



**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 A, ITEM 17.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18 Can any resulting loss be recognized? ► SEE ATTACHMENT A, ITEM 18.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► SEE ATTACHMENT A, ITEM 19.

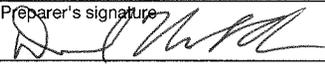
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 ► /s/ MARK CASHIOLA Date ► 5/6/2015

Print your name ► MARK CASHIOLA Title ► VICE PRESIDENT & CAO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>DAVID NOCKOLDS</u>		<u>5/6/2015</u>		<u>P00407374</u>
	Firm's name ► <u>DELOITTE TAX LLP</u>	Firm's address ► <u>1111 BAGBY, SUITE 4500 HOUSTON, TEXAS 77002</u>		Firm's EIN ► <u>86-1065772</u>	Phone no. <u>713-982-2000</u>

**C&J Energy Services, Inc.**  
**Form 8937**  
**Attachment A, Page 1**

**Item 14**

On March 24, 2015, pursuant to the Agreement and Plan of Merger, dated as of June 25, 2014 and as amended from time to time, by and among Nabors Industries Ltd., a Bermuda exempted company (“Nabors”), C&J Energy Services, Inc., a Delaware corporation (“Old C&J”), Nabors Red Lion Limited, a Bermuda exempted company and formerly a wholly owned subsidiary of Nabors (which has been renamed C&J Energy Services Ltd.) (“New C&J”), CJ Holding Co., a Delaware corporation and a wholly owned subsidiary of New C&J (“Holdco”), and Nabors CJ Merger Co., a Delaware corporation and a direct wholly owned subsidiary of New C&J (“Merger Sub”), Merger Sub merged with and into Old C&J (the “Merger”), with Old C&J surviving the Merger as a wholly owned subsidiary of New C&J.

Pursuant to the Merger, each outstanding share of Old C&J common stock was exchanged for one (1) share of New C&J common stock. No cash or other consideration was received in exchange for Old C&J common stock.

**Item 15**

New C&J and Old C&J intend to treat (i) the Merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) New C&J as a corporation under Section 367(a) of the Code with respect to each transfer of property thereto in connection with the Merger (other than a transfer by a shareholder that would be a “five-percent transferee shareholder” (within the meaning of Treasury Regulation Section 1.367(a)-3(c)(5)(ii)) of New C&J (a “Five Percent New C&J Shareholder”) that does not enter into a five-year gain recognition agreement in the form provided in Treasury Regulation Section 1.367(a)-8(c) (a “Gain Recognition Agreement”).

Assuming the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, and New C&J qualifies as a corporation under Section 367(a) of the Code, then with respect to a U.S. holder of Old C&J common stock (other than a Five Percent New C&J Shareholder that does not enter into a Gain Recognition Agreement), for U.S. federal income tax purposes:

- gain or loss will not be recognized by such holder in respect of the exchange of shares of Old C&J common stock for shares of New C&J common stock in the Merger; and
- such holder will have an aggregate tax basis in the shares of New C&J common stock received in the exchange equal to the holder’s aggregate tax basis in the Old C&J common stock surrendered in the exchange

The tax consequences described above do not apply a U.S. holder of Old C&J that is a Five Percent New C&J Shareholder that does not enter into a Gain Recognition Agreement.

**C&J Energy Services, Inc.**

**Form 8937**

**Attachment A, Page 2**

Further discussion of the material U.S. federal income tax consequences of the Merger can be found under the heading “Material U.S. Federal Income Tax Consequences of the Merger and the U.S. Distributions” in the definitive joint proxy statement/prospectus filed with the Securities and Exchange Commission on February 13, 2015 (available at the following internet address: <https://www.sec.gov/Archives/edgar/data/1615817/000104746915000821/a2223055z424b3.htm>). Shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.

**Item 16**

As each share of Old C&J common stock was exchanged in the Merger for one share of New C&J common stock, a shareholder (other than a Five Percent New C&J Shareholder that does not enter into a Gain Recognition Agreement) will have a tax basis in each share of New C&J common stock equal to the tax basis of the share of Old C&J common stock surrendered in exchange therefor.

**Item 17**

Code Sections 354(a), 358(a), 367(a), and 368(a).

**Item 18**

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

**Item 19**

The tax consequences of the Merger are taken into account in the tax year of each former Old C&J shareholder that includes March 24, 2015 (e.g., 2015 for calendar year taxpayers).

Further discussion of the material U.S. federal income tax consequences of the Merger can be found under the heading “Material U.S. Federal Income Tax Consequences of the Merger and the U.S. Distributions” in the definitive joint proxy statement/prospectus filed with the Securities and Exchange Commission on February 13, 2015 (available at the following internet address: <https://www.sec.gov/Archives/edgar/data/1615817/000104746915000821/a2223055z424b3.htm>). Shareholders should consult with a qualified tax advisor for questions regarding their specific tax treatment.