

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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

**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS
ESTABLISHING NOTIFICATION PROCEDURES AND APPROVING RESTRICTIONS
ON CERTAIN TRANSFERS OF INTERESTS IN THE DEBTORS' ESTATES**

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*

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



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

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

3. The statutory predicates for the relief requested herein are sections 105(a) and 362 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**”).

BACKGROUND

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

5. The Debtors commenced the Chapter 11 Cases to implement their comprehensive, prepackaged plan of reorganization (the “**Plan**”). The Plan is the result of extensive negotiations between the Debtors, their revolving lenders, and their unsecured noteholders, who have agreed on a comprehensive balance sheet restructuring that will reduce the Debtors’ debt burden and increase liquidity. Holders of more than 75% of the Debtors’

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

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

RELIEF REQUESTED

7. By this Motion, pursuant to sections 105(a) and 362 of title 11 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, the Debtors request entry of the Interim Order and the Final Order (the "**Proposed Orders**" and, if entered, the "**Orders**") to enforce the automatic stay by implementing court-ordered procedures (the "**Procedures**") intended to protect the Debtors' estates against the possible loss of valuable tax assets that could flow from inadvertent stay violations. The Proposed Orders authorize the Debtors to (a) establish and implement restrictions and notification requirements regarding the Tax Ownership and certain transfers of common stock of Chaparral (the "**Stock**") and (b) notify holders of Stock of the Procedures.² The Debtors also seek approval of the form of notice attached hereto as **Exhibit C**,

² Definitions are set forth in Section (i) of Paragraph 14 below.

which will notify holders of Stock whose actions could adversely affect the Debtors' tax assets that the Procedures have been established by order of this Court.

**THE DEBTOR'S NET OPERATING LOSSES AND DEFERRED
INTEREST EXPENSE CARRYFORWARDS**

8. The Debtors file a consolidated U.S. federal income tax return. The Debtors estimate that, as of December 31, 2019, they had a consolidated net operating loss ("**NOL**") for U.S. federal income tax purposes of approximately \$1,230,418,890 and \$14,766,556 of interest expense deductions that have been deferred under section 163(j) of the Internal Revenue Code ("**Deferred Interest Expense**" and, collectively with the NOLs, the "**Tax Attributes**"). The Debtors further expect that, in the 2020 tax year, they may generate additional NOLs and Deferred Interest Expense. Because the Internal Revenue Code permits corporations to carry forward NOLs and Deferred Interest Expense to offset future income, the Debtors' consolidated NOL carryforwards and other Tax Attributes are valuable assets of their estates. *See* Internal Revenue Code of 1986, as amended (the "**I.R.C.**"), §§ 163(j), 172. The availability of these tax assets during the pendency of the Chapter 11 Cases may prove crucial to preserving the value of the Debtors' estates.

9. For the reasons discussed below, and consistent with the automatic stay, the Debtors need the ability to enforce the stay to preclude certain transfers and to monitor and possibly object to other changes in the ownership of Stock. Specifically, trading of Stock could adversely affect the Debtors' future ability to utilize their Tax Attributes and other tax items if too many 5% or greater blocks of Stock are created through purchases, sales, or issuances, or too many shares are added to or sold from such blocks, such that, together with the previous trading by 5% shareholders during the preceding three-year period, an Ownership Change is triggered prior to the consummation of the Plan (as discussed further below).

10. The use of Tax Attributes is subject to certain statutory limitations. In particular, section 382 of the I.R.C. (“**section 382**”) limits the ability of a corporation that experiences an Ownership Change to use its Tax Attributes and certain other tax items to offset future income. For purposes of section 382, an “**Ownership Change**” occurs when the percentage of a company’s equity held by one or more “5-percent shareholders” (as defined in section 382 and the Treasury regulations promulgated thereunder) increases by more than 50 percentage points over the lowest percentage of stock owned by those shareholders at any time during a three-year rolling period.³ For example, if a 10% shareholder purchased additional stock and became a 61% shareholder, the percentage of stock owned by 5% shareholders would have increased by 51 percentage points, thereby causing an Ownership Change.

11. If a corporation experiences an Ownership Change, section 382 generally limits the amount of Tax Attributes and certain other tax items that can be utilized in each subsequent tax period to offset income. Subject to a number of potentially applicable adjustments, this annual limitation is generally equal to the product of the equity value of the corporation immediately before the Ownership Change multiplied by a long-term tax-exempt rate prescribed by the U.S. Treasury (0.89% for an Ownership Change occurring during the month of August 2020⁴). If the Debtors were to undergo an Ownership Change at a time prior to the consummation of the Plan, the resulting annual limitation would significantly reduce the ability of the Debtors to shelter current income and could result in the Debtors’ inability to utilize a substantial portion of their Tax Attributes.

³ For purposes of section 382, a sale of shares owned by a 5-percent shareholder is treated as increasing the ownership percentage of other 5-percent shareholders, even if none of the buyers of the shares individually acquires a 5% block of shares. *See* Treas. Reg. § 1.382-3(j)(13).

⁴ Rev. Rul. 2020-15, Table 3, IRB 2020-32.

12. By contrast, the rules relating to the calculation of the limitations on the use of tax attributes are more generous, in the context of an Ownership Change that occurs pursuant to a confirmed chapter 11 plan.

13. Under the Plan, the Debtors expect to undergo an Ownership Change upon emergence from chapter 11. The Debtors will qualify for the favorable valuation rule of section 382(l)(6) only if the Ownership Change occurs pursuant to the consummation of the Plan. Under section 382(l)(6), if the Debtors experience an Ownership Change pursuant to a confirmed chapter 11 plan (and, as expected, section 382(l)(5) does not apply, either because the Debtors elect out of that provision or because certain requirements are not met), the value of the reorganized Debtors' equity for the purposes of calculating the limitation under section 382 would reflect the increase in value of the reorganized Debtors' equity resulting from the restructuring of creditor claims under the plan. Thus, to the extent that the value of the reorganized Debtors' equity is greater as a result of the Plan (compared to the value of the Debtors' equity prior to the Plan), section 382(l)(6) would provide for a higher annual limitation than would otherwise be obtained under section 382 for an Ownership Change occurring during the time the Debtors are operating under chapter 11.⁵

PROPOSED PROCEDURES AND RESTRICTIONS

14. In light of the above, the Debtors seek to implement the following procedures and restrictions:

⁵ As discussed above, if an Ownership Change occurred *before* the consummation of a chapter 11 plan, the limitation under section 382 would be determined based on the equity value of the Debtors immediately before the Ownership Change. Consequently, the Debtors' ability to use their Tax Attributes could be severely limited. Accordingly, this Motion proposes restrictions on Stock trading in order to guard against an Ownership Change and, thereby, to protect a valuable asset of the Debtors' estates.

(a) Notice.

(i) Within five business days after the Court's entry of the Interim Order, the Debtors propose to provide a notice describing the authorized restrictions and notification requirements, substantially in the form attached as **Exhibit C** to the Motion, to (A) the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**"), (B) each of the Debtors' twenty (20) largest unsecured creditors on a consolidated basis, (C) the United States Securities and Exchange Commission, (D) the Internal Revenue Service, (E) any identified Substantial Equityholders, and (F) counsel to the administrative agent under the Debtors' proposed exit facility. Upon receipt of such notice and at least once every three months during the pendency of the Chapter 11 Cases, all transfer agents shall send the notice to all holders of at least 2,270,032 shares of Stock registered with the transfer agent. Any registered holder shall, in turn, provide the notice to any holder for whose account the registered holder holds at least 2,270,032 shares of Stock. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds at least 2,270,032 shares of Stock. Any Person, or Agent acting on such Person's behalf, that sells an aggregate amount of at least 2,270,032 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the New York Stock Exchange) shall provide a copy of the notice to such purchaser or to any Agent acting on such purchaser's behalf.

(ii) Within five business days of the entry of the Interim Order, and at least once every three months during the pendency of the Chapter 11 Cases, all transfer agents shall also send such notice to all holders of at least 2,270,032 shares of Stock, as applicable.

The Debtors shall also send such notice to all holders of Stock registered directly with any transfer agent.

- (iii) Within five business days after receipt of such notice, any holder registered directly with any transfer agent who is a broker, bank, dealer, or other agent or nominee (each a “**Nominee**”) shall, in turn, provide the notice to any holder for whose account the registered holder holds at least 2,270,032 shares of Stock. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds at least 2,270,032 shares of Stock, and, in the holder’s discretion, may provide the notice to additional Persons for whom the holder holds any Stock. Any Person, or Agent acting on such Person’s behalf, that sells an aggregate amount of at least 2,270,032 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the New York Stock Exchange) shall provide a copy of the notice to such purchaser or to any Agent acting on such purchaser’s behalf.
- (b) Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,270,032 shares, which represent approximately 4.75% of the issued and outstanding Stock as of the Petition Date (a “**Substantial Equityholder**”), must, on or before the later of (i) fifteen days after service of a notice substantially in the form attached to the Motion as **Exhibit C** or (ii) ten days after that Person becomes a Substantial Equityholder, serve on the Debtors, the Debtors’ counsel, and counsel to the administrative agent under the Debtors’ proposed exit facility, a notice (the “**Substantial Equityholder Notice**”) containing the Tax Ownership information substantially in the form of **Exhibit D** attached to the Motion.

(c) Restrictions and Procedures for Trading in Stock. Any Person that, after the Petition Date,

(i) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder,

(ii) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock, or

(iii) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the Person's election, in a redacted form that does not include the aggregate principal amount of Stock that such Person beneficially owns), and serve on the Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, an unredacted notice in the form attached to the Motion as **Exhibit E**, in the case of a proposed acquisition of Stock, or **Exhibit F**, in the case of a proposed disposition of Stock (either such notice, a "**Proposed Stock Transaction Notice**"). The Debtors shall have five business days after a Proposed Stock Transaction Notice is received by the Debtors (provided that if a Proposed Stock Transaction Notice is received by the Debtors on a day that is not a business day, the receipt shall be deemed to have occurred on the first business day following the day on which the Proposed Stock Transaction Notice is received) (the "**Objection Period**") to file with the Court an objection to any proposed transaction described in such Proposed Stock Transaction Notice (an "**Objection**"). If the Debtors file an Objection by the expiration of the Objection Period (including any

Objection requiring further information and/or extension of the Objection Period), then the applicable proposed transaction shall not be effective unless approved by a final and nonappealable order of the Court (or if after receipt of further information or additional evaluation, the Debtors provide written authorization approving the proposed transaction). If the Debtors do not file an Objection by the expiration of the Objection Period or if the Debtors provide written authorization approving the proposed transaction within the Objection Period, then such proposed transaction may proceed solely as specifically described in the applicable Proposed Stock Transaction Notice. Further transactions within the scope of this Section (c) must be the subject of additional notices as set forth herein with additional waiting periods.

- (d) Confidentiality. The Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, shall keep all information provided in all notices delivered pursuant to the Interim Order or the Final Order, as applicable, strictly confidential and shall not disclose the contents thereof to any person (including any lender), except (i) to the extent necessary to respond to a petition or objection to the Motion filed with the Court or in connection with filing an Objection, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however*, that the Debtors may disclose the contents thereof to their professional financial and tax advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent that confidential information is necessary to respond to a petition or objection to the Motion filed with the Court or in connection with filing an

Objection, the Debtors shall file with the Court a motion requesting such confidential information be filed under seal or in redacted form.

- (e) Sanctions for Noncompliance. Acquisitions and dispositions of Tax Ownership of Stock in violation of the Procedures set forth in Section (c) of this Paragraph 14 shall be void *ab initio*, and the sanction for violating Section (c) of this Paragraph 14 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate. Until the Court enters a final order, any acquisition or disposition of Tax Ownership of Stock after the Petition Date in violation of the Procedures set forth above shall be null and void *ab initio* as an act in violation of the automatic stay prescribed by section 362 of the Bankruptcy Code and pursuant to the Court's equitable power prescribed in section 105(a) of the Bankruptcy Code.
- (f) Discretionary Waiver by Debtors. The Debtors may, in their sole discretion, waive, in writing, any sanctions, remedies, or notification procedures imposed by the Interim Order or the Final Order, as applicable.
- (g) Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in the Interim Order or the Final Order, as applicable, are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.
- (h) Special Rules. A Person acquiring or disposing of Tax Ownership of Stock in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under the Interim Order or the Final Order,

as applicable; *provided, however*, that the account, customer, investment fund, principal, trust, or beneficiary shall not be excluded from the Interim Order or the Final Order, as applicable, by reason of this Section (h).

(i) Definitions.

For purposes of this Motion:

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse, or trustee (but not including a trustee qualified under section 401(a) of the I.R.C.).

“**Bankruptcy Code**” has the meaning given in Paragraph 3 of the Motion.

“**Bankruptcy Rules**” has the meaning given in Paragraph 3 of the Motion.

“**Chapter 11 Cases**” has the meaning given in the preamble to the Motion.

“**Debtors**” has the meaning given in the preamble to the Motion.

“**Deferred Interest Expense**” has the meaning given in Paragraph 8 of the Motion.

“**Disclosure Statement**” means a disclosure statement filed with the Court relating to a proposed plan of reorganization for the Debtors under chapter 11.

“**Final Order**” means the Final Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors’ Estates, in the form attached hereto.

“**First Day Declaration**” has the meaning given in the preamble to the Motion.

“**Interim Order**” means the Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors’ Estates, in the form attached hereto.

“**I.R.C.**” has the meaning given in Paragraph 8 of the Motion.

“**Local Rules**” has the meaning given in Paragraph 1 of the Motion.

“**Motion**” has the meaning given in the preamble hereof.

“**NOL**” has the meaning given in Paragraph 8 of the Motion.

“**Nominee**” has the meaning given in Section (a) of this Paragraph 14.

“**Ownership Change**” has the meaning given in Paragraph 10 of the Motion.

“**Person**” means a person or Entity (as such term is defined in section 1.382-3(a) of the Treasury regulations).

“**Petition Date**” has the meaning given in Paragraph 4 of the Motion.

“**Procedures**” has the meaning given in Paragraph 7 of the Motion.

“**Proposed Stock Transaction Notice**” has the meaning given in Section (c) of this Paragraph 14.

“**Proposed Orders**” has the meaning given in Paragraph 7 of the Motion.

“**section 382**” has the meaning given in Paragraph 10 of the Motion.

“**section 382(l)(6)**” means section 382(l)(6) of the I.R.C.

“**Stock**” means the common stock of Chaparral Energy, Inc.

“**Substantial Equityholder**” has the meaning given in Section (b) of this Paragraph 14.

“**Substantial Equityholder Notice**” has the meaning given in Section (b) of this Paragraph 14.

“**Tax Attribute(s)**” has the meaning given in Paragraph 8 of the Motion.

“**Tax Ownership**” means beneficial ownership of Stock as determined in accordance with the applicable rules under section 382 and, to the extent provided in those rules, shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person’s family and Persons acting in concert and, in certain cases, the creation or issuance of an option (in any form), but only to the extent such option is treated as exercised under Treasury Regulation section 1.382-4(d). Any variation of the term Tax Ownership shall have the same meaning. An “**option**” to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. “**Tax Ownership**” and “**Tax Owner**” shall have correlative meanings.

“**U.S. Trustee**” has the meaning given in Section (a)(i) of this Paragraph 14.

BASIS FOR RELIEF REQUESTED

A. Ample Support Exists for the Proposed Restrictions and Notification Requirements

15. It is well established that a debtor's NOL is property of its estate and is protected by section 362 of the Bankruptcy Code. The Court of Appeals for the Second Circuit, in its seminal decision *Prudential Lines, Inc. v. PSS Steamship Co., Inc. (In re Prudential Lines Inc.)*, 928 F.2d 565 (2d Cir. 1991), *cert. denied*, 502 U.S. 821 (1991), affirmed the application of the automatic stay and upheld a permanent injunction against a parent corporation that sought to take a worthless stock deduction with regard to the stock of its subsidiary, which was the debtor in that case. Observing that the worthless stock deduction (which in this context would result in a section 382 limitation of zero) would have adversely affected the subsidiary's ability to use its NOL carryforwards post-bankruptcy, the Second Circuit held that the subsidiary's NOL carryforwards were property of the estate under the broad language of section 541 of the Bankruptcy Code:

Including NOL carryforwards as property of a corporate debtor's estate is consistent with Congress' intention to "bring anything of value that the debtors have into the estate." Moreover, "[a] paramount and important goal of chapter 11 is the rehabilitation of the debtor by offering breathing space and an opportunity to rehabilitate its business and eventually generate revenue." Including the right to a NOL carryforward as property of [the debtor's] bankruptcy estate furthers the purpose of facilitating the reorganization of [the debtor].

Id. at 573 (citations omitted); *see also White Metal Rolling & Stamping Corp. v. Drew Industries, Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) ("It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them."). The Second Circuit then held that the parent corporation's attempt to claim a worthless stock deduction for the stock of its debtor subsidiary would effectively eliminate the value of the debtor's NOL carryforwards and, thus,

would be an act to exercise control over estate property in violation of the automatic stay under section 362 of the Bankruptcy Code. *Prudential Lines*, 928 F.2d at 573–74. Shortly before this decision was issued, the Eighth Circuit adopted the reasoning of the lower court in *Prudential Lines* and also held that NOL carryforwards are property of the estate. *Russell v. United States (In re Russell)*, 927 F.2d 413, 417 (8th Cir. 1991) (citing *Prudential Lines*, 107 B.R. 832, 836 (Bankr. S.D.N.Y. 1989), *aff'd*, 119 B.R. 430 (S.D.N.Y. 1990), *aff'd*, 928 F.2d 565 (2d Cir. 1991)). The Eighth Circuit found that NOL carryforwards were property of a debtor’s estate for the purpose of determining whether an irrevocable election to carryforward NOLs was an unauthorized post-petition transfer. *See id.*; *Walterman Implement, Inc. v. Walterman (In re Walterman Implement Inc.)*, 97 A.F.T.R.2d 2006-2626 (Bankr. N.D. Iowa 2006) (holding that “[d]ebtor’s subchapter S status is property of the estate” and that revoking the subchapter S election was a violation of the automatic stay).

16. Section 362(a) of the Bankruptcy Code operates as a stay of, among other things, “any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.” 11 U.S.C. § 362(a)(3). Accordingly, “where a non-debtor’s action with respect to an interest that is intertwined with that of a bankrupt debtor would have the legal effect of diminishing or eliminating property of the bankrupt estate, such action is barred by the automatic stay.” *Prudential Lines*, 928 F.2d at 574 (citing *48th St. Steakhouse, Inc. v. Rockefeller Grp., Inc. (In re 48th St. Steakhouse, Inc.)*, 835 F.2d 427, 431 (2d Cir. 1987)). The Second Circuit held that, “despite the fact that the [parent corporation’s] action [of filing for a worthless stock deduction] is not directed specifically at [the debtor subsidiary], it is barred by the automatic stay as an attempt to exercise control over property of the estate.” *See id.*

17. The Second Circuit also held that the permanent injunction was supported by the court's equitable powers pursuant to section 105(a) of the Bankruptcy Code, and refused to disturb the bankruptcy court's finding that elimination of the debtor's ability to apply its NOL to offset income on future tax returns would impede its reorganization. *Id.*

18. Similarly, in *In re Phar-Mor, Inc.*, 152 B.R. 924 (Bankr. N.D. Ohio 1993), *aff'd*, 101 F.3d 689 (3rd Cir. 1996), chapter 11 debtors moved to prohibit any transfer of the debtors' stock that could have triggered the section 382 limitation. The court held that the NOL was property of the estate and it issued an injunctive order to protect the asset and enforce the automatic stay. *Id.* at 927. Significantly, the court granted the requested relief notwithstanding that the stockholders had not stated an intent to sell their stock and the debtors had not shown the existence of a pending sale that would trigger an Ownership Change. *See id.* The court observed that "[w]hat is certain is that the *NOL has a potential value, as yet undetermined*, which will be of benefit to creditors and will assist [d]ebtors in their reorganization process. This asset is entitled to protection while [d]ebtors move forward toward reorganization." *Id.* (emphasis added). The court also concluded that, because the debtors were seeking to enforce the stay, they did not have to meet the more stringent requirements for a grant of preliminary injunctive relief:

The requirements for enforcing an automatic stay under 11 U.S.C. § 362(a)(3) do not involve such factors as lack of an adequate remedy at law, or irreparable injury, or loss and a likelihood of success on the merits. The key elements for a stay . . . are the existence of property of the estate and the enjoining of all efforts by others to obtain possession or control of property of the estate.

Id. at 926 (citing *Golden Distribs, Ltd. v. Reiss (In re Golden Distribs., Ltd.)*, 122 B.R. 15, 19 (Bankr. S.D.N.Y. 1990)).

19. Courts in this and other jurisdictions have routinely restricted transfers of equity interests or claims (or have instituted notice procedures regarding such proposed transfers)

to protect a debtor against the possible loss of its NOL carryovers and certain other tax attributes. *See, e.g., In re Libbey Glass Inc.*, Case No. 20-11439 (LSS) (Bankr. D. Del. June 4, 2020); *In re The Hertz Corporation*, Case No. 20-11218 (MFW) (Bankr. D. Del. May 27, 2020); *In re Akorn, Inc.*, Case No. 20-11177 (KBO) (Bankr. D. Del. May 22, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (CSS) (Bankr. D. Del. May 21, 2020); *In re Longview Power, LLC*, Case No. 20-10951 (BLS) (Bankr. D. Del. April 15, 2020); *In re RentPath Holdings, Inc.*, Case No. 20-10312 (BLS) (Bankr. D. Del. Feb. 13, 2020).

20. In short, it is well settled by courts in this and other circuits that section 362(a)(3) of the Bankruptcy Code stays actions that could adversely affect a debtor's NOL carryforwards.

B. The Proposed Notice and Approval Procedures Are Necessary and in the Best Interests of the Debtors, Their Estates and Creditors

21. The proposed procedures and restrictions are necessary to protect the Debtors' Tax Attributes, which are valuable assets of the Debtors' estates, while providing appropriate latitude for trading in Stock below specified levels. The Debtors' ability to meet the requirements of the tax laws to protect their Tax Attributes may be jeopardized unless procedures are established to ensure that certain trading in Stock is either precluded or closely monitored and made subject to Court approval. However, the Debtors recognize that the trading in Stock below specified levels (with contemporaneous notice of the transfers) does not pose a serious risk to the Tax Attributes.

22. The relief requested herein is tailored as narrowly as is reasonable to permit certain Stock trading to continue, subject only to Bankruptcy Rule 3001(e) and applicable securities, corporate and other laws. The proposed restrictions on trading are crucial because once a claim or interest is transferred, the transaction arguably might not be reversible for tax

purposes, though it should be null and void under section 362 of the Bankruptcy Code. The relief requested is, therefore, critical to prevent what may be an irrevocable loss of the Debtors' Tax Attributes.

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

23. 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.

24. 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

25. 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

26. 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 Securities and Exchange Commission; (l) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (m) any identified Substantial Equityholders; and (n) any party that is entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the "**Notice Parties**"). A copy of this Motion and any order approving it will also be made available on the Debtors' case information website located at www.kccllc.net/chaparral2020. The Debtors submit that, under the circumstances, no other or further notice is required.

[Remainder of page left intentionally blank]

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

Dated: August 16, 2020
Wilmington, Delaware

/s/ Amanda R. Steele

John H. Knight (No. 3848)
Amanda R. Steele (No. 5530)
Brendan J. Schlauch (No. 6115)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King St.
Wilmington, Delaware 19801
Telephone: 302-651-7700
Fax: 302-651-7701
E-mail: knight@rlf.com
steele@rlf.com
schlauch@rlf.com

- and -

Damian S. Schaible (*pro hac vice* pending)
Angela M. Libby (*pro hac vice* pending)
Jacob S. Weiner (*pro hac vice* pending)
Paavani Garg (*pro hac vice* pending)
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: 212-450-4000
Fax: 212-701-5800
Email: damian.schaible@davispolk.com
angela.libby@davispolk.com
jacob.weiner@davispolk.com
paavani.garg@davispolk.com

*Proposed Counsel for Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Interim Order

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

In re:

CHAPARRAL ENERGY, INC., *et al.*,¹

Debtors.

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

**INTERIM ORDER ESTABLISHING NOTIFICATION PROCEDURES AND
APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF INTERESTS IN THE
DEBTORS' ESTATES**

Upon the motion (the “**Motion**”)² of Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) in the Chapter 11 Cases for entry of an Interim Order and Final Order, pursuant to sections 105(a) and 362 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, enforcing the automatic stay by implementing procedures intended to protect the Debtors’ estates against possible loss of tax assets that could flow from inadvertent stay violations, as more fully described in the Motion; 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

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

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

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 parties listed therein, 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 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. Effective as of the Petition Date, the following procedures and restrictions are imposed and approved:

- (a) Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,270,032 shares, which represent approximately 4.75% of the issued and outstanding Stock as of the Petition Date (a “**Substantial Equityholder**”), must, on or before the later of (i) fifteen days after service of a notice substantially in the form attached to the Motion as **Exhibit C** or (ii) ten days after that Person becomes a Substantial Equityholder, serve on the Debtors, the Debtors’ counsel, and counsel to the administrative agent under the Debtors’ proposed exit facility, a notice (the “**Substantial Equityholder Notice**”) containing the Tax Ownership information substantially in the form of **Exhibit D** attached to the Motion.
- (b) Restrictions and Procedures for Trading in Stock. Any Person that, after the Petition Date,
 - (i) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder,
 - (ii) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock, or
 - (iii) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,
 must, prior to the consummation of any such transaction, file with the Court (at the Person’s election, in a redacted form that does not include the aggregate principal amount of Stock that such Person beneficially owns), and serve on the Debtors, the Debtors’

counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, an unredacted notice in the form attached to the Motion as **Exhibit E**, in the case of a proposed acquisition of Stock, or **Exhibit F**, in the case of a proposed disposition of Stock (either such notice, a "**Proposed Stock Transaction Notice**"). The Debtors shall have five business days after a Proposed Stock Transaction Notice is received by the Debtors (provided that if a Proposed Stock Transaction Notice is received by the Debtors on a day that is not a business day, the receipt shall be deemed to have occurred on the first business day following the day on which the Proposed Stock Transaction Notice is received) (the "**Objection Period**") to file with the Court an objection to any proposed transaction described in such Proposed Stock Transaction Notice (an "**Objection**"). If the Debtors file an Objection by the expiration of the Objection Period (including any Objection requiring further information and/or extension of the Objection Period), then the applicable proposed transaction shall not be effective unless approved by a final and nonappealable order of the Court (or if after receipt of further information or additional evaluation, the Debtors provide written authorization approving the proposed transaction). If the Debtors do not file an Objection by the expiration of the Objection Period or if the Debtors provide written authorization approving the proposed transaction within the Objection Period, then such proposed transaction may proceed solely as specifically described in the applicable Proposed Stock Transaction Notice. Further transactions within the scope of this Section (b) must be the subject of additional notices as set forth herein with additional waiting periods.

- (c) **Confidentiality**. The Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, shall keep all information provided in all

notices delivered pursuant to this Interim Order or Final Order, as applicable, strictly confidential and shall not disclose the contents thereof to any person (including any lender), except (i) to the extent necessary to respond to a petition or objection to the Motion filed with the Court or to file an Objection, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however*, that the Debtors may disclose the contents thereof to their professional financial and tax advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent that confidential information is necessary to respond to a petition or objection to the Motion filed with the Court or in connection with filing an Objection, the Debtors shall file with the Court a motion requesting such confidential information be filed under seal or in redacted form.

- (d) Sanctions for Noncompliance. Acquisitions and dispositions of Tax Ownership of Stock in violation of the Procedures set forth in Section (b) of this Paragraph 3 shall be void *ab initio*, and the sanction for violating Section (b) of this Paragraph 3 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.
- (e) Discretionary Waiver by Debtors. The Debtors may, in their sole discretion, waive, in writing, any sanctions, remedies, or notification procedures imposed by this Interim Order or the Final Order, as applicable.
- (f) Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in this Interim Order or the Final Order, as applicable, are in addition to the

requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

- (g) Special Rules. A Person acquiring or disposing of Tax Ownership of Stock in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under this Interim Order or the Final Order, as applicable; *provided, however*, that the account, customer, investment fund, principal, trust, or beneficiary shall not be excluded from this Interim Order or the Final Order, as applicable, by reason of this Section (g).

- (h) Definitions.

For purposes of this Interim Order:

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse, or trustee (but not including a trustee qualified under section 401(a) of the I.R.C.).

“**Bankruptcy Code**” has the meaning given in Paragraph 3 of the Motion.

