

Vendor 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. Simply put, it allows us to approach our restructuring in a more organized way.

- **Does Chaparral have funding to continue operations?**

Yes, the company has significant cash on our balance sheet to continue operations. In February, Chaparral drew down \$181 million from our revolving credit facility that will help us continue to operate as usual throughout this process, including continuing to work with our vendors.

- **Will vendors continue to be paid after the Chapter 11 filing?**

Chaparral will continue normal business operations throughout this process. All vendors and suppliers will be paid in full and under normal terms for goods and services provided after our filing date. Vendors can be assured of payment because Chapter 11 includes mechanisms that ensure vendors are paid before most other claims on account of goods and



services provided after our Chapter 11 filing date, May 9.

- **Will vendors be paid for goods or services provided prior to Chaparral's Chapter 11 filing?**

Chaparral values our relationship with our vendors and service providers. Following our Chapter 11 filing, however, federal law prohibits us from making payments for goods or services received prior to our filing date without approval from the Bankruptcy Court. We have filed a motion asking the court for permission to pay the outstanding balances for most goods and services received prior to our filing date. We expect to know more in the next 15 to 30 days.

- **Do vendors need to submit invoices in a different manner going forward to get paid?**

No, vendors will continue to submit invoices in the same manner as they did prior to the filing. Vendors should, however, issue separate invoices for goods and services provided on or before our filing date, May 9.

- **If necessary, how do vendors 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.