IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
CHAPARRAL ENERGY, INC.,[1]	Case No. 16-11144 (LSS)
Reorganized Debtor.	**Re: Docket No. 1619**
In re:	Chapter 11
CHAPARRAL ENERGY, INC., *et al.*,[2]	Case No. 20-11947 (MFW)
Reorganized Debtors.	(Jointly Administered)
	Re: Docket No. 13

REORGANIZED DEBTORS' STATEMENT IN FURTHER SUPPORT OF THE JOINT MOTION FOR THE ENTRY OF A JUDGMENT FINALLY APPROVING THE SETTLEMENT

Chaparral Energy, Inc. and its subsidiaries that are reorganized debtors (the "**Reorganized Debtors**") in *In re Chaparral Energy, Inc.*, No. 20-11947 (MFW), by and through their undersigned counsel, hereby file this statement in further support (this "**Statement**") of the *Joint Motion for the Entry of (A) a Preliminary Approval Order (I) Directing the Application of Bankruptcy Rule 7023, (II) Preliminarily Approving the Settlement, (III) Appointing the*

[1] The Reorganized Debtor in this chapter 11 case, along with the last four digits of the Reorganized Debtor's federal tax identification number, is Chaparral Energy, Inc. (0941). The Reorganized Debtor's address is 701 Cedar Lake Blvd., Oklahoma City, OK 73114.

[2] The Reorganized 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 Reorganized Debtors' address is 701 Cedar Lake Boulevard, Oklahoma City, OK 73114.

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Settlement Administrator, (IV) Approving Form and Manner of Notice to Class Members, (V) Certifying a Class, Designating a Class Representative, and Appointing Class Counsel for Settlement Purposes Only, (VI) Scheduling a Settlement Fairness Hearing, and (B) a Judgment Finally Approving the Settlement, dated August 26, 2020 [Docket Nos. 13 (Case No. 20-11947) and 1619 (Case No. 16-11144)] (the "**Joint Motion**").[3] In further support of the Joint Motion and this Statement, the Reorganized Debtors rely on the *Declaration of Justin Byrne in Support of the Joint Motion for the Entry of a Judgment Finally Approving the Settlement* (the "**Byrne Declaration**"), attached hereto as **Exhibit A**, and respectfully state as follows:

PRELIMINARY STATEMENT

1. The Settlement Agreement should be approved on a final basis. As set forth in the Byrne Declaration and explained in the Joint Motion, the Settlement provides substantial value to all parties in interest by conclusively resolving longstanding litigation that would consume significant attention and resources if it were to be litigated to trial, irrespective of who may ultimately prevail. The Settlement was also critical to securing creditor support for the 2020 Plan by providing certainty as to the scope of the then-Debtors' prospective liability with respect to the Royalty Class Action Lawsuit. The Parties were each advised by experienced and competent counsel in the course of negotiating the Settlement at arm's length, and the terms of the Settlement are fair and reasonable to both sides in light of the attendant risk and uncertainty of litigation.

2. Moreover, now that the opt-out deadline has passed, the Settlement Administrator reports that it received *zero* objections to the Settlement and only *three* opt-out requests from the

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Joint Motion.

more than 18,000 putative Settlement Class Members to whom the Settlement Administrator mailed notice of the Settlement. The absence of any objections and the exceedingly small number of opt-outs further evidences the reasonableness of the Settlement to all parties in interest. As a result, the Reorganized Debtors respectfully submit that the Judgment should be entered approving the Settlement Agreement on a final basis.

BACKGROUND

3. On August 16, 2020, the Debtors and the Class Representative filed the Joint Motion seeking approval of the Settlement, which—if approved on a final basis—will resolve contentious and costly litigation concerning alleged underpayment of royalties that was first filed more than nine years ago. As described in the Joint Motion, the Settlement Agreement provides that Chaparral Energy, L.L.C. will make a cash payment of $2.5 million to the Settlement Class, $850,000 to the Settlement Class Counsel, and $150,000 to the Class Representative; and that the 2016 Class Proof of Claim will be allowed in an aggregate amount of $45 million, value which will be distributed to the 2016 Class Claimants in the form of a cash-out payment pursuant to the terms of the 2020 Plan.[4] In exchange, the Settlement Agreement provides that Chaparral Energy, L.L.C. and its affiliates will receive comprehensive releases of any claims that were or could have been asserted by the Settlement Class.

4. On August 27, 2020, the Bankruptcy Court in both the 2020 Bankruptcy Cases and the Prior Bankruptcy Cases entered the *Preliminary Approval Order (I) Directing the Application of Bankruptcy Rule 7023, (II) Preliminarily Approving the Settlement, (III) Appointing the Settlement Administrator, (IV) Approving Form and Manner of Notice to Class Members, (V) Certifying a Class, Designating a Class Representative, and Appointing Class*

[4] The total value of the allowed 2016 Class Proof of Claim under the 2020 Plan is $57,872.88.

Counsel for Settlement Purposes Only, (VI) Scheduling a Settlement Fairness Hearing, and (VII) Granting Related Relief [Docket Nos. No. 122 (Case No. 20-11947) and 1631 (Case No. 16-11144)] (the "**Preliminary Approval Order**"). Among other things, the Preliminary Approval Order: (i) preliminarily approved the Settlement Agreement pursuant to Civil Rule 23 and Bankruptcy Rules 7023, 9014, and 9019; (ii) appointed JND Legal Administration as Settlement Administrator; (iii) approved the forms of notice to be sent to putative members of the Settlement Class and published in local newspapers;(iv) set a deadline of November 9, 2020 for any putative members of the Settlement Class to opt out of the Settlement Class; and (v) scheduled the Settlement Fairness Hearing for December 9, 2020 at 3:00 p.m. (Eastern Time).

5. As set forth in the *Declaration of Jennifer M. Keough Regarding Notice Administration*, dated November 30, 2020 [Docket Nos. 271 (Case No. 20-11947) and 1665 (Case No. 16-11144)] (the "**Keough Declaration**"),[5] all of the relevant notice requirements were satisfied. First, the Settlement Administrator mailed notice of the Settlement to the United States Attorney General and the requisite state officials within ten days of the execution of the Settlement Agreement, as required by the Class Action Fairness Act, 28 U.S.C. § 1715(b). *See* Keough Decl. ¶ 3. With respect to the mail notices for putative Settlement Class Members, the Settlement Administrator was provided with identifying information for more than 18,000 putative Settlement Class Members from Chaparral Energy, L.L.C., and it verified or obtained updated address information for those parties using the National Change of Address database. *Id.* ¶¶ 4-5. The notices—in the form approved by the Bankruptcy Court—were mailed on September 11, 2020 (within the timeframe allotted by the Preliminary Approval Order, *see*

[5] In accordance with paragraph 8 of the Preliminary Approval Order, a sealed version of the Keogh Declaration was filed at Docket Nos. 270 (Case No. 20-11947) and 1664 (Case No. 16-11144).

Preliminary Approval Order ¶ 7); and for those that were returned as undeliverable, the Settlement Administrator re-mailed notices to forwarding addresses or otherwise conducted advanced research to obtain updated addresses. Keough Decl. ¶¶ 6-7. Ultimately, 16,876 out of 18,077 notices (or 93.4%) were not returned as undeliverable. *Id.* ¶ 8. Finally, notice was published in eight different publications, again in the form and manner approved by the Bankruptcy Court in the Preliminary Approval Order. *See id.* ¶¶ 9-10; Preliminary Approval Order ¶ 5. The Settlement Administrator also established a settlement website (which tracked more than 900 page views) as well as a toll-free information line (which received more than 200 calls). *See* Keough Decl. ¶¶ 11-14.

6. In total, the Settlement Administrator received three opt-out requests, all of which were timely filed.[6] Keough Decl. ¶ 16; *id.* Ex. E. The Settlement Administrator did not receive any objections to the Settlement, *id.* ¶ 18, and no objections were filed on the docket in either the 2020 Bankruptcy Cases or the Prior Bankruptcy Cases.

ARGUMENT

7. The Settlement should be approved on a final basis because it satisfies the requirements of Bankruptcy Rule 9019 and section 363(b) of the Bankruptcy Code as well as Civil Rule 23(e), which governs the approval of class action settlements. *See* Joint Motion ¶¶ 61-81.

8. The Settlement squarely "falls within the range of reasonable litigation possibilities" and "above the lowest point in the range of reasonableness," and it should therefore

[6] Two of the opt-out requests were from putative Settlement Class Members. The third opt-out request was submitted by the managing member of the other two entities, which is not itself a putative Settlement Class Member. *Compare* Keough Decl. Ex. E (identifying Citation Oil & Gas Corp. as one of the three entities that submitted an opt-out request) *with id.* Ex. C (list of putative Class Members, which includes Citation 2004 Investment LP and Citation 2002 Investment LP, but not Citation Oil & Gas Corp.).

be approved under Bankruptcy Rule 9019. *In re Coram Healthcare Corp*, 315 B.R. 321, 330 (Bankr. D. Del. 2004) (citations and internal quotations omitted); *see also Burtch vs. AVT Techs. (In re Managed Storage Int'l Inc.)*, Civ. No. 19-802 (LPS), 2020 WL 1532390, at *4 (D. Del. Mar. 31, 2020) (citations omitted); Joint Motion ¶¶ 61-62 (collecting cases). As set forth in the Byrne Declaration, Chaparral Energy, L.L.C. has vigorously contested the claims asserted against it in the Royalty Class Action Lawsuit; but it cannot be certain that it will succeed if the case proceeds to trial, including because the Oklahoma District Court already issued an adverse ruling on plaintiffs' class certification motion, which was upheld on appeal. Byrne Decl. ¶ 10; *see also Naylor Farms, Inc. v. Chaparral Energy, LLC*, 2017 WL 187542 (W.D. Okla. Jan. 17, 2017), *aff'd*, 923 F.3d 779 (10th Cir. 2019); Joint Motion ¶ 65. If Chaparral Energy, L.L.C. were to lose on the merits, plaintiffs could secure a verdict in excess of $3.5 million (the sum of the Settlement Cash Proceeds and the Class Fees and Expenses payable under the Settlement Agreement). In fact, plaintiffs have previously and repeatedly asserted that they would be entitled to multiples of that amount if they were to prevail. Byrne Decl. ¶ 10. The Settlement was negotiated at arm's length against this backdrop, with both sides understanding that there was risk and uncertainty involved in proceeding to trial. *See id.* ¶ 6.

9. Moreover, even if Chaparral Energy, L.L.C. were certain to succeed on the merits, continued litigation would necessarily result in expense, inconvenience, and delay—not only with respect to the Royalty Class Action Lawsuit, but also with respect to the appeal that remains pending before the Third Circuit Court of Appeals concerning the objection to the 2016 Class Proof of Claim. Byrne Decl. ¶¶ 10-11; *see also* Joint Motion ¶ 66. Final approval of the Settlement Agreement would immediately and conclusively resolve both of these matters and avoid the attendant expense and uncertainty. The Settlement was also supported by the relevant

parties during the pendency of the 2020 Bankruptcy Cases—in particular, the Ad Hoc Group of Senior Noteholders represented by Stroock & Stroock & Lavan LLP—and was critical to securing their support for the 2020 Plan. Byrne Decl. ¶ 12; *see also* Joint Motion ¶ 67.

10. As a result, the Reorganized Debtors determined, through the exercise of their business judgment, that the Settlement would provide significant value to the Reorganized Debtors by conclusively and quickly resolving the Royalty Class Action Lawsuit; and further, that the cost of the releases provided by the Settlement was reasonable from the Reorganized Debtors' perspective (and certainly above the lowest point in the range of reasonableness) given the uncertainty and expense of litigating the Royalty Class Action Lawsuit to judgment. Byrne Decl. ¶¶ 9-11. Accordingly, the Settlement is fair, reasonable, and in the best interests of the Debtor's estates and should be approved on a final basis under Bankruptcy Rule 9019.[7] *See Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996).

11. The Settlement Agreement should also be approved on a final basis under Civil Rule 23 because the Settlement is "fair, reasonable, and adequate," *Halley v. Honeywell Int'l, Inc.*, 861 F.3d 481, 488 (3d Cir. 2017) (quoting *Krell v. Prudential Ins. Co. of Am.*, 148 F.3d 283, 316 (3d Cir. 1998)), and it satisfies the multi-factor test for approval that courts in the Third Circuit consider. *See Girsh v. Jepson*, 521 F.2d 153, 156-57 (3d Cir. 1975); Joint Motion ¶¶ 69-71 (collecting cases).[8]

[7] The Settlement should also be approved on a final basis under section 363(b) of the Bankruptcy Code for the reasons set forth above and in the Joint Motion. *See* Joint Motion ¶ 63.

[8] The non-exclusive factors set forth in *Girsh v. Jepson* include: "(1) the complexity, expense, and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action throughout the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; and (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation." *Halley*, 861 F.3d at 488 (quotations and alterations omitted) (quoting *Girsh*, 521 F.2d at 156-57). The additional factors described in the Third Circuit's decision in *Prudential* include: "(1) the maturity of the underlying (….continued)

12. Now that the opt-out deadline has passed, the "reaction of the class to the settlement" clearly counsels in favor of approval, *Girsh*, 521 F.2d at 157, as no objections were filed and only two putative members of the Settlement Class (i.e., less than 0.02% of the total number of putative Settlement Class Members) requested to opt out of the Settlement.[9] *See* Keough Decl. ¶ 16, Ex. C, Ex. E; *See In re Cendant Corp. Litig.*, 264 F.3d 201, 234-35 (3d Cir. 2001) (noting that a "vast disparity between the number of potential class members who received notice of [a] [s]ettlement and the number of objectors creates a strong presumption that this factor weighs in favor of [approval]"); *In re AT&T Corp. Sec. Litig.*, 2005 WL 6716404, at *4 (D.N.J. Apr. 25, 2005), *aff'd*, 455 F.3d 160, 166-67 (3d Cir. 2006) ("[T]he absence of a single objection by a Class Member to the settlement award strongly weighs in favor of approval."). Indeed, courts have found that this factor counsels in favor of approval even where a comparatively greater proportion of the class objected or filed opt-out requests. *See, e.g.*, *In re Nat'l Football League Players Concussion Injury Litig.*, 821 F.3d 410, 438 (3d Cir. 2016) (noting that this factor counseled in favor of approval where approximately 1% of putative class members objected and opted out). The lack of objections and the minimal number of opt-outs evidences that the Settlement is fair and reasonable in light of the immediate recoveries that the Settlement provides to Settlement Class Members and the risks of continued litigation.

(continued….)
substantive issues, as measured by experience in adjudicating individual actions, the development of scientific knowledge, the extent of discovery on the merits, and other factors that bear on the ability to assess the probable outcome of a trial on the merits of liability and individual damages; (2) the existence and probable outcome of claims by other classes and subclasses; (3) the comparison between the results achieved by the settlement for individual class or subclass members and the results achieved—or likely to be achieved—for other claimants; (4) whether class or subclass members are accorded the right to opt out of the settlement; (5) whether any provisions for attorney's fees are reasonable; and (6) whether the procedure for processing individual claims under the settlement is fair and reasonable." *Halley*, 861 F.3d at 488-89 (quoting *Prudential*, 148 F.3d at 323).

[9] The two entities that opted out would have been entitled to only approximately 0.03% of the total Settlement Consideration under the Plan of Allocation and Distribution had they elected to remain members of the Settlement Class. Byrne Decl. ¶ 12.

13. Moreover, evidence on the record establishes that the Royalty Class Action Lawsuit is sufficiently advanced such that counsel on both sides had an "adequate appreciation of the merits of the case before negotiating" and were represented by competent and experienced counsel. *Cendant*, 246 F.3d at 235 (quoting *In re General Motors Corp. Pick-Up Truck Fuel Tank Prods. Liab. Litig.*, 55 F.3d 768, 813 (3d Cir. 1995)). As set forth in the *Declaration of Conner L. Helms in Support of Application of Class Claimants for Attorneys' Fee Award An[d] Incentive Award*, dated October 26, 2020 [Docket No. 249-1 (Case No. 20-11947)] (the "**Helms Declaration**"), plaintiffs' counsel spent more than 10,000 hours on the litigation prior to the preliminary approval hearing, and plaintiffs' counsel has significant experience in class action litigation. Helms Decl. ¶¶ 5-6, 9. Likewise, Chaparral Energy, L.L.C. was represented and advised by experienced counsel with particular expertise in class action litigation and natural resources law. Byrne Decl. ¶ 5. Both sides negotiated the Settlement at arm's length—over a period of nearly four years—and with a full understanding of the relevant facts, the applicable law, and the expected risks if the case were to proceed to trial. *See id.* ¶ 6. In short, the process that led to the Settlement further demonstrates the Settlement itself is fair, reasonable, and adequate as to the Settlement Class.

14. Finally, as described in the Joint Motion, the remaining *Girsh* and *Prudential* factors also counsel in favor of approval, as there are meaningful risks to the Settlement Class if they were to proceed to trial (both in terms of barriers to establishing liability, and with respect to maintaining the class through trial); there is no evidence that Chaparral Energy, L.L.C. could withstand a materially greater judgment given, among other things, macroeconomic conditions and other factors that recently precipitated a chapter 11 process; and claims arising prior to the petition date in the Prior Bankruptcy Cases receive only their pro-rata share of a fixed amount of

cash at a significant discount pursuant to the 2020 Plan, meaning that any recovery on those particular claims would be minimal even if the plaintiffs were to win on the merits. *See* Joint Motion ¶¶ 69-81.

15. At bottom, the Settlement provides the Settlement Class with a certain and immediate recovery that is fair, reasonable, and adequate in light of the factors described above. The Settlement should therefore be approved under Civil Rule 23(e).

CONCLUSION

16. For the foregoing reasons and the reasons stated in the Joint Motion, the Reorganized Debtors respectfully request that the Bankruptcy Court enter the Judgment approving the Settlement Agreement on a final basis.

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Dated: December 7, 2020
Wilmington, Delaware

/s/ Travis J. Cuomo

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Exhibit A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
CHAPARRAL ENERGY, INC.,[1]	Case No. 16-11144 (LSS)
Reorganized Debtor.	**Re: Docket No. 1619**
In re:	Chapter 11
CHAPARRAL ENERGY, INC., *et al.*,[2]	Case No. 20-11947 (MFW)
Reorganized Debtors.	(Jointly Administered)
	Re: Docket No. 13

DECLARATION OF JUSTIN BYRNE IN SUPPORT OF THE JOINT MOTION FOR THE ENTRY OF A JUDGMENT FINALLY APPROVING THE SETTLEMENT

Under 28 U.S.C. § 1764, Justin Byrne declares as follows under the penalty of perjury:

1. I am the Senior Vice President, General Counsel, and Secretary of Chaparral Energy, Inc. ("**Chaparral Parent**"), which is incorporated in Delaware and is the parent corporation of the other reorganized debtors (collectively, the "**Reorganized Debtors**" or the "**Company**") in *In re Chaparral Energy, Inc.*, No. 20-11947 (MFW). I first joined the Company in April 2019 as Vice President, General Counsel, and Secretary.

[1] The Reorganized Debtor in this chapter 11 case, along with the last four digits of the Reorganized Debtor's federal tax identification number, is Chaparral Energy, Inc. (0941). The Reorganized Debtor's address is 701 Cedar Lake Blvd., Oklahoma City, OK 73114.

[2] The Reorganized 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 Reorganized Debtors' address is 701 Cedar Lake Boulevard, Oklahoma City, OK 73114.

2. Immediately prior to joining the Company, I worked in private practice at Hall, Estill, Hardwick, Gable, Golden and Nelson, P.C. From 2008 to 2016, I worked at SandRidge Energy, where I served as associate general counsel and assistant corporate secretary. Before joining SandRidge Energy, I was counsel at Devon Energy Corporation and Kerr-McGee Corporation after beginning my career at Hughes & Luce, L.L.P. I hold a law degree from the University of Texas School of Law and a Bachelor of Arts degree in history from the University of Tulsa. I am barred in the states of Oklahoma and Texas.

3. As Senior Vice President, General Counsel, and Secretary of Chaparral Parent, I am responsible for, among other things, overseeing the Company's legal affairs and ongoing litigation matters. As a result of my tenure with the Company, I am familiar with *Naylor Farms Inc. v. Chaparral Energy, LLC*, No. 5:11-cv-00634-HC (W.D. Okla.) (the "**Royalty Class Action Lawsuit**"). Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from the Company's employees or retained advisors that report to me in the ordinary course of my responsibilities.

4. I submit this declaration in support of the *Joint Motion for the Entry of (A) a Preliminary Approval Order (I) Directing the Application of Bankruptcy Rule 7023, (II) Preliminarily Approving the Settlement, (III) Appointing the Settlement Administrator, (IV) Approving Form and Manner of Notice to Class Members, (V) Certifying a Class, Designating a Class Representative, and Appointing Class Counsel for Settlement Purposes Only, (VI) Scheduling a Settlement Fairness Hearing, and (B) a Judgment Finally Approving the Settlement,*

dated August 26, 2020 [Docket Nos. 13 (Case No. 20-11947) and 1619 (Case No. 16-11144)] (the "**Joint Motion**").[3]

The Royalty Class Action Lawsuit and the Settlement Agreement

5. The Royalty Class Action Lawsuit was filed on June 7, 2011 in the United States District Court for the Western District of Oklahoma. As described in the Joint Motion, the plaintiffs in the Royalty Class Action Lawsuit alleged that Chaparral Energy, L.L.C. improperly deducted post-production costs from royalties paid to the plaintiffs and other non-governmental royalty interest owners from crude oil and natural gas wells that the Company operates in Oklahoma. Chaparral Energy, L.L.C. is represented in the Royalty Class Action Lawsuit by John J. Griffin Jr. from Crowe & Dunlevy, an experienced Oklahoma attorney with particular expertise in class action litigation and natural resources law.

6. Although Defendant steadfastly denied (and continues to deny) liability in connection with the claims asserted against it, the parties to the Royalty Class Action Lawsuit participated in multiple rounds of arm's-length negotiations spanning nearly four years in an effort to reach a mutually acceptable settlement. On July 6, 2020, those efforts culminated in an agreement in principle on the terms of a settlement; and on August 15, 2020, Chaparral Energy, L.L.C. and Naylor Farms, Inc. (in its capacity as Class Representative) entered into the Settlement Agreement to settle all claims related to the Royalty Class Action Lawsuit—including all alleged claims arising before the petition date in the Prior Bankruptcy Cases and all alleged claims arising thereafter.

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Joint Motion.

7. Pursuant to the Settlement Agreement, Chaparral Energy, L.L.C. has, among other things, agreed to: (i) pay $2,500,000 to the Settlement Class; (ii) pay $1,000,000 for Class Fees and Expenses (which includes a payment of $850,000 to Settlement Class Counsel and a payment of $150,000 to the Class Representative); and (iii) allow the 2016 Class Proof of Claim in an aggregate amount of $45,000,000 (provided that all other individual proofs of claim filed for similar claims are withdrawn), subject to the various conditions precedent set forth in the Settlement Agreement.

8. Upon the Courts' approval of the Settlement Agreement on a final basis, the Class Members who have not opted out of the settlement will provide the Reorganized Debtors with a release of all past and present claims with respect to the allegations in the Royalty Class Action Lawsuit, and the Royalty Class Action Lawsuit will be dismissed with prejudice. Moreover, the plaintiffs, in full satisfaction, settlement, discharge, and release of their claims asserted in the Prior Bankruptcy Cases, shall be deemed to hold 1,432,300 shares of Class A common stock in Chaparral Parent as of the Petition Date on account of the $45 million allowed class proof of claim and shall be entitled to receive any distribution under the Plan provided to the holders of Chaparral Parent Equity Interests that are Full Cash-Out Equity Interests, subject to the terms and conditions of the Plan. Chaparral Parent shall not, however, be required to issue stock to any holder of any claim related to the Royalty Class Action Lawsuit, and any such holder's claims in the Prior Bankruptcy Cases shall not provide such holder with the right to receive new common stock of the Reorganized Debtors. Instead, in accordance with the terms of the 2020 Plan, the Reorganized Debtors shall make a cash payment of $57,872.88 to the Settlement Class on account of the allowed 2016 Class Proof of Claim. That amount, along with the $2.5 million Settlement Cash Proceeds,

shall be distributed to the Settlement Class Members by the Settlement Administrator in accordance with the Plan of Allocation and Distribution.

The Merits of the Settlement

9. I support approval of the Settlement Agreement on a final basis. In my judgment—and in the business judgment of the Reorganized Debtors—the proposed settlement provides significant value to the Reorganized Debtors by conclusively resolving longstanding claims asserted against Chaparral Energy, L.L.C. at a fair and reasonable cost. The settlement falls well above the lowest point in the range of reasonableness with respect to the value it provides to the Reorganized Debtors in light of the cost and uncertainty of continued litigation, and it should therefore be approved.

10. *First*, the outcome of the Royalty Class Action Lawsuit is uncertain if it were to proceed to trial. Although Chaparral Energy, L.L.C. continues to deny liability, there is a possibility that the plaintiffs could succeed on the merits of their claims and secure a verdict in excess of $3.5 million (the sum of the Settlement Cash Proceeds and the Class Fees and Expenses payable under the Settlement Agreement). Indeed, the plaintiffs have previously and repeatedly asserted that they would be entitled to multiples of that amount if they were to prevail on the merits. Moreover, as outlined in the Joint Motion, Chaparral Energy, L.L.C. has already been subject to unfavorable rulings in connection with the Royalty Class Action Lawsuit. In particular, the Oklahoma District Court ruled in favor of the plaintiffs on their class certification motion, and that decision was upheld by the Tenth Circuit Court of Appeals. The Bankruptcy Court also overruled an objection to the 2016 Class Proof of Claim filed in the Prior Bankruptcy Cases, and that decision was upheld by the Delaware District Court. Therefore, in my judgment, the possibility of an

adverse verdict that could result in a judgment against Chaparral Energy, L.L.C. in an amount greater than $3.5 million counseled in favor of settlement on the terms agreed to by the parties.

11. *Second*, the continued defense of the Royalty Class Action Lawsuit would result in considerable costs to the Reorganized Debtors, regardless of the outcome. Given the complexity of the claims, resolution through litigation would likely require extensive merits discovery and expert witnesses testimony (along with the attendant professional fees), as well as time and attention from the Reorganized Debtors' Management. Moreover, as described in the Joint Motion, an appeal remains pending before the Third Circuit concerning the objection to the 2016 Class Proof of Claim. The settlement conclusively resolves both of these matters without further expenditures on professional fees and the persisting uncertainty that would otherwise exist in the months and years ahead.

12. *Third*, the settlement enjoys broad support from the relevant parties, and it was important to securing creditor support for the 2020 Plan by eliminating the risk of a more substantial adverse judgment in the future. In particular, the Settlement Agreement was supported by the Ad Hoc Group of Senior Noteholders represented by Stroock & Stroock & Lavan LLP during the pendency of the 2020 Bankruptcy Cases. Approval of the settlement on a preliminary basis was a condition precedent to the effective date of the 2020 Plan, and the Restructuring Support Agreement provided for a termination event in favor of the Consenting Creditors if a preliminary approval order was not entered within 30 days of the Petition Date. Consummation and preliminary approval of the settlement was therefore an important achievement in the Reorganized Debtors' path to emergence from chapter 11, and approval on a final basis will bring to a close more than nine years of litigation. I also understand that no objections to the settlement were filed, and only two putative Settlement Class Members (with claims that would entitle them

to only approximately 0.03% of the total Settlement Consideration) elected to opt out of the settlement—underscoring the extent to which the settlement provides a favorable outcome to all parties in interest.

13. For these reasons, and for the reasons set forth in the Joint Motion, I believe that the settlement is fair and reasonable and should be approved on a final basis.

14. Pursuant to section 1746 of title 28 of the United States Code, I declare under penalty of perjury that the foregoing is true and correct.

Dated: December 7, 2020

/s/ Justin Byrne
Justin Byrne