

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| U.S. ENERGY CORP | | 83-0205516 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| MARK ZAJAC, CFO | 346-509-8734 | MZAJAC@USNRG.COM | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and ZIP code of contact | |
| 1616 S. VOSS, SUITE 725 | | HOUSTON, TX 77057 | |
| 8 Date of action | | 9 Classification and description | |
| 05/30/2023 | | DISTRIBUTION TO THE SHAREHOLDERS OF THE ISSUER'S COMMON STOCK | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| | | USEG | |

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 ▶ ON MAY 30, 2023, U.S. ENERGY CORP MADE A CASH DISTRIBUTION TO ITS SHAREHOLDERS. THE TOTAL PAYMENT AMOUNT PER SHARE WAS \$0.0225. THE DATE OF RECORD FOR THE DISTRIBUTION WAS MAY 19, 2023. THE DIVIDEND WAS PAID TO SHAREHOLDERS ON MAY 30, 2023.

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 ▶ U.S. ENERGY CORP HAS DETERMINED THAT OF THE \$0.0225 PER SHARE DISTRIBUTION, \$0.00 (0%) IS AN AMOUNT THAT CONSTITUTES A DIVIDEND (AS DEFINED IN SECTION 316) UNDER SECTION 301(c)(1) AND SHOULD BE INCLUDED IN GROSS INCOME; \$0.0225 (100%) IS AN AMOUNT THAT (i) SHOULD BE APPLIED AGAINST AND REDUCE THE ADJUSTED BASIS OF THE SHARES UNDER SECTION 301(c)(2), OR (ii) TO THE EXTENT THAT IT EXCEEDS THE ADJUSTED BASIS IN THE SHARES, SHOULD BE TREATED AS A GAIN FROM THE SALE OR EXCHANGE OF PROPERTY UNDER SECTION 301(c)(3).

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 ▶ THE CALCULATION OF THE CHANGE IN BASIS IS BASED UPON THE PORTION OF THE DISTIRUBTION THAT IS PAID OUT OF THE CURRENT AND ACCUMULATED EARNINGS & PROFITS OF U.S. ENERGY CORP. ONCE CURRENT AND ACCUMULATED EARNINGS & PROFITS REACH \$0, THE EXCESS DISTRIUBTION IS TREATED AS AN AMOUNT DESCRIBED UNDER SECTIONS 301(c)(2) AND 301(c)(3).

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 301(c) AND 316(a)

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ REPORTABLE TAX YEAR; 2023

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 ▶ _____

| | | | | | |
|-------------------------------|--|----------------------|-----------|---|-----------|
| Paid Preparer Use Only | Print your name ▶ | Preparer's signature | Title ▶ | Check <input type="checkbox"/> if self-employed | PTIN |
| | MICHAEL OSINA | <i>Michael Osina</i> | | | P00502854 |
| | Firm's name ▶ GRANT THORNTON LLP | Date | | Firm's EIN ▶ 36-6055558 | |
| | Firm's address ▶ 700 MILAM ST, SUITE 300 HOUSTON, TX 77002 | | 12/7/2023 | Phone no. 832-476-3600 | |