

**ORIGINAL**

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

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In re: : Chapter 11

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CHAPARRAL ENERGY, INC., et al., : Case No. 16-11144 (LSS)

: :

Debtors.<sup>1</sup> : Joint Administration Pending

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: Re: Docket No. 12

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**INTERIM ORDER (I) AUTHORIZING PAYMENT OF CERTAIN PREPETITION WORKFORCE OBLIGATIONS, INCLUDING COMPENSATION, BENEFITS, EXPENSE REIMBURSEMENTS, AND RELATED OBLIGATIONS, (II) CONFIRMING RIGHT TO CONTINUE WORKFORCE PROGRAMS ON POSTPETITION BASIS, (III) AUTHORIZING PAYMENT OF WITHHOLDING AND PAYROLL-RELATED TAXES, (IV) AUTHORIZING PAYMENT OF PREPETITION CLAIMS OWING TO ADMINISTRATORS OF, OR THIRD PARTY PROVIDERS UNDER, WORKFORCE PROGRAMS, AND (V) DIRECTING BANKS TO HONOR PREPETITION CHECKS AND FUND TRANSFERS FOR AUTHORIZED PAYMENTS**

Upon the motion (the "Motion")<sup>2</sup> of the Debtors for entry of an Interim Order under Bankruptcy Code Sections 105(a), 363(b), 363(c), 364, 507(a), 541, 1107(a), and 1108 and Bankruptcy Rule 6003 (i) authorizing the Debtors to pay certain prepetition amounts owing to or for the benefit of the Workforce for compensation, benefits, and reimbursable expenses; (ii) confirming the Debtors' right to continue postpetition, in the ordinary course of business, the workforce-related plans, programs, and policies in effect immediately prior to the filing of these cases; (iii) authorizing the Debtors to pay any and all local, state, and federal withholding and payroll-related or similar taxes relating to prepetition periods; (iv) confirming the Debtors' right

<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 CO<sub>2</sub>, 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); Green Country Supply, Inc. (2723); and Roadrunner Drilling, L.L.C. (2399). The Debtors' address is 701 Cedar Lake Blvd., 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.



to continue to deduct and to transmit deductions from payroll checks as authorized by employees and independent contractors or required under any workforce-related plan, program, or policy or as required by law; (v) authorizing the Debtors to pay any prepetition claims owing to the administrators of, or third party providers under, such plans, programs, and policies as necessary to ensure the delivery of compensation, benefits, and expense reimbursements to their Workforce; and (vi) authorizing and directing all banks to receive, process, honor, pay and, if necessary, reissue all prepetition and postpetition checks and fund transfers, including prepetition checks and electronic payment and transfer requests that the Debtors reissue or re-request postpetition, on account of any obligations authorized to be paid hereunder; and the Court having reviewed the Motion and the Fischer Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest and should be granted on an interim basis to the extent set forth herein; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good 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 Debtors are authorized 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. Such payments on

account of each category of claims corresponding to claims discussed in the section of the Motion noted in brackets shall not exceed the amounts specified in the chart below or \$5,000,000 in the aggregate without further order of the Court:

<b>Relief Sought</b>	<b>Interim Amount Requested</b>
Prepetition Workforce Compensation [Section A]	\$2,500,000
Prepetition Employee Reimbursements [Section B]	\$400,000
Employee Benefits; Severance Payments [Section C]	\$2,000,000
Payments to Independent Directors [Section E]	\$10,000
Payments to Administrators [Section F]	\$72,200
Payments to Employee Benefits Consultants [Section G]	\$38,000

3. The Debtors are authorized 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 to reimburse the Employees for all Reimbursement Obligations incurred prior to the Petition Date. In addition, the Debtors are authorized to make direct payments to third parties owed amounts in connection with the Reimbursement Obligations.

5. The Debtors are authorized to continue their workers' compensation programs and to pay any outstanding prepetition claims, taxes, charges, assessments, premiums,

and third party administrator fees arising under the workers' compensation policies and or programs in which they participate. In addition, the automatic stay of Bankruptcy Code Section 362 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.

6. The Debtors are authorized 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, all withholding taxes, social security taxes, Medicare taxes, and Employment Insurance premiums, whether such taxes relate to the period before or after the Petition Date.

7. The Debtors are authorized to pay claims 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.

8. Subject to the entry of a final order, the Debtors are authorized, but not directed, to pay prepetition amounts owed to the Independent Directors and may continue to make such payments on a postpetition basis in the ordinary course of business.

9. The Debtors' banks and financial institutions shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, to process, honor, and pay any and all checks or electronic fund transfers drawn on the Debtors' bank accounts to pay all prepetition amounts owed to any party in connection with the Prepetition Workforce Obligations, whether those checks were presented prior to or after the Petition Date, provided

that sufficient funds are available in the applicable accounts to make the payments. Further, the Debtors are authorized to issue new postpetition checks and initiate new postpetition electronic fund transfers to replace any checks or electronic fund transfers that may be dishonored and to reimburse any related expenses that may be incurred as a result of any bank's failure to honor a prepetition check or electronic fund transfer.

10. The Debtors' banks and financial institutions may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Interim Order, and any such Bank shall not have any liability to any party for relying on such representations by the Debtors as provided for in this Interim Order.

11. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Interim Order, the Debtors are authorized (i) to continue to use (and allow the use by the Employees of) the Credit Cards subject to the terms and conditions thereof, as applicable, including, with respect to the JPM Credit Card, any and all applicable agreements between the Debtors and JPM for security or credit enhancement of the JPM Credit Cards.

12. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Interim Order, the Debtors are authorized (i) to obtain such credit on a secured basis through their and their employees' continued use of the Credit Cards and the SUAs pursuant to section 364 of the Bankruptcy Code, and (ii) to continue to use (and allow the use by their employees of) the Credit Cards and the SUAs subject to the terms and conditions thereof, and all charges (whether prepetition or post-petition) in connection with the Credit Cards and the SUAs are authorized to be paid by the Debtors as and when due and payable.

13. JPM and Diner's Club are hereby authorized to extend credit and make advances from time to time on behalf of the Debtors in accordance with the terms of any applicable agreements with the Debtors governing the Credit Cards and the SUAs, including agreements entered into in connection with the Credit Facility, pursuant to section 364 of the Bankruptcy Code with liens on all assets and properties of the estates as those subject to the adequate protection liens granted under the cash collateral orders in these Chapter 11 Cases and subject to any carve out approved therein.

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. Neither the provisions of this Interim Order, nor any payments made or not made by the Debtors pursuant to this Interim Order, shall be deemed an assumption or rejection of any Workforce Program, agreement or contract, or otherwise affect the Debtors' rights under Bankruptcy Code Section 365 to assume or reject any executory contract between the Debtors and any member of the Workforce, or other person.

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

17. Nothing in this Interim Order shall be deemed to authorize the payment of any amounts in satisfaction of bonus or severance obligations that are subject to Bankruptcy Code Section 503(c).

18. Notwithstanding any other provision of this Interim Order, pending entry of a final order, nothing in this Interim Order shall authorize the Debtors to make any payment to or on behalf of any Employee or Independent Contractor on account of wages and other compensation obligations in excess of the statutory caps set forth in Bankruptcy Code Sections 507(a)(4) and (5).

19. Notwithstanding any other provision of this Interim Order, pending entry of a final order, nothing in this Interim Order shall authorize the Debtors to make any payment to or on behalf of any Employee on account of the Incentive Plan or severance obligations.

20. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Interim Order shall create any rights in favor of, or enhance the status of any claim held by, any member of the Workforce, or other person.

21. No payments to any individual Employee pursuant to this Interim Order shall exceed the aggregate amounts set forth in 11 U.S.C. §§ 507(a)(4) and 507(a)(5).

22. The contents of the Motion satisfy the requirements of Bankruptcy Rules 6003(b) and 6004(a).

23. Notwithstanding anything to the contrary contained in this Interim Order or in the Motion, any payment, obligation, or other relief authorized by this Interim Order shall be subject to and limited by the requirements imposed on the Debtors under the terms of any interim and/or final orders regarding the use of cash collateral.

24. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

25. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

26. The final hearing (the "**Final Hearing**") on the Motion shall be held on June 9, 2016, at 11:00 a.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 June 2, 2016, and shall be served on: (a) Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, OK 73114 (Attn: Linda Byford, Esq.), (b) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: David F. McElhoe, Esq.), (c) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King St., Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and John H. Knight, Esq.), (d) counsel to the administrative agent for the Debtors' prepetition secured financing, Vinson & Elkins LLP, Trammell Crow Center, 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201 (Attn: Chris Dewar, Esq.), (e) counsel to the ad hoc committee of the holders of the Debtors' prepetition unsecured notes, Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005 (Attn: Evan Fleck, Esq. and Michael Price, Esq.), (f) counsel to the official committee of unsecured creditors, if one is appointed, and (g) the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: David Buchbinder, Esq. and Natalie M. Cox, Esq.), no later than June 2, 2016, at ~~5:00~~<sup>4:00</sup> p.m. Prevailing Eastern Time.. 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.

27. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: May 11, 2016  
Wilmington, Delaware

  
THE HONORABLE LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE