

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

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In re:	)	
	)	Chapter 11
	)	
CHAPARRAL ENERGY, INC., <i>et al.</i> , <sup>1</sup>	)	Case No. 20-11947 (MFW)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	Re: Docket No. 6
	)	

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

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

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

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



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

**ORDERED, ADJUDGED AND DECREED THAT:**

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

2. The final hearing to consider the relief requested in the Motion shall be held on September 14, 2020, at 2:00 p.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 September 8, 2020. In the event no objections to entry of the Final Order on the Motion are timely received, this Court may enter such Final Order without need for the final hearing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

issued or authorized to be paid pursuant to this Interim Order without any duty of further inquiry and without liability for following the Debtors' instructions.

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

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

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

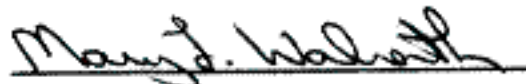
16. The requirements of Bankruptcy Rules 6003 and 6004(a) are satisfied by the contents of the Motion.

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

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

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

**Dated: August 18th, 2020**  
**Wilmington, Delaware**



**MARY F. WALRATH**  
**UNITED STATES BANKRUPTCY JUDGE**