

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

CHAPARRAL ENERGY, INC., *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11  
)  
) Case No. 20-\_\_\_\_ (\_\_\_\_)  
)  
) (Joint Administration Requested)  
)

**MOTION OF DEBTORS FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING  
CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM, INCLUDING  
MAINTENANCE OF EXISTING BANK ACCOUNTS, CHECKS, AND BUSINESS  
FORMS, (II) AUTHORIZING CONTINUATION OF EXISTING DEPOSIT  
PRACTICES, (III) AUTHORIZING CONTINUATION OF INTERCOMPANY  
TRANSACTIONS, AND (IV) AUTHORIZING CONTINUED USE OF CREDIT CARDS**

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:

**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*

<sup>1</sup> 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.



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*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), 345, 363, 364, and 503(b) 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 2015-2.

### **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, the Debtors seek entry of Interim and Final Orders, substantially in the forms of **Exhibit A** and **Exhibit B** attached hereto, (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing Cash Management System (as defined below), including maintenance of existing bank accounts, checks, and business forms; (ii) authorizing the continued use of credit cards (iii) granting the Debtors a waiver of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors' practices under their existing cash management system or other actions described herein; (iv) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices notwithstanding the provisions of section 345(b) of the Bankruptcy Code; and (v) authorizing, but not directing, the Debtors to continue certain ordinary course intercompany transactions. The Debtors also request that the Court authorize all banks with

which the Debtors maintain accounts to continue to maintain, service, and administer such accounts.

### **DEBTORS' CASH MANAGEMENT SYSTEM**

#### **A. The Debtors' Cash Management System and the Bank Accounts.**

8. In the ordinary course of their businesses, the Debtors maintain a cash management system (the “**Cash Management System**”) that is integral to the operation and administration of their businesses. The Cash Management System allows the Debtors to (i) monitor and control all of the Debtors' cash receipts and disbursements, (ii) identify the cash requirements of the Debtors, (iii) transfer cash as needed to respond to the cash requirements of the Debtors, and (iv) track intercompany cash transfers.

9. The Cash Management System is managed by the Debtors at their headquarters in Oklahoma City, Oklahoma, where they oversee the administration of the various bank accounts to effect the collection, disbursement, and movement of cash. The Debtors' supervision of the Cash Management System enables the Debtors to, among other things, (i) accurately forecast and report their cash flow requirements and (ii) monitor the collection and disbursement of funds to and from the Debtor Bank Accounts (as defined below).

10. The Cash Management System is organized in a way that respects the separate cash funding and operating needs of the Debtors. A diagram depicting the Cash Management System is annexed hereto as **Attachment 1**. As of the Petition Date, the Debtors maintain 14 bank accounts (the “**Debtor Bank Accounts**”). Of the Debtor Bank Accounts, 11 are held in the name of Chaparral Energy, L.L.C. (“**Chaparral Energy**”), 2 are held in the name of Chaparral Real Estate, L.L.C. (“**Chaparral Real Estate**”), and 1 is held in the name of CEI

Pipeline, L.L.C. (“**CEI Pipeline**”). A detailed schedule of the Debtor Bank Accounts is annexed hereto as **Attachment 2**,<sup>2</sup> a summary of which is included in the chart below:

<b>Account Name<sup>3</sup></b>	<b>Debtor Account Holder</b>	<b>Financial Institution</b>	<b>Account Number(s)</b>
CEI Pipeline Main Operating Account	CEI Pipeline LLC	JPMorgan Chase Bank, N.A.	747496750
Comerica Lock Box	Chaparral Energy, L.L.C.	Comerica Bank	1881296030
Credit Card Account <sup>4</sup>	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	17035462
Employee Events Account <sup>5</sup>	Chaparral Energy, L.L.C.	Arvest Bank	74900615
Main Operating Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	10200107
Operating Disbursement Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	789502929
Health Disbursement Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	523156260
Payroll Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	10215538
Plugging Escrow Account <sup>6</sup>	Chaparral Energy, L.L.C.	American Bank and Trust Company, N.A.	20417057
Real Estate Account <sup>7</sup>	Chaparral Real Estate L.L.C.	Arvest Bank	48438993

<sup>2</sup> The Debtors believe, and have undertaken reasonable efforts to ensure, that Attachment 2 lists all of the bank accounts that comprise the Debtors’ Cash Management System. In the event that any bank account has been inadvertently omitted from Attachment 2, the Debtors request that the relief sought by this Motion be deemed to apply to such account.

<sup>3</sup> Capitalized terms used in this column shall refer to the account referred to in the corresponding row. The term “Escrow Accounts” shall refer to all Escrow Accounts.

<sup>4</sup> The Debtors use the Credit Card Account to keep a nominal cash balance as security for their Credit Cards.

<sup>5</sup> The Debtors historically used the Employee Events Account to pay for certain events and charitable contributions. The Debtors funded this account through vendor sponsorships and employee donations. This account is currently dormant and has a balance of approximately \$32,000.

<sup>6</sup> The Plugging Escrow Account is a dormant account related to certain plugging well obligations associated with certain assets that the Debtors sold in 2017 to Perdure Petroleum, LLC. The Plugging Escrow Account currently has a balance of approximately \$1.54 million.

<sup>7</sup> The Real Estate Account is a dormant account related to certain loans in connection with past real estate, which the Debtors no longer own. The Debtors do not deposit into or use the Real Estate Account for any disbursements. The Real Estate Sweep Account holds a small cash balance, which is swept as needed to replenish the Real Estate Account so that it maintains a minimum balance of \$30,000 at all times. The funds held in the Real Estate Sweep Account earns interest.

Account Name <sup>3</sup>	Debtor Account Holder	Financial Institution	Account Number(s)
Real Estate Sweep Account	Chaparral Real Estate L.L.C.	Arvest Bank	9990001657
Revenue Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	10200115
Revenue Disbursement Account	Chaparral Energy, L.L.C.	JPMorgan Chase Bank, N.A.	789502903
Compass Lock Box	Chaparral Energy, L.L.C.	BBVA Compass	6759700781

11. 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 primarily in Oklahoma. The Debtors generate their cash deposits primarily through (i) their operations on oil and natural gas properties and (ii) through their rights under joint operating agreements, pooling agreements, unitization agreements, or similar agreements (collectively, “**Joint Operating Agreements**”).<sup>8</sup> Typically, the Debtors’ Joint Operating Agreements will designate one party as the operator (an “**Operator**”), who conducts the day-to-day business of producing oil and gas at the site and initially covers the expenses incurred with respect to the drilling and operation of the wells (the “**Operating Expenses**”) on behalf of itself and the other parties to a particular Joint Operating Agreement (such other parties, the “**Non-Operators**”).

12. The Debtors receive payments on account of their operations on oil and natural gas properties into either the Compass Lock Box, if the payment is by check, or the Revenue Account, if the payment is received by an electronic transfer. The Debtors also receive

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<sup>8</sup> A more fulsome description of the Debtors’ operations, revenues, and disbursements can be found in the First Day Declaration and the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay (A) Royalty Payments, (B) Working Interest Disbursements, (B) Non-Royalty Lease Payments, (D) Operating Expenses and (E) Joint Interest Billing, (II) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfers, and (III) Granting Related Relief* filed contemporaneously herewith and fully incorporated herein by reference.

payments on account of the Debtors' *pro rata* share of revenues under Joint Operating Agreements in which the Debtors are Non-Operators into either the Compass Lock Box or Revenue Account, if the payment is by check, or the Revenue Account, if the payment is by electronic transfer. If the balance in the Compass Lock Box exceeds a certain minimum balance, the amount exceeding that minimum balance is automatically swept into the Revenue Account.

13. Reimbursements of Operating Expenses received by the Debtors from Non-Operators are deposited into the Comerica Lock Box or Main Operating Account if the payment is made by check. Additionally, in some instances in which the Debtors serve as Operator, the Debtors require Non-Operators to prepay the Debtors for certain capital expenditures or other expenses. These prepayments are deposited into the Main Operating Account. Most other cash deposits generated by the Debtors' businesses, including amounts received from the Debtors' oil and gas swap counterparties, are deposited into the Main Operating Account.

14. Funds from the Revenue Account are distributed as necessary in the following manner:

- (a) *Revenue Disbursement Account:* Revenue Account funds are automatically deposited into the Revenue Disbursement Account as needed for payments to the holders of mineral and working interests on oil and gas properties where the Debtors act as Operators.
- (b) *Payroll Account:* Revenue Account funds are automatically deposited into the Payroll Account as needed for payments to the Debtors' employees. Automatic Data Processing, Inc. ("ADP") acts as a third-party payroll processor with respect to the Payroll Account and has the authority to prepare and issue checks to employees on behalf of the Debtors from the Payroll Account.
- (c) *Main Operating Account:* Revenue Account Funds are manually transferred to the Main Operating Account as needed.

15. Funds from the Main Operating Account are distributed as necessary in the following manner:

- (a) *Operating Disbursement Account*: Main Operating Account funds are automatically deposited into the Operating Disbursement Account as needed for payments related to (i) Operating Expenses in which the Debtors serve as Operator, (ii) a variety of expenses of the Debtors including, without limitation, capital expenditures, employee benefits, insurance, and bonding payments, (iii) debt service, and (iv) authorized costs and expenses charged on the Debtors' Credit Cards (as defined below).
- (b) *Health Disbursement Account*: Main Operating Account funds are automatically deposited into the Health Disbursement Account as needed to pay for the medical expenses of the Debtors' employees. Kempton Group Administrators, Inc. ("**KGA**") acts as a third-party benefits administrator and has the authority to prepare and issue checks on behalf of the Debtors to make payments under the Debtors' employee medical insurance program.<sup>9</sup>

16. CEI Pipeline earns revenues on account of gas gathering fees charged to third parties with respect to pipes owned by CEI Pipeline. These revenues are deposited into the CEI Pipeline Main Operating Account. From time to time, the Debtors transfer excess funds from the CEI Pipeline Main Operating Account to the Main Operating Account and account for such intercompany transfers in their books and records.

## **B. The Debtors' Credit Card Program**

17. Certain Operating Expenses are billed to the Debtors through credit cards (the "**Credit Cards**") administered by JPMorgan Chase Bank, N.A. ("**JPMorgan**"). The Credit Cards are primarily used by approved office and field employees that are required to make business-related purchases for the Debtors in the ordinary course of the employees' duties, including, without limitation, purchasing equipment and paying for repairs or services that are necessary for the continuous operation of the Debtors' wells, fleet vehicle fuel, maintenance and repairs, business travel, meals and entertainment, and other Operating Expenses. The Credit Cards

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<sup>9</sup> The Debtors seek relief to continue making regular payments to ADP and KGA's fees in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (a) Pay Prepetition Workforce Obligations, (b) Continue Workforce Programs and Pay Related Administrative Obligations, (c) Pay Withholding and Payroll Related Taxes, (II) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfers, and (III) Granting Related Relief* filed contemporaneously herewith.



have a cumulative limit of \$100,000. The Company secures the Credit Cards with cash collateral held in the Credit Card Account in an amount equal to the credit limit. The Debtors owe approximately \$23,000 on the Credit Cards as of the Petition Date.

18. The Debtors are requesting authority to continue to use and make payments on the Credit Cards in the ordinary course of business and to pay any prepetition obligations associated therewith.

### **C. Intercompany Transactions**

19. In the ordinary course of business, intercompany transactions (“**Intercompany Transactions**”) occur when, among other things, (i) Chaparral Energy receives funds into the Main Operating Account on behalf of other Debtors, (ii) Chaparral Energy makes payments and disbursements out of the Main Operating Account on behalf of other Debtors, and (iii) funds are transferred between and among Debtors. The Debtors maintain records of all fund transfers and can ascertain, trace, and account for Intercompany Transactions. The Debtors will continue to maintain their books and records to track the Intercompany Transactions over the course of these Chapter 11 Cases.

## **BASIS FOR RELIEF REQUESTED**

### **A. The Debtors Should Be Authorized to Continue to Use Their Existing Cash Management System and the Debtor Bank Accounts.**

20. The Cash Management System is an ordinary course, customary and essential business practice, the continued use of which is essential to the Debtors’ business operations during the Chapter 11 Cases and their goal of maximizing value for the benefit of all parties in interest. To require the Debtors to adopt a new cash management system at this early and critical stage would be expensive, impose needless administrative burdens, and cause undue disruption. Any disruption in the collection of funds as currently implemented would adversely

(and perhaps irreparably) affect the Debtors' ability to maximize estate value. Moreover, such a disruption would be wholly unnecessary because the Cash Management System provides a valuable and efficient means for the Debtors to address their cash management requirements and, to the best of the Debtors' knowledge, the majority of the Debtor Bank Accounts are held at financially stable institutions insured by the Federal Deposit Insurance Corporation ("**FDIC**"). For the aforementioned reasons, maintaining the existing Cash Management System without disruption is in the best interests of the Debtors, their estates, and all interested parties. Accordingly, the Debtors request that they be allowed to maintain and continue to use the Cash Management System, including maintenance of their existing Debtor Bank Accounts.

21. As part of the relief requested herein, and to ensure that their transition into Chapter 11 is as smooth as possible, the Debtors seek an order authorizing the Debtors to (i) maintain and continue to use the Debtor Bank Accounts, including but not limited to those accounts listed on **Attachment 2** hereto, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, ACH transfers, drafts, and electronic fund transfers or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay ordinary course bank fees in connection with the Debtor Bank Accounts, including prepetition fees; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; (v) pay prepetition amounts outstanding on the Credit Cards; and (vi) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacities as debtors in possession.

22. In the interest of maintaining the continued and efficient operation of the Cash Management System during the pendency of the Chapter 11 Cases, the Debtors request that

all Banks (as defined below) be authorized to continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course (including making deductions for Bank Fees and Expenses (as defined below)), and, when requested by the Debtors in their sole discretion, to honor any and all checks, drafts, wires, ACH transfers, electronic fund transfers, or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising on or after the Petition Date.

23. 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 Proposed Orders. Pursuant to the relief requested in this Motion, the banks at which the Debtor Bank Accounts are maintained (each a "**Bank**" and, collectively, the "**Banks**") shall not be liable to any party on account of (x) following the Debtors' instructions or representations as to any order of the Court, (y) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (z) an innocent mistake made despite implementation of reasonable item handling procedures.

24. The Debtors further request that the Banks be authorized to deduct from the appropriate Debtor Bank Accounts the Banks' fees and expenses (the "**Bank Fees and Expenses**"), and that no liens on any Debtor Bank Accounts take priority over the Bank Fees and Expenses except as set forth in any deposit agreements between the Debtors and the Banks.

25. Additionally, in each instance in which the Debtors hold one or more accounts at a bank that is a party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of the date of entry of an Interim or Final Order granting this Motion, the Debtors will (i) contact such bank, (ii) provide such bank with the Debtors' employer identification numbers, and (iii) identify each of their accounts held at such bank as held by a debtor in possession in a bankruptcy case. Where the Debtors hold one or more accounts at a bank that is not a party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors will use their good faith efforts to cause such bank to execute a Uniform Depository Agreement in a form prescribed by the Office of the U.S. Trustee within forty-five (45) days of the date of entry of an Interim or Final Order granting this Motion.

26. The Debtors further request that they be authorized to implement such reasonable changes to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts and opening any additional bank accounts following the Petition Date (each a "**New Account**" and, collectively, the "**New Accounts**") wherever the Debtors deem that such accounts are needed or appropriate and whether or not the banks in which the accounts are opened are designated approved depositories in the District of Delaware. Notwithstanding the foregoing, any New Accounts that the Debtors open will be at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at such banks that are willing to immediately execute such an agreement, and any New Account that the Debtors open will be (i) at one of the existing Banks or with a bank that is organized under the laws of the United States of America or any state therein and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation and (ii) designated a "Debtor in Possession" account by the relevant bank. The Debtors request that the relief sought by this

Motion extend to any New Accounts and that any order approving this Motion provide that the New Accounts are deemed to be Debtor Bank Accounts that are similarly subject to the rights, obligations, and relief granted in such order. The Debtors will provide the U.S. Trustee with prompt notice of any Debtor Bank Accounts that they close or New Accounts that they open. In furtherance of the foregoing, the Debtors also request that the relevant banks be authorized to (a) honor the Debtors' requests to open or close (as the case may be) such Debtor Bank Account(s) or New Account(s) and (b) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions.

**B. The Debtors Should be Authorized to Continue to Use Credit Cards.**

27. The Debtors' Credit Cards are critical to the Debtors' field operations because they give the Debtors' employees flexibility to purchase necessary products quickly. Failure to pay amounts owed under the Credit Cards when due could result in JPMorgan cancelling the Credit Cards, which could disrupt the Debtors' operations and be administratively burdensome. The Debtors estimate that they owe approximately of \$23,000 in prepetition obligations on the Credit Cards as of the Petition Date. The Debtors seek authority to incur credit on a secured basis through their and their employees' use of the Credit Cards on an uninterrupted and ongoing basis pursuant to section 364 of the Bankruptcy Code and to pay prepetition obligations associated therewith.

**C. The Debtors Should Be Authorized to Continue to Use Existing Checks and Business Forms.**

28. Local Rule 2015-2(a) provides:

Where the debtor uses pre-printed checks, upon motion of the debtor, the Court may, without notice and hearing, permit the debtor to use its existing checks without the designation "Debtor-in-Possession" and use its existing bank accounts. However, once the debtor's existing checks have been used, the debtor shall, when

reordering checks, require the designation “Debtor-in-Possession” and the corresponding bankruptcy number on all such checks.

Del. Bankr. L.R. 2015-2(a).

29. To minimize expenses to their estates, the Debtors seek authorization to continue using all checks substantially in the forms existing immediately prior to the Petition Date, without reference to the Debtors’ status as debtors in possession; *provided, however*, that in the event the Debtors generate new checks during the pendency of the Chapter 11 Cases other than from their existing stock of checks, such checks will include a legend referring to the Debtors as “Debtor in Possession.” The Debtors also seek authority to use all correspondence and other business forms (including, without limitation, letterhead, purchase orders, and invoices) without reference to the Debtors’ status as debtors in possession.<sup>10</sup>

30. Changing the Debtors’ existing checks, correspondence, and other business forms would be expensive, unnecessary, and burdensome to the Debtors’ estates. Further, such changes would disrupt the Debtors’ business operations and would not confer any benefit upon parties that deal with the Debtors. For these reasons, the Debtors request that they be authorized to use their existing check stock, correspondence, and other business forms without being required to place the label “Debtor in Possession” on any of the foregoing.

**D. The Debtors Should Be Granted a Waiver of Certain Requirements of the U.S. Trustee.**

31. The Debtors further request, pursuant to sections 105(a) and 363 of the Bankruptcy Code, that this Court grant a waiver of certain bank account and related requirements

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<sup>10</sup> Although the operating guidelines established for debtors in possession by the U.S. Trustee would require the Debtors to obtain and use new checks bearing the “Debtor in Possession” designation, the Debtors do not believe that such guidelines impose any limitation on the Debtors’ other correspondence and business forms. Nevertheless, out of an abundance of caution, the Debtors seek explicit authority to continue using their existing correspondence and business forms without reference to the Debtors’ status as debtors in possession.

of the U.S. Trustee to the extent that such requirements are inconsistent with (i) the Debtors' existing practices under the Cash Management System or (ii) any action taken by the Debtors in accordance with any order granting this Motion or any other order entered in the Chapter 11 Cases.

32. To supervise the administration of chapter 11 cases, the U.S. Trustee has established certain operating guidelines for debtors in possession. These requirements (the "**UST Requirements**") require chapter 11 debtors to, among other things: (i) close all existing bank accounts and open new debtor in possession bank accounts; (ii) establish one debtor in possession account for all estate monies required for the payment of taxes, including payroll taxes; (iii) maintain a separate debtor in possession account for cash collateral; and (iv) obtain checks for all debtor in possession accounts that bear (a) the designation "Debtor In Possession," (b) the bankruptcy case number, and (c) the type of account. The UST Requirements are designed to demarcate clearly prepetition transactions and operations from postpetition transactions and operations, and to prevent the inadvertent postpetition payment of prepetition claims. As set forth above, the Debtors submit that (x) they are able to work with the Banks to ensure that this goal of separation between the prepetition and postpetition periods is observed and (y) enforcement of certain of these UST Requirements would disrupt the Debtors' operations and impose a financial burden on the Debtors' estates.

33. In light of the complexity of the Cash Management System, it would be onerous for the Debtors to meet the UST Requirement to close all existing bank accounts and open new debtor in possession accounts. Indeed, this requirement would unnecessarily inconvenience the Debtors.

34. Further, it would be unnecessary and inefficient to require the Debtors to abide by the UST Requirement to establish specific debtor in possession accounts for tax payments

(including payroll taxes) and to deposit to such accounts sufficient funds to pay any tax liability (when incurred) associated with the Debtors' payroll and other tax obligations. The Debtors can pay their tax obligations most efficiently from their existing accounts at JPMorgan in accordance with their existing practices, and the U.S. Trustee will have wide latitude to monitor the flow of funds into and out of such accounts. The creation of new debtor in possession accounts designated solely for tax obligations would be unnecessarily burdensome.

35. In addition, it is unnecessary to require the Debtors to abide by the UST Requirement to establish specific debtor in possession accounts for cash collateral. As set forth in the Debtors' motion for authority to use cash collateral filed contemporaneously herewith, the Debtors have provided significant safeguards (negotiated in good faith with parties in interest) to ensure that parties with security interests in the Debtors' cash are adequately protected and that such parties have been provided with notice of the proposed use of such cash collateral.

**E. The Debtors Should Be Authorized to Continue their Deposit Practices and be Granted an Extension of Time to Comply With the Requirements of Section 345(b) of the Bankruptcy Code to the Extent It Applies to Debtor Bank Accounts.**

36. The Debtors also request an extension of time to comply with the requirements of Section 345(b) of the Bankruptcy Code. As part of the Cash Management System, the Debtors routinely deposit funds into the Debtor Bank Accounts (the "**Deposit Practices**"). Arvest Bank, Comerica Bank, and BBVA Compass Bank are not authorized depositories for Region 3 pursuant to the UST Guidelines; however, each of Comerica Bank and BBVA Compass Bank is FDIC insured. In addition, each of Arvest Bank, Comerica Bank, and Compass Bank is a trustworthy, well-capitalized, and financially stable institution with a strong reputation. The Debtors believe they can maintain the Debtor Bank Accounts at Arvest Bank, Comerica Bank, and BBVA Compass Bank without jeopardizing any parties in interest and that any funds deposited in



any of the Debtor Bank Accounts at Arvest Bank, Comerica Bank, and BBVA Compass Bank are secure. Requiring the Debtors to transfer such Debtor Bank Accounts to a designated authorized depository or for the Debtor Bank Accounts to post a bond would place a needless administrative burden on the Debtors and likely impose unnecessary costs on the Debtors' estates. Accordingly, the Debtors request (i) authorization to continue to deposit funds in accordance with existing practices under the Cash Management System, subject to any reasonable changes the Debtors may implement to the Cash Management System, and (ii) a waiver of the deposit requirements of section 345(b) of the Bankruptcy Code, for an interim period of forty-five (45) days without prejudice to the Debtors' ability to seek and the U.S. Trustee's ability to grant, further extensions with respect to Debtor Bank Accounts at Arvest Bank, Comerica Bank, and Compass Bank.

37. For the avoidance of doubt, to the extent any of the Debtor Bank Accounts may be classified as investment accounts, or to the extent any of the Debtors' routine deposits into Debtor Bank Accounts may be regarded as investment activity, the Debtors hereby seek authorization to continue to deposit funds into such Debtor Bank Accounts in accordance with existing practices, notwithstanding the requirements of section 345(b) of the Bankruptcy Code.

**F. The Debtors Should Be Authorized to Maintain and Continue Ordinary Course Intercompany Transactions and Grant Administrative Priority Status to Postpetition Intercompany Claims Among the Debtors.**

38. By this Motion, the Debtors seek authority to pay for or otherwise reconcile prepetition Intercompany Transactions if the Debtors, in their sole discretion, deem such payment or reconciliation necessary and in the best interests of the Debtors' estates and other parties in interest. Additionally, the Debtors seek authority to set off prepetition obligations arising out of the Intercompany Transactions. Finally, the Debtors seek authority, in their sole discretion, to continue to engage in Intercompany Transactions postpetition in the ordinary course of business.

All Intercompany Transactions and payments will only be effectuated in accordance with all applicable strictures established in the Debtors' proposed cash collateral order filed contemporaneously herewith and documentation, including, without limitation, budgetary restrictions.

39. Since these transactions represent extensions of intercompany credit made in the ordinary course of business that are an essential component of the Cash Management System, the Debtors respectfully request the authority to continue conducting the Intercompany Transactions in the ordinary course of business without need for further Court order. To ensure that each individual Debtor will not fund the operations of another entity at the expense of such Debtor's creditors, the Debtors request that all postpetition claims against a Debtor by another Debtor arising from Intercompany Transactions (the "Intercompany Claims") be accorded administrative claim status pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code. This will ensure that each individual Debtor on whose behalf another Debtor has utilized funds or incurred expenses will continue to bear ultimate repayment responsibility, thereby protecting the interests of each individual Debtor's creditors.<sup>11</sup>

### **APPLICABLE AUTHORITY**

#### **A. The Bankruptcy Code Permits the Debtors to Continue to Use the Cash Management System and the Debtor Bank Accounts.**

40. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor in possession to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The authority granted by section 363(c)(1) of the Bankruptcy Code extends to a debtor in possession's continued use of its customary cash management system and, thus,

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<sup>11</sup> Nothing herein constitutes a request to validate the nature or amount of any Intercompany Transaction or Intercompany Claim, whether arising prepetition or postpetition.

supports the relief requested. *See, e.g., Charter Co. v. Prudential Ins. Co. Am. (In re Charter Co.)*, 778 F.2d 617, 621 (11th Cir. 1985) (indicating that an order authorizing the debtor to employ a cash management system that was “usual and customary in the past” was “entirely consistent” with Section 363(c)(1)). Moreover, section 364(a) of the Bankruptcy Code authorizes a debtor in possession to obtain unsecured credit and incur unsecured debt in the ordinary course of business without notice and a hearing. *See* 11 U.S.C. § 364(a). This provision further supports the relief requested, and provides the Debtors with the ability, to the extent necessary, to obtain unsecured credit and incur unsecured debt in the ordinary operation of the Cash Management System.

41. Section 105(a) of the Bankruptcy Code also authorizes this Court to permit the Debtors to continue to use the Cash Management System, including maintenance of their existing Debtor Bank Accounts. Section 105(a) vests in this Court the power to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” The continuation of the Cash Management System, including the continued use of the Debtor Bank Accounts, is essential to the efficient administration of the Chapter 11 Cases and to the Debtors’ efforts to maximize estate value for all parties in interest. Indeed, one court, in another context, has recognized that a centralized cash management system “allows efficient utilization of cash resources and recognizes the impracticalities of maintaining separate cash accounts for the many different purposes that require cash.” *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 934 (Bankr. D. Del. 1992), *aff’d in part and rev’d in part*, 997 F.2d 1039 (3d Cir. 1993). Therefore, the relief requested is appropriate under section 105(a) of the Bankruptcy Code.

42. In addition, numerous courts, including this Court, in other large chapter 11 cases have authorized debtors to continue to use their existing cash management systems. *See, e.g., In re Paddock Enters., LLC*, Case No. 20-10028 (LSS) (Bankr. D. Del. May 13, 2020); *In re*

*Cosi, Inc.*, Case No. 20-10417 (BLS) (Bankr. D. Del. March 17, 2020); *In re RentPath Holdings, Inc.*, Case No. 20-10312 (BLS) (Bankr. D. Del. March 10, 2020); *In re Southland Royalty Co., LLC*, Case No. 20-10158 (KBO) (Bankr. D. Del. Feb. 25, 2020); *In re Arsenal Res. Dev., LLC*, Case No. 19-12347 (BLS) (Bankr. D. Del. Dec. 3, 2019). Indeed, bankruptcy courts have routinely permitted chapter 11 debtors to continue to use their existing cash management systems, generally treating requests for such relief as a relatively “simple matter.” *In re Baldwin-United Corp.*, 79 B.R. 321, 327 (Bankr. S.D. Ohio 1987); *see also In re Columbia Gas Sys., Inc.*, 136 B.R. at 934.

**B. This Court Should Authorize Debtors to Maintain Their Credit Cards and Pay All Obligations Related Thereto.**

43. As stated above, under section 363(c)(1) of the Bankruptcy Code, a debtor in possession “may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business . . . and may use property of the estate in the ordinary course of business without notice or a hearing.” Purchases made using the Credit Cards fall within the ordinary course of business under section 363(c)(1). The use of credit cards and similar payment methods is widespread at companies across the United States as a means of facilitating day-to-day business activities. As a result, the Debtors believe that they do not require the Court’s approval to continue using the Credit Cards.

44. Nonetheless, out of an abundance of caution, the Debtors request authority to continuing using the Credit Cards in the ordinary course of business, and to pay all obligations related thereto. Yet, in the event the Court finds that such transactions do not fall within the ordinary course of business, the Debtors request authority pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code. Continued use of Credit Cards is integral to the success and stability of the Debtors’ businesses. The Debtors rely on the ability of their employees to pay for expenses incurred in the ordinary course and to make other reasonable work-related purchases

necessary to fulfill their day-to-day professional obligations. Permitting the Debtors to continue using the Credit Cards will ensure that the Debtors' employees are able to fulfill their daily professional obligations and, in turn, prevent significant disruption to the Debtors' business operations.

45. Moreover, courts have similarly permitted debtors to continue using their existing corporate credit cards and similar purchasing programs on a secured basis. *See, e.g., In re The Bon-Ton Stores, Inc.*, No. 18-10248 (MFW) (Bankr. D. Del. March 6, 2018) (approving use of credit cards supported by standby letter of credit); *In re Panda Temple Power, LLC.*, No. 17-10839 (LSS) (Bankr. D. Del. May 24, 2017) (approving use of credit cards secured by a hold on cash in a money market deposit account); *In re Chaparral Energy, Inc.*, No. 16-11144 (LSS) (Bankr. D. Del. June 7, 2016) (approving use of secured credit card program).

46. The same relief is appropriate here. Accordingly, the Court should authorize the Debtors to continue using the Credit Cards and to pay all obligations, including prepetition obligations, if any, related thereto.

**C. This Court Should Waive Certain UST Requirements to Permit the Debtors to Continue to Use the Cash Management System.**

47. The continuation of the Cash Management System, as requested in this Motion, is consistent with the Debtors' authority to use property of the estate in the ordinary course of business pursuant to section 363(c)(1) of the Bankruptcy Code. Accordingly, this Court should grant the Debtors a waiver of the UST Requirements to the extent that such requirements conflict with the Debtors' existing practices under the Cash Management System or any action taken by the Debtors in accordance with any order granting this Motion or any other order entered in the Chapter 11 Cases.

48. Moreover, compelling the Debtors to alter their current cash management practices and to modify the Cash Management System to comply with the UST Requirements would risk severe disruption to the Debtors' businesses and jeopardize the Debtors' ability to maximize value for all parties in interest. *Cf. In re Gaylord Container Corp.*, Case No. 92-3654, 1993 WL 188671, at \*3, 13 (E.D. La. 1993) (adopting the bankruptcy court's findings of fact and conclusions of law, which included a finding that the banking requirements of the Office of the United States Trustee for the District of Louisiana "represent a substantial burden on any debtor and, in this case, resulted in the incurrence of extraordinary unquantifiable costs by [the debtor] associated with the confusion engendered by the implementation of new policies and procedures to comply with such rules, and due to the substantial restrictions that such rules placed on the debtor's treasury functions"). This factor alone justifies the relief that the Debtors are seeking. *See* 11 U.S.C. § 105(a) ("The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.").

**D. This Court Has the Authority to Permit the Debtors to Continue Their Deposit Practices.**

49. Section 345(a) of the Bankruptcy Code authorizes a debtor in possession to make deposits of estate money in a manner "as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit." 11 U.S.C. § 345(a). If a deposit is not "insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States," section 345(b) provides that the debtor must require that the entity with which the deposit is made obtain a bond in favor of the United States that is secured by the undertaking of an adequate corporate surety. *See* 11 U.S.C. § 345(b). Additionally, the UST Operating Guidelines generally require chapter 11

debtors, among other things, to deposit all estate funds into an account with an authorized depository that agrees to comply with the requirements of the U.S. Trustee.

50. This Court has discretion to waive the requirements of section 345(b) of the Bankruptcy Code “for cause.” 11 U.S.C. § 345(b). In *In re Service Merchandise Co., Inc.*, the court indicated that the existence of “cause” should be determined based upon the totality of the circumstances taking account of factors such as: (i) the sophistication of the debtor’s business; (ii) the size of the debtor’s business; (iii) the amount of investments involved; (iv) the ratings of the financial institutions at which the debtor’s funds are held; (v) the complexity of the case; (vi) the safeguards in place within the debtor’s own business to ensure the safety of funds; (vii) the debtor’s ability to reorganize in the face of a failure of one or more of the financial institutions; (viii) the benefit to the debtor; (ix) the harm, if any, to the estate; and (x) the reasonableness of the debtor’s request for relief from the section 345(b) requirements in light of the overall circumstances of the case. 240 B.R. 894, 896 (Bankr. M.D. Tenn. 1999).

51. The Debtors respectfully request that this Court (i) authorize the Debtors to continue to make deposits in accordance with the Deposit Practices and (ii) exercise its discretion to waive the requirements of section 345(b) of the Bankruptcy Code, on an interim basis, to the extent that such requirements are inconsistent with the Deposit Practices. The Debtors submit that the circumstances of the Chapter 11 Cases warrant such relief.

52. The Debtors are large, sophisticated entities with a complex Cash Management System that relies on the Debtor Bank Accounts on a daily basis. The majority of the Debtor Bank Accounts are held at stable financial institutions that are insured by the FDIC and, thus, the Debtors’ funds are safe (up to applicable FDIC limits). Furthermore, in light of the regular deposits to, and sweeps of, the various Debtor Bank Accounts and the “as needed” funding

structure of the overall system, it would be especially disruptive, unnecessary, and wasteful to require the posting of a bond to the extent that the balances of the Debtor Bank Accounts exceed FDIC insurance limits at a given time.

53. This Court and other courts have granted requests to approve the use of deposit practices that do not comply strictly with section 345(b) of the Bankruptcy Code. *See, e.g., In re Vivus, Inc.*, No. 20-11779 (LSS) (Bankr. D. Del. July 10, 2020); *In re Pyxus International, Inc.*, No. 20-11570 (LSS) (Bankr. D. Del. June 16, 2020); *In re Paddock Enters., LLC*, No. 20-10028 (LSS) (Bankr. D. Del. May 13, 2020); *In re Cosi, Inc.*, No. 20-10417 (BLS) (Bankr. D. Del. Mar. 17, 2020); *In re Southland Royalty Co., LLC*, No. 20-10158 (KBO) (Bankr. D. Del. Feb. 25, 2020); *In re Arsenal Res. Dev., LLC*, No. 19-12347 (BLS) (Bankr. D. Del. Dec. 3, 2019); *In re FTD Cos., Inc.*, No. 11240 (LSS) (Bankr. D. Del. July 1, 2019). Accordingly, the Court should authorize the Debtors to continue to deposit funds in accordance with the Deposit Practices and grant a waiver of the requirements of section 345(b) of the Bankruptcy Code on an interim basis to the extent that the requirements are inconsistent with the Deposit Practices.

**E. The Bankruptcy Code Permits the Debtors to Continue to Engage in the Intercompany Transactions.**

54. As noted above, the Debtors routinely engaged in the Intercompany Transactions prior to the Petition Date. Thus, court approval of these transactions is not required pursuant to section 363(c)(1) of the Bankruptcy Code. Nevertheless, out of an abundance of caution, the Debtors seek court approval of the relief requested herein, in the event this Court finds that the Intercompany Transactions are outside the ordinary course of business.

55. Section 363(b)(1) of the Bankruptcy Code authorizes a debtor in possession to use property of the estate other than in the ordinary course of business after notice and a hearing. Courts have held that there must be some articulated business justification for using, selling, or



leasing property out of the ordinary course of business before the bankruptcy judge may order such disposition under section 363(b). *See, e.g., The Dai-Ici Kangyo Bank Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999) (“In determining whether to authorize the use, sale or lease of property of the estate . . . courts require the debtor to show that a sound business purpose justifies such actions”). In the event an order permitting the Debtors to continue to engage in the Intercompany Transactions is necessary, the Debtors believe that their business judgment to continue the Intercompany Transactions is sound because, among other reasons discussed herein, the Intercompany Transactions reduce the administrative costs of certain of the Debtors, facilitate the satisfaction of the Debtors’ obligations, and are integral to the Debtors’ daily operations. Thus, the Debtors submit that continuation of the Intercompany Transactions is in the best interests of the Debtors’ estates and the Debtors’ creditors.

56. Courts frequently have authorized debtors to continue their prepetition intercompany practices after commencement of chapter 11 cases. *See, e.g., In re RentPath Holdings, Inc.*, No. 20-10312 (BLS) (Bankr. D. Del. Mar. 10, 2020); *In re Arsenal Res. Dev., LLC*, No. 19-12347 (BLS) (Bankr. D. Del. Dec. 3, 2019); *In re Emerge Energy Servs. LP*, Case No. 19-11563 (KBO) (Bankr. D. Del. Aug. 13, 2019); *In re Elk Petroleum, Inc.*, No. 19-11157 (LSS) (Bankr. D. Del. July 12, 2019); *In re FTD Cos., Inc.*, No. 19-11240 (LSS) (Bankr. D. Del. July 1, 2019).

57. In addition, courts have granted administrative expense status to postpetition intercompany claims in other large chapter 11 cases. *See, e.g., In re Pyxus International, Inc.*, No. 20-11570 (LSS) (Bankr. D. Del. July 17, 2020) (authorizing postpetition intercompany transactions and granting administrative expense status to intercompany claims); *In*

*re Vivus, Inc.*, No. 20-11779 (LSS) (Bankr. D. Del. July 10, 2020); *In re Bluestem Brands, Inc.*, Case No. 20-10566 (MFW) (Bankr. D. Del. Apr. 14, 2020); *In re Clover Techs. Grp., LLC*, Case No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020); *In re Anna Holdings, Inc.*, Case No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019); *In re Forever 21, Inc.*, No. 19-12122 (KG) (Bankr. D. Del. Oct. 28, 2019).

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

58. 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 and Exhibit B is necessary to avoid immediate and irreparable harm.

59. 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**

60. 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**

61. 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) the Banks; and (m) 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

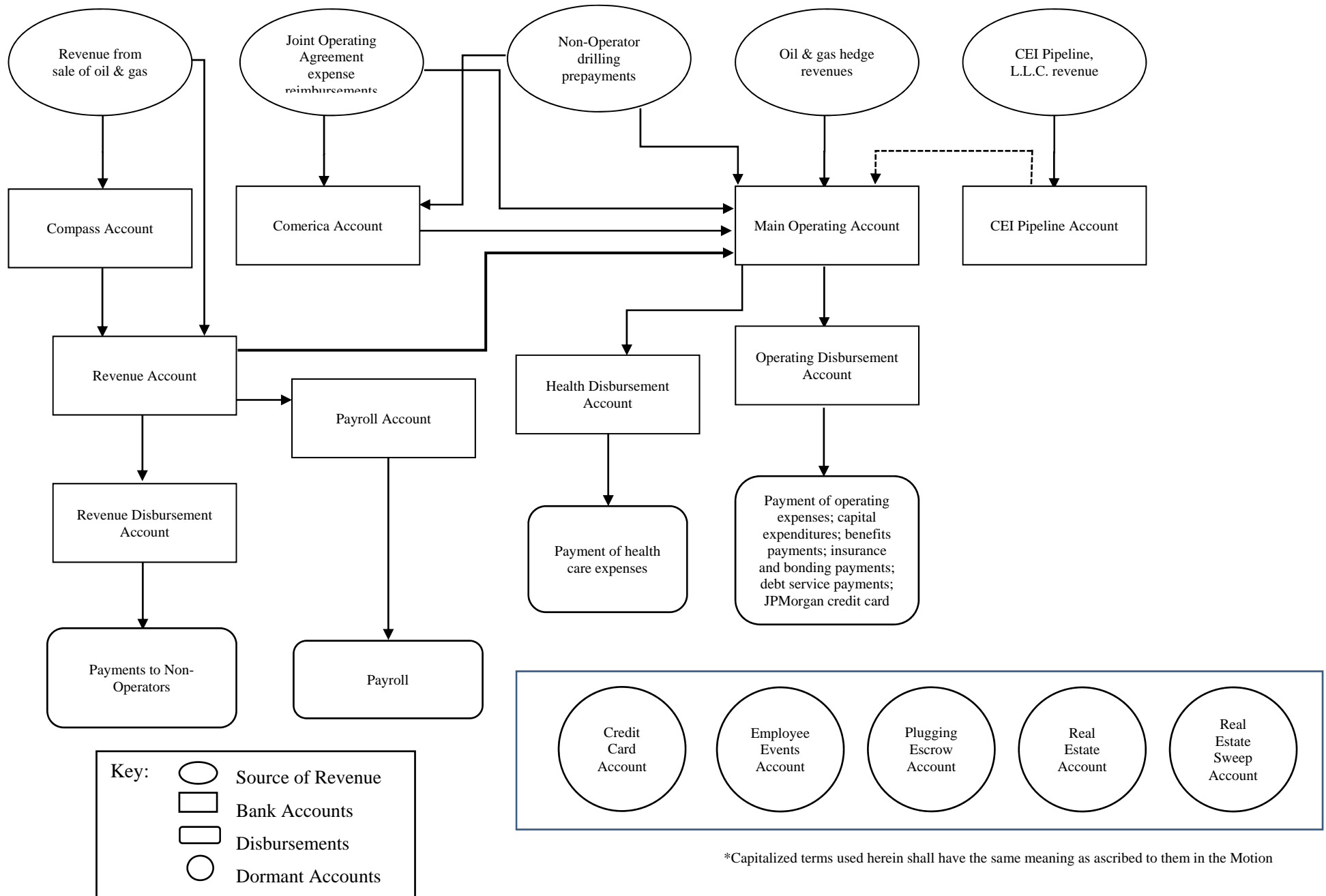
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- and -

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*Proposed Counsel for Debtors and  
Debtors in Possession*

**Attachment 1**  
**Diagram of Cash Management System\***



**ATTACHMENT 2**

Schedule of Debtor Bank Accounts

<b>Financial Institution</b>	<b>Address</b>	<b>Account Number(s)</b>	<b>Account Holder</b>	<b>Account Type</b>
American Bank and Trust Company, N.A.	American Bank & Trust Co. 6060 American Plaza Tulsa, OK 74135 Attn: Michael Hall Fax: (918) 481-3089	20417057	Chaparral Energy, L.L.C.	Plugging Escrow Account
Arvest Bank	Arvest 3900 N. Lincoln Blvd Oklahoma City, OK 73105 Attn: Chris Mostek	48438993	Chaparral Real Estate L.L.C.	Real Estate Account
Arvest Bank	Arvest 3900 N. Lincoln Blvd Oklahoma City, OK 73105 Attn: Chris Mostek	9990001657	Chaparral Real Estate L.L.C.	Real Estate Sweep Account
Arvest Bank	Arvest 3900 N. Lincoln Blvd Oklahoma City, OK 73105 Attn: Chris Mostek	74900615	Chaparral Energy, L.L.C.	Employee Events Account
Comerica Bank	Comerica Bank 1508 W. Mockingbird Lane Dallas, TX 75235 Attn: Cathy Watson Fax: (214) 589-5400	1881296030	Chaparral Energy, L.L.C.	Comerica Lock Box
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	17035462	Chaparral Energy, L.L.C.	Credit Card Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	10200107	Chaparral Energy, L.L.C.	Main Operating Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	789502929	Chaparral Energy, L.L.C.	Operating Disbursement Account



JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	10215538	Chaparral Energy, L.L.C.	Payroll Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	10200115	Chaparral Energy, L.L.C.	Revenue Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	789502903	Chaparral Energy, L.L.C.	Revenue Disbursement Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	747496750	CEI Pipeline L.L.C.	Main Operating Account
JPMorgan Chase Bank, N.A.	JPMorgan Chase Bank, N.A. 2200 Ross Avenue, 6 <sup>th</sup> floor Dallas, TX 75201 Attn: Neil Wackermann Fax: (866) 917-8691	523156260	Chaparral Energy, L.L.C.	Health Disbursement Account
BBVA Compass	BBVA Compass 2200 Post Oak Boulevard 17 <sup>th</sup> Floor Houston, TX 77056 Attn: Kathy Bowen	6759700781	Chaparral Energy, L.L.C.	Compass Lockbox

**EXHIBIT A**

**Proposed Interim Order**

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

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In re:

CHAPARRAL ENERGY, INC., *et al.*,<sup>1</sup>

Debtors.

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)  
) Chapter 11  
)  
) Case No. 20-\_\_\_\_ (\_\_\_\_)  
)  
) (Jointly Administered)  
)

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**INTERIM ORDER (I) AUTHORIZING CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, INCLUDING MAINTENANCE OF EXISTING BANK  
ACCOUNTS, CHECKS, AND BUSINESS FORMS, (II) AUTHORIZING  
CONTINUATION OF EXISTING DEPOSIT PRACTICES, (III) AUTHORIZING  
CONTINUATION OF INTERCOMPANY TRANSACTIONS, AND (IV) AUTHORIZING  
CONTINUED USE OF CREDIT CARDS**

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Upon the motion (the “**Motion**”)<sup>2</sup> 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), 345, 362(d) 363, 364, and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of existing bank accounts, checks, and business forms; (ii) granting the Debtors a waiver of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors’ practices under their existing cash management system or other actions described in the Motion or this Interim Order; (iii)

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<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices notwithstanding the provisions of section 345(b) of the Bankruptcy Code; (iv) authorizing, but not directing, the Debtors to continue certain ordinary course intercompany transactions; and (v) authorizing the continued use of credit cards; 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. The Debtors are authorized, but not directed, to maintain and continue to use their existing Cash Management System under the terms and conditions provided for by the existing agreements with the Banks and other institutions participating in the Cash Management System, except as modified by this Interim Order. In connection with the ongoing utilization of the Cash Management System, the Debtors shall maintain detailed records with respect to all transfers of funds so that all transactions may be readily ascertained, traced, and recorded properly.

4. All existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect unless otherwise ordered by the Court.

5. The Debtors are authorized, but not directed, to (i) continue to use any and all of the Debtor Bank Accounts, including, but not limited to, the Debtor Bank Accounts identified on **Attachment 2** to the Motion, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, ACH transfers, drafts, electronic fund transfers, centralized lockbox or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay the Bank Fees and Expenses in connection with the Debtor Bank Accounts, including any Bank Fees and Expenses arising prior to the Petition

Date; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; and (v) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacities as debtors in possession.

6. Subject to the terms of this Interim Order, the Banks and all other applicable financial institutions are authorized, but not directed, to (i) continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course; (ii) receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, any claim that the Court has granted the Debtors approval to pay, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date; *provided* that the applicable Debtor Bank Accounts contain sufficient funds; (iii) when requested by the Debtors in their sole discretion, receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, any claim against the Debtors arising after the Petition Date; and (iv) rely on the Debtors' designation of any particular check as approved for payment by the Court.

7. Notwithstanding any other provision of this Interim Order, the Banks and applicable financial institutions shall not be liable to any party on account of (x) following the Debtors' instructions or representations as to any order of the Court, (y) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (z) an innocent mistake made despite implementation of reasonable item handling procedures.

8. The Banks are authorized to deduct from the appropriate Debtor Bank Account the Bank Fees and Expenses owed to it as set forth in any deposit agreement between the

Debtors and the Banks. No liens on any Debtor Bank Accounts shall take priority over the Bank Fees and Expenses except as set forth in any deposit agreement between the Debtors and the Banks.

9. For banks at which the Debtors hold Debtor Bank Accounts that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of entry of this Interim Order, the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers, and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case. For banks at which the Debtors hold Debtor Bank Accounts that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall use their good faith efforts to cause such banks to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within forty-five (45) days of the date of this Interim Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. Pursuant to Local Rule 2015-2(a), the Debtors are authorized to continue to use their existing checks, correspondence, and other business forms without alteration or change and without the designation "Debtor in Possession" or a bankruptcy case number imprinted upon them. Notwithstanding the foregoing, once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; *provided* that, with respect to checks that the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor in Possession" legend on such items within ten (10) days of the date of entry of this Interim Order.

11. Subject to the terms of this Interim Order, the Debtors are authorized, but not directed to, (i) obtain credit on a secured basis through their and their employees' use of the

Credit Cards on an uninterrupted and ongoing basis pursuant to section 364 of the Bankruptcy Code and (ii) continue to use (and allow the use by their employees of) the Credit Cards subject to the terms and conditions thereof, and all charges (whether prepetition or postpetition) in connection with the Credit Cards are authorized to be paid by the Debtors as and when due and payable.

12. JPMorgan is authorized to extend credit secured by a lien or security interest on cash in the Credit Card Account and make advances from time to time on behalf of the Debtors, and the Debtors are authorized to obtain such credit, under the Credit Cards. JPMorgan is authorized to exercise any of its remedies under, and no relief shall be requested or granted that would in any way interfere with the right of JPMorgan to exercise remedies under, the terms of any applicable agreements with the Debtors governing the Credit Card Account.

13. All Banks provided with notice of this Interim Order maintaining any of the Debtor Bank Accounts shall not honor or pay any bank payments drawn on such Debtor Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Debtor Bank Accounts.

14. The Debtors are authorized to implement such reasonable changes, consistent with this Interim Order, to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts and opening any additional bank accounts following the Petition Date (each a “**New Account**” and, collectively, the “**New Accounts**”) wherever the Debtors deem that such accounts are needed or appropriate. Notwithstanding the foregoing, any New Accounts that the Debtors open shall be (i) at banks that have executed a Uniform Depository Agreement with the U.S. Trustee or at such banks that are willing to immediately execute a Uniform Depository Agreement, (ii) with a bank



that is organized under the laws of the United States of America or any state therein and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, and (iii) designated a “Debtor in Possession” account by the relevant bank. The New Accounts are deemed to be Debtor Bank Accounts and the banks at which the New Accounts are opened are deemed to be Banks, and both are subject to the rights, obligations, and relief granted in this Interim Order. The Debtors shall provide the U.S. Trustee with notice within fifteen (15) days of any Debtor Bank Accounts that they close or New Accounts that they open. The Banks are authorized to honor the Debtors’ requests to (i) open or close (as the case may be) any such Debtor Bank Accounts or New Accounts and (ii) accept and hold, or invest, the Debtors’ funds in accordance with the Debtors’ instructions; *provided* that the Banks shall not have any liability to any party for relying upon such instructions. In the event that the Debtors open or close any Debtor Bank Accounts or New Accounts, such opening or closing shall be timely indicated on the Debtors’ monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee.

15. The Debtors are authorized to deposit funds in accordance with existing practices under the Cash Management System as in effect as of the Petition Date, subject to any reasonable changes, consistent with this Interim Order, to the Cash Management System that the Debtors may implement, and, to the extent such practices are inconsistent with the requirements of Bankruptcy Code Section 345(b), such requirements are waived on an interim basis.

16. The Debtors shall have forty-five (45) days (or such additional time as the U.S. Trustee may agree to) from the Petition Date (the “**Extension Period**”) within which to either come into compliance with Bankruptcy Code Section 345(b) or to make such other arrangements as agreed with the U.S. Trustee. Such extension is without prejudice to the Debtors’ right to

request a further extension of the Extension Period or a final waiver of the requirements under section 345(b) of the Bankruptcy Code.

17. The Debtors are authorized, but not directed, to (i) pay for or otherwise reconcile prepetition Intercompany Transactions if the Debtors, in their sole discretion, deem such payment or reconciliation necessary and in the best interests of the Debtors' estates and other parties in interest, (ii) set off prepetition obligations arising out of the Intercompany Transactions, and (iii) continue to engage, in their sole discretion, in Intercompany Transactions postpetition in the ordinary course of business.

18. Pursuant to section 364(b) and 503(b)(1) of the Bankruptcy Code, all valid postpetition Intercompany Claims made in the ordinary course between Debtors shall be accorded administrative expense status, subject and junior in all respects to any superpriority claims, including adequate protections claims, granted pursuant to any order of the Court authorizing use of cash collateral.

19. The requirement of the UST Guidelines to establish separate accounts for cash collateral and/or tax payments is hereby waived except as otherwise required by any applicable agreements between the Debtors and the Banks.

20. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date, or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

21. Despite the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate any quarterly fees due under 28 U.S.C. § 1930(a)(6) based on the individual disbursements of each Debtor, regardless of which Debtor is responsible for payment of such fees.

22. 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.

23. 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.

24. 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.

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

26. 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.

