

## Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I	Reporting Issuer
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1 Issuer's name		2 Issuer's employer identification number (EIN) 75-2504748 (PTEN) ; 83-2198360 (BEP)	
3 Name of contact for additional information  Investor Relations		4 Telephone No. of contact  281-765-7100	
5 Email address of contact  investor.relations@patenergy.com		6 Number and street (or P.O. box if mail is not delivered to street address) of contact  10713 W SAM HOUSTON PKWY N STE 800	
7 City, town, or post office, state, and ZIP code of contact  HOUSTON, TX 77064		8 Date of action  August 14, 2023	
9 Classification and description  BEP Diamond Holdings Corp. Common Stock		10 CUSIP number	
11 Serial number(s)		12 Ticker symbol  PTEN	
13 Account number(s)			

**Part II** **Organizational Action** Attach additional statements if needed. See back of form for additional questions.

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 ► [See attachment](#)

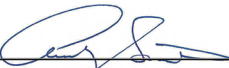
15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► [See attachment](#)

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 ► [See attachment](#)

**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](#)**18** Can any resulting loss be recognized? ▶ [See attachment](#)**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)**Sign  
Here**

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.

Signature ▶



Date ▶ September 25, 2023

Print your name ▶

C. Andrew Smith

Title ▶

EVP &amp; CFO

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

ALA'A BOULOS

Preparer's signature



Date

09/25/2023

Check ☐ if  
self-employed

PTIN

P00743600

Firm's name ▶ DELOITTE TAX LLP

Firm's EIN ▶

86-106577

Firm's address ▶ 1111 BAGBY STREET, SUITE 4500, HOUSTON, TX 77002-2591

Phone no.

713-982-2000

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

(PTEN)Patterson-UTI Energy, Inc.  
(successor to BEP Diamond Holdings Corp.)  
EIN: [75-2504748] (PTEN); EIN: [83-2198360] (BEP)  
Attachment to Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations related to the effects of the Merger (as defined below) on securities.<sup>1</sup> The information contained herein does not constitute tax advice and does not purport to be complete or describe the tax consequences that may apply to particular persons or categories of persons. Holders of BEP Diamond Holdings Corp. (“BEP”) Capital Stock (defined below) are encouraged to consult their independent tax advisors regarding the particular consequences of the Merger (defined below) to them (including the applicability and effect of all federal, state, local and non-U.S. laws).

**Line 14**

On August 14, 2023, PJ Merger Sub Inc. (“**Merger Sub I**”), a Delaware corporation and wholly owned subsidiary of Patterson-UTI Energy, Inc. (“**PTEN**”), merged with and into BEP, a Delaware corporation, with BEP surviving (the “**First Step Merger**”). Immediately following the First Step Merger, BEP merged with and into PJ Second Merger Sub LLC (“**Merger Sub II**”), a Delaware limited liability company the existence of which is disregarded as separate from that of PTEN for U.S. federal income tax purposes, with Merger Sub II surviving (the “**Second Step Merger**,” and together with the First Step Merger, the “**Merger**”). The Merger was carried out pursuant to an Agreement and Plan of Merger between PTEN, Merger Sub I, Merger Sub II, BEP, and BEP Diamond Topco L.P. (“**Stockholder**”), a Delaware limited partnership and sole stockholder of BEP, dated July 3, 2023 (the “**Merger Agreement**”).

As a result of the Merger, all the shares of BEP common stock (the “**BEP Capital Stock**”) were converted into the right to receive:

- (a) PTEN common stock (the “**PTEN Stock**”);
- (b) Cash (the “**Cash Consideration**”); and
- (c) A contingent right to receive additional cash from the Adjustment Escrow Account (the “**Contingent Cash Consideration**”).<sup>2</sup>

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<sup>1</sup> Unless otherwise specified, all “**section**” references are to the U.S. Internal Revenue Code (“**IRC**”) of 1986, as amended, and all “**Treas. Reg. §**” and “**Prop. Treas. Reg. §**” references are to the final and proposed U.S. Department of the Treasury (the “**Treasury**”) regulations promulgated and proposed thereunder (“**Treasury Regulations**”), each as in effect on the date or dates relevant for this Form 8937.

