
Royalty, Surface and Working Interest Owners FAQs

- **What is a Chapter 11 Filing?**

Chapter 11 is an action under the Bankruptcy Code that is taken by a company to protect its business from legal and financial claims while it obtains court approval for its financial restructuring plan.

- **Why did Chaparral file Chapter 11?**

Given the current and longer-term market environment presented by low oil and gas prices, the company's current debt levels were unsustainable. By voluntarily entering into Chapter 11, Chaparral will be able to significantly reduce our debt and amend our remaining financing agreements to provide us with better long-term financial security and better position us for the future.

- **Is Chaparral going out of business?**

No, Chaparral is **not** closing our doors. The company will continue to operate throughout our restructuring process and we do not expect any interruptions to our day-to-day operations.

A Chapter 11 filing is designed to allow a company to emerge as a reorganized, fully-functional business after the process is complete. Chaparral is committed to maintaining our long-standing relationships with our royalty, surface and working interest owners and the communities where we operate. We will work hard throughout this process to maintain our high standards of operational excellence and live up to our reputation as a trusted Mid-Continent operator.

- **How will Chaparral's filing affect royalty, surface and working interest owners?**

Chapter 11 provides protection for royalty, surface or working interest owners, which ensures you will continue to be paid in accordance with Chaparral's existing practice throughout this process. Chapter 11 simply allows us to approach our restructuring in a more organized way, while reducing our debt and improving our balance sheet for long-term security. You can learn more at chaparralenergy.com/restructuring or by calling our

restructuring hotline at 888-830-4659, Monday through Friday 8 a.m. to 5 p.m. Central Standard Time.

- **Are the terms of my current lease agreement still valid?**
Yes, currently Chaparral intends to accept and honor all of our lease agreements.
- **Can I cancel or void my lease agreement in light of the bankruptcy filing?**
No, all of Chaparral's lease agreements are still valid.
- **Will there be any changes to my royalty payments during this process?**
No, you will continue to receive royalty payments under the terms of your agreements with Chaparral. Chapter 11 includes mechanisms that ensure owners are paid on account of their interests that are due and payable after our Chapter 11 filing.

However, Federal law, however, prohibits us from making payments of any type, including royalties, for obligations incurred prior to our filing date, May 9, without approval from the Bankruptcy Court. We have filed a motion asking the court for permission to pay all outstanding royalties due prior to our filing date. We expect to know more in the next 15 to 30 days.

- **Does Chaparral have funding to continue operations?**
Yes, the company has significant cash on our balance sheet and has arranged additional financing as required to continue operations.

In February, Chaparral drew down \$181 million from our revolving credit facility that will help us continue to operate our business as usual throughout this process, including continuing payments to our royalty, surface or working interest owners.

- **Will production operations wind down?**
No, Chaparral intends to continue our normal production operations consistent with our prior practices and existing leases, pooling orders, joint operating ventures, unitizations and other similar arrangements. Chaparral also intends to continue to distribute revenues and issue joint interest billing statements. Working interest owners should also continue to make timely payment on joint interest billing statements.

- **Do you intend to continue to drill new wells during this process?**
Yes, Chaparral will continue its normal day-to-day operations, which includes our planned 2016 drilling and completions activities and advancement of our CO₂ EOR programs.
- **Will there be any changes in management of the company?**
No, our current management team will remain in place and control the company's operations.
- **If necessary, how do owners file a proof of claim?**
The court has set a deadline of 5 p.m. Pacific Time on August 19, 2016 for proof of claim filings. If you have not received a proof of claim form, you may [download a copy](#).
- **What should I do if I have additional questions?**
Please visit the [Restructuring page](#) of our website or call our restructuring hotline at 888-830-4659 Monday through Friday, 8 a.m. to 5 p.m. Central Standard Time if you have any additional questions. In addition, please do not hesitate to reach out to your usual Chaparral contact.