

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
CHAPARRAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 20-____ (____)
)	
Debtors.)	(Joint Administration Requested)
)	

**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) PROHIBITING UTILITY COMPANIES FROM ALTERING, REFUSING, OR
DISCONTINUING SERVICE, (II) APPROVING DEBTORS' PROPOSED FORM OF
ADEQUATE ASSURANCE OF PAYMENT TO UTILITY COMPANIES,
(III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS BY UTILITY
COMPANIES FOR ADDITIONAL ADEQUATE ASSURANCE, AND (IV)
AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED
CHECKS AND FUND TRANSFERS**

Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby move (this “**Motion**”) for entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (respectively, the “**Interim Order**” and the “**Final Order**”), granting the relief described below. In support thereof, the Debtors refer to the contemporaneously filed *Declaration of Charles Duginski in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”) and further represent as follows:

¹ The Debtors in these cases, along with the last four digits (or five digits, in cases in which multiple Debtors have the same last four digits) of each Debtor’s federal tax identification number, are: CEI Acquisition, L.L.C. (1817); CEI Pipeline, L.L.C. (6877); Chaparral Biofuels, L.L.C. (1066); Chaparral CO2, L.L.C. (1656); Chaparral Energy, Inc. (90941); Chaparral Energy, L.L.C. (20941); Chaparral Exploration, L.L.C. (1968); Chaparral Real Estate, L.L.C. (1655); Chaparral Resources, L.L.C. (1710); Charles Energy, L.L.C. (3750); Chestnut Energy, L.L.C. (9730); Green Country Supply, Inc. (2723); Roadrunner Drilling, L.L.C. (2399); and Trabajo Energy, L.L.C. (9753). The Debtors’ address is 701 Cedar Lake Boulevard, Oklahoma City, OK 73114.



JURISDICTION

1. The United States Bankruptcy Court for the District of Delaware (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

2. Venue of the Chapter 11 Cases and related proceedings is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief requested herein are sections 105(a) and 366 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Local Rule 9013-1(m).

BACKGROUND

4. On August 16, 2020 (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing the Chapter 11 Cases. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases and no committees have yet been appointed.

5. The Debtors commenced the Chapter 11 Cases to implement their comprehensive, prepackaged plan of reorganization (the “**Plan**”). The Plan is the result of

extensive negotiations between the Debtors, their revolving lenders, and their unsecured noteholders, who have agreed on a comprehensive balance sheet restructuring that will reduce the Debtors' debt burden and increase liquidity. Holders of more than 75% of the Debtors' outstanding revolving loans and more than 75% of the Debtors' outstanding unsecured notes have documented their support for the Plan and the Chapter 11 Cases by executing a restructuring support agreement prior to the Petition Date. Under the Plan, the Debtors will equitize all of their approximately \$300 million of unsecured notes, eliminating a significant portion of their prepetition debt, and convert the revolving loans into an exit facility. Importantly, the Plan contemplates that allowed general unsecured claims will remain unimpaired and be paid in full or "ride through" the Chapter 11 Cases.

6. Additional information about the Debtors, including their business operations, their capital structure and prepetition indebtedness, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the First Day Declaration, which is incorporated herein by reference.

RELIEF REQUESTED

7. By this Motion, pursuant to sections 105(a) and 366 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004 and Local Rule 9013-1(m), the Debtors request entry of an interim order and final order (a) prohibiting the Debtors' utility service providers (as that term is used in section 366 of the Bankruptcy Code and as described herein, the "Utility Companies") from altering, refusing, discontinuing service, or discriminating against the Debtors on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors' proposed adequate assurance, (b) approving the Debtors' proposed form of adequate assurance of payment for the Utility Companies, (c) establishing procedures for resolving any subsequent requests by the Utility Companies for additional adequate assurance of payment, (d) authorizing

financial institutions to receive, honor, process and pay all related checks issued or to be issued and fund transfers requested or to be requested on account of any obligations authorized to be paid pursuant hereto, and (e) granting related relief.

**THE DEBTORS' UTILITIES, PROPOSED ADEQUATE ASSURANCE, AND
PROPOSED ADEQUATE ASSURANCE PROCEDURES**

8. In connection with the operation of their business and management of their properties, the Debtors purchase utility services, including electricity, water, natural gas, waste removal, alarm monitoring, security services, communications, telemetry and similar utility products and services (collectively, “**Utility Services**”) from the Utility Companies. A list of the Utility Companies that provide Utility Services to the Debtors’ various locations and their business operations as of the Petition Date is attached hereto as **Exhibit C** (the “**Utility Services List**”).² The relief requested herein is for all Utility Companies providing Utility Services to the Debtors, and is not limited to those listed on the Utility Services List. The Debtors have made an extensive and good-faith effort to identify all of the Utility Companies that provide Utility Services to them and to include such Utility Companies in the Utility Services List. Nonetheless, the Debtors reserve the right to supplement the Utilities Services List by filing a notice at a later date with the Court, if necessary.

9. During the past twelve (12) months, the Debtors paid an average of approximately \$545,000 per month on account of Utility Services. To the best of the Debtors’ knowledge, there are no material defaults or arrearages with respect to the Debtors’ undisputed

² The inclusion of any entity on or the omission of any entity from the Utility Services List is not an admission by the Debtors that such entity is or is not a utility within the meaning of section 366 of the Bankruptcy Code, and the Debtors reserve all rights with respect thereto, including the right to assert that any such entity is compelled by contractual obligation, state or local law or otherwise to continue to furnish services to the Debtors notwithstanding the filing of these Chapter 11 Cases.

Utility Services invoices, other than payment interruptions that may be caused by the commencement of these Chapter 11 Cases.

A. The Debtors' Utility Companies

10. As of the Petition Date, approximately 31 Utility Companies provide Utility Services to the Debtors at various locations through approximately 225 accounts. The Utility Companies primarily service the Debtors' corporate office in Oklahoma and the Debtors' operations and facilities related to oil and gas production and development in Oklahoma and Texas. On average, prior to the Petition Date, the Debtors were directly invoiced approximately \$545,000 each month for utility costs and generally made timely payments of utility costs. The Debtors are not currently aware of any past due amounts owed to any of the Utility Companies. Based on the timing of the filings in relation to the Utility Companies' billing cycles, however, there may be prepetition utility costs that have been invoiced to the Debtors for which payment is not yet due and prepetition utility costs for services provided since the end of the last billing cycle that have not yet been invoiced to the Debtors.

11. The Utility Services are crucial to the continued operations of the Debtors' business. As described in the First Day Declaration, the Debtors are involved in the acquisition, exploration, development, production and operation of oil and natural gas properties and facilities primarily in Oklahoma and Texas. The Debtors generate their revenues primarily through their interests in oil, gas and mineral leases, either by (i) their operation of oil and natural gas properties or (ii) through their rights and ownership in oil and natural gas properties operated by others under joint operating agreements, pooling agreements, unitization agreements, or similar agreements (collectively, "**Joint Operating Agreements**") in which Debtors have an interest. Where the Debtors serve as the operator pursuant to a Joint Operating Agreement, the Debtors must run their exploration and production equipment at nearly all times in order to effectively operate oil and gas

properties, which they would be unable to do without the Utility Services. Further, the Debtors could not operate their headquarters, from which they initiate all required transfers to operators, working interest holders, and royalty interest holders required pursuant to the Joint Operating Agreements to which the Debtors are parties. The failure to make such payments could result in such parties asserting statutory liens or the removal of the Debtors as operator under various Joint Operating Agreements. Furthermore, the Utility Services are necessary to prevent blowouts and fires from damaging the Debtors' wells and other nearby property. Accordingly, if the Utility Companies refuse or discontinue service, even for a brief period, the Debtors' wells could pose a significant safety risk to people and property nearby, the Debtors' business operations would be severely disrupted, and the Debtors could be forced to cease operations.

B. The Adequate Assurance Deposit

12. The Debtors intend to pay all postpetition obligations owed to the Utility Companies in a timely manner. Nevertheless, to provide additional assurance of payment for future services to the Utility Companies, the Debtors will deposit \$272,250, which is an amount equal to approximately fifty percent (50%) of the estimated monthly cost of the Utility Services, into a newly created, segregated, interest-bearing account, within twenty (20) days of the Petition Date (the "**Adequate Assurance Deposit**"). The Adequate Assurance Deposit will be maintained during the Chapter 11 Cases with a minimum balance equal to 50% of the Debtors' estimated monthly cost of Utility Services. The Adequate Assurance Deposit may be adjusted by the Debtors to account for the termination of Utility Services by the Debtors or other arrangements with respect to adequate assurance of payment reached with individual Utility Companies.

13. The portion of the Adequate Assurance Deposit attributable to each Utility Company shall be returned to the Debtors upon the effective date of a chapter 11 plan for the Debtors. Additionally, if the Debtors terminate any of the Utility Services provided by a Utility

Company, the Debtors request that they immediately be permitted to reduce the Adequate Assurance Deposit to reflect the termination of such Utility Services.

14. The Debtors submit that the Adequate Assurance Deposit, in conjunction with the Debtors' ability to pay for future Utility Services in the ordinary course of business, constitutes sufficient adequate assurance to the Utility Companies. If any Utility Company believes that additional assurance is required, it may request such assurance pursuant to the additional adequate assurance procedures described below.

C. The Additional Adequate Assurance Procedures

15. In the event that any Utility Company requests additional adequate assurance of payment pursuant to section 366(c)(2) of the Bankruptcy Code, the Debtors propose that such request be addressed pursuant to the following procedures (the “**Additional Adequate Assurance Procedures**”):

- (a) Except as provided by the Additional Adequate Assurance Procedures, the Utility Companies are forbidden to (i) alter, refuse or discontinue services to, or discriminate against, the Debtors on account of unpaid prepetition invoices or any objections to the Debtors' Adequate Assurance Deposit or due to the commencement of the Chapter 11 Cases or (ii) require the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than the establishment of the Adequate Assurance Deposit.
- (b) The Debtors will serve on the Utility Companies copies of this Motion and the interim order granting the relief requested herein within forty-eight (48) hours as required by the Bankruptcy Rules and Local Rules after the entry of the interim order.³
- (c) In the event that a Utility Company asserts that the Adequate Assurance Deposit is not satisfactory adequate assurance of payment as contemplated by section 366(c)(2) of the Bankruptcy Code, that Utility Company shall serve a written request (an “**Additional Adequate Assurance Request**”) for adequate assurance in addition to or in lieu of its rights in the Adequate

³ Rule 9013-1(m)(iv) of the Local Rules requires service of all first day motions and orders on affected parties within forty-eight (48) hours of entry of the first day order.

Assurance Deposit. All Additional Adequate Assurance Requests shall be delivered by mail and email to each of the following: (i) Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, OK 73114 (Attn: Justin Byrne), Email: justin.byrne@chaparralenergy.com; (ii) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Angela M. Libby and Jacob S. Weiner), Emails: angela.libby@davispolk.com and jacob.weiner@davispolk.com; (iii) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Amanda R. Steele and Brendan J. Schlauch), Email: steele@rlf.com and schlauch@rlf.com; (iv) counsel to the administrative agent for the Debtors' prepetition revolving credit facility, Vinson & Elkins LLP, Trammell Crow Center, 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201 (Attn: Bill Wallander), Email: bwallander@velaw.com; (v) counsel to the ad hoc committee of the holders of the Debtors' prepetition unsecured notes, (A) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038-4982 (Attn: Erez E. Gilad and Samantha L. Martin), Emails: Attn: egilad@stroock.com and smartin@stroock.com; and (B) Young, Conaway, Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Matthew Lunn and Robert Poppiti), Emails: mlunn@ycst.com and rpoppiti@ycst.com; (vi) counsel to the official committee of unsecured creditors, if one is appointed; and (vii) the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Linda Richenderfer), Email: Linda.Richenderfer@usdoj.gov (each, an "**Additional Adequate Assurance Request Notice Party**").

- (d) Any Additional Adequate Assurance Request must (i) set forth the location(s) for which Utility Services are provided, (ii) set forth the account number(s) for which Utility Services are provided, (iii) include a summary of the Debtors' payment history relevant to the affected account(s), including any security deposit(s), (iv) set forth what the Utility Company would accept as satisfactory adequate assurance of payment and why, and (v) provide a facsimile number and an email address to which the Debtors may respond to the Additional Adequate Assurance Request.
- (e) Upon the Debtors' receipt of an Additional Adequate Assurance Request, the Debtors will promptly negotiate with the Utility Company to resolve the Additional Adequate Assurance Request.
- (f) Without further order of the Court, the Debtors may resolve an Additional Adequate Assurance Request by entering into agreements granting additional adequate assurance to the requesting Utility Company if the Debtors, in their sole discretion, determine that the Additional Adequate Assurance Request is reasonable or if the parties negotiate alternative consensual provisions.

- (g) If the Debtors determine that the Additional Adequate Assurance Request is not reasonable and are not able to promptly reach an alternative resolution with the Utility Company, the Debtors will place the matter on the calendar of the next regularly scheduled omnibus hearing date (the “**Determination Hearing**”).
- (h) The Determination Hearing will be an evidentiary hearing at which the Court will determine whether the Adequate Assurance Deposit and the additional adequate assurance of payment requested by the Utility Company should be modified pursuant to section 366(c)(3) of the Bankruptcy Code.
- (i) Any Utility Company that does not serve an Additional Adequate Assurance Request in accordance with the Additional Adequate Assurance Procedures will be deemed to have received adequate assurance of payment that is satisfactory to such Utility Company within the meaning of section 366(c)(2) of the Bankruptcy Code.
- (j) All Utility Companies, including subsequently added Utility Companies and Utility Companies that are subject to an unresolved Additional Adequate Assurance Request, will be prohibited from altering, refusing or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, absent further order of this Court.

D. Modifications to the Utility Services List

16. The Debtors seek authority, in their sole discretion, to amend the Utility Services List in order to add or delete any Utility Company. To the extent that the Debtors subsequently identify any additional Utility Companies that provide Utility Services to them, the Debtors propose to add such Utility Companies to the Utility Services List and to have the terms of the orders with respect to this Motion apply to any such Utility Companies. The Debtors will serve on any of the subsequently identified Utility Companies a copy of this Motion and the order entered with respect to the Motion, along with an amended Utility Services List that includes such Utility Company.

