



**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 attachment.](#)

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

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

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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 ▶ 3/21/2022

Print your name ▶ Shannon E. Young, III Title ▶ Executive Vice President & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Talos Energy Inc.

EIN 82-3532642

Attachment to Form 8937

**Line 10**

Talos Energy Inc. (“*Talos*”) CUSIP: 87484T108

EnVen Energy Corporation (“*EnVen*”) CUSIP: 20427; 20428; 20429

**Line 12**

Talos’ ticker symbol is TALO

**Line 14**

On February 13, 2023, Talos completed its acquisition of EnVen (such acquisition, the “*Transaction*”) pursuant to the Merger Agreement, dated as of September 21, 2022, by and among Talos, EnVen, Talos Production Inc, an indirect wholly owned subsidiary of Talos (“*Talos Production*”), Tide Merger Sub I Inc., a direct wholly owned subsidiary of Talos (“*Merger Sub Inc.*”), Tide Merger Sub II LLC, a direct wholly owned subsidiary of Talos (“*Merger Sub LLC*”), Tide Merger Sub III LLC, a direct wholly owned subsidiary of Talos Production (“*UnSub*”), and BCC Enven Investments, L.P., in its capacity as the representative of the equityholders of EnVen (the “*Merger Agreement*”).

The Transaction was consummated through a series of steps, including (i) the merger of Merger Sub Inc. with and into EnVen (such merger, the “*First Merger*”), with EnVen continuing as the surviving entity in the First Merger (the “*First Surviving Corporation*”), (ii) immediately following the First Merger, the merger of First Surviving Corporation with and into Merger Sub LLC (such merger, the “*Second Merger*”), with Merger Sub LLC continuing as the surviving entity in the Second Merger (the “*Surviving Company*”), and (iii) immediately following the Second Merger, the merger of Surviving Company with and into UnSub (such merger, the “*Third Merger*,” and together with the First Merger and Second Merger, the “*Mergers*”), with UnSub continuing as the surviving entity in the Third Merger.

In connection with the Mergers, each share of EnVen common stock (“*EnVen Common Stock*”) was converted into the right to receive a number of shares of Talos Class A common stock (“*Talos Common Stock*”) (together with cash in lieu of fractional shares) and cash.

Additional details regarding the Transaction can be found in the registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission by Talos on December 19, 2022, (Registration No. 333-268036) (the “*Form S-4*”) and available at the following link:

<https://www.sec.gov/Archives/edgar/data/1724965/000119312522308594/d371974ds4a.htm>

## Line 15

The information contained herein does not constitute tax advice and does not purport to be a complete description of all consequences that may apply to a particular shareholder.

Additional information regarding the U.S. federal income tax consequences of the Mergers can be found in the Form S-4 under “Material U.S. Federal Income Tax Consequences of the Mergers”.

Talos and EnVen believe the First Merger and the Second Merger, taken together, will qualify as a “reorganization” within the meaning of Section 368(a) of the U.S. Internal Revenue Code of 1986, as amended (the “*Code*”), and the remainder of this attachment assumes such qualification. Talos and EnVen have not sought, and do not intend to seek, any ruling from the U.S. Internal Revenue Service (“*IRS*”) regarding any matters related to the Mergers. Accordingly, there can be no assurance that the IRS will not take a contrary position to the conclusions set forth herein or that a court will not agree with a contrary position of the IRS.