<sup>2</sup> Capitalized terms that are not defined in this document have the meaning assigned to them in the Merger Agreement.

A portion of the PTEN Stock and the Cash Consideration was put into the SC Escrow Account. For U.S. federal income tax purposes, the Stockholder is considered to have received the consideration at the time it was put into the SC Escrow Account. Accordingly, the PTEN Stock and the Cash Consideration deposited in the SC Escrow Account are treated as part of the consideration furnished to the Stockholder in exchange for its BEP Capital Stock.

The Contingent Cash Consideration held in the Adjustment Escrow Account is not treated as furnished to the Stockholder for U.S. federal income tax purposes until and to the extent payment is made to the Stockholder.<sup>3</sup>

### **Line 15**

*The discussion below assumes the Stockholder has received the full amount of the PTEN Stock and Cash Consideration held in the SC Escrow Account. If less than the full amount of consideration held in the SC Escrow Account is paid to the Stockholder, the Stockholder should consult with its independent tax advisor to determine what impact it will have on Stockholder for U.S. federal income tax purposes.*

*The discussion below also assumes the Stockholder has received payment in the year of the Merger of the full amount of the Contingent Cash Consideration held in the Adjustment Escrow Account. Consult your tax advisor regarding the treatment of the Contingent Cash Consideration.*

In general, the Merger is intended to qualify as a tax-free reorganization under section 368(a). As such, the Stockholder should recognize gain (but not loss) under section 356(a) in an amount equal to the lesser of: (1) the amount by which the sum of (a) the fair market value of the PTEN Stock (including PTEN Stock held in the SC Escrow Account), (b) the Cash Consideration received at closing (including the Cash Consideration held in the SC Escrow Account), and (c) the Contingent Cash Consideration, exceeds the Stockholder's tax basis in the BEP Capital Stock exchanged for such consideration; and (2) the Cash Consideration received at closing (including the Cash Consideration held in the SC Escrow Account) plus the Contingent Cash Consideration. See Line 16, below, for additional information, including information about the value of PTEN Stock.

Under section 358(a), the Stockholder's aggregate tax basis in the PTEN Stock received (including the PTEN Stock held in the SC Adjustment Account) equals the basis in the BEP Capital Stock surrendered in the exchange, decreased by (i) the Cash Consideration received at closing (including the Cash Consideration held in the SC Escrow Account) and (ii) the Contingent Cash Consideration; and increased by (x) the amount (if any) treated as a dividend,

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<sup>3</sup> This Form 8937 assumes that, if the Stockholder becomes entitled to the Contingent Cash Consideration, such consideration will be paid prior to the end of the calendar year ending December 31, 2023, and thus received in the year of the Merger. If the Contingent Cash Consideration is paid after the end of this year, the Stockholder should consult with its independent tax advisor. See disclosure in the response to Line 15.

and (y) the amount of gain (if any) which was recognized on such exchange (except the portion treated as a dividend) (the “**Adjusted Tax Basis**”).

*Stockholder should consult its independent tax advisor to determine the appropriate method for calculating and reporting any gain recognized as a result of the Merger, the availability of the installment method under section 453, the method for determining its basis in PTEN Stock received in the Merger, the treatment of the Contingent Cash Consideration, and potential interest under section 483 if the Contingent Cash Consideration is released after the close of the tax year.*

#### **Line 16**

One reasonable method to determine the fair market value of each share of PTEN Stock received in the Merger is to use the mean of the highest and lowest quoted price on August 14, 2023, which is \$[14.94] (high of \$[15.08] and low of \$[14.79]).

The Adjusted Tax Basis must generally be allocated to the shares of PTEN Stock received in a manner that reflects, to the greatest extent possible, the basis in the shares of BEP Capital Stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate the Adjusted Tax Basis in this manner, the aggregate tax basis in the BEP Capital Stock surrendered must be allocated to the PTEN Stock in a manner that minimizes the disparity in the holding periods of the BEP Capital Stock whose basis is allocated to any particular share of PTEN Stock received.

#### **Line 17**

Sections 356(a), 358(a)-(b), and 368(a).

#### **Line 18**

No loss may be recognized as a result of the Merger.

#### **Line 19**

The U.S. federal income tax consequences of the Merger are taken into account in the tax year of the Stockholder that includes August 14, 2023.