

**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. 20-11947 (MFW)
)	
Debtors.)	(Jointly Administered)
)	
)	Re: Docket No. 8
)	

INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WORKFORCE OBLIGATIONS, (B) CONTINUE WORKFORCE PROGRAMS AND PAY RELATED ADMINISTRATIVE OBLIGATIONS, (C) PAY WITHHOLDING AND PAYROLL RELATED TAXES, (II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND FUND TRANSFERS, AND (III) GRANTING RELATED RELIEF

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, pursuant to sections 105(a), 362(d), 363(b), 363(c), 507(a), 541, 1107(a), and 1108 of the Bankruptcy Code, Bankruptcy Rule 6003, and Local Rule 9013-1(m), authorizing (a) the Debtors, in their sole discretion, to pay, continue, and otherwise honor the Prepetition Workforce Obligations owing to the Workforce for the Workforce Programs; (b) the Debtors to continue the Workforce Programs and make payments in connection with the postpetition administration of the Workforce Programs in the ordinary course of business; (c) the Debtors to pay any and all local, state, and federal withholding and payroll-related or similar taxes relating

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 Prepetition Workforce Obligations, including, but not limited to, withholding taxes, social security taxes, and Medicare taxes; (d) the Debtors to continue to deduct and to transmit deductions from payroll checks as authorized by Employees and Independent Contractors, as required under any Workforce Program or as required by law; (e) the Debtors to pay any prepetition and postpetition claims owing to the administrators of, or third-party providers under, their Workforce Programs as necessary to ensure the delivery of compensation, benefits, and expense reimbursements to their employees and independent contractors; and (f) all banks to receive, process, honor, and pay all of the Debtors' prepetition checks and fund transfers on account of any obligations authorized to be paid pursuant hereto; 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. The Debtors are authorized, but not directed, to pay or otherwise honor the Prepetition Workforce Obligations described in the Motion to, or for the benefit of, the Workforce, including the Independent Contractors, under the Workforce Programs in the ordinary course of business in an amount not to exceed \$1,047,800 in the aggregate without further order of the Court.
4. The Debtors are authorized, but not directed, to (a) continue each of the Workforce Programs, including but not limited to maintaining the Employee Benefits described in the Motion, in the ordinary course of business during the pendency of these cases in the manner and to the extent that such Workforce Programs were in effect immediately prior to the filing of these cases, and (b) continue to fund and to make payments in connection with the costs of and the expenses incurred in the administration of any Workforce Program.
5. The Debtors are authorized, but not directed, to pay all COBRA obligations on a postpetition basis in the ordinary course of business; *provided* that nothing in this Interim

Order shall authorize the Debtors to make any payments prohibited under section 503(c) of the Bankruptcy Code.

6. Subject to the cap set forth in paragraph 3 of this Interim Order, the Debtors are authorized, but not directed, to reimburse the Employees for all Reimbursement Obligations incurred prior to the Petition Date. In addition, the Debtors are authorized, but not directed, to make direct payments to third parties owed amounts in connection with the Reimbursement Obligations.

7. Subject to entry of the Final Order granting the relief requested, the Debtors are authorized, but not directed, to continue the Employee Incentive Programs and Severance Program with respect to Employees who are not Insiders on a postpetition basis in the ordinary course of business; *provided* that nothing in this Interim Order shall authorize the Debtors to make any payments prohibited under section 503(c) of the Bankruptcy Code, including, for the avoidance of doubt, payment of any bonus or severance obligations to or on behalf of any Insider or violate or permit a violation of section 503(c) of the Bankruptcy Code.

8. Notwithstanding any other provision of this Interim Order and subject to entry of the Final Order granting the requested relief, nothing in this Interim Order shall authorize the Debtors to make any payment to, or on behalf of, any Employee or Independent Contractor on account of prepetition Wages or Independent Contractor Payments and other compensation obligations (excluding Reimbursement Obligations, PTO and holidays, and amounts related to the 401(k) Plan) in excess of the statutory caps set forth in sections 507(a)(4) and (5) of the Bankruptcy Code.

9. The Debtors are authorized, but not directed, to pay or otherwise honor the 401(k) Plan matching contribution obligations described in the Motion in the ordinary course of business in an amount not to exceed \$45,000 in the aggregate without further order of the Court.

10. Notwithstanding any other provision of this Interim Order and subject to entry of the Final Order granting the requested relief, nothing in this Interim Order shall authorize the Debtors to cash out unpaid PTO, unless applicable non-bankruptcy law requires such payment.

11. The Debtors are authorized, but not directed, to continue their workers' compensation programs and to pay any outstanding prepetition claims, taxes, charges, assessments, premiums, and third-party administrator fees arising under the workers' compensation policies and or programs in which they participate; *provided* that such payments shall not exceed \$50,000 prior to entry of the Final Order. In addition, the automatic stay of section 362 of the Bankruptcy Code is hereby lifted to allow workers' compensation claimants to proceed with their claims under the applicable insurance policy or program and to allow the Debtors' insurance providers and/or third-party administrators to negotiate, settle, and/or litigate workers' compensation claims, and pay resulting amounts, whether such claims arose before or after the Petition Date.

12. The Debtors are authorized, but not directed, to pay any and all local, state, and federal withholding and payroll-related or similar taxes related to the Prepetition Workforce Obligations including, but not limited to, the Payroll Taxes, all withholding taxes, and insurance premiums, whether such taxes relate to the period before or after the Petition Date; *provided* that such payments shall not exceed \$256,300 prior to entry of the Final Order.

13. The Debtors are authorized, but not directed, to continue to deduct the Deductions as authorized by Employees and Independent Contractors, as required under any Workforce Program or as required by law.

14. The Debtors are authorized, but not directed to pay amounts of the Administrators, in connection with administering and delivering payments or other benefits to the Workforce for prepetition services rendered and claims for reimbursement based on prepetition disbursements made by the Administrators; *provided* that such payments shall not exceed \$50,000 prior to entry of the Final Order.

15. 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.

16. Notwithstanding anything to the contrary in this Interim Order, the Debtors retain their right to modify or terminate any Workforce Program to the extent that such right exists under the terms of the Workforce Program or as may be required by applicable law.

17. 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.

18. 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.

19. 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.

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

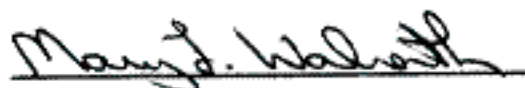
21. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Interim Order is hereby waived, and the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

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

23. 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

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A handwritten signature in black ink, appearing to read "Mary F. Walrath", written over a horizontal line.

MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE