien Term Loan Claims received their pro rata share of the Subscription Rights and the Class A Common Stock in satisfaction of their claims.
- Holders of Second Lien Notes Claims received their pro rata share of (i) the Class A Common Stock and (ii) the Makewhole Instrument evidencing entitlement to 45 percent of any proceeds received by the Debtors in connection with the Makewhole Litigation in satisfaction of their claims.<sup>2</sup>

In addition, UP Energy transferred shares of Class A Common Stock to Holders of Claims exercising Subscription Rights (the “Rights Offering Participants”) and to certain parties that provided certain commitments to purchase shares of the Class A Common Stock (the “Backstop Parties”) in exchange for cash. Ultra Petroleum’s existing interests in UP Energy were cancelled and Ultra Petroleum liquidated and dissolved thereafter.

### **UP Energy Conversion**

On the day after the Plan Effective Date, UP Energy converted from a Delaware corporation to a Delaware limited liability company (“UP Energy, LLC”) that elected to be treated as a corporation for U.S. federal income tax purposes (the “UP Energy Conversion”). As a result of the UP Energy Conversion, the outstanding shares of Class A Common Stock converted to Class A units in UP Energy, LLC (the “Class A Units”) on a one-for-one basis.

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<sup>1</sup> Certain aspects of the Emergence Transaction are not subject to reporting on Form 8937, including (i) the Holders of the First Lien RBL Claims who received cash by exercising the Exit RBL Lender Cash Election and (ii) the Holders of the General Unsecured Claims who received cash and a portion of the Makewhole Instrument. Unless specified otherwise, capitalized terms used and not defined in this attachment have the meanings ascribed to them in the Plan.

<sup>2</sup> The Makewhole Litigation means that certain litigation related to that certain master note purchase agreement executed by Ultra Resources, dated as of March 6, 2008. The Makewhole Instrument is beyond the scope of a “specified security” for purposes of Form 8937 reporting.

## Form 8937, Line 15

### **Emergence Transaction:**

#### Holders of First Lien RBL Claims that did not exercise the Exit RBL Lender Cash Election

UP Energy expects that the distribution by Ultra Resources of Class A Common Stock in satisfaction of the First Lien RBL Claims will be treated as a taxable disposition pursuant to section 1001 of the Internal Revenue Code of 1986, as amended (the “Code”). A holder of First Lien RBL Claims should take an aggregate tax basis in its pro rata share of Class A Common Stock received equal to its fair market value. *See* line 16.

#### Holders of First Lien Term Loan Claims

UP Energy expects that the distribution by Ultra Resources of Class A Common Stock and Subscription Rights in satisfaction of the First Lien Term Loan Claims will be treated as a taxable disposition pursuant to section 1001 of the Code. A holder of First Lien Term Loan Claims should take an aggregate tax basis in its pro rata share of Class A Common Stock and Subscription Rights received equal to their respective fair market values.<sup>3</sup> *See* line 16.

#### Holders of Second Lien Notes Claims

UP Energy expects that the distribution by Ultra Resources of Class A Common Stock and the Makewhole Instrument in satisfaction of the Second Lien Notes Claims will be treated as a taxable disposition pursuant to section 1001 of the Code. A holder of Second Lien Notes Claims should take an aggregate tax basis in its pro rata share of Class A Common Stock received equal to its fair market value. *See* line 16.

#### Rights Offering Participants and Backstop Parties

Pursuant to the Plan, Rights Offering Participants and Backstop Parties that purchased shares of Class A Common Stock for cash and should take an aggregate tax basis in such Class A Common Stock acquired equal to the sum of the amount of cash paid for such Class A Common Stock and their aggregate tax basis in their Subscription Rights (if applicable). *See* line 16.

### **UP Energy Conversion:**

UP Energy expects the UP Energy Conversion will be treated as a reorganization under section 368(a)(1)(F) of the Code. A shareholder’s tax basis in the Class A

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<sup>3</sup> Holders of First Lien Term Loan Claims who did not exercise the Subscription Rights should consult their own tax advisors as to the U.S. federal income consequences from the lapse of such Subscription Rights.

Units will equal such shareholder's aggregate tax basis in the Class A Common Stock held immediately before the UP Energy Conversion.

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

#### **The Emergence Transaction:**

A holder of First Lien Term Loan Claims, First Lien RBL Claims or Second Lien Notes Claims should take an aggregate tax basis in its pro rata share of Class A Common Stock received equal to its fair market value. U.S. federal income tax laws do not define fair market value. One reasonable method is to rely on the fair market value used by UP Energy for other reporting obligations (*e.g.*, \$23.56 per share used for purposes of the Foreign Investment in Real Property Tax Act of 1980). Holders of Class A Common Stock should consult their own tax advisors as to the proper calculation of fair market value for U.S. federal income tax purposes.

#### **The UP Energy Conversion:**

See discussion above.

### **Form 8937, Line 17**

#### **Emergence Transaction:**

Sections 1001 and 1012.

#### **UP Energy Conversion:**

Sections 368(a), 354(a) and 358(a).

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

#### **Emergence Transaction:**

Loss generally may be allowed to the extent that the Holders of Claims' adjusted basis in their claims exceeds the fair market value of the total consideration received pursuant to the Plan.

#### **UP Energy Conversion:**

No loss may be recognized by any holder of shares of Class A Common Stock in the UP Energy Conversion.

### **Form 8937, Line 19**

UP Energy, LLC  
Attachment to Form 8937

The Emergence Transaction occurred on September 14, 2020 and the UP Energy Conversion occurred on September 15, 2020. The reportable tax year is 2020 with respect to each of the Holders of Claims, holders of shares of Class A Common Stock are calendar year taxpayers.