BASIS FOR RELIEF REQUESTED

17. Uninterrupted Utility Services are essential to the Debtors’ ongoing operations and, therefore, the preservation of the value of the Debtors’ estates. The Debtors’

businesses depend on reliable delivery of power and other Utility Services. Should any Utility Company alter, refuse, or discontinue service, even for a brief period, the Debtors' operations could be severely disrupted. The impact of this disruption on the Debtors' business operations and revenue would be extremely harmful and could jeopardize the value of the Debtors' estates.

18. Congress enacted section 366 of the Bankruptcy Code to protect debtors from utility service cutoffs upon a bankruptcy filing while, at the same time, providing utility companies or providers with adequate assurance that the debtors will pay for postpetition services. *See* H.R. Rep. No. 95-595, at 350 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6306. In the context of chapter 11 cases, the statutory framework for debtor protections and adequate assurance obligations was modified by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“**BAPCPA**”) with the addition of section 366(c) of the Bankruptcy Code.

19. Section 366 of the Bankruptcy Code protects a debtor against the immediate termination of utility services after commencing its chapter 11 case. Under that section, a utility company may not, during the first 20 days of a chapter 11 case, alter, refuse, or discontinue services to, or discriminate against, a debtor solely on the basis of the commencement of the case or the failure of the debtor to pay a prepetition debt. 11 U.S.C. § 366.⁴ A utility company may, however,

⁴ Section 366 of the Bankruptcy Code applies to entities that are traditionally viewed as utilities, such as those that provide electricity, telephone service, or water, and to any entity that supplies services that cannot be readily obtained or replaced elsewhere, or which constitutes a monopoly with respect to the services that it provides to the debtor. *See, e.g., One Stop Realtour Place, Inc. v. Allegiance Telecom, Inc. (In re One Stop Realtour Place, Inc.)*, 268 B.R. 430, 436-37 (Bankr. E.D. Pa. 2001) (provider of telephone service is a utility regardless of whether telephone service may be available from another provider); *In re Coastal Dry Dock & Repair Corp.*, 62 B.R. 879, 883 (Bankr. E.D.N.Y. 1986) (internal quotation marks omitted) (landlord of the Brooklyn Navy Yard “occupies a special position with respect to the debtor in its role as [the debtor’s] utility supplier”). Despite the wide latitude afforded in determining those entities that constitute utilities under section 366 of the Bankruptcy Code, some of the companies listed on the Utility Services List may also provide goods or services to the Debtors in a capacity other than that of a utility. With respect to any such goods or services, such companies are not entitled to adequate assurance under section 366 of the Bankruptcy Code. Moreover, as noted above, the Debtors are not foreclosed from taking the position that any of the entities listed on the Utility Services List are not utilities within the meaning of section 366 of the Bankruptcy Code.

alter, refuse, or discontinue service following such 20-day period, if the debtor has not furnished “adequate assurance of payment” for postpetition utility service obligations within the 20-day period. *Id.* Additionally, following a 30-day period after the commencement of a bankruptcy case, utilities may alter, refuse, or discontinue service if the debtor does not provide “adequate assurance” of payment for postpetition services in a form “satisfactory” to the utility company, subject to the Court’s review and approval. *Id.*

20. Furthermore, section 366(c) of the Bankruptcy Code restricts the factors that a court can consider when determining whether an adequate assurance proposal is, in fact, adequate. Specifically, courts may not consider (a) the absence of a security deposit before the debtor’s petition date, (b) the debtor’s history of timely payments, or (c) the availability of an administrative expense priority, in determining the amount of a deposit. Section 366(c) of the Bankruptcy Code, however, does not limit the court’s ability to determine the amount of payment necessary, if any, to provide adequate assurance. Instead, section 366(c) of the Bankruptcy Code gives courts the same discretion in determining the amount of payment necessary for adequate assurance as they previously had under section 366(b) of the Bankruptcy Code. *Compare* 11 U.S.C. § 366(b) (2004) (pre-BAPCPA) (“On request of a party in interest and after notice and a hearing, the court may order reasonable modification of the amount of the deposit or other security necessary to provide adequate assurance.”), *with* 11 U.S.C. § 366(c)(3)(A) (2005) (post-BAPCPA) (“On request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance payment under paragraph (2).”); *see also In re Circuit City Stores, Inc.*, Case No. 08-35653 (KRH), 2009 Bankr. LEXIS 237, at *15-16 (Bankr. E.D. Va. Jan. 14, 2009) (finding that determinations of adequate assurance remain within the court’s discretion).

21. By making the Adequate Assurance Deposit and establishing the Additional Adequate Assurance Procedures, the Debtors seek to provide adequate assurance to the Utility Companies and to implement an orderly process to determine any challenges to the adequacy of that adequate assurance. Without the Additional Adequate Assurance Procedures, the Debtors could be forced to address numerous requests by Utility Companies in an unorganized manner at a critical period in the Chapter 11 Cases. The orderly process contemplated by the Additional Adequate Assurance Procedures, therefore, is necessary for a smooth transition by the Debtors into Chapter 11.

22. The relief requested herein does not undermine the rights of the Utility Companies under the Bankruptcy Code. First, the Adequate Assurance Deposit is one of the acceptable forms of adequate protection set forth in section 366(b) and 366(c)(1) of the Bankruptcy Code. Accordingly, the Debtors are not seeking to bypass the limits on forms of security imposed by the Bankruptcy Code. Second, the Utility Companies may exercise their rights under section 366(c)(2) of the Bankruptcy Code in accordance with the Additional Adequate Assurance Procedures. Finally, whatever rights the Utility Companies have under section 366(c)(3) of the Bankruptcy Code would be preserved.

23. Courts construing section 366(b) of the Bankruptcy Code have long recognized that, in determining adequate assurance, a court is not required to give the utility the equivalent of a guaranty of payment, but must only determine that the utility is not subject to an unreasonable risk of nonpayment for postpetition services. *See In re Santa Clara Circuits W., Inc.*, 27 B.R. 680, 685 (Bankr. D. Utah 1982) (*quoting In re George C. Frye Co.*, 7 B.R. 856, 858 (Bankr. D. Me. 1980)) (“[A]dequate assurance of payment does not mean guaranty of payment; but the Court must find that the utility is not subject to an unreasonable risk of future loss.”); *see*

also *In re Circuit City*, Case No. 08-35653 (KRH), 2009 Bankr. LEXIS 237, at *13 (“A debtor need not provide utility companies an absolute guarantee of payment.”); accord *Long Island Lighting Co. v. The Great Atl. & Pac. Tea Co. (In re The Great Atl. & Pac. Tea Co.)*, Case No. 11-CV-1338 (CS), 2011 U.S. Dist. LEXIS 131621, at *18 (S.D.N.Y. Nov. 14, 2011); *S. Cal. Edison Co. v. Crystal Cathedral Ministries (In re Crystal Cathedral Ministries)*, 454 B.R. 124, 131 (Bankr. C.D. Cal. 2011); *In re New Rochelle Tel. Corp.*, 397 B.R. 633, 639 (Bankr. E.D.N.Y. 2008); *Steinebach v. Tucson Elec. Power Corp. (In re Steinebach)*, 303 B.R. 634, 641 (Bankr. D. Ariz. 2004); *In re Adelphia Bus. Sols., Inc.*, 280 B.R. 63, 80 (Bankr. S.D.N.Y. 2002). Historically, whether a utility is subject to an unreasonable risk of nonpayment must be determined from the facts and circumstances of each case. See *In re Santa Clara Circuits W.*, 27 B.R. at 685; see also *In re Adelphia Bus. Sols., Inc.*, 280 B.R. at 80; accord *Long Island Lighting Co.*, Case No. 2011 U.S. Dist. LEXIS 131621, at *18; *Mass. Elec. Co. v. Keydata Corp. (In re Keydata Corp.)*, 12 B.R. 156, 158 (B.A.P. 1st Cir. D. Mass. 1981). While section 366(c) of the Bankruptcy Code limits the factors a court may consider, determinations of adequate assurance remain within the Court’s discretion. Cf. *Long Island Lighting Co.*, Case No. 2011 U.S. Dist. LEXIS 131621, at *20; *In re Steinebach*, 303 B.R. at 642; *In re Adelphia Bus. Sols., Inc.*, 280 B.R. at 80; *Marion Steel Co. v. Ohio Edison Co. (In re Marion Steel Co.)*, 35 B.R. 188, 195 (Bankr. D. Ohio 1983). The Debtors believe that the Adequate Assurance Deposit is sufficient and reasonable and constitutes adequate assurance of payment under section 366(c) of the Bankruptcy Code.

