

response is timely filed and the court grants the requested relief prior to the above-referenced hearing date, the hearing will be stricken from the docket of the Court.

Hospital for Special Surgery, LLC *dba* OneCore Health ("OneCore" or "Debtor") hereby submits this motion (the "Motion") for entry of an interim order, substantially in the form attached hereto as Exhibit 1 (the "Proposed Interim Order"), and a final order (the "Proposed Final Order"¹), pursuant to sections 105, 363 and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), authorizing Debtor to (i) pay prepetition employee obligations and related amounts, (ii) confirming Debtor's right to continue employee programs (the "Employee Benefits") on a postpetition basis, and (iii) confirming right of Debtor to pay withholding and payroll-related taxes. In support of this Motion, Debtor relies on the *Declaration of Carrie McEntire in Support of Debtor's First Day Pleadings* (the "McEntire Declaration") filed contemporaneously herewith and incorporated herein by reference, and respectfully states as follows:

Background

1. OneCore is a duly licensed hospital that has been specializing in orthopedic and specialty surgeries in the community of central Oklahoma for more than a decade. In late 2021, OneCore completed the construction of its present leased facility in northeast Oklahoma City and has been operating at such location since January 2022.

2. OneCore has focused on a culture of excellence in the delivery of surgical and other health care services such as radiology and orthopedic care with the goal of being one of

¹ The Proposed Final Order will follow the form of the Proposed Interim Order. Debtor will provide notice of the Proposed Final Order to parties in interest via electronic filing following entry of an Interim Order.

the top performing surgical hospitals in Oklahoma. In the past four (4) years, OneCore has received many accolades for its excellence and patient care, including the following:

- Healthgrades: Knee Replacement 5-star recipient, 2023 and 2024;
- Healthgrades: Spinal Fusion Surgery 5-star recipient 2021 – 2024;
- Healthgrades: Outstanding Patient Experience 2024; and
- Press Ganey: Guardian of Excellence Award for Outstanding Patient Experience.²

3. Despite the new hospital and recognition as an esteemed hospital for patient care and focus, difficulties ensued in June of 2022, initially due to the Covid pandemic, with the implementation of a new billing system as the legacy system was sunset by the software provider. This difficult conversion caused disruptions to operations for almost two years as OneCore struggled with calibrating the software, creating appropriate interfaces and then billing/collecting claims. This created several million dollars in lost revenue and difficulty tracking patient claims and accounts receivable during the transition. Due to implementation issues, the hospital could not effectively create patient statements to collect good patient accounts receivable, rendering many of these accounts uncollectible.

4. OneCore continued to fight to resolve billing system issues, and with the help of its management company, began to regain control over the revenue cycle in early 2024. From January through August 2024, the hospital produced break-even results and was beginning to turn the corner toward a pathway to profitability with new physician recruitment.

5. In early September 2024, a former patient obtained a significant jury verdict against the hospital relating to care provided by a physician in 2021. OneCore maintains that the

² The Press Ganey Guardian of Excellence Award® honors organizations that perform in the top 5% of healthcare providers and health plans for patient experience, employee engagement, physician experience, clinical quality performance or consumer experience in one year. Only 501 hospitals and health systems achieved this recognition out of over 10,000.

evidence shows that the patient's ongoing injuries were unrelated to the accident. Notwithstanding this evidence, the former patient obtained a judgment in the amount of 15 million dollars, which exceeds the estimated enterprise value of the hospital. OneCore timely has appealed the judgment but was required to initiate this Chapter 11 Case to continue to operate its business, continue to employ its approximately 100 employees, and to maintain the enterprise value of Debtor's assets until a sale pursuant to section 363 of the Bankruptcy Code can be conducted.

6. As of the Petition Date, OneCore employs approximately 60 full-time and 40 contract, or part-time employees.

7. Debtor continues to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

8. Additional factual background relating to Debtor's business and the commencement of this Chapter 11 Case is set forth in detail in the McEntire Declaration.

Facts Specific to the Relief Requested

A. Prepetition Wages, Salaries and Other Cash Compensation.

9. As of the Petition Date, Debtor's workforce consists of approximately 100 employees, approximately 60 of whom are full-time employees (the "Full-Time Employees") and approximately 40 of whom are contract or part-time employees (the "Part-Time Employees" and, together with the Full-Time Employees, the "Employees"), performing services on an as-needed basis, of the Debtor.

10. In the ordinary course of business, Debtor compensates the Employees through a payroll service, Paycom, utilizing funds provided before each payroll by Debtor for the Employees.

11. In the ordinary course of Debtor's business, all Employees are paid once every two (2) weeks. The Employees have been paid their prepetition wages and salaries through September 22, 2024. Prepetition payroll of Employees for the period spanning September 28 to October 6, 2024 through the Petition Date has not yet been paid and, in the ordinary course of Debtor's business, would be paid on October 11, 2024. The next pay period runs from October 7, 2024 through October 20, 2024 and is scheduled to be paid on October 25, 2024. Because the current pay period began before the Petition Date, a portion of the wages and salaries for the current pay period represent prepetition debt of OneCore owed to the Employees.

12. OneCore estimates that the gross amount of accrued prepetition wages, salaries, and other cash compensation, excluding paid time off ("PTO"), that remains unpaid to the Employees as of the Petition Date is approximately \$299,766.00.

13. The accrued PTO for Debtor's Employees, as of the Petition Date, is approximately \$181,149.00. Because some PTO benefits accrued prepetition, Debtor must obtain authorization to honor and pay such amounts to Employees to maintain without interruption the Employee benefits on a going forward basis. Debtor requests that this Court permit Debtor to honor and pay such PTO benefits as a component of the Employee Benefits authorized by the Proposed Order.

B. Prepetition Employee Business Expenses.

14. In the ordinary course of its business, Debtor promptly pays its Employees for certain expenses incurred in the scope of their employment upon submission of compliant expense reports.

15. Such expenses include, without limitation, expenses for work-related travel, including mileage, patient food, office supplies, and other business-related expenses.

16. It is impractical for Debtor to determine the actual amount of such prepetition reimbursable expenses, in part because Debtor pays such expenses only after an Employee submits a compliant expense report. Although Debtor promptly processes reimbursement requests, Employees are not required to submit their reimbursement requests within a specified time period after the expenses are incurred. Debtor estimates that, as of the Petition Date, the amount of such expenses are unlikely to exceed \$1,000.00.

C. Prepetition Deductions, Withholdings and Taxes.

17. During each applicable pay period, Debtor routinely deducts certain amounts from Employee paychecks, including without limitation, (i) garnishments, (ii) voluntary charitable contributions, (iii) other pre- and after-tax deductions payable pursuant to Employee Benefits plans and programs, (iv) other miscellaneous deductions and contributions for the Employee Benefits, including without limitation, 401(k) contributions (collectively, the “Employee Deductions and Contributions”).

18. Debtor is also required by law to withhold from an Employee’s wages amounts related to various federal, state and local taxes for remittance to the appropriate taxing authorities (the “Payroll Taxes”). Similarly, Debtor must pay unemployment taxes quarterly. However, these Payroll Taxes are withdrawn from Debtor’s account with the total payroll cost for each payroll period.

19. Debtor estimates that the gross amount of prepetition Deductions and Contributions, including Payroll Taxes and unemployment taxes, which remain unpaid as of the Petition Date is approximately \$62,291.00. While Debtor, through a payroll service, remits these funds to federal, state, and local taxing authorities, Debtor is the source of such remitted funds.

D. Insurance Premiums, Contributions, Costs and Claims.

20. Debtor maintains a BlueCross BlueShield health insurance plan (the “Health Plan”). Debtor also maintains separate policies providing coverage for vision, dental insurance, plus group term life insurance (collectively, the “Insurance Policies”).

21. Debtor estimates that the gross amount of insurance premiums, contributions, costs and claims owed for the period preceding the Petition Date is approximately \$134,246.80. Debtor’s estimate is based on its monthly estimated payment in the amount \$61,563.16 and outstanding pre-petition invoices totaling \$72,683.64.

E. Third-Party Administrative Costs.

22. In the ordinary course of its business, Debtor utilizes the services of third-party administrators, through Solara Surgical Partners, LLC, to whom it outsources tasks associated with the provision of 401(k) benefits to Employees. Outsourcing ensures that Debtor meets its obligations to Employees in a lawful, efficient and cost-effective manner. Debtor estimates that its outstanding administrative costs as of the Petition Date amount to approximately \$20,441.50. In the ordinary course of business, Debtor pays all amounts owed for third-party administrative costs.

Jurisdiction

23. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

24. The statutory predicates for the relief requested herein are sections 105, 363 and 507 of the Bankruptcy Code.

Relief Requested

25. Debtor requests entry of an order authorizing, but not directing, OneCore to pay all Employee Obligations, including (i) all prepetition wages, salaries, and other cash compensation, (ii) reimbursement of all prepetition employee business expenses, (iii) all payments for which prepetition payroll deductions, contributions, withholdings, or taxes were made, (iv) all prepetition self-funded and other insurance premiums, contributions, costs, and claims, and (v) all processing costs and administrative expenses relating to the foregoing payments and contributions, including any payments to third-party administrators or other administrative service providers.

26. To assist in and fully effectuate the implementation of the relief requested, Debtor also requests that its bank be authorized to honor (i) prepetition payroll checks, wires, or other electronic transfers, and (ii) all other checks, wires, or other electronic transfers issued for payments sought to be approved by this Motion, regardless of whether such checks, wires, or other electronic transfers were drawn or initiated prior to or after the Petition Date. Debtor also seeks authorization to reissue prepetition checks, wires or other electronic transfers for payments approved by this Motion that are dishonored or not completed notwithstanding such authorizations.

27. Although OneCore seeks the authority to make the requested payments, it does not believe that the Court should direct it to pay any specific claim. Additionally, notwithstanding anything in this Motion to the contrary, the payment of any claims pursuant to any order granting this Motion shall neither (i) make such obligations administrative expenses of the estate entitled to priority status under 11 U.S.C. §§ 503 and 507 nor (ii) constitute approval by this Court of any employee plan or program.

Basis for Relief

28. It is well established that a debtor-in-possession is a fiduciary for the bankruptcy estate and, as such, is duty-bound to maximize recoveries for its creditors. *See, e.g., In re Marvel Entm't Grp., Inc.*, 140 F.3d 463, 471 (3d Cir. 1998) (“the debtor in possession is fiduciary of the creditors”); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (explaining that debtor is duty-bound to maximize recoveries for its creditors, and equity interests if the circumstances require it, and certain payments may be necessary for debtor to carry out this duty).

29. Pursuant to sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, certain claims for compensation, to the extent such amounts accrued within 180 days of the petition date - as is generally the case herein - are accorded priority in payment in an amount not exceeding \$15,150.00 for each Employee. None of the Employees who are owed compensation for prepetition services to Debtor are owed amounts exceeding the statutory priority cap imposed by sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Thus, entry of the Proposed Order is consistent with the Bankruptcy Code’s purpose of ensuring the Employees are paid in full. To the extent that the Employee claims for wages can be asserted against OneCore as priority claims, Debtor is required to pay these claims in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(B) (requiring payment of certain allowed unsecured claims, given priority under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, for (a) “wages, salaries or commissions, including vacation, severance and sick leave pay” earned within 180 days before the Petition Date and (b) contributions to an employee benefit plan arising from services rendered within 180 days before the Petition Date). Given the priority nature of certain claims Debtor seeks to pay by this Motion, the relief requested herein does not, by and large, impact the amount of the claims to be

paid, but only the timing of payment. As such, and given the critical nature of the relief requested, Debtor submits that the relief requested herein is warranted under the circumstances.

30. In light of Debtor's duty to maximize recoveries for its creditors, in situations where a debtor can demonstrate a sound business justification for the payment of the prepetition obligations, courts have authorized such payments pursuant to section 363(b) of the Bankruptcy Code. *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) ("the bankruptcy court has considerable discretion" in granting motions pursuant to section 363(b)); *In re Ionosphere Clubs*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (courts have "broad flexibility" under section 363(b) of the Bankruptcy Code to permit a debtor to expend funds outside the ordinary course so long as the debtor articulates a business justification to do so, including making preplan payments).

31. Additionally, section 363(b) of the Bankruptcy Code provides that a debtor-in-possession, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts have authorized payment of prepetition obligations under Bankruptcy Code section 363(b) where a sound business purpose exists for doing so. *See Miltenberger v. Logansport*, 106 U.S. 286 (1882); *see also In re Allen*, 607 Fed. Appx. 840, 843 (10th Cir. 2015) (unpublished) ("[t]he 'business judgment' test applies to determine whether a sale under § 363(b) should be approved."); *In re Medical Software Sols.*, 286 B.R. 431, 440 (Bankr. D. Utah 2002) (recognizing that the majority of bankruptcy courts require "a judge determining a § 363(b) application [to] find from the evidence presented before him at the hearing a good business reason to grant such an application."); *In re Columbia Gas Sys., Inc.*, 136 B.R. 930, 939 (Bankr. D. Del. 1992) (recognizing that "[i]f payment of a pre-petition claim

‘is essential to the continued operation of [the debtor], payment may be authorized’”) (citing *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981)).

32. In addition to the authority granted under section 363 of the Bankruptcy Code, bankruptcy courts have granted relief consistent with Debtor’s requested relief under the longstanding “doctrine of necessity”—first articulated in *Miltenberger v. Logansport Ry. Co.*, 106 U.S. 286 (1882). Modern application of the doctrine of necessity is derived from the inherent equitable powers granted to the bankruptcy court under section 105(a) of the Bankruptcy Code, which empowers the court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). Thus, Section 105(a) of the Bankruptcy Code allows the Court to authorize payments on account of certain pre-petition claims when necessary.³ This is generally referred to as the “necessity of payment rule” or the “doctrine of necessity.” See *In re NVR, L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (stating that, under Section 105(a), a court “can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor”); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (stating that a bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept”); *In re Lehigh & New England Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (necessity of payment doctrine “teaches no more than, if payment of a claim which arose prior to reorganization is essential to the continued operation of the [business] during the reorganization, payment may be authorized even if it is made out of corpus”).

³ While section 363(b), section 105(a), or the two sections in conjunction are sufficient bases for entry of the Proposed Order, Debtor also notes that some courts have applied section 105(a) in conjunction with sections 1107 and 362(d) as authorization for a debtor to pay prepetition claims under the doctrine of necessity. See, e.g., *In re CoServ, L.L.C.*, 273 B.R. 487, 496 (Bankr. N.D.TX 2002); *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D.TX 2004).

33. Debtor's paramount business objectives are to ensure its continued operation and its successful reorganization. Retention of the Employees is necessary to ensure and facilitate the continued operation and ultimate reorganization of Debtor's business. If Debtor does not pay the Employee Obligations, it may suffer immediate and/or continuous, negative Employee retention challenges and morale problems. Additionally, Debtor values its Employees, strives to create work conditions that foster good morale, and recognizes that patient satisfaction is, in large part, a byproduct of the contributions its Employees make to Debtor's business operations. Accordingly, this Motion should be granted. *See, e.g., In re Ionosphere Clubs, Inc.*, 97 B.R. at 175 (finding that a debtor provided business justification sufficient to invoke section 363(b) of the Bankruptcy Code in its favor when such debtor showed that payment of prepetition employee obligations was necessary to "serve and protect its business and ultimately reorganize, retain its currently working employees and maintain positive employee morale.").

34. Along similar lines, Contributions and Deductions principally represent employee earnings that governments, Employees and judicial authorities have designated for deduction from Employees' paychecks. If Debtor does not honor the Employee Deductions and Contributions, then Employees might be subject to legal action and Debtor may be burdened by inquiries and disputes concerning its failure to honor the Employee Deductions and Contributions.

35. Additionally, if Debtor does not timely remit payroll taxes for the prepetition portion of the payroll period, the relevant taxing authorities are likely to assess penalties and interest on the unpaid taxes. Most, if not all, of the unremitted payroll taxes constitute moneys held in trust that are not estate property. As to trust property, Debtor is entitled and required to continue directing such funds to the appropriate parties. *See Muck v. U.S.*, 3 F.3d 1378, 1381 (10th

Cir.1993); *DuCharmes & Co. v. Mich. (In re DuCharmes & Co.)*, 852 F.2d 194, 195-96 (6th Cir.1988).

36. Similar relief to that requested herein has been granted in this district relating to the payment of prepetition employee claims in the ordinary course of business. *See, e.g., In re White Star Petroleum Holdings, LLC*, No. 19-12521 (Bankr. W.D. Okla., July 12, 2019) (ECF No. 291); *In re Central Oklahoma Methodist Retirement Facility, Inc.*, Case No. 14-12995 (Bankr. W.D. Okla., Jul 22, 2014) (ECF No. 26); *In re GMX Resources, Inc.*, Case No. 13-11456 (Bankr. W.D. Okla., April 3, 2013) (ECF No. 74); *In re Paul Transportation, Inc.*, Case No. 10-13022 (Bankr. W.D. Okla., May 21, 2010) (ECF No. 44); *In re Roma Foods of Oklahoma, Inc.*, Case No. 09-12488 (Bankr. W.D. Okla., May 12, 2009) (ECF No. 29); *In re Harold's Stores, Inc.*, Case No. 08-15027 (Bankr. W.D. Okla., November 7, 2008) (ECF No. 14); *In re Rocor Int'l, Inc.*, Case No. 02-17658 (Bankr. W.D. Okla., August 7, 2002) (ECF No. 44).

