

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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 In re: : Chapter 11
 :
 CHAPARRAL ENERGY, INC., et al., : Case No. 16-11144 (LSS)
 :
 Debtors.¹ : Jointly Administered
 :
 : **Objection Deadline: June 2, 2016 at 4:00 p.m. (EDT)**
 : **Hearing Date: June 9, 2016 at 11:00 a.m. (EDT)**
 :
 : **Re: Docket Nos. 9 & 57**
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NOTICE OF (A) ENTRY OF INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 364, 506(b), 1107(a), AND 1108, AND FED. R. BANKR. P. 6003 AUTHORIZING PAYMENT OF CERTAIN (I) OPERATING EXPENDITURES, (II) JOINT INTEREST BILLINGS, AND (III) SHIPPERS, WAREHOUSEMEN AND MECHANICS LIENS AND (B) FINAL HEARING THEREON

PLEASE TAKE NOTICE that, on May 10, 2016, the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) filed the **Motion of Debtors for Order Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 1107(a), and 1108 and Fed. R. Bankr. P. 6003 Authorizing Payment of Certain (I) Operating Expenditures, (II) Joint Interest Billings, and (III) Shippers, Warehousemen and Mechanics Liens** [Docket No. 9] (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). A copy of the Motion is attached hereto as Exhibit A.

PLEASE TAKE FURTHER NOTICE that, following an initial hearing to consider the Motion on May 11, 2016, the Bankruptcy Court entered the **Interim Order Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 1107(a), and 1108 and Fed. R. Bankr. P. 6003**

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.



Authorizing Payment of Certain (I) Operating Expenditures, (II) Joint Interest Billings, and (III) Shippers, Warehousemen and Mechanics Liens [Docket No. 57] (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 Bankruptcy Court, and served so as to be received by: (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 Cox, Esq.) on or before **June 2, 2016 at 4:00 p.m. (Eastern Daylight 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 Laurie Selber Silverstein at the Bankruptcy Court, 824 North Market Street, 6th Floor, Courtroom No. 2, Wilmington, Delaware 19801 on **June 9, 2016 at 11:00 a.m. (Eastern Daylight Time)**.

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

Dated: May 12, 2016
Wilmington, Delaware

/s/ Brendan J. Schlauch
Mark D. Collins (No. 2981)
John H. Knight (No. 3848)
Joseph C. Barsalona II (No. 6102)
Brendan J. Schlauch (No. 6115)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King St.
Wilmington, Delaware 19801
Telephone: 302-651-7700
Fax: 302-651-7701
E-mail: collins@rlf.com
knight@rlf.com
barsalona@rlf.com
schlauch@rlf.com

- and -

Richard A. Levy
Keith A. Simon
David F. McElhoe
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: 212-906-1200
Fax: 212-751-4864
Email: richard.levy@lw.com
keith.simon@lw.com
david.mcelhoe@lw.com

*Proposed Counsel for Debtors and
Debtors in Possession*

EXHIBIT A

(Motion)

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

----- X
 In re: : Chapter 11
 :
 CHAPARRAL ENERGY, INC., et al., : Case No. 16-_____ (___)
 :
 Debtors.¹ : Joint Administration Pending
 :
 ----- X

**MOTION OF DEBTORS FOR ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 364, 506(b),
1107(a), AND 1108 AND FED. R. BANKR. P. 6003 AUTHORIZING PAYMENT OF
CERTAIN (I) OPERATING EXPENDITURES, (II) JOINT INTEREST BILLINGS, AND
(III) SHIPPERS, WAREHOUSEMEN AND MECHANICS LIENS**

The debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) hereby move (the “**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**”) under Sections 105(a), 363(b), 364, 541, 1107(a) and 1108 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing, but not directing, the Debtors to pay certain (i) Operating Expenditures, (ii) Joint Interest Billings, and (iii) Shippers, Warehousemen and Mechanics Claims (each term as defined herein and collectively defined as the “**Specified Claims**”). In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Mark A. Fischer, Chief Executive Officer of Chaparral Energy, Inc., in Support of Chapter 11 Petitions and First Day Pleadings*, filed with the Court concurrently herewith (the

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.

“Fischer Declaration”). In further support of the Motion, the Debtors, by and through their undersigned counsel, respectfully represent:

JURISDICTION

1. This Court has jurisdiction to consider this Motion under 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. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409. The predicates for the relief requested herein are Bankruptcy Code sections 105(a), 363(b), 364, 506(b), 1107(a), and 1108. Such relief is warranted under Bankruptcy Rules 6003.

BACKGROUND

2. On May 9, 2016 (the **“Petition Date”**), the Debtors filed voluntary petitions in this Court commencing cases for relief under Chapter 11 of the Bankruptcy Code (the **“Chapter 11 Cases”**). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the Fischer Declaration.

3. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code Sections 1107 and 1108. No trustee or examiner has been requested in the Chapter 11 Cases and no committees have yet been appointed.

RELIEF REQUESTED

4. By this Motion, the Debtors seek entry of the Interim and Final Orders, substantially in the forms of Exhibit A and Exhibit B attached hereto, respectively, authorizing, but not directing, the Debtors to pay certain Specified Claims, including (i) Operating

Expenditures, (ii) Joint Interest Billings, and (iii) Shippers, Warehousemen and Mechanics Claims.

5. In addition, the Debtors request that the Court authorize and direct all banks and financial institutions to receive, process, honor, pay, and, if necessary, reissue all prepetition and postpetition checks, including prepetition checks that the Debtors reissue postpetition, drawn on the bank accounts used by the Debtors to satisfy their obligations in connection with the Specified Claims, upon receipt by each bank or financial institution of notice of such authorization, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Debtors additionally request that the Court authorize them to issue new postpetition checks to replace any checks that may nevertheless be dishonored and to reimburse any expenses that holders of claims in connection with Specified Claims may incur as a result of any bank's failure to honor a prepetition check.

BASIS FOR RELIEF

6. The Debtors are a privately held onshore oil and gas exploration and production company with headquarters in Oklahoma City, Oklahoma and operations in Oklahoma, Texas and Kansas. As more particularly described below, in the ordinary course of their businesses, the Debtors pay certain Operators, Mineral Contractors, Shippers, Warehousemen, and Mechanics (each as defined below) in connection with the Debtors' operations and Non-Operating Working Interests (as defined below). Payments to such parties are essential to the continued operation of the Debtors' businesses because the failure to pay expenses relating to the exploration and production of oil and gas could result in, among other things, the removal of the Debtors as Operators under Joint Operating Agreements, and in such parties asserting statutory liens against the Debtors' assets on account of their claims. Such statutory liens may generally be perfected notwithstanding the automatic stay, which would

effectively turn such counterparties into secured creditors, who will eventually recover the full amount of their claims in these Chapter 11 Cases. As such, the relief sought by the Debtors will not prejudice the rights of any creditor and will allow the Debtors to continue their operations in the ordinary course without interruption.

A. General Background Regarding Working Interests and Joint Operating Agreements

7. A mineral interest generally consists of an interest in the oil and gas in place under a parcel of property and the exclusive right to explore, drill, produce and otherwise capture such oil and gas. Through a written agreement (an “**Oil and Gas Lease**”), owners of mineral interests (“**Mineral Owners**”) lease or otherwise convey the exclusive right to capture oil and gas (a “**Working Interest**”) to a third party (a “**Working Interest Owner**”). Through the Oil and Gas Lease, the Mineral Owner receives an upfront payment per acre (“**Lease Bonus**”), and also reserves either a share of production or payments in lieu of a share of production (“**Royalty Payments**”).² Working Interest Owners “bear the cost of exploration, development and operation of the property.” *Kan. City Royalty Co. v. Thoroughbred Assocs., L.L.C.*, 215 F.R.D. 628, 631 n.1 (D. Kan. 2003).

8. Each state in which the Debtors operate oil and gas wells has a state agency which governs oil and gas exploration and production (an “**Agency**”).³ Each Agency establishes rules governing the number of acres which can be embraced by an oil or gas well (a

² In addition to Lease Bonuses and Royalty Payments, a Working Interest Owner often bears additional obligations under an Oil and Gas Lease, including, among other things, delay rentals, lease extensions, shut in payments and minimum royalty payments (collectively, the “**Non-Royalty Lease Expenses**”). These expenditures are addressed in *Debtors’ Motion for Entry of Interim and Final Orders Authorizing Payment of (i) Royalty Payments, (ii) Working Interest Disbursements and (iii) Lease Obligations in the Ordinary Course of Business*, filed concurrently herewith.

³ The regulatory agency in Oklahoma is the Oklahoma Corporation Commission. The regulatory agency in Texas is the Texas Railroad Commission. The regulatory agency in Kansas is the Kansas Corporation Commission.

“Unit”). If a Working Interest Owner does not have an Oil and Gas Lease covering all of the acres in a Unit, the Working Interest Owner becomes a co-tenant with other Working Interest Owners in the Unit with regard to the oil and gas to be produced. Each Working Interest Owner in the Unit therefore owns a *pro rata* share of the Unit based on the proportion of leased acres such owner contributes to the Unit. Working Interest Owners also buy, sell, and trade portions of their Working Interests in Oil and Gas Leases to other exploration and production companies as a method of risk allocation. Working Interest Owners may sell and trade portions of their Working Interests to finance capital expenditures associated with the exploration or operation of Oil and Gas Leases, or to compensate landmen, geologists, and other individuals or entities for goods or services provided to the Working Interest Holder.

9. Working Interest Owners in Oil and Gas Leases located in the same geographic area often enter into agreements for the joint development of a Unit or Units, such as joint operating agreements, pooling agreements, unitization agreements, or similar agreements. Similarly, Agencies charged with regulating oil and gas operations may proscribe terms under which Working Interest Owners jointly develop the geographic area through forced pooling orders, which function much like joint operating agreements⁴ (collectively, joint operating agreements, pooling agreements, unitization agreements, or similar agreements and pooling orders are referred to as **“Joint Operating Agreements”**). The Joint Operating Agreements memorialize the terms under which the operations will be conducted, and how revenues received

⁴ Like joint operating agreements, forced pooling orders can govern the relationship among joint interest owners in certain states. Under these agreements, Mineral Owners or Working Interest Owners covered by a “pooling order” may be forced to allow joint production of their mineral interest to commence pursuant to state law. After entry of a pooling order, an unleased mineral owner or Working Interest Owner can elect to either participate in the pooling order, in which case such Working Interest Owner will be charged its proportionate share of the well costs and receive its proportionate share of revenue from production, much like under a Joint Operating Agreement. A Working Interest Owner may elect not to participate in the costs of the well, and is then typically treated as if the Mineral Owner had leased his or her interest and is, therefore, entitled to a Lease Bonus and Royalty Payments.

and costs incurred from the joint operations will be split between Working Interest Owners. Typically, a Joint Operating Agreement will designate one Working Interest Owner as the operator (an “**Operator**”), which is the party that is “engaged in the severance of oil or gas for that person alone, for other persons only, or for that person and others.” 52 Okla. Stat. § 549.2 (2015). The Operator conducts the day-to-day business of producing oil and gas at the site and initially covers the expenses incurred (the “**Operating Expenditures**”) on behalf of itself and the Working Interest Owners in the Unit which are not designated as Operator (a “**Non-Operating Working Interest**” and, each Working Interest held by a Non-Operating Working Interest Owner, a “**Non-Operating Working Interest**”). The Operator subsequently seeks reimbursement for each party’s *pro rata* share of Operating Expenditures as provided in the Joint Operating Agreements (the “**Joint Interest Billings**”). Operating Expenditures often include payments to third parties that perform labor or furnish or transport materials, equipment, or supplies used in the drilling, operating, or maintaining of an oil and gas property (the “**Mineral Contractors**”). The Operator is often also responsible for marketing and selling the oil and gas produced by a well governed by a Joint Operating Agreement. After selling the oil and gas, the Operator typically distributes the proceeds from the oil and gas to Non-Operating Working Interest Owners in the Unit covered by the Joint Operating Agreement in accordance with each party’s interest therein (the “**Working Interest Disbursements**”).

10. The primary obligation of the Non-Operating Working Interest Owners with respect to a well subject to a Joint Operating Agreement is to pay their Joint Interest Billings to the Operator pursuant to the terms contained in the Joint Operating Agreement.

11. Regardless of if and when an Operator is reimbursed by Non-Operating Working Interest Owners, the Operator is obligated to pay the Mineral Contractors and other

third parties when due. Failure to pay Operating Expenditures when due could result in the Operator's removal as Operator under the Joint Operating Agreement.⁵ Additionally, pursuant to state law, Mineral Contractors are often entitled to statutory liens and, in certain circumstances, constitutional liens on the Operator's interests in the Oil and Gas Leases if the Operator fails to pay them the Operating Expenditures that they are owed.⁶ Failure to timely pay Operating Expenditures to Mineral Contractors or any other third parties, therefore, may result in perfection and enforcement of liens on the Operators' assets in the Unit.

B. The Debtors' Working Interests

12. The Debtors hold Working Interests in Oil and Gas Leases in Oklahoma, Texas, and Kansas. As the holder of these Working Interests, the Debtors are entitled to extract the oil and gas on the lands associated with each particular Working Interest. On average in 2015, the Debtors generated approximately \$27,000,000 in revenue each month from the Oil and Gas Leases for which the Debtors serve as the Operator, which revenues are then distributed to Non-Operating Working Interest Owners and to any holders of royalty or other revenue interests under the terms of the Oil and Gas Leases and the Joint Operating Agreements.

13. The Debtors serve as the Operator under various Joint Operating Agreements. As an Operator, the Debtors are responsible for paying Operating Expenditures and Working Interest Disbursements, and generally receive payment for Joint Interest Billings from Non-Operating Working Interest Owners *after* the Debtors pay Operating Expenditures. Additionally, where the Debtors hold Non-Operating Working Interests, they are responsible for

⁵ By this Motion, the Debtors express no opinion as to whether any failure to pay any particular Operating Expenditure would constitute grounds for removal under the terms of any particular Joint Operating Agreement.

⁶ See TX Const. art. XVI, § 37.

paying to the Operators the Joint Interest Billings in accordance with their Joint Operating Agreements.

C. The Debtors' Operating Expenditure Obligations

14. The Debtors serve as Operator of approximately 1,900 wells.

Accordingly, in the ordinary course of business, the Debtors pay significant Operating Expenditures related to the day-to-day costs of exploration, drilling and production of the oil and gas properties they operate. Operating Expenditures vary according to the work performed on a given well and, accordingly, are not entirely predictable on a month-to-month basis.⁷ Regardless of when the Debtors may receive reimbursements from Non-Operating Working Interest Owners, the Debtors are typically required to pay Operating Expenditures within 30 to 45 days of receiving an invoice from the Mineral Contractors and other third-party providers. In turn, at the end of each calendar month, the Debtors generate, and promptly mail, a Joint Interest Billing invoice (the "**JIB Statement**") for each holder of a Non-Operating Working Interest. Non-Operating Working Interest Owners typically remit payment to the Debtors within 30 to 45 days following the receipt of their JIB Statement.

15. Certain Operating Expenditures are billed to the Debtors through credit cards (the "**Credit Cards**" and each a "**Credit Card**") administered by JP Morgan ("**JPM**"). The Credit Cards are primarily used by approved office and field employees that are required to make business-related purchases for the Debtors in the ordinary course of the employee's duties, including, without limitation, purchasing equipment and paying for repairs or services that are necessary for the continuous operation of the Debtors' wells, fleet vehicle fuel, maintenance and

⁷ For example, maintenance, repair or replacement of well equipment, expenses arising from severe weather, and similar expenses vary from month to month. Such expenses are treated as Operating Expenditures and shared among all Working Interest Owners in a Unit.

repairs, business travel, meals and entertainment, and other Operating Expenditures. Each Credit Card has a credit limit between \$1,500 and \$65,000, depending on the employee's title and subject to temporary increases upon approval from a supervisor. The Credit Cards are critical to the Debtors' field operations by granting the Debtors' employees the flexibility to purchase necessary products quickly. Failure to pay amounts owed under the Credit Cards when due could result in JPM cancelling the Credit Cards, which could disrupt the Debtors' operations and be administratively burdensome. The Debtors estimate that they owe a maximum of \$50,000 in prepetition obligations on the Credit Cards as of the Petition Date. The Debtors are requesting authority to continue the use of the Credit Cards in the ordinary course of business and to pay any prepetition obligations associated therewith.

16. Certain of the Debtors' vendors are paid through single use accounts ("SUAs"), which are credit cards issued by JPM to a particular vendor that generally allow the vendor to receive payments on account of goods provided and services rendered more quickly than they would otherwise receive by invoicing the Debtors separately. After the vendor withdraws money from its SUA, JPM sends an invoice to the Debtors for the amount drawn on the account. The SUAs are beneficial to the Debtors not only because they allow certain vendors to receive payment on account of Operating Expenditures owed to them on a more timely basis, which fosters good relationships, but also because the SUAs generally permit the Debtors additional time to make payments because JPM does not bill the Debtors until a vendor withdraws money from a SUA. Failure to pay amounts owed to JPM on account of the SUAs could result in JPM cancelling the SUAs, which could disrupt the Debtors' operations and harm the Debtors' relationships with its vendors. The Debtors do not believe that they owe any amounts on account of the SUAs as of the Petition Date. The Debtors are requesting authority to

continue to use (and allow their vendors to use) the SUAs in the ordinary course of business and to pay any prepetition obligations associated therewith.

17. The Debtors' obligations under the Credit Cards and SUAs are secured by security interests and liens granted in connection with the syndicated credit facility (the "**Credit Facility**") of which JPMorgan Chase Bank, N.A. is the agent. The Debtors seek authority to incur credit on a secured basis through their and their employees' use of the Credit Cards and SUAs on an uninterrupted and ongoing basis pursuant to Section 364 of the Bankruptcy Code.

18. In the twelve months preceding the Petition Date, the Debtors paid approximately \$215,000,000 in Operating Expenditures (including payments on account of the Credit Cards and the SUAs). Of that amount, Non-Operating Working Interest Owners reimbursed the Debtors for approximately \$40,300,000 on account of Joint Interest Billings. If the Debtors are not granted authority to pay the Operating Expenditures, whether arising prepetition or postpetition, the unpaid Mineral Contractors and other parties to whom Operating Expenditures are owed could seek to assert statutory liens on, among other things, the wells, the production and proceeds therefrom, and the Debtors' Working Interests. Moreover, failure to timely pay the Operating Expenditures may provide grounds for Non-Operating Working Interest Owners to remove the Debtors as Operators under their Joint Operating Agreements.

19. By this motion, the Debtors seek to pay their undisputed Operating Expenditures owed in the ordinary course of business for which Mineral Contractors or other parties could seek to assert statutory liens. As of the Petition Date, the Debtors estimate that they have approximately \$37,000,000 of Operating Expenditures outstanding, for which they expect to be reimbursed approximately \$13,200,000 by holders of Non-Operating Working Interests. The Debtors request approval to pay up to \$27,000,000 of the prepetition Operating

Expenditures upon entry of an Interim Order, and up to \$37,000,000 upon entry of the Final Order. The Debtors further request approval to pay any and all prepetition amounts outstanding on the Credit Cards and SUAs on account of Operating Expenditures.

D. The Debtors' Non-Operating Working Interest Obligations

20. The Debtors hold Non-Operating Working Interests in 2,800 wells for which third parties serve as Operators. In such instances, the Debtors receive payment from Operators representing their share of production revenues. The Debtors, in turn, must timely pay the Operators the Joint Interest Billings in accordance with the Joint Operating Agreements.

21. Where the Debtors hold a Non-Operating Working Interest, the Joint Operating Agreement and applicable law often grant the Operator a contractual or statutory lien on the Debtors' Non-Operating Working Interest to secure the Debtors' payment obligations owed to the Operator. As such, failure to timely pay the Joint Interest Billings may result in Operators asserting liens on the Debtors' interests in the wells, the Oil and Gas Leases or the Debtors' *pro rata* portion of the production or revenue therefrom.

22. In the twelve months preceding the Petition Date, the Debtors paid approximately \$58,200,000 in Joint Interest Billings. As of the Petition Date, the Debtors estimate that they have approximately \$6,500,000 of prepetition Joint Interest Billings incurred but not invoiced or paid under the terms of their Joint Operating Agreements. To preserve and protect their share of production and revenue from these properties and maintain their relationships with the Operators of these properties, both during and after the pendency of these Chapter 11 Cases, the Debtors request approval to pay up to \$5,000,000 in prepetition Joint Interest Billings on an interim basis, and up to \$6,500,000 on a final basis.

E. Shippers, Warehousemen and Mechanics Claims

23. It is common in the Debtors' industry to rely on certain vendors ("**Shippers**") to transport and deliver natural gas and other related products from wellheads to the points where the gas is processed or resold. However, the Debtors' wellheads are connected to midstream pipeline systems and subsequently transported to a natural gas processing facility (together, the "**Midstream Services**"). The Debtors sell natural gas and entrained products at the wellhead, and ownership and custody transfer at that point so that the Debtors do not incur the cost of Midstream Services. In some instances, however, the wellhead price for the Debtors' gas is determined by deducting shipping costs from a posted price at a different location, so that the Debtors are paid the posted price less the cost of the Midstream Services from the wellhead. As such, in the ordinary course of business, the Debtors do not make any cash outlays to compensate Shippers.

24. Additionally, in the ordinary course of business, the Debtors may use certain vendors (the "**Warehousemen**") to store drill pipe, a company airplane, and other related equipment when it is not being used in operations. Further, in the ordinary course of business, the Debtors may use certain mechanics and materialmen (the "**Mechanics**") to perform maintenance and other services on the company aircraft and related equipment. Under applicable state laws, Warehousemen generally have a lien on the goods in their possession securing the charges or expenses incurred in connection with the storage of those goods.⁸

Similarly, under applicable state laws, Mechanics generally have a lien against property serviced

⁸ For example, section 7-307 of the Uniform Commercial Code provides, in pertinent part, that 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." U.C.C. § 7-307(a) (2003). By this Motion, the Debtors do not concede that any liens (contractual, common law, statutory, or otherwise) are valid, and the Debtors expressly reserve the right to contest the extent, validity, and perfection of any and all such liens.

by the Mechanic securing the charges or expenses incurred in connection with the maintenance or servicing of such property. The Debtors estimate that the Shippers, Warehousemen and Mechanics may have outstanding invoices totaling approximately \$50,000 on account of their prepetition claims (the “**Shippers, Warehousemen and Mechanics Claims**”).

25. If the Debtors do not pay the Shippers, Warehousemen and Mechanics Claims on a timely basis, the Shippers, Warehousemen and Mechanics may assert possessory liens on the goods or raw materials currently in their possession or serviced by them and refuse to deliver or release such goods until their invoices are paid. The refusal of the Shippers, Warehousemen or Mechanics to deliver, return, or grant access to the Debtors’ drilling pipes and company airplane as a result of not being paid would result in an immediate destruction of value of the Debtors’ estates, and could potentially cost the Debtors a substantial amount of revenue and future business as the Shippers, Warehousemen and Mechanics could assert liens against the Debtors’ property. The Debtors request authorization, but not direction, to honor outstanding invoices related to prepetition services provided by the Shippers, Warehousemen and Mechanics up to \$20,000 on an interim basis, and up to \$50,000 on a final basis.

APPLICABLE AUTHORITY

A. Payment of the Specified Claims is Appropriate Under Bankruptcy Code Section 363(b)

26. To the extent that payment of the Specified Claims would be deemed to constitute a use of property outside the ordinary course of business, a basis for authorizing such payment is found under Bankruptcy Code Section 363. Bankruptcy Code Section 363(b)(1) authorizes the trustee to use property of the estate other than in the ordinary course of business after notice and a hearing. 11 U.S.C. § 363(b)(1). Courts in this and other jurisdictions have relied on such subsection to authorize the payment of prepetition claims held by vendors. See, e.g., In re B456 Sys., Inc., Case No. 12-12859 (KJC) (Bankr. D. Del. Oct. 18, 2012) (authorizing,

pursuant to Section 363, the payment of prepetition claims of some suppliers); In re OTC Holdings Corp., Case No. 10-12636 (BLS) (Bankr. D. Del. Sept. 17, 2010) (same); In re MPC Computers, LLC, Case No. 08-12667 (PJW) (Bankr. D. Del. Nov. 10, 2008) (same); Armstrong World Indus., Inc. v. James A. Phillips, Inc., 29 B.R. 391, 397 (S.D.N.Y. 1983) (district court affirmed bankruptcy court's decision under Section 363 authorizing contractor to pay prepetition claims of some suppliers who were potential lien claimants). Courts in this and other circuits have indicated that the use of property of the estate outside of the ordinary course of business is proper where the debtor in possession has articulated a good business reason for such use. See Institutional Creditors of Cont'l Airlines, Inc. v. Cont'l Airlines, Inc. (In re Cont'l Airlines, Inc.), 780 F.2d 1223, 1226 (5th Cir. 1986) (holding that Section 363(b) requires that "there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business"); United States Trustee v. Bethlehem Steel Corp. (In re Bethlehem Steel Corp.), No. 02 Civ. 2854 (MBM), 2003 WL 21738964, at *12 (S.D.N.Y. July 28, 2003) ("To approve a transaction under § 363(b), the bankruptcy court must find that there is a good business reason to allow the transaction."); In re Montgomery Ward Holding Corp., 242 B.R. 147, 153 (D. Del. 1999) ("In determining whether to authorize the use, sale or lease of property of the estate under [Section 363(b)], courts require the debtor to show that a sound business purpose justifies such actions."); In re Terrace Gardens Park P'ship, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989) (applying Continental to require "articulated business justification" for section 363 transaction); In re Global Crossing Ltd., 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) ("[A] § 363 application requires a showing that there is a 'good business reason to grant such an application.'") (quoting Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983)).

27. Where a debtor has articulated a valid business justification for a proposed transaction, courts generally apply the business judgment rule in evaluating such transaction. Lange v. Schropp (In re Brook Valley VII, Joint Venture), 496 F.3d 892, 900 (8th Cir. 2007) (“In general, courts do not second-guess business decisions made in good faith.”); In re ALH Holdings LLC, 675 F. Supp. 462, 477 (D. Del. 2009) (“a court will not disturb the business decisions of loyal and informed directors ‘if they can be attributed to any rational business purpose.’”) (citing Sinclair Oil Corp. v. Levien, 280 A. 2d 717, 720 (Del. 1971)); In re Montgomery Ward Holding Corp., 242 B.R. 147, 153 (D. Del. 1999) (“In evaluating whether a sound business purpose justifies the use, sale or lease of property under Section 363(b), courts consider a variety of factors, which essentially represent a ‘business judgment test’”); Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992) (“The business judgment rule ‘is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.’”) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)); see also Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a Debtor’s management decisions.”). Here, as discussed above, it is the Debtors’ business judgment that the failure to pay the Specified Claims could have a material adverse impact on the day-to-day operations of their businesses.

B. Payment of the Specified Claims is Warranted Under Bankruptcy Code Section 506(b)

28. In addition, the Debtors believe that their failure to pay the Specified Claims may result in the assertion of possessory liens by many of the Mineral Contractors (or other parties to whom Operating Expenditures are owed), Operators, 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 Mineral Contractors by granting them statutory liens to secure payment for their services. See, e.g., Okla. St. Ann. Tit. 42 §144 (providing liens for any "person, corporation, or co-partnership" that performs labor or services or furnishes materials used in connection with any oil or gas well); Tex. Prop. Code Ann. § 56.002 (2014). Where the Debtors hold a Non-Operating Working Interest, state law may grant the Operator special rights to a contractual and/or statutory lien to secure the obligations owed to the Operator on account of the Debtors' interests in the Oil and Gas Leases. See, e.g., Okla. Stat. Tit. 52, § 287.8 ("the unit shall have a first and prior lien upon the leasehold estate and other oil and gas rights in and to each separately-owned tract, [and] the interest of the owners thereof in and to the unit production . . . to secure the payment of the amount of the unit expense charged to and assessed against such separately-owned tract"). Pursuant to Bankruptcy Code Section 362(b)(3), acts to perfect such Liens or interests, to the extent consistent with Bankruptcy Code Section 546(b), are expressly excluded from the automatic stay otherwise established by Bankruptcy Code Section 362(a). Moreover, under Bankruptcy Code 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 Bankruptcy Code Section 362, many of the Mineral Contractors (or other parties to whom Operating Expenditures are owed), Operators, Shippers, Warehousemen, or Mechanics may assert and perfect Liens or interests against the Debtors' property. Thus, they would hold secured claims under Bankruptcy Code Section 506(b) that would, in any event, be required to be paid in full under Bankruptcy Code Section

1129(b)(2)(A). Moreover, to protect any asserted Lien rights, such counterparties may refuse to release goods or property in their possession unless and until their prepetition Specified Claims have been satisfied. Therefore, notwithstanding the automatic stay imposed by Bankruptcy Code Section 362, 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.

29. Moreover, since the amount of the Specified Claims is likely materially less than the value of any property securing those claims, any such party holding a Lien arguably is a fully secured creditor. For those Specified Claims that are deemed secured claims, Bankruptcy Code Section 1129(b)(2)(A) requires that they be satisfied through deferred cash payments totaling at least the allowed amount of each such claim, of a value as of the effective date of the plan equal to the value of the collateral securing the claim, with a continuation of the Liens against the collateral; or if the collateral is to be sold, that the Lien securing the claim attach to the proceeds of sale; or that the holder realize the indubitable equivalent of the claim. 11 U.S.C. § 1129 (b)(2)(A). Additionally, under Bankruptcy Code Section 506(b), fully secured creditors are entitled to receive postpetition interest accruing on their claims to the extent that such claims are oversecured. Consequently, payment of those of the Specified Claims that are subject to valid Liens should give such counterparties no more than that to which they otherwise would be entitled under a plan and save the Debtors the interest costs that otherwise may accrue on the Specified Claims during the Chapter 11 Cases.

C. Payment of the Specified Claims is Authorized Under Bankruptcy Code Sections 1107(a) and 1108

30. Authority for payment of the Specified Claims also may be found in Bankruptcy Code Sections 1107(a) and 1108. The Debtors, operating their businesses as debtors in possession under Bankruptcy Code Sections 1107(a) and 1108, are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” Id.

31. The CoServ court has noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” Id.; see also In re Mirant Corp., 296 B.R. 427, 429-30 (Bankr. N.D. Tex. 2003) (allowing debtors to pay claims “reasonably believe[d]” to be authorized under the CoServ test or whose payment was necessary “in the exercise of their business judgment . . . in order for [the] [d]ebtors to continue their respective businesses”). That court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate,” id., and also when the payment was to “sole suppliers of a given product.” Id. at 498. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id.

32. Payment of the Specified Claims meets each element of the CoServ court's standard. First, the shutdown of the Debtors' operations would cost the Debtors' estates substantial amounts in lost revenues. The harm and economic disadvantage that would stem from the failure to pay any of its Operating Expenditures, its Joint Interest Billings, its Shippers, Warehousemen, or its Mechanics is grossly disproportionate to the amount of the prepetition claims that would have to be paid. In addition, the Debtors have examined other options short of paying the Specified Claims and have determined that to avoid significant disruption of the Debtors' business operations there exists no practical or legal alternative to payment of the Specified Claims. Therefore, the Debtors only can meet their fiduciary duties as debtors in possession under Bankruptcy Code Sections 1107(a) and 1108 by payment of the Specified Claims.

D. Bankruptcy Code Section 105 and the Doctrine of Necessity Support Payment of the Specified Claims

33. Additionally, the Debtors' proposed payment of the Specified Claims should be authorized under Bankruptcy Code Section 105(a) and the "doctrine of necessity." Under Bankruptcy Code Section 105 this Court "may issue any order . . . that is necessary or appropriate to carry out the provisions of" the Bankruptcy Code. 11 U.S.C. § 105(a). For the reasons set forth above, and in light of the need for the Debtors to preserve the going concern value of their businesses, the relief requested herein is proper and should be granted.

34. The relief sought is further supported by the doctrine of necessity. The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the chapter 11 case where the payment of such claims is necessary to the restructuring efforts. In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981) (payment of creditors' claims authorized under

“necessity of payment” doctrine); In re Penn Central Transp. Co., 467 F.2d 100, 102 n.1 (3d Cir. 1972) (the necessity of payment doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or materials essential to the conduct of the business until their pre-reorganization claims have been paid”); See In re Just for Feet, Inc., 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor “cannot survive” absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment);⁹ In re Columbia Gas Sys., Inc., 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (noting that the debtors “may pay pre-petition claims that are essential to continued operation of business”); see also In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (“[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.”).

35. The doctrine of necessity is a widely accepted component of modern bankruptcy jurisprudence. See Just For Feet, 242 B.R. at 826 (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 Payless Cashways, Inc., 268 B.R. 543, 546-47 (Bankr. W.D. Mo. 2001) (authorizing payment of critical prepetition suppliers’ claims when such suppliers agree to provide postpetition trade credit); In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

⁹ The Court’s power to utilize the doctrine of necessity in 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 over a century ago, in Miltenberger v. Logansport, C. & S.W. R. 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 309-14. The modern application of the doctrine of necessity is largely unchanged from the Court’s reasoning in Miltenberger. See In re Lehigh & New Eng. Ry., 657 F.2d 570, 581-82 (3d Cir. 1981) (“[I]n order to justify payment under the ‘necessity of payment’ rule, a real and immediate threat must exist that failure to pay will place the [debtor’s] continued operation . . . in serious jeopardy.”).

36. For the reasons discussed herein, it is evident that payment of the Specified Claims is necessary and critical to the Debtors' efforts to maximize estate value. In particular, absent payment of the Specified Claims, the Mineral Contractors (or other parties to whom Operating Expenditures are owed), Operators, Shippers, Warehousemen, or Mechanics may refuse to continue doing business with the Debtors, thereby severely disrupting the Debtors' businesses. The resulting shutdown or reduction in the Debtors' operations would cost the Debtors' estates significant amounts in lost revenues. Indeed, without the uninterrupted provision of such services, the Debtors may suffer irreparable harm: the Debtors' going concern value will be diminished, their reputation tarnished, and their viability as a going concern and ability to emerge successfully from chapter 11 significantly undercut. Accordingly, the relief requested herein is necessary and critical to maintaining the Debtors' going concern value and emerging successfully from chapter 11. Hence, this Court should exercise its equitable powers to grant the relief requested in this Motion.

E. Precedent Cases Support the Granting of the Requested Relief.

37. This Court and other courts have granted the same or similar relief in other large chapter 11 cases with respect to claims by Mineral Contractors (or other parties to whom Operating Expenditures are owed), Operators, Shippers, Warehousemen, or Mechanics. See, e.g., In re Quicksilver Res. Inc., No. 15-10585 (LSS) (Bankr. D. Del. Apr. 14, 2015); In re Chassix Holdings, Inc., No. 15-10578 (MEW) (Bankr. S.D.N.Y. Apr. 14, 2015); In re Dune Energy, Inc., Case No. 15-10336 (HCM) (Bankr. W.D. Tex. Mar. 10, 2015); In re WBH Energy, LP, Case No. 15-10003 (W.D. Tex. Jan. 26, 2015); In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del. June 3, 2014); In re Endeavour Operating Corp., No. 14-12308 (KJC) (Bankr. D. Del. Nov. 6, 2014); In re Goldking Holdings, LLC, Case No. 13-12820 (BLS)

(Bankr. D. Del. Oct. 31, 2013); In re Delta Petroleum Corp., Case No. 11-14006 (KJC) (Bankr. D. Del. Dec. 19, 2011).

RESERVATION OF RIGHTS

38. Nothing contained herein is or should be construed as: (a) an admission as to the validity of any claim against the Debtors or the existence of any Lien against the Debtors' properties; (b) a waiver of the Debtors' rights to dispute any claim or Lien on any grounds; (c) a promise to pay any claim; (d) an implication or admission that any particular claim would constitute a Specified Claim; (e) an assumption or rejection of any executory contract or unexpired lease pursuant to Bankruptcy Code Section 365; or (f) otherwise affecting the Debtors' rights under Bankruptcy Code Section 365 to assume or reject any executory contract with any party subject to the proposed Interim or Final Order, once entered. Further, none of the Debtors or their officers, directors, attorneys, or agents will have any liability on account of any decision by the Debtors not to pay a Specified Claim, and nothing contained in this Motion shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect a Specified Claim to the extent it is not paid.

39. Additionally, nothing in this Motion is intended to modify or waive any of the Debtors' rights with respect to services performed by the Mineral Contractors (or other parties to whom Operating Expenditures are owed), Operators, Shippers, Warehousemen, or Mechanics, including the Debtors' rights to (a) cancel or contest any invoice on any grounds or (b) decline the acceptance of goods and services.

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

40. 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 (21) 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 and Exhibit B is necessary to avoid immediate and irreparable harm.

41. To the extent that any aspect of the relief sought herein constitutes a use of property under Bankruptcy Code Section 363(b), the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen (14) 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 (14) day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

CONSENT TO JURISDICTION

42. Pursuant to Rule 9013-1(f) of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

NOTICE

43. 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 secured financing; (c) counsel to the administrative agent for the Debtors’ prepetition secured financing; (d) the indenture trustee under the Debtors’ 9.875% senior notes due 2020; (e) the

indenture trustee under the Debtors' 8.25% senior notes due 2021; (f) the indenture trustee under the Debtors' 7.625% senior notes due 2022; (g) counsel to the ad hoc committee of the holders of the Debtors' prepetition unsecured notes, Milbank, Tweed, Hadley & McCloy LLP; (h) the parties included on the Debtors' consolidated list of thirty (30) largest unsecured creditors; (i) the United States Attorney's Office for the District of Delaware; (j) the Internal Revenue Service; (k) the United States Securities and Exchange Commission; (l) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (m) the attorneys general for Oklahoma, Texas, and Kansas; and (n) all parties entitled to notice pursuant to Local Rule 9013-1(m) (collectively, the "**Initial Notice Parties**"). As this motion is seeking "first day" relief, this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtors submit that, under the circumstances, no other or further notice is required.

44. If the Court enters the Interim Order granting this Motion, the Debtors propose to serve notice of such entry on the Initial Notice Parties. The notice will provide that any objections to the relief granted in the Interim Order must be filed with the Court and served upon counsel for the Debtors no later than seven (7) days prior to the final hearing (the "**Final Hearing**") to be held on the Motion (the "**Objection Deadline**"). If an objection is timely filed and served prior to the Objection Deadline, such objection will be heard at the Final Hearing on the Motion. If no objections are timely filed and served, Debtors' counsel will file a certification of counsel to that effect attaching a final form of order.

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

Dated: May 10, 2016
Wilmington, Delaware

/s/ John H. Knight
John H. Knight (No. 3848)
Mark D. Collins (No. 2981)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 North King St.
Wilmington, Delaware 19801
Telephone: 302-651-7700
Fax: 302-651-7701
E-mail: collins@rlf.com
knight@rlf.com

- and -

Richard A. Levy
Keith A. Simon
David F. McElhoe
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: 212-906-1200
Fax: 212-751-4864
Email: richard.levy@lw.com
keith.simon@lw.com
david.mcelhoe@lw.com

*Proposed Counsel for Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Interim Order

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

	X	
In re:	:	Chapter 11
	:	
CHAPARRAL ENERGY, INC., <u>et al.</u> ,	:	Case No. 16-_____ (___)
	:	
Debtors. ¹	:	Joint Administration Pending
	:	
	X	

**INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 364, 506(b), 1107(a),
AND 1108, AND FED. R. BANKR. P. 6003 AUTHORIZING
PAYMENT OF CERTAIN (I) OPERATING EXPENDITURES,
(II) JOINT INTEREST BILLINGS, AND (III) SHIPPERS,
WAREHOUSEMEN AND MECHANICS LIENS**

Upon the motion (the “**Motion**”)² of the Debtors for entry of an Interim Order, under Bankruptcy Code Sections 105(a), 363(b), 364, 506(b), 1107(a), and 1108 and Bankruptcy Rule 6003 authorizing the Debtors to pay certain (i) Operating Expenditures, (ii) Joint Interest Billings, and (iii) Shippers, Warehousemen and Mechanics Claims; 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

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.

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, but not directed, in their sole discretion to pay prepetition Operating Expenditures, as well as in the ordinary course of business; provided that payments on account of prepetition Operating Expenditures shall not exceed \$27,000,000 pursuant to this Interim Order.
3. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition amounts outstanding on the Credit Cards and SUAs on account of Operating Expenditures; provided that payments on account of prepetition amounts outstanding on the Credit Cards and the SUAs shall be subject to and included in the \$27,000,000 cap on Operating Expenditures pursuant to this Interim Order.
4. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Joint Interest Billings in the ordinary course of business; provided that payments on account of prepetition Joint Interest Billings shall not exceed \$5,000,000 pursuant to this Interim Order.
5. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Shippers, Warehousemen and Mechanics Claims in the ordinary course of business; provided that payments on account of prepetition Shippers, Warehousemen and Mechanics Claims shall not exceed \$20,000 pursuant to this Interim Order.

6. The banks and financial institutions on which checks were drawn or electronic payment requests were made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, pay, and, if necessary, reissue all such checks, including prepetition checks that the Debtors reissue postpetition, and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

7. *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 their employees of) the Credit Cards and the SUAs subject to the terms and conditions thereof, as applicable, including any and all applicable agreements between the Debtors and JPM for security or credit enhancement of the Credit Cards or the SUAs.

8. *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.

9. JPM is 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.

10. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors or lien on any of their properties, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under Bankruptcy Code Section 365.

11. The Debtors are authorized to issue postpetition checks, or to affect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any of the Specified Claims and to reimburse any expenses that holders of claims in connection with the Specified Claims may incur as a result of any bank's failure to honor a prepetition check.

12. Nothing contained in this Interim Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect a Specified Claim to the extent it is not paid.

13. Nothing in the Motion or this Interim Order, nor as a result of any payment made pursuant to this Interim Order, shall be deemed or construed a waiver of the rights of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment made pursuant to this Interim Order.

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

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

16. 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.

17. 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.

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

19. The Final Hearing on the Motion shall be held on _____, 2016, 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 _____, 2016, and shall be served on: (a) Chaparral Energy, Inc., 701 Cedar Lake Blvd., Oklahoma City, OK 73114 (Attn: Linda Byford), (b) Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 (Attn: David F. McElhoe), (c) Richards, Layton & Finger, One Rodney Square 920 North King St., Wilmington, Delaware 19801 (Attn: John H. Knight), (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), no later than _____, 2016, at 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.

20. 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: _____, 2016
Wilmington, Delaware

THE HONORABLE [_____]]
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Proposed Final Order

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

	X	
In re:	:	Chapter 11
	:	
CHAPARRAL ENERGY, INC., <u>et al.</u> ,	:	Case No. 16-_____ (___)
	:	
Debtors. ¹	:	Joint Administration Pending
	:	
	X	

**FINAL ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 364, 506(b), 1107(a)
AND 1108 AND FED. R. BANKR. P. 6003 AUTHORIZING
PAYMENT OF CERTAIN (I) OPERATING EXPENDITURES,
(II) JOINT INTEREST BILLINGS, AND (III) SHIPPERS,
WAREHOUSEMEN AND MECHANICS LIENS**

Upon the motion (the “**Motion**”)² of the Debtors for entry of a Final Order, under Bankruptcy Code Sections 105(a), 363(b), 364, 506(b), 1107(a), and 1108 and Bankruptcy Rule 6003 authorizing the Debtors to pay certain (i) Operating Expenditures, (ii) Joint Interest Billings, and (iii) Shippers, Warehousemen and Mechanics Claims; and the Court having reviewed the Motion, the Fischer Declaration, and the Interim Order entered on _____, 2014; 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 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

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.

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 a final basis as set forth herein.
2. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Operating Expenditures in the ordinary course of business; provided that payments on account of prepetition Operating Expenditures shall not exceed \$37,000,000.
3. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition amounts outstanding on the Credit Cards and SUAs on account of Operating Expenditures; provided that payments on account of prepetition amounts outstanding on the Credit Cards and the SUAs shall be subject to and included in the \$37,000,000 cap on Operating Expenditures.
4. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Joint Interest Billings in the ordinary course of business; provided that payments on account of prepetition Joint Interest Billings shall not exceed \$6,500,000.
5. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Shippers, Warehousemen and Mechanics Claims in the ordinary course of business; provided that payments on account of prepetition Shippers, Warehousemen and Mechanics Claims shall not exceed \$50,000.
6. The banks and financial institutions on which checks were drawn or electronic payment requests were made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, pay, and, if necessary, reissue all such checks,

including prepetition checks that the Debtors reissue postpetition, and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

7. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Final Order, the Debtors are authorized (i) 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, as applicable, including any and all applicable agreements between the Debtors and JPM for security or credit enhancement of the Credit Cards or the SUAs.

8. *Nunc pro tunc* to the Petition Date, and subject to the terms of this Final 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.

9. JPM is 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.

10. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Final Order or any payment made pursuant to this Final Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors or lien on any of their properties, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under Bankruptcy Code Section 365.

11. The Debtors are authorized to issue postpetition checks, or to affect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any of the Specified Claims and to reimburse any expenses that holders of claims in connection with the Specified Claims may incur as a result of any bank's failure to honor a prepetition check.

12. Nothing contained in this Final Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect a Specified Claim to the extent it is not paid.

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

14. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Final Order shall be effective and enforceable immediately upon entry hereof.

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

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

17. Notwithstanding anything to the contrary contained in this Final Order or in the Motion, any payment, obligation, or other relief authorized by this Final 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.

18. The Debtors are hereby authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Final Order.

19. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Final Order.

Dated: _____, 2016
Wilmington, Delaware

THE HONORABLE [_____]]
UNITED STATES BANKRUPTCY JUDGE

File a First Day Motion:[16-11144 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 John Henry Knight entered on 5/10/2016 at 0:34 AM EDT and filed on 5/10/2016

Case Name: Chaparral Energy, Inc.**Case Number:** [16-11144](#)**Document Number:** [9](#)**Docket Text:**

Motion Regarding Chapter 11 First Day Motions // *Motion of Debtors for Order Under 11 U.S.C. §§ 105(a), 363(b), 506(b), 1107(a), and 1108 and Fed. R. Bankr. P. 6003 Authorizing Payment of Certain (I) Operating Expenditures, (II) Joint Interest Billings, and (III) Shippers, Warehousemen and Mechanics Liens* Filed By Chaparral Energy, Inc. (Knight, John)

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

Document description:Main Document**Original filename:**\\im-file\data\RVS\Chaparral - Operating Expenses JIBs and Warehousemen Claims Motion (as filed).pdf**Electronic document Stamp:**

[STAMP bkecfStamp_ID=983460418 [Date=5/10/2016] [FileNumber=13820518-0]
] [8b76c3ca8ccfe60c3df2c057f78cc4c98fb8f690fd7c3e57f71579d9ebeaa4f91a0
2250f6314ed22ad122bbfbd70411080caf72dea665c794b263deacbf3075d]]

16-11144 Notice will be electronically mailed to:

Mark D. Collins on behalf of Debtor Chaparral Energy, Inc.
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

United States Trustee
USTPREGION03.WL.ECF@USDOJ.GOV

16-11144 Notice will not be electronically mailed to:

EXHIBIT B

(Interim Order)

ORIGINAL

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

----- X
 In re: : Chapter 11
 :
 CHAPARRAL ENERGY, INC., et al., : Case No. 16-11144 (LSS)
 :
 Debtors.¹ : Joint Administration Pending
 :
 : **Re: Docket No. 9**
 ----- X

INTERIM ORDER UNDER 11 U.S.C. §§ 105(a), 363(b), 364, 506(b), 1107(a), AND 1108, AND FED. R. BANKR. P. 6003 AUTHORIZING PAYMENT OF CERTAIN (I) OPERATING EXPENDITURES, (II) JOINT INTEREST BILLINGS, AND (III) SHIPPERS, WAREHOUSEMEN AND MECHANICS LIENS

Upon the motion (the "Motion")² of the Debtors for entry of an Interim Order, under Bankruptcy Code Sections 105(a), 363(b), 364, 506(b), 1107(a), and 1108 and Bankruptcy Rule 6003 authorizing the Debtors to pay certain (i) Operating Expenditures, (ii) Joint Interest Billings, and (iii) Shippers, Warehousemen and Mechanics Claims; 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

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.

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, but not directed, in their sole discretion to pay prepetition Operating Expenditures, as well as in the ordinary course of business; provided that payments on account of prepetition Operating Expenditures shall not exceed \$27,000,000 pursuant to this Interim Order.
3. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition amounts outstanding on the Credit Cards and SUAs on account of Operating Expenditures; provided that payments on account of prepetition amounts outstanding on the Credit Cards and the SUAs shall be subject to and included in the \$27,000,000 cap on Operating Expenditures pursuant to this Interim Order.
4. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Joint Interest Billings in the ordinary course of business; provided that payments on account of prepetition Joint Interest Billings shall not exceed \$5,000,000 pursuant to this Interim Order.
5. The Debtors are authorized, but not directed, in their sole discretion to pay prepetition Shippers, Warehousemen and Mechanics Claims in the ordinary course of business; provided that payments on account of prepetition Shippers, Warehousemen and Mechanics Claims shall not exceed \$20,000 pursuant to this Interim Order.

6. The banks and financial institutions on which checks were drawn or electronic payment requests were made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, pay, and, if necessary, reissue all such checks, including prepetition checks that the Debtors reissue postpetition, and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

7. *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 their employees of) the Credit Cards and the SUAs subject to the terms and conditions thereof, as applicable, including any and all applicable agreements between the Debtors and JPM for security or credit enhancement of the Credit Cards or the SUAs.

8. *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.

9. JPM is 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.

10. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Interim Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim against the Debtors or lien on any of their properties, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under Bankruptcy Code Section 365.

11. The Debtors are authorized to issue postpetition checks, or to affect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to prepetition amounts owed in connection with any of the Specified Claims and to reimburse any expenses that holders of claims in connection with the Specified Claims may incur as a result of any bank's failure to honor a prepetition check.

12. Nothing contained in this Interim Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect a Specified Claim to the extent it is not paid.

13. Nothing in the Motion or this Interim Order, nor as a result of any payment made pursuant to this Interim Order, shall be deemed or construed a waiver of the rights of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment made pursuant to this Interim Order.

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

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

16. 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.

17. 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.

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

19. 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 ⁴5:00 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.

20. 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