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

28. 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**

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

**FINAL ORDER (I) AUTHORIZING CONTINUED USE OF EXISTING CASH  
MANAGEMENT SYSTEM, INCLUDING MAINTENANCE OF EXISTING BANK  
ACCOUNTS, CHECKS, AND BUSINESS FORMS, (II) AUTHORIZING  
CONTINUATION OF EXISTING DEPOSIT PRACTICES, (III) AUTHORIZING  
CONTINUATION OF INTERCOMPANY TRANSACTIONS, AND (IV) AUTHORIZING  
CONTINUED USE OF CREDIT CARDS**

Upon the motion (the “**Motion**”)<sup>2</sup> 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), 345, 362(d), 363, 364, and 503(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 2015-2, (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of existing bank accounts, checks, and business forms; (ii) granting the Debtors a waiver of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors’ practices under

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<sup>1</sup> 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 CO<sub>2</sub>, 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 Blvd., Oklahoma City, OK 73114.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

their existing cash management system or other actions described in the Motion or this Final Order;

(iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices notwithstanding the provisions of section 345(b) of the Bankruptcy Code; (iv) authorizing, but not directing, the Debtors to continue certain ordinary course intercompany transactions; and (v) authorizing the continued use of credit cards; 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. The Debtors are authorized, but not directed, to maintain and continue to use their existing Cash Management System under the terms and conditions provided for by the existing agreements with the Banks and other institutions participating in the Cash Management System, except as modified by this Interim Order. In connection with the ongoing utilization of the Cash Management System, the Debtors shall maintain detailed records with respect to all transfers of funds so that all transactions may be readily ascertained, traced, and recorded properly.

4. All existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect unless otherwise ordered by the Court.

5. The Debtors are authorized, but not directed, to (i) continue to use any and all of the Debtor Bank Accounts, including, but not limited to, the Debtor Bank Accounts identified on **Attachment 2** to the Motion, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, ACH transfers, drafts, electronic fund transfers, centralized lockbox or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay the Bank Fees and Expenses in connection with the Debtor Bank Accounts, including any Bank Fees and Expenses arising prior to the Petition Date; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; and (v) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacities as debtors in possession.



6. Subject to the terms of this Final Order, the Banks and all other applicable financial institutions are authorized, but not directed, to (i) continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course; (ii) receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, any claim that the Court has granted the Debtors approval to pay, regardless of whether the checks were presented or fund transfer requests were submitted before, on, or after the Petition Date; *provided* that the applicable Debtor Bank Accounts contain sufficient funds; (iii) when requested by the Debtors in their sole discretion, receive, process, honor, and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtors related to, any claim against the Debtors arising after the Petition Date; and (iv) rely on the Debtors' designation of any particular check as approved for payment by the Court.

7. Notwithstanding any other provision of this Final Order, the Banks and applicable financial institutions shall not be liable to any party on account of (x) following the Debtors' instructions or representations as to any order of the Court, (y) the honoring of any prepetition check or item in a good faith belief that the Court has authorized such prepetition check or item to be honored, or (z) an innocent mistake made despite implementation of reasonable item handling procedures.

8. The Banks are authorized to deduct from the appropriate Debtor Bank Account the Bank Fees and Expenses owed to it as set forth in any deposit agreement between the Debtors and the Banks. No liens on any Debtor Bank Accounts shall take priority over the Bank Fees and Expenses except as set forth in any deposit agreement between the Debtors and the Banks.

9. For banks at which the Debtors hold Debtor Bank Accounts that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of entry of the Final Order, the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers, and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case. For banks at which the Debtors hold Debtor Bank Accounts that are not party to a Uniform Depository Agreement with the U.S. Trustee, the Debtors shall use their good faith efforts to cause such banks to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within forty-five (45) days of the date of the Interim Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

10. Pursuant to Local Rule 2015-2(a), the Debtors are authorized to continue to use their existing checks, correspondence, and other business forms without alteration or change and without the designation "Debtor in Possession" or a bankruptcy case number imprinted upon them. Notwithstanding the foregoing, once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; *provided* that, with respect to checks that the Debtors or their agents print themselves, the Debtors shall begin ensure that such checks are clearly labeled as "Debtor in Possession."

11. Subject to the terms of this Final Order, the Debtors are authorized, but not directed to, (i) obtain credit on a secured basis through their and their employees' use of the Credit Cards on an uninterrupted and ongoing basis pursuant to section 364 of the Bankruptcy Code and (ii) continue to use (and allow the use by their employees of) the Credit Cards subject to the terms

and conditions thereof, and all charges (whether prepetition or postpetition) in connection with the Credit Cards are authorized to be paid by the Debtors as and when due and payable.

12. JPMorgan is authorized to extend credit secured by a lien or security interest on cash in the Credit Card Account and make advances from time to time on behalf of the Debtors, and the Debtors are authorized to obtain such credit, under the Credit Cards. JPMorgan is authorized to exercise any of its remedies under, and no relief shall be requested or granted that would in any way interfere with the right of JPMorgan to exercise remedies under, the terms of any applicable agreements with the Debtors governing the Credit Card Account.

13. All Banks provided with notice of this Final Order maintaining any of the Debtor Bank Accounts shall not honor or pay any bank payments drawn on such Debtor Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Debtor Bank Accounts.

14. The Debtors are authorized to implement such reasonable changes, consistent with this Final Order, to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts and opening any additional bank accounts following the Petition Date (each a “**New Account**” and, collectively, the “**New Accounts**”) wherever the Debtors deem that such accounts are needed or appropriate. Notwithstanding the foregoing, any New Accounts that the Debtors open shall be (i) at banks that have executed a Uniform Depository Agreement with the U.S. Trustee or at such banks that are willing to immediately execute a Uniform Depository Agreement, (ii) with a bank that is organized under the laws of the United States of America or any state therein and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation, and (iii) designated a “Debtor in Possession” account by the relevant bank. The New Accounts are deemed to be

Debtor Bank Accounts and the banks at which the New Accounts are opened are deemed to be Banks, and both are subject to the rights, obligations, and relief granted in this Interim Order. The Debtors shall provide the U.S. Trustee with notice within fifteen (15) days of any Debtor Bank Accounts they close or New Accounts they open. The Banks are authorized to honor the Debtors' requests to (i) open or close (as the case may be) any such Debtor Bank Accounts or New Accounts and (ii) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided* that the Banks shall not have any liability to any party for relying upon such instructions. In the event that the Debtors open or close any Debtor Bank Accounts or New Accounts, such opening or closing shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee.

15. The Debtors are authorized to deposit funds in accordance with existing practices under the Cash Management System as in effect as of the Petition Date, subject to any reasonable changes, consistent with this Final Order, to the Cash Management System that the Debtors may implement, and, to the extent such practices are inconsistent with the requirements of Bankruptcy Code Section 345(b), such requirements are waived on an interim basis.

16. The Debtors are authorized, but not directed, to (i) pay for or otherwise reconcile prepetition Intercompany Transactions if the Debtors, in their sole discretion, deem such payment or reconciliation necessary and in the best interests of the Debtors' estates and other parties in interest, (ii) set off prepetition obligations arising out of the Intercompany Transactions, and (iii) continue to engage, in their sole discretion, in Intercompany Transactions postpetition in the ordinary course of business.

17. Pursuant to section 364(b) and 503(b)(1) of the Bankruptcy Code, all valid postpetition Intercompany Claims made in the ordinary course between Debtors shall be accorded

administrative expense status, subject and junior in all respects to any superpriority claims, including adequate protections claims, granted pursuant to any order of the Court authorizing use of cash collateral.

18. The requirement of the UST Guidelines to establish separate accounts for cash collateral and/or tax payments is hereby waived except as otherwise required by any applicable agreements between the Debtors and the Banks.

19. Nothing contained in the Motion or this Final Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date, or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

20. Despite the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate any quarterly fees due under 28 U.S.C. § 1930(a)(6) based on the individual disbursements of each Debtor, regardless of which Debtor is responsible for payment of such fees.

21. 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.

22. 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.

23. 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.

24. The requirements of Bankruptcy Rule 6003 are satisfied by the contents of the Motion.

25. 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.

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

27. Notice of the Motion has been provide 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.

28. 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.