24. The Debtors maintain that the relief requested herein strikes a fair balance between the rights of Utility Companies and the Debtors’ rights under the Bankruptcy Code, and that the Debtors need to continue to receive the Utility Services upon which their businesses depend.

25. In addition, section 105(a) of the Bankruptcy Code provides that the Court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” The proposed Additional Adequate Assurance Procedures are necessary for the Debtors to carry out their restructuring efforts. If the Court does not approve the proposed Additional Adequate Assurance Procedures, the Debtors could be forced to address requests from the Utility Companies in a manner that would be detrimental to the value of their estates.

26. Preserving Utility Services on an uninterrupted basis is essential to the Debtors’ ongoing operations and maximizing the value of the Debtors’ estates. Indeed, any interruption in Utility Services, even for a brief period of time, would immediately and irreparably harm the Debtors’ businesses. It is imperative that the Utility Companies continue to provide their Utility Services without interruption.

27. Finally, the relief requested in this Motion, including the Additional Adequate Assurance Procedures proposed herein, is similar to the relief granted in this district in recent chapter 11 cases. *See, e.g., In re Pyxus International, Inc.*, Case No. 20-11570 (LSS) (Bankr. D. Del. July 17, 2020); *In re Rentpath Holdings, Inc.*, Case No. 20-10312 (BLS) (Bankr. D. Del. Mar. 10, 2020); *In re Emerge Energy Services LP*, Case No. 19-11563 (KBO) (Bankr. D. Del. Aug. 13, 2019); *In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Feb. 21, 2019); *In re TerraVia Holdings, Inc.*, Case No. 17-11655 (CCS) (Bankr. D. Del. Aug. 3, 2017); *In re Bonanza Creek Energy, Inc.*, Case No. 17-10015 (KJC) (Bankr. D. Del. Jan. 5, 2017); *In re Basic Energy Servs., Inc.*, Case No. 16-12320 (KJC) (Bankr. D. Del. Nov. 17, 2016); *In re Halcón Res. Corp.*, Case No. 16-11724 (BLS) (Bankr. D. Del. Aug. 19, 2016); *In re Chaparral Energy, Inc.*, Case No. 16-11144 (LSS) (Bankr. D. Del. June 9, 2016).

28. Based on the foregoing, the Debtors submit that the relief requested herein is necessary to avoid immediate and irreparable harm, is in the best interests of the Debtors' estates and creditors, is in keeping with the spirit and intent of section 366 of the Bankruptcy Code, and is not prejudicial to the rights of any Utility Company.

**APPLICABLE FINANCIAL INSTITUTIONS SHOULD BE AUTHORIZED TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

29. The Debtors also request that all applicable financial institutions be authorized to (a) receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, the claims that the Debtors request authority to pay in this Motion, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date and (b) rely on the Debtors' designation of any particular check as approved by the Interim Order or the Final Order.

**BANKRUPTCY RULE 6003 HAS BEEN SATISFIED AND
BANKRUPTCY RULE 6004 SHOULD BE WAIVED**

30. Pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a prepetition claim within twenty-one days after the Petition Date if the relief is necessary to avoid immediate and irreparable harm. *See* Fed. R. Bankr. P. 6003(b). Based on the foregoing, the Debtors submit that they have satisfied the requirements of Bankruptcy Rule 6003(b) because the relief set forth in Exhibit A is necessary to avoid immediate and irreparable harm.

31. To the extent that any aspect of the relief sought herein constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors request in this Motion is immediately necessary in order for the Debtors to be able to continue to operate their businesses and preserve

the value of their estates. The Debtors respectfully request that the Court waive the notice requirements imposed by Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

32. Nothing contained herein is intended or should be construed as, or deemed to constitute (a) an admission as to the amount, basis for, or validity of any agreement or claim against the Debtors under the Bankruptcy Code or applicable nonbankruptcy law; (b) a waiver or impairment of the Debtors' or any other party in interest's right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of the type specified or defined in this Motion; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (g) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or applicable law. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

NOTICE

33. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of Delaware; (b) the administrative agent for the Debtors' prepetition revolving credit facility; (c) counsel to the administrative agent for the Debtors' prepetition revolving credit facility; (d) the indenture trustee under the Debtors' 8.750% senior notes due 2023; (e) Stroock & Stroock & Lavan LLP and Young, Conaway, Stargatt & Taylor, LLP as

counsel to the ad hoc group of holders of the 8.750% senior notes due 2023; (f) the Internal Revenue Service; (g) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (h) the United States Attorney for the District of Delaware; (i) the Attorneys General for the states of Oklahoma and Texas; (j) counsel to Naylor Farms, Inc. and Harrel's LLC, as lead plaintiffs in the action captioned *Naylor Farms, Inc., individually and as class representative on behalf of all similarly situated persons v. Chaparral Energy, L.L.C.*, Case No. 11-00634 (W.D. Ok. 2011); (k) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (l) applicable financial institutions; (m) each Utility Company; and (n) any party that is entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the "**Notice Parties**"). The Debtors submit that, under the circumstances, no other or further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter the Interim Order and the Final Order, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: August 16, 2020
Wilmington, Delaware

/s/ John H. Knight

John H. Knight (No. 3848)
Amanda R. Steele (No. 5530)
Brendan J. Schlauch (No. 6115)
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- and -

Damian S. Schaible (*pro hac vice* pending)
Angela M. Libby (*pro hac vice* pending)
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*Proposed Counsel for Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

CHAPARRAL ENERGY, INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 20-____ (____)
)
) (Jointly Administered)
)

**INTERIM ORDER (I) PROHIBITING UTILITY COMPANIES FROM ALTERING,
REFUSING, OR DISCONTINUING SERVICE, (II) APPROVING DEBTORS’
PROPOSED FORM OF ADEQUATE ASSURANCE OF PAYMENT TO UTILITY
COMPANIES, (III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS
BY UTILITY COMPANIES FOR ADDITIONAL ADEQUATE ASSURANCE, AND (IV)
AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED
CHECKS AND FUND TRANSFERS**

Upon the motion (the “**Motion**”)² of Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) in the Chapter 11 Cases for entry of an Interim Order and Final Order, pursuant to sections 105(a) and 366 of the Bankruptcy Code (a) prohibiting the Debtors’ utility service providers (as that term is used in section 366 of the Bankruptcy Code and as described herein, the “**Utility Companies**”) from altering, refusing, discontinuing service, or discriminating against the Debtors on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors’ proposed adequate assurance, (b) approving the Debtors’ proposed form of adequate assurance of payment for the Utility Companies, (c) establishing procedures for resolving any subsequent requests by the Utility

¹ The Debtors in these cases, along with the last four digits (or five digits, in cases in which multiple Debtors have the same last four digits) of each Debtor’s federal tax identification number, are: CEI Acquisition, L.L.C. (1817); CEI Pipeline, L.L.C. (6877); Chaparral Biofuels, L.L.C. (1066); Chaparral CO2, L.L.C. (1656); Chaparral Energy, Inc. (90941); Chaparral Energy, L.L.C. (20941); Chaparral Exploration, L.L.C. (1968); Chaparral Real Estate, L.L.C. (1655); Chaparral Resources, L.L.C. (1710); Charles Energy, L.L.C. (3750); Chestnut Energy, L.L.C. (9730); Green Country Supply, Inc. (2723); Roadrunner Drilling, L.L.C. (2399); and Trabajo Energy, L.L.C. (9753). The Debtors’ address is 701 Cedar Lake Boulevard, Oklahoma City, OK 73114.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Companies for additional adequate assurance of payment, (d) authorizing financial institutions to receive, honor, process and pay all related checks issued or to be issued and fund transfers requested or to be requested on account of any obligations authorized to be paid pursuant hereto, and (e) granting related relief; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the Notice Parties, under the circumstances, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion and the First Day Declaration; and the Court having held a hearing on the Motion (the “**Hearing**”); and the Court having found that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and the Court having determined that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and the Court having determined that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.

2. The final hearing to consider the relief requested in the Motion shall be held on _____, 2020 at __:____ .m. prevailing Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Eastern Time, on _____, 2020. In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the final hearing.

3. Absent further order of this Court, the Utility Companies, including any subsequently added Utility Companies and Utility Companies subject to an unresolved Additional Adequate Assurance Request, are hereby prohibited from altering, refusing, or discontinuing service to, or discriminating against, the Debtors on account of unpaid prepetition invoices or due to the commencement of the Chapter 11 Cases, or requiring the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than in accordance with the Additional Adequate Assurance Procedures contained herein.

4. The Adequate Assurance Deposit and the Debtors' ability to pay for future utility services in the ordinary course of business subject to the Additional Adequate Assurance Procedures shall constitute adequate assurance of future payment as required under section 366 of the Bankruptcy Code.

5. The Debtors are authorized to pay on a timely basis in accordance with their prepetition practices all undisputed invoices in respect of postpetition Utility Services rendered by the Utility Companies to the Debtors.

6. The Debtors shall deposit a total of \$272,250 into a newly created, segregated, interest-bearing account (the "**Adequate Assurance Deposit**"), which will be held at a bank that has executed a Uniform Depository Agreement with the Office of the United States Trustee for the District of Delaware, within twenty (20) days after the Petition Date. The Adequate

Assurance Deposit shall serve as a cash security deposit to provide additional adequate assurance of payment for Utility Services provided to the Debtors after the Petition Date and through the pendency of these cases. The balance of the Adequate Assurance Deposit may be reduced by the Debtors, without further order, to account for the termination of Utility Services by the Debtors (subject to paragraph 11 herein) or other arrangements with respect to adequate assurance of payment reached with a Utility Company. The obligation to maintain the Adequate Assurance Deposit shall terminate upon the effective date of a confirmed plan of reorganization or such other time as these cases may be closed.

7. The Adequate Assurance Deposit, if any, in conjunction with the Debtors' cash position, (a) demonstrates the Debtors' ability to pay for future Utility Services in the ordinary course of business and (b) constitutes adequate assurance to the Utility Companies.

8. The Additional Adequate Assurance Procedures are hereby approved with respect to all Utility Companies, including all subsequently added Utility Companies:

- (a) Except as provided by the Additional Adequate Assurance Procedures, the Utility Companies are forbidden to (i) alter, refuse or discontinue services to, or discriminate against, the Debtors on account of unpaid prepetition invoices or any objections to the Debtors' Adequate Assurance Deposit or due to the commencement of the Chapter 11 Cases or (ii) require the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than the establishment of the Adequate Assurance Deposit.
- (b) In the event that a Utility Company asserts that the Adequate Assurance Deposit is not satisfactory adequate assurance of payment as contemplated by section 366(c)(2) of the Bankruptcy Code, that Utility Company must serve a written request (an "**Additional Adequate Assurance Request**") for adequate assurance in addition to or in lieu of its rights in the Adequate Assurance Deposit. All Additional Adequate Assurance Requests shall be delivered by mail and email to each Additional Adequate Assurance Request Notice Party.
- (c) Any Additional Adequate Assurance Request must (i) set forth the location(s) for which Utility Services are provided, (ii) set forth the account

number(s) for which Utility Services are provided, (iii) include a summary of the Debtors' payment history relevant to the affected account(s), including any security deposit(s), (iv) set forth what the Utility Company would accept as satisfactory adequate assurance of payment and why, and (v) provide a facsimile number and an email address to which the Debtors may respond to the Additional Adequate Assurance Request.

- (d) Upon the Debtors' receipt of an Additional Adequate Assurance Request, the Debtors will promptly negotiate with the Utility Company to resolve the Additional Adequate Assurance Request.
- (e) Without further order of the Court, the Debtors may resolve an Additional Adequate Assurance Request by entering into agreements granting additional adequate assurance to the requesting Utility Company if the Debtors, in their sole discretion, determine that the Additional Adequate Assurance Request is reasonable or if the parties negotiate alternative consensual provisions.
- (f) If the Debtors determine that the Additional Adequate Assurance Request is not reasonable and are not able to promptly reach an alternative resolution with the Utility Company, the Debtors shall place the matter on the calendar of the next regularly scheduled omnibus hearing date (the "**Determination Hearing**").
- (g) The Determination Hearing shall be an evidentiary hearing at which the Court shall determine whether the Adequate Assurance Deposit and the additional adequate assurance of payment requested by the Utility Company should be modified pursuant to section 366(c)(3)(A) of the Bankruptcy Code. The Determination Hearing shall be without prejudice to the right of any Utility Company to seek relief under section 366(c)(3) of the Bankruptcy Code through a separate hearing on notice to the Debtors. Nothing set forth herein is intended to, nor shall it, modify or alter the burdens of proof in connection with the Determination Hearing or any such separate hearing.
- (h) Any Utility Company that does not serve an Additional Adequate Assurance Request in accordance with the Additional Adequate Assurance Procedures shall be deemed to have received adequate assurance of payment that is satisfactory to such Utility Company within the meaning of section 366(c)(2) of the Bankruptcy Code.
- (i) All Utility Companies, including subsequently added Utility Companies and Utility Companies that are subject to an unresolved Additional Adequate Assurance Request, will be prohibited from altering, refusing or discontinuing Utility Services to the Debtors, or from discriminating against

the Debtors with respect to the provision of Utility Services, absent further order of this Court.

9. The Debtors are authorized, in their sole discretion, to amend the Utility Services List to add or remove any Utility Company, and this Interim Order shall apply in all respects to any Utility Company that is subsequently added to the Utility Services List. For those Utility Companies that are subsequently added to the Utility Services List, the Debtors shall serve a copy of the Motion and this Interim Order on such Utility Company, along with an amended Utility Services List that includes such Utility Company.

10. Nothing herein shall constitute an admission or concession that any entity is a “utility” within the meaning of section 366 of the Bankruptcy Code, whether or not such entity is included on the Utility Services List, and the Debtors reserve all rights and defenses with respect thereto.

11. The Debtors may terminate any Utility Service and may reduce the Adequate Assurance Deposit by the amount held on account of such terminated Utility Service upon payment of any final bill; *provided, however*, that there are no outstanding disputes related to post-petition payments due. The Debtors may amend the Utilities Services List to delete a Utility Company only if it has provided two weeks’ advance notice to such Utility Company, and has not received any objection from such Utility Company. If an objection is received, the Debtors shall request a hearing before the Court at the next omnibus hearing date, or such other date that the Debtors and the Utility Company may agree upon.

12. All applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests, or automated clearinghouse transfers evidencing amounts paid by the Debtors under this Interim Order whether presented prior to, on, or after the Petition Date. Such banks and financial

institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.

13. Nothing in this Interim Order or any action taken by the Debtors in furtherance of the implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtors' rights with respect to such matters are expressly reserved.

14. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or enhance the status of any claim held by, any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

15. Nothing in this Interim Order nor the Debtors' payment of claims pursuant to this Interim Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any ground, (b) a grant of third party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or impairment of any rights, claims or defenses of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Interim Order.

16. The requirements of Bankruptcy Rules 6003 and 6004(a) are satisfied by the contents of the Motion.

17. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Interim Order is hereby

waived, and the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

18. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Interim Order.

19. The Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

EXHIBIT B

Proposed Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
CHAPARRAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 20-____ (____)
)	
Debtors.)	(Jointly Administered)
)	

**FINAL ORDER (I) PROHIBITING UTILITY COMPANIES FROM ALTERING,
REFUSING, OR DISCONTINUING SERVICE, (II) APPROVING DEBTORS’
PROPOSED FORM OF ADEQUATE ASSURANCE OF PAYMENT TO UTILITY
COMPANIES, (III) ESTABLISHING PROCEDURES FOR RESOLVING REQUESTS
BY UTILITY COMPANIES FOR ADDITIONAL ADEQUATE ASSURANCE, AND (IV)
AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED
CHECKS AND FUND TRANSFERS**

Upon the motion (the “**Motion**”)² of Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) in the Chapter 11 Cases for entry of an Interim Order and Final Order, pursuant to sections 105(a) and 366 of the Bankruptcy Code (a) prohibiting the Debtors’ utility service providers (as that term is used in section 366 of the Bankruptcy Code and as described herein, the “**Utility Companies**”) from altering, refusing, discontinuing service, or discriminating against the Debtors on account of prepetition amounts outstanding or on account of any perceived inadequacy of the Debtors’ proposed adequate assurance, (b) approving the Debtors’ proposed form of adequate assurance of payment for the Utility Companies, (c) establishing procedures for resolving any subsequent requests by the Utility

¹ The Debtors in these cases, along with the last four digits (or five digits, in cases in which multiple Debtors have the same last four digits) of each Debtor’s federal tax identification number, are: CEI Acquisition, L.L.C. (1817); CEI Pipeline, L.L.C. (6877); Chaparral Biofuels, L.L.C. (1066); Chaparral CO2, L.L.C. (1656); Chaparral Energy, Inc. (90941); Chaparral Energy, L.L.C. (20941); Chaparral Exploration, L.L.C. (1968); Chaparral Real Estate, L.L.C. (1655); Chaparral Resources, L.L.C. (1710); Charles Energy, L.L.C. (3750); Chestnut Energy, L.L.C. (9730); Green Country Supply, Inc. (2723); Roadrunner Drilling, L.L.C. (2399); and Trabajo Energy, L.L.C. (9753). The Debtors’ address is 701 Cedar Lake Boulevard, Oklahoma City, OK 73114.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

Companies for additional adequate assurance of payment, (d) authorizing financial institutions to receive, honor, process and pay all related checks issued or to be issued and fund transfers requested or to be requested on account of any obligations authorized to be paid pursuant hereto, and (e) granting related relief; and the Court having jurisdiction to consider the matters raised in the Motion pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and the Court having authority to hear the matters raised in the Motion pursuant to 28 U.S.C. § 157; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and consideration of the Motion and the requested relief being a core proceeding that the Court can determine pursuant to 28 U.S.C. § 157(b)(2); and due and proper notice of the Motion and opportunity for a hearing on the Motion having been given to the Notice Parties, and it appearing that no other or further notice need be provided; and the Court having reviewed and considered the Motion and the First Day Declaration; and the Court having granted interim relief on the Motion on [•], 2020 (D.I. [•]); and the Court having held, if necessary, a final hearing on the Motion (the “**Hearing**”); and the Court having found that the legal and factual bases set forth in the Motion and at the Hearing, if any, establish just cause for the relief granted herein; and the Court having determined that the relief requested in the Motion being in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED, as set forth herein.
2. All objections to the entry of this Final Order, to the extent not withdrawn or settled, are overruled.

3. Absent further order of this Court, the Utility Companies, including any subsequently added Utility Companies and Utility Companies subject to an unresolved Additional Adequate Assurance Request, are hereby prohibited from altering, refusing, or discontinuing service to, or discriminating against, the Debtors on account of unpaid prepetition invoices or due to the commencement of the Chapter 11 Cases, or requiring the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than in accordance with the Additional Adequate Assurance Procedures contained herein.

4. The Adequate Assurance Deposit and the Debtors' ability to pay for future utility services in the ordinary course of business subject to the Additional Adequate Assurance Procedures shall constitute adequate assurance of future payment as required under section 366 of the Bankruptcy Code.

5. The Debtors are authorized to pay on a timely basis in accordance with their prepetition practices all undisputed invoices in respect of postpetition Utility Services rendered by the Utility Companies to the Debtors.

6. The Adequate Assurance Deposit of \$272,250 deposited into a newly created, segregated, interest-bearing account shall serve as a cash security deposit to provide additional adequate assurance of payment for Utility Services provided to the Debtors after the Petition Date and through the pendency of these cases. The balance of the Adequate Assurance Deposit may be reduced by the Debtors, without further order, to account for the termination of Utility Services by the Debtors (subject to paragraph 11 herein) or other arrangements with respect to adequate assurance of payment reached with a Utility Company. The obligation to maintain the Adequate Assurance Deposit shall terminate upon the effective date of a confirmed plan of reorganization or such other time as these cases may be closed.

7. The Adequate Assurance Deposit, if any, in conjunction with the Debtors' cash position, (a) demonstrates the Debtors' ability to pay for future Utility Services in the ordinary course of business and (b) constitutes adequate assurance to the Utility Companies.

8. The Additional Adequate Assurance Procedures are hereby approved with respect to all Utility Companies, including all subsequently added Utility Companies:

- (a) Except as provided by the Additional Adequate Assurance Procedures, the Utility Companies are forbidden to (i) alter, refuse or discontinue services to, or discriminate against, the Debtors on account of unpaid prepetition invoices or any objections to the Debtors' Adequate Assurance Deposit or due to the commencement of the Chapter 11 Cases or (ii) require the Debtors to pay a deposit or other security in connection with the provision of postpetition Utility Services, other than the establishment of the Adequate Assurance Deposit.
- (b) In the event that a Utility Company asserts that the Adequate Assurance Deposit is not satisfactory adequate assurance of payment as contemplated by section 366(c)(2) of the Bankruptcy Code, that Utility Company must serve a written request (an "**Additional Adequate Assurance Request**") for adequate assurance in addition to or in lieu of its rights in the Adequate Assurance Deposit. All Additional Adequate Assurance Requests shall be delivered by mail and email to each Additional Adequate Assurance Request Notice Party.
- (c) Any Additional Adequate Assurance Request must (i) set forth the location(s) for which Utility Services are provided, (ii) set forth the account number(s) for which Utility Services are provided, (iii) include a summary of the Debtors' payment history relevant to the affected account(s), including any security deposit(s), (iv) set forth what the Utility Company would accept as satisfactory adequate assurance of payment and why, and (v) provide a facsimile number and an email address to which the Debtors may respond to the Additional Adequate Assurance Request.
- (d) Upon the Debtors' receipt of an Additional Adequate Assurance Request, the Debtors will promptly negotiate with the Utility Company to resolve the Additional Adequate Assurance Request.
- (e) Without further order of the Court, the Debtors may resolve an Additional Adequate Assurance Request by entering into agreements granting additional adequate assurance to the requesting Utility Company if the Debtors, in their sole discretion, determine that the Additional Adequate Assurance Request is reasonable or if the parties negotiate alternative consensual provisions.

- (f) If the Debtors determine that the Additional Adequate Assurance Request is not reasonable and are not able to promptly reach an alternative resolution with the Utility Company, the Debtors shall place the matter on the calendar of the next regularly scheduled omnibus hearing date (the “**Determination Hearing**”).
- (g) The Determination Hearing shall be an evidentiary hearing at which the Court shall determine whether the Adequate Assurance Deposit and the additional adequate assurance of payment requested by the Utility Company should be modified pursuant to section 366(c)(3)(A) of the Bankruptcy Code. The Determination Hearing shall be without prejudice to the right of any Utility Company to seek relief under section 366(c)(3) of the Bankruptcy Code through a separate hearing on notice to the Debtors. Nothing set forth herein is intended to, nor shall it, modify or alter the burdens of proof in connection with the Determination Hearing or any such separate hearing.
- (h) Any Utility Company that does not serve an Additional Adequate Assurance Request in accordance with the Additional Adequate Assurance Procedures shall be deemed to have received adequate assurance of payment that is satisfactory to such Utility Company within the meaning of section 366(c)(2) of the Bankruptcy Code.
- (i) All Utility Companies, including subsequently added Utility Companies and Utility Companies that are subject to an unresolved Additional Adequate Assurance Request, will be prohibited from altering, refusing or discontinuing Utility Services to the Debtors, or from discriminating against the Debtors with respect to the provision of Utility Services, absent further order of this Court.

9. The Debtors are authorized, in their sole discretion, to amend the Utility Services List to add or remove any Utility Company, and this Final Order shall apply in all respects to any Utility Company that is subsequently added to the Utility Services List. For those Utility Companies that are subsequently added to the Utility Services List, the Debtors shall serve a copy of the Motion and this Final Order on such Utility Company, along with an amended Utility Services List that includes such Utility Company.

10. Nothing herein shall constitute an admission or concession that any entity is a “utility” within the meaning of section 366 of the Bankruptcy Code, whether or not such

entity is included on the Utility Services List, and the Debtors reserve all rights and defenses with respect thereto.

11. The Debtors may terminate any Utility Service and may reduce the Adequate Assurance Deposit by the amount held on account of such terminated Utility Service upon payment of any final bill; *provided, however*, that there are no outstanding disputes related to post-petition payments due. The Debtors may amend the Utilities Services List to delete a Utility Company only if it has provided two weeks' advance notice to such Utility Company, and has not received any objection from such Utility Company. If an objection is received, the Debtors shall request a hearing before the Court at the next omnibus hearing date, or such other date that the Debtors and the Utility Company may agree upon.

12. All applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests, or automated clearinghouse transfers evidencing amounts paid by the Debtors under this Final Order whether presented prior to, on, or after the Petition Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

13. Nothing in this Final Order or any action taken by the Debtors in furtherance of the implementation hereof shall be deemed to constitute an assumption or rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code, and all of the Debtors' rights with respect to such matters are expressly reserved.

14. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall (a) create, nor is it intended to create, any rights in favor of, or

enhance the status of any claim held by, any person or entity or (b) be deemed to convert the priority of any claim from a prepetition claim into an administrative expense claim.

15. Nothing in this Final Order nor the Debtors' payment of claims pursuant to this Final Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any ground, (b) a grant of third party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or impairment of any rights, claims or defenses of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, or (e) an implication or admission by the Debtors that such claim is payable pursuant to this Final Order.

16. The requirements of Bankruptcy Rule 6004(a) are satisfied by the contents of the Motion.

17. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Final Order is hereby waived, and the terms and conditions of this Final Order shall be effective and enforceable immediately upon its entry.

18. The Debtors are authorized to take all such actions as are necessary or appropriate to implement the terms of this Final Order.

19. Notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice of the Motion or the entry of this Final Order shall be required.

20. The Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

EXHIBIT C

List of Utility Companies

Utility Companies

The Utility Companies known and identified by the Debtors to date are listed below. While the Debtors have used their best efforts to list all of the Utility Companies below, it is possible that certain Utility Companies may have been inadvertently omitted from this list. Accordingly, the Debtors reserve the right, under the terms and conditions of the Motion and without further order of the Court, to amend this **Exhibit C** to add any Utility Companies that were omitted therefrom and to apply the relief requested to all such entities. In addition, the Debtors reserve the right to argue that any entity now or hereafter listed on this **Exhibit C** is not a “utility” within the meaning of section 366(a) of the Bankruptcy Code.

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
ALFALFA ELECTRIC COOPERATIVE INC	Electric	100260701 52330300/1490 61330300 80350400 84030300 84060300 84160200 84210400	\$50,746.35	\$25,373.18	PO BOX 39 CHEROKEE, OK 73728-0039
AT&T	Communications	057 212 7459 001 057 212 7460 001 171-793-5864 591 405 A01-0680 213 5 580 254-2949 576 3 580 772-1931 660 0 580 774-0570 745 5 831-000-4270 517 831-000-6564 776	\$7,814.92	\$3,907.46	PO BOX 105068 ATLANTA, GA 30348-5068 PO BOX 5019 CAROL STREAM, IL 60197-5019 PO BOX 5001 CAROL STREAM, IL 60197-5001 AT&T MOBILITY NATIONAL BUSINESS SERVICES PO BOX 9004 CAROL STREAM, IL 60197-9004

¹ Certain Utility Companies provide account numbers for individual locations, including the thousands of individual oil and gas wells operated by the Debtors, in addition to a master account number for all such individual accounts. In such instances, only the master account number is listed and the Monthly Average and Adequate Assurance columns reference the aggregate totals applicable to all individual accounts.

² Based on monthly average spend per vendor in the last 12-month period ending on May 31, 2020.

³ Assumed to be two (2) weeks based on calculated monthly average.

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
		831-000-6608 979 831-000-8208 343			PO BOX 105414 ATLANTA, GA 30348-5414
AT&T TELECONFERENCE SERVICES	Communications	16924084-00001	\$413.38	\$206.69	PO BOX 5002 CAROL STREAM, IL 60197-5002
B & B SANITATION	Garbage	5010-449479	\$713.90	\$356.95	A WASTE CONNECTIONS COMPANY PO BOX 679859 DALLAS, TX 75267-9859
Bridge Communications	Alarm Monitoring	N/A	\$378.40	\$189.20	1702 Albans Rd, Houston, TX 77005
CADDO ELECTRIC COOPERATIVE	Electric	969000 969003	\$2,307.18	\$1,153.59	PO BOX 70 BINGER, OK 73009- 0070
Centerpoint Energy	Gas	10634056-5	\$382.80	\$191.40	P.O. Box 4567 Houston, TX 77210- 4567
CIMARRON ELECTRIC COOPERATIVE	Electric	4116700/2217 4256000 4264200 4279600 4279700 4335900 4337500 4365900 4366300 4380000 4380700 4386300 4386400 4400400 4411500 4421700 4433100 4443200 4549400 4549500 4549600	\$114,578.00	\$57,289.00	PO BOX 299 KINGFISHER, OK 73750

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
		4549700 4560500 4560600 4560700 4560900 4561400 4637900 4638000 4638600 4638800 4644900 4648300 4651400 4666800 4674100			
City of Stillwater	Water	215255-62958	\$7.98	\$3.99	PO BOX 1449 STILLWATER, OK 74076-1449
COX COMMUNICATIONS INC	Communications	308251-62958	\$2,383.29	\$1,191.64	PO BOX 1449 STILLWATER, OK 74076-1449
HARPER SANITATION SERVICES INC	Waste Removal	190	\$113.53	\$56.77	P.O. Box 1307 WOODWARD, OK 73802
HENNESSEY UTILITIES AUTHORITY	Water/Garbage	1955-20139 1964-20139	\$97.28	\$48.64	PO BOX 306 HENNESSEY, OK 73742
JOHNSON CONTROLS SECURITY SOLUTIONS	Security System	01300-107228508	\$92.40	\$46.20	PO BOX 371967 PITTSBURGH, PA 15250-7967
KAY ELECTRIC COOPERATIVE	Electric	2679100/421	\$7,622.41	\$3,811.20	PO BOX 607 BLACKWELL, OK 74631-0607
LINDSAY PUBLIC WORKS AUTHORITY	Waste Management	18-0182-01	\$-	\$-	PO BOX 708 LINDSAY, OK 73052
LYNTEGAR ELECTRIC COOPERATIVE INC	Electric	49361	\$54.56	\$27.28	PO BOX 970 TAHOKA, TX 79373-0970

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
NORTHWESTERN ELECTRIC COOPERATIVE	Electric	20189004 20189005	\$85.20	\$42.60	PO BOX 2707 WOODWARD, OK 73802
NUANCE COMMUNICATIONS INC	Communications	705290	\$534.60	\$267.30	PO BOX 2561 CAROL STREAM, IL 60132-2561
OG&E	Electric	130507361-9 130507365-0 130507372-6 130507676-0 130507678-6 130507679-4 130507682-8 130507683-6 130507685-1 130507708-1 130507710-7 130507712-3 130507714-9 130507719-8 130507720-6 130507722-2 130507727-1 130507731-3 130507734-7 130507738-8 130507741-2 130507744-6 130507753-7 130507757-8 130507759-4 130507761-0 130507762-8 130507765-1 130507768-5	\$254,408.16	\$127,204.08	P.O. BOX 24990 OKLAHOMA CITY, OK 73124-0990

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
		130507973-1 130507976-4 130508001-0 130508003-6 130508005-1 130508009-3 130508011-9 130508020-0 130508025-9 130508031-7 130508035-8 130508037-4 130508043-2 130508046-5 130508058-0 130508059-8 130508062-2 130508064-8 130508066-3 130561866-0 130837115-0 130866454-7 130903162-1 130934294-5 131006405-8 131010034-0 131010035-7 131051656-0 131053148-6 131053149-4 131077739-4 131077741-0 131077753-5 131077756-8 131077757-6			

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
		131077759-2 131077760-0 131077768-3 131077769-1 131077771-7 131077777-4 131077781-6 131077782-4 131077785-7 131077786-5 131077790-7 131077793-1 131078042-2 131080918-9 131080920-5 131082285-1 131092058-0 131108815-5 131121304-3 131121943-8 131122256-4 131124278-6 131151319-4 131158551-5 131165618-3 131188078-3 131194786-3 131199372-7 131217910-2 131233312-1 131264620-9 131269976-0 131269977-8 131272767-8 131274080-4			

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
		131274082-0 131274612-4 131274714-8 131274726-2 131278154-3 131296404-0 131296405-7 131298079-8 131343729-3 131343730-1 131352986-7 131352998-2 131355617-5 131355618-3 131360790-3 131360791-1 131423351-9 131423352-7 131423354-3 131423355-0 131423776-7 131423777-5 131449404-6 131501989-1 131516003-4 131583098-2 131596166-2 1315965302-4 131617038-8 131621890-6 131627841-3 131656964-7			
OKLAHOMA ELECTRIC COOPERATIVE	Electric	2601	\$1,682.82	\$841.41	PO BOX 5481 NORMAN, OK 73070-5481

Utility Company	Service	Account Number(s) ¹	Monthly Average ²	Adequate Assurance ³	Vendor Address(es)
OKLAHOMA NATURAL GAS COMPANY	Natural Gas	211434610 2088123 09	\$206.43	\$103.22	PO BOX 219296 KANSAS CITY, MO 64121-9296
PIONEER TELEPHONE COOPERATIVE INC	Communications	294277 378432 378433	\$119.73	\$59.87	ATTENTION: AR-PTC20 PO BOX 839 KINGFISHER, OK 73750-0839
Public Service Co of Oklahoma	Electric	953-122-560-1-9	\$742.41	\$371.21	P.O. Box 201 Tulsa OK 74102
Q4 INC	Communications	N/A	\$1,191.75	\$595.88	469A KING STREET WEST TORONTO, ON M5V 1K4
RURAL ELECTRIC COOP INC	Electric	14901	\$24,054.09	\$12,027.05	PO BOX 609 LINDSAY, OK 73052-0609
SOONER ANSWER SERVICE INC	Communications	0794	\$223.38	\$111.69	501 WEST EDMOND ROAD EDMOND, OK 73003
VERIZON WIRELESS	Communications	742071623-00001 513275518-00001 342345526-00001	\$7,963.55	\$3,981.77	PO BOX 660108 DALLAS, TX 75266-0108
VINSON PROCESS CONTROLS LP	Telemetry	209472	\$64,665.41	\$32,332.71	PO BOX 671389 DALLAS, TX 75267-1389
Waste Connections of Oklahoma Inc	Waste Management	5016-439383-002	\$425.16	\$212.58	PO BOX 679859 DALLAS, TX 75267
WESTERN CARTER COUNTY WATER & SEWER	Water and waste management	2102 2103 2104	\$292.86	\$146.43	PO BOX 63 RATLIFF CITY, OK 73481
WINDSTREAM	Communications and Security Services	041782560 041782562 041782563 100026303	\$224.01	\$112.00	PO BOX 9001908 LOUISVILLE, KY 40290-1908