Assuming the First Merger and the Second Merger, taken together, qualify as a “reorganization” within the meaning of Section 368(a) of the Code, the quantitative effect of the First Merger and the Second Merger on the basis of the holders of EnVen Common Stock that receive Talos Common Stock and cash in the Mergers who are U.S. persons (“*U.S. holders*”) and that are not in a special class of holders subject to special rules (as further described in the Form S-4) is as follows:

- a U.S. holder generally will not recognize any realized loss but will recognize any realized gain equal to the lesser of (i) the excess, if any, of the amount of cash (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) plus the fair market value of the Talos Common Stock (including any fractional share of Talos Common Stock deemed received and redeemed for cash, as discussed below) received in exchange for such shares of EnVen Common Stock in the Mergers, over such holder’s tax basis in the shares of EnVen Common Stock exchanged therefor and (ii) the amount of cash (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) received by such holder in exchange for such shares of EnVen Common Stock;
- the aggregate tax basis in the Talos Common Stock received by a U.S. holder in the Mergers (including any fractional share of Talos Common Stock deemed received and redeemed for cash, as discussed below) will generally equal the aggregate adjusted tax basis of such U.S. holder’s EnVen Common Stock exchanged therefor, increased by the amount of taxable gain, if any, recognized by such holder of EnVen Common Stock in the exchange of such shares, and decreased by the amount of such cash received by such holder of EnVen Common Stock (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) in exchange for such shares of EnVen Common Stock; and
- the holding period of a U.S. holder of Talos Common Stock received in exchange for shares of EnVen Common Stock (including any fractional share of Talos Common Stock deemed received and redeemed for cash, as discussed below) will include the holding period of such holder’s shares of EnVen Common Stock surrendered in exchange therefor.

If a U.S. holder of EnVen Common Stock acquired different blocks of EnVen Common Stock at different times or at different prices, such U.S. holder's basis in its shares of Talos Common Stock may be determined separately with reference to each block of EnVen Common Stock.

A U.S. holder of EnVen Common Stock who receives cash in lieu of a fractional share of Talos Common Stock generally will be treated as having received such fractional share and then as having sold to Talos that fractional share of Talos Common Stock for cash. As a result, such U.S. holder of EnVen Common Stock generally will recognize gain or loss equal to the difference between the amount of cash received in lieu of the fractional share of Talos Common Stock and the portion of such U.S. holder's aggregate tax basis in the shares of EnVen Common Stock exchanged therefor that is allocated to the fractional share of Talos Common Stock.

### **Line 16**

As noted above, assuming that the First Merger and the Second Merger, taken together, qualify as a "reorganization" within the meaning of Section 368(a) of the Code, the aggregate tax basis of the Talos Common Stock received by a U.S. holder in the Mergers (including any fractional share of Talos Common Stock deemed received and redeemed for cash, as discussed below) will equal such U.S. holder's aggregate tax basis in the shares of EnVen Common Stock exchanged therefor, increased by the amount of taxable gain, if any, recognized by such holder of EnVen Common Stock in the exchange of such shares, and decreased by the amount of cash received by such holder of EnVen Common Stock (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) in exchange for such shares of EnVen Common Stock.

### **Line 17**

The tax treatment described herein is based (in part) on Sections 354, 358, 361, 368, 1001, 1221, and 1223 of the Code and the Treasury Regulations promulgated thereunder.

### **Line 18**

Assuming that the First Merger and the Second Merger, taken together, qualify as a "reorganization" within the meaning of Section 368(a) of the Code, a U.S. holder generally will not recognize any realized loss but will recognize any realized gain equal to the lesser of (i) the excess, if any, of the amount of cash (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) plus the fair market value of the Talos Common Stock (including any fractional share of Talos Common Stock deemed received and redeemed for cash) received in exchange for such shares of EnVen Common Stock in the Mergers, over such holder's tax basis in the shares of EnVen Common Stock exchanged therefor and (ii) the amount of cash (excluding the amount of any cash in lieu of a fractional share of Talos Common Stock) received by such holder in exchange for such shares of EnVen Common Stock.

As discussed above, a U.S. holder who receives cash in lieu of a fractional share of Talos Common Stock generally will be treated as having received such fractional share and then as having sold to Talos that fractional share of Talos Common Stock for cash and may recognize loss as a result of such sale.

**Line 19**

The Mergers were consummated on February 13, 2023. Accordingly, the reportable tax year of U.S. holders of EnVen Common Stock for reporting the tax effect of the Mergers is the taxable year that includes February 13, 2023.