“**Bankruptcy Rules**” has the meaning given in Paragraph 3 of the Motion.

“**Chapter 11 Cases**” has the meaning given in the preamble to the Motion.

“**Debtors**” has the meaning given in the preamble to the Motion.

“**Deferred Interest Expense**” has the meaning given in Paragraph 8 of the Motion.

“**Disclosure Statement**” means a disclosure statement filed with the Court relating to a proposed plan of reorganization for the Debtors under chapter 11.

“**Final Order**” means the Final Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors’ Estates, in the form attached to the Motion.

“First Day Declaration” has the meaning given in the preamble to the Motion.

“I.R.C.” has the meaning given in Paragraph 8 of the Motion.

“Local Rules” has the meaning given in Paragraph 1 of the Motion.

“Motion” has the meaning given in the preamble hereof.

“NOL” has the meaning given in Paragraph 8 of the Motion.

“Nominee” has the meaning given in Paragraph 6 below.

“Ownership Change” has the meaning given in Paragraph 10 of the Motion.

“Person” means a person or Entity (as such term is defined in section 1.382-3(a) of the Treasury regulations).

“Petition Date” has the meaning given in Paragraph 4 of the Motion.

“Procedures” has the meaning given in Paragraph 7 of the Motion.

“Proposed Stock Transaction Notice” has the meaning given in Section (b) of this Paragraph 3.

“Proposed Orders” has the meaning given in Paragraph 7 of the Motion.

“section 382” has the meaning given in Paragraph 10 of the Motion.

“section 382(l)(6)” means section 382(l)(6) of the I.R.C.

“Stock” means the common stock of Chaparral Energy, Inc.

“Substantial Equityholder” has the meaning given in Section (a) of this Paragraph 3.

“Substantial Equityholder Notice” has the meaning given in Section (a) of this Paragraph 3.

“Tax Attribute(s)” has the meaning given in Paragraph 8 of the Motion.

“Tax Ownership” means beneficial ownership of Stock as determined in accordance with the applicable rules under section 382 and, to the extent provided in those rules, shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person’s family and Persons acting in concert and, in certain cases, the creation or issuance of an option

(in any form), but only to the extent such option is treated as exercised under Treasury Regulation section 1.382-4(d). Any variation of the term Tax Ownership shall have the same meaning. An “**option**” to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. “**Tax Ownership**” and “**Tax Owner**” shall have correlative meanings.

“**U.S. Trustee**” means the Office of the United States Trustee for the District of Delaware.

4. Within five business days of the entry of this Interim Order, Debtors shall serve on (a) the U.S. Trustee, (b) each of the Debtors’ twenty (20) largest unsecured creditors on a consolidated basis, (c) the United States Securities and Exchange Commission, (d) the Internal Revenue Service, (e) any identified Substantial Equityholders, and (f) counsel to the administrative agent under the Debtors’ proposed exit facility, a notice substantially in the form attached to the Motion as **Exhibit C** describing the authorized trading restrictions and notification requirements.

5. Within five business days of the entry of this Interim Order and at least once every three months during the pendency of the Chapter 11 Cases, Debtors shall also send such notice to all holders of Stock registered directly with any transfer agent.

6. Within five business days after receipt of such notice, any holder registered directly with any transfer agent who is a broker, bank, dealer, or other agent or nominee (each a “**Nominee**”) shall, in turn, provide the notice to any holder for whose account the registered holder holds Stock. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds at least 2,270,032 shares of Stock, and, in the holder’s discretion, may provide the notice to additional Persons for whom the holder holds any Stock. Any Person, or Agent acting on such Person’s behalf, that sells an aggregate amount of at least 2,270,032 shares of Stock (or an option with respect thereto) to another Person (other than

pursuant to a transaction consummated on the New York Stock Exchange) shall provide a copy of the notice to such purchaser or to any Agent acting on such purchaser's behalf.

7. The relief provided in this Interim Order is in addition to, and not in lieu of, any and all other rights and remedies available to the Debtors.

8. 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.

9. 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.

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

11. 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.

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

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

EXHIBIT B

Proposed Final Order

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

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

**FINAL ORDER ESTABLISHING NOTIFICATION PROCEDURES AND APPROVING
RESTRICTIONS ON CERTAIN TRANSFERS OF INTERESTS IN THE DEBTORS’
ESTATES**

Upon the motion (the “**Motion**”)² of Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) in the Chapter 11 Cases for entry of an Interim Order and Final Order, pursuant to sections 105(a) and 362 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, enforcing the automatic stay by implementing procedures intended to protect the Debtors’ estate against possible loss of tax assets that could flow from inadvertent stay violations, as more fully described in the Motion; 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

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

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

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 parties listed therein, 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. [•]) (the “**Interim Order**”); 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 is 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. Effective as of the Petition Date, the following procedures and restrictions are imposed and approved:

- (a) Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,270,032 shares, which represent approximately 4.75% of the issued and outstanding Stock as of the Petition Date (a “**Substantial Equityholder**”), must, on or before the later of (i) fifteen days after service of a notice substantially in the form attached to the Motion as **Exhibit C** or (ii) ten days after that Person becomes a Substantial Equityholder, serve on the Debtors, the Debtors’ counsel, and counsel to the

administrative agent under the Debtors' proposed exit facility, a notice (the "**Substantial Equityholder Notice**") containing the Tax Ownership information substantially in the form of **Exhibit D** attached to the Motion.

(b) **Restrictions and Procedures for Trading in Stock.** Any Person that, after the Petition Date,

(i) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder,

(ii) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock, or

(iii) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock,

must, prior to the consummation of any such transaction, file with the Court (at the Person's election, in a redacted form that does not include the aggregate principal amount of Stock that such Person beneficially owns), and serve on the Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, an unredacted notice in the form attached to the Motion as **Exhibit E**, in the case of a proposed acquisition of Stock, or **Exhibit F**, in the case of a proposed disposition of Stock (either such notice, a "**Proposed Stock Transaction Notice**"). The Debtors shall have five business days after a Proposed Stock Transaction Notice is received by the Debtors (provided that if a Proposed Stock Transaction Notice is received by the Debtors on a day that is not a business day, the receipt shall be deemed to have occurred on the first business day following the day on which the Proposed Stock Transaction Notice is

received) (the “**Objection Period**”) to file with the Court an objection to any proposed transaction described in such Proposed Stock Transaction Notice (an “**Objection**”). If the Debtors file an Objection by the expiration of the Objection Period (including any Objection requiring further information and/or extension of the Objection Period), then the applicable proposed transaction shall not be effective unless approved by a final and nonappealable order of the Court (or if after receipt of further information or additional evaluation, the Debtors provide written authorization approving the proposed transaction). If the Debtors do not file an Objection by the expiration of the Objection Period or if the Debtors provide written authorization approving the proposed transaction within the Objection Period, then such proposed transaction may proceed solely as specifically described in the applicable Proposed Stock Transaction Notice. Further transactions within the scope of this Section (b) must be the subject of additional notices as set forth herein with additional waiting periods.

- (c) **Confidentiality.** The Debtors, the Debtors’ counsel, and counsel to the administrative agent under the Debtors’ proposed exit facility shall keep all information provided in all notices delivered pursuant to this Final Order strictly confidential and shall not disclose the contents thereof to any person (including any lender), except (i) to the extent necessary to respond to a petition or objection to the Motion filed with the Court or to file an Objection, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however*, that the Debtors may disclose the contents thereof to their professional financial and tax advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent that confidential

information is necessary to respond to a petition or objection to the Motion filed with the Court or in connection with filing an Objection, the Debtors shall file with the Court a motion requesting such confidential information be filed under seal or in redacted form.

- (d) Sanctions for Noncompliance. Acquisitions and dispositions of Tax Ownership of Stock in violation of the Procedures set forth in Section (b) of this Paragraph 2 shall be void *ab initio*, and the sanction for violating Section (b) of this Paragraph 2 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.
- (e) Discretionary Waiver by Debtors. The Debtors may, in their sole discretion, waive, in writing, any sanctions, remedies, or notification procedures imposed by this Final Order.
- (f) Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in this Final Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.
- (g) Special Rules. A Person acquiring or disposing of Tax Ownership of Stock in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under this Final Order; *provided, however*, that the account, customer, investment fund, principal, trust, or beneficiary shall not be excluded from this Final Order by reason of this Section (g).
- (h) Definitions.

For purposes of this Final Order:

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse, or trustee (but not including a trustee qualified under section 401(a) of the I.R.C.).

“**Bankruptcy Code**” has the meaning given in Paragraph 3 of the Motion.

“**Bankruptcy Rules**” has the meaning given in Paragraph 3 of the Motion.

“**Chapter 11 Cases**” has the meaning given in the preamble to the Motion.

“**Debtors**” has the meaning given in the preamble to the Motion.

“**Deferred Interest Expense**” has the meaning given in Paragraph 8 of the Motion.

“**Disclosure Statement**” means a disclosure statement filed with the Court relating to a proposed plan of reorganization for the Debtors under chapter 11.

“**First Day Declaration**” has the meaning given in the preamble to the Motion.

“**Interim Order**” has the meaning given in the preamble hereof.

“**I.R.C.**” has the meaning given in Paragraph 8 of the Motion.

“**Local Rules**” has the meaning given in Paragraph 1 of the Motion.

“**Motion**” has the meaning given in the preamble hereof.

“**NOL**” has the meaning given in Paragraph 8 of the Motion.

“**Nominee**” has the meaning given in Paragraph 5 below.

“**Ownership Change**” has the meaning given in Paragraph 10 of the Motion.

“**Person**” means a person or Entity (as such term is defined in section 1.382-3(a) of the Treasury regulations).

“**Petition Date**” has the meaning given in Paragraph 4 of the Motion.

“**Potentially Substantial New Equityholder**” has the meaning given in Section (d)(ii) of this Paragraph 2.

“**Procedures**” has the meaning given in Paragraph 7 of the Motion.

“**Proposed Stock Transaction Notice**” has the meaning given in Section (b) of this Paragraph 2.

“Proposed Orders” has the meaning given in Paragraph 7 of the Motion.

“section 382” has the meaning given in Paragraph 10 of the Motion.

“section 382(l)(6)” means section 382(l)(6) of the I.R.C.

“Stock” means the common stock of Chaparral Energy, Inc.

“Substantial Equityholder” has the meaning given in Section (a) of this Paragraph 2.

“Substantial Equityholder Notice” has the meaning given in Section (a) of this Paragraph 2.

“Tax Attribute(s)” has the meaning given in Paragraph 8 of the Motion.

“Tax Ownership” means beneficial ownership of Stock as determined in accordance with the applicable rules under section 382 and, to the extent provided in those rules, shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person’s family and Persons acting in concert and, in certain cases, the creation or issuance of an option (in any form), but only to the extent such option is treated as exercised under Treasury Regulation section 1.382-4(d). Any variation of the term Tax Ownership shall have the same meaning. An **“option”** to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. **“Tax Ownership”** and **“Tax Owner”** shall have correlative meanings.

“U.S. Trustee” means the Office of the United States Trustee for the District of Delaware.

3. Within five business days of the entry of this Final Order, Debtors shall serve on (a) the U.S. Trustee, (b) each of the Debtors’ twenty (20) largest unsecured creditors on a consolidated basis, (c) the United States Securities and Exchange Commission, (d) the Internal Revenue Service, (e) any identified Substantial Equityholders, and (f) counsel to the administrative agent under the Debtors’ proposed exit facility, a notice substantially in the form

attached to the Motion as **Exhibit C** describing the authorized trading restrictions and notification requirements.

4. Within five business days of the entry of this Final Order and at least once every three months during the pendency of the Chapter 11 Cases, Debtors shall also send such notice to all holders of Stock registered directly with any transfer agent.

5. Within five business days after receipt of such notice, any holder registered directly with any transfer agent who is a broker, bank, dealer, or other agent or nominee (each a “**Nominee**”) shall, in turn, provide the notice to any holder for whose account the registered holder holds Stock. Any such holder shall, in turn, provide the notice to any Person for whom the holder holds at least 2,270,032 shares of Stock, and, in the holder’s discretion, may provide the notice to additional Persons for whom the holder holds any Stock. Any Person, or Agent acting on such Person’s behalf, that sells an aggregate amount of at least 2,270,032 shares of Stock (or an option with respect thereto) to another Person (other than pursuant to a transaction consummated on the New York Stock Exchange) shall provide a copy of the notice to such purchaser or to any Agent acting on such purchaser’s behalf.

6. The relief provided in this Final Order is in addition to, and not in lieu of, any and all other rights and remedies available to the Debtors.

7. The Debtors may waive, in writing and in their sole and absolute discretion, any and all restrictions, stays, and notification procedures contained in this Final Order, including those set forth in the Interim Order.

8. 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.

9. 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.

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

11. 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.

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

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

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

EXHIBIT C

**Notice of Order Establishing Notification Procedures and Approving Restrictions on
Certain Transfers of Interests in the Debtors' Estates**

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

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

**NOTICE OF ORDER ESTABLISHING NOTIFICATION PROCEDURES AND
APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF INTERESTS IN THE
DEBTORS' ESTATES**

**TO ALL PERSONS OR ENTITIES WITH EQUITY INTERESTS IN ANY OF THE
DEBTOR ENTITIES:**

PLEASE TAKE NOTICE that, on August 16, 2020, Chaparral Energy, Inc. and certain of its affiliates (collectively, the “**Debtors**”) commenced the above-captioned cases² (the “**Chapter 11 Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). Upon the commencement of a chapter 11 case, section 362(a) of the Bankruptcy Code operates as a stay of any act to obtain possession of property of the Debtors’ estates or of property from the Debtors’ estates or to exercise control over property of the Debtors’ estates.

PLEASE TAKE FURTHER NOTICE that, on August 16, 2020, the Debtors filed a motion seeking entry of an order establishing notification procedures and approving restrictions on certain transfers of equity interests in the Debtors and their estates (the “**Motion**”).

PLEASE TAKE FURTHER NOTICE that, on [____], the United States Bankruptcy Court for the District of Delaware (the “**Court**”) having jurisdiction over the Chapter 11 Cases entered the Interim Order (i) finding that the Debtors’ net operating loss

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Interim or Final* [as applicable] *Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors’ Estates*, dated [], 2020, [D.I. ____] (the “**Order**”).

(“**NOL**”) carryforwards and their interest expense deductions that have been deferred under section 163(j) of the Internal Revenue Code (“**Deferred Interest Expense**” and, collectively with NOLs, the “**Tax Attributes**”) are property of the Debtors’ estates and are protected by section 362(a) of the Bankruptcy Code, (ii) finding that unrestricted trading of the common stock of Chaparral Energy, Inc. (the “**Stock**”) could severely limit the Debtors’ ability to use their Tax Attribute carryforwards for U.S. federal income tax purposes, and (iii) approving the procedures (the “**Procedures**”) set forth below to preserve the Debtors’ Tax Attribute carryforwards pursuant to sections 105(a) and 362(a) of the Bankruptcy Code (the “**Order**”).

Any sale or other transfer in violation of the Procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under sections 105(a) and 362 of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that the following procedures and restrictions have been approved by the Court:

1. Notice of Substantial Equityholder Status. Any Person who is or becomes a Tax Owner of at least 2,270,032 shares, which represent approximately 4.75% of the issued and outstanding Stock as of the Petition Date (a “**Substantial Equityholder**”), must, on or before the later of (i) fifteen days after service of a notice substantially in the form attached to the Motion as **Exhibit C** or (ii) ten days after that Person becomes a Substantial Equityholder, serve on the Debtors, the Debtors’ counsel, and counsel to the administrative agent under the Debtors’ proposed exit facility, a notice (the “**Substantial Equityholder Notice**”) containing the Tax Ownership information substantially in the form of **Exhibit D** attached to the Motion.
2. Restrictions and Procedures for Trading in Stock. Any Person that, after the Petition Date,
 - (a) is not a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of an amount of Stock that would cause the Person to become a Substantial Equityholder,
 - (b) is a Substantial Equityholder and wishes to purchase or otherwise acquire Tax Ownership of any additional Stock, or

(c) is a Substantial Equityholder and wishes to sell or otherwise dispose of Tax Ownership of any Stock, must, prior to the consummation of any such transaction, file with the Court (at the Person's election, in a redacted form that does not include the aggregate principal amount of Stock that such Person beneficially owns), and serve on the Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, an unredacted notice in the form attached to the Motion as **Exhibit E**, in the case of a proposed acquisition of Stock, or **Exhibit F**, in the case of a proposed disposition of Stock (either such notice, a "**Proposed Stock Transaction Notice**"). The Debtors shall have five business days after a Proposed Stock Transaction Notice is received by the Debtors (provided that if a Proposed Stock Transaction Notice is received by the Debtors on a day that is not a business day, the receipt shall be deemed to have occurred on the first business day following the day on which the Proposed Stock Transaction Notice is received) ("**Objection Period**") to file with the Court an objection to any proposed transaction described in such Proposed Stock Transaction Notice (an "**Objection**"). If the Debtors file an Objection by the expiration of the Objection Period (including any Objection requiring further information and/or extension of the Objection Period), then the applicable proposed transaction shall not be effective unless approved by a final and nonappealable order of the Court (or if after receipt of further information or additional evaluation, the Debtors provide written authorization approving the proposed transaction). If the Debtors do not file an Objection by the expiration of the Objection Period or if the Debtors provide written authorization approving the proposed transaction within the Objection Period, then such proposed transaction may proceed solely as specifically

described in the applicable Proposed Stock Transaction Notice. Further transactions within the scope of this Paragraph 2 must be the subject of additional notices as set forth herein with additional waiting periods.

3. Confidentiality. The Debtors, the Debtors' counsel, and counsel to the administrative agent under the Debtors' proposed exit facility, shall keep all information provided in all notices delivered pursuant to the Order strictly confidential and shall not disclose the contents thereof to any person (including any lender), except (i) to the extent necessary to respond to a petition or objection to the Motion filed with the Court or to file an Objection, (ii) to the extent otherwise required by law, or (iii) to the extent that the information contained therein is already public; *provided, however*, that the Debtors may disclose the contents thereof to their professional financial and tax advisers, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent that confidential information is necessary to respond to a petition or objection to the Motion filed with the Court or in connection with filing an Objection, the Debtors shall file with the Court a motion requesting such confidential information be filed under seal or in redacted form.

4. Sanctions for Noncompliance. Acquisitions and dispositions of Tax Ownership of Stock in violation of the Procedures set forth in Paragraph 2 above shall be void *ab initio*, and the sanction for violating Paragraph 3 shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

5. Discretionary Waiver by Debtors. The Debtors may, in their sole discretion, waive, in writing, any sanctions, remedies, or notification procedures imposed by the Order.

6. Continued Compliance with Other Applicable Laws and Rules. The requirements set forth in the Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws, and do not excuse compliance therewith.

7. Special Rules. A Person acquiring or disposing of Tax Ownership of Stock in the capacity of Agent of another Person shall not be treated as a Substantial Equityholder solely to the extent acting in the capacity of Agent, and shall not have an affirmative duty to inquire whether the account, customer, investment fund, principal, trust, or beneficiary is subject to any restrictions or requirements under the Order; *provided, however*, that the account, customer, investment fund, principal, trust, or beneficiary shall not be excluded from the Order by reason of this Paragraph 7.

8. Definitions.

For purposes of this Notice:

“**Agent**” means a broker, account manager, agent, custodian, nominee, prime broker, clearinghouse, or trustee (but not including a trustee qualified under section 401(a) of the I.R.C.).

“**Bankruptcy Code**” means title 11 of the United States Code.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure.

“**Debtors**” has the meaning given in the preamble hereof.

“**Deferred Interest Expense**” has the meaning given in the preamble hereof.

“**Disclosure Statement**” means a disclosure statement filed with the Court relating to a proposed plan of reorganization for the Debtors under chapter 11.

“**I.R.C.**” means Internal Revenue Code of 1986, as amended.

“**Motion**” has the meaning given in the preamble hereof.

“**NOL**” has the meaning given in the preamble hereof.

“**Notice Parties**” collectively means (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 Securities and Exchange Commission; (l) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (m) any identified Substantial Equityholders; and (n) any party that is entitled to notice pursuant to Local Rule 9013-1(m).

"Person" means a person or Entity (as such term is defined in section 1.382-3(a) of the Treasury regulations).

"Petition Date" has the meaning given in Paragraph 4 of the Motion.

"Potentially Substantial New Equityholder" has the meaning given in Section (b) of Paragraph 4 above.

"Procedures" has the meaning given in the preamble hereof.

"Proposed Stock Transaction Notice" has the meaning given in Section (b) of Paragraph 2 above.

"section 382" means section 382 of the I.R.C.

"section 382(l)(6)" means section 382(l)(6) of the I.R.C.

"Stock" has the meaning given in the preamble hereof.

"Substantial Equityholder" has the meaning given in Paragraph 1 above.

"Substantial Equityholder Notice" has the meaning given in Paragraph 1 above.

"Tax Attributes" has the meaning given in the preamble hereof.

"Tax Ownership" means beneficial ownership of Stock as determined in accordance with the applicable rules under section 382 and, to the extent provided in those rules, shall include, but not be limited to, direct and indirect ownership (e.g., a holding company would be considered to have Tax Ownership of all shares owned or acquired by its 100% owned subsidiaries), ownership by members of a person's family and Persons acting in concert and, in certain cases, the creation or issuance of an option

(in any form), but only to the extent such option is treated as exercised under Treasury Regulation section 1.382-4(d). Any variation of the term Tax Ownership shall have the same meaning. An “**option**” to acquire stock or claims shall include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable. “**Tax Ownership**” and “**Tax Owner**” shall have correlative meanings.

“**U.S. Trustee**” means the Office of the United States Trustee for the District of Delaware.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE WILL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY PRESCRIBED BY SECTION 362 OF THE BANKRUPTCY CODE.

ANY PROHIBITED SALE, TRADE, OR OTHER TRANSFER OF THE STOCK IN VIOLATION OF THE ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY LEAD TO CONTEMPT, COMPENSATORY DAMAGES, PUNITIVE DAMAGES, OR SANCTIONS BEING IMPOSED BY THE COURT.

PLEASE TAKE FURTHER NOTICE that the deadline to file an objection (an “**Objection to the Motion**”) to the Motion shall be ____ p.m. (prevailing Eastern Time) on _____ (the “**Objection to the Motion Deadline**”). An Objection to the Motion shall be considered timely if it is (i) filed with the Court and (ii) actually received by (a) the Notice Parties; (b) proposed counsel for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Angela M. Libby and Jacob S. Weiner; and (c) the administrative agent under the Debtors’ proposed exit facility on or before the Objection to the Motion Deadline.

PLEASE TAKE FURTHER NOTICE that, if timely objections are received, there shall be a hearing held to consider the timely Objections to the Motion.

PLEASE TAKE FURTHER NOTICE that, if no Objections to the Motion are timely filed and served, as set forth herein, the Debtors shall, on or after the Objection to the Motion Deadline, submit to the Court a final order granting the relief requested herein, which order shall be submitted and may be entered with no further notice or opportunity to be heard afforded to any party, and the Motion shall be approved *nunc pro tunc* to the Petition Date.

Dated: _____, 2020
Wilmington, Delaware

/s/ _____
John H. Knight (No. 3848)
Amanda R. Steele (No. 5530)
Brendan J. Schlauch (No. 6115)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King St.
Wilmington, Delaware 19801
Telephone: 302-651-7700
Fax: 302-651-7701
E-mail: knight@rlf.com
steele@rlf.com
schlauch@rlf.com

- and -

Damian S. Schaible (*pro hac vice* pending)
Angela M. Libby (*pro hac vice* pending)
Jacob S. Weiner (*pro hac vice* pending)
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
Telephone: 212-450-4000
Fax: 212-701-5800
Email: damian.schaible@davispolk.com
angela.libby@davispolk.com
jacob.weiner@davispolk.com

*Proposed Counsel for Debtors and
Debtors in Possession*

EXHIBIT D

Substantial Equityholder Notice

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

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

SUBSTANTIAL EQUITYHOLDER NOTICE

PLEASE TAKE NOTICE that, as of _____, 202__, [Name] has Tax Ownership² of _____ shares of the common stock of Chaparral Energy, Inc. (the "**Stock**").

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, this Notice is being (a) filed with the Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801, and (b) served upon (i) the Debtors, Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114, Attn.: Justin Byrne, (ii) counsel for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Angela M. Libby and Jacob S. Weiner, and (iii) the administrative agent under the Debtors' proposed exit facility.

This notice is given in addition to, and not as a substitute for, any requisite notice under Bankruptcy Rule 3001(e).

Respectfully submitted,

[Name]

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Interim or Final* [as applicable] *Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates*, dated [], 2020, [D.I. ____] (the "**Order**").

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

EXHIBIT E

Notice of Intent to Purchase, Acquire, or Otherwise Obtain Tax Ownership of Stock

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

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

**NOTICE OF INTENT TO PURCHASE, ACQUIRE, OR OTHERWISE
OBTAIN TAX OWNERSHIP OF STOCK**

PLEASE TAKE NOTICE that [Name] hereby gives this notice (the “**Notice**”) that it intends to purchase, acquire, or otherwise obtain Tax Ownership of _____ shares of the common stock of Chaparral Energy, Inc. (the “**Proposed Transaction**” and the “**Stock**”).²

PLEASE TAKE FURTHER NOTICE that, prior to giving effect to the Proposed Transaction, [Name] has Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Proposed Transaction, [Name] would have Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, this Notice is being (a) filed with the Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801, and (b) served upon (i) the Debtors, Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114, Attn.: Justin Byrne, (ii) counsel for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Angela M. Libby and Jacob S. Weiner, and (iii) the administrative agent under the Debtors’ proposed exit facility.

[Name] further acknowledges and agrees that (i) if the Debtors do not provide written approval of the Proposed Transaction within fifteen calendar days of the date of this notice, the Proposed Transaction may not be consummated unless approved by a final and nonappealable

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Interim or Final* [as applicable] *Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors’ Estates*, dated [], 2020, [D.I. ____] (the “**Order**”).

order of the Court, (ii) any transaction purportedly consummated in violation of the Order will be void *ab initio* and will result in the imposition of sanctions as provided in the Order, and (iii) any further transactions contemplated by [Name] that may result in [Name] purchasing, acquiring, or otherwise obtaining Tax Ownership of additional Stock will each require an additional notice to be filed with the Court and served in the same manner as this notice.

This notice is given in addition to, and not as a substitute for, any requisite notice under Bankruptcy Rule 3001(e).

Respectfully submitted,

[Name]

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

Date: _____

EXHIBIT F

Notice of Intent to Sell, Exchange, or Otherwise Dispose of Tax Ownership of Stock

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

In re:

CHAPARRAL ENERGY, INC., *et al.*,¹

Debtors.

)

) Chapter 11

)

) Case No. 20- ()

)

) (Jointly Administered)

)

NOTICE OF INTENT TO SELL, EXCHANGE, OR OTHERWISE DISPOSE OF TAX OWNERSHIP OF STOCK

PLEASE TAKE NOTICE that [Name] intends to sell, exchange, or otherwise dispose of Tax Ownership of _____ shares of the common stock of Chaparral Energy, Inc. (the “**Proposed Transaction**” and the “**Stock**”).²

PLEASE TAKE FURTHER NOTICE that, before giving effect to the Proposed Transaction, [Name] has Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, after giving effect to the Proposed Transaction, [Name] would have Tax Ownership of _____ shares of the Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order, this Notice is being (a) filed with the Bankruptcy Court, 824 Market Street, Wilmington, Delaware 19801, and (b) served upon (i) the Debtors, Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114, Attn.: Justin Byrne, (ii) counsel for the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn.: Angela M. Libby and Jacob S. Weiner, and (iii) the administrative agent under the Debtors' proposed exit facility.

[Name] further acknowledges and agrees that (i) if the Debtors do not provide written approval of the Proposed Transaction within fifteen calendar days of the date of this notice, the Proposed Transaction may not be consummated unless approved by a final and nonappealable order of the Bankruptcy Court, (ii) any transaction purportedly consummated in violation of the

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

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Interim or Final* [as applicable] *Order Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Interests in the Debtors' Estates*, dated [], 2020, [D.I. _____] (the "**Order**").

Order will be void *ab initio* and will result in the imposition of sanctions as provided in the Order, and (iii) any further transactions contemplated by [Name] that may result in [Name] selling, exchanging, or otherwise disposing of Tax Ownership of additional Stock will each require an additional notice to be filed with the Bankruptcy Court and served in the same manner as this notice.

This notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

Respectfully submitted,

[Name]

By:

Name:

Address:

Telephone:

Facsimile:

Date:
