

ORIGINAL

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

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In re:	: Chapter 11
	:
CHAPARRAL ENERGY, INC., <u>et al.</u> ,	: Case No. 16-11144 (LSS)
	:
Debtors. ¹	: Joint Administration Pending
	:
	: Re: Docket No. 10
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**INTERIM ORDER UNDER (I) 11 U.S.C. §§ 105(a),
345, 363, AND 364, FED. R. BANKR. P. 6003, AND DEL. BANKR. L.R. 2015-2
(I) AUTHORIZING CONTINUED USE OF EXISTING CASH MANAGEMENT SYSTEM,
INCLUDING MAINTENANCE OF EXISTING BANK ACCOUNTS, CHECKS, AND BUSINESS
FORMS, (II) AUTHORIZING CONTINUATION OF EXISTING DEPOSIT PRACTICES,
(III) AUTHORIZING CONTINUATION OF INTERCOMPANY TRANSACTIONS, AND
(IV) GRANTING SUPERPRIORITY STATUS TO POSTPETITION INTERCOMPANY CLAIMS**

Upon the motion (the "Motion")² of the Debtors for entry of an Interim Order under Bankruptcy Code Sections 105(a), 345, 363, and 364, Bankruptcy Rule 6003, and Local Rule 2015-2, (i) authorizing, but not directing, the Debtors to continue to maintain and use their existing cash management system, including maintenance of existing bank accounts, checks, and business forms; (ii) granting the Debtors a waiver of certain bank account and related requirements of the U.S. Trustee to the extent that such requirements are inconsistent with the Debtors' practices under their existing cash management system or other actions described in the Motion or this Interim Order; (iii) authorizing, but not directing, the Debtors to continue to maintain and use their existing deposit practices notwithstanding the provisions of Bankruptcy Code Section 345(b); (iv) authorizing, but not directing, the Debtors to continue certain ordinary course intercompany transactions; and (v) according superpriority status to postpetition

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); Green Country Supply, Inc. (2723); and Roadrunner Drilling, L.L.C. (2399). The Debtors' address is 701 Cedar Lake Blvd., Oklahoma City, OK 73114.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.



intercompany claims arising from certain of such transactions; 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 continue to use their existing Cash Management System and shall maintain through the use thereof detailed records reflecting all transfers of funds under the terms and conditions provided for by the existing agreements with the institutions participating in the Cash Management System, except as modified by this Interim Order. In connection with the ongoing utilization of the Cash Management System, the Debtors shall continue to maintain records with respect to all transfers of cash so that all transactions may be readily ascertained, traced, and recorded properly.
3. Any existing deposit agreements between the Debtors and the Banks shall continue to govern the postpetition cash management relationship between the Debtors and the Banks, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect unless otherwise ordered by the Court, and the Debtors and the Banks may, without further order of this Court, agree to and implement changes to the Cash Management System and cash management procedures in the ordinary course of business, including, without limitation, the opening and closing of bank accounts, subject to the terms and conditions of this Interim Order.

4. The Debtors are authorized to (i) continue to use any and all of the Debtor Bank Accounts in existence as of the Petition Date, including, but not limited to, the Debtor Bank Accounts identified on Attachment 2 to the Motion, in the same manner and with the same account numbers, styles, and document forms as are currently employed; (ii) deposit funds in and withdraw funds from the Debtor Bank Accounts in the ordinary course by all usual means, including checks, wire transfers, ACH transfers, drafts, and electronic fund transfers or other items presented, issued, or drawn on the Debtor Bank Accounts; (iii) pay ordinary course bank fees in connection with the Debtor Bank Accounts, including any fees arising prior to the Petition Date; (iv) perform their obligations under the documents and agreements governing the Debtor Bank Accounts; and (v) for all purposes, treat the Debtor Bank Accounts as accounts of the Debtors in their capacities as debtors in possession.

5. The Banks and Debtors' financial institutions shall be, and hereby are, authorized, when requested by the Debtors in their sole discretion, (i) to process, honor, pay, and, if necessary, reissue any and all checks, including prepetition checks that the Debtors reissue postpetition, and electronic fund transfers drawn on the Debtors' bank accounts relating to payments permitted by an order of this Court, whether such checks were presented or funds transfer requests were submitted prior to or subsequent to the Petition Date, provided that sufficient funds are available in the applicable accounts to make the payments and (ii) to debit the Debtors' accounts in the ordinary course of business for all undisputed prepetition amounts outstanding as of the date hereof, if any, owed to the Banks as service charges for the maintenance of the Cash Management System.

6. In each instance in which the Debtors hold Debtor Bank Accounts at banks that are party to a Uniform Depository Agreement with the U.S. Trustee, within fifteen (15) days of entry of this Interim Order the Debtors shall (a) contact each bank, (b) provide the bank with each of the Debtors' employer identification numbers and (c) identify each of their bank accounts held at such banks as being held by a debtor in possession in a bankruptcy case. In each instance in which the Debtors hold Debtor Bank Accounts at banks that are not party to a Uniform Depository Agreement with the U.S. Trustee, the

Debtors shall use their good faith efforts to cause the banks to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee within forty-five (45) days of the date of this Interim Order. The U.S. Trustee's rights to seek further relief from this Court on notice in the event that the aforementioned banks are unwilling to execute a Uniform Depository Agreement in a form prescribed by the U.S. Trustee are fully reserved.

7. Pursuant to Local Rule 2015-2(a), the Debtors are authorized to continue to use their existing checks, correspondence, and other business forms without alteration or change and without the designation "Debtor in Possession" or a bankruptcy case number imprinted upon them.

Notwithstanding the foregoing, once the Debtors' existing checks have been used, the Debtors shall, when reordering checks, require the designation "Debtor in Possession" and the corresponding bankruptcy case number on all checks; provided that, with respect to checks that the Debtors or their agents print themselves, the Debtors shall begin printing the "Debtor in Possession" legend on such items within ten (10) days of the date of entry of this Interim Order.

8. The Debtors are authorized to continue to utilize all third-party providers necessary for the administration of their Cash Management System, including their payroll processor, Automatic Data Processing, Inc. In addition, the Debtors are authorized, but not directed, to pay all prepetition or postpetition amounts due to such third-party providers.

9. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Interim Order, all Banks at which the Debtor Bank Accounts are maintained are authorized to continue to administer, service, and maintain the Debtor Bank Accounts as such accounts were administered, serviced, and maintained prepetition, without interruption and in the ordinary course (including making deductions for Bank Fees and Expenses), and to receive, process, honor, and pay, to the extent of available funds, any and all checks, drafts, wires, credit card payments, and ACH transfers issued and drawn on the Debtor Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be, and, when requested by the Debtors in their sole discretion, to receive, process, honor, and pay, to the extent of

available funds, any and all checks, drafts, wires, ACH transfers, electronic fund transfers, or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising on or after the Petition Date; provided, however, that unless otherwise ordered by the Court, no checks, drafts, electronic funds transfers (excluding any electronic funds transfer that the Banks are obligated to settle), or other items presented, issued, or drawn on the Debtor Bank Accounts on account of a claim against the Debtors arising prior to the Petition Date shall be honored.

10. The relief granted in this Interim Order is extended to any new bank account opened by the Debtors at the Banks after the date hereof.

11. All Banks provided with notice of this Interim Order maintaining any of the Debtor Bank Accounts shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued before the Petition Date for which the Debtors specifically issue stop payment orders in accordance with the documents governing such Debtor Bank Accounts.

12. Each Bank shall implement reasonable handling procedures designed to effectuate the terms of this Interim Order. No Bank that implements such handling procedures and then honors a prepetition check or item drawn on any account that is the subject of this Interim Order (x) at the direction of the Debtors to honor such prepetition check or item, (y) in the good faith belief that the Court has authorized such prepetition check or item to be honored, or (z) as a result of a good faith error made despite implementation of such handling procedures, shall be deemed to be liable to the Debtors or their estates on account of such prepetition check or item being honored postpetition or otherwise in violation of this Interim Order.

13. The Debtors are authorized to implement such reasonable changes, consistent with this Interim Order, to the Cash Management System as the Debtors may deem necessary or appropriate, including, without limitation, closing any of the Debtor Bank Accounts or opening any additional bank accounts following the Petition Date (the "**New Accounts**") wherever the Debtors deem that such accounts are needed or appropriate, and to enter into any ancillary agreements related to the

foregoing, as they may deem necessary and appropriate, subject to the terms and provisions of the Debtors' agreements with the Banks. Notwithstanding the foregoing, the Debtors shall open such New Account(s) at banks that have executed a Uniform Depository Agreement with the U.S. Trustee, or at such banks that are willing to immediately execute such an agreement, and any New Account that the Debtors open shall be (i) at one of the existing Banks or with a bank that is organized under the laws of the United States of America or any state therein, and that is insured by the FDIC or the Federal Savings and Loan Insurance Corporation and (ii) designated a "Debtor in Possession" account by the relevant bank. The New Accounts are deemed to be Debtor Bank Accounts and are similarly subject to the rights, obligations, and relief granted in this Interim Order. The Banks are authorized to honor the Debtors' requests to open or close (as the case may be) such Debtor Bank Account(s) or New Account(s), and (b) accept and hold, or invest, the Debtors' funds in accordance with the Debtors' instructions; *provided that* the Banks shall not have any liability to any party for relying upon such representations. In the event that the Debtors open or close any Debtor Bank Accounts(s) or New Account(s), such opening or closing shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee, counsel to the Ad Hoc Noteholder Group, and counsel to any official committee of unsecured creditors appointed in these Chapter 11 Cases within fifteen (15) days.

14. The Debtors are authorized to deposit funds in accordance with existing practices under the Cash Management System as in effect as of the Petition Date, subject to any reasonable changes, consistent with this Interim Order, to the Cash Management System that the Debtors may implement, and, to the extent such practices are inconsistent with the requirements of Bankruptcy Code Section 345(b), such requirements are waived on an interim basis. The Debtors shall have sixty (60) days (or such additional time as the U.S. Trustee may agree to) from the Petition Date (the "**Extension Period**") within which to either come into compliance with Bankruptcy Code Section 345(b) or to make such other arrangements as agreed with the U.S. Trustee. Such extension is without prejudice to the

Debtors' right to request a further extension of the Extension Period or a final waiver of the requirements under Bankruptcy Code Section 345(b).

15. The Debtors are authorized, but not directed, (i) in their sole discretion to make payments on account of prepetition Intercompany Transactions if the Debtors deem such payment necessary and in the best interests of the Debtors' estates; (ii) to set off prepetition obligations on account of Intercompany Transactions; and (iii) to continue to engage in Intercompany Transactions, on a postpetition basis, in the ordinary course of business and/or as necessary to execute the Cash Management System, subject to and limited by the requirements imposed on the Debtors under the terms of any interim and/or final orders approving the use of cash collateral. The Debtors shall continue to maintain records with respect to all transfers of cash (including pursuant to such transactions) so that all Intercompany Transactions may be readily ascertained, traced, and recorded properly and distinguished between prepetition and postpetition transactions, and shall make such records available to the U.S. Trustee upon request.

16. In the course of providing cash management services to the Debtors, the Banks are authorized, without further order of this Court, to deduct the applicable service fees from the appropriate Debtor Bank Accounts in the ordinary course of business, when such fees are otherwise due and payable.

17. Subject to the terms set forth herein, any bank, including the Banks, may rely upon the representations of the Debtors with respect to whether any check, draft, wire, or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this or any other order of this Court, and the Banks shall not have any liability to any party for relying on such representations by the Debtors as provided for herein.

18. The requirement of the UST Guidelines to establish separate accounts for cash collateral and/or tax payments is hereby waived except as otherwise required by any applicable agreements between the Debtors and the Banks.

19. All claims against a Debtor by another Debtor arising from postpetition Intercompany Transactions shall be accorded administrative expense status under sections 503(b) of the Bankruptcy Code, subject and subordinate only to other superpriority administrative claims granted pursuant to order of this Court in connection with the Debtors' use of cash collateral.

20. Nothing contained in the Motion or this Interim Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date, or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

21. Despite the Debtors' use of a consolidated Cash Management System, the Debtors shall calculate any quarterly fees due under 28 U.S.C. § 1930(a)(6) based on the individual disbursements of each Debtor, regardless of which Debtor pays those disbursements.

22. Notwithstanding anything to the contrary in this Interim Order or to 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 approving the use of cash collateral.

23. Neither the provisions contained herein, nor any actions or payments made by the Debtors pursuant to this Interim Order, shall be deemed an admission as to the validity of the underlying obligation or a waiver of any rights the Debtors may have to dispute such obligation on any ground that applicable law permits.

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

25. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.


26. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

27. The Debtors are authorized to take such actions and to execute such documents necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

28. 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) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005 (Attn: Evan Fleck, Esq. and Michael Price, Esq.), counsel to the Ad Hoc Noteholder Group, (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 ^{4:00}~~5:00~~ 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.

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

Dated: May 11, 2016
Wilmington, Delaware



THE HONORABLE LAURIE SELBER SILVERSTEIN
UNITED STATES BANKRUPTCY JUDGE