

**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 Nos. 8 & 81
)	
)	

**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 final 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

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.



pay any and all local, state, and federal withholding and payroll-related or similar taxes relating to 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, 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 August 18, 2020 (Docket No. 81); and the Court having held, if necessary, a final 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, 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, 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.
3. 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.
4. 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.
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 Final Order shall authorize the Debtors to make any payments prohibited under section 503(c) of the Bankruptcy Code.

6. 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 Final 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.

7. The Debtors are authorized, but not directed, to continue their workers' compensation programs in the ordinary course of business and to pay and honor any prepetition obligations and claims (including, but not limited to, those for taxes, charges, assessments, premiums, deductibles, self-insured retentions, expenses, surcharges, service fees, broker fees, third-party administrator fees and other amounts) arising under the workers' compensation policies and or programs in which they participate.

8. In addition, the automatic stay of section 362 of the Bankruptcy Code, to the extent applicable, 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.

9. Nothing in the Interim Order, this Final Order or the Motion (a) alters or amends the terms and conditions of the Debtors' workers' compensation program; (b) relieves the Debtors of any of their obligations under the Debtors' workers' compensation program; (c) creates or permits a direct right of action against an insurer carrier or third party administrator; or (d)

precludes or limits, in any way, the rights of any insurance carrier to contest and/or litigate the existence, primacy and/or scope of available coverage under the applicable workers' compensation program.

10. 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.

11. 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.

12. 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.

13. 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.

14. Authorization to pay, and the payment of, any amounts on account of Prepetition Workforce Obligations shall not affect the Debtors' right to contest the amount or

validity of any Prepetition Workforce Obligation, including without limitation, any amounts that may be due to any taxing authority.

15. 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.

16. Notwithstanding anything to the contrary in this Final 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. 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.

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

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

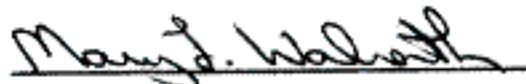
20. Any Bankruptcy Rule (including, but not limited to, Bankruptcy Rule 6004(h)) or Local Rule that might otherwise delay the effectiveness of this Final Order is hereby waived, and the terms and conditions of this Final Order shall be effective and enforceable immediately upon its entry.

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

22. Proper, timely, adequate, and sufficient 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.

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 Final Order.

Dated: September 10th, 2020
Wilmington, Delaware



MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE