

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

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

Debtors.

)  
) Chapter 11  
)  
) Case No. 20-11947 (MFW)  
)  
) (Jointly Administered)  
)  
) Objection Deadline: September 8, 2020 at 4:00 p.m. (ET)  
) Hearing Date: September 14, 2020 at 2:00 p.m. (ET)  
)  
) Re: Docket Nos. 9 & 83

**NOTICE OF (A) ENTRY OF INTERIM ORDER (I) AUTHORIZING PAYMENT OF  
PREPETITION CLAIMS OF TRADE CREDITORS, (II) CONFIRMING  
ADMINISTRATIVE EXPENSE PRIORITY STATUS OF DEBTORS' UNDISPUTED  
OBLIGATIONS FOR POSTPETITION DELIVERY OF GOODS AND SERVICES, AND  
(III) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS  
RELATED CHECKS AND FUND TRANSFER; AND (B) FINAL HEARING THEREON**

PLEASE TAKE NOTICE that, on August 16, 2020, Chaparral Energy, Inc. and its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”) filed the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Payment of Prepetition Claims of Trade Creditors, (II) Confirming Administrative Expense Priority Status of Debtors' Undisputed Obligations for Postpetition Delivery of Goods and Services, and (III) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfers* [Docket No. 9] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”). A copy of the Motion is attached hereto as **Exhibit A**.

<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.



PLEASE TAKE FURTHER NOTICE that, following an initial hearing to consider the Motion on August 18, 2020, the Court entered the *Interim Order (I) Authorizing Payment of Prepetition Claims of Trade Creditors, (II) Confirming Administrative Expense Priority Status of Debtors' Undisputed Obligations for Postpetition Delivery of Goods and Services, and (III) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfer* [Docket No. 83] (the “**Interim Order**”). A copy of the Interim Order is attached hereto as **Exhibit B**.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, objections or responses to the final relief requested in the Motion, if any, must be made in writing, filed with the Court on or before **September 8, 2020 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Interim Order, the final hearing with respect to the Motion, if required, will be held before The Honorable Mary F. Walrath at the Court, 824 North Market Street, 5<sup>th</sup> Floor, Courtroom 4, Wilmington, Delaware 19801 on **September 14, 2020 at 2:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE THAT, IF NO OBJECTIONS TO THE MOTION ARE TIMELY FILED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE FINAL RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: August 18, 2020  
Wilmington, Delaware

/s/ Christopher M. De Lillo

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*Proposed Counsel for Debtors and  
Debtors in Possession*

**EXHIBIT A**

**Motion**

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

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In re:

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

Debtors.

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

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**MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OF TRADE CREDITORS,  
(II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY STATUS OF DEBTORS’  
UNDISPUTED OBLIGATIONS FOR POSTPETITION DELIVERY OF GOODS AND  
SERVICES, AND (III) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND  
PROCESS RELATED CHECKS AND FUND TRANSFERS**

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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*

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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.

*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), 362(b), 363(b)(1), 363(c), 503(b)(1)(A), 503(b)(9), and 506(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Local Rule 9013-1(m).

### **BACKGROUND**

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

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

their support for the Plan and the Chapter 11 Cases by executing a restructuring support agreement prior to the Petition Date (the “**Restructuring Support Agreement**”). 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), 362(b), 363(b)(1), 363(c), 503(b)(1)(A), 503(b)(9), and 506(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m), the Debtors request entry of the Interim Order and the Final Order (a) authorizing, but not directing, the Debtors to pay, in the ordinary course of business, certain undisputed prepetition claims for goods and services (collectively, the “**Trade Claims**”) owed to certain trade creditors and lienholders (collectively, the “**Trade Creditors**”), including, but not limited to, Shippers, Warehousemen, and Mechanics Claims, 503(b)(9) Claims, Other Trade Claims, Vehicle Lease Claims, and Outstanding Orders (each as defined below), (b) confirming the administrative expense priority status and authorizing payment in the ordinary course of business of the Debtors’ undisputed obligations for the postpetition delivery of goods and provision of services, (c) 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 (d) granting related relief.<sup>2</sup>

8. Out of an abundance of caution, and to successfully implement the relief requested herein and to further their reorganization efforts, the Debtors also request that any orders entered provide that (a) the Debtors may require that each payee maintain or apply, as applicable, terms (“**Customary Trade Terms**”) during the pendency of these Chapter 11 Cases that are at least as favorable as those terms existing as of the Petition Date, or terms satisfactory to the Debtors in their sole discretion, as a condition to receiving any payment authorized pursuant to the relief requested in this Motion and (b) if any payee, after receiving such a payment, ceases to provide Customary Trade Terms, then the Debtors may, in their sole discretion, deem such payment to apply instead to any postpetition amount that may be owing to such payee or treat such payment as an avoidable postpetition transfer of property.

### **THE TRADE CREDITORS AND TRADE CLAIMS**

9. The Debtors are primarily engaged in the acquisition, development, and production of oil and natural gas reserves in the United States. The Debtors’ ongoing businesses are dependent upon their ability to continue their oil and gas operations which, in turn, is dependent upon the Debtors’ access to various essential goods and services. The Debtors believe that payment of fixed, liquidated, and undisputed Trade Claims is vital to the Debtors’ ability to continue their oil and gas operations and, therefore, to their effort to preserve and maximize value

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<sup>2</sup> Contemporaneously with the filing of this Motion, the Debtors have filed the *Motion of Debtors for Entry of Interim and Final Orders (i) Authorizing the Debtors to Pay (a) Royalty Payments, (b) Working Interest Disbursements, (c) Non-Royalty Lease Payments, (d) Operating Expenses, and (e) Joint Interest Billings, (ii) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfers, and (iii) Granting Related Relief* (the “**Royalty/Working Interests Motion**”), which seeks, among other things, authority to satisfy certain royalty and working interest obligations and to make payments on account of certain operating expenses. The relief requested herein is not duplicative of the relief requested by the Royalty/Working Interests Motion.



for all stakeholders. For the 12 months before the Petition Date, the Debtors' average monthly payment to Trade Creditors was approximately \$1,180,000.

10. The Debtors estimate that, as of the Petition Date, approximately \$1,093,000 of undisputed Trade Claims have accrued and are unpaid. The following table summarizes the types of Trade Claims held by the Trade Creditors and provides the Debtors' estimate of the total amount of each type of Trade Claim outstanding as of the Petition Date, including estimates for the portion of such total coming due within the interim period:

Category	Description of Goods and Services Provided	Estimated Amount Outstanding as of Petition Date	Estimated Amount Due in the Interim Period
Shippers, Warehousemen, and Mechanics Claims	Services necessary to transport, deliver, and maintain goods, materials, or other property.	\$55,000	\$55,000
Other Trade Claims	Other claims on account of legal services, general operations and human resources services, accounting, audit, tax, other corporate-support services, supplies, subscriptions, and other necessary or desirable goods and services related to the operation of the Debtors' businesses	\$938,000	\$938,000
Vehicle Lease Claims	Lease and maintenance services for the Debtors' fleet of vehicles.	\$100,000	\$150,000
<b>Total Amount of Claims<sup>3</sup>:</b>		<b>\$1,093,000</b>	<b>\$1,143,000</b>

11. The Debtors are not seeking to pay all Trade Claims immediately or in one lump sum. Rather, if authorized by this Court, the Debtors intend to pay these amounts as they become due and payable in the ordinary course of the Debtors' business consistent with past practice. The Debtors' current liquidity will provide the Debtors with ample funding to the pay the Trade Claims and the Debtors' proposed budget pursuant to the Debtors' motion to seek

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<sup>3</sup> The totals in this chart include the amount \$100,000 of 503(b)(9) claims as specified in this Motion.

authority to use their cash collateral, filed contemporaneously herewith<sup>4</sup>, specifically contemplates such funding.

**A. Claims of Shippers, Warehousemen, and Mechanics**

12. In the ordinary course of business, the Debtors engage certain vendors (the “**Shippers**”) to transport or deliver goods, materials, or other property related to the Debtors’ operations (the “**Materials**”). The Shippers regularly possess Materials belonging to the Debtors and to the other working interest owners of certain oil and gas properties. The Materials are integral to the exploration and production of hydrocarbons, and the Debtors commonly require timely, and sometimes immediate, access to the Materials while drilling or operating a well. In the ordinary course of business, the Debtors also rely on certain vendors (collectively, the “**Warehousemen**”) to store Materials when not being used and use certain mechanics and materialmen (collectively, the “**Mechanics**”) to perform maintenance and other services on the Materials.

13. If the Debtors were to default on any obligation to the Warehousemen, the Warehousemen may assert a lien, attempt to take possession of the Debtors’ property, and/or bar the Debtors’ access to Materials stored on the Warehousemen’s property. In addition, under most state laws, a Shipper or a Warehouseman may have a lien on the goods in its possession,<sup>5</sup> which lien secures the charges or expenses incurred in connection with the transportation or storage of

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<sup>4</sup> Contemporaneously with the filing of this Motion, the Debtors have filed the *Motion of Debtors for Entry of Interim and Final Orders (i) Authorizing the Debtors to Use Cash Collateral, (ii) Granting Adequate Protection, (iii) Modifying the Automatic Stay, (iv) Scheduling a Final Hearing, and (v) Granting Related Relief*.

<sup>5</sup> See U.C.C. §§ 7-307 (“A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges after the date of the carrier’s receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law.”); 7-209(a) (“A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law.”).

such goods.<sup>6</sup> As a result, certain Shippers and Warehousemen may refuse to deliver or release Materials or other property in their possession or control, as applicable, before the prepetition amounts owed to them by the Debtors have been satisfied and their liens redeemed. In addition, under applicable state laws, Mechanics generally have a lien against property serviced by the Mechanic securing the charges or expenses incurred in connection with the maintenance or servicing of such property.

14. In the 12 months preceding the Petition Date, the Debtors paid approximately \$159,500 in obligations owed to Shippers, Warehousemen, and Mechanics. As of the Petition Date, the Debtors estimate that they have approximately \$55,000 of prepetition claims owing to Shippers, Warehousemen, and Mechanics (the “**Shippers, Warehousemen, and Mechanics Claims**”) outstanding, all of which will come due and owing in the interim period. To continue using the Shippers’ and Warehousemen’s transportation and storage services and have access to the Materials held or controlled thereby, and to continue to obtain the benefits of the Mechanics’ services, the Debtors request approval to pay up to \$55,000 in prepetition Shippers, Warehousemen, and Mechanics Claims on an interim basis and to continue paying prepetition Shippers, Warehousemen, and Mechanics Claims in the ordinary course of business on a postpetition basis.

#### **B. Section 503(b)(9) Claims**

15. The Debtors may have received certain goods or materials from various vendors (collectively, the “**503(b)(9) Claimants**”) within the 20 days before the Petition Date. Certain of the Debtors’ relationships with the 503(b)(9) Claimants are not governed by long-term

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<sup>6</sup> The Debtors do not concede that any liens (contractual, common law, statutory, or otherwise) described in this Motion are valid and the Debtors expressly reserve the right to contest the extent, validity, and perfection of any and all such liens and to seek avoidance thereof.

contracts. Rather, the Debtors often obtain supplies on an order-by-order basis. As a result, a 503(b)(9) Claimant may refuse to supply new orders without payment of its prepetition claims.

16. Certain 503(b)(9) Claimants could reduce the Debtors' existing trade credit—or demand payment in cash on delivery—further straining the Debtors' liquidity. The Debtors believe that, as of the Petition Date, they owe approximately \$100,000 on account of goods delivered within the 20 days prior to the Petition Date, all or substantially all of which will become due and owing in the interim period, and the value of which may be entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code.<sup>7</sup>

17. Accordingly, the Debtors request authority, but not direction, to pay those undisputed claims arising from the goods received by the Debtors within 20 days before the Petition Date in the ordinary course of business (collectively, the “**503(b)(9) Claims**”). The Debtors do not seek to accelerate or modify existing payment terms with respect to the 503(b)(9) Claims. Rather, the Debtors will pay the 503(b)(9) Claims as they come payable in the ordinary course of business.

### **C. Other Trade Claims**

18. In the ordinary course of business, certain other creditors of the Debtors (the “**Other Trade Creditors**”) provide goods and services that are essential to the Debtors' operations but are not included in the categories of claims described above. Such claims likely are not entitled to administrative expense priority and likely do not entitle the Other Trade Creditors to assert and enforce liens against the Debtors' property. The goods and services provided by the Other Trade Creditors include, among other things, legal services, general operations and human

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<sup>7</sup> The Debtors do not concede that any claims described in this Motion are conclusively entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code, and the Debtors expressly reserve the right to contest the allowance, priority, or validity of all such claims.

resources services, accounting, audit, tax, other corporate-support services, supplies and subscriptions, lease and maintenance services for the Debtors' goods and services, and other goods and services necessary for the continuation of the Debtors' operations.

19. As discussed below, under the Restructuring Support Agreement, all general unsecured claims, including the claims of the Other Trade Creditors (the “**Other Trade Claims**”) that fit within that category of claims, are to be unimpaired and paid in the ordinary course of business under the terms of the Plan. Therefore, the Debtors do not seek to accelerate or modify existing payment terms with respect to the Other Trade Claims. Rather, the Debtors seek authority to pay the Other Trade Claims as they come due in the ordinary course of business.

20. As of the Petition Date, the Debtors believe that approximately \$938,000 in Other Trade Claims has accrued and is outstanding, approximately \$938,000 of which will become due and payable within the interim period.

#### **D. Vehicle Leases**

21. In the ordinary course of business, certain other creditors of the Debtors (the “**Vehicle Lease Creditors**”) provide lease and maintenance services for the Debtors' fleet of vehicles, which are essential to the Debtors' operations. Such claims likely are not entitled to administrative expense priority and likely do not entitle the Vehicle Lease Creditors to assert and enforce liens against the Debtors' property.

22. As discussed below, under the Restructuring Support Agreement, all general unsecured claims, including the claims of the Vehicle Lease Creditors (the “**Vehicle Lease Claims**”) that fit within that category of claims, are to be unimpaired and paid in the ordinary course of business under the terms of the Plan. Therefore, the Debtors do not seek to accelerate or modify existing payment terms with respect to the Vehicle Lease Claims. Rather, the Debtors seek authority to pay the Vehicle Lease Claims as they come due in the ordinary course of business.

23. As of the Petition Date, the Debtors believe that approximately \$100,000 in Vehicle Lease Claims has accrued and is outstanding. Furthermore, the Debtors believe that approximately \$150,000 will be due and payable on the Vehicle Lease Claims during the interim period before entry of the Final Order.

**E. Outstanding Orders**

24. Prior to the Petition Date, and in the ordinary course of business, the Debtors may have ordered delivery of goods and provision of services that will not be delivered or provided until after the Petition Date (the “**Outstanding Orders**”). In the mistaken belief that they would be general unsecured creditors of the Debtors’ estates with respect to such goods or services, certain suppliers may refuse to ship or transport such goods (or may recall such shipments) or to provide such services with respect to such Outstanding Orders unless the Debtors issue substitute purchase orders postpetition—potentially disrupting the Debtors’ ongoing business operations and requiring the Debtors to expend substantial time and effort in issuing such substitute orders. As set forth in greater detail below, because the Outstanding Orders are administrative expenses of the Debtors’ estates, the Debtors are requesting that the Court confirm the administrative expense priority of the Outstanding Orders and authorize the Debtors to pay amounts due on account of Outstanding Orders but only in the ordinary course of business.

**F. Treatment of Trade Claims Under the Plan**

25. The goal of these Chapter 11 Cases is to deleverage the Debtors’ balance sheet with minimal interruption of their business operations. Disrupting the flow of necessary goods and services could hamper the Debtors’ ability to conduct operations at well sites and meet its production targets, which would damage their reputation and possibly result in the termination of business relationships. Therefore, it is imperative that the Debtors maintain positive relationships with their suppliers, who are essential to the Debtors’ business operations, throughout

the course of these Chapter 11 Cases. The Debtors negotiated the terms of the Plan with this goal in mind. Under the Plan, the legal, equitable, and contractual rights of holders of all general unsecured claims, which include Trade Claims, are unimpaired to avoid disruption to the normal operations of the Debtors' business. For these reasons, under the circumstances of these Chapter 11 Cases and the terms of the Plan, the relief requested herein seeks to alter only the timing, not the amount or priority, of the payment of the Trade Claims. In addition, the parties to the Restructuring Support Agreement, which, as noted above, includes holders of more than 75% of the Debtors' outstanding revolving loans and more than 75% of the Debtors' outstanding unsecured notes, consent to and support the treatment of the Trade Claims as unimpaired under the Plan. Accordingly, the relief requested in this Motion furthers the Debtors' overarching restructuring goals without prejudice to the Debtors' stakeholders.

### **BASIS FOR RELIEF REQUESTED**

#### **A. Payment of the Trade Claims is Warranted Under Sections 363(b)(1) and 105(a) of the Bankruptcy Code.**

26. Payment of the Trade Claims is appropriate under sections 363(b)(1) and 105(a) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code empowers the Court to allow a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Debtors' decisions to use, sell, or lease assets outside the ordinary course of business must be based upon the sound business judgment of the debtor. *See, e.g., In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991)); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 149-50 (3d Cir. 1986) (implicitly adopting the "sound business purpose" test of *Lionel Corp.* and requiring good faith); *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999); *In re Del. & Hudson*

*Ry. Co.*, 124 B.R. 169, 176 (D. Del. 1991) (concluding that the Third Circuit adopted the “sound business purpose” test in the *Abbotts Dairies* decision); *see also In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented before him or her a good business reason to grant such application); *In re Glob. Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting the standard for determining a section 363(b) motion is “a good business reason”).

27. Courts emphasize that the business judgment rule is not an onerous standard and may be satisfied “as long as the proposed action *appears* to enhance the debtor’s estate.” *Crystalin, L.L.C. v. Selma Props. Inc. (In re Crystalin, L.L.C.)*, 293 B.R. 455, 463-64 (B.A.P. 8th Cir. 2003) (quoting *Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 566 n.16 (8th Cir. 1997) (emphasis in original, internal alterations and quotations omitted)). Courts require only that the debtors “show that a sound business purpose justifies such actions.” *In re Montgomery Ward Holding Corp.*, 242 B.R. at 153 (citations omitted); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987); *In re Adelphia Commc’ns Corp.*, Case No. 02-41729, 2003 WL 22316543, at \*31 (Bankr. S.D.N.Y. Mar. 4, 2003); *In re Lionel Corp.*, 722 F.2d at 1071. One purpose of section 363 of the Bankruptcy Code is to provide a debtor with the flexibility to engage in the ordinary course transactions required to operate its business without undue supervision by its creditors or the court. *See, e.g., In re Roth Am., Inc.*, 975 F.2d 949, 952 (3d Cir. 1992) (“Section 363 is designed to strike [a] balance, allowing a business to continue its daily operations without excessive court or creditor oversight and protecting secured creditors and others from dissipation of the estate’s assets.”) (citations omitted).



28. In addition, the Debtors submit that payment of the Trade Claims is necessary and appropriate and is authorized under section 105(a) of the Bankruptcy Code pursuant to the “necessity of payment” doctrine, which “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989). Under section 105(a) of the Bankruptcy Code, the Court has expansive equitable powers to fashion any order or decree that is in the interest of preserving or protecting the value of the Debtors’ assets. *See In re Combustion Eng’g, Inc.*, 391 F.3d 190, 236 (3d Cir. 2004) (citation omitted) (noting that section 105 of the Bankruptcy Code “has been construed to give a bankruptcy court ‘broad authority’ to provide equitable relief appropriate to assure the orderly conduct of reorganization proceedings”); *In re Nixon*, 404 F. App’x 575, 578 (3d Cir. 2010) (citation omitted) (“It is well settled that the court’s power under § 105(a) is broad.”); *In re Nortel Networks, Inc.*, 532 B.R. 494, 554 (Bankr. D. Del. 2015) (citations omitted) (“The Third Circuit has construed [section 105 of the Bankruptcy Code] to give bankruptcy courts ‘broad authority’ to provide appropriate equitable relief to assure the orderly conduct of reorganization proceedings, and to ‘craft flexible remedies that, while not expressly authorized by the Code, effect the result the Code was designed to obtain.’”).

29. The Court’s power to utilize the “doctrine of necessity” in the Chapter 11 Cases derives from the Court’s inherent equity powers and its statutory authority to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). The United States Supreme Court first articulated the doctrine of necessity more than a century ago, in *Miltenberger v. Logansport Ry. Co.*, 106 U.S. 286 (1882), in affirming the authorization by the lower court of the use of receivership funds to pay pre-receivership debts

owed to employees, vendors, and suppliers, among others, when such payments were necessary to preserve the receivership property and the integrity of the business in receivership. *See id.* at 309.

30. The doctrine of necessity “recognizes the existence of the judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. at 176; *see also In re Just for Feet, Inc.*, 242 B.R. at 826 (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment and approving payment of key inventory suppliers’ prepetition claims when such suppliers could destroy debtor’s business by refusing to deliver new inventory on eve of debtor’s key sales season); *In re Sharon Steel Corp.*, 159 B.R. 730, 736 (Bankr. W.D. Pa. 1993) (noting that courts grant debtors the authority to pay certain prepetition claims “where the payment is necessary to permit the effectuation of the rehabilitative purposes of the Bankruptcy Code”); *Official Comm. of Unsecured Creditors of Motor Coach Indus. Int’l v. Motor Coach Indus. Int’l (In re Motor Coach Indus. Int’l)*, Case No. 09-078-SLR, 2009 WL 330993, at \*2 n.5 (D. Del. Feb. 10, 2009); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191-92 (Bankr. D. Del. 1994). The doctrine is frequently invoked early in a reorganization, particularly in connection with those chapter 11 sections that relate to payment of prepetition claims. The court in *In re StructureLite Plastics Corp.* indicated its accord with “the principle that a bankruptcy court may exercise its equity powers under section 105(a) to authorize payment of prepetition claims where such payment is necessary to ‘permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately.’” *In re StructureLite Plastics Corp.*, 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988). The court stated that a “*per se* rule proscribing the payment of prepetition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of

the Code.” *Id.* at 932. Accordingly, pursuant to section 105(a) of the Bankruptcy Code, the Court is empowered to grant the relief requested herein. .

31. The Debtors submit that the relief requested in this Motion represents a sound exercise of the Debtors’ business judgment, is within the Debtors’ ordinary course of business, is necessary to avoid immediate and irreparable harm, is essential, appropriate, and in the best interests of the Debtors’ estates and stakeholders, and is justified under sections 363 and 105 of the Bankruptcy Code. Indeed, the relief sought herein is amply justified by the need for the continued receipt of the goods and services that the Trade Creditors provide. The Debtors anticipate that failure to pay the Trade Claims as they become due is likely to result in the Trade Creditors refusing to provide essential goods and services and/or conditioning the delivery of such goods and services on compliance with onerous and commercially unreasonable terms. A Trade Creditor’s nonperformance could materially disrupt the Debtors’ production at their well sites and jeopardize the continued viability of the Debtors’ businesses as well as their restructuring efforts. Furthermore, the Debtors believe that the uninterrupted supply of goods and services, on Customary Trade Terms, and the continuing support of their customers are imperative to the ongoing operations and viability of the Debtors.

32. Additionally, the Debtors believe that payment of Trade Claims will be necessary to preserve operations, dramatically reduce the financial burden on the Debtors’ estates, maintain goodwill and positive relationships with all Trade Creditors, and maximize the value of the Debtors’ assets for the benefit of all stakeholders. Authority to pay the Trade Claims as they come due will assist the smooth transition into and out of these Chapter 11 Cases and will ensure the Debtors’ continued operation during the intervening period.

33. In light of the foregoing, payment of the Trade Claims as provided herein, is a sound exercise of the Debtors' business judgment, is necessary to avoid immediate and irreparable harm to the Debtors' estates, is in the best interests of the Debtors' and their respective estates and creditors, and is warranted under the circumstances. Numerous courts in this jurisdiction have authorized payment of prepetition general unsecured claims in the ordinary course of business where a debtor's proposed prepackaged plan of reorganization provides for a 100% recovery on trade claims. *See, e.g., In re Pyxus International, Inc.*, Case No. 20-11570 (LSS) (Bankr. D. Del. July 17, 2020); *In re Longview Power, LLC*, No. 20-10951 (BLS) (Bankr. D. Del. April 15, 2020); *In re Clover Techs. Grp., LLC*, No. 19-12680 (KBO) (Bankr. D. Del. Dec. 19, 2019); *In re Anna Holdings Inc.*, No. 19-12551 (CSS) (Bankr. D. Del. Dec. 3, 2019); *In re Blackhawk Mining LLC*, No. 19-11595 (LSS) (Bankr. D. Del. Aug. 9, 2019); *In re EV Energy Partners, L.P.*, No. 18-10814 (CSS) (Bankr. D. Del. Apr. 5, 2018).

**B. Certain Trade Creditors May be Entitled to Assert Statutory Liens.**

34. In addition, the Debtors believe that their failure to pay the Shippers, Warehousemen and Mechanics may result in the assertion of possessory liens by many of the Shippers, Warehousemen, or Mechanics under applicable state law with respect to certain of the Debtors' property (collectively, the "**Liens**"). States in which the Debtors operate may protect the rights of Shippers, Warehousemen and Mechanics by granting them statutory liens to secure payment for their services. Pursuant to section 362(b)(3) of the Bankruptcy Code, acts to perfect such Liens or interests, to the extent consistent with section 546(b) of the Bankruptcy Code, are expressly excluded from the automatic stay otherwise established by section 362(a) of the Bankruptcy Code. Moreover, under section 546(b), a debtor's lien avoidance powers "are subject to any generally applicable law that . . . permits perfection of an interest in property to be effective against an entity that acquires rights in such property before the date of perfection." Therefore,

notwithstanding the automatic stay established by section 362 of the Bankruptcy Code, many of the Shippers, Warehousemen, or Mechanics may assert and perfect Liens or interests against the Debtors' property. Thus, they would hold secured claims under section 506(b) of the Bankruptcy Code that would, in any event, be required to be paid in full under section 1129(b)(2)(A) of the Bankruptcy Code. Moreover, to protect any asserted Lien rights, such counterparties may refuse to release goods or property in their possession unless and until their prepetition Trade Claims have been satisfied. Therefore, notwithstanding the automatic stay imposed by section 362 of the Bankruptcy Code, many of these parties: (a) may be entitled to assert and perfect Liens against the Debtors' property, which would entitle them to payment ahead of other general unsecured creditors in any event; and (b) may hold the property subject to the asserted Liens pending payment, to the direct detriment of the Debtors and their estates. The time and resources that would be required for the Debtors to contest Liens would detract from the value of the estates and could impair the Debtors' ability to stabilize their operations.

35. Courts in this district have routinely authorized payments to lien claimants under similar circumstances. *See, e.g., In re Cloud Peak Energy Inc.*, Case No. 19-11047 (KG) (Bankr. D. Del. June 11, 2019) (authorizing payments to shippers, warehouseman, and mechanics); *In re Imerys Talc America, Inc.*, Case No. 19-10289 (LSS) (Bankr. D. Del. Mar. 19, 2019) (authorizing payments to shippers and warehouseman); *In re Brookstone Holdings Corp.*, Case No. 18-11780 (BLS) (Bankr. D. Del. Aug. 24, 2018) (authorizing payment to shippers and warehousemen); *In re The Relay Shoe Company, LLC*, Case No. 18-11145 (LSS) (Bankr. D. Del. Jun. 13, 2018) (same).

**C. 503(b)(9) Claims Have Administrative Expense Priority.**

36. Section 503(b)(9) of the Bankruptcy Code provides administrative priority for the "value of any goods received by the debtor within 20 days before the date of

commencement of a case under this title in which goods have been sold to the debtor in the ordinary course of such debtor's business." 11 U.S.C. § 503(b)(9). These claims must be paid in full for the Debtors to confirm a chapter 11 plan. See 11 U.S.C. § 1129(a)(9)(A). Consequently, payment of such claims now only provides such parties with what they would be entitled to receive under a chapter 11 plan. Additionally, all creditors will benefit from the seamless transition of the Debtors' operations into bankruptcy.

37. Moreover, the Bankruptcy Code does not prohibit a debtor from paying such claims prior to confirmation. As these claims are administrative claims incurred in the ordinary course of business, the Debtors believe that they may pay such claims in accordance with their business judgment pursuant to section 363(c)(1) of the Bankruptcy Code. *See, e.g., In re Dura Auto. Sys. Inc.*, No. 06-11202 (KJC) (Bankr. D. Del. Oct. 31, 2006) Hr'g Tr. 49:21-23 ("I think arguably the debtor could pay its 503(b)(9) claimants without court approval."). The timing of such payments also lies squarely within the Court's discretion. *See In re Global Home Prods., LLC*, No. 06-10340 (KG), 2006 WL 3791955, at \*3 (Bankr. D. Del. Dec. 21, 2006) (agreeing with parties that "the timing of the payment of that administrative expense claim is left to the discretion of the Court").

38. The Debtors' ongoing ability to timely obtain goods is key to their survival and necessary to preserve the value of their estates. Absent payment of the 503(b)(9) Claims at the outset of these Chapter 11 Cases—which merely accelerates the timing of payment and not the ultimate treatment of such claims—the Debtors could be denied access to the equipment and goods necessary to maintain the Debtors' business operations. Failure to honor these claims in the ordinary course of business may also cause the Debtors' vendor base to withhold support for the Debtors during the chapter 11 process. Such vendors could accelerate or eliminate favorable trade

terms. Needless to say, such costs and distractions could impair the Debtors' ability to stabilize their operations at this critical juncture to the detriment of all stakeholders.

39. In addition, courts in this district and other districts have regularly authorized the payment of claims entitled to priority under section 503(b)(9) of the Bankruptcy Code in the ordinary course of business. *See, e.g., In re Boy Scouts of Am. & Del. BSA, LLC*, No. 20-10343 (LSS) (Bankr. D. Del. March 13, 2020); *In re Borden Dairy Co.*, No. 20-10010 (CSS) (Bankr. D. Del. March 4, 2020); *In re BL Rests. Holding, LLC*, No. 20-10156 (MFW) (Bankr. D. Del. Feb. 26, 2020); *In re Dura Auto. Sys.*, No. 19-12378 (KBO) (Bankr. D. Del. Nov. 19, 2019); *In re Cloud Peak Energy Inc.*, No. 19-11047 (KG) (Bankr. D. Del. June 11, 2019); *In re Hexion Holdings LLC*, No. 19-10684 (KG) (Bankr. D. Del. May 1, 2019); *In re Imerys Talc Am., Inc.*, No. 19-10289 (LSS) (Bankr. D. Del. March 19, 2019); *In re The NORDAM Grp., Inc.*, No. 18-11699 (MFW) (Bankr. D. Del. Aug. 29, 2018).

**D. The Court Should Confirm that Outstanding Orders Are Administrative Expense Priority Claims and that Payment of Such Claims is Authorized.**

40. Pursuant to section 503(b)(1) of the Bankruptcy Code, obligations that arise in connection with the postpetition delivery of goods and services, including goods ordered prepetition, are in fact administrative expense priority claims because they benefit the estate postpetition. *See* 11 U.S.C. § 503(b)(1)(A) (providing that the “actual [and] necessary costs and expenses of preserving the estate” are administrative expenses); *see also In re John Clay & Co.*, 43 B.R. 797, 809–10 (Bankr. D. Utah 1984) (holding that goods ordered prepetition but delivered postpetition are entitled to administrative priority). Thus, granting the relief sought herein with respect to the Outstanding Orders will not afford such claimants any greater priority than they otherwise would have if the relief requested herein were not granted, and will not prejudice any other party in interest.

41. Absent such relief, however, the Debtors may be required to expend substantial time and effort reissuing the Outstanding Orders to provide certain suppliers with assurance of such administrative priority. The attendant disruption to the continuous and timely flow of critical raw materials and other goods and services to the Debtors would force the Debtors to potentially halt operations and production, disrupt the Debtors' business, and lead to a loss of revenue, all to the detriment of the Debtors and their creditors.

42. Indeed, courts in this jurisdiction routinely grant this type of relief. *See, e.g., In re Libbey Glass Inc.*, Case No. 20-11439 (LSS) (Bankr. D. Del. July 1, 2020); *In re The Hertz Corporation*, Case No. 20-11218 (MFW) (Bankr. D. Del. June 24, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (CSS) (Bankr. D. Del. June 18, 2020); *In re Akorn, Inc.*, Case No. 20-11177 (KBO) (Bankr. D. Del. June 11, 2020). Accordingly, the Debtors submit that the Court should confirm the administrative expense priority status of the Outstanding Orders and should authorize the Debtors to pay the Outstanding Orders in the ordinary course of business.

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

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

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

44. Pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a prepetition claim within twenty-one days after the Petition Date if



the relief is necessary to avoid immediate and irreparable harm. *See* Fed. R. Bankr. P. 6003(b). Based on the foregoing, the Debtors submit that they have satisfied the requirements of Bankruptcy Rule 6003(b) because the relief set forth in Exhibit A is necessary to avoid immediate and irreparable harm.

45. 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**

46. 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.

47. Additionally, nothing in this Motion is intended to modify or waive any of the Debtors' rights with respect to goods and services requested or received from the Trade Creditors, including the Debtors' rights to: (a) cancel a purchase order (including any Outstanding Order); (b) decline the acceptance of goods and services; (c) return any defective, nonconforming or unacceptable goods; or (d) contest any invoice or claims on any grounds.

### NOTICE

48. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of Delaware; (b) the administrative agent for the Debtors' prepetition revolving credit facility; (c) counsel to the administrative agent for the Debtors' prepetition revolving credit facility; (d) the indenture trustee under the Debtors' 8.750% senior notes due 2023; (e) Stroock & Stroock & Lavan LLP and Young, Conaway, Stargatt & Taylor, LLP, as counsel to the ad hoc group of holders of the 8.750% senior notes due 2023; (f) the Internal Revenue Service; (g) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (h) the United States Attorney for the District of Delaware; (i) the Attorneys General for the states of Oklahoma and Texas; (j) counsel to Naylor Farms, Inc. and Harrel's LLC, as lead plaintiffs in the action captioned *Naylor Farms, Inc., individually and as class representative on behalf of all similarly situated persons v. Chaparral Energy, L.L.C.*, Case No. 11-00634 (W.D. Ok. 2011); (k) the parties included on the Debtors' consolidated list of twenty (20) largest unsecured creditors; (l) applicable financial institutions; (m) all parties known by the Debtors to hold or assert a lien on any asset of any Debtor; and (n) any party that is entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the

**“Notice Parties”**). The Debtors submit that, under the circumstances, no other or further notice is required.

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

Dated: August 16, 2020  
Wilmington, Delaware

/s/ Brendan J. Schlauch

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*Proposed Counsel for Debtors and  
Debtors in Possession*

**EXHIBIT A**

**Proposed Interim Order**

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

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In re:

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

Debtors.

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

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**INTERIM ORDER (I) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OF  
TRADE CREDITORS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY  
STATUS OF DEBTORS' UNDISPUTED OBLIGATIONS FOR POSTPETITION  
DELIVERY OF GOODS AND SERVICES, AND (III) 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), 362(b), 363(b)(1), 363(c), 503(b)(1)(A), 503(b)(9), and 506(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m), (a) authorizing, but not directing, the Debtors to pay, in the ordinary course of business, certain Trade Claims owed to certain Trade Creditors, including, but not limited to, Shippers, Warehousemen, and Mechanics Claims, 503(b)(9) Claims, Other Trade Claims, Vehicle Lease Claims, and Outstanding Orders, (b) confirming the administrative expense priority status and authorizing payment in the ordinary course of business of the Debtors’ undisputed

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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.

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

**ORDERED, ADJUDGED AND DECREED THAT:**

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

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

3. The Debtors are authorized, but not directed, in their sole discretion, to satisfy all Trade Claims in the ordinary course of business, in an interim amount not to exceed \$1,143,000 in the aggregate without further order of this Court.

4. A copy of this Interim Order shall be provided to all Trade Creditors that receive payment pursuant to the preceding paragraph of this Interim Order. Any party that accepts payment from the Debtors on account of a prepetition Trade Claim shall be deemed to have agreed to the terms and provisions of this Interim Order.

5. The Debtors are authorized, but not directed, to require that, as a condition to receiving any payment under this Interim Order, a payee maintain or apply, as applicable, Customary Trade Terms. If a payee, after receiving a payment under this Interim Order, ceases to provide Customary Trade Terms, then the Debtors may, in their sole discretion and business judgment, deem such payment to apply instead to any postpetition amount that may be owing to such payee or seek judicial determination that they can treat such payment as an avoidable postpetition transfer of property.

6. All undisputed obligations related to the Outstanding Orders are granted administrative expense priority in accordance with section 503(b)(1)(A) of the Bankruptcy Code.



7. The Debtors are authorized, but not directed, to pay all undisputed amounts related to the Outstanding Orders in the ordinary course of business consistent with the parties' customary practices in effect prior to the Petition Date.

8. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Cases with respect to prepetition amounts owed in connection with any Trade Claims.

9. 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.

10. 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.

11. 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.

12. 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, (e) an implication or admission by the Debtors that such claim is payable pursuant to this Interim Order, or (f) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid, and the rights of all parties in interest are reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

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

14. 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.

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

16. 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**

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In re:

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

Debtors.

---

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

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**FINAL ORDER (I) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OF  
TRADE CREDITORS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY  
STATUS OF DEBTORS' UNDISPUTED OBLIGATIONS FOR POSTPETITION  
DELIVERY OF GOODS AND SERVICES, AND (III) 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), 362(b), 363(b)(1), 363(c), 503(b)(1)(A), 503(b)(9), and 506(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m), (a) authorizing, but not directing, the Debtors to pay, in the ordinary course of business, certain Trade Claims owed to certain Trade Creditors, including, but not limited to, Shippers, Warehousemen, and Mechanics Claims, 503(b)(9) Claims, Other Trade Claims, Vehicle Lease Claims, and Outstanding Orders, (b) confirming the administrative expense priority status and authorizing payment in the ordinary course of business of the Debtors’ undisputed

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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.

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

**ORDERED, ADJUDGED AND DECREED THAT:**

1. The Motion is GRANTED, as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion, to satisfy all Trade Claims in the ordinary course of business.

3. A copy of this Final Order shall be provided to all Trade Creditors that receive payment pursuant to the preceding paragraph of this Final Order. Any party that accepts payment from the Debtors on account of a prepetition Trade Claim shall be deemed to have agreed to the terms and provisions of this Final Order.

4. The Debtors are authorized, but not directed, to require that, as a condition to receiving any payment under this Final Order, a payee maintain or apply, as applicable, Customary Trade Terms. If a payee, after receiving a payment under this Final Order, ceases to provide Customary Trade Terms, then the Debtors may, in their sole discretion and business judgment, deem such payment to apply instead to any postpetition amount that may be owing to such payee or seek judicial determination that they can treat such payment as an avoidable postpetition transfer of property.

5. All undisputed obligations related to the Outstanding Orders are granted administrative expense priority in accordance with section 503(b)(1)(A) of the Bankruptcy Code.

6. The Debtors are authorized, but not directed, to pay all undisputed amounts related to the Outstanding Orders in the ordinary course of business consistent with the parties' customary practices in effect prior to the Petition Date.

7. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Cases with respect to prepetition amounts owed in connection with any Trade Claims.

8. All applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks, drafts, wires, check transfer requests, or automated clearinghouse transfers evidencing amounts paid by the Debtors under this Final Order

whether presented prior to, on, or after the Petition Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Final Order without any duty of further inquiry and without liability for following the Debtors' instructions.

9. 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.

10. 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.