Waiver of Bankruptcy Rules 6004(a) and 6004(h)

37. Given the nature of the relief requested herein, Debtor respectfully requests a waiver of (a) the notice requirements under Bankruptcy Rule 6004(a) and (b) the 14-day stay under Bankruptcy Rule 6004(h). Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until expiration of 14 days after entry of the order, unless the court orders otherwise.” For the reasons described above, the continuation of Debtor’s uninterrupted business operations is essential to prevent potentially irreparable damage to Debtor’s operations, value and ability to reorganize.

Bankruptcy Rule 6003 Is Satisfied

38. In order for a debtor to obtain relief to make preplan payments within 21 days of the Petition Date, it must establish that maintenance of the employee benefits and payment

of the employee obligations satisfies the requirements mandated by Bankruptcy Rule 6003—namely, the relief requested is necessary to avoid “immediate and irreparable harm.” If a debtor’s prospect of reorganizing is threatened, or swift diminution in value of the debtor’s estate is likely absent the granting of the requested relief, immediate and irreparable harm likely exists. *See In re WorldSpace, Inc.*, No. 08-12412-PJW, 2008 WL 8153639, at *2 (Bankr. D. Del. Oct. 20, 2008) (finding that relief requested by the debtors was necessary to avoid irreparable harm to the debtors and their estates because such relief was essential for the continued operation of the debtors’ businesses).

39. Immediate and irreparable harm would result if the relief requested herein is not granted. As described above, maintenance of the Employee Benefits and payment of the Employee Obligations are essential to the preservation of Debtor’s business, properties and assets, and its ability to successfully prosecute this Chapter 11 Case, including without limitation, Debtor’s ability to obtain confirmation of a plan of reorganization. If this relief is not granted, Debtor’s ability to retain its Employees will be cast into substantial doubt. If Debtor cannot retain its Employees, its ability to continue to operate its business and preserve its value is uncertain.

Reservation of Rights

40. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against Debtor, a waiver of Debtor’s right to dispute any claim, or an approval or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code. Debtor expressly reserves its rights to contest any claims related to the obligations categorically identified herein. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court’s order is not intended and should not be construed as an

admission as to the validity of any claim or waiver of Debtor's right to dispute such claim subsequently.

Notice

41. No creditors' committee, trustee, or examiner has been appointed in this Chapter 11 Case. Notice of this Motion has been provided to: (a) the United States Trustee for the Western District of Oklahoma (the "U.S. Trustee"); (b) the United States Attorney's Office for the Western District of Oklahoma; (c) the Internal Revenue Service; (d) counsel to BOKF, N.A.; (e) the parties identified on Debtor's list of 20 largest unsecured creditors; (f) the Oklahoma Tax Commission; and (g) any other party that has requested notice pursuant to Bankruptcy Rule 2002. Debtor submits that, considering the nature of the relief requested, no other or further notice need be provided.

Conclusion

WHEREFORE, for the reasons set forth herein, Debtor respectfully requests that the Court enter the Proposed Order and grant such other and further relief as is just and proper.

Dated: October 7, 2024

Respectfully submitted,

ONECORE

/s/Craig M. Regens

William H. Hoch, OBA #15788

Craig M. Regens, OBA #22894

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Proposed Counsel to Debtor

Exhibit 1

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

<hr/>		X
In re	:	
	:	Chapter 11
HOSPITAL FOR SPECIAL SURGERY, LLC	:	
<i>Db</i> a ONECORE HEALTH,	:	Case No. 24-12862-JDL
	:	
Debtor.	:	
<hr/>		X

**INTERIM ORDER GRANTING DEBTOR’S EMERGENCY MOTION FOR ORDER
UNDER 11 U.S.C. §§ 105, 363 AND 507, (I) AUTHORIZING PAYMENT OF
PREPETITION EMPLOYEE OBLIGATIONS AND RELATED AMOUNTS, (II)
CONFIRMING RIGHT OF DEBTOR TO CONTINUE EMPLOYEE PROGRAMS ON
POSTPETITION BASIS, AND (III) CONFIRMING RIGHT OF DEBTOR TO PAY
WITHHOLDING AND PAYROLL-RELATED TAXES**

This matter is before the Court on the Motion dated October 7, 2024 (the “Motion”)⁴ of Hospital for Special Surgery, LLC *dba* OneCore Health (“OneCore” or the “Debtor”) in the above-referenced chapter 11 case (the “Chapter 11 Case”), for entry of an interim order (this “Interim Order”) and a final order (“Final Order”), under sections 105, 363 and 507 of

⁴ All defined terms shall have the meaning ascribed to them in the Motion unless otherwise defined herein.

title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), authorizing Debtor to (i) pay prepetition employee obligations and related amounts, (ii) confirming Debtor’s right to continue employee programs (the “Employee Benefits”) on a postpetition basis, (iii) confirming right of Debtor to pay withholding and payroll-related taxes; and (iv) directing banks to honor prepetition checks for employee obligations; and this Court having jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and rule 81.4 of the Local Civil Rules of the United States District Court for the Western District of Oklahoma; and venue of this chapter 11 case and the Motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that the Motion was filed on October 7, 2024, and served on or before October 7, 2024 and that the response deadline to the Motion expired on October 9, 2024; and objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Bankruptcy Rules of the United States Bankruptcy Court for the Western District of Oklahoma, and that, except as otherwise ordered herein, no other or further notice is necessary; and a hearing having been held to consider the relief requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of Debtor, its estate, its creditors and all other parties-in-interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth in this Interim Order.

2. Debtor is authorized to continue and or modify the Employee Obligations on a postpetition basis, in the ordinary course of business, in accordance with the Debtor's prepetition policies and practices, and, in Debtor's discretion, to pay and honor prepetition amounts related thereto; *provided, however*, that (a) no payment to any Employee on account of prepetition wages shall exceed, in the aggregate, the \$15,150.00 statutory cap provided for under section 507(a)(4) of the Bankruptcy Code unless such amounts are a result of cash payment for PTO that is required under applicable state law and (b) provided that the Debtor's continuation and modification of the Employee Obligations shall be solely in accordance with the Approved Budget and the Interim Cash Collateral Order. For the avoidance of doubt, in the event of a conflict between this Interim Order and the Interim Cash Collateral Order, the Interim Cash Collateral Order shall control.

3. Nothing herein shall be deemed to authorize the payment of any amounts which violate or implicate section 503(c) of the Bankruptcy Code, including any bonus, incentive, retention, or severance payments to any "insider" as defined in section 101(31) of the Bankruptcy Code, *provided*, that nothing herein shall prejudice Debtor's ability to seek approval of relief under section 503(c) of the Bankruptcy Code at a later time.

4. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of Debtor's or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease

pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of Debtor's estate; (g) a waiver or limitation of Debtor's, or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (h) a concession by Debtor that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

5. The final hearing (the "Final Hearing") on the Motion shall be held on _____, 2024, at __:__.m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before __:__.m., prevailing Central Time on October __, 2024. Objections must be filed and served on: (i) proposed counsel to Debtor, Crowe & Dunlevy, Braniff Building, 324 N. Robinson Ave., Suite 100, Oklahoma City, OK 73102, Attn: William H. Hoch (will.hoch@crowedunlevy.com) and Craig M. Regens (craig.regens@crowedunlevy.com); (ii) the Office of the United States Trustee for the Western District of Oklahoma, 215 Dean A. McGee Ave., Room 408, Oklahoma City, OK 73102, Attn: Marjorie Creasey (Marjorie.Creasey@usdoj.gov) and Jeff Tate (Jeff.Tate@usdoj.gov); (iii) counsel to BOKF, Frederic Dorwart, Lawyers PLLC, [insert mailing address], Attn: Samuel S. Ory (Sory@fdlaw.com); and (iv) counsel to any statutory committee appointed in this Chapter 11 Case. If no objections are filed to the Motion, the Court may enter a Final Order without further notice or a hearing.

6. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b) because the relief request set forth in this Interim Order is necessary to avoid immediate and irreparable harm to the estate.

7. Notwithstanding the relief granted in this Interim Order, any payment made or to be made by Debtor pursuant to the authority granted herein shall be subject to and in compliance with the Approved Budget and in accordance with the Interim Cash Collateral Order.

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

9. Debtor is authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

11. Findings of fact are based on representations of counsel.

12. Debtor shall serve this Order on parties in interest appearing on the Distribution Service List in accordance with, and as such term is defined in, the *Order Authorizing Limited Notice and Establishing Notice Procedures*.

IT IS SO ORDERED.

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Approved for Entry:

ONECORE

/s/Craig M. Regens

William H. Hoch, OBA #15788

Craig M. Regens, OBA #22894

Mark A. Craige, OBA #1992

Kaleigh Ewing, OBA #35598

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