

11.00% Second-Priority Senior Secured Notes due 2022
CUSIP No.: 87484JAD2

Statement Pursuant to U.S. Treasury Regulation § 1.1273-2(f)(9)

On May 10, 2018 (the “**Issue Date**”), Talos Production LLC (the “**Issuer**”) and Talos Production Finance Inc. (the “**Co-Issuer**” and together with the Issuer, the “**Issuers**”) consummated a transaction pursuant to which certain holders exchanged (i) 7.500% Senior Secured Notes due 2022 of Stone Energy Corporation (the “**Stone Notes**”) and (ii) the loans issued under the Second Lien Bridge Loan Agreement, dated as April 3, 2017, by the Issuers (the “**Talos Bridge Loan**”) for the Issuers’ newly issued 11.00% Second-Priority Senior Secured Notes due 2022 (the “**New Notes**”) and a cash payment (such exchanges the “**May Exchanges**”). The Issuers have determined that the terms of the New Notes and the cash payment constituted a “significant modification,” within the meaning of Treasury Regulation § 1.1001-3, of the Stone Notes and the Talos Bridge Loan and, therefore, the May Exchanges were exchanges for U.S. federal income tax purposes of the Stone Notes and the Talos Bridge Loan for New Notes on the Issue Date.

Pursuant to Treasury Regulation § 1.1273-2(f)(9), the Issuer has made the following determinations in connection with the New Notes:

1. The New Notes are “traded on an established market” within the meaning of Treasury Regulations § 1.1273-2(f); and
2. The issue price of the New Notes is equal to 105.00% of the principal amount of the New Notes.

Pursuant to Treasury Regulations § 1.1273-2(f)(9), the Issuer’s determinations in this statement are binding on a holder of the New Notes unless such holder explicitly discloses that its determinations are different from the Issuer’s determinations on a timely filed U.S. federal income tax return for the taxable year that includes the acquisition date of the New Notes.

Holdings are urged to consult their own tax advisors regarding the Issuer’s determinations set forth herein and any tax considerations related to their ownership of the Stone Notes or Talos Bridge Loan and the New Notes.