11. Nothing in this Final Order nor the Debtors' payment of claims pursuant to this Final Order shall be construed as or deemed to constitute (a) an agreement or admission by the Debtors as to the validity of any claim against the Debtors on any ground, (b) a grant of third-party beneficiary status or bestowal of any additional rights on any third party, (c) a waiver or impairment of any rights, claims or defenses of the Debtors' rights to dispute any claim on any grounds, (d) a promise by the Debtors to pay any claim, (e) an implication or admission by the Debtors that such claim is payable pursuant to this Final Order, or (f) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Final Order are valid, and the rights of all parties in interest are reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

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

13. 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.

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

15. 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.

16. 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.



## File a First Day Motion:

[20-11947 Chaparral Energy, Inc.](#)

Type: bk

Chapter: 11 v

Office: 1 (Delaware)

Assets: y

Case Flag: PlnDue, DsclsDue,  
VerifDue

### U.S. Bankruptcy Court

### District of Delaware

#### Notice of Electronic Filing

The following transaction was received from Brendan Joseph Schlauch entered on 8/16/2020 at 10:41 PM EDT and filed on 8/16/2020

**Case Name:** Chaparral Energy, Inc.

**Case Number:** [20-11947](#)

**Document Number:** [9](#)

#### Docket Text:

Motion Regarding Chapter 11 First Day Motions (*Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Payment of Prepetition Claims of Trade Creditors, (II) Confirming Administrative Expense Priority Status of Debtors Undisputed Obligations for Postpetition Delivery of Goods and Services, and (III) Authorizing Financial Institutions to Honor and Process Related Checks and Fund Transfers*) Filed By Chaparral Energy, Inc. (Schlauch, Brendan)

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**W:\AJ\Chap 2\Chap All Trade Motion.pdf

#### Electronic document Stamp:

[STAMP bkecfStamp\_ID=983460418 [Date=8/16/2020] [FileNumber=16571855-0  
] [3994637168d9f35085f6e66016abfb57cef398dddf4a9e00100855b480362c052c4  
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#### 20-11947 Notice will be electronically mailed to:

Christopher Michael De Lillo on behalf of Debtor Chaparral Energy, Inc.  
delillo@rlf.com, rbgroup@rlf.com;ann-jerominski-2390@ecf.pacerpro.com

John Henry Knight on behalf of Debtor Chaparral Energy, Inc.  
knight@rlf.com, RBGroup@RLF.com;ann-jerominski-2390@ecf.pacerpro.com

Brendan Joseph Schlauch on behalf of Debtor Chaparral Energy, Inc.  
schlauch@rlf.com, rbgroup@rlf.com;ann-jerominski-2390@ecf.pacerpro.com

Amanda R. Steele on behalf of Debtor Chaparral Energy, Inc.  
steele@rlf.com, rbgroup@rlf.com;ann-jerominski-2390@ecf.pacerpro.com

U.S. Trustee  
USTPRegion03.WL.ECF@USDOJ.GOV

**EXHIBIT B**

**Interim Order**

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

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In re:

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

Debtors.

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)  
) Chapter 11  
)  
) Case No. 20-11947 (MFW)  
)  
) (Jointly Administered)  
)  
) **Re: Docket No. 9**  
)

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**INTERIM ORDER (I) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OF  
TRADE CREDITORS, (II) CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY  
STATUS OF DEBTORS' UNDISPUTED OBLIGATIONS FOR POSTPETITION  
DELIVERY OF GOODS AND SERVICES, AND (III) 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), 362(b), 363(b)(1), 363(c), 503(b)(1)(A), 503(b)(9), and 506(b) of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m), (a) authorizing, but not directing, the Debtors to pay, in the ordinary course of business, certain Trade Claims owed to certain Trade Creditors, including, but not limited to, Shippers, Warehousemen, and Mechanics Claims, 503(b)(9) Claims, Other Trade Claims, Vehicle Lease Claims, and Outstanding Orders, (b) confirming the administrative expense priority status and authorizing payment in the ordinary course of business of the Debtors’ undisputed

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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.

obligations for the postpetition delivery of goods and provision of services, (c) 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 (d) 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. The Debtors are authorized, but not directed, in their sole discretion, to satisfy all Trade Claims in the ordinary course of business, in an interim amount not to exceed \$1,143,000 in the aggregate without further order of this Court.

4. A copy of this Interim Order shall be provided to all Trade Creditors that receive payment pursuant to the preceding paragraph of this Interim Order. Any party that accepts payment from the Debtors on account of a prepetition Trade Claim shall be deemed to have agreed to the terms and provisions of this Interim Order.

5. The Debtors are authorized, but not directed, to require that, as a condition to receiving any payment under this Interim Order, a payee maintain or apply, as applicable, Customary Trade Terms. If a payee, after receiving a payment under this Interim Order, ceases to provide Customary Trade Terms, then the Debtors may, in their sole discretion and business judgment, deem such payment to apply instead to any postpetition amount that may be owing to such payee or seek judicial determination that they can treat such payment as an avoidable postpetition transfer of property.

6. All undisputed obligations related to the Outstanding Orders are granted administrative expense priority in accordance with section 503(b)(1)(A) of the Bankruptcy Code.

7. The Debtors are authorized, but not directed, to pay all undisputed amounts related to the Outstanding Orders in the ordinary course of business consistent with the parties' customary practices in effect prior to the Petition Date.

8. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of the Chapter 11 Cases with respect to prepetition amounts owed in connection with any Trade Claims.

9. 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.

10. 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.

11. 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.

12. 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, (e) an implication or admission by the Debtors that such claim is payable pursuant to this Interim Order, or (f) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) satisfied pursuant to this Interim Order are valid, and the rights of all parties in interest are reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

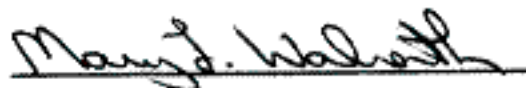
13. The requirements of Bankruptcy Rules 6003 and 6004(a) are satisfied by the contents of the Motion.

14. 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.

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

16. 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